



## Cabinet

**Wednesday 12 September 2018 at 4.00 pm**

Boardrooms 3-5 - Brent Civic Centre, Engineers Way,  
Wembley, HA9 0FJ

### Membership:

#### Lead Member Councillors:

#### Portfolio

M Butt (Chair)

McLennan (Vice-Chair)

Agha

Farah

Hirani

Miller

M Patel

Krupa Sheth

Southwood

Tatler

Leader of the Council

Deputy Leader of the Council and Lead Member for  
Resources

Lead Member for Schools, Employment and Skills

Lead Member for Adult Social Care

Lead Member for Public Health, Culture & Leisure

Lead Member for Community Safety

Lead Member for Children's Safeguarding, Early Help  
and Social Care

Lead Member for Environment

Lead Member for Housing & Welfare Reform

Lead Member for Regeneration, Highways & Planning

**For further information contact:** Thomas Cattermole, Head of Executive and  
Member Services

020 8937 5446 [thomas.cattermole@brent.gov.uk](mailto:thomas.cattermole@brent.gov.uk)

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minutes of this meeting have been published visit:

**[democracy.brent.gov.uk](http://democracy.brent.gov.uk)**

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

## **Notes for Members - Declarations of Interest:**

If a Member is aware they have a Disclosable Pecuniary Interest\* in an item of business, they must declare its existence and nature at the start of the meeting or when it becomes apparent and must leave the room without participating in discussion of the item.

If a Member is aware they have a Personal Interest\*\* in an item of business, they must declare its existence and nature at the start of the meeting or when it becomes apparent.

If the Personal Interest is also significant enough to affect your judgement of a public interest and either it affects a financial position or relates to a regulatory matter then after disclosing the interest to the meeting the Member must leave the room without participating in discussion of the item, except that they may first make representations, answer questions or give evidence relating to the matter, provided that the public are allowed to attend the meeting for those purposes.

### **\*Disclosable Pecuniary Interests:**

- (a) **Employment, etc.** - Any employment, office, trade, profession or vocation carried on for profit gain.
- (b) **Sponsorship** - Any payment or other financial benefit in respect of expenses in carrying out duties as a member, or of election; including from a trade union.
- (c) **Contracts** - Any current contract for goods, services or works, between the Councillors or their partner (or a body in which one has a beneficial interest) and the council.
- (d) **Land** - Any beneficial interest in land which is within the council's area.
- (e) **Licences** - Any licence to occupy land in the council's area for a month or longer.
- (f) **Corporate tenancies** - Any tenancy between the council and a body in which the Councillor or their partner have a beneficial interest.
- (g) **Securities** - Any beneficial interest in securities of a body which has a place of business or land in the council's area, if the total nominal value of the securities exceeds £25,000 or one hundredth of the total issued share capital of that body or of any one class of its issued share capital.

### **\*\*Personal Interests:**

The business relates to or affects:

(a) Anybody of which you are a member or in a position of general control or management, and:

- To which you are appointed by the council;
- which exercises functions of a public nature;
- which is directed is to charitable purposes;
- whose principal purposes include the influence of public opinion or policy (including a political party of trade union).

(b) The interests of a person from whom you have received gifts or hospitality of at least £50 as a member in the municipal year;

or

A decision in relation to that business might reasonably be regarded as affecting the well-being or financial position of:

- You yourself;
- a member of your family or your friend or any person with whom you have a close association or any person or body who is the subject of a registrable personal interest.

# Agenda

Introductions, if appropriate.

Item	Page
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<b>1</b>	<b>Apologies for Absence</b>	
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<b>2</b>	<b>Declarations of Interest</b>	
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Members are invited to declare at this stage of the meeting, the nature and existence of any relevant disclosable pecuniary, personal or prejudicial interests in the items on this agenda and to specify the item(s) to which they relate.

<b>3</b>	<b>Minutes of the Previous Meeting</b>	<b>1 - 4</b>
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To approve the minutes of the previous meeting held on 13 August 2018 as a correct record.

<b>4</b>	<b>Matters Arising (if any)</b>	
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To consider any matters arising from the minutes of the previous meeting.

<b>5</b>	<b>Petitions (if any)</b>	
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To discuss any petitions from members of the public, in accordance with Standing Order 66.

<b>6</b>	<b>Reference of item considered by Scrutiny Committees (if any)</b>	
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To consider any reference reports from any of the Council's three Scrutiny Committees.

## Chief Executive's reports

<b>7</b>	<b>Authority to proceed - Six sheet advertising</b>	<b>5 - 10</b>
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The report requests approval to invite tenders in respect of the proposed six-sheet free-standing advertising units contract to start December 2019, as required by Contract Standing orders 88 and 89.

**Ward Affected:**  
All Wards

**Lead Member:** Leader (Councillor Muhammed Butt)

**Contact Officer:** Peter Gadsdon, Director,  
Performance, Policy and Partnerships  
Tel: 020 8937 1400  
Email: [peter.gadsdon@brent.gov.uk](mailto:peter.gadsdon@brent.gov.uk)

## 8 Community Hubs - Extending the Model across Brent

11 - 78

The report outlines how the community hub model has been developed in Harlesden and how the pilot has informed proposals to extend it to other areas across the borough, as well as outlining the key considerations in rolling out the model.

**Ward Affected:**  
All Wards

**Lead Member:** Lead Member for Housing & Welfare Reform (Councillor Eleanor Southwood)  
**Contact Officer:** Sadie East, Head of Transformation  
Tel: 020 8937 1507  
Email: [sadie.east@brent.gov.uk](mailto:sadie.east@brent.gov.uk)

### Regeneration and Environment reports

## 9 Parking Annual Report 2017-2018

79 - 116

The purpose of the Parking Annual Report is to explain the aims and objectives of the Council's Parking service and the key achievements of the 2017-2018 financial year.

**Ward Affected:**  
All Wards

**Lead Member:** Lead Member for Environment (Councillor Krupa Sheth)  
**Contact Officer:** Gavin F Moore, Head of Parking and Lighting  
Tel: 020 8937 2979  
Email: [gavin.f.moore@brent.gov.uk](mailto:gavin.f.moore@brent.gov.uk)

### Resources reports

## 10 Contingency planning for the Council's Benefits Service: Authorisation of Third Parties to determine Housing Benefit, Council Tax Benefit and Council Tax Support Claims

117 - 120

The report seeks agreement for the provision of cost-effective resilience for Brent's Benefits Service against peaks in workload and staff turnover during a period of potential instability caused by the rollout of the full Universal Credit service, due to start in November.

**Ward Affected:**  
All Wards

**Lead Member:** Lead Member for Housing and Welfare Reform (Councillor Eleanor Southwood)  
**Contact Officer:** Margaret Read, Director of Brent Customer Services  
Tel: 020 8937 1521  
Email: [margaret.read@brent.gov.uk](mailto:margaret.read@brent.gov.uk)

## 11 2017/18 Treasury Management Outturn Report

121 - 134

The report updates members on Treasury Management activity and confirms that the Council has complied with its Prudential Indicators for 2017/18.



**Ward Affected:**  
All Wards

**Lead Member:** Deputy Leader (Councillor Margaret McLennan)  
**Contact Officer:** Daniel Omisore, Head of Finance -Capital  
Tel: 020 8937 3057  
Email: [daniel.omisore@brent.gov.uk](mailto:daniel.omisore@brent.gov.uk)

**12 Brent Council Borrowing Strategy 2018/19 - 2020/21**

135 - 160

The report sets out the likely medium to long term borrowing requirement for the Council partly arising from that decision and reaffirms the Council's approach to borrowing as set out in the Treasury Management Strategy whilst highlighting the potential risks and benefits of various options.

**Ward Affected:**  
All Wards

**Lead Member:** Deputy Leader (Councillor Margaret McLennan)  
**Contact Officer:** Daniel Omisore, Head of Finance -Capital  
Tel: 020 8937 3057  
Email: [daniel.omisore@brent.gov.uk](mailto:daniel.omisore@brent.gov.uk)

**Community Well-being reports**

**13 Housing Revenue Account Borrowing Headroom**

161 - 166

The report outlines the current opportunity the Council has to apply for additional borrowing headroom for the Housing Revenue Account (HRA) via the GLA, as well as new grant available to build new council housing.

**Ward Affected:**  
All Wards

**Lead Member:** Lead Member for Housing and Welfare Reform (Councillor Eleanor Southwood)  
**Contact Officer:** Hakeem Osinaike, Operational Director Housing  
Tel: 020 8937 2023  
Email: [Hakeem.Osinaike@brent.gov.uk](mailto:Hakeem.Osinaike@brent.gov.uk)

**14 Funding of London Borough of Culture 2020**

167 - 172

The paper provides an update on plans for Brent to be London Borough of Culture 2020, in particular the anticipated legacy and the planned budget.

**Ward Affected:**  
All Wards

**Lead Member:** Lead Member for Public Health, Culture and Leisure (Councillor Krupesh Hirani)  
**Contact Officer:** Dr Melanie Smith, Director Public Health  
Tel: 0208 937 6227  
Email: [melanie.smith@brent.gov.uk](mailto:melanie.smith@brent.gov.uk)

**15 Exclusion of Press and Public**

No items identified in advance of the meeting.

## **16 Any other urgent business**

Notice of items to be raised under this heading must be given in writing to the Head of Executive and Member Services or his representative before the meeting in accordance with Standing Order 60.

**Date of the next meeting: Monday 15 October 2018**



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

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



## LONDON BOROUGH OF BRENT

### MINUTES OF THE CABINET Monday 13 August 2018 at 4.00 pm

PRESENT: Councillors M Butt (Chair), McLennan (Vice-Chair) Agha, Farah, Hirani, Miller, M Patel, Krupa Sheth, Southwood and Tatler

Also present: Councillors Johnson and Perrin

1. **Apologies for Absence**

Councillor Muhammed Butt conveyed apologies received from Carolyn Downs, the Council's Chief Executive.

2. **Declarations of Interest**

There were no declarations of interest.

3. **Minutes of the Previous Meeting**

RESOLVED that the minutes of the previous meeting held on 16 July 2018 be approved as an accurate record of the meeting.

4. **Matters Arising (if any)**

4.1 Cabinet 16 July 2018: Performance Report Q4 (January – March 2017/18)

Members noted reference to the issue raised under this item by Councillor Southwood on library borrowing numbers and agreed that an outline of the key discussion points raised under future performance update reports should be included within the minutes to ensure continuous service performance monitoring.

5. **Petitions (if any)**

None

6. **Reference of item considered by Scrutiny Committees (if any)**

None

**The order of the agenda was changed as set out below**

**7. Approval to enter into grant agreements for two Housing Infrastructure Fund bids relating to South Kilburn and Northwick Park Regeneration Programmes**

Councillor Muhammed Butt, Leader of the Council, welcomed Ms Elizabeth Lloyd, a Northwick Park resident, to the meeting. In accordance with Standing Order 13 Cabinet heard a public question from Ms Lloyd on the matter of the housing infrastructure bid relating to the Northwick Park Regeneration Programme as set out in the report.

Ms Lloyd stated that Northwick Park was a much loved and well used local facility, highlighting, at the same time, that it had been recognised Brent was deficient in all types of open space and recreation grounds. She felt that the Council therefore had an obligation to protect these areas from inappropriate development, with the report not clearly demonstrating the extent of the regeneration area which would be affected by the project, or seeming to take into account any planning protection designations.

Ms Lloyd felt that there had been insufficient public consultation on the programme to date and noted that there was a growing concern amongst local residents on the likely impact of any proposed development in Northwick Park. As a result she asked for clarification on the following issues:

- (a) the boundaries of the regeneration area subject to the grant application, requesting publication of a plan;
- (b) for clarification on the evidence in support of the criteria met under the terms of the grant application; and
- (c) an indication of the alternative routes being considered for any access road to the regeneration area.

In response, Councillor Shama Tatler, Lead Member for Regeneration, Planning and Highways thanked Ms Lloyd for her contribution at the meeting. She stated that the report was part of a wider project seeking to unlock more housing opportunities and improve the local infrastructure. She acknowledged the importance of protecting open spaces in Brent, as set out by the Greater London Authority and reassured Ms Lloyd that no action would be taken without appropriate public consultation.

**RESOLVED:-**

- i. Cabinet agreed to receive grant funding and enter into grant agreements with the Greater London Authority for two Housing Infrastructure Fund bids relating to South Kilburn and Northwick Park regeneration Programmes
- ii. Cabinet delegated to the Strategic Director Regeneration and Environment in consultation with the Chief Finance Officer and the Lead Member for Regeneration, Highways and Planning authority to agree the detail of the grant agreements for the bid relating to South Kilburn
- iii. Cabinet delegated to the Strategic Director Regeneration and Environment in consultation with the Chief Finance Officer and the Deputy Leader (as Lead Member for Resources) authority to agree the detail of the grant agreements for the bid relating to Northwick Park

**8. Community Safety Strategy, Towards a 'Safer Brent' 2018 - 2021**

Councillor Tom Miller, Lead Member for Community Safety, introduced the report setting out the strategic overview of the statutory functions and priorities of the Community Safety Partnership Strategy for the next three years.

He stated that a key element of the report was the shift towards further prevention and an even stronger, localised focus on the individual. In noting the increased concern in relation to knife crime Councillor Miller drew Cabinet's attention to the growing need for an innovative and collaborative approach in order to tackle not only crime offending and victimisation but also the underlying issues of health and social injustice. It was stated that further to utilising additional police resources and predictive modelling systems, the strategy would also benefit from £2.3m in capital funding in deploying concentrated efforts towards reducing knife crime in the borough. Cabinet heard that alongside the Community Safety Strategy, the Council would also be consulting on a Community Cohesion Strategy – "Stronger Brent" and would be followed by an appropriate consultation and communications campaign.

In the subsequent discussion, Cabinet members welcomed the strategy and extended offers of support and cooperation. Cabinet noted the importance of detecting, reporting and preventing crime on all levels, highlighting in particular the need for a holistic, targeted and integrated approach as set out by the strategy.

**RESOLVED:-**

- i. Cabinet agreed to refer the detailed Partnership Strategy on to Council for formal approval, having noted and approved the proposed actions and operations made in response to the priority issues of the partnership.
- ii. Cabinet noted the information provided in the report and the Community Partnership Strategy 2018-2019 and agreed to consider this in their discussions on the Council's wider operational developments aligned to existing challenges and progress.

**9. Contracts with Academies for Additionally Resourced Provisions and the Choice, Advice and Fair Access Service**

Councillor Amer Agha, Lead Member for Schools, Employment and Skills, introduced the report setting out the procurement of contracts with academies for the placement of young people in Additionally Resourced Provision and the Choice, Advice and Fair Access Service and related specialised English as additional language provisions provided by academies. In noting the procurement complexity relating to the above services, Councillor Agha stated that the report recommended that, subject to Cabinet's approval, the contracts be awarded for a period of 3 years.

Referencing the outlined funding streams as set out in the report, Cabinet noted that the contracts would be fully subsidised by funding from the Designated School Grant (DSG), which would also incorporate a top up from the inclusion service.

**RESOLVED:-**

- i. Cabinet agreed an exemption from the procurement requirements of the Council Standing Order No 96 in respect of contracts for the provision of:
  - Additionally Resourced Provision (ARP) for the academic years 2018/19 to 2020/21
  - The Choice, Advice and Fair Access Interview Service (CAFAI) and specialist English as an Additional Language (EAL) provisions for the academic years 2018/19 to 2020/21
- ii. Cabinet approved the award of the contracts referred to above for the academic year 2018/19 to the schools listed in Tables 1 and 2 of the report.
- iii. Cabinet noted the costs of the proposed contracts referred to above would be fully met from the Dedicated Schools Grant (DSG).

**10. Award of Contract – Insurance Services**

Councillor Margaret McLennan, Deputy Leader introduced the report setting out the background, tendering and evaluation processes in procuring the contract for covering all insurance services provided to the Council. Referencing the report, she stated that it was recommended that Lots 1,2,3,4 & 5 be awarded to Zurich Municipal and Lot 6 to Charles Taylor respectively, each for a period of three years, as per the reasons detailed in the report.

Councillor McLennan stated that the overall aim of the contracts was to ensure the provision of an improved and more cost effective services to the Council. In particular, Cabinet's attention was drawn to the innovative nature of both insurance contracts with an attached potential saving expected to yield over £290k per year.

**RESOLVED:-**

- i. Cabinet approved the award of contracts for Lots 1,2,3,4 and 5 of the Council's insurance services contracts to Zurich Municipal for a period of 3 years with an option to extend for a period of 2 years from 1<sup>st</sup> October 2018.
- ii. Cabinet approved the award of contract for Lot 6 of the Council insurance services contract to Charles Taylor for a period of 3 years with an option to extend for a period of 2 years from 1<sup>st</sup> October 2018.
- iii. Cabinet delegated authority to the Strategic Director of Resources in consultation with the Deputy Leader (as Lead Member for Resources) to award the contract for Leaseholder insurance for a period of 3 years with an option to extend for a period of 2 years from 1 November 2018 for the reasons detailed in the report.

**11. Exclusion of Press and Public**


None.

**12. Any Other Urgent Business**

None.

The meeting ended at 4.30 pm

COUNCILLOR MUHAMMED BUTT  
Chair

 <b>Brent</b>	<b>Cabinet</b> <b>12 September 2018</b>
	<b>Report from the Director of Performance, Policy and Partnerships</b>
<b>Authority to Tender Concession Contract for Six-Sheet Advertising Across the Borough</b>	

<b>Wards Affected:</b>	All
<b>Key or Non-Key Decision:</b>	Key
<b>Open or Part/Fully Exempt:</b> (If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)	Open
<b>No. of Appendices:</b>	N/A
<b>Background Papers:</b>	N/A
<b>Contact Officer(s):</b> (Name, Title, Contact Details)	Peter Gadsdon Director of Performance Policy and Partnerships Email: <a href="mailto:Peter.Gadsdon@brent.gov.uk">Peter.Gadsdon@brent.gov.uk</a> Tel: 0208 937 6095

## 1.0 Purpose of the Report

- 1.1 This report concerns the future provision of the Council's six-sheet free standing advertising units contract. The report requests approval to invite tenders in respect of the proposed six-sheet free-standing advertising units contract to start December 2019, as required by Contract Standing orders 88 and 89.

## 2.0 Recommendations

That Cabinet:

- 2.1 Approves inviting tenders for six-sheet free standing advertising units contract on the basis of the pre - tender considerations set out in paragraph 3.2 of the report.
- 2.2 Approves officers evaluating the tenders referred to in 2.1 above on the basis of the evaluation criteria set out in paragraph 3.2 of the report.

- 2.3 Delegates authority to the Director of Performance, Policy and Partnerships in consultation with the Leader to award the concession contract for a term of eight years plus one further two year extension (a total contract term including extensions of ten years).

### **3.0 Detail**

#### **3.1**

- The purpose of this report is to highlight the rationale for and benefits associated with commencing a re-procurement exercise at the current time and to seek approval to proceed on this basis.
- Brent Council entered into a twenty year Concession Contract agreement with JC Decaux in 1999. The agreement has provided no income in revenues per annum for the Council with a total of zero income over the term of the agreement.
- The agreement has provided the council with the ability to deliver public sector messages on the reverse side of the free standing units and has funded the provision of seven automated public conveniences which are poorly used and in a poor state of repair.
- The current agreement is due to expire on 29 December 2019 and as such requires a re-procurement exercise in compliance with The Concession Contracts Regulations 2016.
- It is estimated that the outcome of the re-procurement exercise will be an increase in the Council revenues from no income per year to a significant six figure sum per year.
- The Council will retain the right to exclude certain types of advertising on the six-sheet displays in order to protect its reputation and ensure that ethical responsibilities are adhered to.
- Brent Council is working in collaboration with subject matter experts Fortuna Associates to re-procure this requirement. Fortuna has advised that market conditions are currently more favourable than at any recent time. It is therefore anticipated that the commencement of a re-procurement exercise will both take advantage of favourable market conditions and secure the associated revenues for the contract term.
- There are currently 72 six-sheet free standing advertising unit displays across the borough, some of which have been in place for the entirety of the current contract. It is anticipated that bidders will digitise the majority of the displays and may also rationalise and/or alter the locations of the display portfolio in order to maximise the revenue generation opportunity, subject to the receipt of planning consent.
- The council specification sets aside one in every six adverts for public service messaging on digital displays, which can be used for educational purposes or be rapidly changed in emergency situations if required.
- The options for procuring the replacement Contract are somewhat constrained by the applicability of The Concession Contracts Regulations 2016 for Concession Contracts of this value (detailed in 4.1) and the duopoly which exists in the supply market, the two dominant concessionaires are JC Decaux and Clear Channel.



