



## Executive

**Monday, 15 February 2010 at 7.00 pm**

Committee Rooms 1, 2 and 3, Brent Town Hall, Forty Lane, Wembley, HA9 9HD

### Membership:

#### Lead Member Councillors:

#### Portfolio

Lorber (Chair)	Leader of the Council
Blackman (Vice-Chair)	Deputy Leader of the Council
Allie	Lead Member for Housing and Customer Services
D Brown	Lead Member for Highways and Transportation
Colwill	Lead Member for Adults, Health and Social Care
Detre	Lead Member for Regeneration and Economic Development
Matthews	Lead Member for Crime Prevention and Public Safety
Sneddon	Lead Member for HR & Diversity and Local Democracy & Consultation
Van Colle	Lead Member for Environment, Planning and Culture
Wharton	Lead Member for Children and Families

**For further information contact:** Anne Reid, Principal Democratic Services Officer,  
020 8937 1359, [anne.reid@brent.gov.uk](mailto:anne.reid@brent.gov.uk)

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**The press and public are welcome to attend this meeting**

# Agenda

Introductions, if appropriate.

Apologies for absence and clarification of alternate members.

Item	Page
<b>1 Minutes of the previous meeting</b>	1 - 12

## **2 Matters arising (if any)**

## **3 Declarations of personal and prejudicial interests**

Members are invited to declare at this stage of the meeting, any relevant financial or other interest in the items on this agenda.

## **4 Deputations (if any)**

## **5 Petition - Closure of BACES, Harlesden**

A petition has been received in the following terms:

*We the students of BACES oppose the closure of the Harlesden BACES Centre.*

*We feel that the move to Harlesden Library does not provide enough space to accommodate the Harlesden community students or activities which BACES provides at present. We feel the move will not have accommodation for crèches and a small canteen for students – both of which the current building has.*

*The government is encouraging people to study and develop their career prospects especially parents, young, mature students and families of all ages.*

*Harlesden BACES Centre is in the heart of the community and the centre has provided education courses for the diverse community within Harlesden as well as Brent as a whole. It has been and should continue to be great support to the people living in and out of Harlesden.*

*As you are aware Harlesden is short of community space. We the students of BACES, feel you should reconsider your closure of this site and the use the site to redevelop BACES for the Harlesden community development.*

**The petition has been signed by more than 50 residents on the electoral register.**

## **Children & Families Reports**

**6 Introduction of Early Years Single Funding Formula and changes to the allocation and funding of Early Years Full Time Places in maintained and private, voluntary and independent (PVI) sectors** 13 - 38

All local authorities are required to introduce an early years single funding formula (EYSFF) across the maintained and private, voluntary and independent sectors that underpins the delivery of the extended free entitlement to early year's provision. Brent has made significant progress in developing the EYSFF and Executive are being asked to approve implementation from April 2010 in line with a large number of London councils. The December Schools Forum (SF) initially asked the council to delay implementation till April 2011. However, having had more time to consider the December Ministerial statement, as well as the advantages of not delaying implementation, the January SF recommended the Council to implement the SFF from April 2010.

**Ward Affected:** All Wards;  
**Lead Member:** Councillor Wharton  
**Contact Officer:** John Christie, Director of Children and Families  
Tel: 020 8937 3130 john.christie@brent.gov.uk

**7 Building Schools for the Future project initiation document** 39 - 42

Brent Council was accepted by Partnerships for Schools (PfS) onto the BSF programme in December 2009. Brent Council's BSF programme consists of 23 secondary schools including special schools and Pupil Referral Units (PRU). The plan is to either replace or re-model all 23 schools. Brent Council's BSF programme would deliver around £300m of capital funding from the Government over three phases. PfS required the Council to establish a first phase of schools that would deliver around £80m of capital funding. The first phase consists of the following schools:

- Alperton Community School
- Copland Community School
- Queens Park Community School
- Cardinal Hinsley Mathematics and Technology College

*(Appendices circulated separately)*

**Ward Affected:** All Wards;  
**Lead Member:** Councillor Wharton  
**Contact Officer:** John Christie, Director of Children and Families  
Tel: 020 8937 3130 john.christie@brent.gov.uk

**8 Crest Boys and Girls Academies** 43 - 86

The report updates the Executive on the progress in establishing the Crest Boys' Academy and The Crest Girls' Academy in new

accommodation and seeks its approval to proceed with the submission of the Outline Business Case (OBC) for the construction of new buildings to Partnerships for Schools (PfS) and the Department of Children and Families (DCSF). It also informs Executive of the approach to engaging the Overall Project Manager (OPM) and the Technical Advisors.

*(See appendices also referred to below, circulated separately)*

**Ward Affected:** All Wards;  
**Lead Member:** Councillor Wharton  
**Contact Officer:** John Christie, Director of Children and Families  
Tel: 020 8937 3130 john.christie@brent.gov.uk

## Environment & Culture Reports

### 9 Carbon Reduction Commitment 87 - 118

This report introduces the Carbon Reduction Commitment Energy Efficiency Scheme which is a mandatory carbon emission trading scheme starting from April 2010. It sets out the processes required, explains the implications for its implementation and highlights the actions the Council is taking to reduce CO2 emissions from its operations.

**Ward Affected:** All Wards;  
**Lead Member:** Councillor Van Colle, Blackman  
**Contact Officer:** Richard Saunders, Director of Environment and Culture, Duncan McLeod, Director of Finance and Corporate Resources  
Tel: 020 8937 5002, Tel: 020 8937 1424  
richard.saunders@brent.gov.uk,  
duncan.mcleod@brent.gov.uk

## Housing & Community Care Reports

### 10 South Kilburn Regeneration - disposal of sites known as Albert Road and Carlton Vale roundabout 119 - 132

This report summarises the procurement process undertaken by the Council to dispose of two sites within the South Kilburn Regeneration area, known as Albert Road and Carlton Vale Roundabout (see maps at Appendix 1 and 2), and seeks authority to dispose of these sites to London & Quadrant Housing Association. This report should be read in tandem with the South Kilburn Regeneration Update report on the same agenda.

*(See appendices also referred to below, circulated separately)*

**Ward Affected:** All Wards;  
**Lead Member:** Councillor Van Colle, Detre  
**Contact Officer:** Martin Cheeseman, Director of Housing & Community Care, Phil Newby,

Director of Policy and Regeneration  
Tel: 020 8937 2341, Tel: 020 8937 1032  
martin.cheeseman@brent.gov.uk,  
phil.newby@brent.gov.uk

**11 South Kilburn Regeneration - dealing with housing issues (voids)** 133 -  
142

This report aims to update members on the progress made for the South Kilburn Regeneration programme in relation to the use of voids during the regeneration programme.

**Ward Affected:**  
Kilburn; Queens  
Park;

**Lead Member:** Councillor Allie  
**Contact Officer:** Martin Cheeseman, Director of  
Housing & Community Care  
Tel: 020 8937 2341  
martin.cheeseman@brent.gov.uk

**12 Housing Revenue Account Budget 2010-11 for rent increase  
proposal for council dwellings for 2010-11** 143 -  
170

This report presents to Members the Revised (Probable) HRA Budget for 2009-10 and the Draft HRA Budget for 2010/2011 as required by the Local Government and Housing Act 1989. Members are required to consider these budget estimates and the associated options, taking account of the requirement to set a Housing Revenue Account (HRA) budget that does not show a deficit and in particular Members need to consider and agree the level of HRA dwelling rents and service charges for 2010-11. The report also includes proposals for setting the rent and service charge levels for 2010-11 for the non HRA Brent Stonebridge dwellings.

**Ward Affected:**  
All Wards;

**Lead Member:** Councillor Allie  
**Contact Officer:** Martin Cheeseman, Director of  
Housing & Community Care  
Tel: 020 8937 2341  
martin.cheeseman@brent.gov.uk

**13 Removals and storage** 171 -  
180

This report relates to furniture removals and storage services in respect of the personal property of homeless households and those who have been evicted from Council property and have left personal goods behind. The report requests authority to award a contract for furniture removals and storage services to commence on 1 April 2010 as required by Contract Standing Orders 88 and 89. This report summarises the process undertaken in tendering this contract and, following the completion of the evaluation of the tenders, recommends to which contractor the contract

should be awarded.

*(See appendices also referred to below, circulated separately)*

**Ward Affected:**

All Wards;

**Lead Member:** Councillor Allie

**Contact Officer:** Martin Cheeseman, Director of Housing & Community Care

Tel: 020 8937 2341

[martin.cheeseman@brent.gov.uk](mailto:martin.cheeseman@brent.gov.uk)

## Central Reports

### 14 Budget 2010/11 and Council Tax

To recommend revenue and capital budget and Council Tax to Full Council.

*The full budget papers are circulated separately.*

**Ward Affected:**

All Wards;

**Lead Member:** Councillor Blackman

**Contact Officer:** Duncan McLeod, Director of Finance and Corporate Resources

Tel: 020 8937 1424

[duncan.mcleod@brent.gov.uk](mailto:duncan.mcleod@brent.gov.uk)

### 15 Fees and Charges

181 -  
196

This report sets out the proposed fees and charges for council services in 2010/11. Reflecting the low inflation during 2009 and the current economic climate the overall approach has been to increase charges by less than in previous years. There are some exceptions, reflecting specific fees and charges and changes to the policy for charging for removals and storage, which are detailed in the report. All additional income from fees and charges is being used to re-invest in services or keep the council tax increase down.

**Ward Affected:**

All Wards;

**Lead Member:** Councillor Blackman

**Contact Officer:** Duncan McLeod, Director of Finance and Corporate Resources

Tel: 020 8937 1424

[duncan.mcleod@brent.gov.uk](mailto:duncan.mcleod@brent.gov.uk)

### 16 Occupational Health contract

197 -  
200

This report requests approval to award the contract for the provision of occupational health services to Connaught Compliance Services Limited as part of a Framework Agreement with the West London Alliance (WLA). This report details the procedure followed leading to the award of the Framework Agreement and savings to be achieved in joining the

Framework Agreement.

**Ward Affected:** All Wards;  
**Lead Member:** Councillor Sneddon  
**Contact Officer:** Graham Ellis, Director of Business Transformation  
Tel: 020 8937 1089 graham.ellis@brent.gov.uk

**17 Authority to participate in a collaborative procurement for the provision of services for the administration of the Local Government Pension Scheme** 201 - 204

This report requests approval to participate in a collaborative procurement with the London Borough of Hammersmith and Fulham to set up a Framework Agreement for the provision of services for the administration of the Local Government Pension Scheme as required by Contract Standing Order 85

**Ward Affected:** All Wards;  
**Lead Member:** Councillor Blackman  
**Contact Officer:** Graham Ellis, Director of Business Transformation  
Tel: 020 8937 1089 graham.ellis@brent.gov.uk

**18 Reference of items considered by Select Committees** 205 - 210

(i) Overview and Scrutiny Committee – 8 December 2009: Update on the Voluntary and Community Sector Strategy 2010 - 2015

(ii) Children and Families Overview and Scrutiny Committee – 15 December 2009: Single Funding Formula

**19 Any Other Urgent Business**

Notice of items to be raised under this heading must be given in writing to the Democratic Services Manager or his representative before the meeting in accordance with Standing Order 64.

**20 Exclusion of Press and Public**

Circulated separately are appendices to the following reports that are not for publication as they relate 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).

- Crest Academies: the next steps including procurement and submission of Outline Business Case (OBC)
- South Kilburn Regeneration – Disposal of sites known as Albert

- Road and Carlton Vale Roundabout
- Removals and Storage

Reports above refer.

**Date of the next meeting: Monday, 15 March 2010**



- Please remember to **SWITCH OFF** your mobile phone during the meeting.
- The meeting room is accessible by lift and seats will be provided for members of the public.
  - Toilets are available on the second floor.
  - Catering facilities can be found on the first floor near the Grand Hall.
  - A public telephone is located in the foyer on the ground floor, opposite the Porters' Lodge





## LONDON BOROUGH OF BRENT

### MINUTES OF THE EXECUTIVE Monday, 18 January 2010 at 7.00 pm

PRESENT: Councillor Lorber (Chair), Councillor Blackman (Vice-Chair) and Councillors Allie, Colwill, Detre, Matthews, Sneddon, Van Colle and Wharton

APOLOGIES: Councillor D Brown

ALSO PRESENT: Councillors Arnold, Crane, Malik, J Moher and R Moher

1. **Declarations of personal and prejudicial interests**

None.

2. **Minutes of the previous meeting**

RESOLVED:-

that the minutes of the previous meeting held on 14 December 2009 be approved as an accurate record of the meeting.

3. **Matters arising**

None.

4. **Deputations**

None.

5. **Order of business**

The Executive agreed to change the order of business to take earlier in the meeting those items for which the Audit Commission representatives and members of the public were present.

6. **Annual Audit Letter 2008/09**

The Executive welcomed Andrea White (District Auditor) and Paul Viljoen (Audit Manager) to the meeting. The Executive had before them the Annual Audit letter 2008/09 issued by the Audit Commission together with a report from the Director of Finance and Corporate Resources which summarised the findings. Ms White introduced the audit letter which focussed on audit as inspection was now carried out under the Comprehensive Area Assessment (CAA). She recognised that 2008/09 had been a challenging year for the borough and was pleased to confirm

that an unqualified audit opinion had been given for the Council's financial statements and also on the pension fund financial statements. There was also an unqualified value for money conclusion for the period ending 31 March 2009 and Ms White referred to areas for improvement. She emphasised the need for the council to monitor closely the change programme and also the financial position and implementing the International Financial Reporting Standard.

During questioning, Ms White clarified that the Level 2 score awarded to the council for use of resources reflected that adequate arrangements were in place. There was a need to demonstrate that these arrangements would produce higher outcomes if a Level 3 score was to be awarded. Ms White also responded to concerns expressed over the council's responsibility for the financial arrangements of self-governing schools. The council have responsibility for funding and therefore still needed to have arrangements in place to ensure these schools' compliance with financial regulations.

The Executive noted that the audit letter would be sent to all councillors.

RESOLVED:

that the contents of the Audit Report be noted and that the Audit Committee monitor progress against the main features highlighted and delivery of the Action Plan.

#### **7. Deputation - Former Scout Hut, Coniston Gardens, NW9**

Mr Suresh Mamtora, Chair of Springfield Estate Residents Association, addressed the meeting and introduced two petitions on behalf of the Association which were against proposals to sell the former scout hut site on Coniston Gardens adjacent to Oliver Goldsmith Primary School. He suggested that the site be developed for community use or extended school provision. He referred to a copy of the Land Registry map of the council's site which showed the location of the scout hut within the boundaries of what he suggested was the school site. Mr Mamtora referred to the shortage of facilities for young people in the area and felt that the Kingsbury Intergenerational Centre approved as part of the phase three Children's Centres programme would not be feasible as an alternative facility for extended school services for Oliver Goldsmith School due to distance and the need for shared use. Mr Mamtora clarified that the Association had no funds of its own to contribute to the development or future running costs and urged the Executive to retain the site with a view to finding funds in the future for the development of an extended school facility.

Councillor J Moher (ward councillor) spoke against the proposal to sell the former scout hall site given that the school had indicated that they would wish it to be retained for educational use. Mrs Knowler (Head Teacher, Oliver Goldsmith School) spoke in support of the site being retained for future school use. She questioned the proposed change of use from community to housing and whether land within the school site should be taken, regardless of whether it had been previously leased to another organisation. Mrs Knowler clarified that the possible site area referred to in the report as a minimum requirement to accommodate a new extended services facility identified in a feasibility study was not so and could be smaller. She put that in addition to the options of sale for housing, or extended school facilities for which funding was currently not available, there was a third

option of demolishing the existing building but allowing the school to maintain the site until funds for new premises were available. She was confident that the school, having a good fund raising track record, would be able to contribute financially. She urged the Executive not to give up the opportunity for a site for educational or community use.

#### **8. Former Scouts Hall Site, Coniston Gardens, Kingsbury NW9**

The report from the Directors of Finance and Corporate Resources and Children and Families outlined options for the future use of the former scouts' hut site on 2 Coniston Gardens (adjacent to Oliver Goldsmith Primary School) either disposal to a housing association to deliver two five bedroom affordable housing units for rental or retention in the council portfolio for use as an extended services facility. In considering the report from the Directors of Finance and Corporate Resources and Children and Families and the depositions received earlier in the meeting, members questioned the extent to which the scout hut had been used previously by the community. It was clarified that the Land Registry map referred to by Mr. Mamtora indicated the extent of council owned land and not the use to which it had been put; the Borough Solicitor then also confirmed that the council had the power to dispose of the land in the way suggested. Reference was made to the intention to build a swimming pool in the Kingsbury area which would provide additional community facilities and attention was drawn to the shortage of housing for large families in the borough. The change of use of former scout hut sites was not without precedent. Councillor Blackman (Lead Member, Resources) felt that on balance, the preferred option would be to build two houses that would be in keeping with the area and it would not be fair to spend a significant proportion of Children and Families capital programme on one school. Councillor Wharton (Lead Member, Children and Families) added that Fryent Primary School, which was nearby, had been given funding through extended schools. Furthermore, the available funding was insufficient for a free standing development on the Coniston Gardens site which would not be available for many years and which would also have running costs. The Chair, Councillor Lorber (Lead Member, Corporate Strategy and Policy Coordination) contributed that discussions on the future use of the scout hut site had been taking place for a number of years and that the proposals would both provide much needed housing and provide the Council with a capital receipt.

The Executive also had before them appendices to the report which were not for publication as they contained the following category of exempt information set out in Schedule 12A of the Local Government Act 1972:

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

The Executive agreed the recommendations in the report.

RESOLVED:-

that the former Scout Hut, Coniston Gardens NW9 site be disposed to a Housing Association on the terms set out in the report from the Directors of Finance and Corporate Resources and Children and Families and on such other terms (including price) as considered appropriate by the Head of Property and Asset Management.

9. **Authority to invite tenders for short break services for disabled children and young people**

The report from the Director of Children and Families sought authority to invite tenders for framework contracts for the provision of Short Break Services provided for disabled children and young people in their own homes, as required by Contract Standing Orders 88 and 89. The Lead Member for Children and Families, Councillor Wharton, advised that the existing contract was coming to an end and the opportunity was being taken to tender for alternative options.

RESOLVED:-

- (i) that approval be given to the pre-tender considerations and the criteria to be used to evaluate tenders as set out in paragraph 4.1 of the report from the Director of Children and Families;
- (ii) that approval be given to the invite of tenders and their evaluation in accordance with the approved evaluation criteria referred to in (i) above.

10. **Comments on the Mayor of London's Transport Strategy, Economic Development Strategy and Draft Replacement London Plan - consultation response**

The report from the Director of Environment and Culture set out comments on the consultation draft of the Replacement London Plan. The Mayor of London had also produced a Transport and an Economic Development Strategy which were also out to public consultation. The Executive noted that at its meeting on 10 December 2009, the Planning Committee agreed comments on the draft Replacement London Plan (subject to any further comments from the Executive). In order to meet the deadline for submission of comments officers have submitted the above comments to the Mayor of London but have said that this is subject to any further comments from the Executive. Councillor Van Colle (Lead Member, Environment, Planning and Culture) proposed that the comments set out in the report be agreed and formally submitted. It was noted that comments on other plans would be sought.

RESOLVED:-

- (i) that approval be given to the following as set out in the report from the Director of Environment and Culture:
  - (a) comments on the Consultation Draft of the Replacement London Plan;
  - (b) comments on the Mayor's Transport Strategy; and
  - (c) comments on the Mayor's Economic Development Strategy; and
- (ii) that the comments on the Transport Strategy and the Economic Development Strategy be sent to the Mayor of London to form Brent Council's response to the consultation on these documents and that the Council confirms that it has no further comments on the draft Replacement London Plan in addition to those set out in the Director's report.

**11. Proposed pre-submission changes to the Site Specific Allocation Development Plan Document**

The report from the Director of Environment and Culture summarised limited changes to the draft Site Specific Allocations Submission stage Development Plan Document of the emerging Local Development Framework. The limited changes were three new sites and a series of minor changes to the document. The changes are proposed following publication of, and consultation on, Brent's Site Specific Allocations in June 2009 in advance of submission to the Secretary of State.

RESOLVED:-

- (i) that agreement be given to the changes to the Site Specific Allocations Development Plan Document contained within the report from the Director of Environment and Culture;
- (ii) that the document be put to public consultation for a period of six weeks in accordance with the standards set out within the Council's adopted Statement of Community Involvement commencing upon the 22 January 2010.

**12. Inspiring Brent - Brent's Action Plan for the London 2012 Games**

Councillor Van Colle (Lead Member, Environment, Planning and Culture) introduced the report which provided an update on Brent's Action Plan for the London 2012 Games developed by the 2012 Steering Group. The report outlined developments in the London 2012 City Operations Programme and the main conditions of the London 2012 Host Borough Co-Operation and Licence Agreement. Councillor Van Colle asked the Executive to note the key achievements to date and areas of work to be developed and drew attention to the formal launch of the three year campaign 'Inspiring Brent' that would be take place on 2 February 2010.

RESOLVED:-

- (i) that progress made to date be noted;
- (ii) that approval be given to the 2012 Action Plan attached as Appendix to the report from the Director of Environment and Culture;
- (iii) that progress made towards signing the London 2012 Host Borough Co-Operation and License Agreement as referred to in Paragraphs 3.18 – 3.25 be noted and the Director of Environment and Culture be authorised to agree the exact terms thereof, on the advice of the Borough Solicitor.

**13. Proposed closure of the Church Lane parking shop**

The report from the Director of Environment and Culture proposed the closure of the Parking Shop in Church Lane, Kingsbury with effect from 1 July 2010. Councillor Van Colle (Lead Member, Environment and Culture) pointed out that this

parking shop had a relatively low number of visitors and notice of the closure would be well publicised. The potential for savings was significant.

RESOLVED:-

that approval be given to the closure of the Church Lane Parking Shop from 1 July 2010.

**14. Adult Social Care Annual Performance Assessment 2008/09**

The report from the Director of Housing and Community Care advised members on the Annual Performance Assessment (APA) judgement for Adult Social Care for 2008/09, published by the Care Quality Commission (CQC). Councillor Colwill (Lead Member, Adults, Health and Social Care) advised that overall, the council was performing well, in line with the previous year's performance. The report identified areas requiring further improvement and summarised action taken to date.

RESOLVED:

that overall annual performance assessment and in particular the strengths and areas for further improvement identified in the performance assessment report be noted.

**15. Authority to tender a contract for Supporting People funded services for domestic violence floating support service**

The report from the Director of Housing and Community Care sought authority to invite suitable providers to tender for a contract as required by Contract Standing Orders 88 and 89. The award of a contract would be for the provision of a Supporting People funded domestic violence floating support service. The Executive agreed on 15 June 2009 that the Supporting People domestic violence floating support services should be tendered as part of the Families floating support framework (under Families with complex needs framework). The report additionally sought authority to tender the contract for the provision of the domestic violence floating support service not as part of the Families floating support framework but as a separate contract.

RESOLVED:-

- (i) that approval be given to the tender of the Supporting People domestic violence floating support service being taken out of the tender for the Families floating support framework and being separately tendered alongside the service for women fleeing domestic violence accommodated in refuges;
- (ii) that approval be given to the pre tender considerations and the criteria to be used to evaluate tenders to award a contract for the provision of Supporting People funded services for floating support service for women escaping domestic violence with a range of support needs as set out in paragraph 7.1 of the report from the Director Housing and Community Care;

- (iii) that approval be given to the invite of tenders and their evaluation in accordance with the approved evaluation criteria referred to in paragraph (ii) above.

**16. Outcome of re-negotiation of existing housing support contracts for Offenders and People with Drug and/or Alcohol issues**

Martin Cheeseman (Director of Housing and Community Care) introduced his report which set out the outcome of the re-negotiation exercise carried out with existing providers of housing support contracts for services for offenders and people with drug and/or alcohol issues, and requested approval to extend the existing contracts. The new arrangements would achieve savings and increased service provision.

RESOLVED:-

- (i) that the outcomes of the re-negotiation meetings and the efficiency savings achieved be noted;
- (ii) that approval be given to the extension of the current contracts in relation to all the offender and drug and/or alcohol services funded by Supporting People, as listed in sections 4 and 5 of the report from the Director of Housing and Community Care, to 31 December 2012.

**17. Authority to Tender Contracts for Supporting People Funded Services for Single Homeless People**

The report from the Director of Housing and Community Care sought authority to invite suitable providers to tender for two framework agreements and one contract as required by Contract Standing Orders 88 and 89. The framework agreements would be for the provision of Supporting People funded accommodation based services and floating support services (with two initial call-off contracts to be entered into under each framework, shortly after award). The remaining contract would be for work and life skills training services for Single Homeless People. This report additionally sought authority to extend the current Supporting People Single Homeless contracts until 31 March 2011.

RESOLVED:-

- (i) that approval be given to the pre tender considerations and the criteria to be used to evaluate tenders to award framework agreements for the provision of Supporting People funded accommodation based services and floating support services for single homeless people, and a contract for work and life skills training services for single homeless people, as set out in paragraph 10 of the report from the Director of Housing and Community Care;
- (ii) that approval be given the invite tenders for the two framework agreements and one contract and their evaluation in accordance with the approved evaluation criteria referred to in paragraph (i) above;
- (iii) that approval be given to an extension of the existing Supporting People contracts for services for Single Homeless Services as specified in paragraph 8.9 of the Director's report until 31 March 2011.

## 18. **ALMO Settled Homes Initiative**

To ensure the delivery of the BHP's SHI scheme, BHP had requested a £8m loan from the Council, secured using its prudential borrowing powers, in order to deliver in the region of 50 properties under tranche 1 of their acquisitions programme. The report from the Director of Housing and Community Care set out the proposed changes that were required to deliver the ALMO SHI scheme.

Councillor Allie (Lead Member, Housing and Customer Services) in introducing the report, raised concerns over the use of Ground 8 of Schedule 2 to the Housing Act 1988 as a tool to evict tenants who were in serious rent arrears as it could be invoked when tenants owed only two months' rent and as it was mandatory once all conditions were satisfied. The Executive considered the feasibility of introducing a loan covenant which prevented BHP from using Ground 8 of Schedule 2 to the Housing Act 1988 as a tool or which required it to be used only as a last resort. The Executive heard advice from the Director that to prevent the use of Ground 8 would not be in line with borrowing requirements and from the Borough Solicitor that it would be unwise to fetter the action BHP felt to be appropriate. The Executive noted that BHP, as an agent of the council, was bound by requirements of the anti-poverty strategy.

It was proposed and agreed that the Director of Housing and Community Care develop a protocol setting out the circumstances for which Ground 8 would be used, similar to that in place for Granville Homes.

The Executive also had before them appendices to the report which were not for publication as they contained the following category of exempt information set out in Schedule 12A of the Local Government Act 1972:

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

RESOLVED:-

- (i) that approval be given to note Brent Housing Partnership at present is not contemplating setting up a special purpose vehicle, as a wholly owned subsidiary of BHP, in order to deliver the scheme;
- (ii) that approval be given to approve the delivery arrangements proposed and note the increased number of dwellings achievable from the additional £5m HCA grant support;
- (iii) that approval be given to the provision of a loan facility to Brent Housing Partnership Ltd of up to £8million to facilitate the delivery of tranche 1 of SHI scheme and to delegate authority to the Director of Finance and Corporate Resources, in consultation with the Borough Solicitor, to agree the final terms and conditions of the loan facility;
- (iv) that approval be given to BHP, to enter into a Grant Agreement for the SHI scheme with the Homes and Communities Agency (HCA) in respect of their £10 million funding allocation, under the Settled Homes Initiative, and



delegate authority to Director of Finance and Corporate Resources to agree the terms of that Grant Agreement, in consultation with the Borough Solicitor;

- (v) that approval be given provide BHP a loan facility of up to £8 million to fund the acquisition of approximately 50 properties under the tranche 1 of the SHI programme and also delegate authority to the Director of Finance and Corporate Resources to agree the final loan sum to be provided to BHP and the term over which the loan will be repayable, subject to the following conditions:
  - (1) The loan sum will relate only to costs directly attributable to this scheme
  - (2) The loan is seen to be affordable to BHP and that the agreed loan repayment schedule is substantiated within the overall business case model, and
  - (3) The final agreement to provision of the loan remains within the best interests of the council
- (vi) that it be noted that the terms of the loan were generally neutral on the Council's finances and provide for a nil net contribution on the Council's General Fund;
- (vii) that the Director of Housing and Community Care be authorised to seek consent from the Secretary of State under section 25 of the Local Government Act 1988 in respect of the £8m loan facility once the final terms of the loan agreement have been agreed by the Director of Finance and Corporate Resources;
- (viii) that the Director of Finance and Corporate Resources be authorised to enter into a Direct Agreement with the HCA, in consultation with the Borough Solicitor in order to satisfy the grant conditions for the SHI grant allocated to BHP;
- (ix) that BHP be permitted to acquire, own and manage up to 286 properties and to grant tenancies in connection with the Settled Homes Initiative;
- (x) that BHP be required to agree a protocol for the use of Ground 8 of Schedule 2 to the Housing Act 1988 as a tool to evict tenants who are in rent arrears.

## 19. **Allocation of HRA Rooftop Telecommunication Income**

Following the introduction of the Corporate Manslaughter and Corporate Homicide Act 2007 and the recent fire at Lakanal House in Camberwell, Brent Housing Partnership (BHP) has had to review its health and safety procedures in order to ensure that all blocks were compliant with health and safety legislation. There have been a substantial accrual of income in the Housing Revenue Account (HRA) over the years arising from the telecommunications equipment rental situated on 13 housing tower blocks around the borough which stood at £1.195 million (excluding Watling Gardens) at March 2009. The report from the Director of Housing and Community Care proposed that given the substantial cost of the new health and safety initiatives, the funds that have accrued should be used to finance health and safety improvements and other works on the Council's stock borough wide.

RESOLVED:-

- (i) that agreement in principle be given to rescind the decision made by the Housing Committee in 1996 to allocate the telecommunication income to the Area Housing Boards for communal repairs and improvements and to grant delegated authority to the Director of Housing and Community Care in consultation with the Lead Member, to make a final decision on this issue following the outcome of consultation with the Area Housing Boards;
- (ii) that agreement be given that historic telecommunication rental income generated from masts located on Housing Revenue Account (HRA) tower blocks (excluding Watling Gardens) should be used to support expenditure on the Council's housing stock borough wide and to grant delegated authority to the Director of Housing and Community Care in consultation with the Lead Member, to make a final decision on this issue following the outcome of consultation with the Area Housing Boards;
- (iii) that agreement be given in principle that the future telecommunication rental income generated from masts located on Housing Revenue Account (HRA) tower blocks should be used to support expenditure on the Council's housing stock borough wide and to grant delegated authority to the Director of Housing and Community Care in consultation with the Lead Member, to make a final decision on this issue following the outcome of consultation with the Area Housing Boards;
- (vi) that in relation to the in principle decisions set out in paragraphs (i), (ii) and (iii) above, approval be given to grant the Director of Housing and Community Care in consultation with the Lead member, discretion to refer the in principle decisions back to the Executive for a final decision if he considers it prudent to do so following the outcome of the consultation with the Area Housing Boards;
- (v) that approval be given, subject to Paragraph (ii) above, to accrued income of £1.195m from Housing Tower Blocks Rooftop Telecommunication Masts (excluding Watling Gardens and which is held in the Housing Revenue Account), being allocated to be spent on the Council's housing stock borough wide;
- (vi) that approval be given to the budget virements for the HRA Budget for 2009-10 as set out in paragraph 4.3 of report from the Director of Housing and Community Care.

**20. Proposal to tender Revenue and IT services**

The report from the Director of Housing and Community Care sought authority to invite suitable providers to tender for the provision of Revenue collection and Information Technology (IT) services, following the expiry of the existing Capita contract on 30 April 2011. The current contract included the collection of revenues for Council Tax and National Non Domestic Rates (NNDR) and the provision and maintenance of IT systems specific to both Revenues and Benefits services.

Councillor Blackman (Lead Member, Resources) stated that the opportunity would be taken to test the market and expressed a wish that service improvements would continue.

RESOLVED:-

- (i) that future service provision from 1 May 2011 for the Revenues Service plus associated information technology support be secured through a retender exercise;
- (ii) that approval be given to the pre tender considerations and the proposed criteria to be used to evaluate the tenders for the Revenues Service and IT support as set out in Appendix 1 of the report from the Director of Finance and Corporate Resources;
- (iii) that officers invite tenders as referred to in paragraph (ii) above and evaluate them in accordance with the evaluation criteria set out in Appendix 1 of the report from the Director.

**21. Proposed Freehold Disposal of former Bryan Avenue Stores, Bryan Avenue, Willesden, NW10 2AS**

The report from the Director of Finance and Corporate Resource sought Executive approval to the freehold disposal of the former Bryan Avenue Stores and adjacent land by the Council to Family Mosaic Housing Association. The Executive noted that it would raise a capital receipt and social housing would be created.

The Executive also had before them appendices to the report which were not for publication as they contained the following category of exempt information set out in Schedule 12A of the Local Government Act 1972:

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

RESOLVED:-

that the Head of Property and Asset Management be authorised to dispose of the property and adjacent land with vacant possession to Family Mosaic Housing Association for such consideration as is the best that can reasonably be obtained in the opinion of the Head of Property and Asset Management and otherwise in accordance with the proposed terms outlined below and such other terms as he considers to be in the best interests of the Council.

**22. Brent Residents' Attitude Survey 2009**

Councillor Sneddon (Lead Member, HR and Diversity and Local Democracy and Consultation) introduced the report which highlighted the key findings of the Residents' Attitude Survey 2009 (RAS) and provided comparative performance information in relation to the previous residents' attitude survey conducted in 2005 and the place survey carried out in 2008. He drew attention to the importance of face to face interviews which it was felt gave a more representative sample of respondents. Councillor Sneddon also referred to the positive nature of the results,

in comparison to those of the place survey whose methodology involved a postal survey. Councillor Sneddon was pleased to report on the general overall satisfaction with the council and an improvement in the key indicators.

RESOLVED:-

- (i) that the report be noted the report, particularly the issues highlighted in section 4;
- (ii) that it be noted that findings from the 2009 Residents' Attitude survey have provided a robust data set which:
  - is invaluable to Council's new service planning framework, which is underpinned by the philosophy of evidence-based decision making.
  - enhances the Council's corporate evidence base to complement the findings of the place survey and the external comprehensive area assessment audit process.

**23. Reference of item considered by Forward Plan Select Committee**

None.


**24. Any Other Urgent Business**

***Borough Solicitor***

Members noted that this would be the last meeting of the Executive attended by the Borough Solicitor, Terry Osborne, who would be leaving the council's employment to take up a new post in Waltham Forest. Members on all sides thanked her for her help and advice over the past years and wished every success in her new role.

The meeting ended at 8.30 pm

P LORBER  
Chair

	<p style="text-align: center;"><b>Executive</b> 15 February 2010</p> <p style="text-align: center;"><b>Report from the Director of Children and Families</b></p>
<p style="text-align: right;">Wards Affected: ALL</p>	
<p><b>Introduction of Early Years Single Funding Formula and Changes to the Allocation and Funding of Early Years Full Time Places in Maintained and Private, Voluntary and Independent (PVI) Sectors</b></p>	

Forward Plan Ref: C&F-09/10-15

## 1.0 Summary

- 1.1 All local authorities are required to introduce an early years single funding formula (EYSFF) across the maintained and private, voluntary and independent sectors that underpins the delivery of the extended free entitlement to early year's provision. The Government initially wanted the EYSFF to commence from April 2010 but in December said they would delay it till April 2011 as a number of council's were not ready to implement from next April. DCSF encouraged those councils who were ready to implement from April 2010 to do so and apply to become a pathfinder authority. Brent has made significant progress in developing the EYSFF and Executive are being asked to approve implementation from April 2010 in line with a large number of London councils. The December Schools Forum (SF) initially asked the council to delay implementation till April 2011. However, having had more time to consider the December Ministerial statement, as well as the advantages of not delaying implementation, the January SF recommended the Council to implement the SFF from April 2010.
- 1.2 The introduction of the SFF offers an opportunity to review the basis on how full time early year's places are allocated and funded and move to only offering these places to needy and vulnerable children. The Executive is being asked to consult with parents on the proposal for a new policy for allocating full time nursery places from September 2011. Following consultation a further report will be presented to the Executive later in 2010.
- 1.3 The financial implications of the proposals can be contained within the affordability ceiling of £13.3m for the delivery of the extended free entitlement. There are no General Fund implications.

## 2.0 Recommendations

1. To agree the Early Years Single Funding Formula and implementation from April 2010 in accordance with the recommendation of the January Schools Forum.
2. To note the application made in January to DCSF for pathfinder status.
3. To consult with parents on the proposed allocation of full time early years places based on need as set out in Section 6 from September 201; a further report will be presented to the Executive following the consultation later in 2010.

## 3.0 Introduction and Background

### *Minister's December Statement*

3.1 DCSF has been closely monitoring progress local authorities have been making with developing and implementing the SFF. On 10 December 2009 the Minister issued a written statement delaying the SFF implementation for a year to April 2011 in light of current experience of local authorities. The statement goes on to invite those councils who are ready to implement from April 2010 to apply to become pathfinder authorities until April 2011. Brent has applied for pathfinder status and the outcome will be announced at this meeting. The full statement is reproduced at Appendix A.

### *Early Years Provision in Brent*

3.2 The Government's vision is for all children to have access to high quality early learning and childcare that:

- Helps them to reach their potential;
- Helps parents to work and stay out of poverty, and
- Allows parents to make informed choices about how to balance their children's care and family life.

3.3 The Government sees the creation of the Early Years Single Funding Formula (EYSFF) as the funding model that will support the delivery of this vision. The broader context for the EYSFF and the Government's vision is enshrined in the Department for Children Schools and Families (DCSF) Draft Code of Practice on Provision of the Free Early Education Entitlement for 3 and 4 year olds.

3.4 In common with all local authorities Brent ensures that a sufficient amount of nursery education/early learning and care, now termed Early Years (EY) provision is made available at Ofsted registered settings in the Private, Voluntary and Independent (PVI) and Maintained sectors.

3.5 Brent currently has 138 providers offering either full time (FT) or part time (PT) EY provision to 4,635 children made up of:

- Maintained sector

- 48 primary schools
  - 26 offering FT provision            951 children
  - 22 offering PT provision            1,374 children
- 4 nursery schools offering FT provision    210 children
- PVI sector
  - 86 providers offering PT provision    2,100 children

The entitlement for all eligible 3 and 4 year olds increases from 12.5 to 15 hours a week from September 2010.

3.6 As a Wave 2 Pathfinder Brent was required to implement the new offer from September 2008 and to date 90% of PVIs and 25% of part time place schools are providing 15 hours of provision. DCSF has allocated additional funding to pilot councils from the Standards Fund to resource the additional hours of free entitlement.

3.7 The introduction of the EYSFF has provided an opportunity to review the way FT EY places are currently allocated to children in nursery schools and primary schools with nursery classes. In addition, this opportunity allows the Council to extend FT places for the first time to the PVI sector. The proposal is to offer FT places based on need and vulnerability of the child.

3.8 In September 2008 a sub group of Schools Forum (SF), made up of representatives of both sectors and officers from Children's and Families department, was created to oversee development of the EYSFF and options for FT place allocation and funding.

3.9 The extension of the free entitlement, and the change in delivery methods to enable parents to take up the hours flexibly, reflects the government's commitment to reducing child poverty, raising educational standards and narrowing the gap in attainment. These aims will be achieved by assisting parents to return to training or to work, and by increasing the take up of EY provision.

*Current Early Years Budgets*

3.10 The EYSFF and funding for FT places will be funded from Dedicated Schools Grant (DSG). The current year's budgets are set out in the table below.

**Table 1: 2009/10 Budgets for Early Years Provision**

	Primary	Nursery	PVI	Total
2009/10 Budget Shares	5,797,462	1,880,007	2,810,000	10,487,469

Modelling the financial impact has to be accommodated within current EY budgets including the additional Standards Fund of £2.6m. Following the Minister's announcement to delay the EYSFF start date it is assumed that pilot authorities would continue to receive separate funding from the Standards Fund. It is, therefore, considered prudent to set a budgetary ceiling of £13m for the initial development of the EYSFF proposals set out in this report.

3.11 This report brings to the Executive the revised EYSFF proposals following consultation and proposals to change the way FT EY places are allocated and funded. It is set out over the following sections:

Section 4: Presents consultation feedback from the December 2009 Schools Forum

Section 5: Presents proposals for the Early Years Single Funding Formula (following consultation with providers and the SF)

Section 6: Presents proposals for the allocation and funding of Full Time EY places

Sections 7 to 10 Provide financial, legal, diversity and HR implications.

#### **4.0 Consultation with Schools Forum and Providers**

4.1 The September, December and January SFs were consulted on the development of the EYSFF and FT place proposals. Consultation with providers took place over October and November with 30% of providers responding to the consultation questionnaire. In addition, four information meetings were held across the borough with forty five providers attending and their feedback has informed revisions to the proposals. Appendix B provides a summary of the provider consultation feedback.

The main emerging issues are summarised below:

##### *Single Funding Formula*

- The hourly rates for PVIs was too low
- Deprivation supplement should have a larger overall sum allocated to it
- Flexibility supplement criteria are too difficult to meet
- Quality supplement criteria are aspirational and need to be more realistic

##### *FT place allocations process*

- It should be delayed for a year to allow admissions and eligibility processes to be developed
- Parents need to be consulted and informed of the proposals so they can assess the implications
- Centrally administered admissions process for FT places must have capacity to manage the process with no detriment to statutory age admissions process

4.2 December SF discussed the proposals in detail and made the following recommendations:

1. In light of the ministerial announcement the implementation of the SFF should be delayed until April 2011; and



2. Option 2 for the allocation of FT places should be implemented from September 2010

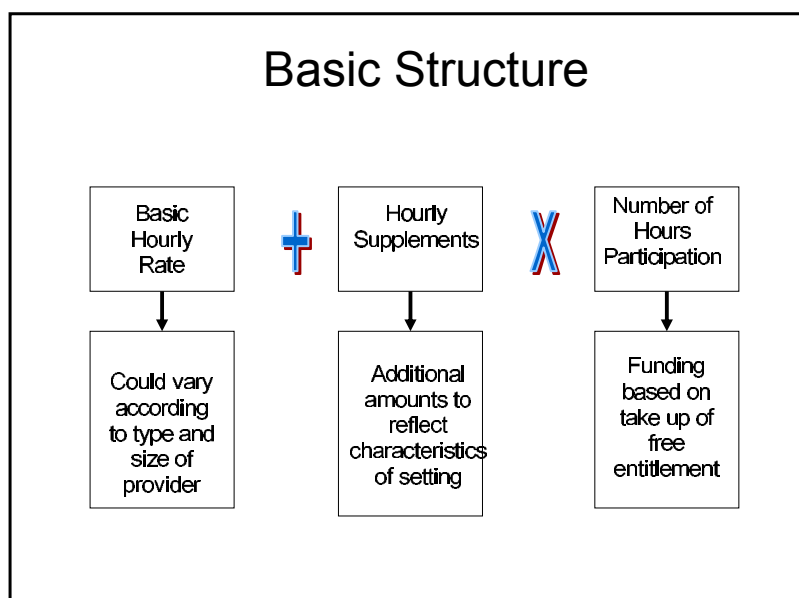
4.3 January 2010 SF reconsidered their December decision to delay the EYSFF having had more time to review the Ministers December statement and the advantages of an April implementation given the significant progress the Council has made in developing the EYSFF framework. SF unanimously voted to recommend implementation of the EYSFF from April 2010.

4.4 The January SF had concerns regarding the lack of sufficient time to consult parents on the new FT place proposals. In addition, there is some uncertainty that DCSF will have the regulations in place allowing schools to charge parents in readiness for September 2010. Arising from the above, it is proposed to delay implementation until September 2011 and external legal advice supports this decision.

## 5.0. The Early Years Single Funding Formula

5.1 The development of the EYSFF has followed DCSF guidance that was updated in July 2009<sup>1</sup> and reflects the structure set out below.

**Diagram 1: DCSF Proposed Framework for Single Funding Formula**



4

5.2 Based on the above structure and following consultation with SF and providers the EYSFF proposals are as follows:

- Basic hourly rate of £3.25 for all providers
- Supplements to be based on additions to the basic hourly rate instead of lump sum payments covering:
  - Deprivation
    - Lump sum payment linked to relative deprivation of child's post code
  - Quality

<sup>1</sup> Implementing the Early Years Single Funding Formula Practice Guidance July 2009

- Measuring quality of staff and quality of provider
- Flexibility
  - Ability to offer parents flexible EY provision to suit their work/life balance.

The financial analysis in this section offers an illustration of the impact of the revised EYSFF proposals. A comparison is made with the consultation proposals to assess the financial impact of the revisions.

### *Basic Hourly Rates*

5.3 The proposal is for a flat rate of £3.25 across all providers. The consultation proposals considered differential rates of:

- Nursery schools                    £4.67
- Primary schools                    £3.25
- PVI's                                    £2.73.

5.4 The differential rates were informed by a cost analysis of a sample of providers from each sector conducted in late 2008 that identified the costs of delivering one hour of EY provision within each sector. Nursery schools have a higher hourly cost due to the lower number pupils over which to spread fixed overheads. The PVI rate was lower as they do not face the higher salary and overhead costs that schools have to pay. Following consultation the sub group listened to the respective views from each sector and concluded that in its first year a flat rate should be used as:

- PVI's overwhelmingly rejected the £2.73 rate
- Nursery schools wanted
  - Parity with primary schools; and
  - Expressed the view that resources released through their lower rate should be redistributed to the PVI sector and the deprivation supplement.

5.5 The financial implications of the hourly rate proposals are shown in Table 2 below.

**Table 2: Impact of Revised Hourly Rate**

Hourly Rate Comparison	2009 PLASC Funded Hours	Basic Hourly Rate	Basic Hourly Rate Funding	Nursery Lump Sums	Total Funding
Total Primary Schools	1,834,260	3.25	5,959,511	0	5,959,511
Total Nursery Schools	249,660	3.25	811,395	829,124	1,640,519
Total PVI's	933,348	3.25	3,033,381	0	3,033,381
Grand Total	3,017,268		9,804,287	829,124	10,633,411

### **Deprivation Supplement**

5.6 The provision of the deprivation supplement will be a statutory requirement as part of the EYSFF. The objective for this supplement is to offer

funding to all providers linked to a measure of deprivation that is readily accessible and available for both sectors. The proposal uses the aggregate of the Index of Multiple Deprivation (IMD) points score for the post code of each child attending a setting.

5.7 The supplement will distribute 10% of the EY budget (£1.25m) which is significantly more than a number of Brent’s neighbouring councils. The expectation is that DCSF will expect local authorities to provide for the deprivation supplement at this level of funding.

Each IMD point will attract the following funding based on dividing the total funding pot by total IMD scores:

$$= \text{£}1,250\text{m} / 125,321\text{points} = \text{£}9.97 \text{ per IMD point.}$$

5.8 The financial implications of the proposal are shown in Table 3 below.

**Table 3: Impact of Revised Deprivation Supplement**

Deprivation Supplement	Deprivation Payment
Total Primary Schools	707,854
Total Nursery Schools	91,426
Total PVIs	457,595
Grand Total	1,256,874

The revised proposal increases the cost of the deprivation supplement and reflects the nursery school head teachers desire to transfer funding to this supplement.

### Quality Supplement

5.9 Following consultation the two original performance measures are retained namely:

1. Levels of staff qualifications; and
2. Ofsted rating

#### *Staff Qualifications*

5.10 Two levels of performance would be measured ‘Enhanced’ and ‘Standard’ with only the Enhanced measure receiving a payment set at 10p an hour. Feedback from consultation suggested the initial performance levels were set too high and they have been revised. The proposals ensure:

- For schools: the experience of the QTS in EY is taken into account; and
- For PVIs: the current position of EY Foundation Stage leaders in pursuing the Early Years Professional Status post graduate qualification is taken into account.

#### *Ofsted Rating*

5.11 The Ofsted proposal reflects the current rating of the provider and will be measured and funded as follows:

- Outstanding 10p an hour
- Good 5p and hour
- Satisfactory No payment.

The financial implications of both elements are shown in Table 4 below.