- The commercial model will provide a guaranteed minimum revenue for the Council, whilst also enabling the generation of additional revenues via a gain share arrangement based on increases to the size of the advertising display portfolio.
- The proposed contract term is ten year, eight years initially with one further two year extension
- The authors appreciate that ten years is a considerable term, but feel that the capital investment required to digitalise the display portfolio will be considerable and as such the concession period is appropriate to allow the recouping of investment and maximise the revenues received by the council.

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

Ref.	Requirement	Response	
(i)	The nature of the Concession	The awarding of a concession relating to six-sheet free standing advertising unit displays across the borough of Brent in order to maximise the generation of revenues for the Council and its constituents.	
(ii)	The estimated value.	The estimated value of this Concession Contract is significant, with the Council anticipating a six-figure revenue stream per annum	
(iii)	The contract term.	The total term of the concession is ten year (eight years initially plus one further two year extension).	
(iv)	The tender procedure to be adopted.	The tender will be run in compliance with the Concession Contracts Regulations 2016.	
v)	The procurement timetable.	<b>Indicative dates are:</b>	
		Adverts placed and Invitation to Tender	17 <sup>th</sup> September 2018
		Deadline for tender submissions	31 <sup>st</sup> October 2018
		Panel evaluation and shortlist for interview	1 <sup>st</sup> November 2018 – 9 <sup>th</sup> November 2018
		Interviews and contract decision	w/c 12 <sup>th</sup> November 2018
		Report recommending Contract award circulated internally for comment	22 <sup>nd</sup> November 2018 – 4 <sup>th</sup> December 2018
		Cabinet approval	10 <sup>th</sup> December 2018

Ref.	Requirement	Response	
		minimum 10 calendar day standstill period – notification issued to all tenderers and additional debriefing of unsuccessful tenderers (contracts covered by the full EU Regulations only)	11 <sup>th</sup> December 2018 – 21 <sup>st</sup> December 2018
		Contract Mobilisation	w/c 7 <sup>th</sup> January 2019 onwards
		Contract start date	31 December 2019 or earlier if the current supplier appointed or is able to remove some units and the new supplier is in a position to install new units
(vi)	The evaluation criteria and process.	<ol style="list-style-type: none"> <li>At selection stage shortlists are to be drawn up in accordance with the Council's Contract Procurement and Management Guidelines by the use of a selection questionnaire to identify organisations meeting the Council's financial standing requirements, technical capacity and technical expertise.</li> <li>At tender evaluation stage, the panel will evaluate the tenders against the following criteria: <ul style="list-style-type: none"> <li>Price 65%</li> <li>Quality: 35% consisting of: <ul style="list-style-type: none"> <li>Innovation (5%)</li> <li>Continuous Improvement (5%)</li> <li>Performance/relationship management (5%)</li> <li>Portfolio design methodology (10%)</li> <li>Revenue calculations (5%)</li> <li>Social Value (5%)</li> </ul> </li> </ul> </li> </ol>	
(vii)	Any business risks associated with entering the contract.	The obvious business risk when entering into a contract of this nature is the financial stability of the concessionaire and thus the reliability of the revenue stream. Brent will undertake a full financial appraisal as part of the tender process and will also reserve the right to request a parent company guarantee, bond and/or escrow account to provide adequate protection for the revenues.	
(viii)	The Council's	The Corporate Best Value Strategy is to provide best	

Ref.	Requirement	Response
	Best Value duties.	Value services and to serve our community. The competitive tender for the concession contract will ensure the maximisation of revenues to the Council
(ix)	Consideration of Public Services (Social Value) Act 2012	See section 8 below
(x)	Any staffing implications, including TUPE and pensions.	It is considered unlikely that TUPE will apply to this contract but the appropriate checks will be undertaken to ensure that any risks in this area are mitigated.
(xi)	The relevant financial, legal and other considerations.	Please see sections four and five below.

3.3 Cabinet is asked to give its approval to these proposals as set out in the recommendations and in accordance with Standing Order 89.

#### **4.0 Financial Implications**

4.1 The estimated value of this Concession Contract is significant, with the Council anticipating a six-figure revenue stream per annum.

4.2 There are no anticipated requirements from a funding perspective associated with letting this Contract, other than the cost of the resources required to deliver the project.

4.3 It is expected that the re-procurement of the contract will result in an increased financial contribution to Council revenue streams.

#### **5.0 Legal Implications**

5.1 The total value of the Concession means that The Concession Contracts Regulations 2016 will apply.

5.2 For High Value Contracts, the Cabinet must approve the pre-tender considerations set out in paragraph 3.2 above (Standing Order 89) and the inviting of tenders (Standing Order 88).

5.3 Officers are recommending that the Cabinet delegate the award of the contract once the tendering process is undertaken to the Director of Performance, Policy and Partnerships in consultation with the Leader.

5.4 As this procurement is subject to the full application of The Concession Contracts Regulations, the Council must observe the requirements of the mandatory minimum 10 calendar day standstill period imposed by The

Concession Contracts Regulations before the contract can be awarded. The requirements include notifying all tenderers in writing of the Council's decision to award and providing additional debrief information to unsuccessful tenderers on receipt of a written request. The standstill period provides unsuccessful tenderers with an opportunity to challenge the Council's award decision if such challenge is justifiable. However if no challenge or successful challenge is brought during the period, at the end of the standstill period the Council can issue a letter of acceptance to the successful tenderer and the contract may commence.

## **6.0 Equality Implications**

- 6.1 The proposals in this report have been subject to screening and officers believe that there are no equality implications which arise from the procurement exercise itself, any equality implications are likely to arise from the use of the Council's use of its free advertising.

## **7.0 Human Resources/Property Implications (if appropriate)**

- 7.1 This service is currently provided by an external contractor and there are no implications for Council staff arising from retendering the contract.


## **8.0 Public Services (Social Value) Act 2012**

- 8.1 The Council is under duty pursuant to the Public Services (Social Value) Act 2012 ("the Social Value Act") to consider how services being procured might improve the economic, social and environmental well-being of its area; how, in conducting the procurement process, the Council might act with a view to securing that improvement; and whether the Council should undertake consultation. Officers have had regard to considerations contained in the Social Value Act in relation to the procurement.
- 8.2 Given that one of the requirements of the specification is for one in every six reverse side advertising displays under the Contract will contain a public service message of the Council's choice which in itself delivers social value, and the qualitative total represents only 35% of the overall award criteria, it is considered that 5% is a more appropriate weighting to give to Social Value in this instance.

### **Report sign off:**

**PETER GADSDON**

Director of Performance, Policy and Partnerships

 <b>Brent</b>	<b>Cabinet</b> 12 September 2018
	<b>Report from the Director of Performance, Policy and Partnerships</b>
<b>Community Hubs – Extending the Model across Brent</b>	

<b>Wards Affected:</b>	All
<b>Key or Non-Key Decision:</b>	Key
<b>Open or Part/Fully Exempt:</b> <small>(If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)</small>	Open
<b>No. of Appendices:</b>	Three: <ul style="list-style-type: none"> <li>Community Hubs – a model for Brent (Sept 2018)</li> <li>Draft Outcomes Framework</li> <li>Equality Analysis</li> </ul>
<b>Background Papers:</b>	N/A
<b>Contact Officer(s):</b> <small>(Name, Title, Contact Details)</small>	Sadie East Head of Transformation Email: <a href="mailto:Sadie.East@brent.gov.uk">Sadie.East@brent.gov.uk</a> Tel: 020 8937 1507  Jon Cartwright Senior Transformation Officer Email: <a href="mailto:Jon.Cartwright@brent.gov.uk">Jon.Cartwright@brent.gov.uk</a> Tel: 020 8937 1742

## 1.0 Purpose of the Report

- 1.1 This report sets out proposals to extend the community hub model across Brent. It outlines how the model has been developed in Harlesden and how the pilot has informed proposals to extend to other areas across the borough, as well as outlining the key considerations in rolling out the model.

## 2.0 Recommendation(s)

That Cabinet:

- 2.1 Approves and supports proposals, set out in Community Hubs: A model for Brent at Appendix 1, for extending the community hub model currently operating in Harlesden to additional areas of the borough including Kilburn, Willesden, Wembley and Kingsbury and Kenton.

- 2.2 Notes the intention to revert to Cabinet for a decision to set up a Community Interest Company, or other delivery vehicle, once exploratory work has concluded.

### **3.0 Detail**

- 3.1. Full details of proposals to extend the hub model across the borough are outlined in the attached hub model report. The proposals have been informed by learning from the delivery of a pilot in Harlesden and through conversations with key partners and service areas (including Customer Services, Housing, Employment, Skills & Enterprise, Strategy & Partnership and Libraries).

#### **Background**

- 3.2. The development of a community hub model was an idea generated from the 2016 Outcome Based Reviews (OBRs) focused on Employment Support and Welfare Reform, Housing for Vulnerable People and Regeneration. The model was developed based on insights from community research which highlighted the difficulty some individuals and professionals face in navigating the system, people's experience of having to tell their story several times to different people and organisations, and the need for greater collaboration across agencies to provide a more holistic approach to services.
- 3.3. The hub model sets out to connect people with complex or multiple problems, who may find access to mainstream services more difficult, with the support they need early, to stop issues from escalating. It brings together local organisations to work together under one roof and provides a space to facilitate connections with the wider community.

#### **Learning from the pilot model**

- 3.4. A pilot hub was launched in Harlesden in March 2017 following a two-week prototype to build and test the model in November 2016. The Harlesden Hub operates two days per week from Harlesden Library and brings together local organisations to offer a range of support and guidance to residents. This includes benefits, housing, money / debt and employment support and advice.
- 3.5. The Harlesden hub is supported by a range of partners including the Brent Advice Partnership, Brent Community Advice Network (BCAN), Crisis Brent, Advice4Renters, Bosnia & Hercegovina Community Advice Centre, Brent Carers and The Sherriff Centre, which provides debt advice. The operational aspects of the hub are managed by a dedicated coordinator (hosted by Crisis Brent) and supported by a team of hub advisors, a local community volunteer and a wider group of partners. A range of information and advice is available to local residents including benefits, housing and homelessness, money / financial inclusion, employment support and general support (e.g. digital access and form filling).
- 3.6. Independent research was carried out in March 2018 to explore who is using the hub and how the hub is helping and benefiting people. The research identified key areas of impact for the hub:
- helping people secure a home or keep their homes
  - helping people find work or keep jobs
  - helping people address debt and stop financial problems escalating

- helping people feel more independent and connected, and less lonely
  - helping people be able to look after children, keeping them safe, well and in school
- 3.7. The research also highlighted that people accessing the pilot hub model in Harlesden were often dealing with multiple challenges in their lives (struggling with low or unreliable income, unemployment, poor or precarious housing situations, mental health challenges, or were dealing with the effects of trauma). It is recognised that individuals with complex or multiple needs require a more holistic approach and the hub, through giving people more time and bringing different services together, helps people to address these challenges and solve problems.
- 3.8. Between April 2017 and March 2018 core hub advisors delivered support through over 700 customer interactions. In addition, partners delivered a range of support and advice and a programme of cultural activities has engaged a wider audience. Demand for hub services has increased overall during the period the hub has been operational and measures, including an enhanced triage function and recruitment of additional volunteers, have been put in place to manage demand.

### **Developing a longer-term vision**

- 3.9. The vision is to develop a local network of hubs across Brent offering residents a new way to connect with community groups and local organisations and access the information, advice and support they need early. The ambition is for hubs to create an environment which supports vulnerable residents to help themselves through facilitating resilience and providing the support needed to reduce long-term dependency on services.
- 3.10. Working closely with the Brent Advice Partnership, Brent Community Advice Network and supported by the Brent Advice Fund, the hub network will provide opportunities to develop strong partnerships on a locality basis and support a neighbourhood working approach. The hubs will provide both a base for engagement with residents and a place for professionals from the council and other local organisations to work together around issues and cases.
- 3.11. Appendix 2 provides a draft outcomes framework which has been developed to provide a baseline for measurement of outcomes which the hub network is expected to deliver. This will be further developed as part of the hub network implementation and will be used as part of arrangements for monitoring the impact of the hubs.
- 3.12. On a longer term basis, volunteering and community and voluntary sector infrastructure support could be delivered through the hub model. A review of advice contracts and community and voluntary sector support is currently being carried out by the Strategy & Partnerships Team. Findings will inform the proposed next phase of the hub model development. Work is also ongoing to look at how the future face-to-face customer service offer may change in response to key factors such as the introduction of Universal Credit and the Digital Strategy, as well as understanding how this will fit with hubs.

## Process for extending the model across Brent

3.13. It is proposed that the extension of the hub model is delivered in two strands:

<b>Strand 1</b>	Building the hub network: <ul style="list-style-type: none"> <li>• Location 1 – Kilburn</li> <li>• Location 2 – Harlesden / St Raphael's</li> <li>• Location 3 – Willesden</li> <li>• Location 4 – Ealing Road</li> <li>• Location 5 – Kingsbury &amp; Kenton</li> </ul>	From Sept-18
<b>Strand 2</b>	Development of longer-term management and governance arrangements	Oct-18 - Apr-19

3.14. The development of the hub model provides an opportunity to align resources for core areas of support which fit with and have the potential for being embedded within the hub model of delivery (e.g. employment support and financial inclusion). This has already been agreed for The Living Room. A report to the Housing Operations Transformation Board in April 2018 outlined the range of financial inclusion services either delivered or funded by the Council and it is proposed that these are transferred to the hub network where possible. There is further work required to understand how bringing this budget and function into the hub model would work in practice.

## 4.0 Financial Implications

4.1. The table below shows the estimated full year revenue cost for rolling out and delivering the network of hubs proposed, assuming they operate at full capacity.

	FTE	Revenue (£000)
<b>HUBS (LOCATIONS 1 – 5)</b>		
Hub development, management and coordination	3	£171
Hub Advisor	10	£393
Operational running costs		£5
Volunteer programme		£3
Training and development		£3
Supplies / services and one-off costs (e.g. testing & research)		£50
<b>Total cost per annum</b>	<b>13</b>	<b>£625</b>
<b>HUB EMPLOYMENT TEAM (THE LIVING ROOM)</b>		
Management	1	£63
Officer	3	£122
Overheads - property		£8
Marketing materials and events		£2
Other expenses		£16
<b>Total cost per annum</b>	<b>4</b>	<b>£211</b>
<b>TOTAL</b>	<b>17</b>	<b>£836</b>

4.2. These costs will be phased over the next two years and the full operating costs will come into effect from April 2020.



- 4.3. The table below shows how the costs above are proposed to be funded.

Income	Revenue (£000)
Funding for The Living Room	£211
Performance, Policy & Partnerships	£200
Housing Financial Inclusion Team budget	£184
Housing Needs (Financial Inclusion element)	£79
Customer Services & Benefits (Financial Inclusion element)*	£162
<b>TOTAL</b>	<b>£836</b>

*\*This budget represents delivery of LWA and DHP and is subject to agreement operational decisions regarding the preferred location of these functions and, in the case of LWA, of funding arrangements post August 2019 to fund this service.*

- 4.4. Funding for The Living Room is currently in place until 2020, funded through a combination of Housing Revenue Grant (HRA) and DWP community budget. The other funding streams are existing budgets within the Council and are based on estimated activity levels expected in the hubs, and agreement of the optimum service delivery channels for existing functions. The Policy, Performance and Partnerships (PPP) budget will be funded from PPP reserves and can continue for its first full three years of operation to 2022/23. As outlined in paragraph 3.13, further work will be required to ensure that the other funding streams are secure in order for expenditure to be contained within total income, this includes ongoing consideration of how best to align proposed resource.
- 4.5. Refurbishment works will be required in setting up the hubs. It is anticipated that the total cost of capital expenditure will be £180k, as set out in the table below.

Capital costs	Capital (£000)
Building and refurbishment	£145
IT equipment	£35
<b>TOTAL</b>	<b>£180</b>

- 4.6. The capital works can be funded from the capital transformation reserve.

## 5.0 Legal Implications

- 5.1. The existing hub structure and proposed hub model would assist the council to comply with its requirement to provide advice and guidance under a number of statutory provisions, for example under the Care Act 2014 whereby it is required to provide comprehensive information and advice about care and support services in their local area.
- 5.2. As outlined in the hub model report, during the implementation phase the intention is for the hub network to work towards establishing longer term arrangements for the management and delivery of services. In doing so, careful consideration will need to be given to the structure and establishment of a separate organisation to lead on management and delivery. Officers currently favour the establishment of a Community Interest Company but other possible legal forms should be fully considered.

- 5.3. There are various legal and commercial issues to consider when establishing a new independent organisation to undertake the delivery of certain public services to include:
- State Aid - The state aid rules for example prohibit subsidies (this may be in the form of grant aid, use of premises at less than market price, capital investment other than on market terms, etc.) by government to organisations when the subsidy confers an unfair advantage to one organisation. There are some exemptions that can apply to public benefit projects and grants made to organisations with a purely local impact may not fall within the definition of state aid if they do not affect trade between member states.
  - Procurement - As a contracting authority, the Council is subject to the Public Contracts Regulations 2015 (PCR 2015) in respect of any contracts it wishes to award for services carried out by an external organisation. As it is proposed that a range of third parties that may or may not be “contracting authorities” under the PCR 2015 will be involved in any organisation created to manage and operate the community hubs, the Council would not be able to rely on the exemption contained in Regulation 12 of the PCR 2015 (the Teckal exemption) and any contracts which exceed the relevant threshold must be advertised in OJEU and awarded following one of the procedures mandated in the PCR 2015. Regulation 77 of the PCR 2015 permits contracting authorities to reserve participation in procurement processes for certain types of contract to social enterprise or employee-owned organisations. There are detailed rules regarding this exemption and it is generally only available to an organisation for a period of 3 years.

## **6.0 Equality Implications**

- 6.1. The public sector equality duty, as set out in section 149 of the Equality Act 2010, requires the Council, when exercising its functions, to have “due regard” to the need to eliminate discrimination, harassment and victimisation and other conduct prohibited under the Act, to advance equality of opportunity and foster good relations between those who have a “protected characteristic” and those who do not share that protected characteristic. The protected characteristics are: age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex, and sexual orientation.
- 6.2 Having due regard involves the need to enquire into whether and how a proposed decision disproportionately affects people with a protected characteristic and the need to consider taking steps to meet the needs of persons who share a protected characteristic that are different from the needs of persons who do not share it. This includes removing or minimising disadvantages suffered by persons who share a protected characteristic that are connected to that characteristic.
- 6.3 There is no prescribed manner in which the council must exercise its public sector equality duty but having an adequate evidence base for its decision is necessary. Cabinet is referred to the contents of this report for information, in particular the Equality Analysis at Appendix 3 and paragraph 6.4 of the report.
- 6.4 The hub model report sets out how the proposed locations for the hub model and core offer will respond to local need. The core purpose of the hub is to

support vulnerable residents with complex needs and it is expected to deliver positive impacts for this population.

## **7.0 Consultation with Ward Members and Stakeholders**

- 7.1. The development of the hub model and proposals for a network of hubs have been informed by extensive research and engagement carried out as part of the OBR, involving Members, residents, the voluntary and community sector and statutory partners.

## **8.0 Human Resources/Property Implications (if appropriate)**

- 8.1. Resources, including staff resources, which are required to take forward projects are set out in the hub model report. It is proposed to use existing Council locations for the network of hubs, mainly libraries, and support from the relevant service areas has been secured.
- 8.2. The report sets out the core staff required to deliver the hub network. It also highlights how capacity from council services, partners (particularly community organisations) and volunteers, will be drawn together to contribute to the delivery of the hub model.
- 8.3. Depending on the nature of the longer term management and governance arrangement proposed, there may be both staff and property implications to include the need for any independent body created (such as a Community Interest Company) to be granted a lease/licence to occupy libraries or other Council owned locations from which the hubs are operating.

### **Report sign off:**

**Peter Gadsdon**

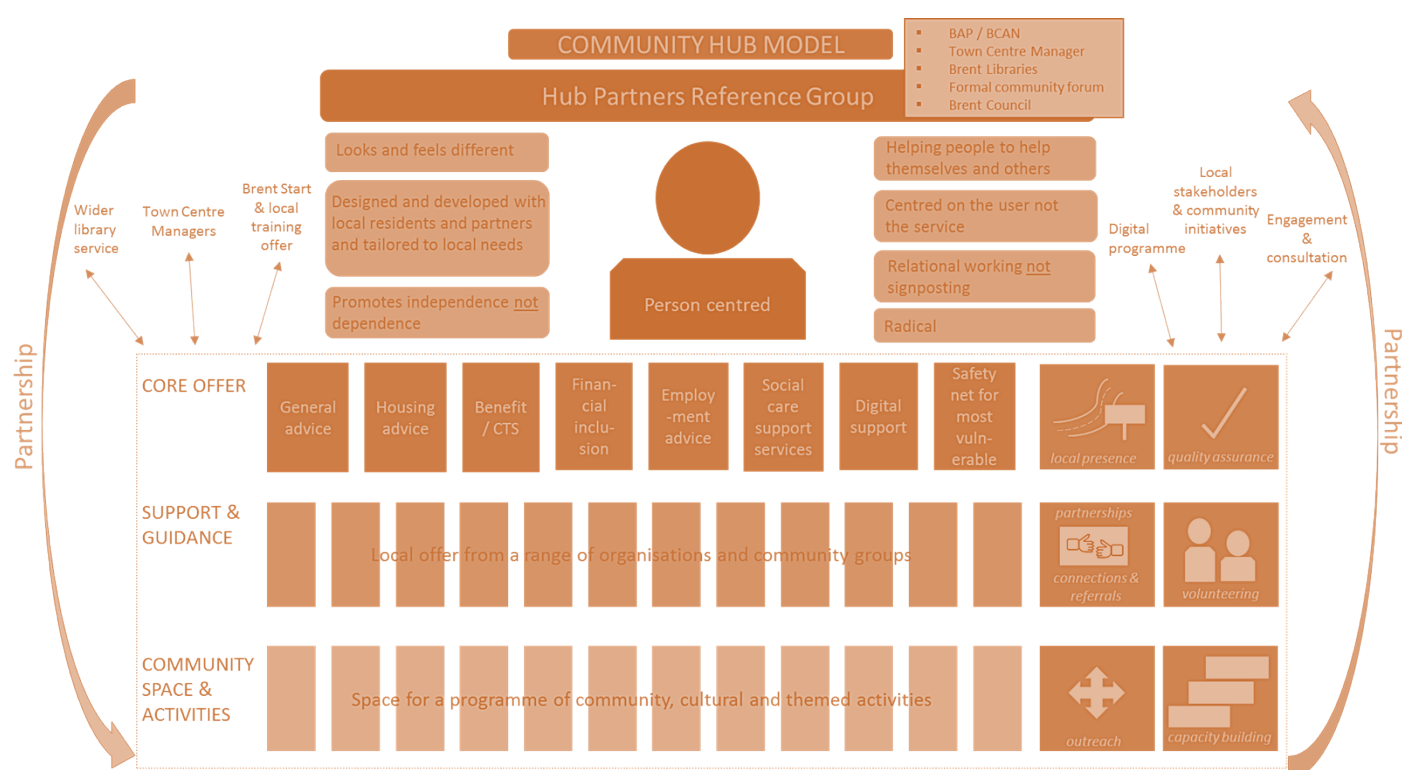
Director of Performance, Policy and Partnerships

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# Community Hubs – a model for Brent

## A plan to extend the hub model

September 2018



# COMMUNITY HUBS – A MODEL FOR BRENT

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## MEMBER'S FOREWORD



Our aim with the Harlesden Hub was to make it as easy as possible for people, who might otherwise struggle, to get the help they need when they need it. As well as being a safe and welcoming space, the hub has shown that, where there's local expertise available, the council doesn't always need to be the main service provider. Instead, our role can be to create the environment that allows our residents to find the right support from those best placed to offer it.

It's a project that's made a real difference in people's lives, especially those who we now know would not have gone anywhere else and, unfortunately, would've just struggled on until their problems became unavoidable. We've found that while lots of people are dealing with similar issues, no two sets of circumstances are exactly the same, which is why a more flexible service can be more effective than one-size-fits-all. Having gained a lot from the experience we – along with our community organisation and voluntary sector partners – are now ready to expand across the borough. The hub model recognises the important role of local community and voluntary organisations in ensuring people can access information and advice and the support they need to help themselves. Connecting organisations and community groups and developing capacity within the sector to respond to changing needs is a key focus of the hub approach.

In addition to making Harlesden permanent, we'll be setting up brand new hubs, tailored to local needs, in Willesden Green, South Kilburn, Wembley, and Kingsbury, as well as transforming the Living Room on St Raphael's Estate. They'll provide the flexibility that has proven so effective, on people's doorsteps, ready and waiting to help, support, and advise in a way that leads to real and lasting change.

**Cllr Eleanor Southwood**

**Lead Member for Housing and Welfare Reform**

## 1. BACKGROUND

In 2016, Brent carried out three Outcome Based Reviews (OBRs) aimed at developing radical solutions to deliver better, sustainable service models and outcomes for Employment Support and Welfare Reform, Housing Vulnerable People and Regeneration (physical, environmental and social, with a specific focus on Harlesden). The reviews set out to gather rich insights and understand the issues and challenges through new perspectives, create something different (new solutions, different relationships and ways of working), build new capabilities in service design processes and innovation capacity, and deliver improved outcomes for Brent residents.

The starting point for this work was talking with residents - learning from their experiences and gathering their views on housing and employment issues, as well as speaking to residents in Harlesden about their local area. A range of community research methods were used, including ethnographies (spending time with individuals to understand their day-to-day life), focus groups, community pop-ups, and interviews with professionals and practitioners. The community research provided insights into where improvements in current approaches could be made as well as developing a better understanding of the things that are important to people and how to support and enable them to address the challenges they face.

The research highlighted:

- the importance of attending first to people's most pressing problems;
- the difficulty some individuals and professionals face in navigating the system, knowing which organisations to connect with or refer to;
- people's experience and frustration of having to tell their story several times to different people/organisations;
- the need for collaboration across agencies to provide a more holistic approach to services;
- the demand for better access to quality services, skills, training and support;
- the value of creating opportunities to bring residents together; and
- that Harlesden community felt that the Council was disconnected and not serving its particular needs.

The insights from the community research were shared with a wide range of stakeholders at a visioning event in June 2016. Attendees were invited to listen to people's stories and generate ideas to address both the challenges and the opportunities highlighted through the community research. The development of a community hub was one idea generated and was a common theme across the employment, housing and regeneration OBRs. It was agreed to take this idea forward for testing and to understand how a community hub model could work in practice.

### **Designing and testing the idea of a community hub**

The design approach set out to create something different. This was not about developing another council service but offering an opportunity to bring organisations together to work in a different way and provide a place to better connect with the community. The hub model was



developed with residents and local partners through a co-design process, involving a range of organisations, between September and October 2016.

The hub sets out to bring different organisations together and to facilitate new interactions between people and organisations, in response to local needs. It is underpinned by a set of design principles:

- Designed and developed with local residents and partners and tailored to meet local needs
- Looks and feels different
- Centred on the user not the service
- Promotes independence not dependence
- Helps people to help themselves and others
- Focused on relational working not signposting
- Radical

The hub offers a physical space enabling a range of local organisations to work together under one roof and provide a well-being offer to stimulate:

- better connections and new relationships
- healthier lives
- access to housing advice and employment
- connections with learning & development and skills & knowledge exchange
- local community regeneration activities

These formed the basis for designing, testing and continued development of the model in Harlesden. Prevention / early intervention work, targeted approaches for people with complex and multiple needs and support for people in crisis were a key part of this work.

The community hub was tested during a two-week period in Harlesden in November 2016, before setting up a pilot hub operating two days a week based in Harlesden Library from March 2017.

## **2. THE PILOT: TESTING THE APPROACH IN HARLESDEN**

Following the success of the two week community hub prototype, the Harlesden hub pilot has provided an opportunity to see what impact a community hub model could have over a longer period in developing a clearer understanding of who accesses it, how it is used and in what ways local organisations can contribute and benefit from the hub.

The initial step in setting up the pilot model was to further develop the partnership built during the prototype in establishing a set of core partners to lead the next phase of the Harlesden hub. The core partners act as a steering group with representation from Crisis Brent, Brent Advice Partnership, Brent Community Advice Network, the Harlesden Neighbourhood Forum and Brent Council. The operational aspects of the hub are managed by a dedicated coordinator (hosted by Crisis Brent) and supported by a team of hub advisors, a local community volunteer and a wider group of partners.

The hub operates 12 hours of contact time per week, with an average footfall of 48 visits per week.<sup>1</sup> People coming into the hub are greeted by the Hub Coordinator or a volunteer and depending on the nature of their query are introduced to an advisor, hub partner or supported with self-serve. Between April 2017 and March 2018, the core hub advisors delivered support and advice through over 700 customer interactions. Partners working in the hub also provide a range of support and guidance to local people. A wider programme of cultural activities (including events such as the community clean-up day, hub launch and Big Harlesden Lunch) has engaged an estimated 500 local residents in the hub.

The hub is publicised locally, within the community and through hub partners and wider local networks. It has a visible presence directly on the high street, positioned at the front of the library, and is attracting both new and returning visitors. Figures show that around 50% of hub users are repeat customers.<sup>2</sup> People are visiting the hub to deal with a number of issues, with some individuals needing support over a significant period of time.

A full list of hub partners is included in Appendix 1.

### Responding to a range of needs

The Harlesden hub is responding to a variety of needs, with the main areas of enquiries focusing on:

- **benefits** – housing benefits and council tax support, overpayment of benefits, change in circumstances, enquiries about JSA, ESA, Universal Credit processes, financial inclusion advice relating to benefits
- **housing and homelessness** – rent arrears, facing eviction, repairs (relating to housing management), problems with landlords, moving home, sheltered accommodation enquires
- **money** – debt, rent arrears
- **employment** – support with setting up an email account, job search, CV writing
- **general support / form filling** – support with reading letters and completing forms (e.g. medical appointments, universal credit, oyster card, freedom pass, driving license, blue badge forms, registering to vote and passport forms)

The main areas outlined above do not fully reflect the breadth of queries received in the hub. The hub team also provides a direct response to situations where required, connecting individuals with the support services they need. This has included supporting a vulnerable adult who had no heating or electricity, an alcoholic in crisis, a vulnerable adult at risk of exploitation, someone experiencing social isolation, a domestic abuse disclosure and crisis support. These are situations which have required an immediate response with specialist input.

Where specialist advice is not required, the hub aims to help support the individual with resolving their query at first point of contact – examples of the range of queries received in the hub are outlined in Table 1.

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<sup>1</sup> Based on weekly footfall data for June/July 2018

<sup>2</sup> Figure based on 488 customer interactions with customer advisor between Apr and Dec 2017.

Table 1: Examples of enquiries received in the hub

Local environment / street care issues, reporting broken pavements and tree issues
Support with making phone calls - examples include arranging dental appointment and support with contacting organisations (e.g. student loan company, HMRC and DWP)
Support with CV writing and job search
Reporting anti-social behaviour issues
How to address disputes with neighbours and landlords
Information on accessing local leisure facilities
Citizenship enquiries
Organising garden waste collections
Enquiries to help with bill payment processes for utility companies and changing providers
Information on volunteering opportunities (including volunteering in the hub)
Information for carers
How to access marriage counselling
Help with emergencies for housing tenants e.g. lost house keys
How to access support around alcohol and substance misuse
Support with going online (e.g. setting up an email account)
Accessing foodbanks

The hub differs from other services, providing an environment which enables advisors to support individuals in resolving pressing problems on the spot or work through more complex issues. Advisors are able to spend more time with an individual than is possible in mainstream services to resolve issues and concerns, with around 70% of issues resolved during the initial visit to the hub, either by the customer advisor or another hub partner. There are some areas where referrals are required, with specialist / expert input needed to fully address the issue (24% of hub users were signposted to a service outside the Harlesden hub).<sup>3</sup> This has included signposting to the Law Centre, CAB, Advice4Renters, DWP / Jobcentre, local foodbanks, employment services and Age UK, as well as other Brent Council services.

## Learning more about who is using the hub

Independent research was conducted in March 2018 to explore who is using the hub and how the hub is helping and benefiting people, understanding what it does that is different from and distinctive to mainstream provision. The research was conducted through observations and interviews carried out in the hub over three separate days.

The research observed that hub users are:

- Mostly working age, some with children or other caring responsibilities
- In receipt of a low income and/or unreliable income
- Living locally in Harlesden (and for whom travel further afield might be difficult)
- Mostly renting privately or living in social housing
- Not always confident in written English or spoken English
- Not always computer literate

The research highlighted that people accessing the pilot hub model in Harlesden were often dealing with multiple challenges in their lives (struggling with low or unreliable income, unemployment, poor or precarious housing situations, mental health challenges, or were

<sup>3</sup> Based on data collected by hub customer advisors Apr – Dec 2017.

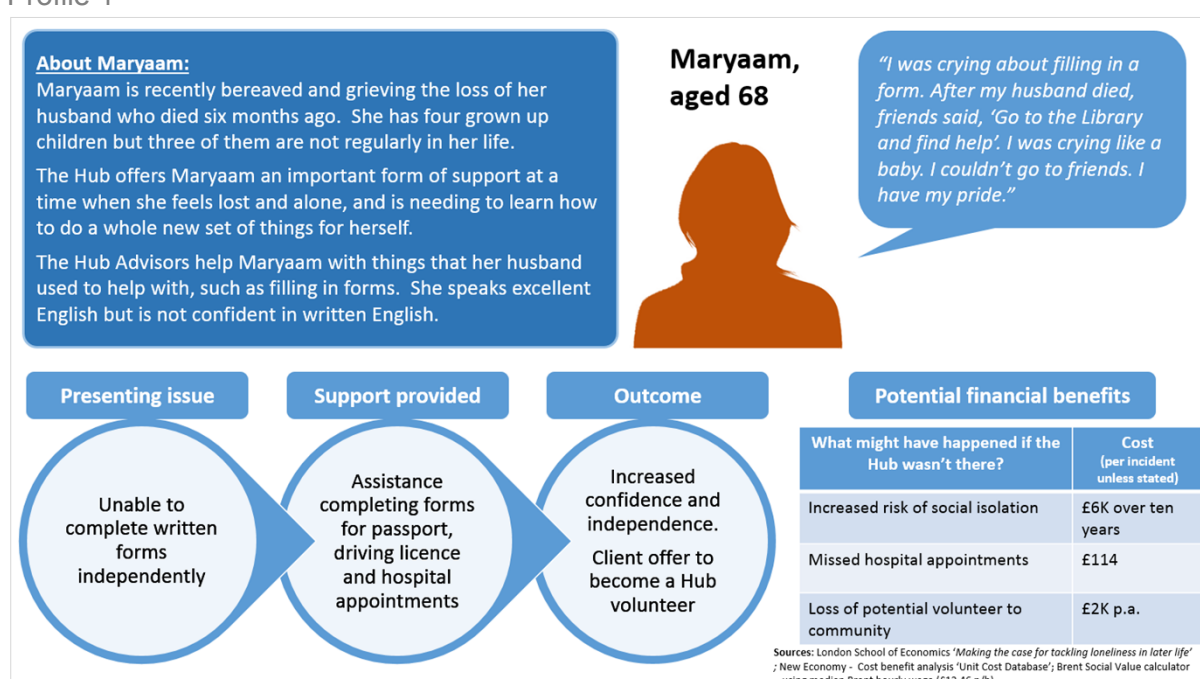
dealing with the effects of trauma). Individuals with complex or multiple needs require a more holistic approach and the hub, through giving people more time and bringing different services together, helps people to address these challenges and solve more complicated and entrenched problems, working with individuals to investigate issues.

The research identified key areas in which the hub is delivering an impact:

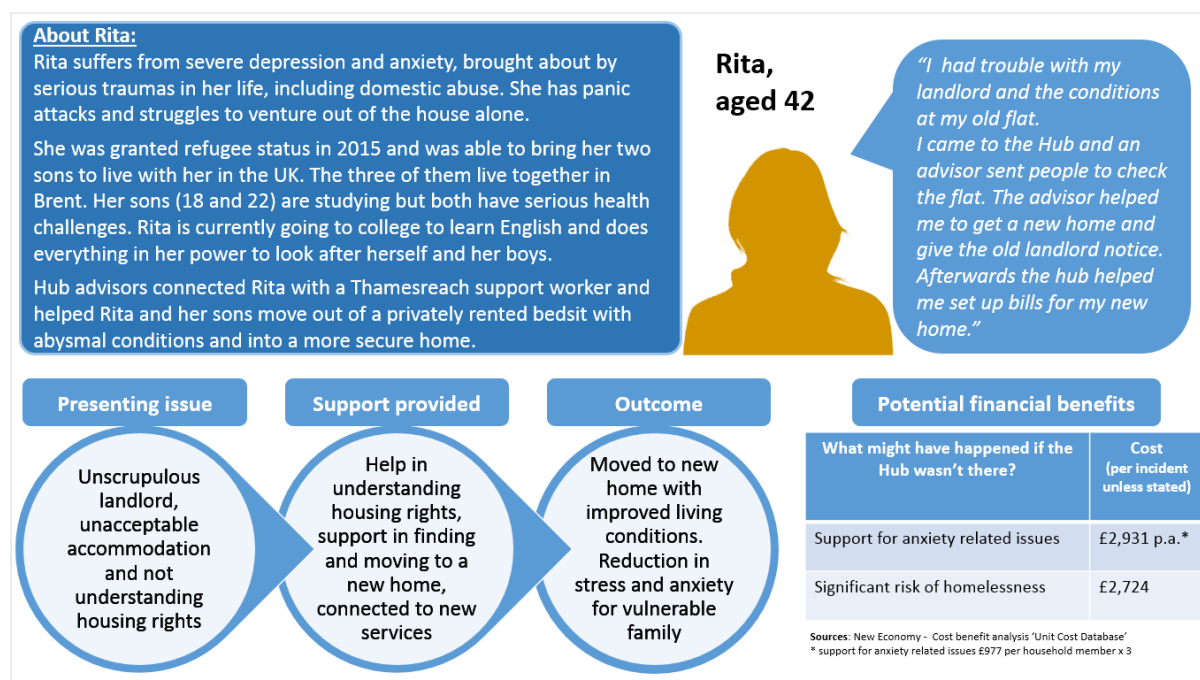
- Helped people secure a home or keep their homes
- Helped people find work or keep jobs
- Helped people address debt and stopped financial problems escalating
- Helped people feel more independent and connected, and less lonely
- Helped people be able to look after children, keeping them safe, well and in school

Examples of how the hub has helped individuals are illustrated in the profiles below.

### Profile 1



### Profile 2



The insights from the community research, as well as ongoing learning from current approaches in Harlesden, highlight that there is a section of the community that needs access to a range of support and services but find it difficult to access these through mainstream channels. The hub approach provides a solution to address this gap. Without a more locally delivered solution, the barriers some individuals face in accessing mainstream services could stop them from accessing help or waiting until the situation has reached crisis point before seeking support.