**Table 4: Impact of Revised Quality Supplement**

Quality Supplement	Quality Staff	Quality Staff Hourly Rate	Quality Ofsted	Quality Ofsted Hourly Rate	Quality Overall
Total Primary Schools	104,196	0.10	75,383	10p and 5p	179,579
Total Nursery Schools	24,966	0.10	8,892	10p and 5p	33,858
Total PVI's	37,525	0.10	31,148	10p and 5p	68,673
Grand Total	166,687		115,423		282,110

### Flexibility Supplement

5.12 Flexibility supplement will be paid where a provider meets the following requirements:

- Providers are able to offer the 15 hours over a minimum of 3 days per week
- Providers are able to offer flexibility to parents over start/finish times, i.e. not tied to rigid session times
  - Schools offering extended school services would be able to include these start and finish times as part of delivery of the EY provision
- Providers are able to accommodate parents seeking Early Years provision for just 15 hours per week
- Providers are able to offer a maximum of 10 hours and minimum of 2.5 hour sessions.

5.13 The proposed hourly payments are:

- Fully flexible: Meeting all four conditions 30p an hour
- Partially flexible: Meeting any three out of four 15p an hour.

It is accepted that for now schools would have difficulty in being able to trigger the partial payment and experience elsewhere will be monitored over the coming year to see how other councils have dealt with this supplement. The annual review process would look to revise this supplement based on best practice elsewhere.

5.14 The financial implications of the proposals are shown in Table 5 below.

**Table 5: Impact of Revised Flexibility Supplement**

Flexibility Supplement	Flexibility	Flexibility Hourly Rate
Total Primary Schools	0	0.30 and 0.15
Total Nursery Schools	37,449	0.30 and 0.15
Total PVIs	235,403	0.30 and 0.15
Grand Total	272,852	

### Overall Financial Implications

5.15 The overall financial implications of the proposals are shown in Table 6 below.

**Table 6: Overall Financial Impact**

Single Funding Formula	Total Funding
Total Primary Schools	6,846,943
Total Nursery Schools	1,803,252
Total PVIs	3,795,052
Grand Total	12,445,246

5.16 If all providers were to receive the maximum in quality and flexibility supplements then the cost would increase by £200,000 in a full year. This can be contained within the overall £13.3m budget (see paragraph 5.18).

5.17 Table 7 sets out the final proposed elements of the EYSFF in a summarised form. The SF has been presented with initial benchmarking data showing proposed EYSFF hourly rates from a number of other local authorities. This is set out in Appendix C

**Table 7: Single Funding Formula Elements**

Elements	Rate per Hour of Free Entitlement	Notes
Basic Hourly Rate	£3.25	
Deprivation Supplement (average across all providers)	£0.43	Each provider will have a payment based on their aggregate IMD score for each child
Quality Supplement: Staff <ul style="list-style-type: none"> <li>Enhanced</li> <li>Standard</li> </ul>	£0.10 No payment	
Quality Supplement: Ofsted <ul style="list-style-type: none"> <li>Outstanding</li> <li>Good</li> <li>Satisfactory</li> </ul>	£0.10 £0.05 No payment	
Flexibility <ul style="list-style-type: none"> <li>Fully flexible</li> <li>Partially flexible</li> </ul>	£0.30 £0.15	
Hourly Rate Impact <ul style="list-style-type: none"> <li>Maximum</li> <li>Minimum</li> </ul>	£4.18 £3.68	

5.18 Had the EYSFF been universally applied by all local authorities from April 2010 it was anticipated that DCSF would have provided funding through the DSG. If the Council is successful with its pathfinder application it is expected that additional funding will continue to be provided through the Standards Fund. Adding the current EY DSG provision and Standard Fund grant for the 15 hour pilot creates an overall budget of £13.3m. The cost of implementing the EYSFF from April 2010 is estimated at £12.5m (Table 6) therefore based on the assumptions used in the financial modelling there would be sufficient budget provision for 2010/11 including a contingency.

### Transitional Protection

5.19 The proposal for transitional protection offers the following:

- Losers: would incur the following proportions of their overall loss
  - Year 1 25%
  - Year 2 50%
  - Year 3 75%
  - Year 4 100%
- Gainers: would receive the following proportions of their overall gain
  - Year 1 25%
  - Year 2 50%
  - Year 3 75%
  - Year 4 100%

5.20 In addition to the above is the intention to offer PVIs a minimum funding guarantee that will ensure that no provider would receive less than the

equivalent of the current Nursery Education Grant rate of £3.52 an hour during the three year transitional protection period.

5.21 Appendix E illustrates the impact of implementing the EYSFF including transitional protection showing potential 'winners' and 'losers'. It is based on historic hours of take up and will need to be reassessed using the January 2010 census data when that becomes available.

## **6.0 Proposals for the Allocation of Full Time Early Years Places**

6.1 The development of the EYSFF provides the Council with an opportunity to review the criteria for the allocation of FT EY places and their funding. The objective is to devise a transparent and common process across all sectors that would allocate a FT place based on need and vulnerability of the child. Currently schools offer FT places based on ad hoc local arrangements that have built up over the last 25 years.

6.2 SF and providers were consulted during the autumn on a proposal that would allocate places using the eligibility criteria currently used for the Government's 2 year old childcare scheme based on:

- Economic deprivation
- Social needs; and
- Medical needs.

Appendix D contains the criteria in full.

Parents would apply centrally for a FT place and demonstrate that they meet the eligibility criteria.

6.3 The main issues and concerns highlighted by the consultation responses covered:

- Any changes should be delayed for a year to allow admissions and eligibility processes to be developed
- Parents need to be consulted and informed of the proposals so they can assess the implications
- Any centrally administered admissions process must have capacity with no detriment to statutory age admissions process

6.4 December SF was subsequently consulted on the following options:

- Option 1: Delay the FT place implementation for a year so that it commences in September 2011
- Option 2: Implement a revised FT place allocations process for September 2010 intake allocating places based on the relative deprivation associated with a child's post code to be administered locally

- Option 3: Implement the original proposal that went out to consultation
- Option 4: Implement a hybrid option of Option 2 funding 80% of the 2009/10 FT places in schools and 80% of the proposed FT places for PVIs in Option 2

6.5 December SF concluded that the move to offering FT places based on need should not be delayed but accepted that an interim approach was the best option to maintain the momentum of change. Options 1 and 3 were rejected with Options 2 and 4 seen as maintaining the momentum of change and transition to the new basis of allocation.

6.6 SF concluded that Option 2 was their preferred option and implementation in September 2010 was feasible if providers managed their own admissions within the guidelines set by Brent.

6.7 Consultation with parents was to begin last month but concerns were expressed at the January 2010 SF by head teachers that there was insufficient time to consult parents on the changes for the September 2010 intake.

6.8 In order to provide flexibility to schools wishing to maintain their FT provision DCSF had promised new regulations that would allow schools to charge for a FT place should parents be willing to pay. This new power would have been an important element of the successful implementation of the new allocation basis for full time places. These regulations have not yet been introduced and there is real uncertainty about them being in place in time for September 2010.

6.9 Arising from the above the Council has received legal advice that would support a delay in implementation until September 2011. A further report will be brought to Executive later in 2010 seeking approval to the admissions and allocations process (see paragraph 6.2) for a FT place from September 2011 following consultation with stakeholders.

## **7.0 Financial Implications**

### *Overall Financial Impact*

7.1 The Director of Finance and Corporate Resources comments that the overall financial impact of the EYSFF indicates that the estimated cost of £12.5m can be accommodated within available resources. There is a prudent contingency of £0.8m available to address any unforeseen consequences or events arising from the EYSFF. There are no General Fund implications.

## **8.0 Legal Implications**

8.1 The Borough Solicitor advises that Section 7 of the Childcare Act 2006 sets out the requirement for local authorities to secure free early years provision for each 3 and 4 year old in their area. Section 7 will also assist with the authorities Section 6 to secure sufficient childcare by delivering the free



entitlement to early years provision flexibly and to address the inconsistencies of how this is currently funded.

8.2 Regulations under Section 7 of the Childcare Act 2006 set out the amount and type of free provision and the ages of children to benefit from free provision. As of September 2010 the minimum amount of free provision which a local authority must secure for each eligible child will be 570 hours each year spread over no fewer than 38 weeks of the year. The regulations continue to require local authorities to make Early Years Foundation Stage provision free of charge and in doing so use early years providers who are either:

- a) Early years providers who are required to be registered on the Ofsted Early Years register; or
- b) Maintained schools, approved non-maintained special schools or independent schools which are not exempt from registration.

8.3 Children will continue to be eligible for free provision from 1 April, 1 September or 1 January following their 3<sup>rd</sup> birthday and will cease to be eligible when they reach compulsory school age.

8.4 The necessary paving legislation for the EYSFF was included in the Apprenticeships, Skills, Children and Learning Act 2009, which has recently completed its passage through Parliament. The primary legislation allows amendments to the Schools Finance Regulations that will formalise the creation of the EYSFF and the statutory deprivation supplement that will be funded from DSG.

## **9.0 Diversity Implications**

9.1 There are no diversity implications arising from the proposals in this report.

## **10.0 Staffing Implications**

10.1 Schools currently offering FT places will need to assess their options for EY provision arising from the proposals set out in this report. Staff implications could arise through:

- PT schools increasing provision from 12.5 hours to 15 hours a week; and
- FT schools changing to PT or mixed provision.

Trade unions have been aware of the proposals in this report through their representation on SF.

## **Background Papers**

- i) Draft Code of Practice on Provision of Free Early Education Entitlement for 3 and 4 Year Olds – September 2009 (DCSF)
- ii) Implementing the Early Years Single Funding Formula Practice Guidance July 2009 (DCSF)

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John Christie  
Director of Children and Families

Written Ministerial Statement  
'Early Years Funding'

This government has transformed the provision of early years education and childcare in this country, increasing investment sevenfold since 1997 and creating a universal free offer for three and four year olds.

As a result there is now nearly universal take-up of the 12½ hours of free early learning and childcare available to three and four year olds, and we remain on course to extend the provision to 15 hours per week from September 2010. The commitment and endeavour of early years providers across the country have been crucial to this success.

In 2007 we announced plans to introduce a single local Early Years Single Funding Formula (EYSFF).

This aims to provide greater consistency and transparency in local decision-making concerning the funding of the free entitlement for 3 and 4 year olds.

The necessary paving legislation for the EYSFF was included in the Apprenticeships, Skills, Children and Learning Act 2009, which has recently completed its passage through Parliament. The introduction of the EYSFF was welcomed by members on all sides of both Houses.

Our intention has been that every local authority should implement the EYSFF from April 2010. In anticipation of this many local authorities have been working hard to prepare for this and have engaged positively with local providers.

However, during the summer it became clear that a significant number of local authorities were experiencing difficulty in developing their EYSFF. More recently, parents and providers, from both the maintained and the PVI sectors, have expressed concerns about the potential adverse impact on provision if the EYSFF is introduced now.

In response to these concerns the department acted quickly to survey all local authorities, to establish how much progress they had made. This was completed towards the end of November and found considerable variation in terms of their readiness.

The data and information we have collected now suggests that less than a third of local authorities will be in a secure position to implement their EYSFF from April 2010. While it is difficult to generalise about the underlying reasons it seems clear that some local authorities have experienced serious difficulties in obtaining accurate data from their providers, while others have simply found the task extremely challenging.

I have therefore decided to postpone the formal implementation date for the EYSFF by one year until April 2011.

I have asked my officials to invite all local authorities that are confident they are ready to implement their new formulae in April 2010 and who wish to do

so to continue as planned. These local authorities will be able to apply to join a pathfinder programme, which currently involves 9 local authorities but which we will now expand.

This expansion will increase the capacity of the pathfinder programme to develop practice from which other local authorities can learn.

The government remains strongly committed to the introduction of the EYSFF in all areas from April 2011. We believe that it is only through the effective implementation of the EYSFF that all providers across the sector can have confidence in local decisions about funding. This twelve month delay should provide sufficient time for concerns to be addressed, without incurring a risk of drift. It will also allow time for more dedicated support to be offered to those local authorities that need it in order to complete the development of their formula.

### Consultation Feedback

#### Consultation Process

The main emerging issues are summarised below:

##### *Single Funding Formula*

- The hourly rates for PVIs was too low
- Deprivation supplement should have a larger overall sum allocated to it
- Flexibility supplement criteria are too difficult to meet
- Quality supplement criteria are aspirational and need to be more realistic

##### *FT place allocations process*

- It should be delayed for a year to allow admissions and eligibility processes to be developed
- Parents need to be consulted and informed of the proposals so they can assess the implications
- Centrally administered admissions process for FT places must have capacity to manage the process with no detriment to statutory age admissions process

#### Consultation Process and Outcomes

##### *Approach*

Brent currently has 138 EY providers offering the free entitlement to EY provision made up of:

- Maintained sector
  - 48 primary schools
    - 26 offering FT provision
    - 22 offering PT provision
  - 4 nursery schools offering FT provision
- PVI sector
  - 86 providers offering PT provision

The consultation process involved two elements comprising:

- Information meetings offering further details and clarifications on the proposals; and
- Consultation questionnaire seeking providers views and feedback on the proposals.

## Information meetings

Four information meetings were held at the following schools:

- Roe Green Infants
- Oakington Manor
- Granville Plus Children's Centre; and
- Malorees Infants

Forty-five providers attended the meeting broken down as follows:

- Schools
  - FT place schools 5
  - PT place schools 8
  - Children's Centres/Nursery schools 5
- PVI's 27

The attendance represented an overall 33% participation rate by all providers.

## Consultation Questionnaire

The questionnaire was in two parts covering the EYSFF and proposed basis for allocating and funding FT EY places. A number of questions were asked seeking 'yes' or 'no' answers followed by requests for additional comments in support of the answer. 41 responses were received representing 30% of total providers and their answers are set out below.

## Responses to Questionnaire

		Schools		PVI's	
		Yes	No	Yes	No
<b>Single Funding Formula</b>	Question 1: Do you feel the use of different hourly rates to reflect the different costs, particularly staff costs, of providers is a reasonable basis for the hourly rate?	9	2	3	21
	Question 2: Do you feel the amount allocated to the deprivation supplement from the £11m budget should be larger or smaller?	Larger 3	Smaller 5	Larger 16	Smaller 2
	Question 3; Do you feel the proposed measures and payment levels will incentivise providers to offer flexibility?	3	10	12	10
	Question 4: Do you feel the proposed measures and payment levels will incentivise providers to improve quality?	1	12	12	9
	Question 5(a): Do you agree that the proposed qualifications measures should form part of the quality supplement	5	9	18	4
	Question 5(b): Do you agree that the proposed Ofsted measures should form part of the quality supplement	6	7	14	7
	Question 6: Are the thresholds for moving up from 'Basic' to 'High' reasonable and achievable?	4	10	7	17
	Question 8: Do you understand the structure of the proposed single funding formula?	12	1	17	4
<b>Full Time Place Allocation</b>	Question 10: Do you agree that the proposed criteria should be used as a basis for the allocation and subsequent funding of FT places?	7	6	10	11
	Question 11 FT Schools: If you were to lose funding for FT places would you consider switching to PT provision?	5	3	NA	NA
	Question 12 PT Schools: Would you consider offering FT places alongside your PT Provision?	0	4	NA	NA
	Question 13 PVI's: Would you see any difficulties in accommodating a funded FT Child?	NA	NA	9	11
	Question 14: The proposed way forward is for the FT place applications process to be managed centrally. Do you have any views on this proposal?	12	1	14	7
	Question 15: Do you feel the proposed transitional protection offers a reasonable basis for allowing providers to cope with the changes and financial impact of the proposals?	7	5	6	8
	Question 16: Do you understand the structure of the proposed full time place allocations and funding proposals?	13	0	15	4

NB: A number of respondents chose not to answer some questions

## Appendix C: Benchmarking with other Local Authorities

Council	Hourly Rate			Supplements			
	Schools	Nursery School	PVIs	Deprivation	Quality	Flexibility	Other
Brent	3.25	3.25	3.25	£1.25m. IMD score for postcode	Staff Quals 0.10p Ofsted: Outstanding 0.10p Good 0.05p	Full 0.30p Partial 0.15p	
Barnet	3.60	3.60	3.60	£439k/ IDACI Units	£194k /NPQICL, NPQH,EYPS	£304k at 2 rates	£304k/£100 per child
Hillingdon	2.99	2.99	2.99	£1.4m/  20% most dep	£501k /  Graduate Leaders	NIL	£702k Premises  £300k Protection
Harrow	3.56	3.56	3.56	£53k/Acorn  postcodes	£55k/Level 6, £40k/Level 5  £15k/ Level 4	NIL	£290k/ 26 PPA £101k/76 PVIs £638k/Qual Tchrs
Lambeth	3.90	7.80	3.90	2p/funded hour	NIL	Ofsted 18p/hour if o/s 9p/hour if good	NIL
Camden	5.46	6.53	4.98	0.08p/funded hour	NIL	NIL	NIL
Rochdale	3.75	6.16	3.02	N/K	12p /funded hour	34p/funded hour	NIL



## Criteria for Allocation of Full Time Early Years Place

<b>Compulsory National Criteria</b>	<b>The family are in receipt of one or more of the following</b>
	Income support
	Income based job seekers allowance
	Child tax credit at a higher rate than the family element
	Extra working tax credit relating to a disability
	Pension credit
	Use IMD to identify those post codes associated with economic deprivation as a proxy for the above
<b>Suggested Local Criteria</b>	<b>Family Characteristics</b>
	Asylum seeking/refugee
	<b>Parental Characteristics</b>
	Teenage parents in FT education
	Those with health issues or disabilities known to social services
	Experience of domestic violence and known to social services
	Experience of substance misuse and known to social services
	<b>Child Characteristics</b>
	Speech and language delay
	In care
	Subject to a child protection plan
	In temporary accommodation
	Involved with Social Care
	Developmental or learning delay
With disabilities	

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Appendix E								
Provider	Indicator 1 = PT Primary, 2 = FT Primary, 3 = FT Nursery, 4 = Private, 5 = Voluntary, 6 = Independent, 7 = Childminder	Comparison of Current Funding with EYSFF				Transitional Protection		
		Current Funding With Current FT Place Funding	New SFF Total Funding With Current FT Place Funding	% Change in Funding	Financial Comparison	25% TP On Gain or Loss	50% TP On Gain or Loss	75% TP On Gain or Loss
Anson Primary	1	97,284	109,458	13%	12,174	3,043	6,087	9,130
Av. H. Torah Temimah	2	93,324	101,041	8%	7,717	1,929	3,859	5,788
Barham Primary	1	116,115	132,539	14%	16,425	4,106	8,212	12,318
Braintcroft Primary	1	167,798	174,965	4%	7,167	1,792	3,584	5,375
Brentfield Primary	2	141,801	161,009	14%	19,208	4,802	9,604	14,406
Carlton Vale Infant	2	135,825	139,107	2%	3,282	821	1,641	2,462
Chalkhill Primary	1	112,277	126,644	13%	14,368	3,592	7,184	10,776
Christ Church Brond. CE	2	92,669	97,809	6%	5,140	1,285	2,570	3,855
Convent of J&M RC Inf.	1	108,097	121,090	12%	12,992	3,248	6,496	9,744
Donnington Primary	2	114,113	122,872	8%	8,759	2,190	4,380	6,569
Elsley Primary	1	115,507	129,386	12%	13,879	3,470	6,939	10,409
Fryent Primary	1	116,792	124,659	7%	7,867	1,967	3,934	5,900
Furness Primary	2	184,921	199,940	8%	15,019	3,755	7,509	11,264
Gladstone Park Primary	1	117,115	130,363	11%	13,249	3,312	6,624	9,936
Harlesden Primary	2	94,426	105,293	12%	10,866	2,717	5,433	8,150
John Keble CofE Primary	2	117,223	130,222	11%	12,999	3,250	6,500	9,749
Kensal Rise Primary	2	310,518	312,039	0%	1,522	380	761	1,141
Kingsbury Green Primary	1	127,098	123,599	-3%	-3,498	-875	-1,749	-2,624
Leopold Primary	2	185,496	199,625	8%	14,129	3,532	7,064	10,597
Lyon Park Infants	1	157,552	172,325	9%	14,774	3,693	7,387	11,080
Malorees Infant	1	77,375	83,744	8%	6,369	1,592	3,184	4,777
Michael Sobell Sinai	2	215,130	234,502	9%	19,372	4,843	9,686	14,529
Mitchell Brook Primary	2	138,681	150,676	9%	11,994	2,999	5,997	8,996
Mora Primary	2	182,506	198,097	9%	15,591	3,898	7,795	11,693
Newfield Primary	2	110,382	121,535	10%	11,154	2,788	5,577	8,365
NW London Jewish	2	125,839	142,571	13%	16,732	4,183	8,366	12,549
Northview Primary	2	105,754	91,872	-13%	-13,881	-3,470	-6,941	-10,411
Oakington Manor Primary	1	142,572	162,676	14%	20,104	5,026	10,052	15,078
Oliver Goldsmith Primary	1	81,206	91,233	12%	10,026	2,507	5,013	7,520
Our Lady of Grace RC Inf	2	103,942	117,760	13%	13,818	3,455	6,909	10,364
Our Lady of Lourdes RC	2	113,699	130,265	15%	16,566	4,141	8,283	12,424
Park Lane Primary	2	115,283	161,990	41%	46,707	11,677	23,354	35,030
Preston Park Primary	1	113,978	127,996	12%	14,018	3,505	7,009	10,514
Princess Frederica CE	2	116,168	132,651	14%	16,483	4,121	8,241	12,362
Roe Green Infant	1	155,522	174,363	12%	18,841	4,710	9,421	14,131
Salisbury Primary	2	218,265	277,291	27%	59,025	14,756	29,513	44,269
St Andrew & St Francis CE	1	98,504	113,145	15%	14,641	3,660	7,320	10,981
St Joseph's RC Infant	1	119,210	133,737	12%	14,528	3,632	7,264	10,896
St Joseph's Primary	2	117,451	131,679	12%	14,228	3,557	7,114	10,671
St Margaret Clitherow	2	92,890	105,980	14%	13,090	3,273	6,545	9,818
St Mary's CE Primary	2	112,422	137,068	22%	24,647	6,162	12,323	18,485
St Marys RC Primary	2	100,050	112,558	13%	12,507	3,127	6,254	9,380
St Robert Southwell RC	1	92,427	101,714	10%	9,287	2,322	4,643	6,965
Stonebridge Primary	2	118,766	139,586	18%	20,820	5,205	10,410	15,615
Sudbury Primary	1	176,044	188,370	7%	12,326	3,082	6,163	9,245
Uxendon Manor Primary	1	115,882	128,690	11%	12,808	3,202	6,404	9,606
Wembley Primary	1	121,417	131,237	8%	9,820	2,455	4,910	7,365
Wykeham Primary	2	168,947	189,426	12%	20,479	5,120	10,239	15,359
<b>Total Primary Schools</b>		<b>6,256,261</b>	<b>6,926,397</b>	<b>11%</b>	<b>670,136</b>	<b>167,534</b>	<b>335,068</b>	<b>502,602</b>
Granville Plus Children's Centre	3	399,466	367,649	-8%	-31,817	-7,954	-15,909	-23,863
College Green Nursery	3	397,236	374,805	-6%	-22,431	-5,608	-11,216	-16,824
Curzon Crescent Children's Centre	3	698,039	657,246	-6%	-40,793	-10,198	-20,396	-30,595
Fawood Children's Centre	3	426,914	403,553	-5%	-23,361	-5,840	-11,681	-17,521
<b>Total Nursery Schools</b>		<b>1,921,656</b>	<b>1,803,253</b>	<b>-6%</b>	<b>-118,403</b>	<b>-29,601</b>	<b>-59,201</b>	<b>-88,802</b>
<b>Total all Schools</b>		<b>8,177,917</b>	<b>8,729,650</b>	<b>0</b>	<b>551,733</b>	<b>137,933</b>	<b>275,866</b>	<b>413,800</b>

Provider	Indicator 1 = PT Primary, 2 = FT Primary, 3 = FT Nursery, 4 = Private, 5 = Voluntary, 6 = Independent, 7 = Childminder	Comparison of Current Funding with EYSFF				Transitional Protection		
		Current Funding With Current FT Place Funding	New SFF Total Funding With Current FT Place Funding	% Change in Funding	Financial Comparison	25% TP On Gain or Loss	50% TP On Gain or Loss	75% TP On Gain or Loss
A Perfect Start	4	55,833	69,285	24%	13,452	3,363	6,726	10,089
Abbey Nursery School	4	61,727	59,952	-3%	-1,775	-444	-887	-1,331
Acorn Nursery	4	17,510	21,610	23%	4,100	1,025	2,050	3,075
Alice's Wonderland Nursery	4	36,706	43,259	18%	6,553	1,638	3,277	4,915
All Saint's Pre School	4	33,546	31,215	-7%	-2,331	-583	-1,166	-1,748
Andrew Memorial Day Nursery	4	75,951	67,767	-11%	-8,184	-2,046	-4,092	-6,138
Barnhill Pre-School Playgroup	4	58,028	67,372	16%	9,344	2,336	4,672	7,008
Bluebell Nursery	4	84,462	70,806	-16%	-13,655	-3,414	-6,828	-10,242
Bright Horizons Alperton Nursery	4	29,727	28,333	-5%	-1,394	-349	-697	-1,046
Brightstart Childcare & Education	4	41,923	37,819	-10%	-4,104	-1,026	-2,052	-3,078
Budding Learners Montessori Nursery	4	44,531	50,084	12%	5,554	1,388	2,777	4,165
Christ Church Nursery	4	23,652	26,219	11%	2,567	642	1,283	1,925
College Green Nursery	4	26,965	23,422	-13%	-3,543	-886	-1,772	-2,658
Colours Nursery	4	25,257	17,677	-30%	-7,580	-1,895	-3,790	-5,685
Crickets Montessori Nursery School	4	52,754	62,982	19%	10,228	2,557	5,114	7,671
East Lane Montessori School	4	96,502	87,853	-9%	-8,649	-2,162	-4,324	-6,486
Ellen Louise Nursery	4	61,088	58,422	-4%	-2,666	-667	-1,333	-2,000
Fawood Children's Centre	4	44,148	44,468	1%	320	80	160	240
First Steps Day Care	4	19,124	16,340	-15%	-2,784	-696	-1,392	-2,088
Granville Plus Children's Centre	4	9,480	11,500	21%	2,020	505	1,010	1,515
Grove Park Kindergarten	4	27,430	26,908	-2%	-522	-131	-261	-392
Happy Child Day Nursery (NW6 6QG)	4	24,466	26,328	8%	1,862	465	931	1,396
Happy Child Day Nursery Harlesden (NW10)	4	22,019	23,199	5%	1,180	295	590	885
Happy Days Montessori	4	44,672	43,651	-2%	-1,021	-255	-510	-766
Happy Days Pre-School	4	36,003	32,084	-11%	-3,919	-980	-1,959	-2,939
Happy Stars Day Nursery	4	23,118	21,614	-7%	-1,504	-376	-752	-1,128
Harmony Childrens Centre	4	24,264	27,765	14%	3,501	875	1,751	2,626
Harmony Montessori Nursery School	4	62,223	57,638	-7%	-4,585	-1,146	-2,292	-3,439
Heritage Family Centre	4	19,740	23,925	21%	4,185	1,046	2,093	3,139
Honeypot Nursery	4	49,529	46,998	-5%	-2,531	-633	-1,266	-1,898
Hopscotch Nursery	4	72,939	56,949	-22%	-15,990	-3,997	-7,995	-11,992
Jellitots Nursery	4	49,071	48,708	-1%	-364	-91	-182	-273
Jubilee Clock Pre School Nursery	4	31,642	33,598	6%	1,956	489	978	1,467
Kenton Day Nursery	4	41,921	45,354	8%	3,432	858	1,716	2,574
Kenton Kindergarten	4	7,034	9,752	39%	2,718	679	1,359	2,038
Kindercafe Montessori Nursery	4	31,975	31,735	-1%	-240	-60	-120	-180
Kingsbury Jewish Kindergarten	4	11,021	13,133	19%	2,112	528	1,056	1,584
Learning Tree Montessori Nursery	4	79,600	60,695	-24%	-18,905	-4,726	-9,452	-14,179
Lindsay Park Nursery School	4	56,742	62,448	10%	5,706	1,426	2,853	4,279
Little Acorn Nursery	4	31,747	32,857	3%	1,110	278	555	833
Little Angels Ltd	4	8,756	8,452	-3%	-304	-76	-152	-228
Little Donnington Playgroup	4	13,719	14,539	6%	820	205	410	615
Little Jems Nursery	4	33,997	28,782	-15%	-5,216	-1,304	-2,608	-3,912
Little Learners Montessori School	4	96,642	94,243	-2%	-2,399	-600	-1,199	-1,799
Little Learners Nursery	4	59,353	45,291	-24%	-14,062	-3,515	-7,031	-10,546
Living Spring Montessori	4	44,295	52,930	19%	8,636	2,159	4,318	6,477
London Road Nursery	4	83,190	73,630	-11%	-9,560	-2,390	-4,780	-7,170
Neasden Montessori School	4	86,489	86,534	0%	45	11	22	34
Nicoll Road Nursery School	4	67,556	64,976	-4%	-2,580	-645	-1,290	-1,935
North Stars Nursery	4	36,859	32,448	-12%	-4,410	-1,103	-2,205	-3,308
Northwick Park Day Nursery	4	63,223	65,762	4%	2,539	635	1,270	1,904
Preston Road Multicultural Nursery	4	50,582	46,098	-9%	-4,484	-1,121	-2,242	-3,363
Queens Park Montessori School	4	22,580	19,749	-13%	-2,830	-708	-1,415	-2,123
Roe Green Nursery	4	30,797	27,847	-10%	-2,950	-738	-1,475	-2,213

Provider	Indicator 1 = PT Primary, 2 = FT Primary, 3 = FT Nursery, 4 = Private, 5 = Voluntary, 6 = Independent, 7 = Childminder	Comparison of Current Funding with EYSFF				Transitional Protection		
		Current Funding With Current FT Place Funding	New SFF Total Funding With Current FT Place Funding	% Change in Funding	Financial Comparison	25% TP On Gain or Loss	50% TP On Gain or Loss	75% TP On Gain or Loss
St Andrews Playgroup	4	50,783	46,564	-8%	-4,219	-1,055	-2,109	-3,164
St George's Playgroup	4	64,850	57,433	-11%	-7,417	-1,854	-3,708	-5,563
St Mary's Nursery	4	21,475	27,163	26%	5,688	1,422	2,844	4,266
St Michaels & St Matthews Nursery	4	54,027	50,414	-7%	-3,612	-903	-1,806	-2,709
St Michael's Nursery (John Keble)	4	62,533	57,634	-8%	-4,899	-1,225	-2,449	-3,674
St Michael's Nursery (Knatchbull)	4	74,901	74,489	-1%	-412	-103	-206	-309
St Nicholas School	4	34,807	38,899	12%	4,092	1,023	2,046	3,069
Sunrise Pre-School	4	72,973	81,811	12%	8,838	2,210	4,419	6,629
The Ascension Pre-School, The Church	4	51,495	56,467	10%	4,972	1,243	2,486	3,729
The Pavilion Nursery	4	16,552	20,953	27%	4,401	1,100	2,200	3,301
The Willow Children's Centre	4	88,714	110,878	25%	22,164	5,541	11,082	16,623
Tiny Steps Community Nursery	4	19,835	20,053	1%	219	55	109	164
Tiny Twinkles	4	58,627	51,767	-12%	-6,860	-1,715	-3,430	-5,145
Tree Tops Nursery	4	42,250	44,588	6%	2,338	585	1,169	1,754
Villas Nursery	4	9,077	12,192	34%	3,115	779	1,557	2,336
Willow Tree Nursery	4	21,423	18,361	-14%	-3,062	-766	-1,531	-2,297
Windermere Nursery School	4	22,132	25,157	14%	3,025	756	1,512	2,268
Woodcock Nursery School	4	88,616	69,871	-21%	-18,745	-4,686	-9,373	-14,059
Financial Impact Private Sector		3,199,174	3,147,699	-2%	-51,475	-12,869	-25,738	-38,607
ABC Playgroup	5	95,905	93,324	-3%	-2,581	-645	-1,291	-1,936
Kensal Green Under Fives Group	5	39,597	35,894	-9%	-3,703	-926	-1,851	-2,777
St Andrews Nursery	5	52,599	60,651	15%	8,052	2,013	4,026	6,039
Financial Impact Voluntary Sector		188,101	189,869	1%	1,767	442	884	1,326
Noam Nursery School	6	79,989	88,589	11%	8,600	2,150	4,300	6,450
Al Sadiq & Al Zahra Schools	6	25,946	33,265	28%	7,319	1,830	3,659	5,489
The Swaminarayan School	6	74,507	96,548	30%	22,041	5,510	11,021	16,531
Gower House School	6	116,296	136,408	17%	20,112	5,028	10,056	15,084
Financial Impact Independent Sector		296,739	354,810	20%	58,071	14,518	29,036	43,554
Mrs Lena Smith	7	7,200	6,980	-3%	-221	-55	-110	-166
Mrs Shaheena Ahmed	7	3,028	3,144	4%	116	29	58	87
Financial Impact Child Minder Sector		10,229	10,124	-1%	-105	-26	-52	-78
Total PVIs		3,694,242	3,702,501	0%	8,259	2,065	4,129	6,194
Grand Total		11,872,159	12,432,151	5%	559,992	139,998	279,996	419,994

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**Executive**  
15 February 2010

## **Report from the Director of Children and Families**

Wards Affected:  
ALL

### **Transforming Learning in Brent – Building Schools for the Future (BSF) Project Initiation Document (PID)**

Forward Plan Ref: C&F-09/10-007

#### **1.0 Summary**

- 1.1 Brent Council was accepted by Partnerships for Schools (PfS) onto the BSF programme in December 2009.
- 1.2 Brent Council's BSF programme consists of 23 secondary schools including special schools and Pupil Referral Units (PRU). The plan is to either replace or re-model all 23 schools.
- 1.3 Brent Council's BSF programme would deliver around £300m of capital funding from the Government over three phases. PfS required the Council to establish a first phase of schools that would deliver around £80m of capital funding. The first phase consists of the following schools:
  - Alperton Community School
  - Copland Community School
  - Queens Park Community School
  - Cardinal Hinsley Mathematics and Technology College
- 1.4 It is a requirement from PfS that as a condition of joining the BSF programme that the Council develop a Project Initiation Document.

#### **2.0 Recommendations**

- 2.1 That the Transforming Learning in Brent – BSF Project Initiation Document be approved by the Executive.

2.2 That the executive note the anticipated funding gap as set out in paragraph 4.4 together with the planned strategy to resolve the gap.

### **3.0 Detail**

3.1 Brent Council's PID brings together in a single document the Council's project plan, governance and management arrangements, terms of reference, risk management strategy, communications plan and budget/resource plan. It is a key planning document that provides the structure and framework for delivery of the project.

3.2 The PID defines the overall purpose and form of the Council's BSF programme and forms the basis for the project's management and assessment, to ensure that:

- the objectives and deliverable outcomes of the project are clearly defined and reflect the key objectives set out in the Council's 'Strategy for Change' (SfC), including the remit agreed with the Department of Children, Schools and Families (DCSF);
- the project reflects the agreement between PfS and the Council in terms of their respective roles and responsibilities, as described in the Memorandum of Understanding (MOU);
- the costs and benefits of the overall project are set out in sufficient detail to enable a high degree of confidence in the deliverability of the project and ensure the Project Board understands the key issues that must be addressed before making a major commitment to the project; and
- the appropriate project governance, management processes, and external advisers are in place to ensure the success of the Council's BSF programme.

3.3 The PID acts as the baseline against which the Project Board, Project Sponsor, Project Director and Project Manager and wider stakeholders can assess progress, change management and ongoing viability. It should be treated as a 'live' document that is updated and reviewed regularly.

3.4 PfS advise that the Council should review the PID at each key milestone (i.e. at commencement/completion of Strategy for Change, Outline Business Case, Final Business Case) in the project to ensure that it still reflects the appropriate framework, structure, project management and governance to secure the efficient and value for money delivery of the Council's BSF proposals.

3.5 PfS advise that the PID should be approved at the earliest possible stage in the project's existence, to ensure there is full ownership of the project and its effective delivery, and that the Project Board is given appropriate levels of delegated authority to manage it effectively. The approval of the PID should be sought from the Council's Executive, and the BSF Project Board.



## 4.0 Financial Implications

- 4.1 Following Brent's acceptance onto the BSF national programme the Council will progress its BSF programme according to specific requirements as set out by PfS. During these various stages the precise funding that Brent will receive will continue to be refined with the amount being finalised at the completion of the Final Business Case. PfS have currently provided an indicative funding allocation of £85m for the four schools in phase one.
- 4.2 PfS utilise a formulaic approach to determining BSF funding levels through its Funding Allocation Model. This model utilises pupil numbers and building specifications as set out under Building Bulletin 98 (BB98) to generate funding allocations for each school. The amount provided is also based on the assumption that each school will be 55% rebuilt, 35% remodelled and 15% refurbished.
- 4.3 Once this model calculates a FAM amount for each school the Council will receive the aggregate amount and can then determine how the amount is allocated over individual Phase 1 schools.
- 4.4 The assumption of 55% rebuild, 35% remodel and 15% refurbishment also introduces the potential for a funding gap; which most existing BSF local authorities have experienced. Where projects deviate from this assumption the FAM model will not deliver sufficient funding. In Brent's case our first phase consists of three 100% rebuilds and one remodel. Technical expertise currently commissioned from Turner and Townsend has provided us with an indicative funding gap of around £14m i.e. the Council is likely to receive £14m less than it will need to complete phase 1. Through planned land sales at two of the phase 1 schools and a reprioritising of the current Schools Capital Programme it is expected that the funding gap can be resolved. This would require PfS agreeing to allow the Council to reinvest such educational asset disposals into our BSF programme. The DCSF do have a starting assumption that up to 50% of such asset releases should go back to the DCSF but in all such cases in existing BSF programmes where the funds are reinvested in the local authorities BSF programme the DCSF has waived this right and the funds have been kept by the local authority. This aspect has been clarified with PfS who are aware of our need to reinvest land receipts to bridge our funding gap.
- 4.5 BSF also requires significant investment from the Council to manage the programme. PfS advise that local authorities should expect to spend up to 3% of the capital expenditure value on managing the programme. These costs include dedicated BSF staffing, external advisers, communication and consultation and procurement. An annual revenue budget of £500k has already been established for 2009/10, and with the rapid increase in work now required it is estimated that expenditure of the order of £900k will be required from 2010/11 with a potential to capitalise around £150k of this.

## **5.0 Legal Implications**

5.1 If it is intended to dispose of land at two other schools as referred to in paragraph 4.4 then if the land consists in whole or part of school playing fields then consent from the Secretary of State would be required. If however the land does not constitute playing fields then the Council is required to be notified of any proposed transfer and can object to this. In the event of any dispute the matter is referred to the School's Adjudicator.

## **6.0 Diversity Implications**

6.1 A key part of the Council's BSF programme will be to transform learning and attainment outcomes for all pupils but in particular for underachieving groups.

6.2 Furthermore, using BSF to further develop the extended schools offer allows all local communities to gain better access to a range of diverse services thus putting schools further at the heart of their local communities.

## **7.0 Staffing/Accommodation Implications (if appropriate)**

7.1 None


### **Background Papers (essential)**

Project Initiation Document

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 <p>The logo of Brent Council, featuring a central coat of arms with a shield, a crown, and two lions, surrounded by the words 'BRENT COUNCIL' in a circular arrangement.</p>	<p><b>Executive</b> 15 February 2010</p> <p><b>Report from the Director of Children and Families</b></p>
<p>Wards Affected: All</p>	
<p><b>Crest Academies: the next steps including procurement and submission of Outline Business Case (OBC)</b></p>	

Forward Plan Ref: C&F-09/10-017

## **APPENDICES 5 AND 6 ARE NOT FOR PUBLICATION**

### **1.0 Summary**

- 1.1 The report updates the Executive on the progress in establishing the Crest Boys' Academy and The Crest Girls' Academy in new accommodation and seeks its approval to proceed with the submission of the Outline Business Case (OBC) for the construction of new buildings to Partnerships for Schools (PfS) and the Department of Children and Families (DCSF). It also informs Executive of the approach to engaging the Overall Project Manager (OPM) and the Technical Advisors.
- 1.2 At its meeting on 14 July 2009 the Executive agreed to proceed with the scheme to rebuild John Kelly Boys' and Girls' Technology Colleges (now known as Crest Boys' Academy and Crest Girls' Academy) on the existing site (the scheme). It also approved the release of some of the £5m Capital Investment Plan funding that had been earmarked for land acquisition and instructed officers to investigate the feasibility of clearing/making level or stepping the underutilised southern part of the site leading into Dollis Hill Lane so as to provide suitable land for the schools expansion, each by one Form of Entry (1FE) and a second access route (pedestrian and vehicular) to the site from the Dollis Hill.
- 1.3 Since July 2009 substantial progress has been made by officers, working in partnership with the key stakeholders: the Sponsor Edutrust Academies Charitable Trust (EACT) and the two Academies (including pupils as key

stakeholders) to develop the Outline Business case (OBC) for the development and construction of new buildings. The attention of the Executive is drawn to the following key strands of work:

- (i) consideration of options for the arrangement of the permanent accommodation on the site as part of the Outline Business Case (OBC);
- (ii) consideration of the options for temporary accommodation required whilst the permanent accommodation is rebuilt
- (iii) consideration of the planning implications of the new accommodation
- (iv) consideration of the affordability of the new proposals
- (v) school organisation, curriculum planning and maintenance/improvement of standards
- (vi) the potential change of location of a Children's Centre from Cricklewood to the Crest site.

The good progress made on each of these strands is set out in the main body of the report. Officers have reviewed lessons from the development and delivery start up of ARK Academy, which has been viewed positively by PfS, and those have informed the approach to developing and delivering Crest Academies and other large projects. Officers and consultants have developed a positive working relationship with PfS who commented to that effect in their approval of the OBC for the Ark Academy which was commended as excellent.

- 1.4 Whilst the new build of the Academies is funded by the DCSF, as set out in Appendix 5, the Executive is being recommended to agree that the Council earmarks a contribution to the scheme from its Capital Investment Plan at the level of £1.6m as set out in Paragraphs 8.3 to 8.7 without which the scheme cannot be delivered in line with the Expression of Interest agreed between the Secretary of State and the Council.

## **2.0 Recommendations**

The Executive are requested to agree to;

### OBC Submission

- 2.1 Authorise the Director of Finance and the Director of Children and Families to submit the OBC to PfS in the form set out in Appendix 1 with the detailed content completed by the Director of Children and Families, subject to the FAM allocation being increased to meet the Council's estimate of costs as set out in Appendix 5 or the Director of Finance being satisfied that any costs over and above the FAM allocation can be met from an existing capital budget and upon approval to commence procurement via the PfS National Framework.
- 2.2 Authorise the Section 151 Officer to complete and issue the letter confirming the affordability of the scheme, subject to the FAM allocation being increased or the Director of Finance being satisfied as set out in paragraph 2.1 Template attached as Appendix 4.

- 2.3 Confirm the LA's commitment to the project as set out in Appendix 2 and agree to the signing of the Memorandum of Understanding in the form set out in Appendix 3 or with such amendments as the Director of Children and Families, in consultation with the Borough Solicitor, considers to be appropriate.

#### Procurement: Construction

- 2.4 Give approval to the procurement route [Using the National Framework] for the construction of the Crest Academies and the criteria to be used to shortlist tenderers and evaluate tenders as set out in paragraph 6.6 of the report.
- 2.5 Give approval, subject to PfS approving the OBC, invite expressions of interest, selecting a shortlist of two bidders and invite tenders for the construction of the Crest Academies and evaluating them in accordance with the approved evaluation criteria referred to in 2.4 above.
- 2.6 Authorise the Director of Children and Families, in consultation with the Borough Solicitor to agree the selection of the preferred bidder for the Design and Build Contract following evaluation of the tenders.

#### Procurement: Consultants

- 2.7 Agree that for the reasons set out in paragraphs 5.13 to 5.15 in the context of the Not for publication details in Appendix 6 to this report, there are good financial and operational reasons to appoint an Overall Project Manager (OPM) through to FBC of the Academies' newbuild without seeking quotes in accordance with the Council's Standing Orders.
- 2.8 Note that officers will appoint Technical Advisors (TA) to support the Academy Project as noted in paragraph 5.16.
- 2.9 To note the risks of the scheme and the proposals set out for managing the risks (see Appendix 7).

#### Council Financial Contribution to the Development and Delivery of The Scheme

- 2.10 Agree, against the context set out in paragraphs 8.3 to 8.6 to allocate £1.6M from the existing provision of £5M in the Capital Investment Plan to secure the delivery of the Academies and the corresponding new buildings.

### 3.0 Background

- 3.1 This scheme is to re-build two Academies: The Crest Girl's Academy (formerly John Kelly Girls Technology College) and The Crest Boy's Academy (formerly John Kelly Boys Technology College). Both schools were established as Academies on 1 September 2009 in their respective former school premises. Both schools share the same site.
- 3.2 The scheme is to demolish both schools and rebuild them on the existing site. Although they will be rebuilt as independent schools they will share the same campus and will co-operate to provide excellent educational opportunities for all pupils. This co-operation will be particularly close at post 16 with shared post 16 opportunities.
- 3.3 It is agreed that the Academies are expanded by one form of entry (1FE), upon delivery of new buildings, with effect from 1 September 2012, to meet the continuing increase in demand for school places in the borough. This expansion would therefore be linked to the availability of new build accommodation subject to the approval of the Outline Business Case by the Secretary of State.
- 3.4 When re-built the Girls' Academy will be 6FE (900 11-16 pupils) entry with 200 post 16 places. The Boys' Academy will be 5FE (750 11-16 pupils) and 200 post 16 places. There will therefore be 400 post 16 places across the two Academies with dedicated post 16 accommodations.
- 3.5 Pending the rebuild, the Authority has secured £320K to improve the learning environment in the predecessor school buildings. This work, including improvements to toilet areas, dining areas, ICT infrastructure and external landscaping was completed in September 2009 and served to enforce the joint stakeholders' commitment to enhance the existing school buildings and raising school standards.
- 3.6 The Girls' Academy has Languages as its first specialism with Technology as a second specialism. The Academy, by using the two specialisms as a driver for academic and personal improvement, will give priority to the development of literacy, closely adapted to meet individual diagnosed need. The Boys' Academy has Mathematics as its first specialism with Technology as its second specialism. The Academy, by using the two specialisms as a driver for academic and personal improvement, will give priority to the development of numeracy and enterprise closely adapted to meet individual diagnosed need.
- 3.7 The Lead Sponsor for both academies is Edutruster Academies Charitable Trust (EACT) with the co-sponsor being Brunel University. Under the EACT umbrella, each Academy is a separate charity, with its own Board of Governors.
- 3.8 A four year lease between the Council and EACT dated 4 September 2009 is in place to enable the operation of the Academies pending redevelopment of the schools.

## 4.0 Feasibility Study

- 4.1 Following the Executive report in July 2009 MACE (who are on the Brent Framework) were appointed as technical consultants to produce a feasibility report on the rebuilding of the two academies on the existing site. Its' purpose and therefore the brief was to ensure that education delivery could be maintained on the site whilst the new build takes place within the existing site perimeter. MACE have carried out an options appraisal in consultation with the Design User Group (DUG) which includes representation from the key stakeholders: LBB, EACT and the two schools. Students' views have also been harnessed. The DUG's role is as guardian of the sponsor's educational vision for the Academies and has key responsibility for ensuring the design proposals are within the agreed funding envelope. The DUG has signed off its preferred option.
- 4.2 Although it is a tight site, the preferred option demonstrates that the two schools can now be re-built on the existing site without the need for additional land. However to make the scheme work a new vehicular access will need to be created from Dollis Hill. Given the tightness of the site it will be also necessary to make use of Gladstone Park for some sports activities which is currently used by both schools. It is not anticipated that any such arrangements will impede public access to the park.
- 4.3 The preferred option will also enable pupils to remain on site during the build programme. This will require additional temporary accommodation during the proposed 3 phases of build.
- 4.4 In addition to the main scheme there is potential to include a Brent led new Children's Centre. The Children's Centre is a LA wide initiative which cannot be funded from within the FAM funding regime and the costs therefore have to be met from within the LA's resources (see paragraph 8.4 on resources required from the LA).
- 4.5 In developing the preferred option the potential to re-locate the proposed phase 3 Children's Centre from Cricklewood to the Crest site has been explored. Delivering the Centre on the Cricklewood site is proving problematic with site and associated budget difficulties. Whether it can be re-located to the Crest site is still under consideration but its proposed siting has been included in the masterplanning for the site. Officers are exploring with DCSF the potential to join up funding regimes to make this possible. The Children's Centre will be funded from Sure Start grant via the Council.
- 4.6 The existing site accommodates a number of buildings on it such that the space is inefficiently deployed or used. The new proposed massing of the new building, making optimum use of the topography of the site will make better use of the site thus providing improved external, social, formal and informal spacing.