The Harlesden Hub has become popular with highest levels of demand when hub opens at 10am and through the morning. Measures, including an enhanced triage function and recruitment of additional volunteers, have been put in place to manage demand. This increased level of demand highlights a need to continue to deliver support in this way and increase capacity.

## Specialist hub models

There are examples of other hub models in Brent, offering a specialist locality approach. The Living Room has been operating a place-based approach, delivering employment and other holistic support to local residents on the St Raphael's Estate for over two years. The employment centred approach brought key partners together to respond to the needs of residents and connect them with the right services at the right time. Led by the Employment, Skills and Enterprise Team, The Living Room delivers support through a multi-agency team from a hub location on the estate itself. The approach of The Living Room replicates the values of the hub model and the team working in Harlesden have developed good links with The Living Room in learning from their approach and identifying opportunities to join up. Since May 2018, The Living Room has been delivering outreach services in the Harlesden Hub one day a week. The intention is to bring The Living Room into the hub model.

Work has also been undertaken to prototype alternative hub models focusing on specialist areas as set out below.

Table 2: Specialist hub models

Hub	Focus	Key elements
<b>Domestic Abuse Hub</b> A welcoming, safe environment offering access to a range of domestic abuse support and services in one place, probably operating once a week as a drop in.	Domestic abuse survivors / perpetrators Families	<ul style="list-style-type: none"> <li>• Developing a holistic and joined-up approach to working with families</li> <li>• Easier access to services resulting in earlier reporting and intervention</li> <li>• More joined up approach resulting in issues being resolved more quickly reducing long term impact on families</li> </ul>
<b>Family Hub</b> Local family hub bringing together professionals, community organisations and parents to provide support to young people on the edge of care and their families. This could build on work being carried out by children's centres.	Young people on the edge of care and their families	<ul style="list-style-type: none"> <li>• Building connections and resilience for families</li> <li>• Preventing relationship breakdown between young people and their families and the community</li> <li>• Improving multi-agency working</li> </ul>
<b>Central Middlesex Hospital Community Hub</b> Hub within a health setting offering a range of activities, support and advice for patients and their family and friends, visitors to the hospital, staff and local people.	Hospital users and the wider community	<ul style="list-style-type: none"> <li>• Supporting people to live healthier lives</li> <li>• Offering access to a range of support and information (e.g. housing, employment, money)</li> <li>• Facilitating new connections and relationships</li> <li>• Celebrating art and culture</li> </ul>

Two of the alternative hub models (the domestic abuse hub and the family hub) have been developed through OBRs carried out in 2017 focusing on domestic abuse, gangs and young people on the edge of care. The specialist models are being taken forward as transformation projects in 2018, informed by small-scale prototypes carried out in early 2018. Learning from this work will continue to feed into the community hub extension.

### 3. STRATEGY

#### Case for change

The idea of a community hub came from research which focused on developing a better understanding of the issues and challenges residents face and the things that would support and enable them to live well. This research highlighted that whilst there is a range of provision available for people who are struggling with housing, money, work or their wellbeing, the system is hard to navigate and a number of barriers exist which impact on people's ability to interact with these services. Without addressing these challenges and developing an alternative model to facilitate access to support and advice, addressing problems early on continues to be difficult.



Addressing problems early and avoiding the need for more costly and intensive interventions is a key focus of this model, with wider research and evidence around the benefits of early interventions approaches informing this work. There is a wide body of evidence of the effectiveness of early intervention approaches and the economic and social benefits of investment in early intervention. Analysis carried out by the Early Intervention Foundation (EIF) has shown that nearly £17 billion is spent each year by local and national agencies on acute and statutory services for children, young people and families in England and Wales. This equates to £287 per person. For Brent, the estimated total cost of late intervention is £80 million for children and families.<sup>4</sup> Earlier intervention will both reduce the need for more costly services at a later stage and deliver greater benefits for individuals in ensuring they get the support they need at the right time.

### Responding to local needs and managing demand

The anticipated local population growth (including a 10% increase of those aged 65 and over and a 6.6% increase in those aged under 18) and significant changes to benefits and welfare arrangements with the roll out of Universal Credit in late 2018, requires an approach to better manage a potential increase in the demand for key services. This places an increased emphasis on building resilience and ensuring people have access to the right information and tools to help themselves and others.

The roll out of Universal Credit is currently anticipated to affect between 40,000 and 55,000 residents in Brent. The needs of people in receipt of Universal Credit will vary greatly and those with the most significant financial dependencies are likely to be those who also have a rental liability and are in receipt of Housing Benefit. There are a number of potential impacts of people moving across from legacy benefits to Universal Credit, and the gravity of those impacts is most likely to be indicative of the level of financial dependency they have on their Universal Credit income.

The area that is likely to have the greatest level of impact will be for the 25,000 to 28,000 individuals who are expected to continue to have housing costs that will be met by Universal Credit. The real impacts, both for individual recipients and their families and the Local Authority, will be where people have been unable to manage their finances effectively with the level of support they receive and fall into arrears with rent. In all cases where rental arrears begin to build, irrespective of the type of tenancy that individual or family is in, there exists the potential risk of eviction and subsequent homelessness.

There will also be some issues that may be common across the different levels of need, for example:

- *Digital enablement:* The Universal Credit claim process will be fully online and though a number of legacy benefits already utilise an online claiming model, not all do and for those individuals who are less digitally enabled the online claiming process could represent a barrier to submitting timely and effective applications.
- *Financial inclusion:* Due to the fact that recipients will move toward receiving a single monthly payment representing any financial support that would presently be met by

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<sup>4</sup> Spending on Late Intervention, How we Can Do Better for Less, Early Intervention Foundation, 2015

various combinations of legacy benefits, the ability to manage their finances effectively will be more necessary than ever.

- *Employment skills:* Many Universal Credit recipients will be out of work or for those who are not, will not be earning sufficiently high enough to be financially self-sufficient. Though needs will vary, a lack of suitable employment skills will prolong dependency on Universal Credit.

During the pilot hub in Harlesden, benefits and money concerns have been two key areas of need presenting in the hub. It is anticipated that this will increase with the roll out of Universal Credit. The hub provides an opportunity to facilitate a coordinated approach across local partners and an opportunity to target support in addressing these needs including budgeting skills and supporting people to get online.

In Brent 20% of households do not have English as their main language and 8% of people are unable to speak English well or at all. This presents additional challenges for ensuring individuals can access the support and guidance they require.

### **Contributing to strategic priorities**

The hub model is aligned to Brent's strategic priorities and provides a mechanism to deliver these priorities at a local level. The hub approach will support the priorities of the Brent 2020 vision and the commitments set out in the Brent Labour Manifesto 2018. It also supports place-based working and the delivery of the Council's commissioning principle of empowering local organisations and supporting the voluntary and community sector to provide a more localised approach, as well as contributing to the aims of the Digital Strategy. Further details are outlined in the diagram below.



Figure 1: Strategic priorities

Strategy / framework	Aligned priorities	
Brent 2020	Employment and skills	Regen – physical, social & environmental
	Demand management	
Place-based working	Delivering a more integrated approach	Responsive and timely interventions
	Tailored to local needs	
Commissioning Framework	Supporting local organisation and delivering solutions locally where possible	
Digital Strategy	Ensure all residents have access to the resources and support they need to confidently access information online	
	Enable digital communities that connect people with each other and local organisations	
NW London Sustainability and Transformation Plan	Reduce social isolation	
Financial Inclusion Strategy	Helping residents to move from benefits to sustainable employment and maximising income	
	Helping residents overcome high levels of debt and promoting responsible borrowing	Maximising opportunities for delivering financial inclusion through partnerships
Employment and Skills Strategy	Reduce poverty through employment and progression in work	
	Have a strong focus on addressing inequality by reducing economic and social polarisation within our most deprived neighbourhoods and amongst those residents who are furthest away from work	

The hub network will also support and provide space for the delivery of a range of initiatives and projects in response to national and local agendas (e.g. the roll out of Universal Credit) and community needs. For example, the growth of the digital skills offer which will be delivered by Brent Start from September 2018.

## Defining the target audience

The aim of the hub model is to work with the most vulnerable who can find it difficult to access the support they need through mainstream services. The hub model is focused on supporting people to help themselves and each other, through spending more time with people than is possible with traditional services, working with people to solve their problems and build knowledge, understanding and resilience.

Hubs aim to support people who are living with a range of issues and challenges, including but not limited to, risk of homelessness, debt and money worries, unemployment, social isolation and a lack of confidence or impact of trauma affecting day-to-day life.

The hub network will be open to all, but it is anticipated that the audience will vary across locations according to demographics (as detailed in section 5). The hub offer needs to complement existing arrangements but provide a safe space for people to seek the additional support they need. The approach and offer should reflect individual needs and be tailored to support a range of individuals, including:

- Single people
- Parents and families
- Older people
- Adults with complex needs
- People experiencing a crisis
- People who are new to the area

#### **4. DEVELOPING A MODEL FOR ALL OF BRENT**

Building on our learning from the pilot model in Harlesden and on the basis of the positive findings from the hub research, it is proposed to expand the hub across the borough, developing more coordinated and tailored access to support and advice for Brent's residents.

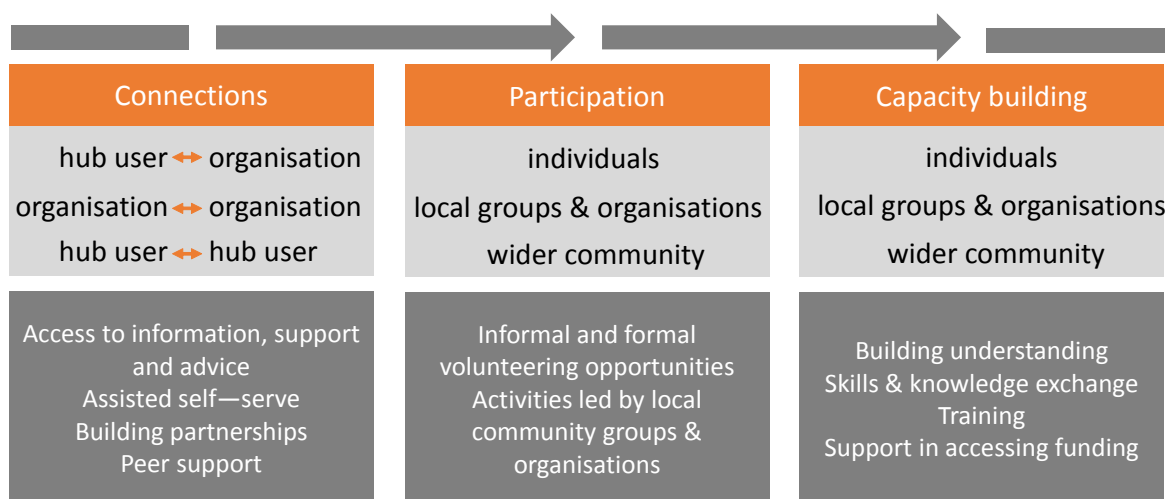
This section outlines the core components and features of the model in building a network of community hubs.

##### **Developing the long-term vision for hubs**

The vision is to develop hubs across Brent, developing a local network offering residents a new way to connect with community groups and local organisations and access the information, advice and support they need early to address the issues and challenges they face and to stop these issues from escalating. The ambition is for the hub network to create an environment which supports vulnerable residents to help themselves through facilitating resilience and providing the support needed to reduce long-term dependency on services.

The vision will be delivered through a network of hubs which is independent from the Council, supported by true collaboration with the voluntary and community sector, public sector partners and residents. Working closely with the Brent Advice Partnership, Brent Community Advice Network and supported by the Brent Advice Fund, the hub will provide opportunities to develop strong partnerships on a locality basis and support a neighbourhood working approach. Hubs will provide both a base for engagement with residents and a place for professionals from the council and other local organisations to work together around issues and cases, approaching them in a more holistic way.

Figure 2: A growth model



As the model develops, the aim is to see the focus of the hubs expand to encompass a new way to run and grow volunteering in Brent and provide opportunities for people to participate and contribute to their community. This would be complemented by opportunities to engage in a richer cultural experience, providing centres to hold cultural activities as part of the London Borough of Culture 2020. The hubs will also coordinate and support capacity building in the voluntary and community sector through providing opportunities for organisations to work alongside each other and share knowledge, operating beyond the physical space to provide a way for organisations to engage with the community in a more joined up way.

Through this approach the hub network will support community groups to develop the skills and expertise required to respond to and address changing needs, extend their reach and deliver greater impact within their local community. This will centre on prevention and supporting the most vulnerable, identifying opportunities to make an impact through intervening earlier and tackling issues more quickly to prevent escalation, reducing the demand for more costly services in the future.

## Core components of the model

It is recognised that the type and level of need will vary across the borough and local arrangements will reflect this with support and services required to respond to local needs explored as part of the implementation phase. These local arrangements will build on a set of core components present in all hubs. The core components include:

- A clear governance structure with community leadership
- A core offer of advice
- Access to a range of information, support and guidance
- A community space and a programme of community activities

### *Component 1: A clear governance structure with community leadership*

The starting point for establishing a hub in a new location will be to build connections with the local community and identify and engage key partners within the voluntary and community

sector to be involved in the development of the hub. In the initial phase the hub will be led by a reference group of partners, including Brent Council, the Brent Advice Partnership and a local community forum. The reference group will have responsibility for overseeing the development of the hub and ensuring it reflects the needs and interests of local people. As the network of hubs develop, longer-term governance arrangements will be explored including the option of developing a Community Interest Company. Further details are outlined in section 6 of this report.

#### *Component 2: A core offer of advice*

The core offer of advice will be delivered through a dedicated team of hub advisors, Brent Council services and hub partners. This includes general advice and guidance, housing, housing benefits and council tax support, employment and skills, financial inclusion, digital support and social care support services (e.g. social isolation).

#### *Component 3: Access to a range of information, support and guidance*

The core offer will be enhanced by a range of information, support and guidance tailored to local need and delivered by voluntary and community sector organisations and community groups, as well as local residents volunteering their time. As a growth model, this is expected to change and grow with time and create a location for enabling individuals to build new skills through self-serve, assisted self-serve (supported by community volunteers) and confidence building.

#### *Component 4: A community space and programme of community activities.*

The hub will also offer space to deliver activities and events for the community, reflecting the specific interests of local people and linking to the London Borough of Culture 2020.

The components of the model are underpinned by a set of features:

<i>Responsive</i> – seeks to understand and respond to demand, able to bring in expertise as required	<i>Community led</i> – driven by the local community
<i>Flexible</i> – a programme of support which adapts to changing levels of needs and interest from the local community	<i>Well connected</i> – established links with the community and facilitates joint working across organisations, grows as the partnership widens
<i>Focused on learning</i> – develops based on lessons learnt	

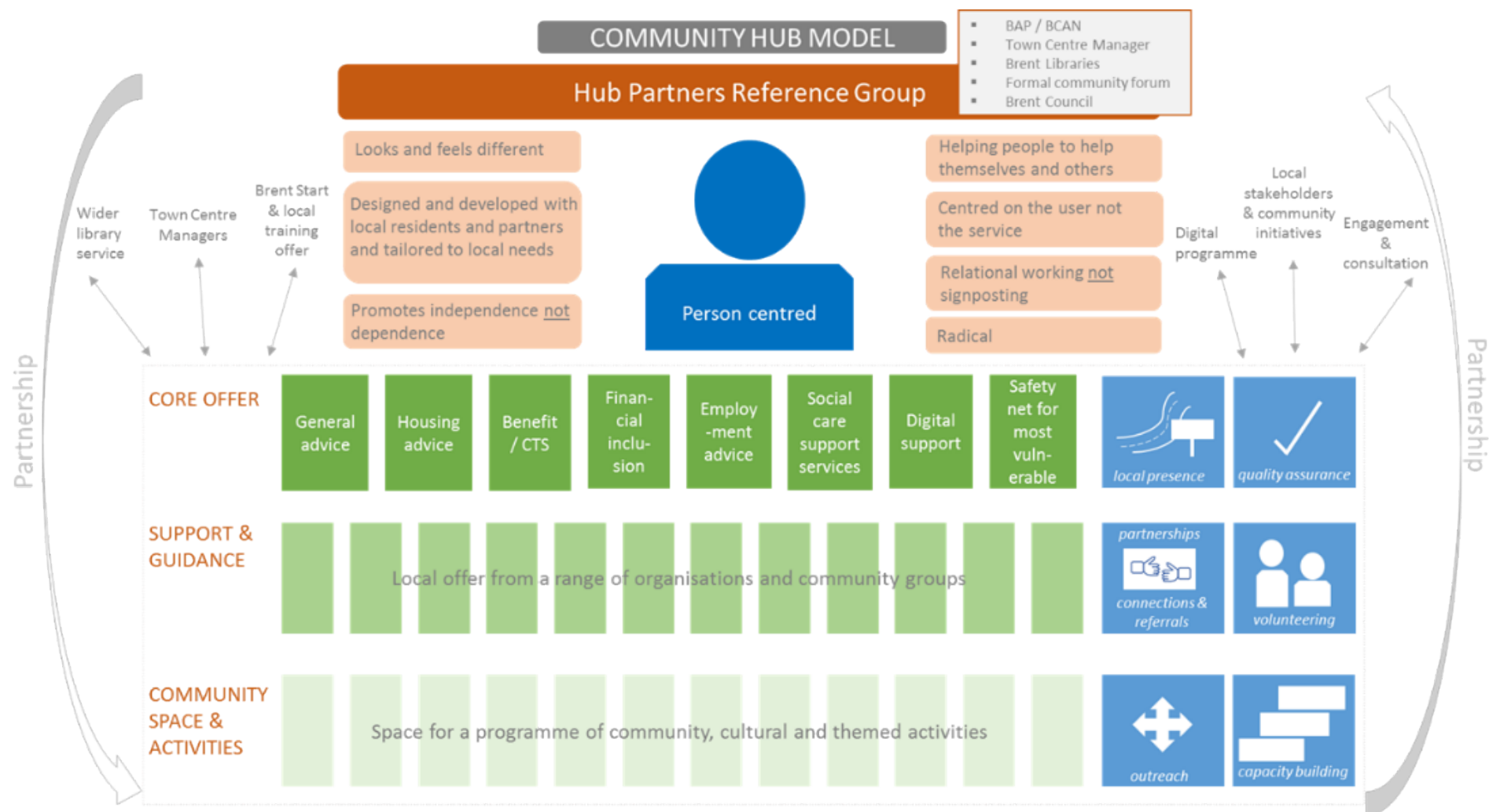
Through its delivery the hub will facilitate and support:

- *Building a local presence* – developing a hub brand and offering location-based delivery
- *Quality assurance* – ensuring local people have access to quality services
- *Partnerships, connections and referrals* – bringing together a range of organisations to work under one roof and connect with local people and developing a pathway of support, working with Town Centre Managers and Neighbourhood Managers to link up with local communities and businesses and strengthen connections
- *Digital offer* – building digital skills and confidence and supporting self-serve
- *Volunteering* – promoting volunteering in Brent
- *Outreach* – extending the offer beyond the physical space and working with the local community

- *Capacity building* – connecting local community organisations with the support they need to grow

The network of hubs will work to an agreed set of policies and procedures, including work environment and conduct, safeguarding and personal safety. The hub team will receive appropriate training to deliver services and respond to the range of needs and circumstances.

Figure 3: Hub blueprint



## Pathways of support

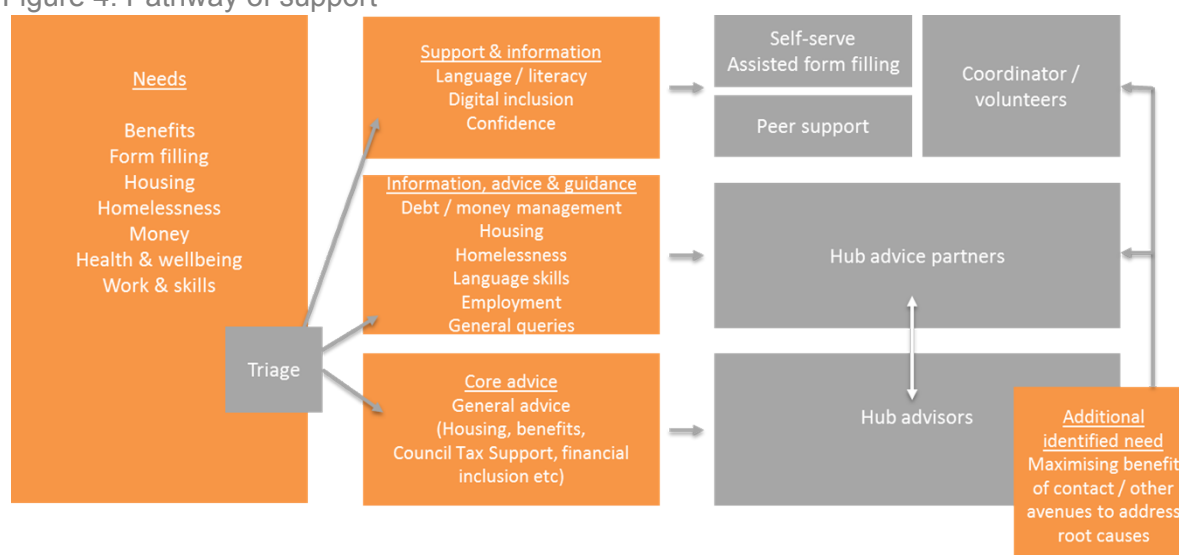
The hub model is based on a user-centred pathway of support offered free of charge and accessible to all. Hub users should be able to seek and access the support they need within the hub, through a range of partners and volunteers who respond to the different needs presenting in the hub. Support is delivered at different levels depending on the nature of the enquiry, from support and information to specialist advice. Where the advice is not available within the hub as it requires expert input, the hub will facilitate a connection.

Table 3: Support offer

Offer	What does this include?	How is this delivered in the hub?
Support and information	<ul style="list-style-type: none"> <li>- Initial conversations</li> <li>- Support and assistance</li> <li>- Access to information</li> <li>- Connections and signposting</li> <li>- Supported self-serve</li> </ul>	Offered by a range of hub partners and community volunteers
Information, advice and guidance	<ul style="list-style-type: none"> <li>- General advice and guidance on a range of issues</li> </ul>	Delivered through hub advisors and accredited local organisations
Specialist service	<ul style="list-style-type: none"> <li>- High-level specialist advice</li> <li>- Casework</li> </ul>	Delivered through specialist service or advice organisations working in the hub or local area

Procedures have been developed with Citizens Advice Brent to identify the breadth and level of support which can be delivered in the hubs, including accreditation checks for advice giving agencies which have been developed and tested as part of the pilot in Harlesden.

Figure 4: Pathway of support



Being able to facilitate connections between organisations and maximising the benefits of contact with the hub service through identifying and addressing underlying issues, is a key consideration of the approach. For example, an individual may come into the hub to deal with a housing benefit query and through a conversation with a hub advisor may discuss other areas of concern which can be supported by the advisor directly or through another organisation working in the hub. The hub also provides an opportunity for partners to jointly

support people with complex issues. Procedures and training will be in place to effectively respond to concerns (e.g. toxic trio, safeguarding concerns).

The design principles mentioned at the beginning of this report (page 5) are reflected in the pathway of support outlined in Figure 2. The pathway is centred on the user, not the service. On entering the hub there is an initial conversation to understand the nature of their enquiry and need. Where possible, queries are dealt with through assisted self-serve to help promote independence. Peer support is also offered, engaging members of the community to help others.

## **5. DELIVERY PLAN**

The Harlesden hub pilot has provided an opportunity to see how the model could work in practice, test the appetite within the local community and better understand the level of need. In developing the hub model and building a network of community hubs, the next step is to build a presence and establish hubs in other areas of Brent. The previous section outlined how the model will work, this section sets out the process for extending the model in different locations.

The model will be extended to operate in different locations across the borough from September 2018. The locations will be based on the Council's preferred locality model (areas used for Brent Connects and adopted by Environment). Locations include Harlesden, Kilburn, Kingsbury & Kenton, Wembley, and Willesden. As with the Harlesden model, it is proposed that the majority of locations are centred on libraries or other suitable locations. This enables the hub to be developed around an established location, offering an opportunity to engage with an existing user group and maximise on existing footfall.

As outlined in section 2, an employment focused model is currently operating in St Raphael's Estate (The Living Room). This is also an opportunity to align an earlier model being delivered in St Raphael's Estate with the wider hub model. Employment is a core component of the wider hub model and bringing the two approaches together will provide the opportunity to expand the breadth of support currently delivered on St Raphael's Estate (connecting with a wider set of partners) and to extend the employment specialist resources to other locations of the borough. It also provides an opportunity to feed in the learning from The Living Room to the wider hub model.

The extension of the model will focus on five locations as outlined below.

### **Location plan**

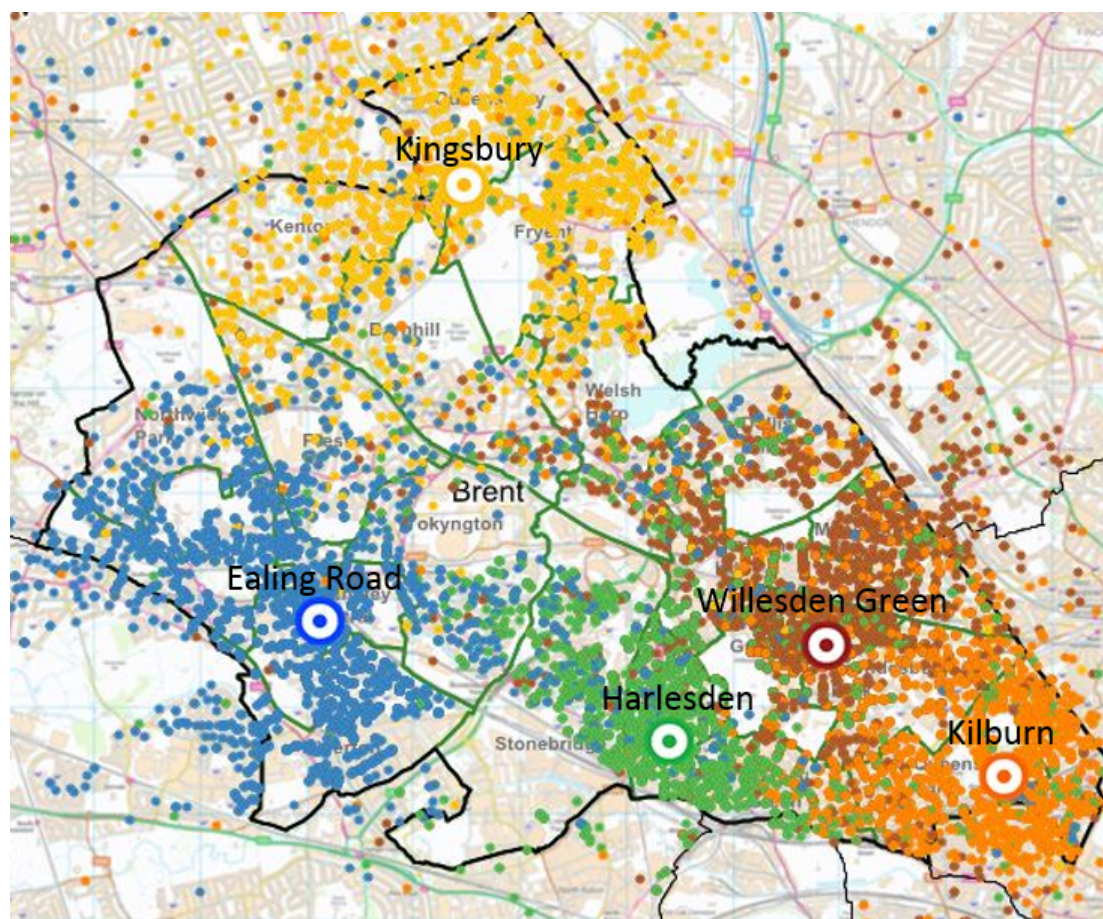
Demographic data at a locality level has been drawn on to inform priorities and predict the groups and individuals most likely to access the hubs at the five proposed locations. This approach is based on intelligence showing that the active users of five Brent libraries - including locations where future hubs may be located and where the Harlesden Hub pilot is currently running. In addition to this, an estimate for the number of hub users has been calculated based on data from the Harlesden pilot.



Table 4: Estimated number of hub users by location

	Number of users supported by advisors Apr 17 – Mar 18	Population 18+	% of population	Estimated users in first year of operation
Harlesden	733	37,803	1.94%	-
Kilburn & Kensal Rise	-	52,098	1.94%	1,010
Willesden	-	47,090	1.94%	913
Wembley	-	73,990	1.94%	1,435
Kingsbury	-	46,978	1.94%	911
<b>TOTAL</b>	<b>733</b>	<b>257,959</b>	<b>-</b>	<b>4,269</b>

Figure 5: Hub locations



Further analysis of library data also confirms that the age and ethnicity profiles of users broadly aligns with that of the local populations. Pages 20 to 24 provide local profiles for the hub locations. The core offer will be common across each location but there will be some local variance with the range of support and activities offered in the hub tailored to respond to local need. For example, in an area with a higher proportion of older people the hub could offer support through local partners such as an enhanced handy work scheme, carers support and

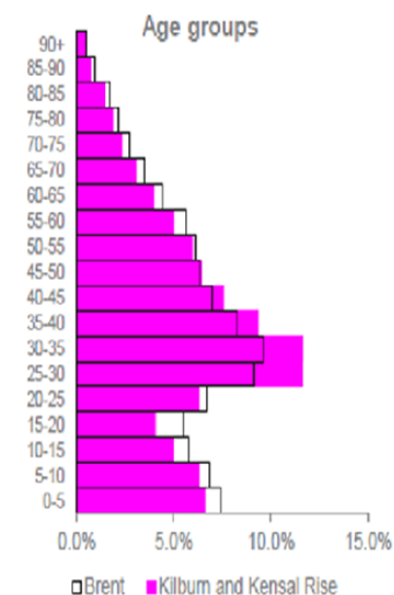
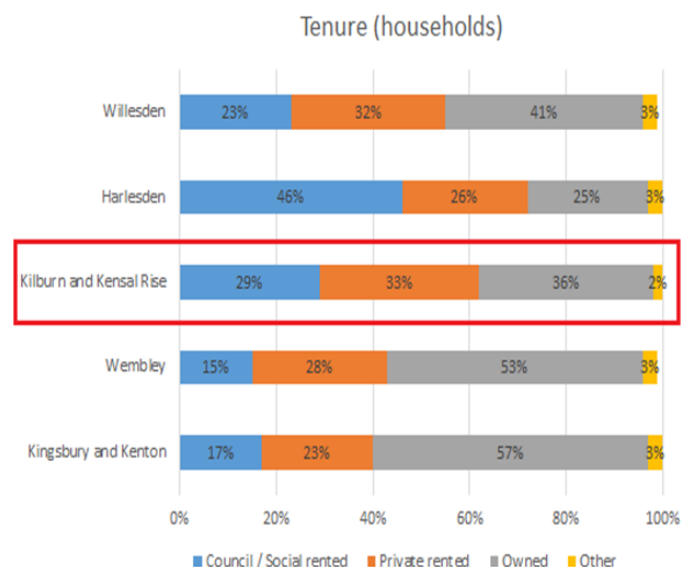
social isolation support. This will be explored as part of the initial phase of the roll out in each location.

## Location 1 – Kilburn Housing Office (Kilburn and Kensal Rise locality)

Real-time analysis of Brent's Housing Benefit and Council Tax Support caseload identifies Kilburn as the area with the highest proportion of claimants aged over 65 (26% of the borough total) and the second highest proportion, after Harlesden, of claimants in receipt of disability related benefits (23%). Initial evaluation of the hub pilot at Harlesden has identified clients within these cohorts as key users of its services and this trend is expected to be replicated at the Kilburn location.

In comparison to other localities the Kilburn area has the highest proportion of residents in households in the Private Rented sector (33%). This may be a symptom of the national housing crisis disproportionately impacting its 25-45 year old populations, which are significantly higher than the borough average.

Vulnerable residents within these cohorts are anticipated to be key users of new services provided at this location, complementing existing Housing and Financial Inclusion offers for local residents.

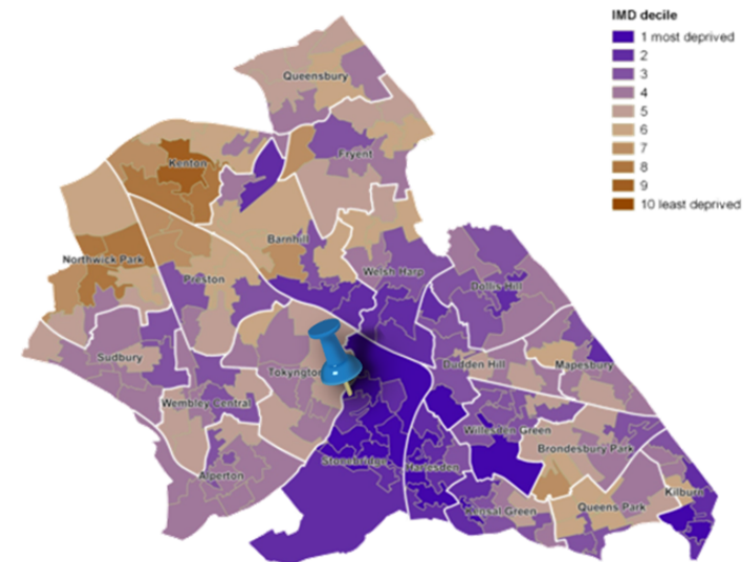


## Location 2 – Harlesden Library / St Raphael's Estate (Harlesden locality)

St Raphael's Estate residents can already access the employment-related services provided by Brent and partners at 'The Living Room' project on Besant Way. Aligning The Living Room with the wider hub model will provide additional support and new services to these residents, whilst helping to manage increasing demand at the original hub in Harlesden Library. It is proposed that the hub will be delivered from Henderson House on the St Raphael's Estate.

The Index of Multiple Deprivation identifies the Harlesden locality (which includes Stonebridge and St Raphael's Estate) as the most deprived area in Brent. The index combines multiple (weighted) measures that identify income deprivation, employment deprivation, education, skills and training deprivation, health deprivation and disability, crime, barriers to housing and services, and living environment – illustrating a clear need for holistic support for vulnerable residents in this area.

Index of multiple deprivation 2015





### Location 3 – The Library at Willesden Green (Willessden locality)

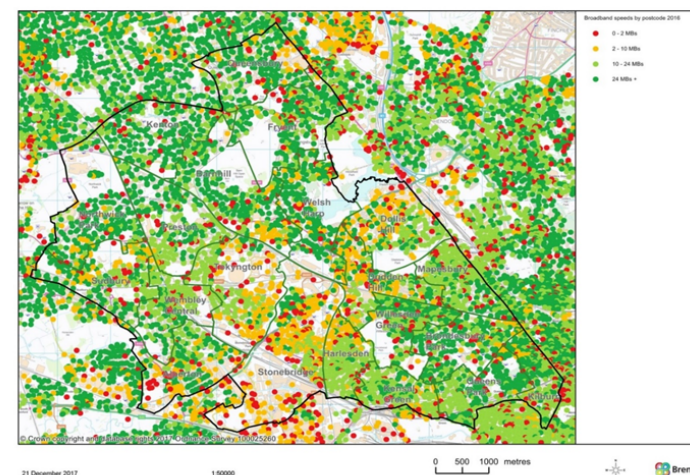
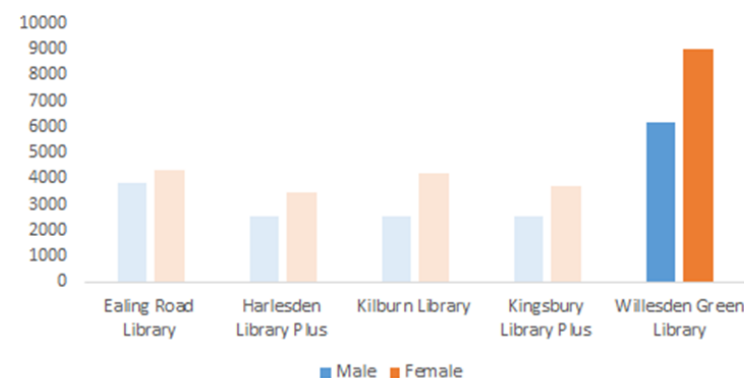
The Library at Willessden Green is a key Brent asset and, after the Brent Civic Centre Library, receives the highest number of annual visitors – who are primarily residents based in the Willessden locality.

This area includes multiple postcodes identified as being in the more deprived end of the Index of Multiple Deprivation scale, suggesting that a significant proportion of residents would access services similar to those provided at the Harlesden Hub, if they were available locally.

After Harlesden, the Willessden locality has the poorest connectivity with much of the area enduring broadband download speeds of under 10Mbps.

The space and facilities available at the proposed Willessden hub location would be suitable for supporting effected cohorts in accessing online services in-line with our Digital Strategy objectives, including making online the first choice for interacting with all council services and ensuring all residents have access to the resources and support they need to access online information and services.

Annual active users by Gender

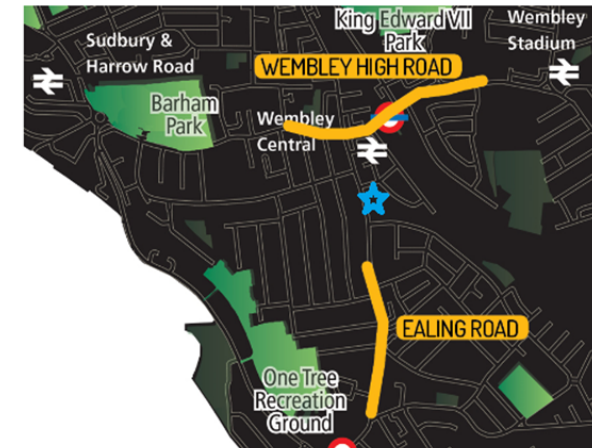


#### Location 4 – Ealing Road Library (Wembley locality)

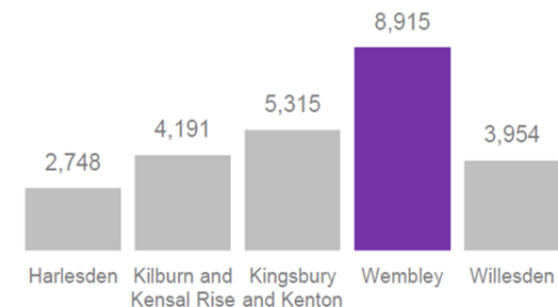
The Wembley area has the highest population (94K) of the five Brent localities and by far the greatest number of businesses. The Ealing Road library is well placed between two priority high streets – Wembley High Road and Ealing Road – ensuring easy access for local SMEs and residents. It is anticipated that the hub model in this location could include small-business / entrepreneurial related services as part of its offer.

This locality also has the highest proportion (27%) and number of households where nobody speaks English as a first language, indicating that ESOL-related services would need to be a key consideration of the hub model at this location.

A July 2017 Brent Customer Services (BCS) pilot trialled a weekly, half-day, online services support offer at Ealing Road library. Take-up of this service was lower than expected but, following Cabinet agreement of a new core BCS delivery model at the Civic Centre from November 2017 – aimed at supporting customers in becoming more resilient and access services online, a similar offer in this location in future (promoted as part of a wider hub offer) may be better placed to support local people and help manage demand at the nearby Civic Centre.