## **5.0 Outline Business Case (OBC) – Key Issues and Cost Estimates**

- 5.1 The OBC is carried out within a predetermined format set out by the DCSF for which the template is attached as Appendix 1. It incorporates the feasibility study for the scheme and outlines the options appraisal, cost estimates, affordability assessment and procurement strategy for the schools in sufficient detail to allow capital funding to be confirmed and gain approval to proceed, from the DCSF, with the delivery of the scheme via the PfS Framework Panel Members. Once the OBC is approved the capital funding is finalised and capped – after which there will be no more funding allocated to the project. At that juncture, if the Academy proposals are implemented, the responsibility for delivering the newly built Academy within the defined resources and time schedule fully transfers to the Council.
- 5.2 The key conclusions of the feasibility study are:
- 5.2.1 The site area is below DCSF guidance for schools of this size, but the proposed schools can be accommodated on the existing site;
  - 5.2.2 It is possible for pupils to remain on site whilst the build takes place. This will require re-location of existing temporary accommodation as well as additional new temporary accommodation.
  - 5.2.3 A new vehicular and pedestrian access will be required from Dollis Hill which can be developed;
  - 5.2.4 Given the tight site, some sports activities will need to be off site in Gladstone Park.
  - 5.2.5 The scheme (this excludes the potential Children’s Centre) is affordable within the current funding envelope of £39.35M (plus, to be agreed increase in abnormals to cover temporary accommodation required).
  - 5.2.6 The first Academy(Crest Boys’) can be delivered for September 2012 but the timetable is challenging and dependent upon key decisions being made on time;
  - 5.2.7 The site surveys have revealed nothing substantial that would inhibit the development of the proposed Academies on this site.
- 5.3 The procurement of the Academy will be delivered within a National Framework for building contractors set up by PfS. This Framework will deliver high quality, sustainable, design and construction standards and will provide value for money. This is the same Framework as is being used to deliver the Ark Academy.
- 5.4 EACT and the LA must confirm their commitment to working together to procure the design and construction of the new Academies using the PfS National Framework (already set out at the EoI stage) and confirm that they will follow established PfS procedures and utilise the standard suite of documents



for procurement. This includes the use of the National Framework Development Agreement and Design and Build Contracts. It is essential to the lawful use of the framework that the LA does not amend the Design and Build contract other than for specific project reasons and where indicated in the Design and Build Contract. Both parties need to have satisfied themselves with the terms and conditions within these documents.

- 5.5 The draft letter of commitment is attached as Appendix 2. The LA's commitment includes a signed Memorandum of Understanding (MOU) (attached as Appendix 3). Subject to the Executive's agreement to the recommendations set out in this report and, in consultation with the Borough Solicitor, amendments to the MOU will be negotiated with PfS. The MOU is made between PfS and the LA and establishes the parties' respective obligations and commitments to each other. It is not intended to be legally binding except as specified. (See paras 6, 7, 8 and 9 of the MOU)

#### Pre-Construction Programme of Work

- 5.6 A detailed programme of work has been developed based on the guidance issued by PfS. The key milestones from the programme are detailed in the table below:

<b>Milestone</b>	<b>Date</b>
DCSF/PfS Approval of OBC	March 2010
Issue PITT to Framework Panel Members	March 2010
Receive PITT Submissions	April 2010
Announce short listed bidders	April 2010
Issue ITT to Bidders	May 2010
Receive ITT Submissions	August 2010
Announce Preferred Bidder	October 2010
DCSF/PfS Approval of FBC	February 2011
Award Design and Build for both schools	February 2011

Once the scheme has been given approval to proceed by PfS, the Framework User(Brent LA) writes to all the Panel Members(contractors) inviting them to take part in the Local Competition. Accompanying the invitation the Preliminary Invitation to Tender documents are issued (PITT). The purpose of the PITT is to select a shortlist of two Panel Members.

The Invitation to Tender (ITT) documents are then released and two shortlisted Panel Members are then given an average of three months to develop their bids. The scheme is developed in line with the funding envelope and the Authority's Requirements. This is a critical period in the development of the project and requires intensive support from the LA and sponsor to ensure that the options developed meet the educational vision for the Academies. It is essential that the LA provides adequate educational and technical project management during this phase of the project. The ITT bids are evaluated and the preferred bidder chosen.

Between selection and contract award the Preferred Bidder is expected to finalise the designs and submit contractor's proposals. During this period the LA prepares the Final Business Case (FBC).

The contractors' costs are at their own risk during the whole process.

PfS estimates the process from OBC approval to contract award to take around 44 weeks and the above programme assumes that timetable.

Members should note that the experience on the Ark Academy project was that the time required to develop the ITT and FBC exceeded the illustrative timescale by approximately 4 months. Although in the case of the Ark Academy through tight project management, the project is still on programme to be delivered to the forecast date, members need to be aware that the ITT/FBC stages could take longer than illustrated above.

- 5.7 The Executive will note that the programme is tight and the risk of slippage against timelines is high; the risks can better be monitored if key decisions are made on time. The project management structure and reporting/monitoring mechanisms put in place for the Ark Academy were successful and it is proposed to put in place a similar arrangement for this project. The Council will set up a cross departmental Project Board which will receive regular reports from the Overall Project Manager (Appendix 6).

### Design and Construction

- 5.8 A robust and thorough options appraisal has been carried out to determine that both academies can be built on the site which meets the requirements of Building Bulletins 98 and 77. As part of the OBC the LA will need to confirm that they own the land upon which the Academy will be built and that there are no encumbrances, restrictive covenants that would place the development and operation of the Academy at risk.

The whole of the site vested in the Council on 1 September 2009 following the closure of John Kelly Boys' and Girls' schools and the dissolution of the Board of Governors and the reopening of these schools as Academies. Accordingly this point can be met.

- 5.9 Surveys and site investigations have been carried out and the results fed into the costings for the scheme.

#### Affordability

- 5.10 The table in the confidential Appendix 5 sets out the allocated funding from the DCSF/PfS, including the abnormal funding. It also sets out the estimated construction costs, including abnormals.
- 5.11 The cost of the works to create a new internal road from Dollis Hill are included within the FAM. Any highways works associated with this new road that are external to the site boundary will need to be met by the Council. See paragraph 8.3 below.
- 5.12 The main reason for the cost variance, set out in Appendix 5, is the provision of temporary accommodation for the pupils to enable them to remain on site whilst construction takes place. PfS have yet to agree to fund these additional abnormal costs. Until this is resolved to the satisfaction of the Director of Finance the OBC will not be submitted and the affordability letter signed (attached as Appendix 4). If this matter is not resolved then there will be a further report back to the Executive.

#### Readiness to Deliver

##### Development Phase and Construction

- 5.13 As part of the OBC and test of the Council's readiness to deliver, the LA has to confirm it has established and maintained a fully resourced project management regime for the successful development and delivery of the scheme. It is expected that this team includes a range of disciplines including a Project Manager and Technical Advisers (to include different specialisms). Taking account of the One Council programme and the responsibilities for schemes in the construction phase to be taken forward by a corporate team the LA will establish project management governance for the successful delivery of the scheme as it has done for the Ark Academy scheme. This will be for the duration of the project, including development, pre-contract and post contract, to monitor and maintain ongoing relations with the framework panel member (D&B) contractor and to ensure that performance is continually reviewed. The resources required to deliver the Ark Academy scheme which included costs for the project management regime (including Technical Advisers, Project Manager, legal costs and other specialist advice likely to be required from time to time), are estimated to be in the order of £735-920K. For this scheme, given it is for two Academies over a longer programme, the resource required is estimated to be in the order of £1.5M.
- 5.14 It is proposed to appoint the current Overall Project Manager for the duration of the development phase of the project. They have developed substantial knowledge and background around the project, have established effective relationships with various Council Departments, partner agencies including central government departments and will therefore be able to give high quality

progression to the remainder of this project seamlessly and without the need to revisit ground already covered. In addition, the (*per diem*) fee level negotiated with the proposed Project Manager is certainly no higher than the average consultancy rates and is indeed considered to be below the daily average rate for this type of work. The detail is set out in the Not for Publication Appendix 6. In the event that the LA seeks to invite competitive bids, it is likely that delays will be introduced into the timeline and the currently negotiated fee rates (deemed to be favourable to the Council) from the proposed project manager will no longer apply. In the unlikely event that someone else is able to submit a lower fee rate and are able to show the credentials comparable to the current project manager now being proposed for appointment for the duration of this project, it is likely that they will still need time to gather sufficient knowledge about this scheme and establish communication links for the better performance of the project.

- 5.15 There are therefore good financial, operational and efficiency grounds for appointing the project manager currently managing the OBC phase of this proposed Academy through to FBC.
- 5.16 It is proposed to appoint the Technical Advisor for this scheme from the Council's Property Services Framework.

### Risk Management

- 5.17 As part of the OBC, a review has been undertaken of high level project-related "Top Ten" risks to the scheme. This is included as Appendix 7. The Appendix also sets out measures identified and that can be put in place to manage and mitigate the impact of those risks.
- 5.18 Notwithstanding the identification of the top ten risks, in Appendix 7, and the transfer of risk to the contractors (note: when the Design and Build contract is signed at RIBA Stage D the contractor will shoulder the risk for inflation, programme, adverse weather, unforeseen ground conditions, protesters, change of law etc.) there are risks associated with maintaining the scheme to budget which fall to the LA. These include :
- The cost plan assumes a start on site in February 2011. If slippage occurs, then there will be an inflationary impact on available resources which may need to be borne by the LA depending on the reason for the delay. It is therefore integral to the risk management process that the LA is able to make decisions on time, convey instructions to the preferred contractor;

Changes to the design brief can also impact on cost. It is therefore critical that at the point at which the PITT is issued (see programme above 5.6) any development of the brief takes place in consultation with both the technical advisers to the LA and the bidders in the competition and eventually the preferred bidder. Once the contract is issued the LA will not change the brief unless the change is cost neutral.

- As the contract is between the LA and the contractor, the LA will control the budget. The LA will therefore be able to take remedial action to bring the scheme in on budget should that be necessary. In hitherto unforeseeable circumstances (“force majeure”) and notwithstanding the good management of the scheme by the LA, the LA can discuss the consequential costs with PfS.

## 6.0 Procurement Process

6.1 As stated at paragraph 5.4 the LA must confirm its commitment to using the PfS National Framework for the procurement of the Academies when submitting the OBC. The National Framework was retendered by PfS in 2009 and accordingly is different to that used by the council for the Ark Academy. The LA will lead a Local Competition which involves the LA taking the following steps:

- inviting all Panel Members to confirm if it is their intention to bid
- selecting a short list of two bidders;
- working with two bidders to develop proposals for the Academies;
- evaluating the proposals and selecting a Preferred Bidder;
- finalising designs and the agreement to be entered into;
- preparing a Final Business Case (FBC) and securing DCSF approval for funds to be released; and
- reaching Contract Award and starting work on site

6.2 The National Framework is a panel of contractors which has been set up by the PfS specifically to build Academies for local authorities which are not part of the BSF programme. The panel was set up following an EU compliant procurement process and alleviates the need for individual Local Authorities to carry out their own EU procurement process. The National Framework requires that a local competition, involving all panel members, be held by the Local Authority to determine which of the panel members will be awarded the contract for construction of the Academies. This Framework will deliver high quality, sustainable, design and construction standards and will provide value for money.

6.3 Council Standing Orders require the approval of the use of this National Framework Agreement by the Borough Solicitor and the Director of Finance and Corporate Services. Both Chief Officers have confirmed such approval. The Borough Solicitor’s Office is currently undertaking a review of the framework.

6.4 In parallel with the work to complete the OBC, the LA Project Team has been developing the documents required for the local competition process. Once the OBC is signed the contractors on the National Framework will be issued with the following documents:

- Preliminary Invitation to Tender (PITT); and
- Draft Invitation to Tender (ITT)

- 6.5 The LA will be supported through the Local Competition by a Project Director from PfS. The Project Lead from DCSF Academy Division will work with the Sponsor and the LA through the development process.
- 6.6 The detail of the procurement process is set out in the table below.

<b>Ref.</b>	<b>Requirement</b>	<b>Response</b>
(i)	The nature of the contract	Design and Build (works) contract for the construction of the Crest Boys' and Crest Girls' Academies
(ii)	The estimated value of Contract.	£39.35m(plus agreed abnormals) This is subject to certain assumptions that are laid out in the Elemental Cost Plan as submitted to the Authority by its technical advisers
(iii)	The contract term.	Commencement date: January 2011  Construction Starts: February 2011 First Academy built: September 2012 Contract Term: 36 months.
(iv)	The tender procedure to be adopted including whether any part of the procedure will be conducted by electronic means and whether there will be an e-auction.	Call off from the PfS National Framework Agreement via a local competition. The LA will lead the local competition which involves the following steps: <ul style="list-style-type: none"> <li>• Issuing Preliminary invitation to Tender (PITT) inviting all contractors on the National Framework to confirm if it is their intention to bid ;</li> <li>• evaluating PITT submission and selecting a short list of two bidders;</li> <li>• Issuing Invitation to tender (ITT) and working with two bidders to develop proposals for the Academy;</li> <li>• Evaluating tender submissions and selecting a Preferred Bidder;</li> <li>• finalising designs and the agreement to be entered into;</li> <li>• preparing a Final Business Case (FBC) and securing DCSF approval for funds to be released; and</li> <li>• reaching Contract Award and starting work on site</li> </ul>
(v)	The procurement timetable.	The indicative procurement timetable is set out in paragraph 5.6.

(vi)	The evaluation criteria and process.	<p>The evaluation criteria and process for the PITT and ITT stages are set by the National Framework documents.</p> <p>The evaluation criteria for evaluating PITT submissions are as follows:</p> <table border="0"> <thead> <tr> <th style="text-align: left;">Category</th> <th style="text-align: right;">Weightings</th> </tr> </thead> <tbody> <tr> <td>• School Design</td> <td style="text-align: right;">40%</td> </tr> <tr> <td>• Delivery</td> <td style="text-align: right;">40%</td> </tr> <tr> <td>• Handover</td> <td style="text-align: right;">10%</td> </tr> <tr> <td>• Pricing</td> <td style="text-align: right;">10%</td> </tr> </tbody> </table> <p>(The above criteria will probe the contribution of each of the criteria to raising standards of educational achievements)</p> <p>The evaluation criteria and weighting range for evaluating tender submission are as follows:</p> <table border="0"> <thead> <tr> <th style="text-align: left;">Category</th> <th style="text-align: right;">Weighting</th> </tr> </thead> <tbody> <tr> <td>• Design and Design Management</td> <td style="text-align: right;">60-80%</td> </tr> <tr> <td>• Delivery</td> <td style="text-align: right;">20-30%</td> </tr> <tr> <td>• Handover</td> <td style="text-align: right;">10-20%</td> </tr> <tr> <td>• Pricing</td> <td style="text-align: right;">2-10%</td> </tr> </tbody> </table> <p>The specific weighting and detailed evaluation matrices will be developed for the PITT and the ITT using the evaluation criteria set out above. The criteria will be developed and refined as necessary to reflect specific of the Council's project. Weightings will be ascribed to each of the criteria.</p>	Category	Weightings	• School Design	40%	• Delivery	40%	• Handover	10%	• Pricing	10%	Category	Weighting	• Design and Design Management	60-80%	• Delivery	20-30%	• Handover	10-20%	• Pricing	2-10%
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(vii)	Any business risks associated with entering the contract.	The business risks associated with this project are set out in Appendix 7. This reflects the top 10 risks developed by the Authority and its technical advisors as part of the Outline Business Case. Other risks are set out above in paragraph 5.18.																				
(viii)	The Council's Best Value duties.	The tendering and award of the contract based on the criteria set out above will be that the Council meets its Best Value objectives. Further information on the Council's Best Value is set out in the Council's Contract Procurement and Management Guidelines available on the Council's website.																				

(ix)	Any staffing implications, including TUPE and pensions.	There are no staffing implications arising from the construction contract or setting up the school as there is no predecessor school.
(x)	The relevant financial, legal and other considerations.	See sections [8] and [9] below in this report.

- 6.7 To deliver the programme to enable the first school to be rebuilt by September 2012 is a challenge. To enable delivery to that timetable it is proposed that the Director of Children and Families be authorised, in consultation with the Borough Solicitor, to agree the selection of the preferred bidder for the Design and Build Contract following evaluation of tenders in accordance with the process set out above. Officers will report back to members for the award of the Design and Build Contract, approval to submit the final business case for the Academy and approval to enter into the Development Agreement with EACT in due course.

## 7.0 Consultation

- 7.1 Consultation about the Council's widest strategy for the development of school places (of which an expansion of the Crest Academies is an integral part) took place through the Area Consultative Forum (ACF) meetings during the summer and Autumn 2007; a collation of residents responses was collated following the distribution, in July 2008 of "A good school place for every child in Brent Have Your Say" The Strategy is kept under review by a Member Level Strategy Board.
- 7.2 The Council has carried out a thorough review of the site and the potential to acquire additional land. At the Executive in July 2009 it was determined not to proceed with a CPO of the adjoining land.
- 7.3 In addition to the ACF meetings, during the spring/summer of 2009 EACT and the LA have consulted specifically on the proposed organisation of the Academies, its ethos, admissions policy and specialisms.
- 7.4 Workshops have been held with students at both schools as part of the school design process.

## 8.0 Financial Implications

### Outline Business Case and Build Cost

- 8.1 The basis for the costs and funding for the build costs are set out in Section 5 above and detailed in the Confidential/Not for Publication Appendix 5. This is



linked to the submission of the OBC and the assessment that the project is affordable. Members are reminded that once the OBC is approved there will be no more funding allocated to the project.

8.2 The indicative FAM has been revised downwards by PfS since it was reported to Executive in July 2009. The indicative figure has been adjusted to reflect the lowered September 2009 construction price indices and is as set out in Appendix 5. The contractors on the National Framework price their bids on the rates they originally tendered for build costs for the framework and this is adjusted to reflect the latest price indices. This means that the resources allocated in the FAM should replicate the build costs quoted by the contractors. Our technical consultants have confirmed that the reduction of the indicative funding allocation undertaken by PfS will not impact on the scope or specification for the project as this adjustment was undertaken to align the funding allocation with updated inflation indices and reflects projected market price levels. If the inflation indices increase, during the period from OBC to the contract being let, above that assumed then the contractor is expected to absorb that cost. Any costs above the funding allocation will have to be met by the Council. No specific provision has been made for this within the capital programme but remains as a risk for the project that the council must manage. Details of the significant risks and how they will be managed are set out elsewhere in the report.

8.3 PfS have confirmed that off site works e.g. highways improvements, through some form of Section 106 agreement, will not be funded by the DCSF. At this stage it is estimated that costs could be in the order of £100K. As these are likely to be mainly associated with improved access required because of the non expansion of the site it is recommended that these costs are funded from the £5M formerly earmarked for land acquisition. It will only be possible to establish the exact contribution required for highways improvements once the scheme has secured planning approval so it should be noted that potentially there could be a further call on the £5M.

8.4 If the Council is to proceed with the re-location of the Children's Centre then these costs will be met from Sure Start grant funding.

#### 8.5 Project Development Costs

8.5.1 The Council is able to draw down funds from the capital allocation to assist with upfront design work, survey and procurement activities up to the production of the OBC. The Council has been asked by PfS to submit a bid for £300K for project support funding. The allocation could well be less than this and has not currently been accounted for in the available resources for the project. The Council will not have to repay the costs should the project not gain OBC approval.

8.5.2 The Council has a major role beyond the OBC as outlined in paragraph 5.13 above i.e. managing the Design Building Group through to completion, running the local competition, monitoring and managing the building contract etc. These costs will need to be met by the Council and

given the financial risks the Council will have to manage as part of the project it is felt that a proactive approach is required. It is estimated that around £1.5M will be needed to resource the project (including OBC) spread over 2009/10, 2010/11 and 2011/12. This is based on experience of the Ark Academy.

- 8.6 It is estimated therefore that the Council will need to set aside £1.6M to resource this project (£1.5M development costs (which includes the cost of the project manager) and £100K for highways improvements) less the project support funding secured from PfS. It is recommended that this funding be met from the existing provision of £5M in the Capital Investment Plan to secure the delivery of the Academies and the corresponding new buildings.

## **9.0 Legal Implications**

- 9.1 The estimated value of the Design and Build Contract for the Academies will be higher than the EU threshold for Works and the contract will therefore be governed by the Public Procurement Regulations 2006. The contract will also be subject to the Council's own Standing Orders in respect of High Value contracts and Financial Regulations.
- 9.2 It is proposed that the Design and Build Contract will be procured using the National Framework Agreement set up by the PfS. The Public Procurement Regulations allow the use of Framework agreements (call-off contracts) and prescribe rules and controls for their procurement. Contracts may then be called off under such framework agreements without the need for them to be separately advertised and procured through a full EU process. A local competition will need to be undertaken with the contractors on the framework as set out in Section 6 of this report.
- 9.3 The Council's Contract Standing Orders state that no formal tendering procedures apply where contracts are called off under a Framework Agreement established by another contracting authority, where call off under the Framework Agreement is recommended by the relevant Chief Officer. However, this is subject to the Borough Solicitor advising that participation in the Framework Agreement is legally permissible and approval to participate in the Framework being obtained from the Director of Finance and Corporate Resources. The Borough Solicitor's office is currently undertaking a review of the framework.
- 9.4 Officers will report back to the Executive to request approval for the award of the Design and Build Contract in due course.
- 9.5 The estimated value of the contract for an Overall Project Manager falls below the EU threshold for advertising and therefore contract is not governed by the full application of the EU Regulations. It is however, subject to the overriding EU principles of equality of treatment, fairness and transparency in the award process. The Council's Standing Orders require that contracts valued above £20,000 and below £156,442 be procured by seeking at least 3 written

quotes. However, Standing Order 84(a) provides that the Executive may decide that a contract need not be procured in accordance with the Council's Standing Orders if there are good financial and/or operational reasons for this.

- 9.6 As part of the OBC submission the Council must confirm that the terms and conditions of the Design and Build Contract and the Development Agreement are acceptable to the Council. Legal Services will undertake a review of these documents prior to the Council confirming to PfS that they are acceptable.

## **10.0 Diversity Implications**

- 10.1 The proposed redevelopment of the academies reflect the fact that the school buildings' current structural condition are not able to meet the current and exacting demands required to respond to transformation aspirations that enable education delivery to be brought into the 21<sup>st</sup> century which will benefit its pupils and local communities.
- 10.2 The Crest Boys' and Crest Girls' Academies are represented by pupils who are in the highest percentile group in terms of eligibility for free college meals; in addition, there is evidence of considerable social deprivation in all eight of the wards served by the colleges. It is therefore critical that the re-development of the Crest Academies is progressed within the timelines indicated in paras 5.6 and 6.6 above.
- 10.3 As noted in the Expression of Interest, dated 1 July 2008, Crest Girls' Academy is highly diverse [figures in square brackets relate to the equivalent statistics BUT for 2009]: 79% [82.8%] of its students have English as an additional language, which is above the national trend and likely to rise. In addition, students with SEN including statements are 1.4% [1.4%]. Similarly, 80% of Crest Boys' [82.7%] have a first language other than English; 1.8% [1.5%] of its students are SEN including statements.
- 10.4 As reported to Executive in July 2009, the schools have re-opened as Academies with effect from 1 September, which will provide excellence in education for all. The aspiration is that raising standards through innovation and investment in new facilities and accommodation will be achieved. The Academies will act as a learning and development hub for the entire community. The focus will be on young people, creating a learning environment where all students are supported to make sure they realise their personal potential and that no doors are closed to them.
- 10.5 The Academies will share their facilities and expertise with other schools and the wider community. The quality of education provision is monitored, in the same way as for all other community schools by OFSTED.

## **Background Papers**

Executive Report 14 July 2009  
Correspondence with PfS

Crest Academies Project Files

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**John Christie**  
**Director of Children & Families**

## **APPENDIX LIST**

Appendix 1 OBC template

Appendix 2 LA commitment letter

Appendix 3 Memorandum of Understanding

Appendix 4 Section 151 letter

Appendix 5 Affordability – Not for Publication

Appendix 6 Appointment of Project Manager – Not for Publication

Appendix 7 Top Ten Risks

Appendix 8 Glossary of Terms

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## APPENDIX 1



### **PfS Contractors Framework**

**The Crest Girls' Academy  
The Crest Boys' Academy**

### **Outline Business Case**

### **Template**

**February 2010**

## Document Control

PfS and its advisers accept no liability whatsoever for any expense, liability, loss, claim or proceedings arising from reliance placed upon this **Template Document for the Outline Business Case**.

Document Properties	
Document Owner	Academies Director
Organisation	Partnerships for Schools
Title	PfS Contractors Framework Template Document Outline Business Case
Abstract	
<p>This document provides guidance for the development of the Outline Business Case (OBC) for Academy Schemes being procured through the Partnerships for Schools (PfS) Contractors Framework.</p> <p>For Academy Schemes being procured through Building Schools for the Future, the Local Authority (LA) should contact their PfS Project Director for guidance. For local BSF programmes of Primary Capital Programme schemes being delivered through the PfS Contractors Framework, separate OBC guidance is available for use and LAs should contact their PfS Project Director for further information.</p> <p>The document outlines the requirements for submitting the OBC, which should set out the options appraisal, cost estimates, affordability assessment and procurement strategy for the school(s) in sufficient detail to allow capital funding to be confirmed and gain approval to proceed with the delivery of the school(s) via the PfS Contractors Framework.</p>	

Version History				
Date	Editor	Version	Status	Reason for change
11 Dec 09	KN	1.0	Draft	First issue of document

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### Notes

1. **Submission of OBC** – All appendices should be separated from the main body of the OBC, must be named as indicated below and sent on a CD with the main body of the OBC for formal submission.
  - *[ ] Academy - Appendix 1C – Letter of Support from LA*

## EXECUTIVE SUMMARY

### Introduction

The document outlines the options appraisal, cost estimates, affordability assessment and procurement strategy for the school(s) in sufficient detail to allow capital funding to be confirmed and gain approval to proceed with the delivery of the academies/school(s) via the PfS Contractors Framework.

**Drafting Note:** The summaries from each section within the OBC document should be brought forward and provided under each of the headings below as indicated.

### Overview and Commitment

**Section 1** and **Appendix 1** of this OBC describe the Scheme and confirm the commitment of all parties to the procurement process.

The Local Authority has confirmed that the Scheme fits with its local priorities.

The Scheme involves \* school(s)

The Education Brief, including the curriculum model and accommodation schedule, has been developed and signed off by the Project Steering Group (PSG) and by the Department for Children, Schools and Families (DCSF). The accommodation schedule details a total area that is within the BB98 gross internal floor area stated in the Funding Allocation Model (FAM).

The Sponsor/Academy Trust and LA confirm their commitment to working together to procure the design and construction of the new Academy using the PfS Contractors Framework and confirm that they will follow established PfS procedures and utilise the standard suite of documents for procurement.

The Sponsor/Academy Trust has signed the Funding Agreement OR DCSF has endorsed the project to progress into procurement and engage with the Contractors Framework Panel Members.

### Procurement Strategy

**Section 2** and **Appendix 2** of this OBC describe the details of the Scheme being put to the market.

### Design and Construction

**Section 3** and **Appendix 3** of this OBC describe the site options appraisal undertaken for the building design and construction.

## ICT

**Section 4** and **Appendix 4** of this OBC provide an overview of the ICT Vision and the proposed delivery approach for the ICT provision. It encapsulates the preferred delivery method and validates the rationale for that choice, including how the service is intended to integrate with the wider LA provision.

## Facilities Management

**Section 5** and **Appendix 5** of this OBC detail the proposals for the provision of Life Cycle and Hard FM, as well as an indication of the costs for Soft FM and Utilities.

## Affordability

**Section 6** and **Appendix 6** of this OBC describes the affordability position for the whole Scheme.

## Readiness to Deliver

**Section 7** and **Appendix 7** of the OBC sets out the LA's project management structure and identifies the roles and responsibilities of each part of the structure. The key members of the team and the external advisers are named and information is provided on their skills, experience and time commitment to the project. This section also sets out the approved budgets (including consultant advisory fees), risk strategy, market interest and the delegated authorities given to a named senior officer within the key stakeholders.

## Moving Forward

**Section 8** and **Appendix 8 of this OBC** includes the benchmarking data collected at this OBC stage and confirmation that the documents required for the procurement process have been developed.

## APPENDIX 2

Local Authority

[ ]  
Project Director  
Partnerships for Schools  
33 Greycoat Street  
London  
SW1P 2QF

Dear Sirs,

### [ ] Academy

[ ] Local Authority is pleased to submit the Outline Business Case for the [ ] Academy. We provide this letter as a supporting document to the Outline Business Case.

The Local Authority can confirm its commitment to working with the Academy Trust to procure the design and construction of the new Academy using the PfS Contractors Framework.

We believe that we have fully engaged with the Sponsor/Academy Trust to develop the Outline Business Case and that the concept designs support the education vision developed by the Sponsor/Academy Trust.

The Local Authority has signed the Memorandum of Understanding and Confidentiality Agreement and confirms that it will follow established PfS procedures and utilise the standard suite of documents for procurement. This includes the use of the Contractors Framework Development Agreement and Design and Build Contracts. We have satisfied ourselves with the terms and conditions within these documents.

If you have any further queries or points of clarification, please do not hesitate to contact [Local Authority Project Director] on [ ]. Otherwise we look forward to the approval of the OBC and to moving into the procurement stage of the project.

Yours faithfully

[ ]

Director of Children's Services

## APPENDIX 3

This **MEMORANDUM OF UNDERSTANDING** is made on

### **BETWEEN:**

- (1) **Partnerships for Schools Limited** (company registered number 04650964) of 33 Greycoat Street, London SW1P 2QF (“PfS”); and
- (2) **[Framework User]** of ♦ **(Address of Framework User)** (the “Framework User”);

### **BACKGROUND**

- A. Partnerships for Schools (PfS) is the non-departmental body established by the Department for Children, Schools and Families (**DCSF**) to implement the “Building School for the Future” (**BSF**) programme (the **BSF Programme**) which includes the Academy delivery programme.
- B. In 2006, PfS established a national framework for building contractors as part of the BSF Programme, under which local authorities could procure the construction of new educational facilities (“the 2006 Framework”). Although the term of the 2006 Framework expires 31 December 2010 it is likely to hit its capital ceiling at least a year earlier.
- C. On 10 March 2009 PfS procured the publication of a Contract Notice in the Official Journal of the European Union under reference 2009-S47 – 068168 the purpose of which was to procure for the benefit of Framework Users a framework arrangement to be operated across two sectors (North and South) in England (“the Contractors’ Framework”). Selected building contractors will be appointed to one or both of these frameworks. 12 Contractors have now been appointed to the Sector North Contractors’ Framework and 12 Contractors have been appointed to the Sector South Contractors’ Framework. Sector North comprises the North West, North East, Yorkshire and the Humber, East Midlands, West Midlands. Sector South comprises East of England, South East, South West, London. The Contractors’ Framework will run for four years from November 2009.
- D. The Contractors’ Framework may be used to deliver Academies, non-LEP BSF schemes, wider educational and related community facilities and 0-19 education facilities.
- E. [The Framework User has entered into this Memorandum of Understanding pursuant to its powers contained in section 2 of the Local Government Act 2000, section 14 of the Education Act 1996, section 22 of the Schools Standards and Framework Act 1998 and section 111 of the Local Government Act 1972 in order to enable

investment in certain educational services and facilities for which it is responsible.<sup>1]</sup>

F. This Memorandum of Understanding aims to establish the parties' respective obligations and commitments to each other and to the BSF Programme at a national and local level. It is not intended to be legally binding except as specifically set out below.

## 1. Interpretation

1.1. In this Memorandum of Understanding the following expressions have the following meaning:

“ <i>insert name of Academy Company</i> ”	means the company registered in England and Wales under registered number [•] and having its registered office at [•];
“ <b>Academy</b> ”	means [insert name of Academy to be built] which is to be constructed pursuant to a Design and Build Contract and for which [insert name of Academy Company] is to then be responsible for running;
“ <b>Design and Build Contract</b> ”	means the Design and Build Contracts as set out in Parts 1 and 2 of Schedule 3 of the Framework Agreement;
“ <b>Development Agreement</b> ”	means the agreement to be entered into between the Authority and [ <i>insert name of Academy Company</i> ] in respect of the Design and Build Contract and the Academy; ] <sup>2</sup>
“ <b>DCSF</b> ”	means the Department for Children, Schools and Families;
“ <b>Framework Agreement</b> ”	means the agreements dated [ ] and entered into between PfS and the Panel Members and procured pursuant to a notice published on 10 March 2009 in the Official Journal of the European Union under reference 2009-S47-068168;
“ <b>Future Schools Agreement</b> ”	means the agreement set out in template form in Part 3 of Schedule 3 of the Framework Agreement;

<sup>1</sup> This paragraph will need to be amended as appropriate depending on the status of the Framework User

<sup>2</sup> This definition will not be required where the Framework User is the Academy itself

<b>“Local Competition”</b>	means the competition process through which a Framework User selects a Panel Member from the appropriate Sector for a Scheme
<b>“Panel Members”</b>	means the following contractors in Sector South (South and London): Apollo Property Services Balfour Beatty Construction Limited BAM Construction Limited Bovis Lend Lease Limited Carillion Construction Limited Interserve Project Services Limited JB Leadbitter & Co Limited Kier Regional Limited Rydon Group Limited Sir Robert McAlpine Limited Wates Construction Limited Willmott Dixon Construction Limited
<b>“Restricted Procedure”</b>	Means the Restricted Procedure as set out in the Public Contracts Regulations 2006.

## 2. The Contractors’ Framework

- 2.1. As part of the Building Schools for the Future initiative, Partnerships for Schools Limited (PfS) have set up a Contractors’ Framework (operating in two Sectors: North and South of England) for building contractors under which Framework Users can procure the construction of new educational facilities which are likely to include academies, non-LEP BSF schemes, wider educational and related community facilities and 0-19 education facilities. This initiative, which seeks to augment and support the core Building Schools for the Future programme, will be used to construct specific, targeted, school and other educational and related community projects over the next four years.
- 2.2. As a result of the ongoing success of the BSF programme, the DCSF has integrated the existing Academy delivery programme within BSF which will enhance its control over capital investment and improve delivery capacity to achieve demanding targets associated with the programme. PfS will assist in the delivery of the capital investment associated with the programme in three key areas:
- 2.2.1. the procurement of Academies through established partnerships which have been set up under the BSF programme; and
  - 2.2.2. the development of the framework for Academy projects which are required before BSF partnerships have been established in a particular Framework User area;
  - 2.2.3. the procurement of non-LEP BSF programmes where the use of the Contractors’ Framework has been approved by PfS

2.3. The overarching efficiencies required through the Contractors' Framework will be as follows:

2.3.1. meeting high quality, sustainable, design and construction standards which are consistent with the Building Schools for the Future programme (as described by the relevant Building Bulletins published by DCSF).

2.3.2. providing value for money including:

2.3.2.1. optimising the whole life cost of facilities consistent with the costs of BSF projects;

2.3.2.2. contributing towards Gershon targets for efficiency;

2.3.2.3. delivering buildings on time to meet the opening target dates for the individual schools/Academies.

2.3.3. ensuring delivery in accordance with the Office of Government Commerce (OGC) "Common Minimum Standards for the Procurement of Works in the Built Environment by Local Authorities in England".

### **3. Approach to the Contractors' Framework**

3.1 PfS has produced the following suite of documentation to enable effective and lawful use of the framework arrangements:

3.1.1. Outline Business Case Guidance

3.1.2. Final Business Case Guidance

3.1.3. Development Agreement

3.1.4. Guidance for Framework Users on Local Competitions

3.1.5. Future Schools Agreement

3.1.6. Design and Build Contracts

3.1.7. Template Preliminary Invitation to Tender for Local Competitions

3.1.8. Template Invitation to Tender for Local Competitions

3.1.9. Confidentiality Agreement

3.2. The procurement of the Framework Agreements was carried out under the OJEU Restricted Procedure. As part of this process, Panel Members were required to accept the terms of the Design and Build contracts and Future Schools Agreement. It is essential to the lawful use of the Contractors' Framework that the Authority does not amend



the Design and Build Contracts or Future Schools Agreement other than for project specific reasons and where indicated in the relevant document.

- 3.3. The Panel Members are only obliged to respond to PfS Approved Schemes under the Contractors' Framework, being those published on the BSF Community website.

#### **4. The Role of the Authority**

4.1. The Authority is the principal contracting authority under the Design and Build Contract and will be the primary driver in the successful and timely delivery of the Academy or the non-LEP BSF programme (as the case may be).

4.2. PfS and the Authority acknowledge the Authority's key role set out at paragraph 4.1 and the Authority agrees and commits to the following principles:

- 4.2.1. to keep all commercially sensitive information relating to the pricing and costs data of any shortlisted Panel Members as well as the provision of the Design and Build Contracts confidential;
- 4.2.2. to comply with the Guidance for Framework Users on Local Competitions;
- 4.2.3. to use the Contractors' Framework only in accordance with PfS' instructions and in accordance with guidance documents published by PfS from time to time;
- 4.2.4. [to enter into the Development Agreement;]<sup>3</sup>
- 4.2.5. not to enter into a Design and Build Contract or a Future Schools Agreement with any Panel Member without the consent of PfS;
- 4.2.6. not to amend the Design and Build Contract or the Future Schools Agreement used for the Academy or non-LEP BSF programme other than as specifically permitted by the Design and Build Contract or the Future Schools Agreement and without the consent of PfS; and
- 4.2.7. to provide PfS with access to all information relating to the Local Competition in respect of and the design and construction of the Academy or the non-LEP BSF programme where the Contractors' Framework is used to deliver the non-LEP BSF programme.

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<sup>3</sup> This will not be required where the Framework User is the Academy itself.

## 5. The Role of PfS

5.1. PfS is the delivery vehicle to achieve the delivery objectives of the Academy programme, non-LEP BSF programme and other schemes procured under the Contractors' Framework.

5.2. PfS has 4 key roles in relation to the Academy Programme, non-LEP BSF programme and other schemes procured under the Contractors' Framework:

5.2.1. Programme Manager: PfS has a central role as a programme manager allocating funding to projects. Interaction with the Authority in respect of this function includes determining the appropriate allocation of funding based on agreed benchmarks and assisting in determination of value for money solutions and quantification of abnormal costs.

5.2.2. Project Management: PfS will allocate a dedicated project management professional to the Framework User to monitor performance against the agreed project plan, ensure key stakeholders are supported and kept informed and enable effective project governance.

5.2.3. Policeman: A prime rationale for the establishment of BSF is the efficiencies of scale that can be achieved through the development and use where possible of standardised contracts and bidding documents. In order to achieve these efficiencies, PfS will enforce the use of standard documentation and, in relation to the Design and Build Contracts, will require that these are amended for use only so far as is explicitly permitted in those contracts to ensure compliance with the Restricted Procedure.

5.2.4. Benchmarking and Performance Management: A key part of the framework delivery solution is the ability to deliver value for money against nationally prepared benchmarks. PfS' role is to collect, normalise and manage such cost data which will be supplied to Framework Users in respect of future Academy and non-LEP BSF schemes and projects.

5.3. The Authority and PfS acknowledge PfS's key roles set out at paragraphs 5.1 – 5.2 and PfS agrees and commits to the following actions and principles:

5.3.1. where an Academy or non-LEP BSF programme is being procured under the Contractors' Framework, allocate a Project Director to support and oversee the procurement of the Academy of non-LEP BSF programme by the Authority. In the case of PfS Approved Schemes that are published on the BSF Community Website other than Academies or non-LEP BSF programmes, levels of support will be agreed on an individual basis

- 5.3.2. provide guidance as appropriate;
- 5.3.3. provide commercial support and guidance in the use of the Contractors' Framework documentation;
- 5.3.4. share relevant framework information to enable the Authority to make informed decisions; and
- 5.3.5. allocate funding for the Academy and non-LEP BSF programmes including quantifying and agreeing funding for abnormals.

## **6. Confidentiality**

This Memorandum of Understanding is confidential to the parties and their advisers. This paragraph is legally binding.

## **7. Governing Law and Jurisdiction**

This Memorandum of Understanding shall be governed by and construed in all respects in accordance with the laws of England and Wales and the English courts shall have exclusive jurisdiction to settle any disputes which may arise out of or in connection with this memorandum of understanding. This paragraph is legally binding.

## **8. Costs and Expenses**

Each party shall be responsible for paying its own costs and expenses incurred in connection with the negotiation, preparation and execution of this memorandum of understanding. This paragraph is legally binding.

## **9. No Partnership or Agency**

9.1. This paragraph is legally binding.

9.2. Nothing in this memorandum of understanding shall be construed as creating a partnership.

9.3. No party shall be deemed to be an agent of any other party and no party shall hold itself out as having authority or power to bind any other party in any way.

**Signed on behalf of PfS by:**

**Signed on behalf of the Authority  
by:**

---

**Chief Executive**

---

**Chief Executive**

## APPENDIX 4

[ ]  
Local Authority

[ ]  
Project Director  
Partnerships for Schools  
33 Greycoat Street  
London  
SW1P 3QF

Dear Sirs.

### **Affordability statement concerning [ ] Academy**

As the nominated Section 151 Officer [ ] Local Authority, I confirm that an affordability position has been established with which the Local Authority is comfortable, as the Contracting Authority for the [ ] Academy.

I can confirm that all key aspects of the procurement and affordability of the Academy building project have been reported to the Local Authority's Cabinet.

The Local Authority has approved the procurement strategy through the Partnerships for Schools (PfS) Contractors Framework and authority has been delegated to [ ] to complete the OBC submission to PfS and, upon approval, to commence procurement via the PfS Contractors Framework.

The Local Authority has also agreed that it will manage the project within the funding cap of £\*\*\*, set by PfS and the Department for Children, Schools and Families (DCSF). The Local Authority has conducted options appraisals for the site to demonstrate that the scheme is affordable within this sum. The Sponsor/Academy Trust has been fully involved in the feasibility study and development of the Outline Business Case. The Local Authority will draw down [ ] from the above sum for project support funding and this was taken into consideration as part of the options appraisal.

The Local Authority can confirm that it will provide [ ] towards the capital funding for the Academy and that it expects the remaining balance of [ ] to be provided by the DCSF.

The Local Authority will use the Design and Build [ ] Contract. The Design and Build Contract works on the basis of payment for achievement of predefined milestones. The milestones (activities and associated sums) will be agreed before the contract is signed and the Contractor will be paid when the milestones are completed.

The Local Authority will agree with PfS the payments to be made for each financial year over which construction takes place. The Local Authority

confirms that it will have sufficient funds to meet its contractual commitment to the Contractor at each of these milestones.

The Local Authority confirms that it will not seek further funding, save for matters pertaining to the contract beyond its control.

Yours faithfully,

[]  
Section 151 Officer

# APPENDIX 7

Risk Number	Project	Title/Description	Causes	Consequences	Risk Owner	Category	Probability 1 - 5	Impact 1 - 5	Total	Risk Rating	Movement from each meeting	Next Review Date	Action By	Management Strategy / Progress
1	All	<b>Phasing of scheme not deliverable/ impacts on continuity of education.</b>	Feasibility option not robust enough	Delays in completion and additional costs	LA		2	5	10	Medium	▶▶			Thoroughly test feasibility option through ITT stage
2	All	<b>2nd school access point off of Dollis Hill Lane</b>	Additional new access off of Dollis Hill Lane may not be popular with local residents so planning risk and also cost risk	Could delay planning approval and jeopardise the school design	Brent/Mace		3	3	9	Medium	▶▶			Detailed consultation required with local residents and planning authority
3	All	<b>Buildings not opening on time</b>	delays to the construction process and overall programme	Delays / disruption and reputation loss impact on recruitment and raising standards	LA		4	5	20	High	▶▶			Ensure overall programme is consistent and all key milestones are met to ensure successful delivery.
4	All	<b>The project does not fund the aspirations of the sponsor and school and the LA</b>	Reduced PFS rates Additional funding not secured for Children's centre, Brent Refugee Project etc	The reduced PFS rates may result in a reduced build quality and quantum of provision and extended provision	LA/Sponsor		3	2	6	Low	▶▶			Ensure all aspirations are captured in the authority requirements and investigate additional funding streams
5	All	<b>Delays in planning</b>	Not receiving approval to proceed with works	Delays to the overall programme / dilution of the preferred scheme	LA		3	3	9	Medium	▶▶			Ensure planners are engaged from the outset and are kept informed of all activities throughout the entire duration of the process.

Risk Number	Project	Title/Description	Causes	Consequences	Risk Owner	Category	Probability 1 - 5	Impact 1 - 5	Total	Risk Rating	Movement from each meeting	Next Review Date	Action By	Management Strategy / Progress
6	All	<b>Insufficient Internal resources within Brent Council to support the project</b>	Lack of required internal personnel	Results in delays to the programme	LA		2	5	10	Medium	▶◀			Ensure Brent Council have the required resources required for the entire project duration
7	All	<b>Delays in decision making Failure of key decision makers to make decisions on time</b>	Lack of clear decision makers within the Council Failure to identify in advance key decisions to be made	Delays in PfS approval process and overall programme	Brent		3	3	9	Medium	▶◀			Ensure an appropriate governance structure is put in place to manage the project
8	All	<b>ICT interface between infrastructure and hardware procurement</b>	ICT infrastructure package let separately from the hardware package	Infrastructure not being able to adequately support ICT hardware	LA/EACT		3	5	15	Medium	▶◀			Ensure co-ordination between the procurement of the two packages through the strategic ICT group.
9		<b>Planning condition after OBC causes additional costs</b>	Consultation with third parties at planning application stage raises new issues	Additional funding will need to be found	LA		3	4	12	Medium	▶◀			Emerging option fully discussed with Brent Planners
10		<b>ITT not producing enough bidders</b>	project poorly presented/market conditions	bid process doesn't deliver best value	LA		2	3	6	Low	▶◀			Soft market testing. Bidders Day

Risk Number	Project	Title/Description	Causes	Consequences	Risk Owner	Category	Probability 1 - 5	Impact 1 - 5	Total	Risk Rating	Movement from each meeting	Next Review Date	Action By	Management Strategy / Progress
11	All	Lack community consultation	Lack of engagement between project team and local community	Delays to receiving planning approval and impacts on relationship between schools and its community	LA		2	5	10	Medium	▶◀			Ensure thorough consultation with the local residents and parents
12	All	Brief and project scope being incorrect	Time to find a clear understanding of the vision	Delays to ITT process and overall programme / building not fit for purpose	LA /EACT		2	5	10	Medium	▶◀			Ensure LA, sponsors and stakeholders confer, agree and finalise project brief
13	All	Carbon funding - Biomass boiler see as an eco-friendly solution	Biomass boiler perceived to reduce the carbon footprint of the building and required to meet the carbon reduction funding targets	Biomass boiler not used due to difficulties with getting fuel	TA		1	2	2	Low	▶◀			Identify other suitable eco-friendly solutions
14	All	Lack of sports provision off site to enable PE curriculum to be delivered	Space constraints Suitable access to Galdstone Park not achieved	School will have insufficient sports facilities on site and will not be able to deliver the full PE curriculum	LA /EACT		2	5	10	Medium	▶◀			Discuss and confirm option of using the existing Gladstone Park facility to ensure sufficient sports provision is in place.
15	All	Lack of visibility of building to road	Existing parking facility located at the entrance / poor design	Building fails to deliver a welcoming embracing feeling to the local community	Arch		2	5	10	Medium	▶◀			Ensure that the form of the new building and location of the new buildings is thoroughly examined to ensure clear visibility. Entrance will need to be enhanced by removing the car parking area.