Number of businesses



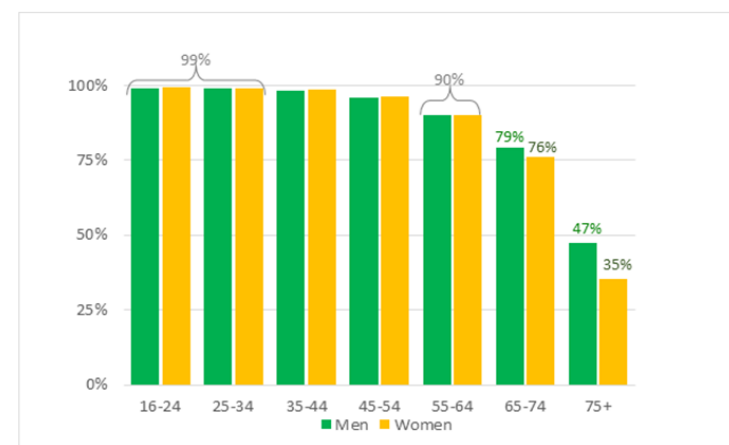
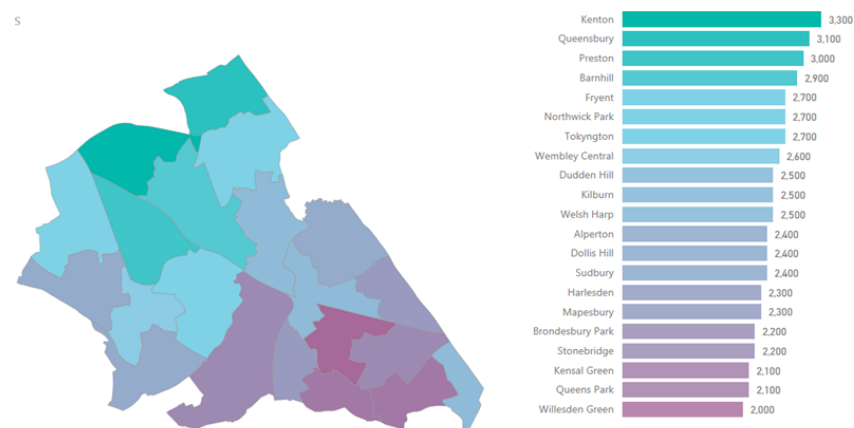
## Location 5 – Kingsbury Library (Kingsbury and Kanton locality)

The key characteristic of the Kingsbury and Kanton locality is its older population.

National data shows that those in the older age brackets are less likely to be confident in accessing the internet and online services, indicating that a hub in this area should provide digital inclusion-related services as part of its core offer.

This locality also has the highest proportion of Brent residents providing unpaid care (9.5%), suggesting that carer services should form part of the wider hub offer in this area.

5



% UK population accessing the internet in the last 3 months (age and gender)  
ONS - UK Internet Users, 2017

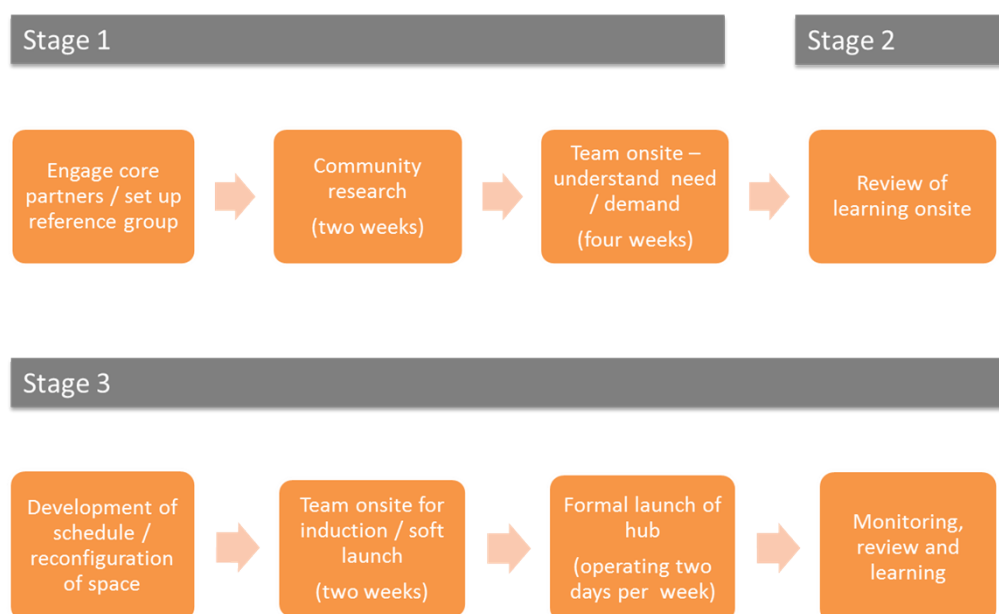
The hub model, including governance and operational arrangements, will be developed in two strands as outlined below. During the development and roll out of the hubs (strand 1) the overall management of the hubs will sit within the Council's Transformation Team. Work will be carried out with partners to develop a longer term, sustainable model for the delivery of the hub network with the aim to transfer operational management of the network from April 2019 (strand 2). As activity will still be in place to extend the model to new locations during this period the activity to establish the hubs will continue to be led by the Transformation Team.

Learning from the development of the Harlesden Hub shows that the role of the Council in acting in a coordination and facilitation capacity has been vital to create the environment needed to bring disparate organisations and groups together and to ensure the right level of engagement from council services across departments. The Council's Transformation Team will work closely with partners and communities and obtain access to council resources including buildings and staff expertise (such as communications and information governance advice).

## STRAND 1 – Development and roll out

It is proposed that the hub model will be rolled out in a phased approach from September 2018. The initial focus of the work is to create a physical presence in the library (or other location), engage and build relationships with agencies in the local area, secure buy-in from key partners and establish a reference group for the hub.

Figure 6: Strand 1 - building a presence



For each location, a two-week community research project will be undertaken to develop a better understanding of the community and need, followed by a four week period of bringing the team onsite to build a presence and brand within the location (as outlined in Figure 6 above). Following this and in preparation for bringing the hub onsite, work will be carried out to reconfigure the space as required. At this stage, this may include small works within the



library (or other location) to create the initial hub space, with spatial planning to identify larger works for longer-term arrangements.

The hub will be established through a soft launch, testing and adapting arrangements over a two-week period prior to a formal launch, bringing together local residents, community groups, elected members and delivery partners. Systems to capture learning during the initial stages of development will be established, monitored and reviewed by the reference group to inform the development of longer-term arrangements.

All hubs will be developed to a standard specification, focused on building:

- A welcoming, relaxed environment that looks and feels different
- A place which facilitates partnership working
- A space which is flexible to adapt to a growth model and changing programme

Minimum requirements will include:

Physical space	<ul style="list-style-type: none"> <li>• Desk space for advisors and partners</li> <li>• Soft seating area with tea / coffee facilities</li> <li>• Noticeboard</li> <li>• Confidential meeting space including private space to hold interviews / have conversations</li> <li>• Joint space for partnership working</li> <li>• Space for training</li> <li>• Storage space</li> </ul>
IT	<ul style="list-style-type: none"> <li>• Superfast connectivity / Wi-Fi</li> <li>• Flexible hardware (which can be stored when not in use)</li> <li>• IT facilities for partners</li> <li>• Access to self-serve points for hub users</li> <li>• Client management system</li> </ul>
Online presence	<ul style="list-style-type: none"> <li>• Website / online schedule</li> </ul>

The hubs will be developed to be flexible, multi-purpose spaces. Where the hub is operating within a library a distinct hub space will be created on the days of operation but will be set-up in a way which enables them to remain functional for general library use on non-hub days. Investment will be required in the remodelling of the proposed hub space in South Kilburn. Current property challenges in St Raphael's will also need to be considered as part of this work, which will require some investment to create the hub environment as outlined above.

Key considerations, including privacy, data sharing and safeguarding, will be addressed through planning arrangements. Risk assessments and procedures for mitigating and managing risk will be aligned with the policy and procedures of the service in which the hub is operating (e.g. library policies and procedures). This will include assessing and managing any increase risk of incidents or anti-social behaviour and managing high risk or very vulnerable individuals. Policies and procedures have been developed as part of the pilot model in Harlesden and will be reviewed and extended to other hubs. A privacy impact assessment is also being undertaken.

The client management system will be built in Dynamics 365 as a project within Brent's Digital Transformation Programme. This will provide a secure and confidential case filing and referral system for the hub. Users will include both Brent and partner organisation officers/staff, with different levels of accessibility as appropriate. The system will capture hub client journeys across the full range of hub services (and locations), supporting holistic service delivery and seamless client referrals. It will be a key tool in reducing administration, increasing data analysis and monitoring and evaluating the hub model.

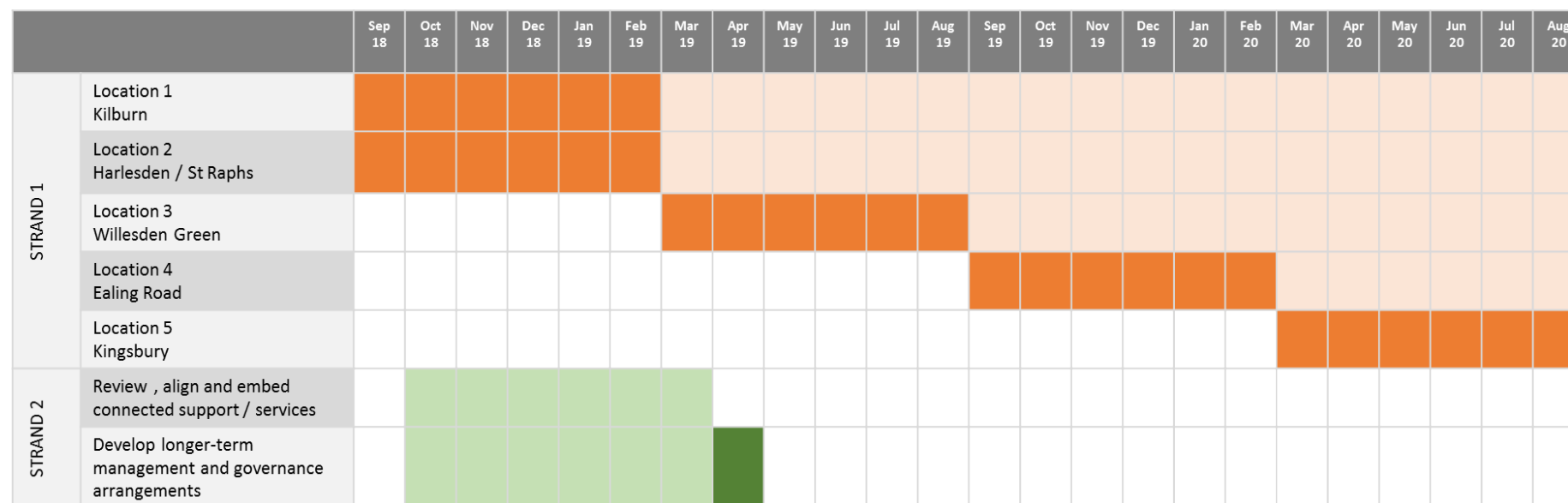
The hubs will be rolled out in locations between September 2018 and August 2020 as illustrated in the work plan on page 28.

## **STRAND 2 – Delivery approach**

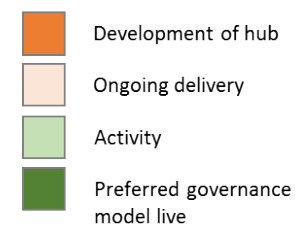
The second strand of work will focus on establishing longer term arrangements for the hubs, including the development of future governance arrangements.

The hub will deliver advice, information and support, capacity building for local organisations and will facilitate volunteering opportunities. The activity in strand 2 will also focus on bringing in other areas of support which fit with and have potential for being embedded within the hub model. This includes the current financial inclusion resource to operate from the network of hubs. There is also the opportunity to align the hub model with the review of future commissioning arrangements for community and voluntary sector infrastructure support and volunteering, exploring options for the hub acting as a vehicle to deliver these key areas. This work will be completed by April 2019.

Figure 7: Extending the model - work plan



STAGE	STRAND 1 - ACTIVITY	LENGTH (weeks)
0	Project planning	2
1	Engagement with core partners / set up reference group	2
2	Two week community research project to inform prototype	2
3	Prototype (four week test in location)	4
4	Review of prototype, reconfiguration of space (as required) and development of schedule	4
5	Team onsite for induction / soft launch	2
6	Formal launch of hub (operating two days per week)	4
7	Monthly monitoring & review / feedback to reference group. Operations increased to four days per week.	2
8	Preparation for next location	1
	TOTAL	23



## 6. MANAGEMENT AND GOVERNANCE ARRANGEMENTS

### Operating model

The hub network will be supported by a multi-agency team. The team would be introduced on a phased basis as additional hubs are established:

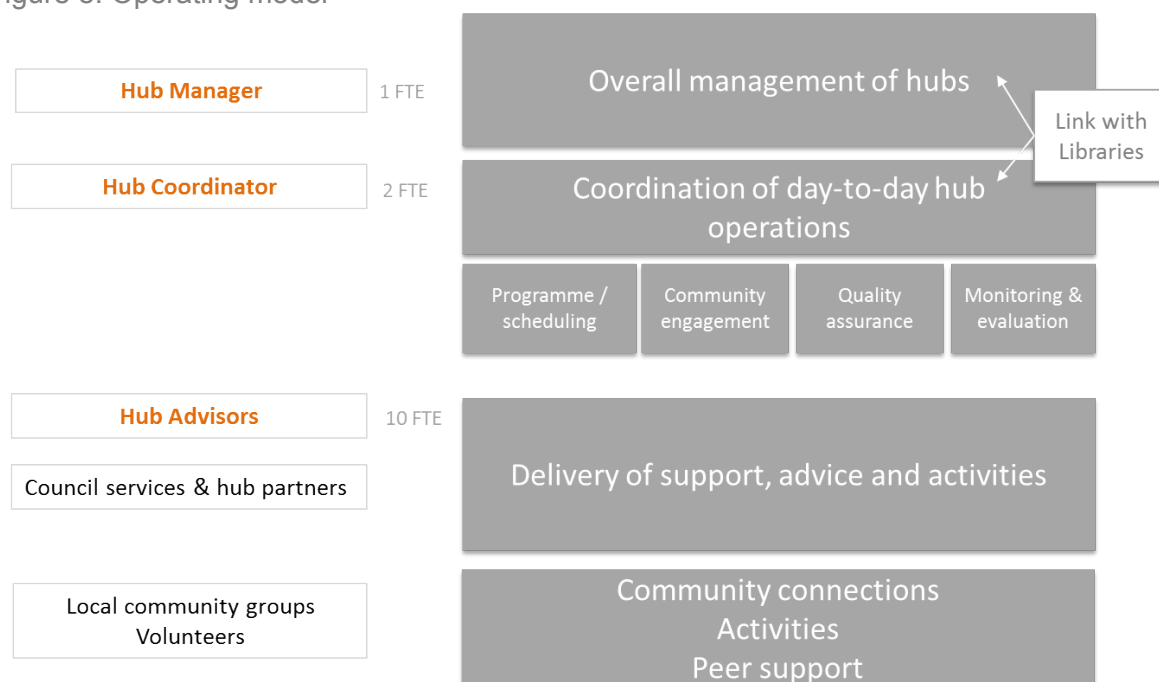
- *Management* – lead on the roll out of the hub, hub brand development, relationship management, community infrastructure support and fundraising. Provide the overall management, monitoring and quality assurance role. This function could sit within the Council, a partner organisation or a new structure set up to run the hub network.
- *Hub coordinator* – responsible for day-to-day operations, including line management of hub advisors, supporting a multi-disciplinary team to deliver a range of support, information and advice services and activities in the hub, preparing the hub programme, coordinating monitoring and evaluation processes, managing volunteers and main point of contact for hub partners. Two full-time coordinator posts would be required with two/three locations each.
- *Hub advisors* – main point of contact onsite, delivering core advice to local residents, monitoring and reporting activity. Ten FTE would be required to operate a service across five hubs. This would be a generalist advice role, able to deal directly with a range of issues and support individuals to access more specialist support from other organisations.
- *Partner organisations* – professionals from partner organisations offering a fuller range of services to build on the core advice and support offered by hub advisors.
- *Volunteers* – general support including meet and greet, triage processes and assisted self-serve.

These arrangements are outlined in figure 8.

The operating model has been developed to provide sufficient capacity to respond to anticipated levels of demand, with an overall case capacity of 5,184 once all locations are fully operating. Estimates of demand are based on activity in Harlesden between April 2017 and March 2018 detailed on page 19.

The overall management of the model will sit with the Transformation Team in the initial phase of development. Coordinators will be hosted by a core hub partner and the hub advisors employed by Brent Council and managed by a relevant service area. From April 2019, the management of the network of hubs will be transferred to the preferred governance and management model.

Figure 8: Operating model



Appropriate DBS checks will be carried out as part of the recruitment of staff and volunteers. An induction and training programme will be developed for staff and volunteers. A volunteer framework will be implemented across the network of hubs to ensure good practice in the management and development of volunteers.

### Options for managing a network of community hubs

A number of options have been considered for the management and delivery of the hub model as it is developed into a network of community hubs. These options have included the Council continuing to deliver the hub network with steering groups made up of voluntary sector and community groups and individuals or the Council commissioning an external provider or providers to manage and deliver the Hub service. Feedback from partners involved in the Harlesden Hub shows that the role of the Council in leading the network is key but that the active involvement of partners with a range of expertise, as well as community groups and individuals with their local knowledge and connections, is equally important in developing a sustainable network of community hubs offering a high standard of advice and support and meeting the wide range of needs of Brent's diverse communities. Based on this, the preferred option is to set up a Community Interest Company to manage the hub network.

### Setting up a Community Interest Company

A number of types of organisational structure could be set up to manage the hub network, including a trading company or a charitable organisation. An options appraisal has been carried out to assess all options including an extension of the current model of SLA arrangements with a voluntary sector provider; an independent entity such as a Community

Interest Company (CIC); a local authority trading company; and an outsourcing arrangement. These options were assessed against a range of criteria:

- Level of social mission / focus and ability to make investment into the community
- Strength of political and senior management support
- Ability to ensure the current service is sustainable
- Level of flexibility / scope for collaboration
- Ability to enable council control but be community-led
- Ability to access funding (grants, sponsorship...)
- Ability to enable culture change
- Ability to enable service improvements
- Ability of current resources (capability / capacity) to make it happen
- Strength of wider stakeholder support
- Ability to align with wider VCS structure in Brent

The establishment of an independent entity such as a CIC came out as the strongest option. This option would enable the Council to continue to actively drive and support the hub network with key partners playing an active role. All assets would need to be used to benefit the community and the CIC would be able to bid for external sources of funding which are not available to the Council.

CICs are limited companies which operate to provide a benefit to the community they serve. They are overseen by the CIC Regulator which is responsible for ensuring that the work undertaken by CICs is of benefit to the community. CICs are subject to an 'asset lock' which ensures that assets are retained within the company to support its activities or otherwise used to benefit the community.

The first phase of the hub model roll out would be used to develop and establish a CIC which would then take over the management and delivery of the hub network. This period would allow for further work to develop the company model and to involve partners. Experience from the Council's work in establishing other forms of company would be utilised to inform this work.

It is proposed that the CIC be set up as a company limited by shares with the Council as sole or majority shareholder. Membership of the Board of the CIC would include senior Council officers, elected members, representatives of key voluntary sector and community organisations. A network of reference groups would also be established supporting individual hubs to ensure they are connected with local communities.

The CIC's Articles of Association and Shareholder Agreement would set a clear governance framework for the CIC. The CIC would be required to produce an annual business plan to be agreed by its shareholders and to report annually to shareholders and the CIC Regulator.

The proposed name for the company is Brent Hubs CIC. The hub network and each individual hub would be branded as part of the CIC, not as a Council service. Each hub within the network would be named after its location, e.g. Harlesden Hub; South Kilburn Hub.

The Council would initially provide core funding to the CIC to develop and deliver the hub network. This arrangement would last no more than three years after which time the CIC would need to compete for Council funding or grants. The CIC would also be able to generate funding through applying for grants and awards from other sources.

As a limited Company, the CIC, would be able to employ its own staff to manage the hub network and provide the core advice function. In practice it may be more practical for the CIC to second staff from the Council and partner organisations, or to establish a Service Level Agreement with the Council or other organisations for the provision of core services.

As outlined above, it is proposed that the Council continues to lead and manage the hub network, working closely with partners, during the first phase of the roll out. The first phase of the implementation period would be used to engage with partner organisations and obtain additional legal and financial advice to inform the establishment of the CIC. A proposal for the remit and operating model for the CIC would be brought to Cabinet for agreement prior to the Company being established.

## 7. FINANCIAL AND ECONOMIC CASE

Financial modelling and analysis has been undertaken to quantify the cost of delivery and potential benefits from investing in the extension of the hub model. At this stage, the benefits are based on the pilot hub in Harlesden. Benefits will be monitored to evidence the financial success of extending the hub model.

### Investment

The table below shows the full cost for rolling out and delivering a network of hubs. It is assumed that all running costs are covered by the Council (e.g. rents and utilities), with the exception of The Living Room with costs already accounted for within the budget (as outlined in the table below).

Table 5: Annual operating costs

	FTE	Revenue (£000)
<b>HUBS (LOCATIONS 1 – 5)</b>		
Hub development, management and coordination	3	£171
Hub Advisor	10	£393
Operational running costs		£5
Volunteer programme		£3
Training and development		£3
Supplies / services and one-off costs (e.g. testing & research)		£50
<b>Total cost per annum</b>	<b>13</b>	<b>£625</b>
<b>HUB EMPLOYMENT TEAM (THE LIVING ROOM)</b>		
Management	1	£63
Officer	3	£122
Overheads - property		£8
Marketing materials and events		£2
Other expenses		£16
<b>Total cost per annum</b>	<b>4</b>	<b>£211</b>
<b>TOTAL</b>	<b>17</b>	<b>£836</b>

Operational costs are phased in line with the schedule for rolling out the hubs. Full operating costs of £836k will come into effect during 2020/21.

The development of the hub model provides an opportunity to align resources for core areas of support which fit with and have the potential for being embedded within the hub model of delivery (e.g. hub employment support and financial inclusion). This has already been agreed for The Living Room. A report to the Housing Operations Transformation Board in April 2018 outlined the range of financial inclusion services either delivered or funded by the Council and it is proposed that these are moved into the hub where possible. Further work will be carried out to consider the practicalities of transferring these services into the hub model.

As part of the wider remit of the hub, it is also proposed that infrastructure support and capacity building in the voluntary sector is moved into the hub model. A separate review of advice contracts and community and voluntary sector support is being carried out. Volunteering could also be factored in although there is no budget available.



Table 6: Proposed funding streams

Income	Revenue (£000)
Funding for The Living Room	£211
Performance, Policy & Partnerships	£200
Housing Financial Inclusion Team budget	£184
Housing Needs (Financial Inclusion element)	£79
Customer Services & Benefits (Financial Inclusion element) *	£162
<b>TOTAL</b>	<b>£836</b>

\*This budget includes delivery of LWA and DHP and is subject to agreement of funding arrangements post August 2019 to fund this service.

Funding will be required for the first three years of operation at which time it is expected that the CIC will be generating income to cover operating costs. Any potential shortfall during the initial three years of operation would be covered by reserves within Performance, Policy and Partnerships.

Capital would be required to cover any refurbishment works in the setting up the hubs as outlined below.

Table 7: Capital costs

	Capital (£000)
Building and refurbishment	£145
IT equipment	£35
<b>TOTAL</b>	<b>£180</b>

## Financial benefit

The hub model is built on an early intervention approach, with the aim of intervening as soon as possible and effectively at a community level to reduce demand for more costly services in the future. Research carried out in Harlesden in March 2018 observed that the hub was helping people to solve simple but pressing problems on the spot, solve more complicated and entrenched problems, address other issues beyond that which people first present with (and that they may not have thought to address) and connect with other people and participate in community life. The research also highlighted that some of the people accessing the hub find it difficult to access mainstream services and therefore may not seek support elsewhere.

Data from the Harlesden hub shows that the key areas of support are benefits, money, housing and homelessness, employment and general support / form filling. Where there is an opportunity to address problems early and avoid escalation of issues there is a potential financial benefit (as outlined in the table below).

Table 8: Potential costs benefits (incident costs taken from the Greater Manchester New Economy Model unless otherwise stated)

Presenting need	Volume* (no. incidents in Harlesden Apr 17 – Mar 18)	Potential cost benefit Source: Greater Manchester New Economy Model unless stated otherwise**
<b>Benefits</b> Housing Benefits and Council Tax	403	Not dealing with these issues early can lead to escalation of issues and potential risk of

Support – support with managing accounts, change in circumstances, including financial inclusion advice		rent arrears or eviction. Incident costs are outlined under housing and homelessness below.	
<b>Money</b> Money and debt advice, rent arrears	120	Unit costs not available. **Current spend on financial inclusion in Brent is £980k.	
<b>Housing &amp; homelessness</b> Housing needs, repairs, issues with landlords, risk of eviction and homelessness	102	Average fiscal cost of a complex eviction	£7,276 <i>per incident</i>
		Homelessness advice and support – cost of homelessness prevention / housing options scheme	£699 <i>per scheme</i>
		Homelessness application – average one-off and ongoing costs associated with statutory homelessness	£2,724 <i>per application</i>
		**Temporary accommodation – B&B cost in Brent	£130 <i>per week</i>
<b>Employment</b> Support with setting up an email account, job search, CV writing, support into work	35	Fiscal and economic benefits from a workless claimant entering work - JSA	£10,321 <i>per claimant per year</i>
		Fiscal and economic benefits from a workless claimant entering work - ESA	£9,091 <i>per claimant per year</i>
		Fiscal and economic benefits from a workless claimant entering work – Income Support	£7,972 <i>per claimant per year</i>
<b>General support / form filling</b> Support with reading letters and completing forms	49	This could cover a range of areas e.g. missed medical appointments (£114 per appointment).	

\*Volumes are based on monitoring data from hub advisors and don't include support delivered by hub partners.

There are potential further indirect social and economic benefits in dealing with these issues early. Taking a holistic approach to tackling factors such as housing / homelessness and unemployment which can contribute to poor health, an increase in social problems such as crime and antisocial behaviour or impact on outcomes for children and families (including education attainment) could deliver additional benefits. An indication of these wider potential benefits from cost avoidance of incidents related to health, education and crime are outlined in tables 9 and 10 below.

Table 9: Wider potential benefits (incident costs taken from the Greater Manchester New Economy Model)

Incident	Unit cost
<b>Health</b>	
Average cost of service provision for adults suffering from depression and/or anxiety disorders (per person per year)	£977
Mental health outpatients community provision – average cost per contact	£167
Counselling services in primary medical care, cost per hour	£52
GP – cost per hour	£125
Hospital outpatients – average cost per outpatient attendance	£114
<b>Crime</b>	
Anti-social behaviour further action necessary (cost of dealing with incident)	£673

Domestic abuse – average cost per incident	£2,836
Crime – average cost per incident of crime	£663

Table 10: The cost of late intervention (EIF analysis 2016)

Incident	Unit cost
<b>School absence and exclusion</b>	
Persistent absentees	£1,886
Permanent school exclusion	£2,545
<b>Child injuries and mental health</b>	
Child admitted to hospital due to injuries	£1,319
Child admitted to A&E due to injuries	£80
Child admitted to hospital due to mental health	£42,236
Child admitted to hospital due to self-harm	£2,241
<b>Youth substance misuse</b>	
Young people admitted to hospital due to substance misuse	£404
Child using specialist substance misuse treatment services	£17,007
Child admitted to hospital due to alcohol	£1,770
<b>Youth economic inactivity</b>	
16-17 year olds who are NEET	£630
18-24 year olds who are NEET	£3,507
<b>Crime and anti-social behaviour</b>	
Reported anti-social behaviour incidents	£364
Young people in the Youth Justice System	£9,031

## 8. ASSESSING THE IMPACT / MEASURING THE BENEFITS

As a growth model, focused on learning and responding to changing needs, monitoring and review will be embedded into the approach. Initial work has been undertaken in Harlesden to capture learning and a full evaluation framework will be developed alongside the extension of the model.

### Assessing impact

The hub model sets out to ensure that people with complex and multiple problems can access the support they need early and, through earlier intervention, stop issues from escalating. This model aims to deliver both improved outcomes for individuals and to reduce the need for more costly intervention at a later stage.

This development of an evaluation framework will ensure that the impact of the approach can be assessed, including:

- Being able to support individuals with the most complex needs
- Being able to address needs / issues which prevent individuals from moving forward with other aspects of life (e.g. getting a job)
- Building confidence and capability to self-serve, reducing repeat contacts
- Reducing reliance on public services
- Early intervention in cases where individuals may not have the knowledge or access to be able to disclose to professionals in another setting and ability to give them ongoing support while referring them to a specialist

### Benefits

### *Benefits for individuals*

The model sets out to deliver the following benefits:

- People feel better connected, develop new relationships and feel less lonely
- People are able to keep their home and find work
- People address their debts and money worries
- People feel more independent and develop new skills through learning and development opportunities and skills and knowledge exchange
- People live healthy and happy lives

### *Community benefits*

The model sets out to deliver the following community benefits:

- Local community-based organisations are empowered to support local people
- Residents are able to access the support they need within their community
- Organisations are connected and work together to build relationships with the local community
- Local organisations share and make the best use of resources and provide a joined-up response to needs

### *Benefits for the Council and wider public services*

The model sets out to deliver the following benefits:

- Reduced demand for council and wider public services
- Increase in multi-agency working, reducing duplication

### **Outcomes framework**

A draft Outcomes Framework has been developed which provides a baseline for measurement of outcomes which the hub network is expected to deliver. This will be further developed as part of the hub network implementation and will be used as part of arrangements for monitoring the impact of the hubs. Further details are outlined in draft the Hub Network Outcomes Framework.

## HUB MODEL – DRAFT OUTCOMES FRAMEWORK

The network of hubs sets out to deliver the following objectives:

Manifesto Priority	Hub network objectives		How will this be delivered?	Outcome	Proposed indicator	Longer-term impact	
						Social	Economic <i>Source: New Manchester New Economy Model unless stated otherwise</i>
The hub objectives will contribute to the following priorities set out in the 2018 Brent Labour Manifesto:  <b>A future built for everyone, an economy fit for all</b>  <b>A borough where we can feel safe, secure, happy &amp; healthy</b>	O1	<b>To bring local organisations together to ensure that residents can access the support they need within their community.</b>	Providing opportunities to build new partnerships, bringing local organisations together to work alongside each other, shaping the offer to meet local needs.	<ul style="list-style-type: none"> <li>Local community-based organisations are empowered to support local people</li> <li>Organisations are connected and work together to build relationships with the local community and each other.</li> </ul>	No. of partners working in hubs No. of organisations applying for BAF grants and support from BCAN	The ability for organisations to support local people, working in a more joined-up and effective way to respond to local needs and attract funds	BAF grants awarded between £10,000-20,000
	O2	<b>To support individuals with the most complex needs and address needs / issues which prevent them from moving forward with aspects of life.</b>	Delivering a holistic approach, facilitating connections with a range of support advice.	<ul style="list-style-type: none"> <li>People supported through hubs are able to keep their home</li> <li>People supported through hubs are able to find and sustain work</li> <li>People supported through hubs address their debts and money issues</li> </ul>	No. of people supported to secure / sustain housing	Avoiding homelessness and reducing the potential related impacts of homelessness of finding a job, maintaining relationships and staying healthy	£2,724 = average one-off and on-going costs associated with statutory homelessness  £117 = average weekly cost of housing a homeless household in hostel accommodation  £8,605 = average annual local authority expenditure per individual rough sleeper
					No. of people supported into work	Reducing the potential related impact of unemployment for individuals and communities including health, housing, debt and social isolation.	£10,321 = Fiscal and economic benefit from a workless Job Seekers allowance claimant entering work  £9,091 = Fiscal and economic benefit from a workless ESA claimant entering work  £7,972 Fiscal and economic benefit from a workless Income Support claimant entering work  £4,637 = Not in Employment Education or Training (NEET)

							Average cost per 18-24 year old NEET
					No. of people provided with debt and money advice	Reducing the potential related impact of unmanageable debts on financial exclusion, family breakdown and poor physical and mental health.	<p>£490 = cost of financial exclusion per low income household in UK<sup>1</sup></p> <p>£47 billion = ongoing annual cost of family breakdown to the UK economy <sup>2</sup></p> <p>£977 = Average cost of service provision for adults suffering from depression and/or anxiety disorders, per person per year</p>
	O3	<b>To provide early intervention in cases where individuals may not have the knowledge, confidence or ability to access help through mainstream services.</b>	Through access to a range of support in the community delivered in a welcoming, relaxed environment and tailored to individual needs.	<ul style="list-style-type: none"> <li>• People get the support they need early</li> <li>• Issues do not escalate</li> <li>• Reduced long-term reliance on public services</li> </ul>	No. of hub contacts:  Debt/Money Management  Housing  Homelessness  Language/Literacy Skills  Employment  Digital Inclusion  General Advice	A decrease in the need for statutory services and improved well-being	<p>£117 = average weekly cost of housing a homeless household in hostel accommodation</p> <p>£1,626 = Children in Need - average total cost of case management processes over a six month period</p> <p>£10,321 = Fiscal and economic benefit from a workless claimant entering work</p> <p>£977 = Average cost of service provision for adults suffering from depression and/or anxiety disorders, per person per year - fiscal</p>
	O4	<b>To support individuals to build their resilience and ability to seek solutions to the challenges they face through a number of means including volunteering.</b>	Through assisted self-serve and providing learning and development opportunities and skills and knowledge exchange. Building a team of volunteers from the local communities to offer	<ul style="list-style-type: none"> <li>• People feel more independent</li> <li>• People develop new skills</li> <li>• People are confident and able to self-serve</li> </ul>	No. of people accessing assisted self-serve in hubs No. of volunteering opportunities available No. of	An increase in resilience and self-confidence, with people enabled to self-serve and deal directly with agencies	<p>£8.62 = Avg. cost of delivering local government services face to face</p> <p>£2.83 = Avg. cost of delivering local government services via telephone</p>

<sup>1</sup> University of Bristol: Personal Finance Research Centre, *The poverty Premium: when low-income households pay more for essential goods and services*

<sup>2</sup> Relationship Foundation *Counting the Cost of Family Failure: 2016 Update*

<sup>3</sup> Government Digital Service, *Research and Analysis: Digital Efficiency Report*, Published 6 November 2012

			support to others and upskilling to increase their opportunities for employment.		volunteering opportunities converted into placements		£0.15 = Avg. cost of delivering local government services online <sup>3</sup>
					No. of hub volunteers who go on to secure employment		
	05	<b>To offer opportunities for local people to participate in and contribute to a programme of community and cultural activities.</b>	A programme of community and cultural activities, linked to the Borough of Culture 2020.	<ul style="list-style-type: none"> <li>People feel better connected, develop new relationships and feel less lonely</li> <li>People live healthy and happy lives</li> </ul>	No. of people attending activities No. of Brent residents engaged in delivering activities	Reduced social exclusion and the related impact on health and well-being	1,700 = cost per person per year suffering from social isolation. <sup>4</sup>  £6,000 = cost per person over 65 suffering from social isolation <sup>5</sup>
	06	<b>To support capacity building in the local community and voluntary sector.</b>	A quality assurance role carried out by the hub, supported by opportunities for local organisations to share knowledge and expertise and to develop new ways of working.	<ul style="list-style-type: none"> <li>Local organisations have the knowledge and expertise to respond to local needs</li> </ul>	No. of partners working in hubs No. of organisations applying for BAF grants and support from BCAN	Increased sustainability and the ability for organisations to support local people, working in a more joined-up and effective way to respond to local needs and attract funds	£13,500 = economic value of frequent volunteering per individual volunteer per annum <sup>6</sup>

<sup>4</sup> London School of Economics and Political Science *Making the economic case for investing in actions to prevent and/or tackle loneliness: a systematic review*, September 2017

<sup>5</sup> London School of Economics and Political Science *Making the economic case for investing in actions to prevent and/or tackle loneliness: a systematic review*, September 2017

<sup>6</sup> Department for Working Pensions *Wellbeing and Civil Society: Estimating the value of volunteering using subjective wellbeing data*, 2013

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## Equality Analysis: The Harlesden Hub

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**Department**  
Chief Executive  
Department

**Person Responsible**  
Sadie East, Head of Transformation

**Created**  
August 2018

**Next review:** September 2020

### Background

#### Harlesden Community Hub

In 2016, Brent carried out three Outcome Based Reviews (OBRs) aimed at developing radical solutions to deliver better, sustainable service models and outcomes for Employment Support and Welfare Reform, Housing Vulnerable People and Regeneration (physical, environmental and social, with a specific focus on Harlesden). The starting point for this work was talking with residents - learning from their experiences and gathering their views on housing and employment issues, as well as speaking to residents in Harlesden about their local area. A range of community research methods were used, including ethnographies (spending time with individuals to understand their day-to-day life), focus groups, community pop-ups, and interviews with professionals and practitioners. The community research provided insights into where improvements in current approaches could be made as well as developing a better understanding of the things that are important to people and how to support and enable them to address the challenges they face.

The insights from the community research were shared with a wide range of stakeholders at a visioning event in June 2016. Attendees were invited to listen to people's stories and generate ideas to address both the challenges and the opportunities highlighted through the community research. The development of a community hub was one idea generated and was a common theme across the employment, housing and regeneration OBRs. It was agreed to take this idea forward for testing and to understand how a community hub model could work in practice.

Following a successful two week community hub prototype, the Harlesden hub pilot has provided an opportunity to see what impact a community hub model could have over a longer period in developing a clearer understanding of who accesses it, how it is used and in what ways local organisations can contribute and benefit from the hub.

The hub operates 12 hours of contact time per week, with an average footfall of 48 visits per week.<sup>1</sup> People are visiting the hub to deal with a number of issues, with some individuals needing support over a significant period of time. Building on our learning from the pilot model in Harlesden and on the basis of the positive findings from the hub research it is proposed to expand the hub across the borough, developing more coordinated and tailored access to support and advice for Brent's residents.

#### Extending the hub model

The vision is to develop hubs across Brent, developing a local network offering residents a new way to connect with community groups and local organisations and access the

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<sup>1</sup> Based on weekly footfall data for June/July 2018

information, advice and support they need early to address the issues and challenges they face and to stop these issues from escalating. The ambition is for the hub network to create an environment which supports vulnerable residents to help themselves through facilitating resilience and providing the support needed to reduce long-term dependency on services.