Risk Number	Project	Title/Description	Causes	Consequences	Risk Owner	Category	Probability 1 - 5	Impact 1 - 5	Total	Risk Rating	Movement from each meeting	Next Review Date	Action By	Management Strategy / Progress
16	All	Continuity of education provision - standards and attainment	Lack of required area for current academic provision and noise and dust from construction work	Drop in current education standards due to temporary accommodation not being adequate	LA		3	3	9	Medium	▶◀			Ensure temporary accommodation is sufficient and well designed to ensure education is not compromised
17	All	Abnormal costs exceed agreed funding	Rising site and abnormal costs	Funding will not be increased resulting in a compromise to the master plan to ensure total budget is not exceeded	LA		3	3	9	Medium	▶◀			Ensure all abnormalities are identified and reviewed in significant detail to ensure costs can be effectively managed
18	All	Funding shortfall due to inflation indices rising between OBC and financial close	Uncertainty of economy	Reduced scope of works for the project due to inflationary pressure	LA		2	2	4	Low	▶◀			Review with PFS if and when this happens
19	All	Change in government	General election taking place in 2010	Delays to the overall programme / risk to the project if it has not reached financial close	LA		3	3	9	Medium	▶◀			Monitor any changes post election that will impact on the funding of the scheme low risk if OBC signed pre-election
20	All	Underground river	Impact from any future potential flooding	Increased cost to the project of diverting the river	LA		3	3	9	Medium	▶◀			Flood risk assessment to be carried out to quantify the risk

Risk Number	Project	Title/Description	Causes	Consequences	Risk Owner	Category	Probability 1 - 5	Impact 1 - 5	Total	Risk Rating	Movement from each meeting	Next Review Date	Action By	Management Strategy / Progress
21	All	Building not designed to be low carbon	Low carbon initiatives in line with current regulations not being adopted in the design	New buildings not being eco-friendly and having high maintenance costs in the long term.	Design Team		2	4	8	Low	▶◀			Ensure low carbon/ eco-friendly initiatives are adopted in the design of the buildings in line with BREAM
22	All	Supplies to the site	Lack of clear access to and from the site	Inability to deliver supplies to and from the site efficiently causing delays and a health and safety risk	Design Team		3	2	6	Low	▶◀			To identify clear access routes that will enable the delivery of necessary supplies to and from the site in a safe manner
23	All	BREAM not achieving excellent	BREAM scores not being achieved due to the lack of low energy initiatives not being adopted in the design.	New building failing to meet required energy standards set out by the Government and LA	Design Team		3	3	9	Medium	▶◀			To set up regular meetings with the BREAM assessor and review the design options prior to financial close
24	All	Mobile phone masts	Legal contracts in place with organisations	Delays to the construction process	LA		2	5	10	Medium	▶◀			Engage the relevant organisations to ensure any removals are arranged and carried out in line with the construction programme.
25	All	Certificate of Title	Property searches not completed on time	Delays to the start of works	LA		1	3	3	Low	▶◀			Brent legal to ensure all searches are undertaken and a clear certificate of title available boys land is registered title deeds for girls currently awaited

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Risk Number	Project	Title/Description	Causes	Consequences	Risk Owner	Category	Probability 1 - 5	Impact 1 - 5	Total	Risk Rating	Movement from each meeting	Next Review Date	Action By	Management Strategy / Progress
26	All	Right of way	Public right of way across the site	Impact on the design causing delays and dilution of the design	LA		1	3	3	Low	▶◀			Brent legal to check for any rights of way across the site
27	All	Dilution of the FFE budget	FFE Budget being eroded to fund building works	Lack of required funds for necessary FFE	LA/EACT		3	4	12	Medium	▶◀			Ring fence FFE budget from the rest of the building budget
28		Risk of delay due to Judicial review of planning submission	Judicial review	Delay to the start of construction works	LA		1	5	5	Low	▶◀			Make sure LBB details each stage of the planning process to ensure all elements are appropriately addressed.
29		Existing temps not suitable to move	Age and condition of current temporary accommodation	temps not located suitably and on time to ensure continuity of ed/H&S and additional cost	LA		3	4	12	Medium	▶◀			During PB stage undertake a detailed survey of the condition of the temps and allow a contingency for hiring additional temps

Key	
<b>Ranking Movement</b>	
▼	Moved down in risk
▶◀	Stayed the same
▲	Moved up in risk
<b>Risk Rating</b>	
Low	Green
Medium	Amber
High	Red


## APPENDIX 8

### Glossary of Terms

BB98	Building Bulletin 98 is a DCSF publication that sets out area guidelines for secondary school buildings.
BECTA	Becta is a UK agency which supports the DCSF in its strategic ICT developments. Becta provides strategic leadership in the innovative and effective use of ICT to enable the transformation of learning, teaching and educational organisations for the benefit of every learner.
BREEAM	British Research Establishment Environmental Assessment Method  BREEAM assesses the performance of buildings in the following areas; management; energy use; health and well-being; pollution; transport; land use; materials; and water.
CABE	Commission for Architecture and the Built Environment  CABE champions well designed buildings and public space, through public campaigns and the provision of expert advice.
D&B	Design and Build  The arrangements in which a single contractor will be responsible for both the design and construction of the building project.
DQI	Design Quality Indicator  The DQI is a tool to assist with the briefing, development and evaluation stages of a project.
EOI	Expression of Interest  The EOI outlines the proposed vision for an Academy, including information on its ethos, specialism, proposed size, age range etc.
FAM	Funding Allocation Model  PfS provides the LA a funding envelope for the schools. The envelope is calculated using the FAM.

FBC	<p>Final Business Case</p> <p>The FBC is prepared after a preferred bidder is selected and confirms that the project is affordable, proper management arrangements are in place, and the main contractual terms. On approval, the DCSF will release funds for the building project.</p>
ITT	<p>Invitation to Tender</p> <p>Tender documents are issued to the two Panel Members (contractors) who have been shortlisted following the PITT process.</p>
KPI	<p>Key Performance Indicator</p> <p>The KPIs will measure the ongoing performance of the framework contractors.</p>
OBC	<p>Outline Business Case</p> <p>The OBC is prepared before starting procurement. It sets out the options for a project, cost and affordability estimates, management arrangements and confirms support for the project. Procurement cannot start until the OBC is approved by DCSF.</p>
PITT	<p>Preliminary Invitation to Tender</p> <p>Once OBC has been approved then the LA issues draft tender documents to Panel Members (contractors) with an invitation to take part in the Local Competition.</p>
SfC	<p>Strategy for Change</p> <p>The Strategy for Change (SfC) is designed to capture both the local authority's strategy for secondary education and the requirements that strategy places upon the physical school estate.</p>

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	<p style="text-align: center;"><b>Executive</b> 15 February 2010</p> <p style="text-align: center;"><b>Report from the Director of Finance &amp; Resources and the Director of Environment and Culture</b></p>
<p style="text-align: center;"><b>Carbon Reduction Commitment Energy Efficiency Scheme</b></p>	

Forward Plan Ref E & C-09/10-21

## 1. Summary

This report introduces the Carbon Reduction Commitment Energy Efficiency Scheme which is a mandatory carbon emission trading scheme starting from April 2010. It sets out the processes required, explains the implications for its implementation and highlights the actions the Council is taking to reduce CO<sub>2</sub> emissions from its operations

## 2. Recommendations

Members are asked to:

1. Note the introduction and implications of implementing the government Carbon Reduction Commitment Energy Efficiency Scheme
2. Approve that the Director of Finance and Corporate Resources has responsibility as Lead Officer for implementing Carbon Reduction Commitment for the Council
3. Approve that the Carbon Management Steering Groups develop a framework for penalising departments including schools that have not reduced their CO<sub>2</sub> emissions.
4. Note that the outcome of the review of the bronze project 'Review of energy supply and costs' will determine whether to install Automatic Meter Readers for Council's offices and schools.
5. Note the requirement for an annual budget of approximately £43K plus lost interest on the cash flow from 2011/12 and note the implications of losing approximately £43K in the first year as a penalty for being at the lower end of the Carbon Reduction Commitment Performance League Table.
6. Note that for each subsequent year from 2012 the penalty increases by 10% each year should the Council remain at the lower end of the Performance League table
7. Note that as final regulations are yet to be published, any detail referred to is subject to change

### 3. Detail

#### 3.1. Introduction

#### 3.2 Carbon Commitment Reduction Energy Efficiency Scheme (CRC)

The CRC is an obligatory emissions trading scheme covering non-energy intensive users in both public and private sectors, and is a core part of the UK's strategy to deliver the emission reduction targets set out in the Climate Change Act 2008. Qualification for the scheme took place in 2008 and registration will take place in April 2010. It is intended to help generate a shift in awareness, behaviour and infrastructure.

All Local Authorities using over 6000MWh of Half Hourly Electricity during the calendar year of 2008 will have to participate in the scheme and to take responsibility for state funded schools and academies. The Council meets the threshold and is therefore qualify for the scheme. This means that all Council operations, administrative offices, leisure centres, social care centres, etc will be included. It also includes landlord/tenant relationships and pending final agreement may be extended to certain PFIs and joint ventures, etc.

The main features of CRC are as follow:

##### 1. Emission Trading

Organisations that qualify for CRC will be required to report their annual CO<sub>2</sub> emissions to the Government at the end of each scheme year. Each participant will be required to hold and cancel a number of "emissions allowances" at the end of each scheme year that corresponds with its total CO<sub>2</sub> emissions. The Government will sell allowances to participants from April 2014 and will control the amount of CO<sub>2</sub> emitted by the participants in total by limiting the number of allowances available for sale. Participants will be able to trade allowances amongst themselves and those that do not hold sufficient allowances at the end of each year, or who incorrectly report their emissions will be subject to a stringent penalty regime. The scheme is scheduled to start in April 2010 and will target emissions at an organisational rather than site level basis. Responsibility for emissions will be assigned to the organisation that is the customer of the energy supplier, e.g. the Council will be responsible for the CO<sub>2</sub> used by buildings it leases to other organisations if it is responsible for paying the energy bills.

Participants will monitor their total energy use during a Footprint Year, which will normally take place prior to the start of compliance years. In the Introductory Phase, the Footprint Year is concurrent with the first compliance year of the scheme (April 2010-2011). Data on footprint and emissions to be included in the scheme must be reported to the Environment Agency in a Footprint Report, submitted four months after the end of the Footprint Year. Each year participants will have to monitor and record their CRC emissions and submit a report on their emissions data by the last working day of July, following the end of that compliance year.



By the July reporting deadline, participants will also have to obtain and cancel a sufficient number of allowances to cover their reported emissions. These allowances can be purchased in one of three ways:

- There will be an annual Government sale or auction at the start of the year. During the Introductory Phase, an unlimited number of allowances will be sold at a fixed price of £12 per tonne of CO<sub>2</sub>. There will be no sale of allowances in the first year (2010/2011) of the scheme. The first Government sale is in April 2011 when organisations have to purchase allowances to cover their forecast emissions for 2011/12.
- During the capped phases from 2013/14 the number of allowances for sale will be limited by Government and sold via an auction.
- Outside of these Government sales or auctions, allowances can be bought and sold by trading with others on the secondary market.

Organisations can bank unused allowances to cover emissions up to the end of the introductory phase when all remaining allowances will be cancelled and cannot be banked for the capped phase.

## 2. Revenue recycling & league table

Revenue raised from the Government sale of allowances will be recycled back to participants, based on their performance in the scheme. In the Introductory Phase payments will be proportional to each participant's 2010/11 emissions with a bonus or penalty according to their improvements in energy efficiency, as measured by their ranking in the Performance League Table (PLT). The league table is designed to incorporate reputational incentives in CRC, as well as to provide the basis for the financial incentives on an equitable basis. PLT will be publicly available and it is widely expected that it will have PR value for participants. Importantly, league table position will also determine a bonus or penalty factor applied to a participant's recycling payment. The aim being to reward a well performing organisation while penalising those with poor performance. The bonus or penalty payment will start at ± 10% in Year One but rise to ± 50% by Year Five.

Although these performance metrics are fixed, the actual penalty and bonus can be greater or lower than these percentages. The first year of the league table is based exclusively on the 'early action metric' which will determine the full bonus/penalty amount, rewarding those organisations that have taken 'early action' to reduce carbon emissions on a voluntary basis before 2010. The early action metric has been included in the first phase of the scheme to give credit to organisations that have been practicing good energy management prior to the introduction of CRC.

The early action metric is based on two equally weighted factors: 100% installation of voluntary Automatic Meter Reading (AMR) across 90% of an organisation's properties portfolio; achieving the Carbon Trust Standard certification or other similar certification which confirms that an organisation has genuinely reduced its carbon footprint and is committed to making further reductions year on year. To achieve certification against the Carbon Trust Standard an organisation must meet the requirements in all three areas by measuring its key greenhouse gas emissions, showing good carbon management performance and being able to show emissions

reduction over the years – either on a total emissions basis, or on a relative basis (e.g. emissions / £m revenue budget).

The weighting of the early action metric is reduced gradually from 100% in the first year to 40% in the second year and 20% in the third year of the introductory phase.

Subsequent performance from 2012 is assessed on the inclusion basis of two differently weighted metrics: Absolute Matrix, which measures changes in a participant's absolute emission compared with a five year rolling average; Growth Matrix, which measures a change in emissions relative to turnover or revenue expenditure, as shown below:

	Year 1 (Oct 2011)	Year 2 (Oct 2012)	Year 3 (Oct 2013)
Early Action Metric	100%	40%	20%
Absolute Metric	0%	45%	60%
Growth Metric	0%	15%	20%

However public sector revenue expenditure will decline in coming years due to the combined effect of spending cuts, whilst energy use and emissions may not reduce as services will not necessarily decline in line with expenditure. This may result in public sector performance comparing unfavourably to private sector participants in the PLT published in October at the end of each compliance year.

### 3. Record keeping & penalties

Participants will be required to keep records of the data they report, including evidence for exemptions, in an evidence pack. In order to verify that participants are reporting correctly and cancelling sufficient allowances, a proportion of participants will be audited each year.

The Government proposes a number of civil penalties based on a combination of fixed and variable fines, as well as publication on non-compliance, e.g. failure to surrender allowances or under-reporting (error margin greater than 5 per cent) will mean participants must purchase and cancel their outstanding balance of allowances and pay £40/tCO<sub>2</sub> in respect of each tonne that should have been reported and surrendered. Failure to provide an annual report will incur £500 per working day fine. After the forty day variable fine period, the total fine accumulated will be doubled and the participant would be placed at the bottom of the league table alongside the worst performer, and total emissions for the year would be doubled. Failure to keep adequate records will incur £40/tCO<sub>2</sub> against total emissions last reported. In addition to financial penalties any non-compliance will impact on the reputation of an organisation. A limited number of criminal offences are also proposed, along with a system for appeals and powers of inspection.

### 3.3 Implications for the Council

#### 3.3.1 Policy Context

The Climate Change Act which introduces the Carbon Reduction Commitment from April 2010 calls for an overall CO<sub>2</sub> reduction of 80% by 2050, with a milestone target of 34% by 2020.

Through its Corporate Strategy the Council sets out its vision to be an exemplar of environmental practices and performance on sustainability issues and supported by the Carbon Trust has adopted the Carbon Management Strategy & Implementation Plan (CMS&IP)- second review to meet the recent changes in national, regional and corporate legislation and policies, e.g. the introduction of National Performance Indicators (NI) such as NI 185 (carbon reduction within the Council's own operations), NI 186 (carbon reduction within Brent's community), NI 188 (adaptation to Climate Change) and NI 194 (reduction of air pollution emissions as a result of reducing CO<sub>2</sub>)

NI 185 is also one of the Council's 35 Local Area Agreement (LAA) indicators with a target of reducing CO<sub>2</sub> emissions by 6% over three years from the 2008/9 baseline. The data for NI 185 is also used for calculating NI 194 on minimising air pollution emissions from the Council's fuel/energy transport activities as well as from its buildings. Through NI 188 the Council recently developed a Climate Change Strategy for the borough helping to address adaptation to climate change and also outlining measures to mitigate climate change with a focus on carbon emission reduction.

The Council's Improvement and Efficiency Strategy requires services to improve their working practices whilst reducing costs. Reducing energy costs through implementing CRC effectively will contribute to these objectives.

### 3.3.2 Leadership and responsibility

Compliance with CRC is largely an administrative process but to do well and benefit from energy savings requires a One Council cultural and management approach. The Council will also need to ensure that schools are specifically engaged in the process. Head teachers, governors and bursars alike will all need to understand and prepare for the arrival of the CRC. The requirements to collate and report energy information plus the need to plan for the financial implications of the CRC are all relevant for schools. The Government has also introduced an additional tick box question on employee engagement to reduce emissions in order to encourage behavioural change throughout Participant organisations.

Whilst all services are responsible for CRC it is recommended that the Director of Finance and Corporate Resources be the Council's Lead Officer for its implementation. Members are responsible for supporting and overseeing CRC implementation within their respective service areas. It is proposed that the current membership of the Carbon Management Steering Group has responsibility for overseeing the implementation of CRC.

It is recommended that an additional senior officer from Children & Families is made responsible for communicating and coordinating between schools and the Carbon Management Steering Group to help ensure that the Council achieves year on year CO<sub>2</sub> reductions.

Implementing CRC requires a 'One Council' approach where all staff take responsibility for minimising their carbon footprints to reduce both environmental impact and cost to the Council. However ongoing responsibilities for administrative

processes such as registration, data reporting, preparing and submitting the evidence pack and arranging finances to purchase allowances will need to be allocated to specific staff. It is therefore recommended that the Carbon Management Steering Group under the leadership of the Director of Finance & Corporate Resources assigns responsibility for the ongoing and new tasks to relevant staff within each service area, ensuring that roles for the implementation of CRC are clearly defined and included in the staff work programmes.

It is also recommended that the Carbon Management Steering Group be responsible for developing a league table similar to the CRC PLT to reward or penalise tenants of buildings for their CO<sub>2</sub> emissions.

#### 3.3.4 Timeline

A CRC timeline highlighting the critical deadlines and output required for compliance is attached in appendix A. The first task is to measure the Council's carbon footprint in line with the protocols defined in the CRC framework. This will require the Council to register for the scheme this year, monitor its carbon footprint in 2010, purchase CO<sub>2</sub> allowances in April 2011 and produce an evidence pack by July 2012.

#### 3.3.5 Data collection

There is already a Monitoring Officer post in Environment & Culture to collect data for the various national environmental performance indicators. It is expected that this post will also be responsible for the CRC data collection.

Data for CRC is a subset of NI 185 albeit in more detailed format. The key difference between CRC and NI 185 is that CRC only applies to CO<sub>2</sub> emissions from energy used, whilst NI 185 includes CO<sub>2</sub> emissions from both energy and transport. NI 185 measures CO<sub>2</sub> emissions arising as a direct result of the Council's own services and operations, whilst under CRC guidance 90% of properties for which the Council is responsible for paying energy bills - regardless of whether it arises from the Council's own services and operations - will be counted. The reasons for excluding the remaining 10% (i.e. very small sites) have to be justified and verified.

The current data collection process for NI 185 relies on the Monitoring Officer contacting relevant staff within each department to obtain meters readings and invoices. A database is used to store, analyse and report on the Council's annual usage on CO<sub>2</sub> to DECC. Part of the CRC requirements is to establish an accurate emissions inventory, which the Council has already partially collected to meet NI 185. The Council will be utilising the data toolkit developed by Capital Ambition and the London Energy Project for defining datasets and methodology of calculating CO<sub>2</sub> emissions for the CRC return. Further information such as types of meters and location, etc will have to be collated. The Council is also in the process of implementing a computerised energy system to manage the data and to report the analyses required for both NI 185 & CRC.

The collection of energy data for NI 185 highlighted that some services were unsure of the number of meters they had and the amount of energy used. Bills were paid based on estimated usage. However processes are now in place to capture this information, ensuring that all meters are read regularly and in particular at the beginning and end of each financial year.

### 3.3.6 Baseline for CRC

The Footprint year (baseline) for calculating CRC starts in April 2010 to March 2011, however for the purpose of this report energy data collected in 2008/9 for NI 185 is used as baseline. The total Council CO<sub>2</sub> emission is 35,960 tonnes as shown in appendix B which lists the emissions used by each Council building and school and includes street lighting. Emissions from buildings leased by the Council to other organisations (for which the Council pays the energy bills) will have to be collected and added to this list for calculating CRC baseline, which has to be submitted as part of the CRC registration in 2010.

## 3.4 The Council's progress in reducing its CO<sub>2</sub> emissions

### 3.4.1 Energy Management

CRC is concerned mainly with CO<sub>2</sub> emissions from buildings and as such the Council has focussed on energy management in all properties it manages. The Property and Asset Management (PAM) service has made a commitment to the green agenda with maintenance works that are increasingly sustainable in both design and construction and has actively encouraged the use of renewable and energy efficient resources that minimise waste. PAM has also developed an Energy Strategy with the overarching principal "Be Lean, Be Clean, Be Green" and provides a framework for achieving these green objectives in Council buildings.

The implementation of the Energy Strategy for Brent will follow the guidelines set out in the Energy Management Strategy document produced by the Carbon Trust:

- Get Commitment
- Understand the Issues
- Plan and Organise
- Implement
- Monitor on-going performance

The aim of the Energy Strategy Action Plan will be to reduce energy usage in Council owned and run buildings (and schools) and reduce the costs of energy wherever possible. By achieving the lowest energy consumption for each building (*Be Lean*) and maximising the efficiency of plant and equipment (*Be Clean*), the lowest kWh/m<sup>2</sup> per building (or building type) will be established and like-for-like building comparisons can be made. The use of renewable energy sources (*Be Green*) will be assessed on a building by building basis where practicalities and cost will decide their feasibility. PAM has and will actively work with all services to implement the Action Plan to help reduce CO<sub>2</sub> emissions.

### 3.4.2 Carbon Management Strategy & Implementation Plan (Second Review)

The government recommends that all organisations develop a Carbon Abatement Strategy to actively reduce CO<sub>2</sub> emissions. The Council's revised Carbon Management Strategy & Implementation Plan (CMS&IP) – Second Review agreed by the Executive in October 2009 sets out action plans and resources intended to achieve technical and behavioural change across the Council and schools to reduce

CO<sub>2</sub> emissions. It also sets out targets for CO<sub>2</sub> reduction and a framework for charging penalties for non-achievement as detailed in Appendix 3.

The revised CMS&IP sets out the success of eight projects that have delivered a total CO<sub>2</sub> savings of 3,048 tonnes. It also states that 19 of the original projects will continue to help achieve further targets for carbon reduction and introduces 55 proposed school projects including insulation, the upgrading of boilers, buildings and lighting as well as behavioural change. In addition there are a further nine projects for 'greener' building maintenance. Implementation of these planned projects is however subject to funding availability.

The CM&IP also introduced the staff Green Champion Network, which has staff across the Council actively promoting and supporting their colleagues in behavioural change and moving towards a 'greener lifestyle' in the work place

### 3.4.5 Brent's Improvement & Efficiency Action Plan 2010-2014

This Action Plan was launched in September and includes two bronze projects i.e. the Carbon Management programme and a Review of energy supply and costs to support the reduction of energy costs. CRC will play a key part in the scoping, developing and implementing these projects.

### 3.5 Revenue budgeting

The CRC scheme proposes that revenue raised from the sale of carbon allowances will be recycled back to participants after a six-month period. However the amount of money recycled will vary depending on the performance of the organisation as an incentive to reduce carbon emissions. The first year of the scheme (2010/11) is a footprint and reporting period. However a set payment based on the organisation's proportion of the total CRC emissions in year 2 (2011/12) is required. As the Council improves it will spend less each year on allowances and receive a higher fraction of the recycling pot - a double financial benefit for good performance.

Table 1 below sets out the possible budgetary implications for the Council in using 35,960 tonnes (based on 2008/9 data) of CO<sub>2</sub> each year. The calculations assume that the cost per tonne of CO<sub>2</sub> remains at £12 and that the total CO<sub>2</sub> emissions remain at 35,960 tonnes per year. If the Council performs well in the PLT a cumulative 10% allowance will be 'recycled' to the Council as a bonus starting with 10% from 2011/12 rising to 50% in 2015/16. However if Council performance is at the lower end of the PLT then the same percentages will apply as penalties. The best and worst case scenarios are set out below only to illustrate the methodology. It is incorrect however, to assume that the maximum penalty or bonus that an organisation faces is limited to the quoted percentage rate for that year. The final calculations which are based on a percentage of the organisation total CO<sub>2</sub> emissions, its position in the PLT, its baseline, performance by all participants and size of the overall allowance pot. Table 2 provides an example of how the calculation works (this assumes there are only two organisations in the league table, giving an extreme result, but the principles remain true. This illustrates that the amount an organisation receives in revenue recycling is related to its proportion of the 2010/11 (first year) total reported energy use, adjusted by a bonus/penalty percentage linked to their performance in the league table.

Table 1

Financial Year	Buying Allowances	Allowance recycling		Net budgetary impact	
		Indicative Best Case	Indicative Worst Case	Indicative Best Case	Indicative Worst Case
<b>2009/10</b>					
<b>2010/11</b>	£0k	£0k	£0k	£0k	£0k
<b>2011/12</b>	-£432k	£475k	£388k	£43k	-£43k
<b>2012/13</b>	-£432k	£518k	£345k	£86k	-£86k
From Apr 2013 the scheme enters the capped phase and the cost of allowances will be set by the market					
The following assumes the cost of allowances remain at £12 per tonne					
<b>2013/14</b>	-£432k	£561k	£302k	£129k	-£129k
<b>2014/15</b>	-£432k	£604k	£259k	£173k	-£173k
<b>2015/16</b>	-£432k	£647K	£216k	£216k	-£216k

Table 2

A	B	C	D	E	F	G	H	I	J
organisation	Allowances purchased	Cost at £12 per tonne	Actual emissions	Rank	Base year emissions	Bonus / penalty %	Base = % (F*G)	% of total	Year 1 recycling repayment (Total of C*1)
1	750	£9,000	750	1	1000	10%	1100	50.459	£ 16,651
2	2000	£24,000	2000	2	1200	-10%	1080	49.541	£ 16,349
		£33,000	2750		2200		2180		

### 3.5.1 Options in the Introductory Phase:

To achieve a favourable position in the CRC League Table (i.e. to achieve the maximum 10% bonus) in the introductory phase the Council must have installed AMR in all of its relevant sites *and* comply with the Carbon Trust or other similar standards matrices. Recent communication with the Carbon Trust has confirmed that based on the current data available the Council is unlikely to achieve the Carbon Trust standards. However, if CO<sub>2</sub> emissions are reduced in 2009/10 and again in 2010/11 the Council may still achieve the standards in 2011/12.

The Council has also to decide on whether to:

#### Option A - Install AMRs in relevant sites

This would also allow regular energy consumption to be monitored from April 2010. The data available would also enable the Council to purchase energy more efficiently, validate supplier invoices, provide accurate data and for energy

management. However the cost of installing an estimated 330 AMRs across the Council would incur an ongoing annual cost of £43,560 (based on annual cost of £132 per AMR). With AMRs installed in all relevant properties and meeting half of the Early Action Matrix the Council would achieve a 5% bonus in 2011/12 (approx £21k). However by not complying with the Carbon Trust or similar standards the Council could incur a 5% penalty for being in the 'middle' of the league table during the introductory phase.

*Or*

#### Option B - Not install AMRs

This would necessitate regular and accurate systems for meter readings to be put into place as an alternative to capture data robustly for accurate reporting and billings. Without AMRs installed in all Council properties and not complying with the Carbon Trust or similar standards the Council could incur a 10% penalty of £43K in 2011/12 to compensate for being in the 'lower end' of the league table. There are also potential reputational risks associated with being in the lower end of the PLT.

#### Considerations

The business case for AMRs, which includes the cost of installation and data recovery, should be considered against the consumption, energy expenditure and ability to make use of the data. Whilst Option A may potentially enable the Council to achieve a favourable 5% (£21k) bonus in 2011/2 and improved energy management, the annual recurring cost of installing AMRs in all properties is in excess of £43K. Furthermore the benefits of the Early Action Matrix are reduced to only 40% in 2012/13 and 20% in 2013/14.

Whilst AMRs would provide up to date and robust data this could instead be achieved through vigorous and frequent meter readings carried out by Council Caretakers (trained by PAM) and the Energy companies. However, AMR would provide detailed and accurate daily reading which will help to monitor energy usage and help to purchase energy more effectively. Installing AMRs would also ensure that the Council has robust data to comply with external audit requirements.

One of the Council's bronze projects is to review energy supply and costs and includes a study on the possibility of installing AMRs for all Council's properties (excluding social housing and communal areas) portfolio. It is recommended therefore that the decision of whether to install AMRs would be decided when the report is finalised and approved. The most critical matrix for achieving a favourable position in the PLT is through demonstrating year on year CO<sub>2</sub> reductions and energy costs.

### 3.6 Risks

Implementing CRC has a number of risks factors:

#### (1) Position in PLT

The CRC provides a platform that encourages better energy management, creates greater corporate awareness of energy and carbon performance and offers the ability to design and implement efficiency projects specifically aimed at reducing carbon and



energy expenditure, whilst the league table provides financial and reputational benefits as emissions are reduced. However the London Energy Project believes that most councils will be at the lower end of the league table due to the difficulties of dealing with a diverse portfolio, e.g. offices, leisure centres, care homes, schools and also the age, nature and capital investment that is likely to be required. It should also be noted that schools energy consumption is rising year on year with school buildings extended use and the increasing technology deployed. These factors are likely to have a negative impact on councils' league table positions, particularly compared to organisations that have a standardised approach and resources for aggressive carbon reduction programme.

## (2) Data Integrity

Data collection for NI 185 highlighted a number of data integrity issues that will need to be resolved to implement CRC successfully. Often energy bills are paid based on estimates provided by suppliers with no actual meter readings. In some instances meter readings by caretakers have been inaccurate, leading to problems in calculating CO<sub>2</sub> emissions and compiling returns. To ensure that data is robust and to reduce the above risks PAM would take a lead in explaining the reasons for accuracy and advising Caretakers on how to conduct effective meter readings. In addition, standard letters requesting quarterly reading would be sent to all relevant suppliers. There is also a considerable risk from financial penalties in the form of fines. The Government has determined that fines for misstatements of carbon footprints greater than 5% could incur a penalty of £40 per tonne of carbon misstated above the 5% threshold. In addition the Council could be deemed non-compliant and fined if it submits its carbon footprint report late.

## (3) Reputation

The Council has a leadership role in assisting the community to both adapt and mitigate climate change effects. The Council's own Climate Change Strategy sets out actions to reduce carbon emissions and its Corporate Strategy sets out its vision of being an exemplar on Environmental practices and performance on sustainability issues. The Council's reputation will be at risk should its position in the PLT be rated to be in the lower position constantly and it is likely that there will be significant Press attention in the first few years of the CRC.

## (4) Unable to project future emissions

The implementation of the EU Energy Performance of Buildings Directive energy certificates has highlighted that the performance of most of the Council buildings and in particular schools are of poor ratings. Unless infrastructure of these buildings are upgraded as recommended in the CMS&IP the Council is unlikely to be able to compete favourably with other organisations. The planned move to the Civic Centre will help to reduce the Council carbon footprint but by what percentage remains unknown. Similarly CO<sub>2</sub> emissions for schools are of great concern as the move to use more technology increases year on year.

Furthermore the Council may not be able to influence the behaviours of its tenants to reduce CO<sub>2</sub> emissions.

## **4.0 Financial Implications**

### **4.1 Registration & administration fee**

The registration fee for CRC payable in 2009/10 is £950 plus an annual administration fee of £1,290. This will be contained and funded from existing revenue budget.

4.2 In April 2011 the Council will have to purchase its first carbon credits allowances. It is estimated that about £432,000 (35,960 tonnes of CO<sub>2</sub>) per annum of credit will need to be purchased. The Government will publish the first PLT in October 2011 and the first recycling payment will be made soon after.

4.3 There is currently ongoing discussion about how organisations should account for the assets and liabilities associated with participation in the CRC. From April 2011 the Council will have to purchase allowances on the balance sheet but will also need to recognise that each allowance is entitled to a refund from the government. This also presents an issue as the level of refund is determined by a number of factors, namely the size of the recycling fund and its position in the annual league table.

4.4 The financing of the £432K would have to be dealt with as part of the Council's normal day to day cash management. There will be a cost of borrowing for the nine months but at the current rate of interest this is not material. However, although funds paid may be recycled back to all participants the amount recycled to the Council (being lower in the PLT) will be lower since the organisations that perform well in the CRC league tables will benefit from a greater share at the cost of the poor performers.

4.5 There is a considerable risk from financial penalties in the form of fines. The Government has determined that fines for misstatements of carbon footprint greater than 5% could incur a penalty of £40 per tonne of carbon misstated above the 5% threshold i.e. if the misstatement is 6% the penalty will only apply to the 1% not the full 6%.

4.6 The Carbon Management Steering Group is developing a Performance League Table for the Council based on the methodology used for CRC. It is proposed that penalties will be apportioned to services that have not reduced their CO<sub>2</sub> emissions. Appendix 3 details the draft framework. To incentivise schools the Department of Children, Schools and Families (DCSF) has amended the regulations to enable local authorities to charge any loss attributable to schools to the Schools Budget. The Council will be able to treat this sum as centrally held expenditure but be allowed to apportion the loss amongst schools according to their individual performance. If schools have contributed to the Council gaining money then the Council could ensure that gain due to schools be added to the Schools Budget and perhaps use to help schools which have made the greater savings.

## **5.0 Legal Implications**

### **5.1 The Carbon Reduction Commitment**

CRC is a new mandatory carbon emissions trading scheme that aims to improve energy efficiency and reduce the amount of CO<sub>2</sub> emitted in the UK. This is vital to achieving overall targets of reducing greenhouse gas emissions by 2050 by at least 80% compared with the 1990 baseline.

### **5.2 EU Energy Performance of Buildings Directive (2002/91/EC)**

As a requirement of the EU Energy Performance of Buildings Directive (2002/91/EC) energy certificates for the performance of most of the Council's buildings and schools will need to be publicly displayed. The current energy efficiency of buildings indicates that these certificates provide poor ratings. The directive when fully implemented is likely to require a minimum performance to be achieved for refurbishments and new builds.

## **6.0 Diversity Implications**

6.1 There are no diversity implications as the report mainly concerns the reporting, financing and management of carbon emissions arising from energy used by Council buildings and schools and those properties leased to other organisations.

## **7.0 Staffing/Accommodation Implications**

7.1 The Monitoring office post in Environment & Culture will have the added responsibility for collating and compiling the data for the CRC return. In addition staff will be nominated by the CRC Steering Group for other CRC related tasks e.g. registration, purchasing CO<sub>2</sub> allowance, compiling the Carbon Footprint report, reporting etc.

## **8.0 Environmental Implications**

6.1 This report supports the reduction of the Council's CO<sub>2</sub> emissions. In addition to cost savings it will also have a positive effect on the environment. Reducing CO<sub>2</sub> emissions will help mitigate the effect of climate change at both a local and global level and the environment will benefit in the long term.

## **Background Papers**

Preparing for the Carbon Reduction Commitment (Revised December 2009) – Capital Ambition & London Energy Project  
[www.capitalambition.gov.uk/londonenergy](http://www.capitalambition.gov.uk/londonenergy)

Government Response and Policy Decisions on the Consultation on the Draft Order to Implement Carbon Reduction Commitment (Oct 2009) – Department of Energy & Climate Change  
[www.decc.gov.uk/en/content/cms/consultations/consultations.aspx](http://www.decc.gov.uk/en/content/cms/consultations/consultations.aspx)

Carbon Reduction Commitment (CRC) Energy Efficiency Scheme (Oct 2009) – The Chartered Institute of Public Finance & Accountancy  
<http://www.cipfa.org.uk/pt/sustainability/publications.cfm>

Energy Strategy and Action Plan – Property & Assets Management

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**Appendix A**  
**Carbon Commitment Reduction Timeline**

	2009/10 2009/10	2010/11 2010/11	2011/12 2011/12	2012/13 2012/13	2013/14 2013/14
Phase	<i>Preparatory Tasks</i>	<i>Three year Introductory Phase</i>			<i>Capped Phase...</i>
Description		<ul style="list-style-type: none"> <li>• <b>CRC Scheme begins (Apr 10)</b></li> <li>• <b>Registration Period (Apr 10- Sept 10):</b> Qualifying organisations to register online with EA as a participant. Account created to report emissions / surrender allowances</li> <li>• <b>Footprint Year (Apr 10- Mar 11):</b> Participants monitor up to 90% of total emissions from energy use and determine what emissions to include in CRC</li> <li>• <b>1<sup>st</sup> Compliance Year (Apr 10- Mar 11):</b> although no purchasing of allowances</li> </ul>	<ul style="list-style-type: none"> <li>• <b>2<sup>nd</sup> Compliance Year (Apr 11- Mar 12):</b> start of purchasing allowances</li> </ul>	<ul style="list-style-type: none"> <li>• <b>3<sup>rd</sup> Compliance Year (Apr 12- Mar 13):</b> continued purchasing of allowances</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Capped Phase begins (Apr 13):</b> start of purchasing capped allowances at auction</li> <li>• <b>New Qualification Period</b></li> <li>• <b>New Registration Period</b></li> <li>• <b>New Footprint Year:</b> based on two previous years data</li> </ul>
Allowances			<ul style="list-style-type: none"> <li>• <b>1<sup>st</sup> Sale of Allowances (Apr 11 -12)</b></li> </ul>	<ul style="list-style-type: none"> <li>• <b>2<sup>nd</sup> Sale of Allowances (Apr 12):</b> to cover 2012/13 emissions</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Sale of Allowances (by auction) (Apr 13):</b> to cover 2013/14 emissions with a cap on total number of allowances available</li> </ul>
Recycling Payments			<ul style="list-style-type: none"> <li>• <b>1<sup>st</sup> Recycling Payment (Oct 11):</b> Annual sale of allowances is 'recycled' back to participants based on Performance. The <b>League Table</b> determines how much revenue each organisation</li> </ul>	<ul style="list-style-type: none"> <li>• <b>2<sup>nd</sup> Recycling Payment (Oct 12):</b> Annual sale of allowances is 'recycled' back to participants. <b>League Table</b> performance determines how much revenue each</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Recycling Payment (Oct 13):</b> Annual sale of allowances is 'recycled' back to participants. Performance in the <b>League Table</b> determines how much revenue each organisation receives</li> </ul>

			receives.	organisation receives	
Key Actions / Dates	<ul style="list-style-type: none"> <li>• Receive Registration Pack from Environment Agency/ administrator (EA) (planned Sept 09 deferred to Dec 09)</li> <li>• Receive qualification pack providing further details on registration process</li> </ul>	<ul style="list-style-type: none"> <li>• Submit Registration Pack</li> <li>• List compiled of all sources of emissions in footprint year (which have to be reported on and purchase allowances for) will be included in an <b>evidence pack</b>. This pack should be disclosed to the regulator (EA) if audited</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Footprint Report Due (29 Jul 11)</b>: Submit footprint report on 2010/11 emissions to EA via CRC registry</li> <li>• <b>1<sup>st</sup> Annual Report Due (29 Jul 11)</b>: Submit report on 2010/11 emissions to EA via CRC registry</li> <li>• <b>Allowances Surrendered (29 Jul 11)</b>: Surrender corresponding allowances submitted in annual report for 2010/11 emissions</li> <li>• Update <b>Evidence Pack</b></li> <li>• <b>League table published (Oct 11)</b>: EA gathers annual reports and compares performance using absolute, early action and growth metrics. Top performer has highest bonus and the bottom the highest penalty (10%)</li> </ul>	<ul style="list-style-type: none"> <li>• <b>2<sup>nd</sup> Annual Report Due (29 Jul 12)</b>: Submit report on 2011/12 emissions via CRC registry</li> <li>• <b>Allowances Surrendered (29 Jul 12)</b>: Surrender corresponding allowances submitted in annual report for 2011/12 emissions</li> <li>• Update <b>Evidence Pack</b></li> <li>• <b>League table published (Oct 12)</b>: EA gathers all annual reports and compares performance using absolute, early action and growth metrics. Top performer has highest bonus and the bottom the highest penalty (20%)</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Submit Bid Schedule</b>: setting out the no. of allowances wish to buy at different prices</li> <li>• <b>Annual Report Due (29 Jul 13)</b>: Submit report on 2012/13 emissions via CRC registry</li> <li>• <b>Allowances Surrendered (29 Jul 13)</b>: Surrender corresponding allowances submitted in annual report for 2012/13 emissions</li> <li>• Update <b>Evidence Pack</b></li> <li>• <b>League table published (Oct 13)</b>: EA gather all annual reports and compare performance of participants using absolute and growth metrics. Top performer has highest bonus and the bottom the highest penalty (30%)</li> </ul>

Expenditure		<ul style="list-style-type: none"> <li>• Registration fee (Apr 10- Sept 10)</li> </ul>	<ul style="list-style-type: none"> <li>• Administration fee</li> <li>• 1<sup>st</sup> Sale of allowances (Apr 11):</li> </ul>	<ul style="list-style-type: none"> <li>• Administration fee</li> <li>• 2<sup>nd</sup> Sale of allowances (Apr 12): purchase of allowances at £12 t/CO<sub>2</sub></li> <li>• Buy / sell extra allowances</li> </ul>	<ul style="list-style-type: none"> <li>• Administration fee</li> <li>• Sale of allowances (Apr 13): purchase of allowances at 'clearing price'</li> <li>• Buy / sell extra allowances</li> </ul>
Income			<ul style="list-style-type: none"> <li>• 1<sup>st</sup> Revenue Recycling Payment (30 Oct 11): recycling payment including 10% bonus/penalty from league table</li> </ul>	<ul style="list-style-type: none"> <li>• 2<sup>nd</sup> Revenue Recycling Payment (30 Oct 12): recycling payment including 20% bonus/penalty from league table</li> </ul>	<ul style="list-style-type: none"> <li>• Revenue Recycling Payment (30 Oct 13): recycling payment including 30% bonus/penalty from league table</li> </ul>
Deadlines / Fines		<ul style="list-style-type: none"> <li>• Registration deadline (30 Sept 10): failure to register will result in fixed fine of £5,000 and additional £500 per working day</li> <li>• Evidence pack: failure to complete an annual evidence pack on the regulator's request will result in a fine of £5 / tonne CO<sub>2</sub></li> </ul>	<ul style="list-style-type: none"> <li>• Footprint Report deadline (29 July 11): failure to submit report results in £5,000 fine plus additional £0.05 / working day for each tonne of CO<sub>2</sub></li> <li>• Annual Report deadline (29 July 2011): failure to submit report results in a £5,000 fine plus £0.05 / working day for each tonne of CO<sub>2</sub></li> </ul>	<ul style="list-style-type: none"> <li>• Annual Report deadline (29 July 2012): failure to submit report will result in a fixed fine of £5,000 and additional £0.05 per working day for each tonne of CO<sub>2</sub></li> </ul>	<ul style="list-style-type: none"> <li>• Annual Report deadline (29 July 2013): failure to submit report will result in a fixed fine of £5,000 and additional £0.05 per working day for each tonne of CO<sub>2</sub></li> </ul>

Appendix 2

**Extract from NI 185 sheet: Council Buildings**

<b>Building or site</b>	<b>Gross Internal Area (m2)</b>	<b>Energy type</b>	<b><a href="#">Amount used (kWh)</a></b>	<b>CO2 emission (kg)</b>
BRENT CEMETERIES OFFICE	200	Electricity (grid)	9,838	5,145
BRENT CEMETERIES OFFICE	200	Natural gas	4,300	795
WILLESDEN NEW CEMETERY	60	Electricity (grid)	4,626	2,419
WILLESDEN NEW CEMETERY	60	Natural gas	33,362	6,171
CARPENDERS PARK CEMETERY	120	Electricity (grid)	1,485	777
MORTUARY NORTHWICK PARK HOSPITAL		Electricity (grid)	87,483	45,753
PADDINGTON CEMETERY	129	Electricity (grid)	560	293
PADDINGTON CEMETERY	129	Natural gas	15,757	2,915
ASHLEY GARDENS	491	Electricity (grid)	15,804	8,265
ASHLEY GARDENS	491	Natural gas	106,784	19,752
Carlton Centre	1,710	Electricity (grid)	54,093	28,291
Carlton Centre	1,710	Burning oil	182,149	44,683
Harlesden Centre	306	Electricity (grid)	19,716	10,311
Harlesden Centre	306	Natural gas	68,037	12,585
Madison House	597	Electricity (grid)	30,116	15,751
STONEBRIDGE CENTRE	1,666	Electricity (grid)	152,550	79,783
STONEBRIDGE CENTRE	1,666	Natural gas	292,159	54,041
BARHAM PARK LIBRARY	524	Electricity (grid)	9,506	4,972
BARHAM PARK LIBRARY	524	Natural gas	122,298	22,621
CRICKLEWOOD LIBRARY	458	Electricity (grid)	48,742	25,492
EALING ROAD LIBRARY	536	Electricity (grid)	53,279	27,865
EALING ROAD LIBRARY	536	Natural gas	77,488	14,333
HARLESDEN LIBRARY	619	Electricity (grid)	64,484	33,725
HARLESDEN LIBRARY	619	Natural gas	25,494	4,716
KENSAL RISE LIBRARY	592	Electricity (grid)	46,598	24,371
KILBURN LIBRARY		Electricity (grid)		



	651		41,129	21,510
KILBURN LIBRARY	651	Natural gas	11,164	2,065
KINGSBURY LIBRARY		Electricity (grid)	15,091	7,893
KINGSBURY LIBRARY		Natural gas	24,516	4,535
NEASDEN LIBRARY	752	Electricity (grid)	52,076	27,236
NEASDEN LIBRARY	752	Natural gas	25,808	4,774
PRESTON ROAD LIBRARY	255	Electricity (grid)	15,184	7,941
PRESTON ROAD LIBRARY	255	Natural gas	2,771	513
TOKYNGTON LIBRARY	360	Electricity (grid)	79,923	41,800
WILLESDEN GREEN LIBRARY CENTRE	5,000	Electricity (grid)	737,495	385,708
WILLESDEN GREEN LIBRARY CENTRE	5,000	Natural gas	754,428	139,547
WELSH HARP EEC	428	Electricity (grid)	9,743	5,096
WELSH HARP EEC	428	Natural gas	40,967	7,578
GRANGE ROAD OFFICES AND STORE		Electricity (grid)	44,957	23,512
ALPERTON SPORTS GROUND PAVILION	87	Electricity (grid)	2,447	1,280
ROE GREEN PARK	140	Electricity (grid)	2,020	1,056
ROE GREEN PARK	140	Natural gas	11,408	2,110
GIBBONS RECREATION GROUND PAVILION	118	Electricity (grid)	170	89
PRESTON PARK PAVILION	340	Electricity (grid)	28,714	15,017
VALE FARM SPORTS GROUND (Sudbury)	1,094	Electricity (grid)	244	128
VALE FARM SPORTS GROUND (Sudbury)	1,094	Natural gas	2,048	379
VALE FARM SPORTS GROUND (North Wembley)	552	Electricity (grid)	5,823	3,045
GROVE PARK PAVILION	240	Electricity (grid)	16,234	8,490
GROVE PARK PAVILION	240	Natural gas	43,583	8,062
KING EDWARD VII PARK PAVILION	237	Electricity (grid)	6,436	3,366
WOODCOCK PARK TENNIS PAVILION		Electricity (grid)	7,620	3,985
NORTHWICK PARK OPEN SPACE PAVILION	1,162	Electricity (grid)	2,003	1,048
BARHAM PARK OFFICES	573	Electricity (grid)	25,732	13,458
BARHAM PARK OFFICES		Natural gas		

	573		207,262	38,337
VALE FARM SPORTS GROUND DEPOT	548	Electricity (grid)	17,540	9,173
VALE FARM SPORTS GROUND DEPOT	548	Natural gas	3,214	594
GLADSTONE PARK DEPOT	3,240	Electricity (grid)	25,818	13,503
Gladstone park pavilion	473	Electricity (grid)	10,322	5,398
JOHN BILLAM SPORTS GROUND Changing rooms	81	Electricity (grid)	6,642	3,474
Townsend Lane Allotments		Electricity (grid)	612	320
Pellatt Road		Electricity (grid)	4,485	2,346
Roundwood Park		Electricity (grid)	27,431	14,346
Roundwood Park		Natural gas	4,506	833
Hovenden Road Recreational Park		Electricity (grid)	114	60
Silver Jubilee Park		Electricity (grid)	30	16
New Office by Lodge		Electricity (grid)	61	32
VALE FARM SPORTS CENTRE	4,799	Electricity (grid)	761,869	398,456
VALE FARM SPORTS CENTRE	4,799	Natural gas	1,494,613	276,459
VALE FARM SPORTS CENTRE	4,799	Burning oil	1,009,315	247,595
BRIDGE PARK COMMUNITY LEISURE CENTRE	5,387	Electricity (grid)	738,426	386,195
BRIDGE PARK COMMUNITY LEISURE CENTRE	5,387	Natural gas	880,542	162,874
CHARTERIS	801	Electricity (grid)	736,368	385,119
CHARTERIS	801	Natural gas	114,603	21,198
WILLESDEN SPORTS CENTRE		Electricity (grid)	1,356,530	709,462
WILLESDEN SPORTS CENTRE		Natural gas	2,995,990	554,168
ALBERT ROAD DAY CENTRE	1,500	Electricity (grid)	56,497	29,548
ALBERT ROAD DAY CENTRE	1,500	Natural gas	544,029	100,629
DOLLIS HILL DAY CENTRE	228	Electricity (grid)	25,088	13,121
DOLLIS HILL DAY CENTRE	228	Natural gas	129,483	23,950
STONEBRIDGE DAY CENTRE	1,370	Electricity (grid)	17,618	9,214

STONEBRIDGE DAY CENTRE	1,370	Natural gas	667,860	123,534
STRATHCONA SOCIAL EDUCATION CENTRE	1,230	Electricity (grid)	69,527	36,362
STRATHCONA SOCIAL EDUCATION CENTRE	1,230	Natural gas	504,769	93,367
MILLENNIUM DAY CENTRE	1,020	Electricity (grid)	86,652	45,319
MILLENNIUM DAY CENTRE	1,020	Natural gas	364,829	67,482
WESTBROOK DAY CENTRE	162	Natural gas	50,814	9,399
ASIAN MENTAL HEALTH DAY CENTRE	162	Electricity (grid)	21,341	11,161
ASIAN MENTAL HEALTH DAY CENTRE	1,770	Natural gas	100,842	18,653
Barnham Park Library Workshop Project		Electricity (grid)	905	473
Cafe Kiosk Primary Care Centre		Electricity (grid)	12,145	6,352
KNOWLES HOUSE	1,860	Electricity (grid)	128,090	66,991
KNOWLES HOUSE	1,860	Natural gas	614,854	113,730
MORTIMER ROAD 181	392	Electricity (grid)	20,352	10,644
MORTIMER ROAD 181	392	Natural gas	63,121	11,675
BRENT HOUSE	7,080	Electricity (grid)	2,248,639	1,176,034
BRENT HOUSE	7,080	Natural gas	768,143	142,083
BRENT HOUSE ANNEXE	11,844	Electricity (grid)	198,980	104,066
BRENT HOUSE ANNEXE	11,844	Natural gas	269,769	49,899
BRONDESBURY ROAD	1,433	Electricity (grid)	156,524	81,862
BRONDESBURY ROAD	1,433	Natural gas	221,315	40,937
CHALLENGE HOUSE	548	Electricity (grid)	67,543	35,325
CHALLENGE HOUSE	548	Natural gas	127,474	23,579
COTTRELL HOUSE	968	Electricity (grid)	37,157	19,433
COTTRELL HOUSE	968	Natural gas	254,347	47,047
ELIZABETH HOUSE	1,138	Electricity (grid)	550,000	287,649
ELIZABETH HOUSE	1,138	Burning oil	215,236	52,800
KINGSBURY ROAD OSS	336	Electricity (grid)	88,847	46,467
KINGSBURY ROAD OSS	336	Natural gas	32,679	6,045
LONDON ROAD		Electricity (grid)		

	1,403		245,000	128,135
LONDON ROAD	1,403	Natural gas	127,727	23,626
MAHATMA GANDHI HOUSE	4,961	Electricity (grid)	931,705	487,280
MAHATMA GANDHI HOUSE	4,961	Natural gas	585,014	108,210
PYRAMID HOUSE	1,100	Electricity (grid)	230,249	120,420
QUALITY HOUSE	1,622	Electricity (grid)	120,549	63,047
QUALITY HOUSE	1,622	Burning oil	328,640	80,619
TOWN HALL	6,412	Electricity (grid)	1,186,515	620,545
TOWN HALL	6,412	Natural gas	1,300,238	240,505
TRIANGLE HOUSE	4,670	Electricity (grid)	46,170	24,147
TRIANGLE HOUSE	4,670	Natural gas	79,663	14,735
Kingsbury Resource Centre		Electricity (grid)	36,465	19,071
Kingsbury Resource Centre		Natural gas	21,329	3,945
Treetops at ANANSI DAY NURSERY	427	Electricity (grid)	10,203	5,336
Treetops at ANANSI DAY NURSERY	427	Natural gas	35,470	6,561
Curzon Crescent Childrens Centre	1,083	Electricity (grid)	104,734	54,776
Curzon Crescent Childrens Centre	1,083	Natural gas	129,809	24,011
Fawood Childrens Centre	620	Electricity (grid)	112,887	59,040
St Raphaels CC		Electricity (grid)	4,247	2,221
St Raphaels CC		Natural gas	59,916	11,083
Treetops	366	Electricity (grid)	15,786	8,256
Treetops	366	Natural gas	94,476	17,475
HARMONY CHILDRENS CENTRE	500	Electricity (grid)	332,906	174,109
HARMONY CHILDRENS CENTRE	500	Natural gas	299,121	55,328
WILLOW CHILDREN'S CENTRE	800	Electricity (grid)	134,307	70,242
WILLOW CHILDREN'S CENTRE	800	Natural gas	74,352	13,753
CHALKHILL YOUTH AND COMMUNITY CENTRE	1,291	Electricity (grid)	78,786	41,205
CHALKHILL YOUTH AND COMMUNITY CENTRE	1,291	Natural gas	53,259	9,851

GRANVILLE YOUTH AND COMMUNITY CENTRE	1,628	Electricity (grid)	75,363	39,415
GRANVILLE YOUTH AND COMMUNITY CENTRE	1,628	Natural gas	246,353	45,568
ROUNDWOOD CLUB AND ANNEXE	1,139	Electricity (grid)	60,559	31,672
ROUNDWOOD CLUB AND ANNEXE	1,139	Natural gas	517,287	95,683
CHESTERFIELD HOUSE	3,288	Electricity (grid)	356,753	186,581
CHESTERFIELD HOUSE	3,288	Burning oil	458,381	112,445
GWENNETH RICKUS BUILDING	3,312	Electricity (grid)	55,228	28,884
GWENNETH RICKUS BUILDING	3,312	Natural gas	297,074	54,950
DOUGLAS AVENUE RESOURCE CENTRE	392	Electricity (grid)	34,201	17,887
DOUGLAS AVENUE RESOURCE CENTRE	392	Natural gas	161,064	29,792
GORDON BROWN OUTDOOR EDUCATION CENTRE	500	Electricity (grid)	121,344	63,463
INGLEWOOD (Children's Home)	354	Electricity (grid)	33,182	17,354
INGLEWOOD (Children's Home)	354	Natural gas	97,796	18,089
RESPIRE CARE HOME	300	Electricity (grid)	23,224	12,146
RESPIRE CARE HOME	300	Natural gas	123,321	22,811
Key Stage 3 PRU	260	Electricity (grid)	32,567	17,032
Key Stage 4 PRU	350	Electricity - CHP	2,773	818
Key Stage 4 PRU	350	Natural gas	16,003	2,960
PRU	176	Electricity (grid)	33,808	17,682
Brent Transport Services		Electricity (grid)	191,299	100,049
Brent Transport Services		Natural gas	497,058	91,941
BHP Chancel House		Electricity (grid)	76,672	40,099
<b>TOTAL</b>			32,939,038	10,906,685

#### Schools

Building or site	Gross Internal Area (m2)	Energy type	Amount used (kWh)	CO2 emission (kg)
Anson Primary School	2,009	Electricity (grid)	68,658	35,908

Anson Primary School	2,009	Natural gas	315,983	58,447
Avigdor Hirsch Torah Temimah Primary School	1,094	Electricity (grid)	105,854	55,361
Barham Primary School	3,841	Electricity (grid)	160,484	83,933
Barham Primary School	3,841	Natural gas	614,980	113,753
Braintcroft Primary School	3,488	Electricity (grid)	186,159	97,361
Braintcroft Primary School	3,488	Natural gas	887,223	164,110
Brentfield Primary School	2,222	Electricity (grid)	125,700	65,741
Brentfield Primary School	2,222	Natural gas	291,598	53,937
Byron Court Primary School	2,678	Electricity (grid)	141,508	74,008
Byron Court Primary School	2,678	Natural gas	581,263	107,516
Carlton Vale Infant School	1,890	Electricity (grid)	75,391	39,429
Carlton Vale Infant School	1,890	Natural gas	151,506	28,024
Chalkhill Primary School	2,568	Electricity (grid)	95,028	49,699
Chalkhill Primary School	2,568	Natural gas	387,880	71,746
Christ Church (C of E) Primary School	1,586	Electricity (grid)	58,021	30,345
Christ Church (C of E) Primary School	1,586	Natural gas	274,102	50,701
Convent of Jesus & Mary Roman Catholic Infant School	1,525	Electricity (grid)	64,712	33,844
Convent of Jesus & Mary Roman Catholic Infant School	1,525	Natural gas	43,299	8,009
Convent of Jesus & Mary Roman Catholic Infant School	1,525	Burning oil	133,510	32,751
Donnington Primary School	1,620	Electricity (grid)	77,647	40,609
Donnington Primary School	1,620	Natural gas	297,348	55,000
Elsley Primary School	2,342	Electricity (grid)	68,233	35,686
Elsley Primary School	2,342	Natural gas	285,657	52,838
Fryent Primary School	3,623	Electricity (grid)	152,854	79,942
Fryent Primary School	3,623	Natural gas	742,886	137,412
Furness Primary School	3,738	Electricity (grid)	199,405	104,288
Furness Primary School	3,738	Natural gas	1,548,236	286,377

Gladstone Park Primary	3,141	Electricity (grid)	91,885	48,056
Gladstone Park Primary	3,141	Natural gas	622,911	115,220
Harlesden Primary School	1,517	Electricity (grid)	63,782	33,358
Harlesden Primary School	1,517	Natural gas	266,066	49,214
Islamia School	2,045	Electricity (grid)	153,353	80,203
Islamia School	2,045	Natural gas	905,951	167,574
John Keble CE Primary School	3,292	Electricity (grid)	146,350	76,541
John Keble CE Primary School	3,292	Natural gas	525,609	97,222
Kensal Rise Primary School	3,826	Electricity (grid)	50,455	26,388
Kensal Rise Primary School	3,826	Natural gas	711,033	131,520
Kilburn Park School Foundation	1,600	Electricity (grid)	130,289	68,141
Kilburn Park School Foundation	1,600	Natural gas	127,692	23,619
Kingsbury Green Primary School	3,182	Electricity (grid)	187,374	97,996
Kingsbury Green Primary School	3,182	Natural gas	714,154	132,097
Leopold Primary School	3,946	Electricity (grid)	143,559	75,081
Leopold Primary School	3,946	Natural gas	299,533	55,405
Lyon Park Infant & Jnr School	4,994	Electricity (grid)	215,911	112,921
Lyon Park Infant & Jnr School	4,994	Natural gas	788,132	145,781
Malorees Infant School	1,215	Electricity (grid)	60,701	31,747
Malorees Infant School	1,215	Natural gas	332,896	61,576
Malorees Junior School	1,534	Electricity (grid)	48,127	25,170
Malorees Junior School	1,534	Natural gas	177,287	32,793
Michael Sobell Sinai School	4,119	Electricity (grid)	255,177	133,457
Michael Sobell Sinai School	4,119	Natural gas	607,512	112,371
Mitchell Brook Primary School	2,993	Electricity (grid)	113,645	59,436
Mitchell Brook Primary School	2,993	Natural gas	517,062	95,641
Mora Primary School	3,380	Electricity (grid)	124,374	65,047
Mora Primary School	3,380	Natural gas	576,203	106,580

Mount Stewart Infant +Jnr School	1,642	Electricity (grid)	195,197	102,087
Mount Stewart Infant + Jnr School	1,642	Natural gas	71,882	13,296
Mount Stewart Infant + Jnr School	1,642	Burning oil	613,119	150,404
Newfield Primary School	1,477	Electricity (grid)	81,780	42,771
Newfield Primary School	1,477	Natural gas	310,846	57,497
Northview Primary School	1,135	Electricity (grid)	63,109	33,006
Northview Primary School	1,135	Natural gas	258,440	47,804
NW London Jewish Day Primary School	2,354	Electricity (grid)	162,322	84,894
NW London Jewish Day Primary School	2,354	Natural gas	520,779	96,328
Oakington Manor Primary School	5,522	Electricity (grid)	306,268	160,178
Oakington Manor Primary School	5,522	Natural gas	700,129	129,503
Oliver Goldsmith Primary School	3,775	Electricity (grid)	95,315	49,850
Oliver Goldsmith Primary School	3,775	Natural gas	516,218	95,485
Our Lady of Grace (RC) Infant & Nursery School	1,200	Electricity (grid)	63,158	33,032
Our Lady of Grace (RC) Infant & Nursery School	1,200	Natural gas	145,812	26,971
Our Lady of Grace (RC) Junior School	1,521	Electricity (grid)	87,250	45,632
Our Lady of Grace (RC) Junior School	1,521	Natural gas	134,159	24,815
Our Lady of Lourdes (RC) Primary School	1,828	Electricity (grid)	118,177	61,806
Our Lady of Lourdes (RC) Primary School	1,828	Natural gas	209,248	38,705
Park Lane Primary School	1,879	Electricity (grid)	158,386	82,836
Park Lane Primary School	1,879	Natural gas	929,038	171,844
Preston Park Primary School	3,281	Electricity (grid)	92,885	48,578
Preston Park Primary School	3,281	Natural gas	825,952	152,776
Princess Frederica (C of E) Primary School	3,095	Electricity (grid)	319,821	167,266
Princess Frederica (C of E) Primary School	3,095	Natural gas	1,015,177	187,777
Roe Green Infant School	2,152	Electricity (grid)	180,762	94,538
Roe Green Infant School	2,152	Natural gas	648,794	120,007



St Andrew & St Francis (C of E) Primary School	1,977	Electricity (grid)	71,201	37,238
St Andrew & St Francis (C of E) Primary School	1,977	Natural gas	197,619	36,554
St Josephs (RC) Junior School	1,301	Electricity (grid)	59,427	31,080
St Josephs (RC) Junior School	1,301	LPG	22,849	4,894
St Josephs (RC) Junior School	1,301	Burning oil	10,270	2,519
St Jospheh (RC) Primary School	4,024	Electricity (grid)	118,695	62,077
St Jospheh (RC) Primary School	4,024	Natural gas	602,722	111,485
St Josephs (RC) Infant School	1,203	Electricity (grid)	53,569	28,016
St Josephs (RC) Infant School	1,203	Natural gas	119,104	22,031
St Marget Clitherow (RC) Primary School	1,274	Electricity (grid)	69,830	36,521
St Marget Clitherow (RC) Primary School	1,274	Natural gas	128,921	23,846
St Mary's (RC) Primary School	2,422	Electricity (grid)	102,447	53,580
St Mary's (RC) Primary School	2,422	Natural gas	366,688	67,826
St Mary's (C of E) Primary School	2,880	Electricity (grid)	123,174	64,420
St Mary's (C of E) Primary School	2,880	Natural gas	327,076	60,499
St Mary Magdalen's (RC) Junior School	1,309	Electricity (grid)	90,116	47,130
St Mary Magdalen's (RC) Junior School	1,309	Natural gas	185,733	34,355
St Robert Southwell (RC) Primary School	1,569	Electricity (grid)	98,189	51,352
St Robert Southwell (RC) Primary School	1,569	Natural gas	230,173	42,575
Salisbury Primary School	4,229	Electricity (grid)	84,772	44,336
Salisbury Primary School	4,229	Natural gas	176,316	32,613
Salisbury Primary School	4,229	Burning oil	227,994	55,929
Stonebridge Primary School	3,082	Electricity (grid)	85,849	44,899
Stonebridge Primary School	3,082	Natural gas	1,086,607	200,990
Sudbury Primary School	4,490	Electricity (grid)	115,158	60,227
Sudbury Primary School	4,490	Natural gas	325,311	60,173
Uxendon Manor Primary School	3,117	Electricity (grid)	84,498	44,192

Uxendon Manor Primary School	3,117	Natural gas	270,352	50,007
Uxendon Manor Primary School	3,117	Burning oil	261,885	64,243
Wembley Primary School	5,495	Electricity (grid)	246,860	129,107
Wembley Primary School	5,495	Natural gas	1,570,238	290,447
Wykeham Primary School	1,079	Electricity (grid)	172,408	90,169
Wykeham Primary School	1,079	Natural gas	825,489	152,691
Alperton Community School	13,340	Electricity (grid)	633,764	331,458
Alperton Community School	13,340	Natural gas	1,790,097	331,114
Alperton Community School	13,340	Burning oil	508,365	124,707
Cardinal Hinsley Mathematics and Computing College	7,329	Electricity (grid)	304,315	159,156
Cardinal Hinsley Mathematics and Computing College	7,329	Natural gas	145,339	26,883
Cardinal Hinsley Mathematics and Computing College	7,329	Burning oil	1,107,774	271,748
Claremont High School	13,113	Electricity (grid)	673,479	352,228
Claremont High School	13,113	Natural gas	1,219,656	225,600
Convent of Jesus & Mary Language College	9,713	Electricity (grid)	475,396	248,631
Convent of Jesus & Mary Language College	9,713	Natural gas	1,799,531	332,859
Copland - A Specialist Science Community College	14,676	Electricity (grid)	784,985	410,546
Copland - A Specialist Science Community College	14,676	Natural gas	2,737,189	506,298
JFS	22,118	Electricity (grid)	1,609,791	841,917
JFS	22,118	Natural gas	3,248,055	600,793
John Kelly Boys Technology Centre	5,250	Electricity (grid)	1,213,592	634,706
John Kelly Boys Technology Centre	5,250	Natural gas	2,744,140	507,584
Kingsbury High School	9,755	Electricity (grid)	96,737	50,593
Kingsbury High School	9,755	Natural gas	2,309,442	427,178
Kingsbury High School	9,755	Burning oil	874,306	214,476

Preston Manor High School	11,188	Electricity (grid)	607,546	317,745
Preston Manor High School	11,188	Natural gas	514,954	95,251
Preston Manor High School	11,188	Burning oil	267,020	65,503
Queens Park Community School	11,584	Electricity (grid)	729,271	381,407
Queens Park Community School	11,584	Natural gas	1,442,420	266,804
St Gregory's RC High School	8,950	Electricity (grid)	363,852	190,294
St Gregory's RC High School	8,950	Natural gas	1,682,365	311,187
Wembley High Technology College	10,126	Electricity (grid)	507,309	265,322
Wembley High Technology College	10,126	Natural gas	981,441	181,537
Grove Park School	2,545	Electricity (grid)	154,729	80,923
Grove Park School	2,545	Natural gas	448,744	83,004
Grove Park School	2,545	Burning oil	253,751	62,248
Hay Lane School	2,749	Electricity (grid)	126,590	66,206
Hay Lane School	2,749	Natural gas	448,744	83,004
Hay Lane School	2,749	Burning oil	253,751	62,248
Manor School	3,578	Electricity (grid)	156,683	81,945
Manor School	3,578	Natural gas	473,856	87,649
Vernon House School	1,099	Electricity (grid)	41,427	21,666
Vernon House School	1,099	Natural gas	119,561	22,115
Woodfield School	2,441	Electricity (grid)	127,731	66,803
Woodfield School	2,411	Natural gas	448,339	82,929
College Green Nursery		Electricity (grid)	52,170	27,285
College Green Nursery		Natural gas	202,054	37,374
WINKWORTH HALL	1,020	Electricity (grid)	10,802	5,649
WINKWORTH HALL	1,020	Natural gas	62,798	11,616
		<b>TOTAL</b>	69,181,567	18,320,829

## Streetlights

Building or site	Energy User	Energy type	Amount used (kWh)	CO <sub>2</sub> emission (kg)
Streetlighting	Streetlights (kWh)	Electricity (grid)	11,268,185	5,893,238
Streetlighting: Traffic Furniture	Bollards & Signs (kWh)	Electricity (grid)	1,605,656	839,755
Total				6,732,993

### Appendix 3 - Departmental Targets and Penalty

In order to ensure that future Local Area Agreement CO2 reduction targets are met and a good position within the Carbon Reduction Commitment the Council Executive, under the Carbon Management Strategy – Second Review has agreed to introduce a departmental target and penalty system.

In order to ensure a fair and cost effective system each council building has been broken down into floor area occupied by Council department. On this basis each department has been assigned an individual yearly CO2 reduction target based on non weather corrected data recorded for National indicator 185. To ensure that the council also complies with the Carbon Reduction Commitment only the data which will be included in under the CRC has been used from the NI185 baseline.

Data required for the Carbon Reduction Commitment (CRC) will differ slightly. Subject to formal Government guidance it is likely that emissions from all bills which the Council is responsible for paying will be included under CRC. In addition to data covered under NI185 this additional data will cover on-site vehicle emissions (non road vehicles), academies schools and any other building which the council currently leases out but pays the gas, electricity and oil bills for. It is expected that emissions from contractor's buildings, contractor's transport, Council mileage claims and council fleet which are reported on for NI185 will not be included under the Carbon Reduction Commitment.

It is suggested that the council will get a 10% penalty of £43K in 2011-2012 to compensate for being in the lower part of the league table therefore it is suggested in the first year that each area will have a target of 10% this will be review annually.

In preparation for penalties incurred we suggest that a trail year is set for 2010 – 11 based on NI 185 baseline 2008-09. Failure to meet set targets will result in the responsible department remaining percentage being penalised for example if Environment and Culture only achieve 8% reduction the remaining 2% will incur a financial penalty based on £12 per tonne CO<sub>2</sub>. This is in line with the financial penalty system adopted under the Carbon Reduction Commitment for the first year.

Future calculation will be based on the 2010 – 11 CRC baseline and appropriate percentage will be allocated depending on league table position. A margin of error will be decided based on credits bought and position in the league table from previous years. Departmental targets will be reviewed on a yearly basis to ensure accurate targets are assigned. In some cases departments may gain or loss floor space or entire buildings therefore the yearly targets will be adjusted annually to reflect this.

The targets are aimed to instil behaviour change amongst staff and senior management. An adjustment has been made to each target to reflect the contribution of Property and Asset Management has on the building and possible inefficiencies in the building management systems.

Below are the proposed targets for the forthcoming year.

NI 185 council buildings including schools and street lighting (non weather corrected data closest data set to CRC)

Department	2008/09 CO2 emissions	10 % reduction target by end of year 2010	% of reduction target	Target CO2 emissions for year end 2010
<b>E&amp;C (including Vale Farm &amp; Willesden sports centres)</b>	4,986	498	13	4,487
<b>C&amp;F (ex schools)</b>	1,928	192	5	1,735
<b>H&amp;CC</b>	1,577	157	4	1,419
<b>F&amp;C</b>	1,279	127	3	1,151
<b>Central</b>	193	19	1	174
<b>Business transformation</b>	944	94	3	850
<b>Schools</b>	18,321	1,832	51	16,489
<b>Street lighting</b>	6,733	673	19	6,060
<b>Total:</b>	<b>35,960</b>	<b>3,596</b>	<b>100</b>	<b>32,364</b>


The figures for each department are derived from buildings managed by the Department. A proportion of 10% has also been assigned to Finance and Corporate for their part in managing and operating the buildings.

However there is one exception, ITU moved from Elisabeth House to Brent House and at the same time opened a new data centre in the basement of Brent House; this had to be accounted for this year. The reason for this is that it has not been possible to get data on the energy consumption for the new data centre. In light of this anomaly it has been decided assign Elisabeth House to ITU and then subtract the same amount of electricity from Brent House and assign the specific proportion to ITU before splitting the remainder amount between all users.

#### Actions moving forward

- A static worksheet will be set up monitor this data
- Reviewing the targets and penalties system on a yearly basis
- Contact PAM for floor space data on the buildings managed by F&C
- Assign the percentage used by each department in each building using floor space data
- Once building floor space have been assigned calculate each buildings carbon emission and add the percentage to each

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	<p style="text-align: center;"><b>Executive</b> <b>15 February 2010</b></p> <p style="text-align: center;"><b>Report from the Directors of Policy and Regeneration &amp; Housing and Community Care</b></p>
<p style="text-align: right;">Ward Affected: All</p>	
<p style="text-align: center;"><b>South Kilburn Regeneration – disposal of sites known as Albert Road and Carlton Vale Roundabout</b></p>	

Forward Plan Ref: H&CC-09/10-34

## **APPENDIX 5 IS NOT FOR PUBLICATION**

### **1.0 Summary**

- 1.1 This report summarises the procurement process undertaken by the Council to dispose of two sites within the South Kilburn Regeneration area, known as Albert Road and Carlton Vale Roundabout (see maps at Appendix 1 and 2), and seeks authority to dispose of these sites to London & Quadrant Housing Association. This report should be read in tandem with the South Kilburn Regeneration Update report on the same agenda.

### **2.0 Recommendations**

- 2.1 That the Executive agrees to enter into a development agreement in respect of land at Albert Road, South Kilburn (known as Zone 11a) as shown edged red in the plan at Appendix 1, with London & Quadrant Housing Association, such agreement to provide for the acquisition of the land for the sum set out in Appendix 5 (restricted) and to contain such other terms as are approved by the Director of Housing and Community Care in consultation with the Borough Solicitor.
- 2.2 That the Executive agrees to enter into a development agreement in respect of land at Carlton Vale Roundabout, South Kilburn (known as Zone 3c) as shown edged red in the plan at Appendix 2, with London & Quadrant Housing Association, such agreement to provide for the acquisition of the land for the sum set out in Appendix 5 (restricted) and

to contain such other terms as are approved by the Director of Housing and Community Care in consultation with the Borough Solicitor.

- 2.3 That the Executive resolves that the sum of £2,978,000 from the proceeds of the sale should be transferred to South Kilburn Neighbourhood Trust.
- 2.4 That the Executive agrees to the remaining sum set out in Appendix 5 (restricted) from the proceeds of the sales be re-invested into the regeneration of South Kilburn, including for the purposes of bringing forward further development sites within the regeneration area in line with priorities set out in paragraphs 4.4 of this report.
- 2.5 That the executive notes the rent assumptions for both sites as set out in paragraphs 3.11 and 3.12.

### **3.0 Background**

- 3.1 In July 2009 the Executive authorised officers to progress detailed planning applications for two sites within the South Kilburn regeneration area, known as Zone 11a (Albert Road) and Zone 3c (Carlton Vale Roundabout site). The report also authorised officers to undertake a concurrent procurement process to identify a developer partner to whom the vacant sites would be disposed once planning consent had been secured.
- 3.2 Each site has subsequently been designed up to RIBA Stage D, and planning applications have been submitted. On 13<sup>th</sup> January 2010 the Council's Planning Committee resolved to grant planning consent to the Zone 11a (Albert Road) scheme for a total of 153 new homes, 113 (74%) of which will be socially rented properties.
- 3.3 It is anticipated that the planning application for Zone 3c (Carlton Vale Roundabout Site) will be considered by the planning committee in February 2010. This scheme is for 133 new homes, 75 (56%) of which will be socially rented properties.
- 3.4 A fundamental driver for the schemes is to provide sufficient new homes in order to decant both Bronte and Fielding Houses. Once these tower blocks have been vacated, they will need to be demolished in order to deliver a further vacant development site to continue the regeneration of South Kilburn. It is anticipated that this will be towards the end of 2012/13.

### **The Tender Process and Council's Contract Standing Orders**

- 3.4 The delivery partners for the two sites have been procured using the OJEU public works concession arrangement.



## **Stage One - Pre – Qualifying Stage**

- 3.5 On 14<sup>th</sup> July 2009 the contract notice was placed in the Official Journal of the European Union (OJEU). The notice specified that the Council was seeking to procure a developer partner to fulfil housing requirements as part of the South Kilburn regeneration programme, and sought expressions of interest from either single organisations or consortia who are interested in acquiring, developing and providing housing management services on one or both of the identified sites.
- 3.6 26 organisations expressed an interest in response to the OJEU notice and they were issued with a pre-qualification questionnaire (PQQ) to return by September 8 2009. Six PQQ's were returned in accordance with the deadline.
- 3.7 The following assessment process was followed to decide pre-qualification:
- Stage 1: All applicants were initially assessed against the PASS/FAIL criteria. The PASS/FAIL criteria were: insurance, financial standing, health and safety, equalities and other issues that would entitle the Council to disqualify the applicant under the Regulations. Only those passing these sections were considered and scored at the next stage.
  - Stage 2: Individual scoring on the relevant sections of the PQQ (ie not those assessed at Stage 1) was undertaken by the assessment team, with meetings held to confirm consistency of marking on each section with legal and procurement advisors present.
  - Stage 3: This involved a group review of the collated scores. The final score for each tender was achieved by consensus with procurement advisors present.
  - Stage 4: A recommendation on the short listed applicants was prepared and submitted to the Director of Housing & Community Care for sign off.
- 3.8 The names of the five organisations and consortiums who scored the highest at stage 3 above, and who were therefore invited to tender, are shown in Appendix 3.

## **Stage Two – Invitation to Tender**

- 3.9 An Invitation to Tender Pack (ITT) was issued to the five shortlisted organisations to request a formal tender. The tendering instructions stated that the contract would be awarded on the basis of the most economically advantageous tender to the Council and that in evaluating the tenders the Council would use the evaluation criteria set out in the Evaluation Matrix at Appendix 4 of this report. Overall 40% of the marks were awarded for price and 60% for quality.

- 3.10 Tenderers were provided with a suite of documentation, including detailed architectural drawings (to RIBA Stage D+), and a proposed development agreement, which included heads of terms for a 999 year lease, nominations agreement, tenancy agreement and rent table. Tenderers were required to submit fully compliant bids for both development sites, and were invited to submit variant bids – including bids for each site individually.
- 3.11 A key assumption within the tender documentation was a requirement to restrict rents for existing South Kilburn transferring into the new homes to their current rent plus 10%. This is significantly lower than the Homes & Communities Agency (HCA) would expect to see in schemes benefiting from Social Housing Grant. The HCA assumes a ‘target rent’ which is substantially higher and which in many cases would result in South Kilburn tenants having a rent increase in excess of 30% - a figure which is clearly unacceptable in an area characterised by low incomes and high levels of unemployment.
- 3.12 For existing South Kilburn residents transferring into the new homes, rents will then increase on an annual basis using the standard formula of Retail Price Index (RPI) + 0.5% + £2, until the HCA ‘target rent’ figure is reached.
- 3.13 During the tender process a ‘bidder’s day’ was held, where tenderers were invited to presentations from a panel of Council officers and advisors about the regeneration of South Kilburn. Additionally, a number of tenderers raised written questions of clarification and these were responded to by emailing all parties by blind copy.
- 3.14 All tenders had to be returned by 10<sup>th</sup> December 2009. All five organisations invited to tender submitted their respective tenders on time, and these were logged in accordance with the Council's Contract Standing Order 100.

### **Evaluation Process**

- 3.13 The tender evaluation was carried out by a panel of officers, community representatives and external consultants. The evaluation panel also had the benefit of technical support, covering sustainability, construction and cost consultancy. The entire process was overseen by a Senior Category Manager from The Strategic Procurement Unit to ensure best value and compliance. Trowers and Hamlins provided legal advice to the evaluation panel throughout the entire process.
- 3.14 Following receipt of tenders, compliance checks were carried out and the technical advisers carried out an initial review of the submissions. Panel members then read the tenders and individually scored each tender against the quality sub-criteria shown in the Evaluation Matrix at Appendix 4.
- 3.15 Following some provisional collation of results, each tenderer gave a presentation of its bid and was interviewed by the panel. These presentations took place on 17<sup>th</sup> and 18<sup>th</sup> December 2009. Final

agreement of quality scores was then reached.

- 3.16 The financial evaluation was carried out initially by Arcadis AYS, the Council's costs consultants, with review and approval by Council officers.
- 3.17 All submissions received were compliant with the terms of the invitation to tender and the general quality was good. The 'public works concession' form of tender allows for a limited negotiation process with tenderers, and following detailed discussion the panel resolved to invite the two highest scoring tenderers back for a further interview on 8<sup>th</sup> January 2010. Further clarifications were sought from each of the remaining tenderers and both were invited to submit a best and final land price offer by 12<sup>th</sup> January 2010.
- 3.18 The evaluation panel were unanimous in their recommendation based on the scoring criteria contained within the OJEU process. Notwithstanding this however the panel, and in particular the tenant representatives, did have some concerns with regard to the winning bidder's commitment to ongoing community engagement and development. This issue was directly addressed with the winning bidder, and the necessary assurances were received by members of the panel prior to this final recommendation being made.
- 3.18 The summary evaluation results for both price and quality are set out below:

Identity	Price score (out of 40)	Quality score (out of 60)	Total score (%)	Ranking
Organisation 1	22.2	45.87	68.07	3
Organisation 2	40.00	27.13	67.13	4
Organisation 3	37.00	51.69	88.69	1
Organisation 4	32.1	47.22	79.32	2
Organisation 5	22.4	28.36	50.76	5

- 3.19 Accordingly it is recommended that Organisation 3 (London & Quadrant Housing Association) be appointed as the Council's development partner for the delivery of both the Albert Road site (Zone 11a) and the Carlton Vale roundabout site (Zone 3c), subject to both planning permission and HCA grant funding being secured, and the development agreement being signed.
- 3.20 In relation to the availability of grant funding, ongoing discussions with the HCA have consistently identified South Kilburn as the top priority within Brent for the receipt of Social Housing Grant. It will be the responsibility of the winning tenderer to make an application to the HCA for grant funding. The successful tender bid makes assumptions about grant levels within and although there is no guarantee that this level of funding will be secured, they are within the parameters of recent discussions between officers and the HCA and are comparable to grant levels being secured for similar schemes across London.
- 3.21 The level of grant available from the HCA is likely to come under pressure because of two factors. Firstly, the desire to set lower initial

rent levels for existing South Kilburn tenants, and secondly the size of the land receipt that the Council will secure from the sale of the sites. From the HCA's perspective, there will be a desire not to subsidise either rents or land value. It will therefore be critical to demonstrate to the HCA that the proceeds from disposal of the leases will be re-invested back into the regeneration of South Kilburn, which in turn will contribute to bringing forward additional new homes within the regeneration area. Section 4 below sets out the initial proposals for the re-investment of the land receipts to achieve this aim.

#### **4.0 Next Steps**

4.1 The decision for the Council to bring forward these two development sites was originally made with the intention of 'kick starting' the regeneration of South Kilburn. The sites were specifically chosen so as to provide sufficient decant capacity, in conjunction with sites at Carlton Vale and Gordon House, to allow Bronte House and Fielding House to be vacated, and subsequently demolished to clear a further development site.

4.2 On this basis, the Council and the South Kilburn Partnership have invested considerable resources over the 2009/10 financial year to appoint design teams, take each site through the planning process, buy-out leaseholders within Marshall House (which currently stands on the Albert Road site), demolish Marshall House once planning consent has been secured, and undertake a programme of enabling works on the Carlton Vale roundabout site, including the remodelling of the junction.

4.3 The tender process described in this report has justified this significant investment. By effectively de-risking these development sites, they have become a far more attractive proposition to the market place, and this has been reflected in the tender returns.

4.4 In order to progress to the next stages of South Kilburn regeneration, it is important that the Council continues to recycle the land receipt secured back into its regeneration proposals. A full report will be submitted to members detailing the proposed next steps in March 2010. In order to develop this proposition, it is recommended that the Executive approve in principle the following indicative programme to maintain the regeneration momentum:

(i) *Remaining Phase 1 sites*

To take some or all of the remaining Phase 1 sites through design, planning and OJEU tender processes: Cambridge Court, Ely Court, Bond House, Hicks-Bolton House, Bronte House, Fielding House and Albert Road (site 11b).

(ii) *Joint Venture*

To continue development work on a potential Joint Venture vehicle to deliver phases 2,3 and 4 of the South Kilburn

regeneration. (Further report to be considered by executive in March 2010)

(iii) *Acquisitions*

To consider further appropriate land acquisitions and leaseholder buy backs that will aid the regeneration of South Kilburn.

(iv) *Demolitions*

To continue to create further vacant sites to bring to the market through the demolition of blocks that have been fully decanted. Specifically the demolition of Bronte House and Fielding House in late 2012.

- 4.5 The South Kilburn Partnership has surplus capital resources available which must be spent within the 2009/10 financial year. It is proposed that this resource is spent on advance leaseholder buy backs for the future phases outlined above, on the basis that an equivalent payment is made to the South Kilburn Trust when a receipt is generated for these blocks – thus ensuring the New Deal for Communities resources remain in South Kilburn. Further details will be provided to the Executive at its March meeting.

## **5.0 Financial Implications**

- 5.1 The Council's contract standing orders state that contracts for supplies and services exceeding £500k or works contracts exceeding £1m shall be referred to the Executive for approval of the award of the contract.
- 5.2 The land prices achieved through this initial tender process should allow the ongoing regeneration of South Kilburn to be largely self funded and financed. Both of the schemes discussed in this report are dependant on grant funding from the Homes & Communities Agency. In order to secure this funding, it will be critical to demonstrate that the land receipts secured are subsequently re-invested in South Kilburn in order to bring forward further regeneration and additional new homes. Unless this is demonstrated it will be difficult for the HCA to demonstrate value for money against their grant funding.
- 5.3 £2,978,000 of the funding that has been used for leaseholder buy outs at Marshall House has been New Deal for Communities grant funding, provided through the South Kilburn Partnership. This arrangement formed part of the South Kilburn Neighbourhood Trust business plan that was approved by the Executive in October 2009. SKNT has committed to the further re-investment of this resource back into the regeneration of South Kilburn, and is currently working with the Council's regeneration team to prepare its own five year capital strategy, to guide its future investments.
- 5.4 Rent assumptions implicit in the business model reflect a transfer rent plus 10%, which is significantly lower than the Homes & Communities Agency (HCA) would normally expect to see in schemes benefiting

from Social Housing Grant. The HCA assume a 'target rent' which is substantially higher, and which in many cases would result in South Kilburn tenants having a rent increase in excess of 30%, which is unacceptable in area characterised by low incomes and high levels of employment. The business model also assumes annual rent increases of Retail Price Index (RPI) + 0.5% + £2 until 'target rents' are achieved. In addition to higher rents, tenants moving to the new homes will be subject to an increase in Council Tax as the banding will increase, and higher service charges as current charges are extremely low. On the positive side the energy efficiency of the new homes will be very high and heating bills will be substantially less.

- 5.5 The Council's capital programme currently makes an annual contribution to the South Kilburn regeneration programme of £1m. Assuming the land receipts outlined in this report are secured, this contribution will be suspended for the 2010/11 financial year and henceforth reviewed on an annual basis.

## **6.0 Legal Implications**

- 6.1 The procurement of the Development Partner is governed by the Public Contract Regulations 2006 and is also subject to the Council's own Standing Orders in respect of High Value contracts and Financial Regulations. Legal advice has been provided by Trowers & Hamblins during the procurement process to ensure that the Council meets its obligations and has been incorporated within the body of the report.
- 6.2 As advised in the Executive Report requesting authority to tender dated 14<sup>th</sup> July 2009 the Council must observe the Public Contract Regulations relating to the provision of a mandatory minimum 10 calendar day standstill period before the contract can be awarded.

Therefore once the Executive has agreed the successful tenderer, all tenderers will be issued with written notification of the contract award decision. A minimum 10 calendar day standstill period will then be observed before the Development Agreement is concluded – this period will begin the day after all tenderers are sent notification of the award decision – and additional debrief information will be provided to unsuccessful tenderers in accordance with the regulations. As soon as possible after the standstill period ends, the successful tenderer will be issued with a letter of acceptance.

- 6.3 Where the Council disposes of properties that are currently being used for housing purposes, it must obtain a Secretary of State's specific consent under Section 32 of the Housing Act 1985, unless a general consent issued under that notice applies. No general consent would apply in this case and therefore specific consent is required. Officers will apply to the Secretary of State for the appropriate consent, and final disposal of the sites is subject to the grant of such consent.

- 6.4 The Council must also obtain vacant possession of both Zone 11a and Zone 3c for the development agreements to become unconditional. This will involve taking out indemnity insurance policies for missing title documents relating to both Zone 11a and Zone 3c.
- 6.5 The Council is also liable for delivering the enabling works for both sites, which include the demolition of Marshall House at Zone 11a, and the demolition of the footbridge and garages and introduction of a new highways junction at Kilburn Park Road and Carlton Vale at Zone 3c. The latter will require the making of a highways stopping up order. The Council is obtaining collateral warranties on behalf of the successful bidder.

## **7.0 Diversity Implications**

- 7.1 South Kilburn is a designated New Deal for Communities area and as such all interventions are specifically targeted at those people who suffer disadvantage in society. South Kilburn Partnership has a Race & Equality strategy, and through its widening participation theme seeks to find ways of involving and engaging with all local residents and particularly those who traditionally are 'hard to reach'. There has been and will continue to be widespread consultation and community engagement as proposals for the physical regeneration of the area are developed and delivered.
- 7.2 At a project level, each South Kilburn Partnership sponsored and supported project is subject to a full and independent appraisal undertaken by a panel of local residents and relevant officers. Part of the appraisal process is to test each activity against the Partnership's Race & Equality strategy to ensure full compliance. In line with the Council's Equality standards, all expenditure is monitored against equalities indicators on a regular basis.

## **8.0 Staffing / accommodation issues**

- 8.1 There are no direct staffing or accommodation issues associated with the contents of this report.

## **9.0 APPENDICES**

**APPENDIX 1:** Site Plan for Albert Road Site, South Kilburn (Zone 11a)

**APPENDIX 2:** Site Plan for Carlton Vale Roundabout Site (Zone 3c)

**APPENDIX 3:** List of Organisations invited to submit tenders at ITT stage

**APPENDIX 4:** Full evaluation matrix for ITT stage

**APPENDIX 5:** Schedule of anticipated land disposal prices

*(This appendix is not for publication as it contains the following category of exempt information as specified in paragraph 3, schedule 12(A) of the Local Government Act 1972 namely "information relating to the financial or business affairs of any particular person (including the Authority holding the information)."*

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DIRECTOR OF POLICY & REGENERATION







## **APPENDIX 3**

### **List of Organisations invited to submit tenders at ITT Stage**

Catalyst Housing Group with Willmott Dixon (previously Inspace Ltd)

Genesis Housing Group with Countryside Properties

London & Quadrant Housing Association

Network Housing Group with Rydon Group

Notting Hill Housing Trust with United House Limited

## APPENDIX 4

### Evaluation Matrix for ITT Stage

Evaluation Criteria	Weighting (%) To Be reviewed
<b>Price /Cost</b>	<b>40%</b>
<b>Quality</b> <i>consisting of the following:</i>	<b>60%</b>
<ul style="list-style-type: none"> <li>Housing Development Proposals</li> </ul>	5%
<ul style="list-style-type: none"> <li>Site Management to include Health &amp; Safety</li> </ul>	5%
<ul style="list-style-type: none"> <li>Previous Experience of The Team Working Together</li> </ul>	5%
<ul style="list-style-type: none"> <li>Construction Method Statement Phasing</li> </ul>	5%
<ul style="list-style-type: none"> <li>Quality of Housing Management Service/Service Standards</li> </ul>	7.5%
<ul style="list-style-type: none"> <li>Tenant Involvement / Consultation</li> </ul>	7.5%
<ul style="list-style-type: none"> <li>Use of labour and Training Opportunities</li> </ul>	7.5%
<ul style="list-style-type: none"> <li>Management of Public Realm</li> </ul>	5%
<ul style="list-style-type: none"> <li>Added Value To Include Decanting and Tenant Relocation</li> </ul>	7.5%
<ul style="list-style-type: none"> <li>Sales &amp; Marketing proposals</li> </ul>	5%



**Executive**  
15 February 2010

**Report from the Director of  
Housing and Community Care**

Wards Affected:  
Kilburn, Queens Park

**South Kilburn Regeneration Update – Housing Issues (Voids)**

Forward Plan Ref: H&CC-09/10-32

## **1.0 Summary**

- 1.1 This report aims to update members on the progress made for the South Kilburn Regeneration programme in relation to the use of voids during the regeneration programme.

## **2.0 Recommendations**

- 2.1 That members delegate authority to the Director of Housing and Community Care to find a solution for the use of voids using the criteria in paragraph 3.30, and seek all relevant consents if so required,

## **3.0 Background**

- 3.1 On 16 July 2007, members considered a report “Proposed Allocations Policy for New sites” and approved a variation in the policy allow ring fenced allocations to the Granville New Homes development to current tenants living in the following blocks: Marshall House, Ely Court, Cambridge Court, Bond House, Hicks Bolton House and Wells Court. This decision was based on an assumption that these blocks will be redeveloped in phase 1 as per the existing South Kilburn Master Plan. As a part of this strategy, the Council obtained Secretary of State (SoS) consent on 31 October 2008 to shortlife properties that are due to be demolished within the South Kilburn Regeneration programme so that they could be used as temporary accommodation for homeless families who were to be managed by BHP outside of the HRA.

- 3.2 The allocation of new homes at Granville New Homes in 2009 resulted in occupancy of these blocks as set out in the table below.

<b>Block</b>	<b>No's units</b>	<b>No's Leasehold Units Remaining</b>	<b>Numbers void</b>	<b>Rental units remaining</b>
Bond House	16	3	8	5
Cambridge Court	24	12	10	2
Ely Court	16	4	7	5
Hicks Bolton House	8	2	3	3
<b>Marshall House</b>		<b>0</b>		<b>0</b>
Wells Court	44	8	20	16
<b>Totals</b>	<b>111</b>	<b>29</b>	<b>48</b>	<b>31</b>

- 3.3 Members should note that Marshall House has been vacated of tenants and leaseholders as from 19<sup>th</sup> November 2009. It is due to be demolished following the planning application for this site having been determined on 13<sup>th</sup> January 2009.
- 3.4 Voids in the above properties require a planned strategy to prevent squatting, minimise rent loss and disturbance to the remaining residents and deal with other management challenges. Proposals to deal with this are set out in paragraphs 3.27 to 3.31 below.
- 3.5 The leaseholders in Marshall House were bought out with New Deal Communities (NDC) funding through South Kilburn Partnership in order to create site 11a. The funds will be repaid back to South Kilburn Neighbourhood Trust once the sale of the site has been completed. No other leaseholders have been bought out due to lack of approved funding at the present time.

### **Options for voids explored to date**

- 3.6 As part of the Granville homes sale deal with Brent Housing Partnership (BHP), it was agreed that BHP would purchase up to 45 one bedroom flats to raise revenue. It was originally intended that 30 of these flats should be in the South Kilburn area. BHP has investigated the possibility of market renting the one bed units in South Kilburn and has found that the rental stream they generate is insufficient. Therefore, they have not pursued this option further but are identifying voids outside of the South Kilburn area which generate the revenue stream they require.
- 3.7 It was originally envisaged that units, that became void as a result of tenants moving to new properties in South Kilburn, would be used for temporary accommodation. However, as a result of the Council's homelessness prevention and temporary accommodation reduction strategy, the Council no longer require properties in South Kilburn for two key reasons. Firstly, the majority of properties available are mainly one and two bed accommodation for which there is surplus supply within the borough. Secondly, changes in the regulations for electrical and gas installations requirements mean that the Council would need to bring these properties up to new standards before these can be used for temporary lettings. An estimated cost of £10,000 per property is required to make these properties compliant with the new regulations.
- 3.8 In order to make these properties viable in terms of recouping this expenditure, the properties would need to be let for a minimum of two years. Whilst some of these voids could be available for temporary use for up to or longer than two years to recover the refurbishment costs, others could be needed for redevelopment purposes earlier.



- 3.9 As the Council can no longer use voids in South Kilburn as temporary accommodation, officers have considered alternative options that will not prejudice the regeneration programme.

### **Issues and possible options available**

- 3.10 In addition to voids in the blocks identified in paragraph 3.2, there are also a small number of voids resulting from the allocation of units in Granville to some tenants in Bronte, Fielding, Austen and Blake Court.
- 3.11 On the assumption that these sites will be cleared for redevelopment over the next two years, it is not cost effective to bring these back into permanent letting. The only option to consider is the temporary use in the interim period or early demolition once each block has been vacated of the remaining secure tenants and a resolution to the leasehold interest has been found. Proposals to deal with these voids are set out below.
- 3.12 Temporary use options are outlined as:-
- short-life voids
  - market rent the properties through BHP
  - rendering the properties unusable.

### **Short – Life**

#### **Definition of short life**

- 3.13 Short-life accommodation is accommodation that is used for a temporary fixed term period with a guarantee that the property will be vacated by the end of the period. This form of accommodation is invaluable for ensuring properties are used in the period before demolition or refurbishment.

#### **Benefits of short life arrangements**

- 3.14 The use of short life would prevent squatting; reduce risk of vandalism and complaints from the remaining tenants and leaseholders. It would reduce costs to the Council in terms of security works and repairs for vandalism and anti-social behaviour. By letting properties for shortlife early enables the Council to avoid paying Council tax after six months and ensures that there is potential income to cover service charges. Certain enabling works will be required to each property such as rubbish clearance, electrical and gas checks and making the property wind and water tight. The downside is that rent will not be fully recovered unless a commercial/market rent strategy is adopted.

#### **Short life providers**

##### **Ad Hoc.**

- 3.15 AdHoc is a security company which takes on void properties from the public sector for a minimum of three months. The property must be cleared of rubbish wind and water tight and have a (CP12) electricity certificate. It places key workers and professional guardians charging them a typical rent of £50 per week for one bed property and £70 per week for a two bed property, on a licence basis. The guardians are responsible for paying all utilities bills. The Council will be charged £10 per week per property. The Council would normally be responsible for any communal maintenance charges as well as the council tax. There is a possibility to negotiate waiving the £10 charge as well as the guardian being responsible for the council tax providing the rent they charge can be

kept to a minimum. Adhoc will manage the properties and agree to a regular monitoring should the Council seek such an arrangement.

- 3.16 Ad Hoc have agreed that their licensees will pick up the Council Tax and any utility liabilities (water rates, heating charges) but not other charges such as ground maintenance and building cleaning and management charges. Depending on the numbers of voids handed over and the length of time that they will have the properties, they are prepared to waive the £10 per property levy. Ad Hoc's proposal will also reduce the cost of security and internal repairs and maintenance obligations for the Council. Ad hoc will not pay any rent to the Council.

### **Brent Community Housing**

- 3.17 Brent Community Housing (BCH) is a short life housing provider – which specialises in non-secure tenancies. The profile of their tenants is similar to Adhoc – however they require a minimum of six months rental. There is no charge to the Council; however their rents are higher than Adhoc as they will take properties as they are and bring them up to a reasonable standard to let to their licensees. Voids that require them to undertake minimal works – typically in the region of £1500 to £3000 per unit would be covered by their standard six month assignment. For works in the region of £3k to £5k they will want a minimum rental period of one year. From £6k and over they will require a minimum period of two years.
- 3.18 BCH licensees will meet Council tax obligations and will pay the required service charge to the Council. In addition to this BCH have agreed to contribute a flat charge of £48 per week for a 1 bed property from the assumed rental charge of £105 per week and £55 per week for a two bed property from the assumed rental charge of £135 per week for the loss of subsidy to the Council. This will not cover the full rental loss for each void but will minimise the losses that could be incurred. BCH's proposal will minimise the cost of security and internal repairs and maintenance obligations for the Council.
- 3.19 Both organisations are keen to manage one and two bed properties in the area. A number of properties could be made available to these organisations for the next three years and beyond.

### **Market rent void properties**

- 3.20 Another option to be considered is to grant a lease to BHP to allow BHP to rent out some of the units on a market rent basis given the location of some properties and private rental demand in the area. The expenditure required to bring the voids to a suitable standard would need the properties to be available for renting in excess of two years in order to recover the works and management costs. The Council would require SoS consent in order to grant a lease to BHP to enable BHP to market rent these properties. The uncertainty is the length of time these properties would remain available and when the funding would be available to redevelop these sites.

### **BHP Proposal**

- 3.21 BHP would like to explore the option of letting and managing the residential void properties on a market rent basis. Based on the rental potential assumptions BHP would re-imburse the Council for the loss of rent per property and ensure that all service charge and council tax liabilities are met by the occupant. In addition to this – should there be any surpluses made from the rental over the period of the letting, then BHP are prepared to offer the Council 33% of the share of the surpluses made. BHP is



expecting to let properties that have a minimum life expectancy of two years. BHP is proposing to test the market on what commercial rent could be feasibly obtained in order to make the financing stack up. Whilst this would be a better option, members should note that this could take anything up to six months to obtain SOS consent for the use of voids in this way and an interim solution would still be required to secure these properties.

- 3.22 There is an option of shortlifying the void properties with one or both of the above organisations and also seeking SOS consent for market renting through BHP once the approval is obtained. If this was refused, the Council could continue with the shortlife option until the properties need to be vacated for site redevelopment.

### **Make the void properties unusable**

- 3.23 This option would only be effective if a block is completely vacant. None of the current priority blocks are completely vacant – and the remaining residents are experiencing severe nuisance from units that have been squatted. If the Council were to implement this option it would require rehousing the remaining tenants and buying out leaseholders from each block. Given the cost and time associated with this, it is not a realistic option at present. This is also not best use of the properties.
- 3.24 In finalising the strategy, the cost of bringing the properties up to a lettable standard will need to be considered. The reason for this is that some properties may not be cost efficient for periods less than two years and may be better to short life the voids to either AdHoc or BCH.
- 3.25 The properties identified in 3.2 would be vacant for at least fifteen months. Any squatter would need to be removed. A strategy must be in place to ensure that the void property is legally occupied immediately after the eviction takes place.
- 3.26 We have since secured a possession order for all squatted properties in Cambridge Avenue (Cambridge, Ely & Wells Courts) and we are ensuring that all the other voids in South Kilburn are let, whether on a temporary or permanent basis, before we evict the squatters.

### **Conclusion**

#### **Strategy for dealing with voids in blocks due for demolition**

- 3.27 The overriding objective is to minimise costs to the Council when dealing with vacant properties due for demolition and secure these to prevent squatting and antisocial activities which may cause nuisance to the remaining residents of these blocks. The preferred approach is to market rent the void properties to gain income to cover costs. However, this approach requires consent from the Secretary of State for Communities and Local Government (CLG) and this process is likely to take around six months to complete.
- 3.28 In the interim, the strategy will focus on shortlifying properties as soon as it is possible giving the organisations at least six months licence period. Officers are recommending that the Director of Housing & Community Care should be delegated authority to decide which organisation is selected for the blocks for shortlife. However certain principles are identified below.
- 3.29 For smaller blocks where there are minimum communal services and limited service charges, it would suit the “Guardian” type provider where there is room to negotiate a deal which would cover the Council’s liability for council tax and future repairs. For larger blocks, the additional services provided through concierges as well as the

management arrangements supplied to smaller blocks – these properties would be better suited for a more traditional short-life organisation.

3.30 Officers have considered a range of principles for dealing with the void properties which would assist them in deciding how best to let the existing and future void properties. The following table includes criteria that officers would follow if members were to agree to delegate authority to the Director of Housing & Community Care:-

No	Criteria	Impact	Likely Decision
1.	Large Family Size Accommodation (3bed+) having a lifespan of less than 2 years before demolition	Prone to squatting & vandalism  Possible loss of larger family units (3-4 bed units only)	Relieve overcrowding. Once required for demolition – then priority decant status applied. Where overcrowding has been dealt with then remaining units are short-life/market rent
1.1	Is a stand-alone low rise block (s) due for demolition within 2 years	Prone to squatting & vandalism	Short life and/or Market Rent
1.2	Will cost Brent between £1 & £10k to relet	Prone to squatting & vandalism	Short life and/or Market Rent
1.3	Will Brent cost over £10k	Prone to squatting & vandalism	Short life
1.4	Is located within medium/high rise block	Prone to squatting & vandalism	Short life
2.	Have a lifespan of greater than 3 years before demolition	Prone to squatting & vandalism	Ring-fence re-letting to South Kilburn tenants and review as part of Regen timescale

3.31 Give the range of possibilities, It is therefore recommended that the Director of H&CC is delegated authority to explore best possible options to make use of voids which resolves interim issues whilst at the same time enables these sites to be taken forward for redevelopment as and when funding is available.

#### **4.0 Financial implications**

4.1 The overall financial impacts in South Kilburn would be as follows:

- Loss of rental income for the voids
- Loss of service charge income
- Council tax implications
- HRA subsidy impact
- Security Costs and
- Repairs and maintenance costs

4.2 The Council is likely to have an average weekly rental loss of £86.31 per unit. In broad terms the accumulative rental loss per annum for 48 units would be in the region of £215,430.00.

4.3 Potential loss of service charges will equate to an average weekly figure of £12 per unit. In broad terms the accumulative loss per annum for 48 units would be in the region of £29,952.00.

4.4 In addition to the potential rent and service charges losses there are Council Tax implications to the Council for all properties that are vacant beyond six months. The current bands applied below are:

		<b>Bed Size</b>
A	£912.51 -	1Bed
B	£1,064.59	2Bed
C	£1,216.68	3Bed
D	£1,368.76	4Bed
E	£1,672.93	5Bed

4.5 For an estimation of the scale of charges on current voids see below:-

<b>Block</b>	<b>1bd</b>	<b>2bd</b>	<b>3bd</b>	<b>4bd</b>	<b>Charge per block</b>
Bond House	£1,825.02	£6,387.54			£8,212.56
Bronte House	£4,562.55	£4,258.36			£8,820.91
Cambridge Court	£7,300.08		£4,866.72		£12,166.80
Ely Court	£3,650.04		£3,193.77		£6,843.81
Fielding House	£2,737.53	£4,258.36			£6,995.89
Hicks Bolton	0	0	0	£4,106.28	£4,106.28
Wells Court	£6,387.57	£13,839.67			£20,227.24
<b>Totals</b>	<b>£26,462.79</b>	<b>£28,743.93</b>	<b>£8,060.49</b>	<b>£4,106.28</b>	<b>£67,373.49</b>

4.6 The cost to secure vacant properties is in the region of £50 per week per property. The indicative costs of securing those blocks identified in the table at 3.2 would cost in the region of £125k per year. This does not include any repairs that may be required to let properties. All offers received will minimise the cost of security.

#### **HRA Subsidy**

4.7 Whatever approach that is taken to let the properties will result in there being a HRA subsidy impact. In 2009-10, for each dwelling the we have in the HRA we:

- ❖ Receive subsidy for Mgt and Maint - £2,099;
- ❖ Loose subsidy for guideline rent - £4,280.

4.8 The net position is that we loose £2,181 for each dwelling that is in the HRA. We also get subsidy under the Major Repairs Allowance based on dwellings in the HRA. In 2009-10 this was £799 per dwelling. If the MRA is included, then this reduces the subsidy loss to £1,382 per dwelling. In real terms only the BHP proposal covers the impact of the HRA subsidy as they are reimbursing the Council lost rent and a 33% of any surpluses made. BCH's offer does not cover the rent.

4.9 If the dwellings were to remain in the HRA then the impact would be as follows:-

<b>Rent</b>	Average rent at £86.31 x48 properties x 52 weeks =	£215,430
<b>Service Charge</b>	Average service charge of 12 x 48 properties x 52 weeks	£29,952
<b>Council Tax</b>	Full year cost for the 48 properties	£67,373
<b>Void Security</b>	50 x 48 properties x 52 weeks	124,800
	<b>Total costs to HRA</b>	£437,555

4.10 All three options will be accounted for outside of the Housing Revenue Account. The financial implications resulting from the use of voids as short life in the Housing General Fund are shown below

**Impact of all three options on the General Fund**

4.11 The first option is the shortlife proposal with Adhoc. In this option the rents charged are retained by Adhoc, Council tax liabilities are met by the licensee and some service charges are met. The net result is:-

<b>Option 1</b>	<b>Cost to G/F</b>
Rent	0
Service Charge	£14,976
Council Tax	0
Void Security	0
Subsidy impact	0
<b>Total costs to G/F</b>	<b>£14,976</b>

4.12 The costs to the general fund would be picked up by the South Kilburn General Fund budget.

4.13 The second option is the shortlife proposal with BCH. In this option BCH pays an average fee of £52 per property to the Council and all liabilities are picked up by the licensee. The net result is as follows:-

<b>Option 2</b>	<b>Cost to G/F</b>
Rent	-129792
Service Charge	0
Council Tax	0
Void Security	0
Subsidy impact	0
<b>Total income to G/F</b>	<b>-£129792</b>

4.14 The third option is the market rent proposal from BHP. In this option the affordable rent level is paid back to the Council and all other liabilities are met by the occupant. In addition there is a possibility of a surplus share at the end of the letting period. This option would require the Secretary of State's consent. Therefore this option could not be implemented straightaway. However the anticipated net result is as follows:-

<b>Option 1</b>	<b>Cost to G/F</b>
Rent	-215430
Service Charge	0
Council Tax	0
Void Security	0
Potential surplus share	-500
<b>Total income to G/F</b>	<b>-£215,930</b>

4.15 The preferred approach for the Council is to allow BHP to rent these residential properties as the landlord at market rent levels so that all rent liabilities would be met through the BHP proposal with a potential for surplus sharing. All other liabilities would also be picked up (Council Tax and Service Charges) through this method. The caveat with BHP is that they need properties for at least two years to maximise on any surplus sharing arrangement. Most of the properties identified could be demolished within two years – however this is dependent on the pace of progress in developments and whether sufficient funding is in place to progress development. BCH and Adhoc offer's are good alternatives but will not achieve a breakeven position in terms of costs to the Council. The difficulty with the BHP proposal is that consent of the Secretary of State would be required to dispose of the Council's interest in the properties to BHP to allow BHP to market rent the properties to assured shorthold tenants which could take some time. The arrangements with BCH and AdHoc do not require the consent of the Secretary of State and they can commence at very short notice and keep the void properties occupied and secure.

## **5.0 Legal Implications**

### **Short life properties**

5.1 The proposal to short-life the void properties to Ad-Hoc and Brent Community Housing (BCH) would involve the granting of licences by the Council to Ad-Hoc and/or BCH and in turn, they would grant licences to their licensees. Because licences (as opposed to tenancies or leases) are being granted by the Council and subsequently by Ad-Hoc and or BCH, this does not amount to a "disposal" under section 32 of the Housing Act 1985 and as a result, the granting of the licences by the Council do not require the consent of the Secretary of State. This is confirmed in the 1992 Court of Appeal case of *Camden LBC v Shortlife Community Housing*.

### **Market Renting by BHP**

5.2 In order for BHP to let the South Kilburn voids on a market rent basis to tenants, BHP would need to grant assured shorthold tenancies rather than licences. As a result, consent from the Secretary of State would be required pursuant to section 32 of the Housing Act 1985 for the Council to grant BHP a lease relating to the South Kilburn void properties on a short term basis to enable BHP to grant assured shorthold tenancies to rent out those properties at market rent levels. In the Court of Appeal case of *Camden LBC v Shortlife Community Housing*, the Court stated that the granting of leases (as opposed to licenses) amount to a "disposal" under section 32 of the Housing Act 1985 and therefore, consent from the Secretary of State will be required for the Council to grant leases in respect of housing land.

## **6.0 Diversity Implications**

6.1 The proposals in this report have been subject to screening and in the officers view there are no adverse implications arising from this development.

## **7.0 Conclusion**

7.1 That members delegate authority to the Director of Housing and Community Care to find a cost effective solution for the use of voids which meets housing needs but at the same time facilitates the regeneration of South Kilburn

### **Background Papers**

#### **SKPMG - Files**

Anyone wishing to inspect these documents should contact:  
Robert Johnson, Project Director,  
020 8937-2269

**Martin Cheeseman**  
**Director of Housing and Community Care**



**Executive**  
15 February 2010

**Report from the Director of  
Housing and Community Care**

Wards Affected:  
ALL

**Housing Revenue Account (HRA) Budget 2010-11 and Rent  
Increase Proposals for Council Dwellings for 2010-11**

Forward Plan Ref: H&CC-09/10-23

## **1.0 Summary**

- 1.1 This report presents to Members the Revised (Probable) HRA Budget for 2009-10 and the Draft HRA Budget for 2010/2011 as required by the Local Government and Housing Act 1989. Members are required to consider these budget estimates and the associated options, taking account of the requirement to set a Housing Revenue Account (HRA) budget that does not show a deficit and in particular Members need to consider and agree the level of HRA dwelling rents and service charges for 2010-11.
- 1.2 The report also includes proposals for setting the rent and service charge levels for 2010-11 for the non HRA Brent Stonebridge dwellings.

## **2.0 Recommendations**

- 2.1 Members are requested to approve the Revised (Probable) Budget for 2009/2010 (Appendix 1 Table 1).
- 2.2 Members are requested to consider the draft Budget for 2010-11 (Appendix 1 Table 1) in the light of Officers' advice contained in this report.
- 2.3 That Members consider and agree the growth of £150k in 2010-11 and a further £150k in 2011-12, and the proposal for funding that growth, as set out in paragraph 3.39.
- 2.4 That members consider and agree the savings/budget reductions as set out in paragraph 3.44.

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Meeting  
Date

Version no.  
Date

- 2.5 Members are requested to approve an average overall rent increase (excluding service charges) of £0.87 per week, which is an average overall increase of 1.09%. This to be applied on an individual basis to each property based on the Government's rent convergence guidelines as detailed in paragraphs 3.22 to 3.26. This will raise an additional £419k rent income.
- 2.6 Members agree to increase HRA Council Dwelling service charges by 1.23% raising an additional £35k.
- 2.7 Members agree to an average overall rent decrease of £0.54p per dwelling per week on the Brent Stonebridge Dwellings, which is an average overall rent decrease of 0.5% as set out in paragraph 3.58. This will reduce the annual rent income by £9k.
- 2.8 Members agree to decrease the service charges on the Brent Stonebridge Dwellings by an average of 37.8% or an average of £3.21 per dwelling per week as set out in paragraph 3.61. This will reduce the annual service charge income by £55k.
- 2.9 That the Director of Housing and Community Care is delegated to agree the ALMO management fee after negotiations with that organisation on the basis it is funded from agreed overall financial resources for the financial year 2010/11.
- 3.0 **Detail**
- 3.1 This report addresses the budgets associated with the Council's Housing Revenue Account (HRA). It contains the income and expenditure relating to the Council's Landlord duties in respect of approximately 9,220 dwellings. These dwellings are accounted for separately from the Council's other services / activities which generally form part of the Council's General Revenue Fund. The HRA has a particular set of regulations that differentiates it from the General Revenue Fund and receives central Government financial support through the Housing Revenue Account Subsidy (HRAS) regime. The current basis of regulations and subsidy was introduced in April 1990 (as a result of the Local Government and Housing Act 1989). The system relies on the Secretary of State publishing annual 'Determinations' which set out the basis of HRA Subsidy. It also determines the way debt charges are calculated.
- 3.2 The account should receive no subsidy from the Council's General Fund nor subsidise the General Fund – it is what is commonly referred to as a 'ring-fenced account'. Whilst the subsidy position is clear, this does not mean that there are no financial transactions between the HRA and General Fund (or vice versa). Transactions between the accounts include for example:
- Debt Charges (associated with historic capital expenditure)
  - Central Costs (representing the proportion of activities undertaken by non-HRA staff that can be attributed to the HRA).



- 3.3 The Council's average rent for 2009-10 is approximately £88.63 (excluding service charges). This takes account of the 2.66% average increase that was agreed in setting the 2009-10 rent levels. The Council's rent setting policy has been to follow and comply with the Government's rent restructuring policy (that is the government's policy of influencing rent setting principles so that rents both in the council and 'Registered Social Landlords' (RSLs) sectors converge).
- 3.4 In considering the rent policy for 2010-11, Members need to take into account the impact of the Government's Rent Restructuring Regime and the rent convergence date. In recent years, the Government has moved the convergence date within the rent restructuring regime forward and backwards in order to influence rent levels, and for 2010-11 convergence has been brought forward to 2012-13 (for 2009-10 it was set at 2023/24). Bringing convergence forward (to 2012-13) has the effect of further increasing guideline rent levels which in turn reduces the amount of Housing Subsidy that the Council receives.
- 3.5 The Council's housing stock continues to reduce and in 2010-11 it is estimated that it will reduce by 94 dwellings, comprising 4 'Right to Buy (RTB) Sales', 64 dwellings as part of the South Kilburn redevelopment and Barham Park proposed demolition, and 26 dwellings are due to transfer to Brent Housing Partnership as part of the Granville New Homes Sale.
- 3.6 The council published its Housing Strategy 2009-14 earlier this year, setting out priorities across the range of housing and related services and, in particular, how the council and BHP will work to deliver these. The strategy also takes account of the establishment of two new agencies, both of which will be key partners for the council in the future. The Homes and Communities Agency (HCA) takes on the funding and enabling role formerly undertaken by the Housing Corporation, together with the regeneration functions of the former English partnerships and some functions previously undertaken by the CLG. The HCA is now has primary responsibility for funding the development of new affordable homes and is also responsible for distributing resources to local authorities for private sector and decent homes programmes. The HCA is organised on a regional basis and, in London, will work closely with the Mayor, who chairs the London Board.
- 3.7 Distribution of resources will tie in with the priorities identified in the Mayor's Housing Strategy, the final consultation version of which was published in summer 2009. In terms of partnership with the council, the most important activity over the final part of 2009/10 and into 2010/11 will be the development of a Local Investment Plan through the HCA's Single Conversation process. The plan will set out how the council, the HCA and other partners will work together to deliver agreed priorities in line with the local and regional strategies.
- 3.8 BHP, along with other high-performing ALMOs, is now able to bid for National Affordable Housing Programme funding from the HCA and has been successful in obtaining an allocation in the 2008-11 programme. BHP has

also taken on the Granville New Homes Development, with formal handover taking place in November 2009. Discussions with the HCA over the Local Investment Plan will include identifying the future role of BHP in terms of development and management.

- 3.9 In parallel with the establishment of the HCA, the Tenant Services Authority has been set up to take on the regulatory role formerly carried out by the Housing Corporation. While the Corporation was solely concerned with housing associations, the TSA will become the regulator for all social housing providers, including ALMOs and councils with retained stock, from April 2010. While it is important to note that the TSA's powers in relation to local authorities will be limited in some respects - for example, they will not have the same power to oversee issues of governance or finance as they have with housing associations – the TSA will be a key partner in the future. As well as a direct regulatory relationship with BHP, the TSA will also work with the council in its strategic role to consider the performance of partner organisations in the borough. The TSA is currently consulting on its proposals for regulation and the establishment of national and local standards for housing providers, with the new regime due to come into force on 1<sup>st</sup> April 2010.

#### Reform of Council Housing Finance

- 3.10 The review of Council Housing Finance was launched by the Minister for Housing in March 2008. The current (and now discredited) national Housing Finance system is a major factor leading to the negative position on the Council's HRA business plan. The problems with the current system include:-
- 3.10.1 The requirement for authorities to contribute their rent income (and annual rent increases) back to the Government for distribution to other areas;
- 3.10.2 Local responsibility and accountability is weak;
- 3.10.3 The fairness of the system depends on the accuracy of assumptions made about spending in over 200 councils, which is difficult to manage nationally;
- 3.10.4 The system is broadly in balance nationally (some say it is positive), with around two-thirds of Councils paying notional surpluses into the system, with only a third (including Brent) receiving subsidy. Furthermore, the system is predicted in the medium/long term to go significantly positive nationally;
- 3.10.5 The annual nature of the process, with the volatility that it brings, makes it difficult for Councils to plan long term. There are currently annual changes in the system at short notice; and
- 3.10.6 The system is not transparent and is complex. It is hard to understand and often its outcomes are difficult to predict.
- 3.11 The Government published its long awaited consultation on the reform of Council Housing Finance in July 2009. The main proposals were:-
- 3.11.1 That the HRA ringfence should continue and be strengthened, and should include capital;

- 3.11.2 Additional funding for Management and Maintenance Allowances (5% nationally), Major Repairs Allowances (54% nationally), and lifts and common parts;
- 3.11.3 To allow local authorities to set up sinking funds for works to leaseholders stock;
- 3.11.4 Two options were set out for the fundamental reform of the system. These were:-
  - 3.11.4a Improvements to a national system for funding council housing – in which revenues continue to flow between local and central government as a result of ongoing assumptions made by Government about landlord costs; and
  - 3.11.4b A devolved system (self financing) in which rents are retained by councils to spend on their own services, in exchange for a one off reallocation of debt.
- 3.11.5 To allow local authorities to keep 100 per cent of their right to buy receipts, with a requirement that at least 75% is re-invested in housing.
- 3.12 Generally, the consultation proposals have been widely welcomed by Housing and Finance professionals alike. The option to introduce a devolved system of Housing Finance with local authorities being allowed to keep future revenue and capital receipts is encouraging. However there are some authorities (some of those who currently pay into the system) that find the proposal for the reallocation of debt difficult to accept. Broadly speaking, the two-thirds of authorities that pay into the system at the moment would swap negative subsidy for additional debt, while the third that receive subsidy (like Brent) will have their debt reduced so that they can manage their affairs without the need for subsidy. The Government has indicated that if legislation is required to effect the proposed changes, then the self financing option would not be in place before 2012-13. However this could be accelerated if agreement could be achieved by Councils for a national debt settlement.
- 3.13 At a local level, if and when the proposals are confirmed, it would be necessary to update the council's HRA business plan in order to model the impact of the changes. An initial assessment on the financial aspects of the proposals shows that in particular the adoption of a devolved self financing system would bring about considerable additional resources in future years, building up over time (arising out of the ability to keep annual rent income and relaxation of the capital receipts pooling requirements). This is however subject to the technical detail of the redistribution of HRA debt, and assumes that this would be neutral at a local level (to include being neutral on the General Fund).
- 3.14 The consultation has now ended, and a Government response to the outcome of the consultation is currently expected in February 2010. It is not clear at this stage whether a change of Government in the 2010 General Elections would continue with these Council Housing Finance reforms.

- 3.15 This report also contains rent increase proposals for the approximate 330 dwellings that transferred, following a ballot, from the Stonebridge Housing Action Trust (HRA) to Brent Council in August 2007. The dwellings are maintained outside the HRA, in the General Fund, and the rent increase proposals for these dwelling are being kept separate from the consideration of the main HRA budget, and are set out from paragraph 3.50 below.

### **HRA Business Plan**

- 3.16 The Council's HRA Business plan 2002 received an excellent 4\* rating, was deemed "fit for purpose" by the Government and led to the establishment of Brent Housing Partnership (BHP) Ltd, the council's Arms Length Management Organisation. BHP was given the responsibility for the management and maintenance of the Council's housing stock, including the delivery of the housing stock investment programme to meet the Government's decent homes standard. BHP completed its decent homes standard investment programme in 2006, well ahead of the Government's target date of 2010, using £68m of capital resources provided through the Government's ALMO programme.
- 3.17 A report to the Council's Executive on 16 February 2009 briefed members on the key issues arising out of the updated 30 year HRA Business Plan 2009. The key issues identified were:-
- 3.17.1 The initial projection of the investment needs of the housing stock over a 30 year period, will be a net shortfall of the region of £518m including south Kilburn stock and £414m excluding South Kilburn Stock; and
- 3.17.2 The initial projection for the Operational HRA (both including and excluding South Kilburn housing stock) is that the account is likely to be running into a net deficit from year 5. Remedial actions will be required to prevent this happening, as Local Authorities are legally required to set a balanced HRA budget each financial year.
- 3.18 The report discussed the following key options for addressing the HRA business plan:-
- Stock retention (PFI and/or self-financing (dependent upon Housing Finance Reform);
  - Stock transfer; and
  - Future role of BHP (again dependent upon Housing Finance reform).
- 3.19 The Executive noted the report and agreed that a further report be submitted to members once certain stock condition data had been updated and the outcome of the Government's review of Council Housing Finance is known.

## Housing Revenue Account Subsidy (HRAS)

- 3.20 A key element in budgeting for the HRA is Housing Revenue Account Subsidy (HRAS) which is forecast to be £6.660m in 2010-11. If the effect of the £5.400m Major Repairs Allowance brought forward to 2009-10 is not included, then the HRA subsidy in 2010-11 will be £12.060m. HRAS is updated each year through the HRA Subsidy Determinations. These determinations set out the changes to, and level of Government support for Councils' HRA's. At the time of writing this report, the Final Determinations for 2010-11 have not been issued. This report is therefore based upon the draft determinations and a verbal update will be provided at the Executive if the final determinations are issued and contain significant differences.
- 3.21 In 2010-11, arising out of the subsidy determinations, Brent's HRA will receive nearly £1.5m less net subsidy when compared to 2009-10. This withdrawal of the net subsidy comprises the following items:-

Item	Subsidy Changes £'000
Management Allowances	-37
Maintenance Allowances	-11
Notional Income	1,546
<b>Total</b>	<b>1,498</b>

- 3.21.1 Brent's management allowances target for 2010-11 is below our actual management allowance for 2009-10, and due to a transitional protection scheme, our management allowance is therefore frozen at 2009-10 levels. A separate allocation of £37k, to fund the production of energy performance certificates for local authority stock, means that our overall management allowance for 2010-11 will increase by £37k.
- 3.21.2 Brent's maintenance allowance target for 2010-11 is marginally greater than our actual maintenance allowance for 2009-10, and under the transitional measures, our maintenance allowance for 2010-11 is increased, by £11k in 2010-11.
- 3.21.3 Notional income (also known as guideline rents), representing a withdrawal of subsidy, has been increased by 3.9%, which means a reduction in subsidy for 2010-11 of £1.546m.

### Rent Restructuring

- 3.22 The Communities and Local Government Department (CLG) continues to implement rent restructuring which, as in previous years, has a substantial impact on the overall income attributable to the HRA. Whilst it remains the responsibility of the Council to set rents, there is strong encouragement to set these in accordance with the 'national formula' through the operation of the HRAS system and the performance regime applicable to 'Housing'. For 2010-11 rent setting purposes, the date for convergence under rent restructuring has been brought forward to 2012-13 (in 2009-10 it was 2023-24). Otherwise,

the methodology is the same as used in 2009-10 but with factors rolled forward one further year.

- 3.23 For 2010-11, under the national formula, rents will increase at an individual level by “-1.4% RPI plus 0.5% real increase plus+ 1/3rd towards the target rent”. At an individual level, rent increases will be limited to an increase of no greater than -0.9% + £2, and will also be subject to the following rent level caps by bed size:

**Bed Size Caps 2010-11**

Size	Cap £
Bedsits	113.77
1 Bed	113.77
2 Bed	120.46
3 Bed	127.16
4 Bed	133.85
5 Bed	140.53
6 Bed	147.23

- 3.24 By following the Rent Restructuring formula at individual dwelling level, Brent’s overall average rent for 2010-11 should increase by 1.09%.

The following table analyses the amount of rent increase in £1 bands, and shows the number of tenants effected within each of those bands:-

Banding	No
Between £-0.50 and £0	2,521
Between £0 and £0.50	305
Between £0.50 and £1	324
Between £1 and £1.50	6,071
Between £1.50 and £2	18

- 3.25 Rents can also be expressed in terms of increases in rents by property size as demonstrated in the table below:-

No of Beds	Average % increase
0	1.95%
1	1.48%
2	1.05%
3	0.46%
4	0.13%
5	0.04%
6	0.18%

- 3.26 The table below is an analysis of the rents, (using rent restructuring policy) by percentage band, showing the number of properties and the average weekly increase/(decrease) in cash terms. The average overall rent rise is 1.09%.

Band	No of Properties	Ave increase in £ per property	Rental Increase £
-1.5% to 0%	2521	0.00	0
0% to 1%	510	0.43	11,350
1% to 2%	5820	1.25	378,908
2% to 2.5%	364	1.41	26,659
2.5% to 3%	24	1.52	1,892
<b>Total</b>	9,239	0.87	418,808

### **Brent Housing Partnership (BHP) Management Fee**

3.27 The agreement between the Council and BHP require each year that a management fee is negotiated and agreed that is consistent with the delivery plan. Where the parties are unable to agree, the Management Agreement provides for arbitration.

3.28 BHP, a subsidiary of Brent Council, is governed in the main by the Companies Act and accounting standards applicable to the private sector (as opposed to the legislative regime applicable to Local Government). The BHP Board is ultimately responsible for satisfying themselves that overall governance, including financial information is compliant. As reported in previous years BHP has built up surpluses, achieved through efficiency savings that enables it to satisfy a number of accounting requirements, in particular those arising from future estimated pension liabilities. BHP is acutely conscious that the management fee is ultimately funded from tenants' rents and hence it is committed to using its surpluses in a responsible manner and wherever possible in support of Brent's housing strategy. Accumulated surpluses enable BHP to consider a number of initiatives that in the absence of those surpluses would be unable to be considered e.g. the purchase of Granville New Homes. Moreover, balance sheet strength enables BHP to demonstrate to its external auditors that it is a 'going concern' and thus negates any need to seek guarantees/assurances from Brent Council.

3.29 BHP Projected Surpluses and Proposed Use – Brent Housing Partnership continues to have a financial target of achieving a surplus within a range of 7% - 10%. These surpluses have been achieved through efficiency measures. Essentially this surplus may be broken down over the following elements:

	%
'Normal' Business Target to cover 'day to day' business risks	3
Contribution towards FRS17 Obligations/Risks	4
<b>Total</b>	<b>7</b>

As at 31<sup>st</sup> March 2009, BHP's reserves were a negative £5.077m. This is a substantial adverse change from the previous year and is due to accounting adjustments associated with the pension deficit.

- 3.30 It is recommended that the Director of Housing and Community Care is delegated authority to agree the management fee (subject to Member instructions/directions) for 2010-11. These negotiations are important not only for establishing the appropriate fee but also in establishing the Arms Length nature of BHP within a partnering framework. The BHP board will also consider the fee arrangements.

### **Risks**

- 3.31 As part of the development of the budget, officers have sought to consider the main associated risks. These risks are set out below:-
- 3.31.1 Performance on Rent Collection remains generally good, but not currently at last year's levels. With rent income generating over £44m per annum for the HRA, even a small reduction in collection performance can have a significant impact. It is therefore important that a close watch needs to be held on rent collection to ensure constantly high performance. Currently BHP is experiencing a challenging environment on rent collection which may reflect the current economic climate. Additional measures continue to be instigated to ensure rent collection is maximised.
- 3.31.2 Leaseholder Service Charges (Major Works) - The recovery of major works from leaseholders remains not only a problem to Brent but for all London boroughs that have undertaken major works programmes. In essence the receipt of an often substantial bill for works undertaken has brought about a high degree of resistance from the leaseholder meeting the bill. It is apparent that the complaints fall into the following: A) quality of work B) work is more expensive due to Council not historically undertaking work in accordance with the lease C) work undertaken was not in accordance with the lease i.e. the work undertaken was not strictly required at that time. Until these matters are resolved, in the main through decisions from tribunals, this risk cannot be wholly quantified. If work was found not to be recoverable on a number of contracts then this would fall to be borne by the HRA.
- 3.31.3 The major risk for the HRA is its medium and long term viability, due to the insufficient resources to maintain service standards, which is mainly due to the current Housing Finance Regime under which the government reduces subsidy to Brent annually (and indeed many other London boroughs). The Council's updated Business Plan 2009 sets out that there are insufficient capital resources to maintain the stock post decent homes, and also that the Operational HRA is likely to be in deficit from year 5. Under the current regime, the Council will not be able to keep stock up to standards in regard to obligations implied in tenancy agreements and those in respect of leaseholders. This will increase tenant/leaseholder dissatisfaction with services, increased complaints/ Ombudsman activity and a general increase in day to day management and maintenance costs. This will have serious consequences for reputations of BHP and the Council. The Government recognises the issues that Council's with Housing stock are facing and has recently consulted on plans for a new system of Council Housing Finance.



The Government are currently expected to announce their response to the outcome of the consultation in February 2010.

- 3.32 It is not considered necessary at this stage to provide additional resources for these risks areas. However, close monitoring will need to take place during 2010-11 as applicable, and these areas will need to be managed within the overall existing HRA budget.

### **Revised Budget 2009/2010**

- 3.33 A summary for the forecast outturn for the HRA for 2009-10 is contained on Table 1 on Appendix 1. The column headed Probable Budget 2009-10 sets out the forecast outturn for 2009-10. It can be seen that the HRA is anticipating a 'Surplus carried forward' of £1,966K which exceeds the original budget of £400k by £1,566k. Care need to be taken when considering this surplus, as part of it is related to communal electricity billing problems which have yet to be resolved – further details are contained below.

- 3.34 Table 2 on Appendix 1 sets out the detailed virements associated with this forecast outturn. The major adjustments that affect the overall net expenditure are included in column 3, and are as follows:-

- Rental Income - Following a detailed review of income from Council tenanted dwellings, officers now forecast that rent income in 2009-10 will be £397k less than than budgeted. This reduction is mainly due to loss of rental income from the properties being decanted and prepared for demolition as part of regeneration programme work in the South Kilburn and Barham Park areas. This projection also include the sale of dwellings to BHP as part of the Granville New Homes sale agreement.
- General Management – Officers currently forecast an under-spend of £180k relating to various service units operational cost within the HRA. These service units are forecasting an under-spend of £180k due to unfilled vacant posts and the pay award (which was under budget).
- HRA surplus brought forward £1,784k – The Housing Revenue Account for 2008-09 has now been audited. The final audited account showed a surplus of £4,430k, which exceeded the budget by £1,784k. The main reasons for this were favourable variances on repairs and maintenance, provision for bad and doubtful debts, HRA Internal interest income, HRA communal services cost rechargeable to the General Fund, income from commercial rents, and management costs.

- 3.35 A detailed review is being undertaken on HRA communal electricity costs. This follows changes to the Council's electricity provider, issues with meter readings, and the general increase in utility charges. There are financial pressures in this area, but at this stage Officers consider that the cost of providing the service can be contained within the existing budget envelope.

## Draft Budget 2010/2011

- 3.36 In considering the budget estimates for 2010-11, Members need to consider the policy and legislative framework within which the estimates have been formulated.
- 3.37 For a number of years the estimates have been compiled on the basis of current guidance for budget preparation (as agreed by Members and issued by the Director of Finance and Corporate Resources) and the 'budget envelope' as agreed by the former Housing Committee – that is the spending budgets should be adjusted in relation to the stock numbers. The advantage of this approach (which basically ignores the possibility of 'so-called' fixed costs) is that managers are able to reduce their expenditure on a planned basis. The budget as set out on table 1 on appendix 1 has specifically been prepared on the following basis:-
- 3.37.1 Growth – The only growth included in the draft budget is the ALMO Round 2 Interest Rate Adjustment of £596k. This was set out in the 2009-10 budget report and relates to Brent Council's inclusion on the Government's Round 2 ALMO Decent Homes funding allocation. Under this scheme, Brent was given authority to borrow £54m to fund Decent Homes Work with the Government meeting the interest on this borrowing through subsidy at an assumed "generous" interest rate of 8%. This means that the HRA attracts £4.32m subsidy (Almo allowance) in this regard each year. The Government has indicated however, that this interest rate is likely to revert to the Council's Consolidated Rate of Interest from 2011-12. This would mean that instead of getting interest at 8% on the amount borrowed, we would only receive 5% (based on the current CRI). This would reduce the subsidy that we receive for our ALMO allowance in 2011-12 from £4.32m to approximately £2.7m, a reduction of around £1.6m.  
Last year's budget report set out that it would be difficult to absorb a loss of income in one year of £1.6m and therefore set out proposals for using balances and building up a suitable budget across a number of years. This plan included growth of £596k in the 2010-11 budget.
- 3.37.2 Allowance for inflation – Budgets have been prepared on an outturn basis and include an allowance of 0.75% for pay and for price rises (general 0% and 1.23% for repairs). The Employer's Superannuation Contributions for BHP staff and Council Staff remains at 14.1% and 23.1% respectively.
- 3.37.3 Stock Loss/Efficiency Savings – Applicable budgets have been reduced by 0.75% to reflect the estimated stock loss in 2010-11, plus a further 2.25% for further efficiency savings, making a total reduction of 3%. Expenditure has been decreased by a net £992k to reflect these savings.
- 3.37.4 Subsidy – See paragraph 3.20 above.
- 3.37.5 No rent increase has been assumed within the draft budget.

- 3.38 The draft budget for 2010-11 is set out on table 1 on appendix 1. The draft budget (excluding balances) shows a deficit of £1,829K. The table below shows how this deficit has been compiled:-

Description	£000
Housing Subsidy	1,498
Inflation	321
Technical	-117
Stock Loss/Efficiency Savings (net)	-992
Deficit B/Fwd	218
Growth	596
One off savings in 2009-10	305
<b>Total</b>	<b>1,829</b>

### **Growth 2010-11**

- 3.39 Officers are proposing growth of £150k in 2010-11 and a further £150k in 2011-12 in order to fund the revenue costs of a £6m HRA Capital Programme in 2010-11. An option to fund this growth is also proposed, which means that the overall impact on the HRA budget will be neutral. Members are asked to consider and agree the following specific growth item and the basis of funding:-

- 3.39.1 Revenue Costs (Capital Financing) of a £6m HRA Capital Programme for 2010-11 – BHP and Council Officers have identified urgent requirement for HRA capital spend in 2010-11. These are as follows:-

- £3 million is required for essential Health and Safety works This includes emergency lighting to comply with fire regulations, asbestos testing and removal and lift modernisation; and
- £3 million is for Council dwelling window replacement and building envelope and decorations works.

The growth of £150k in 2010-11 and a further £150k in 2011-12 would fund a £6m capital programme in 2010-11 under the Prudential Borrowing Regime.

- 3.39.2 In order that the cost of the proposed HRA capital programme in 2010-11 is neutral upon the HRA budget, BHP and Council Officers are proposing to reduce the HRA Direct Revenue Finance Budget by £150k in 2010-11 and a further £150k in 2011-12. It is considered that this budget adjustment can be accommodated without any impact of service delivery and indeed this will enable essential capital works to be accelerated.

### **Budget Strategy**

- 3.40 Clearly Members need to be mindful of their obligations to approve a budget that is balanced and is based upon reasonable estimates. It is for Members to consider whether they agree the items below and/or to put forward other options.

- 3.41 It is officer's advice that the Council should continue to comply with the Government's Rent Restructuring Regime. However the report clearly demonstrates below other rent options including the indication of what level of rents activates rent limitation whereby HRAS is withdrawn from the Council (thus the HRA would not receive the full product of rises above limitation levels).
- 3.42 If Members agree to adopt officers' advice regarding rent restructuring (that is agreeing to the Government's rent restructuring formula on the basis that it maximises subsidy) then the focus can be upon how to fund the gap between anticipated resources (including the additional income arising from an overall average rent rise).
- 3.43 By taking account of rent restructuring, the following budget position emerges (this assumes convergence increase and increases in service charges).

Description	£000's
Deficit (per appendix 1, table 1)	1,829
Growth	150
Growth Funding Proposal	-150
<b>Subtotal</b>	<b>1,829</b>
Product of Service Charge Increase	-35
Product of Rent Increase	-419
<b>Revised Deficit</b>	<b>1,375</b>

- 3.44 This revised deficit could be mitigated through the following measures:-

Description	£000's
Revised Deficit above	1,375
Capital Financing Costs	-100
Further savings	-179
Use of balances (caps and limits in arrears)	-500
Review ALMO Round 2 Interest Rate adj	-596
<b>Revised Deficit</b>	<b>0</b>

Each of these items is explained below:-

- 3.44.1 Capital Finance Costs – £100k - The HRA interest budget includes a contingency of £100k to offset the impact of reductions in the Council's consolidated rate of interest. It is considered that this contingency can be reduced by £50k to £50k without any impact of the HRA but still providing sufficient resources to cushion ongoing interest rate reductions. Furthermore, officer are now confident that the HRA budget for actual debt management expenses for 2010-11 can be reduced by £50k to £166k without any detrimental impact on the HRA.
- 3.44.2 Further savings – £179k - BHP and Council officers continue to review HRA detailed budgets for efficiency savings and other budget reductions. The draft HRA budget already includes a net saving of £992k relating to efficiency and stock loss savings. Officers consider that there is scope to identify a further £179k of savings and budget reduction across budget lines. This will come from General management budget heads and BHP and Council Officers consider that this is achievable.

3.44.3 Use of balances for the caps and limits in arrears – £500k - the current subsidy system provides “caps and limits subsidy in arrears” for authorities that follows rent restructuring. Brent has implemented the limit of RPI + 0.5% + £2 at an individual level on actual rents in line with rent restructuring policy. In 2010-11, this limit has significantly restricted the level of actual rent increase and is one of the key reasons behind the difference in the guideline rent increase of 3.9% and the actual rent increase of 1.09%. Without the limit, Brent’s actual rent increase would be significantly higher in 2010-11 than the 1.09% proposed. The subsidy system provides compensation to authorities that apply the rent limit, although it is paid one year in arrears, and therefore the compensation for applying the limit in 2010-11 will be paid with the 2011-12 subsidy. It is difficult to calculate the precise compensation level, but officers estimate that £500k additional subsidy will be paid in 2011-12 relating to the 2010-11 caps and limits, and officers are proposing to use HRA balances to fund this shortfall in the HRA budget for 2010-11. This means that balances of £500k would be used in 2010-11, but would be reinstated in the 2011-12 via the additional subsidy that will be paid in 2011-12. Normally, this approach would have minimal risks, except for the estimation of the compensation level. However this year, an additional factor is the review of Council Housing Finance, and the uncertainty around potential changes to, or even removal of the subsidy system in future years. Officers consider that this is a risk that can be managed within the resource envelope of the HRA.

3.44.4 Review of ALMO Round 2 Interest Rate Adjustment - £596k (see paragraph 3.37.1 for details of this adjustment) – last year’s budget report set out the difficulty of establishing a £1.608m budget for this interest rate adjustment by 2011-12, and Members agreed an approach for establishing an annual HRA capital financing budget of £1.6m over a number of years. This approach included £596k growth in 2010-11 and this sum is included in the draft budget.

This approach has been reviewed in order to provide a more manageable solution to building up this HRA capital financing budget over the coming years, and Officers now propose the following updated profile for establishing this budget:-

- 2010-11 – to earmark £1m from HRA balances
- 2011-12 – HRA Growth £314k
- 2012-13 – HRA Growth £314k
- 2013-14 – HRA Growth £314k
- 2014-15 – HRA Growth £314k
- 2015-16 – HRA Growth £172k

HRA balances are forecast to be £1.966m at March 10, and £1.566m of these balances are considered to be useable. Officer’s proposal is to use £1m of these balances in order to help fund, and smooth out the establishment of a budget to pay for the impact of the ALMO round 2 interest rate adjustment. In addition to this, growth of £314k would need to be set a side in the HRA budget in each of the years 2011-12 to 2014-15, and then £172k in 2015-16. Taking account of the sums agreed in the 2009-10 budget, this profile, will enable the £1.608m increased Capital Financing Charges to be paid from

2011-12. Adopting this approach will also release £596k included in the draft budget 2010-11.

### Other Budget Strategy Options

- 3.45 Clearly, it is open to Members to consider other options. Officers have produced a strategy that in their view is prudent, realistic and in line with Council policy. The basis of the report is structured as in previous years, that is officers give advice as to the resources available for next year based upon current policies and give indications as to the income required for a 'balanced budget' based on those policies. It is for Members to determine the appropriate level of rents/growth/reductions within the law. Any budget proposals must be achievable in both financial and housing operational terms.
- 3.46 Members could consider raising rents above convergence levels however account will need to be taken of the impact of rent rebate subsidy limitation, whereby increasing actual rents above the rent limit would trigger the 'rent limitation rule' whereby only approximately 40% of the product of a rent rise above this threshold would be available to fund HRA expenditure. The rent rebate limit for 2010-11 has been increased by 1.6%.
- 3.47 Alternatively, Members could raise rents at a rate below convergence levels (i.e. less than 1.09% on average), or indeed freeze or reduce average rents. It should be noted that this would not be subsidy efficient, as the Council would forego caps and limits in arrears subsidy in addition to the reduction in rent income.

The following table sets out the income generated by various percentage rent increases ranging from 0% to 3%, together with the additional savings that would need to be identified in order to achieve a balanced budget:-

Percentage Increase	0%	1.09%	*2.00%	*3.00%
Income Generated	£0	£419k	£740k	£909k
Additional Savings to be Identified	£419k	£0k	£0k	£0k

\*Note that the additional income generated for the options 2% and 3% in the above table take account of the rent rebate subsidy limitation rule (see paragraph above). Increases at these levels (and above) will trigger the limitation rule and would not be subsidy efficient, with the subsidy loss estimated at £118k for a 2% increase, and £372k at 3%. Additionally, the amount of compensation paid to Brent through the cap and limits in arrears subsidy will be reduced.

### Brent Housing Partnership (BHP) and the Consultation Process

- 3.48 Senior Council and BHP Officers have discussed the draft HRA budget 2010-11 in detail. BHP Senior Officers have also commented as follows:-
- BHP and the Council are agreed that the financial outlook for the HRA and indeed the wider public sector will be challenging due to the economy and the anticipated reduction in overall government expenditure. The Council and BHP have, over a number of years, agreed a budgetary framework

that has entailed year by year reductions both for stock loss and general efficiency savings. BHP considers that this budgetary discipline has enabled both the Council and BHP to manage in a planned and coherent manner despite external financial challenges.

- The BHP board on the 28<sup>th</sup> January 2010 will be considering a radical review of the organisation's structure to ensure that it is able to provide quality services within resources available in coming years.

3.49 BHP held an 'informal' meeting of its board on the 28<sup>th</sup> January 2010 to consider the Council's HRA budget proposals. This meeting was also attended by the Council's Director of Housing and Community Care and the Assistant Director – Finance and Resources (Housing and Community Care). The BHP board welcomed the proposals for the 2010-11 rent increase, and noted that this was the lowest rent increase since the ALMO had been established.

### **Non HRA Stonebridge Dwellings**

3.50 In addition to the Council's dwellings contained within the HRA, the Council also continues to hold dwellings outside the HRA i.e. in the General Fund. These dwellings were formerly held by the Stonebridge Housing Action Trust (HAT) and they were transferred to Brent Council in August 2007 when the HAT was wound up.

3.51 The Council currently owns 343 properties under this scheme. There are 323 tenanted properties, 7 properties that are currently void, and 13 properties that have leaseholders. One property was purchased by its tenant under right to buy during the year and its purchaser is now one of the leaseholders. There are three more properties that are due to be transferred to the Council shortly, provided that the prospective tenants, who are being transferred from the remaining old Stonebridge block due for demolition, accept the tenancies being offered to them.

3.52 Hillside Housing Trust manages these properties on the Council's behalf through a PFI contract.

3.53 Council dwellings are normally held in the HRA. However in order to avoid any negative impact of these dwellings on the Council's HRA, the Secretary of State issued a direction under section 74(3)(d) of the 1985 Housing Act, for the properties in this scheme to be held outside the HRA i.e. in the General Fund.

3.54 The income and expenditure associated with these Stonebridge dwellings (which will be broadly neutral in 2010-11) will be included in the Council's General Fund budget.

3.55 Last year, for 2009-10, the Council agreed an average rent increase of 6.2%. The dwellings in this scheme were not affected by the Governments late decision to issue revised guideline rents for 2009-10, as these dwellings are held outside the HRA.

- 3.56 The Council has the responsibility for setting rents and service charges for these Brent Stonebridge Dwellings (in consultation with Hillside Housing Trust, and in line with the terms of the PFI contract).
- 3.57 The framework for the annual rent setting for the Brent Stonebridge dwellings is contained in the 30 year PFI contract between Hyde Housing (Hillside Housing Trust) and the Council. The PFI contract sets out that rent increase/decrease for next year should be based on the following formula (note that for 2010-11, the RPI is the Retail Price Index at September 2009, which was -1.4%):-
- Where rents are below target rent level – they should be increased by RPI (which is -1.4%) + 2%. This means that they should increase by 0.6%. However, this is subject to a limit on the lower of:-
    - the target rent at an individual level; or
    - RPI (which is -1.4%) + 0.5% + £2;
  - Where rents are at target level – they should be increased by RPI (which is -1.4%) plus 0.5%. This means that they should decrease by -0.9%.
- 3.58 Taking account of the framework set out in the PFI contract, the following table sets out the 2009-10 actual rent and the proposed rent levels for 2010-11.

	Rent 2009-10 £	Proposed Rent 2010-11 £	Increase/ (Decrease) £'s	Increase/ (Decrease) %	No	Total Increase/ (Decrease) £
1 Bed Flat	85.64	84.87	-0.77	-0.9%	84	-3,363
2 Bed Flat	97.20	97.78	0.58	0.6%	44	1,327
1 S/croft Elders	85.64	84.87	-0.77	-0.9%	15	-601
2 S/croft Elders	97.20	97.78	0.58	0.6%	3	90
2 Bed House	110.13	109.14	-0.99	-0.9%	36	-1,853
3 Bed House	119.77	119.61	-0.16	-0.1%	77	-641
4+ Bed House	127.06	125.92	-1.14	-0.9%	71	-4,209
<b>Total</b>	<b>1,833,259</b>	<b>1,824,010</b>	<b>-0.54</b>	<b>-0.5%</b>	<b>330</b>	<b>-9,249</b>

This table shows that the range of the rent change is from a decrease of £1.14 per week to an increase of £0.58p per week, and that the average overall rent change (excluding Service Charges) for 2010-11 will be reduction of £0.54 per week, which is an average decrease of 0.5%. Members are asked to agree this.

This will decrease the average rent (excluding service charges) from £106.83 to £106.29 and will result in a reduction of £9k rent income per annum (when comparing the full year effect of 330 dwellings), which will, in line with the PFI contract, be offset by a reduction in the unitary charge in 2010-11. The overall impact of this will therefore be broadly neutral on the council's budget.



It is noted that those properties with a proposed rent increase in 2010-11 are those properties that have not yet reached their target rents.

- 3.59 For service charges, the service contracts were tendered out last year. The new contracts contain annual price uplifts linked to the Building Costs Indices (BCI). As the BCI for the relevant period for calculating the service contract fee for 2010-11 was negative, this has led to a reduction in costs. The costs at Southcroft, an Elders block, remain high in comparison with other homes because they receive additional services.
- 3.60 Although the Service charges are directly worked out by the costs of providing the services that every unit receives, Hillside does not divide the service Charges up according to bed size of the units. This means that every property in a block will be charged the same amount regardless of the bed size of the unit. All houses of Hillside (and a few of the flats with their own entrance but no entryphone) will be charged a service charge of £0.29p to cover the maintenance of the outdoor communal areas of the estate.
- 3.61 As a result of this process, Hillside Housing Trust have notified us that they propose to reduce service charges in 2010-11. The following table sets out the average Service charges in 2009-10 and the compares this to the proposed Service Charges for 2010-11:-

	<b>Average Service Charges 2009-10</b>	<b>Average Service Charges 2010-11</b>	<b>Decrease £'s</b>	<b>Decrease %</b>	<b>No</b>	<b>Total Decrease £</b>
1 Bed Flat	14.68	8.82	-5.86	-39.9%	84	-25,596
2 Bed Flat	14.68	8.69	-5.99	-40.8%	44	-13,705
1 S/croft Elders	33.13	31.32	-1.81	-5.5%	15	-1,412
2 S/croft Elders	33.13	31.32	-1.81	-5.5%	3	-282
2 Bed House	1.76	0.29	-1.47	-83.5%	36	-2,752
3 Bed House	1.76	0.29	-1.47	-83.5%	77	-5,886
4+ Bed House	1.76	0.29	-1.47	-83.5%	71	-5,427
<b>Total</b>	<b>145,559</b>	<b>90,499</b>	<b>-3.21</b>	<b>-37.8%</b>	<b>330</b>	<b>-55,061</b>

This table shows that the overall proposed average Service Charge decrease for 2010-11 will be £3.21 per week, being an average decrease of 37.8% and Members are asked to agree this. The impact at individual level will depend upon the specific dwelling type and the service charges allocated to that dwelling. This proposal will decrease the average service charge from £8.48 to £5.27 and will result in £55k less service charges income per annum (when comparing the full year effect of 330 dwellings) , which will, in line with the PFI contract, be used to pay a reduced unitary charge in 2010-11. The overall impact of this will therefore be broadly neutral on the council's budget.

- 3.62 The combined effect of the proposals for rents and service charges changes at Stonebridge for 2010-11 are set out in the following table:-

	<b>Average Rents &amp; Svce Chge 2009-10 £</b>	<b>Average Rents &amp; Svce Chge 2010-11 £</b>	<b>(Decrease) £'s</b>	<b>(Decrease) %</b>	<b>No</b>	<b>Total Decrease £</b>
1 Bed Flat	100.32	93.69	-6.63	-6.6%	84	-28,960
2 Bed Flat	111.88	106.47	-5.41	-4.8%	44	-12,378
1 S/croft Elders	118.77	116.19	-2.58	-2.2%	15	-2,012
2 S/croft Elders	130.33	129.10	-1.23	-0.9%	3	-192
2 Bed House	111.89	109.43	-2.46	-2.2%	36	-4,605
3 Bed House	121.53	119.90	-1.63	-1.3%	77	-6,527
4+ Bed House	128.82	126.21	-2.61	-2.0%	71	-9,636
<b>Total</b>	<b>1,978,819</b>	<b>1,914,509</b>	<b>-3.75</b>	<b>-3.2%</b>	<b>330</b>	<b>-64,310</b>

This table shows the combined impact of the proposed average rent and Service Charge decrease at Stonebridge for 2010-11. The net impact on tenants will on average be a decrease of £3.75 or 3.2%, although the actual impact will depend upon the dwelling and the specific service charges that are allocated to that dwelling.

## Conclusion

- 3.63 Officers advice for a balanced budget is prudent and in line with the Housing Service's standard approach to budget setting which is both realistic and transparent. Officers consider that the current process ensures that whilst overall resources are inadequate, all HRA service areas equally bear the consequences of stock reduction.
- 3.64 As in previous years, officers cannot be confident that problems will not occur in particular areas, e.g. repairs. The reporting process during the year is well developed and ensures that budget problems are addressed and managed accordingly.
- 3.65 Officers consider their role to produce a realistic and prudent budget within the policy guidelines and dealing with solutions to problems within the internal Housing Service budget process. All these budget adjustments are clearly outlined in Appendix 1. Therefore, officers consider the advice contained in this report forms a reasonable basis for setting next year's rents and budgets.

## 4.0 Financial Implications

- 4.1 This report is wholly concerned with financial issues associated with setting the HRA budget for 2010-11 and the level of rents for Council dwellings in 2010-11. Members are advised of their duty to approve a budget that meets the statutory requirements as contained in Part VI of the Local Government and Housing Act 1989. Sections 76 (2) and (3) of that Act essentially require Members to ensure that their proposals are realistic and that the Council's Housing Revenue Account does not show a debit balance.

## 5.0 Legal Implications

- 5.1 Under section 74 of the Local Government and Housing Act 1989 (“the 1989 Act”), the Council is required to keep a separate Housing Revenue Account of sums falling to be credited or debited in respect of its housing stock. Sections 75 and 76 of the 1989 Act set out the rules for establishing and maintaining that account. Under section 76 of the 1989 Act, the Council is required to formulate in January and February of each year proposals for the HRA for the following year which satisfy the requirements of that section and which relate to income, expenditure and any other matters which the Secretary of state has directed shall be included.
- 5.2 In formulating these proposals the Council must secure that upon their implementation the HRA will not show a debit balance assuming that the best assumptions and best estimates it can make at the time prove to be correct. Put simply, the legislation requires the Council to prevent a debit balance, to act reasonable in making assumptions and estimates and to act prudently.
- 5.3 The Act also requires the authority to review the proposals from time to time and make such adjustments as are necessary to ensure that the requirements, as set out above, continue to be met. This report sets out the revised estimates for the current financial year and also the proposals for the coming year.
- 5.4 The Council may make such *reasonable* charges as it so determines for the tenancy or occupation of their dwellings and shall review those rents and charges from time to time. In so doing the Council shall have regard to the principle that the rents for different types of houses should bear broadly the same proportion to private sector rents for those different types of houses. This means that the difference between the Local Authority rent for, say, a bedsit and a two bed house with a garden should be broadly comparable to the difference between the rents for those types of dwellings in the private sector. In making such reasonable charges officers have given consideration to the Government’s policy aims of introducing social housing rents that will ultimately produce rents being set (both in the council and RSL sectors) on a nationally determined basis (whilst taking into account local factors such as the value of dwellings). This aim is not prescriptive in so much it remains the responsibility of the local housing authority to set rents.
- 5.5 The rent income estimates included for 2010/11 are based upon the Governments Rent Restructuring formula and adjusted for RTB etc.
- 5.6 The decisions recommended in this report are an exercise of the Executive’s rent-setting function and must take into account the implications of the Council’s overall budget.
- 5.7 The Council is required to prepare a statement of the revised estimates and new proposals within one month of the proposals and this requirement will be

satisfied by Council approval of the overall budgets for 2010/2011 on 1st March 2010.

- 5.8 The Secretary of State issued a Direction (under section 74(3)(d) of the Local Government and Housing Act 1989) in March 2008 which allows the Council to hold outside the Housing Revenue Account the rent accounts of the Council owned properties on the Stonebridge estate that were transferred from the Stonebridge HAT to the Council in 2007.
- 5.9 Section 313 of the Housing and Regeneration Act 2008, which adds section 80B to the Local Government and Housing Act 1989, makes it possible for councils and specified properties belonging to Councils to be excluded from the subsidy system subject to agreement with the Secretary of State and it allows the Secretary of State to make directions in relation to such agreements. As stated above in paragraph 3.14, following the consultation exercise regarding Council Housing Finance, the Government is expected to announce its response to the consultation in February 2010. The Government's response may have important implications for the Council's HRA and the future role of BHP.
- 5.10 The Housing and Regeneration Act 2008 ("the 2008 Act") enabled the creation of the Homes and Communities Agency (HCA), which has the power to provide funding to ALMOs and local authorities, and the Tenant Services Authority (TSA). At present, the TSA regulates registered social landlords (now known as "Registered Providers") but at present, the TSA does not regulate ALMOs or Councils as they are excluded from being classed as Registered Providers under section 113 of the 2008 Act. However, under section 114 of the 2008 Act, there is provision in the 2008 Act which allows the Secretary of State to lay regulations by way of Statutory Instrument in Parliament to repeal section 113 of the 2008 Act and require the TSA to regulate ALMOs (under section 113(5) of the 2008 Act) and Councils' housing management departments.

## **6.0 Diversity Implications**

- 6.1 This report, in the main deals with the rent setting and budget proposals for the Council's HRA. Officers are not proposing any major changes to the operation of this account. In particular this report deals with a number of strategic issues and does not in itself deal with specific operational ones. Operational housing management issues are, in the main, the responsibility of Brent Housing Partnership (BHP) and this service is monitored by the Housing Service by reference to the agreements between Brent Council and its wholly owned subsidiary – BHP.
- 6.2 Compliance with equalities objectives is monitored by BHP's Service Delivery Sub-Committee. This sub-committee meets quarterly. Equalities and Diversity initiatives during 2009-10 included the following:-
- 6.2.1 Due to the loss (June 2009) of the Supporting People Grant for the delivery of Housing Related Support to Older Residents of Brent, the Trusted Assessor scheme has discontinued. BHP has since sent a number of staff on the accredited training course to re-establish the scheme.

- 6.2.2 A programme of review of BHP Diversity & Equality strategy is underway. Following a short notice inspection by the audit commission earlier in the year and the new diversity bill, some new initiatives were introduced. These included:
- Further development of current equality and diversity projects including their disability scheme:
    - BHP have developed a new strategy and SMART action plan on equality & diversity
    - BHP have conducted equality impact assessments for the income management, tenancy management and anti-social behaviour team services. The outcomes have been very positive and the gaps have formed part of the strategy action plan.
  - A programme of equality awareness training has begun, employing an external consultant to deliver this to all BHP staff and contractors. This is to raise awareness of a range of diversity needs recommended by the new diversity bill
  - Continue to improve confidence of front line staff from BHP and contractor organisations in dealing with equalities & diversity issues through discussion & case studies. To help them gain an understanding of applying concepts in everyday situations when dealing with BHP residents face to face and by telephone
- 6.2.3 Continued involvement of Disabled Forum members in the quarterly Mystery Shopping programme, including visits to reception points to assess accessibility for customers with a range of disabilities.
- 6.2.4 Ongoing consultation with Disabled Forum members to agree service priorities for the Equalities action plan.
- 6.2.5 The Gardening Scheme for vulnerable residents has been fully reviewed and the access and eligibility criteria have been revised to ensure that we are able to assist vulnerable residents who meet the eligibility criteria. The primary objective of the scheme was to offer a one-off crisis support for garden and environmental clearance for vulnerable residents that meet eligibility criteria. There are considerations to offer routine maintenance to qualifying residents subject to needs and risk assessment. To date, BHP have assisted about 297 vulnerable residents with a range of gardening clearance works. The service also helps with resolving complaints from neighbours resulting from unkept gardens which often pose significant health and safety risks to the residents and the general public.
- 6.2.6 Following the review of the Equalities Action Plan, an exercise was undertaken to consolidate all disability and vulnerable data in one place on the Northgate v5 database. This short-term project is phased in two parts: The initial phase involved a questionnaire survey to obtain diversity data from tenants and leaseholders. About 15% returns were achieved and relevant data has been uploaded onto the Northgate. In a bid to improve the response rate, an external consultant is being used to conduct a telephone survey to

obtain the relevant data. The target for completion of this is the end of January 2010.

## **7.0 Staffing/Accommodation Implications**

7.1 The main purpose of the report is to set the HRA Budget for 2010/2011. Clearly decisions made by this Committee on expenditure and rent levels can materially affect staffing numbers. There are no major staffing implications arising from this report unless, as a matter of policy, Members determine significant additional savings.

## **8.0 Background Information**

2010/11 Housing Revenue Account Subsidy Determination  
2010/11 Housing Revenue Account Determinations  
2010/11 Housing Revenue Account Budget Working Papers

### **Any person wishing to inspect the above papers should contact:**

Eamonn McCarroll  
Assistant Director – Finance and Resources  
Housing and Community Care  
5<sup>th</sup> Floor  
Mahatma Gandhi House  
34 Wembley Hill Road  
Wembley  
Middlesex HA9 8AD

Tel: 020-8937-2468

Email: [eamonn.mccarroll@brent.gov.uk](mailto:eamonn.mccarroll@brent.gov.uk)

**Martin Cheeseman**  
**Director of Housing and Community Care**

<b>HRA Probable Budget 2009-10 and Draft Budget 2010-11</b>			
<b>Description</b>	<b>(1) Original Budget 2009-10 £000's</b>	<b>(2) Probable Budget 2009-10 £000's</b>	<b>(3) Draft Budget 2010-11 £000's</b>
Provision For Bad Debts	200	200	200
Rent & Rates	2,374	2,374	622
Services	1,112	1,112	590
Capital Financing	22,513	22,850	22,058
Depreciation (Major Repairs Allowance (MRA))	7,556	12,956	2,363
HRA Subsidy (incl MRA)	-14,763	-20,500	-6,660
Rent Income	-45,675	-44,953	-44,107
Non Dwelling Rent	0	-385	-385
Other Income	-607	-607	-600
General Management	11,230	10,749	10,499
Special Management	5,072	5,455	5,352
Housing Repairs	13,234	13,213	11,897
<b>Net Expenditure</b>	<b>2,246</b>	<b>2,464</b>	<b>1,829</b>
Surplus B/Fwd	-2,646	-4,430	-1,966
Surplus C/Fwd	400	1,966	400
<b>Total</b>	<b>0</b>	<b>0</b>	<b>263</b>

<b>HRA Budget Summary - Original Budget Vs Probable Budget 2009-10 Variance</b>					
<b>Description</b>	<b>(1) Original Budget 2009-10 £000's</b>	<b>(2) Contra Virements £000's</b>	<b>(3) Other Virements £000's</b>	<b>(4) Probable Budget 2009-10 £000's</b>	<b>Virements Explanation</b>
Provision For Bad Debts	200	0	0	200	
Rent & Rates	2,374	0	0	2,374	
Services	1,112	0	0	1,112	
Capital Financing	22,513	337	0	22,850	Interest Rate Reduction £-137k and increase in Premia £474k (contra Housing Subsidy)
Depreciation (MRA)	7,556	5,400	0	12,956	MRA brought forward from 2010-11 under the Government scheme £5,400k
HRA Subsidy (incl MRA)	-14,763	-5,737	0	-20,500	Contra Virements - see Capital Financing £-337K and Depreciation £-5,400k
Rent Income	-45,675	324	398	-44,953	Contra Virement - Budget reclassification £324k (contra non dwelling rent) Other Virement - Forecast reduction in rent income for Council Dwellings arising through regeneration at South Kilburn (including Granville New Homes) and Barham Park £-398k
Non Dwelling Rent	0	-385	0	-385	Budget reclassification £385k (contra Rent Income £324k and Special Management £60k)
Other Income	-607	0	0	-607	
General Management	11,230	-301	-180	10,749	Contra Virements: - RTB Capital Receipt Pooling £21k (contra Housing Repairs) and Communal Lighting additional costs £-322k (contra Special Management) Other Virements:- Forecast underspend on operations costs and management fee £-180K
Special Management	5,072	383	0	5,455	Contra Virements - Communal lighting additional costs (contra General Management £323k and Non Dwelling Rent £60k)
Housing Repairs	13,234	-21	0	13,213	Budget re-classification (contra General Management)
<b>Net Expenditure</b>	<b>2,246</b>	<b>0</b>	<b>218</b>	<b>2,464</b>	
Surplus B/Fwd	-2,646	0	-1,784	-4,430	Audited additional surplus from 2008-09
Surplus C/Fwd	400	0	1,566	1,966	Net increase in balances arising from adjustments set out above.
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	



HRA Budget Summary - Probable Budget 2009-10 Vs Original Budget 2010-11 Variance					
Description	(1) Draft Probable Budget 2009-10 £000's	(2) Contra Variance £000's	(3) Other Variance £000's	(4) Draft Original Budget 2010-11 £000's	Variance Explanation
Provision For Bad Debts	200	0	0	200	
Rent & Rates	2,374	-1,746	-6	622	Contra Variance - Reduction in lease rental payments £-1,746k (contra Housing Subsidy). Other Variance - Inflation £5k, Efficiency/Stock Loss £-11k
Services	1,112	0	-522	590	HRA Lease Expiry (Middlesex House - Mangement and Maintenance) £-529k, and Inflation £7k.
Capital Financing	22,850	-1,475	683	22,058	Contra Variance - Removal of one off budget growth funded through balances in 2009-10 £-1,200k (re ALMO Round 2 Interest Rate Adjustment (contra Surplus B/fwd)), and amortised premium £-107k, and reduction in interest rate £-167k (contra Housing Subsidy). Other Variance - Reverse one off income in 2009-10 £205k, technical adjustments including Debt Management Expenses, Interest rate and Interest £-119k and Growth of £596k reALMO Round 2 Interest Rate adjustment Reduction re MRA b/fwd to 2009-10 scheme (£5,400k x 2) £10.8m, part offset by additional MRA increases for 2010-11 per subsidy determinations (contra Housing Subsidy).
Depreciation (Major Repairs Allowance (MRA))	12,956	-10,593	0	2,363	
HRA Subsidy	-20,500	12,607	1,233	-6,660	Contra Variance - see capital financing, depreciation, rent and rates, and other income. Other Variance - Management allowance £-37k, Maintenance Allowance £-11k, Notional Income £1,546k, and stock loss £-264k
Rent Income	-44,953	0	846	-44,107	Stock reduction through right to buy sales, HRA lease ends (Middlesex House) and regeneration at Stk Kilburn and Barham Pk £846k.
Non Dwelling Rent	-385	0	0	-385	
Other Income	-607	7	0	-600	Reduction in mortgage interest £7k (contra Housing Subsidy)
General Management	10,749	0	-250	10,499	Add back one off underspend of £100k from 2009-10, Inflation £97k and stock reduction/efficiency savings £-447k.
Special Management	5,455	0	-103	5,352	Inflation £71k, and stock loss/efficiency savings £-174k.
Housing Repairs	13,213	-1,045	-271	11,897	Contra Variance - Removal of one off budget growth funded through balances in 2009-10 (re Sth K Health and Safety Works (contra Surplus B/fwd) Other Variance - Inflation £141k, and stock loss/efficiency savings £-412k.
<b>Net Expenditure</b>	<b>2,464</b>	<b>-2,245</b>	<b>1,610</b>	<b>1,829</b>	
Surplus B/Fwd	-4,430	2,245	218	-1,967	Contra Variance - use of balances one-off in 2009-10 (agreed by Members) £2.245m Other Variance - overspend in 2009-10 - £218k
Surplus C/Fwd	1,966	0	0	1,966	Use of balances arising from above adjustments and virements.
<b>Total</b>	<b>0</b>	<b>0</b>	<b>1,828</b>	<b>1,828</b>	

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**Executive**  
15 February 2010

## **Report from the Director of Housing and Community Care**

Wards Affected:  
All

### **Authority to Award the Contract for Furniture Removals and Storage Services**

Forward Plan Ref: H&CC-09/10-27

**Appendices 2 and 3 are not for publication**

#### **1 SUMMARY**

- 1.1 This report relates to furniture removals and storage services in respect of the personal property of homeless households and those who have been evicted from Council property and have left personal goods behind. The report requests authority to award a contract for furniture removals and storage services to commence on 1 April 2010 as required by Contract Standing Orders 88 and 89. This report summarises the process undertaken in tendering this contract and, following the completion of the evaluation of the tenders, recommends to which contractor the contract should be awarded.

#### **2 RECOMMENDATION**

That the Executive:

- 2.1 Award the Contract for Furniture Removals and Storage Services to Crown Promotions and Removals Limited, the contract to run from 1 April 2010 until 31 March 2012, with an option to extend the contract for up to a further two years.

#### **3 DETAIL**

##### **Background**

- 3.1 The Council has a statutory duty under Part VII of the Housing Act 1996 (as amended) to protect the personal property of homeless households during their period of homelessness – see paragraph 6.2 of this report.

This duty is discharged by the Council by contracting out removals and storage work to a private contractor. Brent Housing Partnership (“BHP”) are also required to arrange removals and storage arising from the landlord functions that they carry out on behalf of the Council, including secure tenancy management as well as the separate Private Sector Leasing scheme. In particular, storage is required for a limited period where households have been evicted from Council property and have left their personal goods behind.

- 3.2 The Council and BHP currently have a contract with Robinsons Limited for the provision of its Furniture Removals and Storage services. This contract comes to an end on 31<sup>st</sup> March 2010.

### **Tender Process**

- 3.3 The 16<sup>th</sup> March 2009 Executive granted the Director of Housing and Community Care authority to invite tenders for a new contract for a Furniture Removals and Storage Service for two years with an option to extend for up to a further two years. It was originally intended that the contract would likely commence on 1 December 2009 but given the extra period required in the tender process because of the matters identified in paragraph 3.5 below the proposed commencement date is now 1 April 2010.
- 3.4 In early April 2009 an advertisement was placed in the local press and a monthly removals and storage magazine inviting expressions of interest. In response to these adverts a total of 24 responses were received from contractors ‘expressing interest’ and they were sent pre-qualification questionnaires, including a draft ‘specification of requirements’, to complete and return by 30<sup>th</sup> April 2009. A total of 10 completed pre-qualification questionnaires were received.
- 3.5 The contract was originally only advertised in a trade publication and a local paper because an OJEU (Official Journal of European Union) Notice was not required because the proposed contract is for a Part B service (within the meaning of the EU procurement rules) which means that the placing of a Notice is not mandatory. However, in order to ensure the market was tested as extensively as reasonably possible, it was decided to place a Notice in the OJEU. The Notice appeared on 10<sup>th</sup> July, resulting in a further 9 responses received from contractors ‘expressing interest’ and a further 3 returned completed pre-qualification questionnaires.
- 3.6 Pre-qualification shortlisting was carried out on the 13 questionnaires by a panel of appropriately qualified and experienced individuals who assessed the contractors’ financial viability, health & safety compliance, technical ability and quality assurance compliance. This exercise resulted in 4 contractors being shortlisted and invited to formally submit tenders.
- 3.7 On 22<sup>nd</sup> September 2009 the 4 shortlisted contractors were sent tender packs including a comprehensive Service Specification, Conditions of

Contract and Instructions to Tenderers. During the tender period one of the contractors formally withdrew from the process stating the reason as the recent winning of a large contract which would fully utilise their local depot.

#### **4 Evaluation Process**

- 4.1 All tenders had to be submitted to the Council no later than noon on 28<sup>th</sup> October 2009 and they were opened by Democratic Services at the Town Hall.
- 4.2 Site visits were undertaken by the Councils Management Services Unit during the week beginning 28<sup>th</sup> September 2009.
- 4.3 Tenders were evaluated by a 4 member panel consisting of representatives of the Housing Resource Centre, Brent Housing Partnership, the Procurement Team and Management Services. The 3 submissions were given to each member of the evaluation panel who read them individually and used evaluation sheets to score and note down their comments on how well each of the award criteria was addressed. The Instructions to Tenderers stated that the contract would be awarded on the basis of the most economically advantageous tender, and listed the criteria upon which the tenders would be evaluated (see Appendix 1 for quality criteria).
- 4.4 Pricing information was received from each supplier in the form of a completed Pricing Matrix. During the tender process, all suppliers were provided with an evaluation model together with estimated volumes of the different priced items and were informed that the indicated volumes represented an approximation of the number and kinds of different types of moves and services which occurred between October 2008 and September 2009. Tenderers were informed that their submitted prices would be inputted into the model based on the indicated volumes, solely as a tool for pricing evaluation to give a total annual price. Tenderers were informed that this total overall price would be used for the purposes of evaluating the pricing component of the tender submission (weighted at 60% of the overall tender evaluation) and that the evaluation would employ a proportional scoring system whereby the tender offering the lowest total overall price will be awarded the maximum achievable score of 60 marks with the other tenders being scored proportionally on the price component – scores being based on the total overall price calculated for each tender relative to the total overall price of the lowest priced tender. Both the total overall price for each supplier as well as the weighted price is shown in the table at paragraph 4.7 of this report.
- 4.5 The panel met on 11<sup>th</sup> November 2009 and each submission was considered by the whole panel and an agreed but provisional mark awarded for each award criteria. On the 19<sup>th</sup> November 2009, two contractors attended interviews with the panel where questions relating to their tender submissions were put to them. The third contractor had scored very low marks in comparison with the other two contractors and was therefore not invited for interview.

- 4.6 After additional information was obtained from the contractors in order to further clarify their tenders, the panel came together again on 2<sup>nd</sup> December 2009 to finalise their scores and make their recommendation.
- 4.7 After the evaluation and discussions were completed, the three tenders were scored as follows:

Supplier	Annual Price (based on model)	Price Score (adjusted for 60% weighting)	Quality (adjusted for 40% weighting)	Total Points
A	£298,354	45.0	37.51	82.51
B	£223,550	60.0	36.27	96.27
C	£358,191	37.4	21.25	58.65

- 4.8 The Appendices show a more detailed breakdown of the evaluation and scoring. Appendix 1 contains the results of the evaluation of the quality component of the assessment criteria including the points awarded for each component. Appendix 2 (not for publication) is a pricing matrix showing the names of the three tenderers, their pricing for each of the relevant items, and the points awarded as a result. Appendix 3 (also not for publication) provides the identities of the 3 tenderers.
- 4.9 Crown Promotions and Removals Limited (Supplier B) submitted the lowest price tender which was 25% and 38% lower respectively than the other two tenders and was above the quality & technical threshold. The second placed tender, although scoring 3.4% higher than the Crown tender for the quality and technical criteria, would cost the Council an estimated extra £274,576 over the next 4 years (assuming that the contract is extended so as to run for its maximum terms of 4 years). As the most economically advantageous tender, officers recommend that the Executive authorise the award of the contract to Crown Promotions and Removals Limited.

## **5. FINANCIAL IMPLICATIONS**

- 5.1 The Council's Contract Standing Orders state that contracts for services exceeding £500k shall be referred to the Executive for approval of the award of the contracts.
- 5.2 The contract for the Furniture Removals and Storage Services will be let for an initial period of two (2) years from 1 April 2010, renewable for up to a further two (2) years.
- 5.3 The value of the 4 year contract from April 2010, if the contract is awarded as recommended in this report, is estimated to be £894,200 and this will be split between the Temporary Accommodation Budget (£760,070) and the Housing Revenue Account (£134,130).
- 5.4 The total one-off cost of the transfer of goods from Robinsons International Removals Limited (who are currently storing them as

incumbent provider) to Crown Promotions and Removals Limited is estimated to be £20,450 for the Council and £4,190 for BHP. This cost will fall in the financial year 2010/11 and will be funded from existing resources.

- 5.5 The current costs of this contract are estimated to be £1,000,500 split between the Temporary Accommodation budget (£850,425) and the Housing Revenue Account (£150,075) over the 4 year period of the contract – 2 years with an option for a 2 year extension. The Tender from Crown Promotions and Removals Limited, if accepted, will result in a decrease of £81,660 split between the Temporary Accommodation budget (£69,905) and the Housing Revenue Account (£11,755) over the 4 year period of the contract. These figures have already been taken into account in the preparation of future budget estimates.
- 5.6 It is anticipated that the cost of the new contract will be funded from resources already identified in the Council's Temporary Accommodation Budget managed by the Housing Resource Centre and in Brent Housing Partnership's contractor budget.
- 5.7 The contractor will invoice the Council for any services instructed by the Council, and BHP for any services instructed by BHP. The Conditions of Contract specify that BHP and the Council are severally liable under the contract and that the contractor cannot claim moneys owed to it by BHP from the Council (and vice versa).

## **6 LEGAL IMPLICATIONS**

- 6.1 The Furniture Removals and Storage Contract is considered to be a Part B service in accordance with the EU Procurement Regulations and therefore is not subject to the full application of the Regulations.
- 6.2 Sections 211 and 212 of the Housing Act 1996 confer a duty on the Council to take steps to protect the belongings of homeless people in certain circumstances, and discretion to do so in others. That Act also allows for recovery of reasonable costs.
- 6.3 Section 41 of the Local Government (Miscellaneous Provisions) Act 1982 deals with lost and uncollected belongings. It confers on the Council a duty to deal with belongings found on its property, including but not limited to residential premises, and belongings otherwise left with it and not reclaimed. For practical reasons, for example where a new tenant wishes to take up residence of a Council home, this usually involves removal and storage of the former tenant's belongings. That section also requires notice to be given to the owner of the belongings and, if the owner claims them, allows the Council to recover the costs of caring for them.
- 6.4 Through its management agreement with the Council, BHP is responsible for discharging the majority of the Council's housing

management functions. These functions include the safe removal and storage of belongings found on Council premises.

- 6.5 In addition to the express statutory requirements explained above, the Council is under a general duty to act reasonably, which will in some circumstances necessitate removal and storage of belongings, notwithstanding the absence of an express obligation.
- 6.6 Generally, this means that the Council is responsible for organising and covering the cost of the removal and storage of the possessions of Brent's homeless people. BHP is responsible for organising and covering the cost of the removal and storage of the possessions of people who have been evicted from Council housing or who are being moved to a different location by BHP.

In the situation where a person is evicted from a Council house, and that person later becomes a homeless client of the Council, the costs of removal and storage of that person's possessions are split between the Council and BHP as follows:

- (a) BHP covers the cost of the removal and 28 days of storage; and
- (b) the Council covers the storage costs from the 29<sup>th</sup> day of storage onwards.

If the person does not become a Council homeless client, BHP covers the cost of storage for a maximum of 6 months.

If BHP and the Council had separate contractors, the customer's personal property would have to be moved from BHP's contractor's store to the Council's contractor's store on the 29<sup>th</sup> day of storage. This would not be cost effective and would be very disruptive to the customer.

Thus, for operational reasons and in order to provide best value to the people of Brent, officers of the Council and BHP (in consultation with Legal Services) considered that it would be preferable for the Council and BHP to enter into the same contract with the one contractor. The Conditions of Contract specify that BHP and the Council are severally liable under the contract and that the contractor cannot claim moneys owed to it by BHP from the Council (and vice versa). The contractor will invoice the Council for any services instructed by the Council, and BHP for any services instructed by BHP. The Council and BHP will enter into a Service Level Agreement stating that they agree to act jointly in relation to all decisions which affect the overall contract (for example: one shall not terminate the contract or agree to alter the terms of the contract, particularly pricing, without the agreement of the other).

- 6.7 As indicated in paragraph 5.1 above, as the contract will be a high value contract under the Council's Contract Standing Orders, Executive approval to award the contract is required.



- 6.8 As the procurement process is not subject to the full application of the EU regulations (see paragraph 3.5 of this Report) there is no requirement that a standstill period be observed before the contract is awarded.
- 6.9 In addition, the provisions of the Transfer of Undertakings (Protection of employment) Regulations 2006 are likely to apply to transfer 1 employee to the new provider from the current provider.
- 6.10 In considering the recommendations in this report, Members need to be satisfied on the basis of the information herein that the award of the contract to Crown Promotions and Removals Limited will represent best value for the Council and will result in the award of the contract to the tenderer offering the most economically advantageous tender.

## **7 DIVERSITY IMPLICATIONS**

- 7.1 There are variations between the population of Brent and those applying for assistance as homeless. For example, those in the Black category made up just under 20% of Brent's population in 2001, however they accounted for nearly half of all applications as homeless in 2002/03. Furthermore, those in the White category made up just over a fifth of all homeless applications, but were 45% of the resident population in the 2001 census. Reasons for these differences are complex and relate to a variety of social, economic and demographic factors, including income levels, family size, quality of housing and patterns of tenure.
- 7.2 The Council's Homeless Strategy aims to use the expertise developed in the area of tenancy protection to decrease homelessness approaches from the African and Caribbean communities by 5% over the period of the strategy.
- 7.3 The Housing Resource Centre's Equality Impact Assessment regarding homelessness and lettings has identified that current policy is specifically designed to ensure that those who are less able to access their own housing solutions are assisted.

## **8 BACKGROUND INFORMATION**

- 8.1 Invitation to Tender documents for the 2010 – 2014 Furniture Removals and Storage Service Contract

- 8.2 Members wishing to inspect any of the above should contact:

Jackie Blundell, Housing Resource Centre, Mahatma Gandhi House,  
34 Wembley Hill Road, Wembley, Middlesex HA9 8AD,  
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Martin Cheeseman  
Director of Housing and Community Services

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## APPENDIX 1


### RESULTS OF THE EVALUATION OF QUALITY/TECHNICAL CRITERIA – REMOVALS & STORAGE CONTRACT

Assessment	Score	Interpretation
Unacceptable	0	Does not meet requirement. Does not comply and/or insufficient information provided.
Serious reservations	1	Serious reservations over response. Little evidence of ability to meet requirement.
Minor reservations	2	Satisfies the requirements but with minor reservations. Some minor omissions and/or weaknesses in response.
Acceptable	3	Satisfies the requirement demonstrating ability to meet the requirement.
Good	4	Satisfies the requirement demonstrating ability to meet the requirement and offer potential added value.

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Criteria	Weighting	Points		
		Supplier A	Supplier B	Supplier C
1.General approach to service delivery (including location of store).	5%	4.0	3.5	2.0
2.Approach to achievement of quality/standards.	5%	4.0	3.5	2.0
3.Approach to security of customers possessions ( Take into account the site visit report, where appropriate)	5%	3.5	4.0	3.0
Criteria	Weighting	Points		
		Supplier A	Supplier B	Supplier C
4.Ability to meet specified deadlines	5%	3.5	3.0	1.0

<b>( Take into account the site visit report, where appropriate)</b>				
5.Commitment to customer care	<i>10%</i>	<b>3.5</b>	<b>4.0</b>	<b>2.5</b>
6.Ability to set-up and maintain high quality records	<i>5%</i>	<b>4.0</b>	<b>3.5</b>	<b>2.0</b>
7.Approach to developing a successful working relationship	<i>5%</i>	<b>4.0</b>	<b>3.5</b>	<b>2.0</b>
<b>TOTAL POINTS =</b>	<i>Total 40% Weighting</i>	<b>37.51 (adjusted by weighting)</b>	<b>36.27 (adjusted by weighting)</b>	<b>21.25 (adjusted by weighting)</b>

	<p style="text-align: center;"><b>Executive</b> <b>15 February 2010</b></p> <p style="text-align: center;"><b>Report from the Director of</b> <b>Finance and Corporate Resources</b></p>
Wards Affected: All	
<b>Review of fees and charges for 2010/11</b>	

Forward Plan Ref: F&CR-09/10-19

## **1.0 Summary**

1.1 This report sets out the proposed fees and charges for council services in 2010/11. Reflecting the low inflation during 2009 and the current economic climate the overall approach has been to increase charges by less than in previous years. There are some exceptions, reflecting specific fees and charges and changes to the policy for charging for removals and storage, which are detailed in the report. All additional income from fees and charges is being used to re-invest in services or keep the council tax increase down.

## **2.0 Recommendation**

The Executive is recommended to:

- 2.1 Agree the proposed fees and charges set out in Appendix A to apply from 1 April 2010 (unless otherwise stated);
- 2.2 Agree changes to the Removals and Storage Charging Policy as set out in Appendix B.

## **3.0 Detail**

3.1 The council's approach to fees and charges in recent years, informed by a best value review carried out in 2004 and ongoing reviews of individual services, has been to:

- a. Be clear about the purpose of individual fees and charges and the way they fit into corporate and service strategies by differentiating between those that the council wishes to subsidise in order to help deliver its strategies and those that are set on the basis of cost recovery or market rates.
- b. Use the powers in the 2003 Local Government Act to introduce new charges where it is considered appropriate.
- c. Recognise that, where there is a choice between increased fees and charges to users of services, and either reductions in services or increases in council tax, the results of resident surveys have shown a preference for increases in charges over the other two options.

- 3.2 Appendix A to this report sets out proposed fees and charges for council services in 2010/11. As part of the council's budget strategy there was no general inflationary uplift assumed for income. This reflected the low level of inflation during 2009 and the ongoing impact of the recession.
- 3.3 Increases have been made where current charges are based on market rates and they are out of line with the market. For example proposed charges for use of the Paul Daisley Hall have increased by almost 5% in accordance with a decision previously made (as hall hire is normally booked in advance) reflecting market rates.
- 3.4 Within the registrars service there has been a review of the pricing structure for the nationality checking service to bring it in to line with that used in neighbouring boroughs. The charges for approved premises weddings have increased by variable amounts reflecting comparable charges elsewhere.
- 3.5 Parking charges are excluded from the schedule in Appendix A as these would be subject to a separate report to Executive should the council wish to increase these. There is no proposal to increase parking charges.
- 3.6 Proposals for changes to the charging policy for removals and storage are set out in Appendix B.
- 3.7 Income maximisation is one of the projects in the council's Improvement & Efficiency Action Plan. Any changes to the council's overall approach to charging for services or changes to individual charges arising from this project will be brought back to the Executive.

#### **4.0 Financial Implications**

- 4.1 The implications of the proposed charges have been taken into account in the Council Tax and Budget report elsewhere on this agenda.

#### **5.0 Legal Implications**

- 5.1 Paragraph 3.1 (o) of Part 4 of the Constitution removes from the delegated authority of any officer a decision which relates to the setting, levying or increase of any fees or charges to any member of the public in respect of a Council service (other than room lettings and copying charges). It is therefore necessary for members to agree most of these changes. Members are also able to agree those which could be otherwise determined at officer level.
- 5.2 Charges can only be imposed where there is a legal power to do so but such powers are contained in various Acts and regulations. The Local Government Act 2003 introduced a new general power for local authorities to charge for discretionary services provided criteria in legislation are met and guidance is taken into account. The necessary regulations and the associated guidance in relation to powers to charge have been in place since November 2003. Where these powers are relied upon the amount that may be charged is restricted to an amount which taking one year with another enables to council to recover its costs but does not mean a profit will be made.
- 5.3 Pursuant to Section 22 (1) of the National Assistance Act 1948, the local authority has a duty to charge for residential accommodation (to include nursing care) provided under Part III of that Act.
- 5.4 The Charges for Residential Accommodation Guide (known as CRAG) is guidance that has been issued by the Secretary of State under section 7(1) of

the Local Authority Social Services Act 1970. CRAG offers local authorities guidance on the procedure for charging adults placed by local authorities in residential accommodation. This guidance must therefore be followed in all but the most exceptional of circumstances.

- 5.5 The local authority is required to charge service users at “standard rate”, to be fixed by the authority or, if the resident does not have the resources to pay at the standard rate, a lower means tested rate. The authority is responsible for the full cost of the placement and the service user then makes a contribution to the authority.
- 5.6 In some circumstances, relatives may choose to contribute to fees to enable a resident to stay in a home of his or her choice when the local authority is not prepared to meet the fees of that home in full. See: the National Assistance Act 1948 (Choice of Accommodation) Directions 1992.
- 5.7 The power of local authorities to charge for non-residential community care services is contained in section 17 of the Health and Social Services and Social Security Adjudications Act 1983 (HASSASSA). This provision gives the authority discretion to impose a charge on the person in receipt of the service. This includes meals on wheels. The authority may impose such charge as it considers reasonable in all the circumstances.
- 5.8 Section 17 of HASSASSA does not specifically require the local authority to have regard to the cost of the service or the means of the recipient in determining the level of charge. However, such considerations will be among those that it would be prudent for the authority to take into account in determining what level of charge is reasonable.
- 5.9 Guidance for local authorities when charging for home care and other non – residential community care services, known as “Fairer Charging Policies for Home Care and Other Non-Residential Social Services”, has been issued by the Secretary of State under section 7 of the Local authorities Social Services Act 1970.
- 5.10 It is to be noted that there is no power for local authorities to charge for services to recipients of aftercare under section 117 Mental Health Act 1983 even when such aftercare includes residential accommodation or for Intermediate Care or Assessment and Care Management.
- 5.11 With regard to references in this report to recovery of court costs, Members should note that this is not technically a fee or a charge but relates to actual cost recovery.
- 5.12 Legal Services will review all of the proposed new charges to ensure that they are lawful and within the council’s powers.
- 5.13 Legal implications regarding the Council’s statutory obligations regarding the storage of property belonging to homeless persons is set out in Appendix B of this report.

## **6.0 Diversity Implications**

- 6.1 The general duty under s49A Disability Discrimination Act 1995 is broadly to promote equality of opportunity between disabled persons and other persons.

The proposals in this report have been subject to screening and officers believe there are no diversity implications, which require partial or full assessment.

- 6.2 Whilst increased charges could theoretically deter some disadvantaged groups, officers do not think that the proposed increases will be sufficient to prevent such groups from taking up the services. Concessions to the fee structure are made in some instances for those in the community who are in the most need.

## **7.0 Staffing Implications**

- 7.1 None specific

## **8.0 Background Papers**

- 2010/11 Budget and Council Tax – report on this agenda
- Positively Charged – Maximising the Benefits of Local Public Service Charges – Audit Commission January 2008

## **9.0 Contact Officers**

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DUNCAN McLEOD

Director of Finance and Corporate Resources



<b>CORPORATE</b>						
<b>Service unit</b>	<b>Service provided</b>	<b>Charging policy</b>	<b>Existing Charge</b>	<b>Charge from April 2010</b>	<b>Percentage change in fees</b>	<b>Notes</b>
Property and Asset Management	Hire of Hall (meeting/Lecture) Mon-Thurs	Full Commercial	£1,260	£1,320	4.8%	Reflecting decision already taken last year - ANY 6 HOURS between 8am – midnight
Property and Asset Management	Hire of Hall (meeting/Lecture) Fri - Sun	Full Commercial	£1,650	£1,730	4.8%	Reflecting decision already taken last year - ANY 6 HOURS between 8am – midnight
Property and Asset Management	Hire of Hall (registered charity or community organisation) Mon - Thur	Full Commercial	£2,730	£2,865	4.9%	Reflecting decision already taken last year - ANY 10 HOURS between 8am – midnight
Property and Asset Management	Hire of Hall (registered charity or community organisation) Mon - Thur	Full Commercial	£3,060	£3,210	4.9%	Reflecting decision already taken last year - ANY 10 HOURS between 3pm – 2am
Property and Asset Management	Hire of Hall (registered charity or community organisation) Fri - Sun	Full Commercial	£3,390	£3,555	4.9%	Reflecting decision already taken last year - ANY 10 HOURS between 8am – midnight
Property and Asset Management	Hire of Hall (registered charity or community organisation) Fri - Sun	Full Commercial	£3,720	£3,900	4.9%	Reflecting decision already taken last year - ANY 10 HOURS between 3pm – 2am
Property and Asset Management	Hire of Hall (commercial)	Full Commercial	£5,460	£5,725	4.8%	Reflecting decision already taken last year - ANY 10 HOURS between 8am – midnight (hall bookings generally are being affected by Wembley Stadium event day parking restrictions)
Property and Asset Management	Hire of Hall (weddings/banquets/parties) Mon - Thurs	Full Commercial	£3,390	£3,555	4.9%	Reflecting decision already taken last year - ANY 10 HOURS between 8am – midnight
Property and Asset Management	Hire of Hall (weddings/banquets/parties) Mon - Thurs	Full Commercial	£3,610	£3,780	4.7%	Reflecting decision already taken last year - ANY 10 HOURS between 3pm – 2am
Property and Asset Management	Hire of Hall (weddings/banquets/parties) Mon - Thurs	Full Commercial	£4,920	£5,155	4.8%	Reflecting decision already taken last year - ANY 16 HOURS between 8am – 2am
Property and Asset Management	Hire of Hall (weddings/banquets/parties) Fri - Sun	Full Commercial	£3,530	£3,700	4.8%	Reflecting decision already taken last year - ANY 10 HOURS between 8am – midnight
Property and Asset Management	Hire of Hall (weddings/banquets/parties) Fri - Sun	Full Commercial	£3,880	£4,060	4.6%	Reflecting decision already taken last year - ANY 10 HOURS between 3pm – 2am
Property and Asset Management	Hire of Hall (weddings/banquets/parties) Fri - Sun	Full Commercial	£5,190	£5,440	4.8%	Reflecting decision already taken last year - ANY 16 HOURS between 8am – 2am
Property and Asset Management	Hire of Hall (boxing / sport) Mon - Thurs	Full Commercial	£1,760	£1,840	4.5%	Reflecting decision already taken last year - ANY 12 HOURS
Property and Asset Management	Hire of Hall (boxing / sport) Fri - Sun	Full Commercial	£2,730	£2,865	4.9%	Reflecting decision already taken last year - ANY 12 HOURS
Property and Asset Management	Hire of Hall (orchestra rehearsal) Mon - Thurs	Full Commercial	£715	£745	4.2%	Reflecting decision already taken last year - ANY 5 HOURS between 8am –midnight
Property and Asset Management	Hire of Hall (orchestra rehearsal) Mon - Thurs	Full Commercial	£1,425	£1,490	4.6%	Reflecting decision already taken last year - ANY 10 HOURS between 8am – midnight
Property and Asset Management	Hire of Hall (orchestra rehearsal) fri - sun	Full Commercial	£930	£975	4.8%	Reflecting decision already taken last year - ANY 5 HOURS between 8am –midnight
Property and Asset Management	Hire of Hall (orchestra rehearsal) fri - sun	Full Commercial	£1,855	£1,945	4.9%	Reflecting decision already taken last year - ANY 10 HOURS between 8am – midnight

<b>CORPORATE</b>						
<b>Service unit</b>	<b>Service provided</b>	<b>Charging policy</b>	<b>Existing Charge</b>	<b>Charge from April 2010</b>	<b>Percentage change in fees</b>	<b>Notes</b>
Property and Asset Management	Hire of Hall - Bank Holidays	Full Commercial	Price on application	Price on application	0.0%	
Democratic Services	Certificate of electoral registration	Cost Recovery	£15	£15	0.0%	The current charge already reflects costs and cannot reasonably be increased further.
Democratic Services	Copies of electoral register	Statutory	£20 + £1.50 per 1000 names	£20 + £1.50 per 1000 names	0.0%	No discretion to vary this statutory charge.
Registrar's	Nationality Checking Mon - Sat Single Application	Fair Charging	£40	£40 per adult and £20 per child	N/A	Change to a per person fee structure in common with surrounding boroughs
Registrar's	Nationality Checking Mon - Sat Joint Application or single with 1 minor	Fair Charging	£60	Not applicable as above	N/A	
Registrar's	Nationality Checking Mon - Sat Joint with up to 4 minors	Fair Charging	£80	Not applicable as above	N/A	
Registrar's	Nationality Checking Mon - Sat Single with up to 5 minors	Fair Charging	£80	Not applicable as above	N/A	
Registrar's	Nationality Checking Mon - Sat Single minor application	Fair Charging	£20	£20	0.0%	No change proposed due to competitive position
Registrar's	Nationality Checking Mon - Sat Sunday and Out of Hours	Fair Charging	£5 in addition to above	£5 in addition to above	0.0%	No change proposed due to competitive position
Registrar's	Approved Premises Weddings Town Hall Monday - Thursday	Fair Charging	£86.5	£96.5	11.6%	Charges are currently much lower than neighbouring authorities
Registrar's	Approved Premises Weddings Town Hall Friday	Fair Charging	£106.5	£116.5	9.4%	Charges are currently much lower than neighbouring authorities
Registrar's	Approved Premises Weddings Town Hall Saturday	Fair Charging	£156.5	£176.5	12.8%	Charges are currently much lower than neighbouring authorities
Registrar's	Approved Premises Weddings Town Hall - Sunday	Fair Charging	£181.5	£201.5	11.0%	Charges are currently much lower than neighbouring authorities
Registrar's	Approved Premises Weddings External Venues Monday - Friday	Fair Charging	£200	£250	25.0%	Charges are currently much lower than neighbouring authorities - Fees unchanged since 1995
Registrar's	Approved Premises Weddings External Venues Saturday	Fair Charging	£250	£300	20.0%	Charges are currently much lower than neighbouring authorities - Fees unchanged since 1995
Registrar's	Approved Premises Weddings External Venues - Sunday	Fair Charging	£300	£350	16.7%	Charges are currently much lower than neighbouring authorities - Fees unchanged since 1995
Registrar's	Approved Premises Weddings Individual Private Ceremony	Fair Charging	£95	£95	0.0%	Not utilised very often
Registrar's	Approved Premises Weddings Joint Private Ceremony	Fair Charging	£135	£135	0.0%	Not utilised very often

CHILDREN AND FAMILIES						
Service unit	Service provided	Charging policy	Existing Charge	Charge from September 2010	Percentage change in fees	Notes
School Improvement	Music and Instrumental Tuition	Cost Recovery	£30.00 per hour	£30.00 per hour	0.0%	
Children's Services	Day Nursery Private Places (Treetops).	Fair Charging	£155	£160	3.2%	
Children's Services	Day Nursery Private Places (Willow Centre). 0-2 year old - CC catchment - per week	Fair Charging	£150	£154.50	3.2%	
Children's Services	Day Nursery Private Places (Willow Centre). 0-2 year old - live/work in borough - per week	Fair Charging	£175	£180.25	3.2%	
Children's Services	Day Nursery Private Places (Willow Centre). 0-2 year old - live out borough - per week	Fair Charging	£200	£206	3.2%	
Children's Services	Day Nursery Private Places (Willow Centre). 0-2 year old - CC catchment - per day	Fair Charging	£30	£31	3.2%	
Children's Services	Day Nursery Private Places (Willow Centre). 0-2 year old - live/work in borough - per day	Fair Charging	£35	£36	3.2%	
Children's Services	Day Nursery Private Places (Willow Centre). 0-2 year old - live out borough - per day	Fair Charging	£40	£41	3.2%	
Children's Services	Day Nursery Private Places (Willow Centre). 2-5 year old - CC catchment - per week	Fair Charging	£175	£180	3.2%	
Children's Services	Day Nursery Private Places (Willow Centre). 2-5 year old - live/work in borough - per week	Fair Charging	£200	£206	3.2%	
Children's Services	Day Nursery Private Places (Willow Centre). 2-5 year old - live out borough - per week	Fair Charging	£225	£232	3.2%	
Children's Services	Day Nursery Private Places (Willow Centre). 2-5 year old - CC catchment - per day	Fair Charging	£35	£36	3.2%	
Children's Services	Day Nursery Private Places (Willow Centre). 2-5 year old - live/work in borough - per day	Fair Charging	£40	£41	3.2%	
Children's Services	Day Nursery Private Places (Willow Centre). 2-5 year old - live out borough - per day	Fair Charging	£45	£46	3.2%	
BACES	Full fee accredited courses	Cost Recovery	£2.65 per hour	2.69 per hour	1.5%	Reduced subsidy from Learning and Skills Council
BACES	Full fee non-accredited courses	Cost Recovery	£2.65 per hour	2.69 per hour	1.5%	Reduced subsidy from Learning and Skills Council
BACES	Learners in receipt of an income related benefit	Cost Recovery	£0.83 per hour	£0.88 per hour	6.0%	Reduced grant
BACES	Creche fees - Registration fee	Fair charging	£10 per term per child	£10 per term per child	0.0%	

HOUSING & COMMUNITY CARE						
Service unit	Service provided	Charging policy	Existing Charge	Charge from April 2010	Percentage change in fees	Notes
Private Housing Services	Houses in Multiple Occupation registrations	Full Commercial	See note	See note	0.0%	No increase is planned. Details of the licence fee, which depends on number of habitable rooms and length of licence, are on the council's website.
Private Housing Services	Admin charge for Work in Default	Full Commercial	30% or £75 minimum	30% or £75 minimum	0.0%	Maximum Limit. This is where the council has to carry out work because of default by private landlords.
Private Housing Services	Notices	Full Commercial	£300	£300	0.0%	Maximum Limit
Private Housing Services	Specifications for Empty Property Grant	Full Commercial	£500	£500	0.0%	Maximum Limit
Housing Resource Centre	Furniture Storage and Removals	Full Commercial	TBC	See report	N/A	There is a separate report on furniture charging and storage
Travellers Site	Weekly charge to travellers using the site	Full Commercial	£216.24	£220.56	2.0%	Rent is at maximum for level for entitlement to housing benefit subsidy. The increase will be effective from 12th April 2010.
Service unit	Service provided	Charging policy	Existing Charge	Charge from 6 April 2010	Percentage change in fees	Notes
Adult Social Care	Community Care Packages - unsubsidised rate	Fair Charging	£17.48	£17.48	0%	Charge per hour. Charge reflects the cost of providing the service. Clients would have to have savings of over approximately £21,500.
Adult Social Care	Meals delivered to the clients' home, luncheon club or day centre.	Fair Charging	£3.50	£3.50	0.0%	Charge per meal is subsidised.
Adult Social Care	Ceiling for "usual charges" - older adults with physical frailty or sensory impairment	Fair Charging	£567	£567	0.0%	Charge per week. The council fixes the maximum it will pay for residential accommodation and nursing care. It will make a placement above this level provided the client pays a "top up" fee to make up the difference to the actual charge by the home.
Adult Social Care	Ceiling for "usual charges" - older adults with dementia, who is mentally ill or has a learning disability	Fair Charging	£625	£625	0.0%	As above.
Adult Social Care	Ceiling for "usual charges" - older adults for nursing care for someone with physical frailty or sensory impairment	Fair Charging	£703	£703	0.0%	As above.
Adult Social Care	Ceiling for "usual charges" - older adults for nursing care for someone with dementia, mental illness or a learning disability	Fair Charging	£761	£761	0.0%	As above.
Adult Social Care	Ceiling for "usual charges" - younger adults with physical disabilities or sensory impairment - residential care	Fair Charging	£956	£956	0.0%	As above.
Adult Social Care	Ceiling for "usual charges" - younger adults with physical disabilities or sensory impairment - nursing care	Fair Charging	£1,197	£1,197	0.0%	As above
Adult Social Care	Ceiling for "usual charges" - younger adults with learning disabilities - residential care	Fair Charging	£930	£930	0.0%	As above
Adult Social Care	Ceiling for "usual charges" - younger adults with mental health problems	Fair Charging	£961	£961	0.0%	As above

ENVIRONMENT AND CULTURE						
Service unit	Service provided	Charging policy	Existing Charge	Charge from April 2010	Percentage change in fees	Notes
Environment Directorate	Local Land Charges: Part 29 Enquiries	Cost Recovery	£194	£194	0.0%	
Planning	Pre application advice	Cost Recovery	£1,500	£1,500	0.0%	
Planning	Follow up to pre application advice	Cost Recovery	£110ph	£110ph	0.0%	
Planning	Planning/development briefs/ frameworks/ masterplans	Cost Recovery	£5,000	£5,000	0.0%	
Building Control	Building Regulations Table 1 (Newbuild Housing - small domestic buildings)	Cost Recovery	Schedule	Schedule	Average 3%	Average 4.4% increase relating to charges for new dwellings to facilitate cost recovery. Approximately £10 per dwelling unit. Although we have reduced costs, Table 1 charges have generally fallen behind cost of providing service. Increases may lead to some loss of work and income but sector reduced. Minor overall effect on income.
Building Control	Building Regulations Table 2 - (garage/carport <40m2)	Cost Recovery	Schedule	Schedule	8.3%	Allowance for inflation plus cost recovery (relates to few applications/year)
Building Control	Building Regulations Table 2 - (garage/carport >40m2)	Cost Recovery	Schedule	Schedule	5.9%	Allowance for inflation plus cost recovery (relates to few applications/year)
Building Control	Building Regulations Table 2 - (domestic extension <10m2)	Cost Recovery	Schedule	Schedule	4.2%	Allowance for inflation plus cost recovery
Building Control	Building Regulations Table 2 - (domestic extension 10m2 to 40m2)	Cost Recovery	Schedule	Schedule	3.4%	Allowance for inflation plus cost recovery
Building Control	Building Regulations Table 2 - (domestic extension 40m2 to 60m2)	Cost Recovery	Schedule	Schedule	2.9%	Allowance for inflation plus cost recovery
Building Control	Building Regulations Table 2 - (Electrical inspection and testing - where not CPS)	Cost Recovery	Schedule	NEW	NEW	NEW Charge where electrical works not being undertaken in connection with CPS. £260 (incl VAT). Recovery of costs for electrical consultants.
Building Control	Building Regulations Table 3 works valued <£100k	Cost Recovery	Schedule	Schedule	5.0%	Charges have been increased by average 5% to cater for significant reduction in estimated cost of development due to recession. Whilst we have reduced costs, charges in relation to this area of work have fallen behind cost of providing services. Charges for larger work (>£100k) have been maintained due to increased competition from Approved Inspectors.
Building Control	Copy of Decision Notice	Cost Recovery	£20	£20	0.0%	
Building Control	Copy of Section 25 PHA certificate/notice	Cost Recovery	£20	£20	0.0%	
Building Control	Street Naming & Numbering (house/property name change)	Cost Recovery	£50	£50	0.0%	
Building Control	Street Naming & Numbering (Rename of street)	Cost Recovery	£200 + £50 per property	£200 + £50 per property	0.0%	
Building Control	Street Naming & Numbering (New property 1-5 plots)	Cost Recovery	£100	£100	0.0%	
Building Control	Street Naming & Numbering (New property 6-10 plots)	Cost Recovery	£150	£150	0.0%	
Building Control	Street Naming & Numbering (New property 11-20 plots)	Cost Recovery	£230	£230	0.0%	
Building Control	Street Naming & Numbering (New property 21-50 plots)	Cost Recovery	£470	£470	0.0%	
Building Control	Street Naming & Numbering (New property 51-100 plots)	Cost Recovery	£720	£720	0.0%	
Building Control	Street Naming & Numbering (New property 100+ plots plots)	Cost Recovery	£720 + £3 per plot	£720 + £3 per plot	0.0%	
Building Control	Street Naming & Numbering (New property additional charge where this includes naming a street)	Cost Recovery	£100	£100	0.0%	
Environmental Health	Pest Control charges	Cost Recovery	Schedule	Schedule	0.0%	

ENVIRONMENT AND CULTURE						
Service unit	Service provided	Charging policy	Existing Charge	Charge from April 2010	Percentage change in fees	Notes
Environmental Health	Various charges under environmental health legislation for licensing, professional services, stray dogs and enquiries of various sorts	Cost Recovery	See note	See note	0.0%	A range of charges are made under environmental health legislation. Details of charges are included on the council's website.
Environmental Health	Contaminated land short standard query	Cost Recovery	£54	£54	0.0%	
Environmental Health	Contaminated land detailed non residential enquiry	Cost Recovery	£216	£216	0.0%	
Health, Safety & Licensing	Various charges to businesses relating to street trading, sports events, motor salvage and so on.	Cost Recovery	See note	See note	2.0%	A range of charges are made for health, safety and licensing. These will increase by an average of 2.0% from 1st April 2010. This does not cover Alcohol and Entertainment Licensing, or Gambling Premises charges which are set by Statute. Details of charges are included on the council's website.
Trading Standards	Various charges to businesses under the Weights and Measures Act.	Cost Recovery	See note	See note	0.0%	A range of charges are made under the Weights and Measures Act. Details of charges are included on the council's website.
StreetCare	Licences for skips, scaffolding and building materials on highways	Cost Recovery	See note	See note	0.0%	A range of charges are made under the Highways Acts. Details of charges are included on the council's website.
StreetCare	Bulky waste charge	Cost Recovery	£25	£25	0.0%	No change proposed in this charge
Transportation	Temporary Traffic Management Order	Cost Recovery	£2,010	£2,050	2.0%	£2% increase rounded to nearest £10. Provisional and subject to confirmation
Transportation	Emergency Traffic Management Order	Cost Recovery	£1,090	£1,110	2.0%	£2% increase rounded to nearest £10. Provisional and subject to confirmation
Transportation	Local Land Charges: Part 29 Enquiries where map included	Cost Recovery	£80	£80	0.0%	
Sports	Sports Centre charges	Subsidised	Schedule	Schedule	Varies	Sports Centre charges that are liable for VAT will be increased by approximately 2.5% to accommodate the change in VAT that was implemented in January 2010. The core prices at Vale Farm and Willesden sports centre will increase in line with the two leisure management contracts, by RPIX. Exact costs are rounded up/down to 5 or 10pence. Details of charges are included on the council's website
Cemeteries	New Graves, Reopen Graves, Woodland Burial	Cost Recovery	Schedule	Schedule	See note	Subject to ongoing negotiation with LB Harrow to maintain consistency of pricing between the authorities at Carpenter's Park and between that site and others across the Borough.
Parks	Sports pitch charges	Subsidised	Schedule	Schedule	0.0%	
Parks	Fair per day	Full Commercial	£815	£815	0.0%	
Parks	Circus per day	Full Commercial	£315	£315	0.0%	
Libraries, Arts & Heritage	Overdue books: adults	Fair Charging	18p per day	18p per day	0.0%	
Libraries, Arts & Heritage	Overdue books: Concessions	Fair Charging	9p per day	9p per day	0.0%	
Libraries, Arts & Heritage	Overdue books: under 12s	Fair Charging	No charge	No charge	0.0%	
Libraries, Arts & Heritage	Reservations in stock: Adults	Fair Charging	£1.00	£1.00	0.0%	
Libraries, Arts & Heritage	Reservations in stock: Concessions	Fair Charging	£0.50	£0.50	0.0%	
Libraries, Arts & Heritage	Reservations in stock: Under 18s	Fair Charging	No charge	No charge	0.0%	
Libraries, Arts & Heritage	Reservations not in stock	Fair Charging	£1.50	£1.50	0.0%	
Libraries, Arts & Heritage	All other library charges	Fair Charging	Schedule	Schedule	0.0%	

## RANGE OF CHARGING POLICIES

<b>CHARGING POLICY</b>	<b>POLICY OBJECTIVE</b>
FULL COMMERCIAL	The Council seeks to maximise revenue within an overall objective as large a surplus (or a minimum loss) from this service.
FAIR CHARGING	The Council seeks to maximise income but subjected to a defined policy constraint. This could include a commitment made to potential customers on an appropriate fee structure. Alternatively, a full commercial rate may not be determinable or the Council may be a monopoly supplier of services.
COST RECOVERY	The Council wishes to make the service generally available, but does not wish to allocate its own resources to the service.
STATUTORY	Charges are set in line with legal obligations
SUBSIDISED	The Council wishes to make the service widely accessible, but believes users should make some contribution from their own resources. Could also be due to the adverse impact a cost recovery or commercial charging policy would have on other Council services.

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## **Proposal to Increase Charges to Homeless Households for Use of the Council's Removals & Storage Service**

### **1. Legal Duty**

Under the Housing Act 1996, the Council has a legal obligation to take reasonable steps to prevent the loss of, or to prevent or mitigate the damage to, the personal property of homeless persons where the Council has reason to believe that there is a danger of loss or damage to those goods because of the homeless persons' inability to protect or deal with them and in the absence of other suitable arrangements being made. The Council is also allowed to make reasonable charges to homeless applicants for removals and storage of personal property.

### **2. Current Charging Policy**

Prior to the 10 July 2006 the service was generally offered at no cost to the customer. However, in January 2006, Members approved the introduction of charges for the service. The new policy was implemented from the 10 July 2006, and applied to work undertaken from that point onwards. Two rates were set for working and non-working customers.

In 2007, Members agreed increases in customer storage charges broadly based on recovery of 90% of the Contractor costs incurred by the Council for storage jobs. These increased charges were introduced on the 07 November 2007. However, jobs that went into store before the 10 July 2006 remained at nil charge and currently comprise 62% of the jobs in store. This represents a substantial amount in terms of the budget.

### **3. Proposed Changes to Removals & Storage Charging Policy**

Members are asked to approve the following changes to the Removals & Storage Charging Policy.

- a) That all customers, including those currently receiving a free service, be charged the full cost of the service.
- b) That the charges reflect the current rates for removals and storage paid by the Council to the Contractor, and should be levied at the same rate on working and non-working customers.
- c) That the levied charges are approved as reasonable charges (see Table 1 below). They reflect the Contractor costs to the Council but exclude the costs of administering the service. The charges are also generally lower than the rates that would be charged by private contractors to domestic customers.

**Table 1: Proposed Charges**

Storage	Approx. £32 per 250 cu ft container per month  (about 85% of jobs comprise 1-2 containers)
Removals	Up to £120 per removals  (about 90% of jobs are within this price range)

#### **4. Consultation**

Officers have consulted customers who currently have their personal property stored at nil cost to themselves. Customers were each sent a letter advising them about the proposal to change the Removals & Storage Charging Policy, and encouraging them to give their views on this. They were given 10 days in which to respond. 159 letters were sent and 24 replied (as at 27/01/10). This is a response rate of around 15%. The results of the consultation are shown in Table 2 below.

**Table 2: Results of Consultation**

<b>Question</b>	<b>Yes</b>	<b>No</b>
Are you prepared to pay storage charges?	3	21
Do you think £32 per container per month is reasonable?	1	23
Would you accept delivery to your temporary accommodation?	7	16
Would you like the Council to dispose of your property?	2	22

The overriding concerns of the respondents were:

- That they could not afford to pay storage charges because they were on benefits.
- That they could not accept delivery to their temporary accommodation as it was furnished.
- That they cared about their possessions and did not want them disposed of.
- They wanted to be housed in unfurnished permanent accommodation where they could accept delivery of their goods.

With regard to the three customers who said they were prepared to pay monthly charges, only one agreed that a charge of £32 per container was reasonable. The other two customers thought a total monthly charge of between £20-£25 was more reasonable.

Members should note that all customers will be given the opportunity to have their personal property delivered to them, or to make arrangements for the Council to dispose of their goods at no charge, if they do not wish to pay the storage charges, should Members agree these recommendations.

Members will wish to take account of customer views before making a decision on the proposal.

#### **5 Financial Implications**

The total agreed budget for expenditure on removals & storage for 2009/10 is £303,900. Officers are forecasting a lower spend of £255k as a result of the decrease in homeless

approaches (which is expected to continue) and the reduction in the use of temporary accommodation.

Currently new customers charged for storage pay about 90% of the Contractor costs, and a significant numbers, whose belongings were stored prior to the introduction of charges do not pay anything. This proposal will enable the Council to recoup its full expenditure on storage. It is estimated that this will potentially increase income from storage by an additional £115k. The net savings will be £80k which takes into consideration staffing costs of £36,500.

## **6 Staffing Implications**


Two SO1 grade officers will be required on 6 month contracts to:

- Write to customers, giving them notice of charges (4 week period).
- Arrange deliveries or disposals during 4 week period on rolling programme basis.
- Deal with customer/legal complaints and challenges regarding policy.
- Set up accounts for customers who want to pay for the service.

## **7 Legal Implications**

Members should be aware that there is a risk that the proposed changes to the Removals & Storage Charging Policy may give rise to legal challenges regarding the reasonableness of the charges and may result in a possible increase in complaints. However, as the charges do not include the costs incurred by the Council in administering the service, and, further, as the charges are generally below what would be charged to a private domestic customer by a private contractor, officers are confident that the proposed charges are reasonable. Officers have carried out a consultation exercise as set out in paragraph 4 above. The Council's statutory obligation regarding the storage of property belonging to homeless households is set out in paragraph 1 above.

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 <p>The logo of Brent Council, featuring a central coat of arms with a shield, a crown, and two lions, surrounded by the words 'BRENT' at the top and 'COUNCIL' at the bottom in a circular arrangement.</p>	<p><b>Executive</b> <b>15 February 2010</b></p> <p><b>Report from the Director of Business Transformation</b></p>
<p>Wards Affected: ALL</p>	
<p><b>Authority to Award contract for the provision of Occupational Health Services</b></p>	

Forward Plan Ref: BusTr-09/10-7

## 1.0 Summary

- 1.1 This report requests approval to award the contract for the provision of occupational health services to Connaught Compliance Services Limited as part of a Framework Agreement with the West London Alliance (WLA).
- 1.2 This report details the procedure followed leading to the award of the Framework Agreement and savings to be achieved in joining the Framework Agreement.

## 2.0 Recommendations

- 2.1 The Executive approve the award of the contract for the provision of occupational health services to Connaught Compliance Services Limited for a term of three years commencing on 1 April 2010, with an option to extend for a further two year period.

## 3.0 Background

- 3.1 The Council's current contract with Connaught Compliance Services Limited (formerly National Britannia) provides Occupational Health ("OH") services to Council employees. The service involves the provision of pre-employment screening, medical referrals, work protection immunisation, health at work advice/initiatives, training for staff, counselling services and regular health promotions.
- 3.2 The contract has been in place since April 2006 and is due to expire at the end of March 2010. The contract includes an option to extend the arrangement for two consecutive periods of one year. The Council have already extended this by one year, and have the option, should it choose, to extend for one further year.
- 3.3 In May 2009 the Executive gave approval for the Council to enter a joint procurement process led by the Royal Borough of Kensington and Chelsea. Although the Council entered the joint procurement process, Brent was not obliged to join the framework if

the anticipated cost savings were not achieved or the service to be provided did not meet our requirements.

- 3.4 RBKC commenced a procurement process for a framework agreement with a single supplier. The contract notice received 30 expressions of interest, 14 of which submitted a PQQ response. Following the PQQ evaluation, 6 suppliers were short listed to submit a full Tender response (5 of which responded). The evaluation panel (consisting of representatives from the various WLA authorities, including Brent) then short listed 3 potential providers to invite to interview for further clarification; Connaught Compliance Services Limited (“Connaught”), Heales Medical and NHS Westminster. The provider with the highest overall score following full evaluation was Connaught. RBCK has since awarded the Framework Agreement to Connaught following Executive approval.
- 3.5 As detailed at paragraph 3.2 above, the Council does have the option to extend its existing contract for one further year. Officers have considered this option but feel that calling off the Framework Agreement from 1 April 2010 is preferred for the reasons set out below. The new call off contract will continue to provide majority of the services the Council currently receives but will be enhanced with an online health and well-being package and pre-employment questionnaire. There are however, two main changes for Brent Council staff in that counselling services will no longer be provided by the OH service and face to face appointments with the OH nurse and doctor will now take place at shared accommodation in Harrow (Civic Centre) or Shepherds Bush (new accommodation) rather than at accommodation within Brent Borough.
- 3.6 Counselling services will still be provided to staff through an Employee Assistance Programme (EAP) which will offer all staff up to six face to face counselling sessions per annum. The current arrangement through occupational health is not cost or operationally effective in that this service currently costs the Council 40k per annum and is provided one day a week at premises in Brent. In addition, demand for counselling services often means that employees have to wait a considerable amount of time for an appointment which can lead to an increase in sickness absence. The new EAP provides employees with a number of services ranging from legal and financial advice as well as face to face counselling arranged within a short timescales and can take place at a location of the employees choosing. The cost of the new EAP is around 24k per annum based on a per head charge.
- 3.7 The cost of OH accommodation within Brent is currently in the region of 20k (rising to 25k in 2010/2011) which can be reduced to 10k pa through the sharing of accommodation with the other WLA boroughs. Harrow Council already have their own consulting rooms for OH consultations within the Civic Centre and, with some minor adaptations, these can be expanded to accommodate staff from Brent. The accommodation at Shepherds Bush has been already been identified and customised for OH use by the WLA partners. Brent has no liability in terms of the accommodation currently occupied as the lease is held by Connaught Compliance and will expire when the new contract commences.
- 3.8 Staff will have the option to choose which site they attend and be able to claim any additional travel expenses in line with council policy. Guidelines and procedures are currently being prepared for staff in relation to the new arrangements and these will be issued if the Executive approve the proposed call off contract.

- 3.9 Consultation has already taken place with the unions who understand and accept the proposed changes to service provision on the basis of efficiency and improved service provision in terms of counselling for staff.

#### **4.0 Financial Implications**

- 4.1 The cost of the exiting OH contract is £231,091. The contract under the Framework Agreement would be for £158,028pa and the EAP contract, providing counselling services, costs an additional £24,800. Therefore, if the council were to join the Framework Agreement a saving of £48,263 pa would be achieved from April 2010 onwards. Given these potential savings, the option to extend our existing contract by a further year is not considered to be a viable option.
- 4.2 There will however, be a small cost incurred through additional travel expenses but this is not anticipated to be more than about 3k pa.
- 4.3 The contract term is for 3 years extendable by a further 2 years.

#### **5.0 Legal Implications**

- 5.1 The estimated value of the framework agreement over its lifetime is higher than the EU threshold for Services but as occupational health services are Part B Service under the Public Contracts Regulations 2006 ("EU Regulations"), the procurement was subject to partial application of the EU Regulations only, such as the over-riding duties of transparency and fairness.
- 5.2 The procurement was conducted using RBKC's own standing orders and financial regulations. On 28 July 2009 RBKC authorised the award of the framework to Connaught. RBKC subsequently entered into a framework agreement with Connaught on 1 October 2009. The framework agreement allows other authorities to call off occupational health services from the framework over its lifetime. To call off from the framework, it is necessary for authorities to sign an agreement with Connaught confirming that they will comply with the terms of the framework and including any terms specific to the call off with that authority. The value of a call off contract is based on pricing rates provided by Connaught as part of the procurement of the framework agreement as applied to the unique circumstances of an authority's requirements set out in the call off contract.
- 5.3 The Council's current occupational health contract expires on 31 March 2010, the initial contract term having been extended by one year. The Council wishes to call off from the framework a contract for a term of three years with an ability to extend the term by a further two years. The contract would commence on 1 April 2010. The value of the call off contract for the entire term (including possible extensions) is estimated to be £790k based on Brent's requirements and staffing. As the estimated value of the contract is above the Council's Standing Orders threshold for High Value Service Contracts (of £500,000), the award of the contract is subject to the Council's own Standing Orders and Financial Regulations in respect of High Value contracts and Executive approval is required for the award of the contract.
- 5.4 As the recommendation is to award the contract to Connaught who are the current service providers, there are no implications relating to the Transfer of Employment (Protection of Employment) Regulations 2006 ("TUPE"), nor are there any implications arising from the Code of Practice on Workforce Matters in Local Authority Service Contracts.

## **6.0 Diversity Implications**

- 6.1 It was a requirement of all companies wishing to tender to have a suitable equal opportunities policy in place. Each organisation that submitted a PQQ was required to submit a copy of their relevant policies, and only organisations that provided evidence that they met the selection criteria passed to the next stage. An Equalities Impact Assessment will be carried to highlight any potential issues and the relevant steps will be taken to mitigate against these as appropriate.

## **7.0 Staffing Implications**

- 7.1 As the current contract is being delivered by an external contractor, there are no TUPE implications for Council staff.

### **Background Papers**

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**Graham Ellis**  
**Director of Business Transformation**





**Executive  
15 February 2010**

**Report from the Director of  
Business Transformation**

Wards Affected:  
ALL

**Authority to participate in a Collaborative Procurement for  
the provision of services for the Administration of the Local  
Government Pension Scheme**

Forward Plan Ref: BusTr-09/10-6

## **1.0 Summary**

1.1 This report requests approval to participate in a collaborative procurement with the London Borough of Hammersmith and Fulham to set up a Framework Agreement for the provision of services for the administration of the Local Government Pension Scheme as required by Contract Standing Order 85.

## **2.0 Recommendations**

2.1 The Executive give approval to the Council to participate in a collaborative procurement exercise leading to the establishment of a framework agreement by the London Borough of Hammersmith and Fulham for the provision of services for the administration of the Local Government Pension Scheme.

2.2 The Executive give approval to the collaborative procurement exercise described in paragraphs 3.5 – 3.10 being exempted from the normal requirements of Brent's Contract Standing Orders in accordance with Contract Standing Orders 85(c) and 84(a) on the basis that there are good financial and operational reasons as set out in the report below.

## **3.0 Detail**

3.1 The Local Government Pension Scheme is a statutory scheme providing final salary benefits to its members. The council has a legal responsibility to administer the scheme for its members. The membership of the scheme is made up as follows:

3.2	Current Members:	4599
	Leavers with frozen pensions:	5290
	Receiving benefits:	<u>4918</u>
	Total:	<u>14807</u>

3.3 For 15 years the administration of the scheme has been contracted under a series of contracts to a third part administrator; initially to ITNET and since 1999 to the London Pensions Fund Authority (“LPFA”). The LPFA has provided good day to day service and has helped to ensure that pension records are correct. This has meant that scheme members have received a good service and that the actuary has been able to deliver timely and accurate valuations of the pension fund.

3.4 The most recent LPFA contract ran for an initial term of five years from 2004 to 2009 and with the agreement of the Director of Finance and Corporate Resources was extended to 28<sup>th</sup> February 2011.

3.5 On 1<sup>st</sup> October 2009 the London Borough of Hammersmith and Fulham (“H&F”) issued an email to the Society of London Treasurers. The email informed London Boroughs that the H&F contract for pension administration services ceases in March 2011 and invited interested parties to join them in procuring a framework agreement for the provision of pension administration services upon which they will lead. Key officers from Brent and H&F met on 1<sup>st</sup> December 2009 to discuss the possibilities of our participation. Officers agreed on a range of mutual issues. The London Borough of Croydon joined the meeting in an advisory capacity.

3.6 Officers consider that there are good financial and operational reasons to participate in the collaborative procurement of pension administration services. One of the aims of the One Council initiative is to ensure better procurement and contract management. Officers believe that the collaborative procurement with H&F are aligned with these aims. Officers have identified potential cost savings and efficiencies of taking part in such a collaborative procurement, to include but not be limited to:

- A saving in procurement costs and the removal of duplication e.g. the drafting of a full specification, market testing, tender documents and administration would be shared between authorities.
- The advantages of economies of scale that procuring a framework agreement for more than one authority may provide which may increase should further authorities join the framework
- The benefit of joint working with other pension and procurement professionals which will increase knowledge and experience available to the procurement process.

3.7 There are some differences between H&F’s and Brent’s contract standing orders and financial regulations and therefore a decision must be taken as to which authority’s contract standing orders and financial regulations should apply should Brent take part in a collaborative procurement with H&F. As H&F initiated the project and wish to lead on it, officers consider that there are good financial and operational reasons why H&F’s contracts standing orders and financial regulations rather than Brent’s should therefore be used. As a result approval is sought for any

collaborative procurement to be exempted from the normal requirements of Brent's contract standing orders.

- 3.8 Under the terms of H&F standing orders the framework agreement would be for a four year term. A call off contract under the framework agreement would also be for a 4 year period. Procurement officers from the two councils have agreed that their time scales for the procurement are generally similar and any dissimilarities may be easily overcome.
- 3.9 At this time Brent is the only authority that has expressed an interest in the collaborative procurement of the framework agreement and H&F have welcomed Brent's full participation in the tender process. This gives Brent the advantage of having the scope to shape the specification in accordance with Brent's needs whilst reducing the associated demands on resources or budgets. It is also intended that Brent officers would be involved in setting the evaluation criteria and weightings for framework agreement. Brent Officers would also be fully involved in the evaluation of tenders leading to the appointment of a contractor under the framework.
- 3.10 Officers have considered whether there are disadvantages of proceeding with the collaborative procurement with H&F. As it is a collaborative procurement, the framework agreement will not be tailored only to the needs of Brent as would be the case if Brent were procuring an agreement for its exclusive use. As H&F are leading the procurement, where there is a divergence of interests between the two authorities, H&F's interests are likely to gain precedence. From discussions with H&F however, Officers consider that there is little prospect of any significant divergence of interests between the authorities and that the advantages of a collaborative procurement as set out in paragraphs 3.6 to 3.9 outweigh any disadvantages. Also, even if Brent takes part in the collaborative procurement, there will be no commitment to potential tenderers that Brent will enter into any call off contract under the framework.

#### **4.0 Financial Implications**

- 4.1 The application of the Council's standing orders and the EU Regulations to this contract are set out in the Legal Implications in section 5 below.
- 4.2 The value of a four year contract from March 2011 is estimated to be around £1.2m. Existing budgetary provision exists for this.
- 4.3 The cost of leading the procurement process are being borne by H&F. Costs incurred by Brent Council in participating in the procurement process will be met within existing budgets.

#### **5.0 Legal Implications**

- 5.1 Approval is sought for the Council to participate in a collaborative procurement leading to the establishment of a framework agreement. H&F will enter into the framework agreement with a single service provider and Brent will have the right to make a call-off over the lifetime of the framework agreement. It is likely that H&F will require Brent to sign some form of agreement confirming that they will comply with the terms of the framework.

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- 5.2 The framework is being procured by means of a collaborative procurement exercise. Under Contract Standing Orders 85(c) such collaborative procurements need to be tendered in accordance with Brent Standing Orders and Financial Regulations, unless the Executive grants an exemption in accordance with Standing Order 84(a). A request for an exemption under Standing Order 84(a) can be approved by the Executive where there are good operational and / or financial reasons, and these reasons are set out in paragraphs 3.6 to 3.9 above.
- 5.3 The estimated value of the framework agreement over its lifetime is higher than the EU threshold for Services under the Public Contracts Regulations 2006 (“the EU Regulations”). H&F has indicated that as pension administration services are classed as Part A Services under the Public Contracts Regulations 2006, it will procure the framework agreement fully in accordance with the EU Regulations, to include advertising the framework agreement in the Official Journal of the European Union. The EU Regulations also ensure that the duration of a framework is required to be up to 4 years.
- 5.4 It will be necessary to ensure that the tender documents meet Brent’s requirements and clearly set out Brent’s rights and responsibilities in view of the fact that H&F will be entering into the main framework agreement, with the right for Brent to enter into a call-off contract.
- 5.5 Once H&F awards the framework agreement, then there will be a further report to the Executive to award a call-off contract in accordance with Contract Standing Order 86(d).

## **6.0 Diversity Implications**

- 6.1 Officers have screened the proposals in this report and believe that there are no diversity implications arising from the report.

## **7.0 Staffing/Accommodation Implications**

- 7.1 The LPFA provide pensions administration to Brent and H&F. If an alternate provider is chosen this may require staff to transfer pursuant to the Transfer of Undertakings (Protection of Employment) Regulations 2006 from the LPFA to a successor organisation.
- 7.2 There are not direct implications for Brent staff other than the potential to receive a more efficient pension administration service.

### **Contact Officers**

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Graham Ellis  
Director of Business Transformation

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## **EXTRACT**

### **MINUTES OF THE OVERVIEW AND SCRUTINY COMMITTEE Tuesday, 8 December 2009 at 7.30 pm**

PRESENT: Councillor Jones (Chair), Councillor Castle (Vice Chair) and Councillors Clues, Motley (alternate for Councillor Leaman) and H B Patel.

Also Present: Councillors Colwill (Lead Member for Adults, Health and Social Care) and Powney.

Apologies were received from: Councillors Leaman, Mistry and Thomas

#### **Update on the Voluntary and Community Sector Strategy 2010 - 2015**

Linda Martin (Head of Service Development and Commissioning, Housing and Community Care) introduced the report which summarised progress to date on the Voluntary and Community Sector strategy. She explained that there had been an agreement over what areas the Voluntary and Community Strategy would cover, a broad understanding of how these areas would be addressed and what groups would look at specific areas. The draft strategy had also been approved by the Project Board and work would continue on developing the strategy in January 2010. A 12 week consultation period would commence and a survey was to be sent to all stakeholders to seek further input and engagement. Future events would be held to allow respondents to discuss the findings of the survey and there would be further consultation on the draft strategy in the spring of 2010. Members noted that it was intended to launch the finalised strategy in the summer of 2010.

Jacqueline Carr (Brent Citizens Advice Bureau) was invited to address the Committee. Jacqueline Carr stated that the Citizens Advice Bureau (CAB) had not been involved in development of the strategy up to this point and she highlighted the need for greater communication and for more engagement. Members noted that CAB had learnt about the Council's Main Grant Programme the previous week and Jacqueline Carr added that CAB would be interested in running a scheme under this programme in future. She commented that the Funders Fair event had been a useful exercise.

Keith Lunn (Oxford Kilburn Youth Trust) welcomed the move to three year grants under the Main Grant Programme which he felt offered significant benefits to participants, including providing greater stability. He also felt that the Council was engaging more with voluntary sector organisations through a number of different service areas and through various means. However, Keith Lunn commented that one of the difficulties was the Council knowing what voluntary organisations there were in the various areas of the Borough and what knowledge voluntary organisations had of what areas the Council was involved in. He stressed the importance of spreading information widely and he felt a long term objective would

be for the Council to be able to filter information to all voluntary sector organisations in the Borough. The use of electronic information and through locality-based work and a cascading information system was suggested as a way forwards to achieve this, whilst the Voluntary Sector Unit could also be provided with the funds to help circulate and cascade information.

During discussion by Members, Councillor Clues expressed concern that CAB had not been involved in the strategy to date and not been aware of the Main Grant Programme until recently. He sought clarification with regard to Brent Association for Voluntary Action (BrAVA) role and its relationship with voluntary organisations. He felt that the strategy could benefit by taking an Area Consultative Forum (ACF) approach to reach out to the relevant local organisations, particularly those in more deprived areas of the borough. Councillor Clues added that good use could be made of the ACFs' databases to identify relevant organisations. Councillor Castle commented that Brent Police and NHS Brent already made use of the ACFs' database. He welcomed attendance at ACFs from the Council's Voluntary Sector Unit and commented that there was not presently a co-ordinated approach to recording the numerous voluntary groups in the borough. Councillor H B Patel suggested that those who attended ACF meetings tended to because of a specific issue relevant to them was on the agenda.

The Chair stressed the need for the various organisations views to be taken on board during the development of the strategy, including those from the voluntary sector. She felt that capacity training was a particular issue and enquired whether specific training was to be organised. Confirmation of the deadline to apply for grants under the Main Grant Programme and how grant tracking was performing was sought. With regard to the area forums suggestion from Councillor Clues, the Chair added that ward councillors could help identify what local organisations could be involved in the strategy consultation and make use of the ACFs database which could also be shared with other areas of the Council. The Chair stressed the need for the strategy to address communication issues. She also sought confirmation as to when the next update on the strategy would be presented to the Committee.

In response to the issues raised, Linda Martin acknowledged that capacity building was an issue for organisations and NHS Brent was running workshops on this topic with a view to enabling voluntary sector organisations to run community health help sessions. She confirmed that the deadline for applications for funding from the Main Grants Programme was 30 November 2009 and approximately 60 organisations had been funded through this programme since it had began. In addition, a voluntary sector day had take place in 2009 to provide information and advice on obtaining funding through this programme and another such day was planned for 2010. BrAVA were presently responsible for distributing information to voluntary organisations with regard to the Main Grant Programme and the strategy and information also appeared on the Council's and Brent Resource and Information Network's (BRAIN) websites. Linda Martin advised that the Main Grant Programme was theme based and linked to key Council objectives. The themes changed each year and priority was given to those organisations who had applied to run schemes that tied in with these themes and the grants were for a three year duration. Linda Martin commented a number of high quality bids had been received in the first year since the change of criteria to the Main Grant Programme that the first year of

applications and that 22 organisations had been successful. Monitoring was undertaken to ensure that the funding provided was being spent in the right area and grant tracking had generally been effective, although it was important that the various service areas of the Council involved were inputting the correct data and appropriate training was required. The Committee noted that there would be future changes to the Main Grants Programme criteria and that BrAVA would need to apply for funding to continue in its role as the local voluntary sector umbrella organisation and that other organisations may also be interested in applying.

Linda Martin continued that that the draft strategy survey took a sector-based approach, whilst voluntary sector representatives had been appointed to the Local Strategic Partnership (LSP) Strategic Forum. She acknowledged that contact with the relevant representative might not always be in place and ways of improving communication were being looked at. With regard to suggestions to utilise ACF databases, Linda Martin stated that this could be considered further, although a sector-based approach was presently taken because funding was theme-based. It was also proposed that some meetings of the Voluntary Sector Service User Consultative Forum take place during the day and each meeting to be theme based. It was acknowledged that there was an active voluntary sector community in Brent and, although not all were necessarily involved with the Council, their contribution to the community was welcomed.

Members noted that the date of the next update was yet to be confirmed. The Committee then agreed to the Chair's suggestion that ways of improving communication with voluntary and community sector organisations be considered, such as the Voluntary Sector Unit utilising the ACFs' databases to contact relevant organisations.

RESOLVED:-

- (i) that the Update on the Voluntary and Community Sector Strategy 2010-2015 be noted; and
- (ii) that the Executive be requested to agree that the Council consider ways of improving communications with voluntary and community sector organisations, such as the Voluntary Sector Unit utilising the Area Consultative Forums' databases to contact relevant organisations.

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## **LONDON BOROUGH OF BRENT**

### **EXTRACT FROM THE MINUTES OF THE CHILDREN AND FAMILIES OVERVIEW AND SCRUTINY COMMITTEE**

**Tuesday, 15 December 2009 at 7.30 pm**

PRESENT: Councillor Motley (Chair) and Councillors Arnold, Mistry and Tancred, together with Mr Lorenzato (Voting Co-Optee)

Also Present: Councillor Wharton (Lead Member, Children and Families) and Mrs L Gouldbourne (Observer - Teachers' Panel), Ms Jolinon (Observer - Teachers' Panel), Ms J Cooper (Observers - Teachers' Panel) and Rizwaan Malik (Observer - Brent Youth Parliament Representative)

Apologies were received from: Councillors Mrs Fernandes, J Moher and CJ Patel

#### **Matters Arising**

##### **Allocation and Funding of Nursery Places**

Following a request for an update on this item, Councillor Wharton (Lead Member for Children and Families) informed the Committee that this issue was considered at the Schools Forum meeting on the 9<sup>th</sup> December, on the same day that the Children's Minister announced that the introduction of the Early Years Single Funding Formula, under certain circumstances and conditions, would be delayed by a year. He explained, however, that the Government were inviting those local authorities who were ready to implement the funding formula to take part in pathfinders. He stated that therefore the Executive would need to decide whether to go ahead or to delay the introduction of the formula when the proposals go to the Executive in January 2010. Councillor Wharton reminded the Committee of the significant progress Brent had made in developing the Early Years Single Funding Formula. He added that there were a number of authorities who had suggested that they would be starting implementation in April 2010.

It was noted by the Committee that the Schools Forum had overwhelmingly voted in favour of asking the Council to delay implementation for a year. Furthermore, a view was put forward that it was not just representatives from the private, secondary and independent sector that had concerns regarding the proposals but that a number of head teachers had also expressed a concern at the Schools Forum. As a result of this and out of concern for a possible adverse impact on the private, independent and voluntary sector, Councillor Arnold proposed that the Executive be asked to endorse the Schools Forum's recommendation that the implementation of the Early Years Single Funding Formula be delayed until April 2011 and this was supported by Councillor Mistry. The Chair and Councillor Tancred in response expressed a concern that the Committee did not have enough information before it to make such a recommendation. However, following a vote the proposal was supported.

Councillor Wharton then explained that the Executive would also be asked to agree an interim process for one year until September 2011 for the allocation and funding of full time Early Years places with implementation from September 2010. He added that the Schools Forum had agreed to this.

It was requested by the Chair that a verbal update and a copy of the report, which was due to go to the Executive in January 2010, be provided to this Committee at the next meeting in February 2010.

RESOLVED:-

- i) that the Executive be asked to endorse the Schools Forum's recommendation that the implementation of the Early Years Single Funding Formula be delayed until April 2011;
- ii) that a verbal update and a copy of the report, due to go to the Executive in January 2010, be provided to this Committee at the next meeting in February 2010.