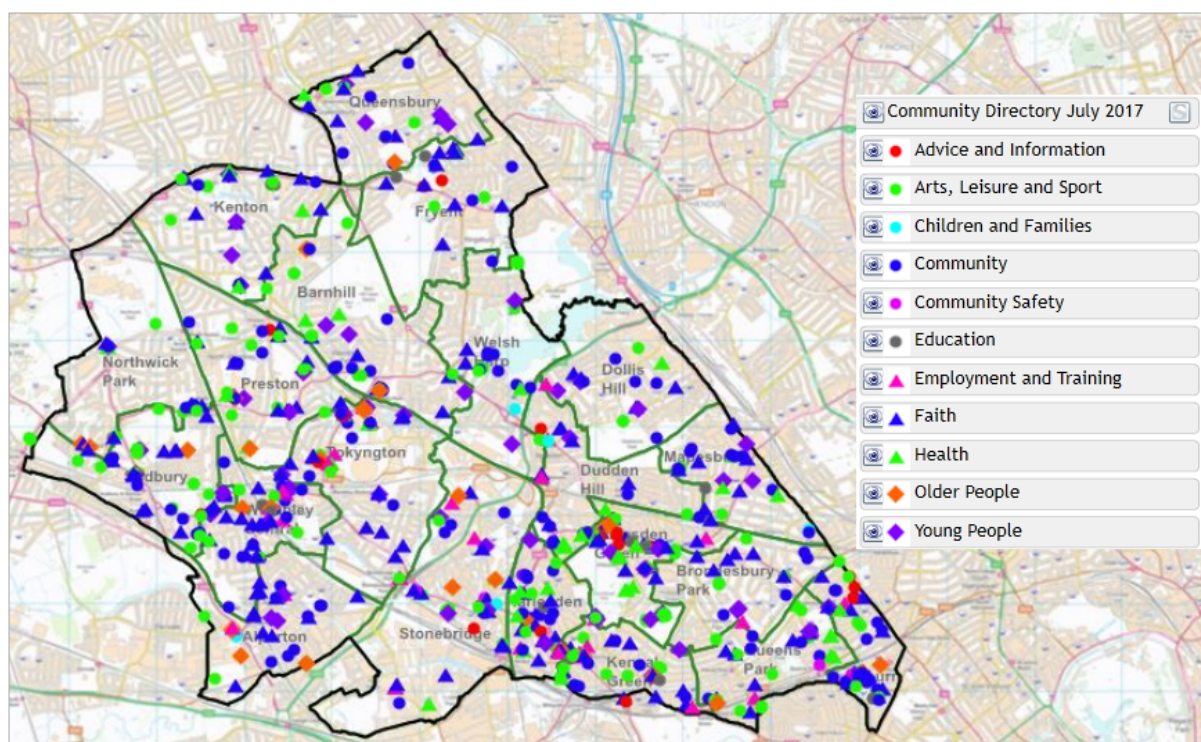
The vision will be delivered through a network of hubs which is independent from the Council, supported by true collaboration with the voluntary and community sector, public sector partners and residents. Working closely with the Brent Advice Partnership, Brent Community Advice Network and supported by the Brent Advice Fund, the hub will provide opportunities to develop strong partnerships on a locality basis and support a neighbourhood working approach. Hubs will provide both a base for engagement with residents and a place for professionals from the council and other local organisations to work together around issues and cases, approaching them in a more holistic way.

### Stakeholders

The core hub offer will be common across each location, but there will be local variance with the range of support and activities tailored to local need.

The local offer for each location will be informed by and co-designed with local residents and stakeholders. The roll-out of the hub model to new locations will be through a phased approach taking 23 weeks for each location - beginning with community research, engagement of local partners and establishment of a steering group; through to prototyping of arrangements, development of the offer and official launch of the hub.

A wide range of voluntary and community groups in each locality will be invited to participate in this process. The image below provides an overview of the known local presence in each area:



As the hub model extends across the borough, the involvement of partner organisations will be critical to its success. To inform the development of the Harlesden Hub pilot, a steering group including CVS Brent, Citizens Advice, Advice4Renters, Crisis Brent, Harlesden Neighbourhood Forum and Brent Council was established. This approach will be replicated at each new hub location, with steering group membership appropriate to the local area. Likewise, to ensure that services at each location can meet and adapt to local needs, a wider group of local voluntary sector and community organisations will be engaged as potential new hub partners.

### The proposals impact on equality characteristics

The Hub Model has been designed to provide support for more vulnerable residents with complex needs who may find it challenging to access mainstream services. The hub approach aims to engage a wide range of residents in an accessible and inclusive environment. During development of the hub model, consideration has been given to the needs of disabled residents, people whose first language is not English, parents with children and carers, older residents and young people.

Equality implications will continue to be considered and comprehensive diversity monitoring will be introduced as part of the development of future models to ensure that the services meet the needs of residents and service users.

During the Harlesden pilot, data has been collected to measure the number of hub visits and the reasons for the visit from March 2017 to date. This data is limited in terms of capturing the equality characteristics of Harlesden Hub users and does not include figures for all partners operating in the pilot. However, work is underway to develop a bespoke client management system within the council's new Dynamics system to address this. Moving forward this system will be used by all partners across the hub network, capturing needs and outcomes for all groups and informing ongoing development of the model in each location.

To identify suitable locations for hubs, work to consider the requirements of the population in locality areas has been carried out. Further work to understand local need is scheduled as part of the community engagement element of the phased roll out of the model. Pre-work has already begun to understand demand and needs in the Kilburn area based on historic data for the Kilburn Housing office.

#### Age (positive impact)

The hub model aims to provide assistance and support to all client groups, including people of all ages, through its core offer and tailored services based on local needs. All hub services are delivered in an accessible and inclusive environment.

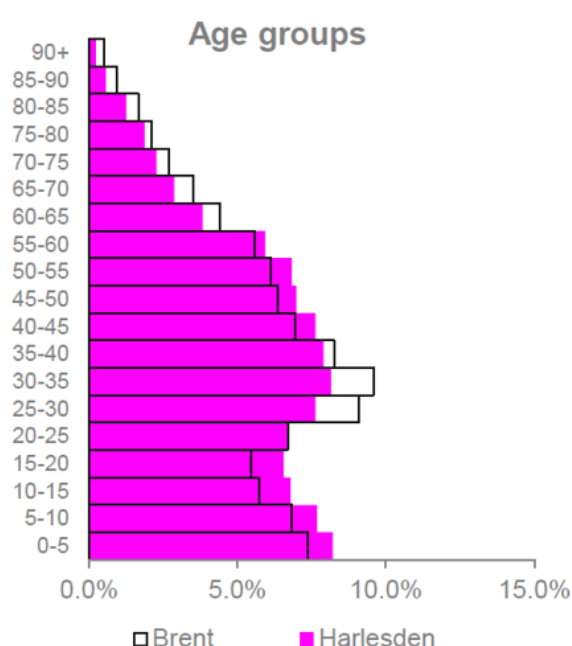
Digital support is a key element of the model's core offer and national data shows that age is a key indicator for the level of digital inclusion, with older people being most vulnerable to digital exclusion.



The hub network will help ensure positive outcomes for older people that require digital support to participate online.

### Harlesden Pilot

Independent research was conducted in March 2018 to explore who is using the Harlesden hub and how it is helping and benefiting people. The research was conducted through observations and interviews carried out in the hub over three separate days. It showed that Harlesden hub users are mostly working age, some with children. The research identified key areas in which core hub services accessed by these cohorts has a positive impact, including helping them to find work and keep their homes.



Appendix 1<sup>2</sup> of this analysis shows the breadth of partner organisations that have participated in the Harlesden Hub pilot. This includes services aimed at delivering positive outcomes for all ages.

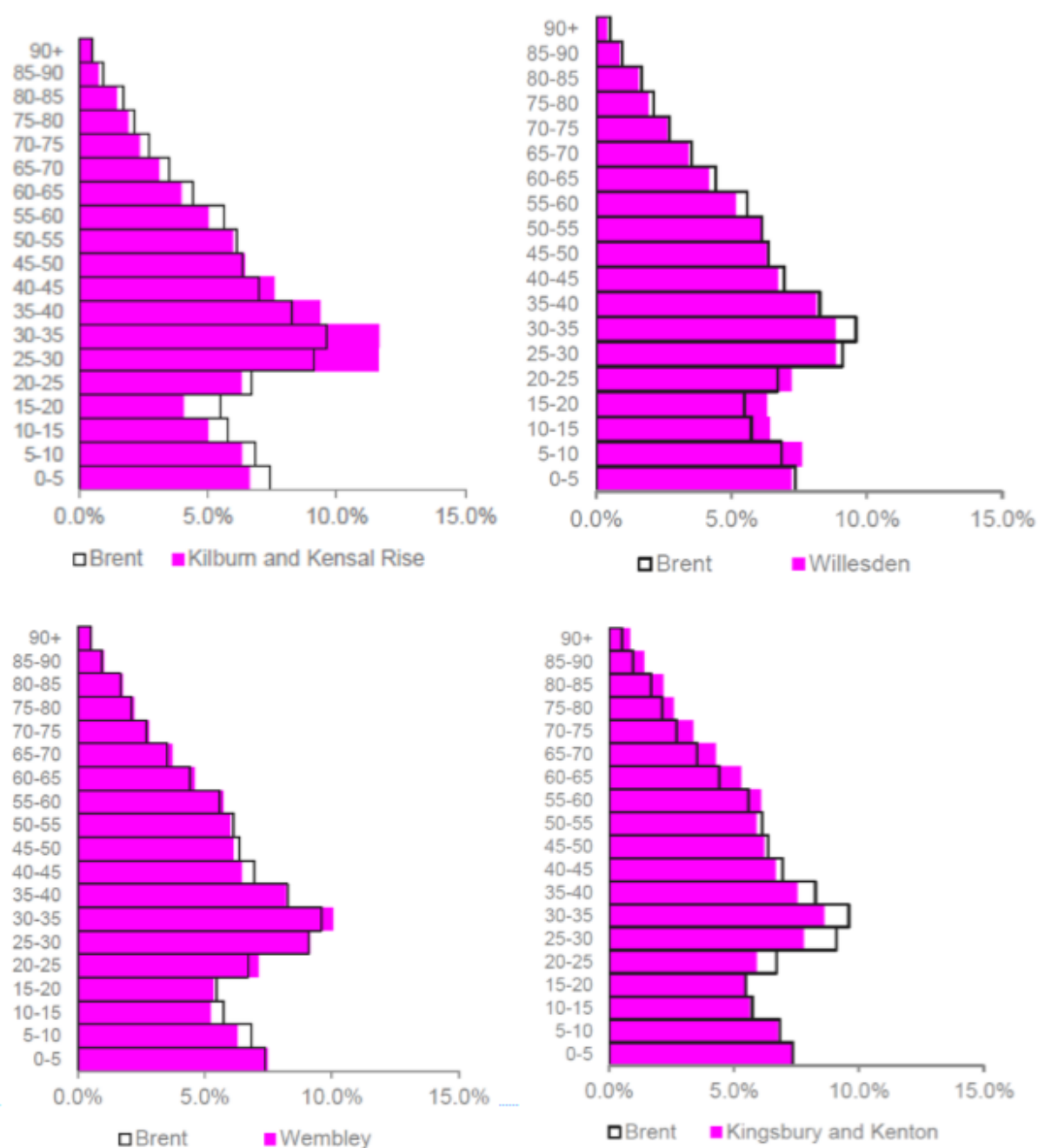
In comparison to the rest of Brent, Harlesden has a higher proportion of children and young people. Services and activities trialled during the pilot specifically targeted at improved outcomes for this group (and their parents) include Children and Families Information, College of NW London, Diamond Kids coaching and Ultra Education Business Club programme. (See Appendix 1 for more details.)

<sup>2</sup> GLA Estimates

### Future hub locations

Based on the findings of the hub pilot it is anticipated that users of new hubs will also be mostly working age and will receive positive outcomes from the core services at their local hub including general advice, housing advice, benefits / CTS, financial inclusion, employment advice and digital support.

The rollout of the model will use the same approach to engaging partners that provide services and activities to meet identified local needs, including services targeted at specific age groups. For example, it is anticipated that the Kingsbury Hub will include additional services targeted at its comparatively older population (as shown in the data below), such as offers to tackle social isolation. It is also anticipated that the delivery of these services within the local community will make them more accessible to some older people who may not be comfortable travelling further afield to access them.



### Pregnancy and maternity - (positive impact)

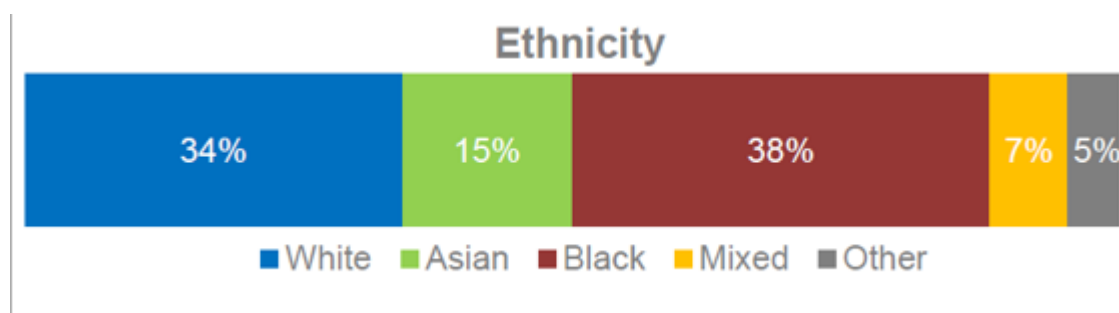
Although services are not specifically aimed at this category, many services within the core hub offer are relevant to this client group and would be more easily accessible in a local setting. This indicates that the hub will provide positive outcomes for this group overall.



### Race (positive impact)

The hub model aims to provide assistance and support to all client groups, including people of all races, through its core offer and tailored services based on local needs. All hub services are delivered in an accessible and inclusive environment.

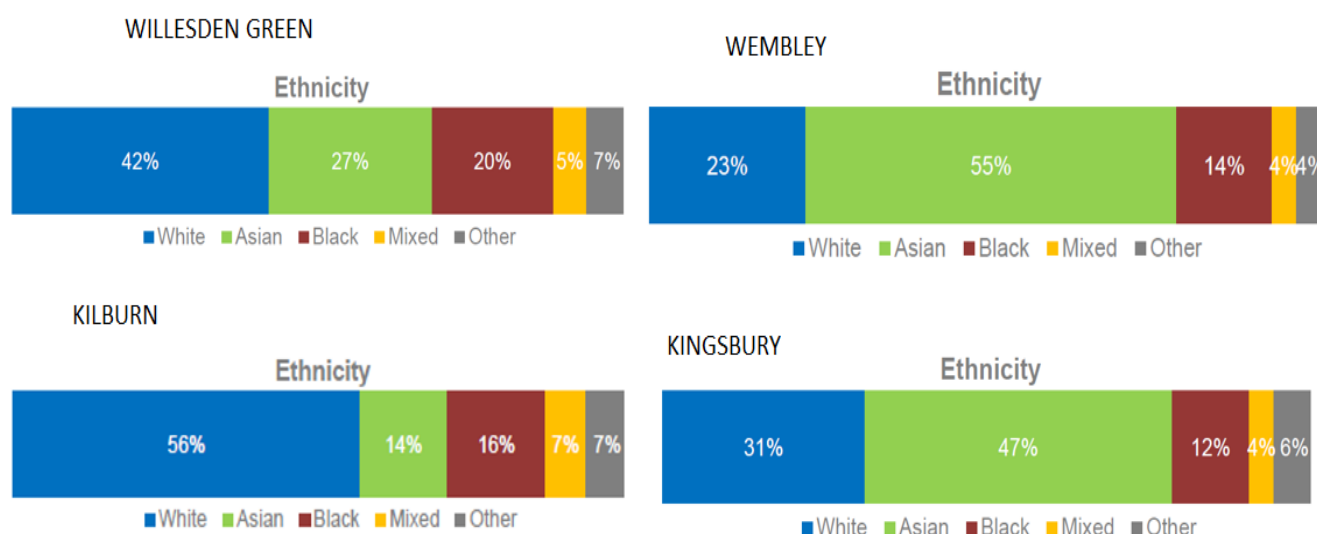
#### Harlesden Pilot



In Harlesden, the hub pilot has had success in bringing partner services into the model that can provide tailored support to local cohorts. Key partners currently delivering these services include SAAFI (Somali Advice and Forum of Information), and the Bosnia and Herzegovina Community Advice Centre. In addition to service delivery and helping to promote the hub offer across a diverse range of communities, these types of organisations can also act as intermediaries with residents that require support in accessing core hub services, which has been demonstrated in Harlesden through assistance with language barriers.

#### Future Hub Locations

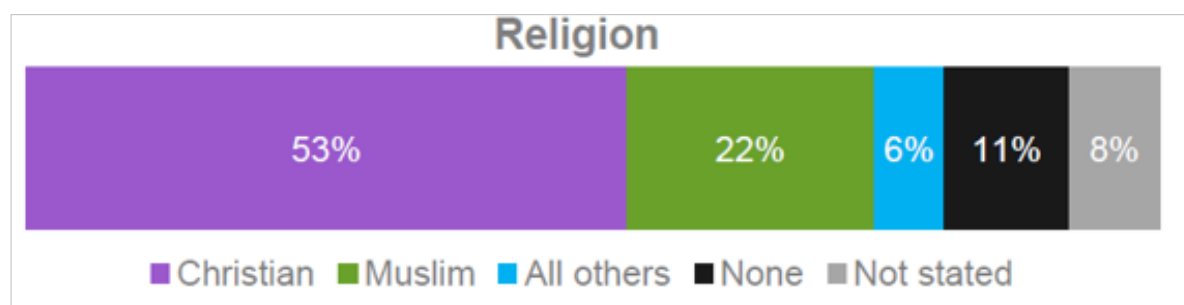
The rollout of hubs across the borough will use the same approach to identifying and working with key partners in the community that can provide services tailored to local needs, helping to ensure positive outcomes for all races. For example, groups that provide services and support tailored for Asian residents will be key partners for the Wembley based hub.



### Religion or belief (Positive impact)

The hub model aims to provide assistance and support to all client groups, including people of all religions or beliefs, through its core offer and tailored services based on local needs. All hub services are delivered in an accessible and inclusive environment.

#### Harlesden Pilot

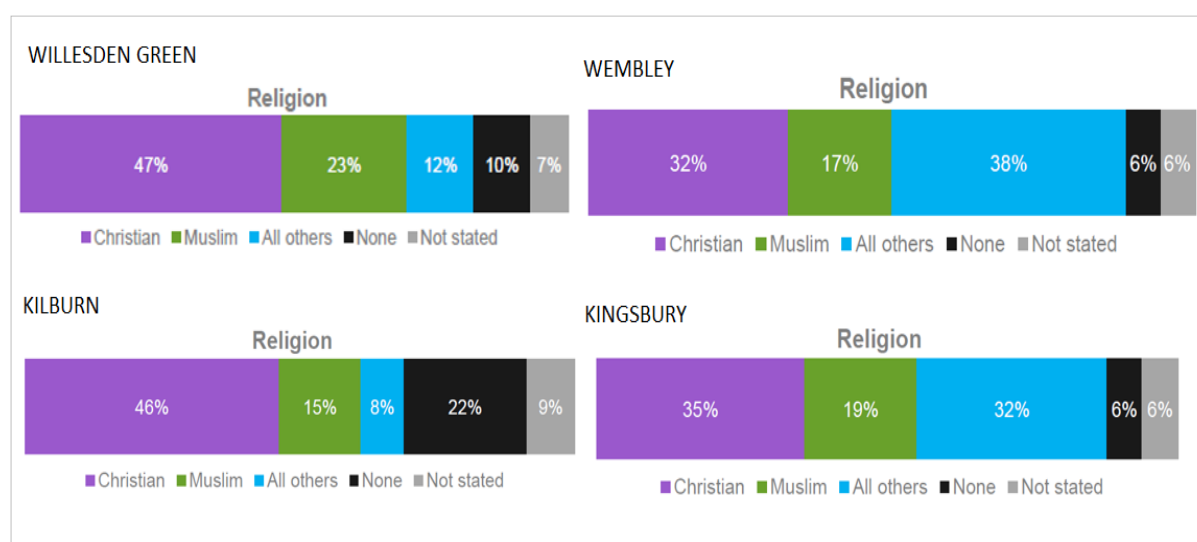


There is no data available to evidence the impact of the hub pilot on clients using the services based on their religious beliefs. However, in Harlesden, work has been undertaken to engage with local faith groups in developing the local hub offer. A notable example of this is the Harlesden Methodist Church, who have been a key partner in publicising the hub within their network to improve take up of services, as well as working in partnership to develop referral pathways between the hub and a foodbank run from the church location (Tavistock hall).

Consideration has also been given for the scheduling of hub events so as not to conflict with notable dates and religious events.

#### Future Hubs

The religious breakdown of each future hub locality is shown below.



The same approach of engaging with local faith groups will be taken when expanding the hub model across the borough. The next stage for the hub roll out will be to identify the key partners for each locations. Preliminary work for the prospective Kilburn hub has included identifying



approx. 20 faith related groups within the Kilburn locality. These organisations will be approached pending Cabinet approval of the hub model, and will have the opportunity to help shape the hub offer in the area.

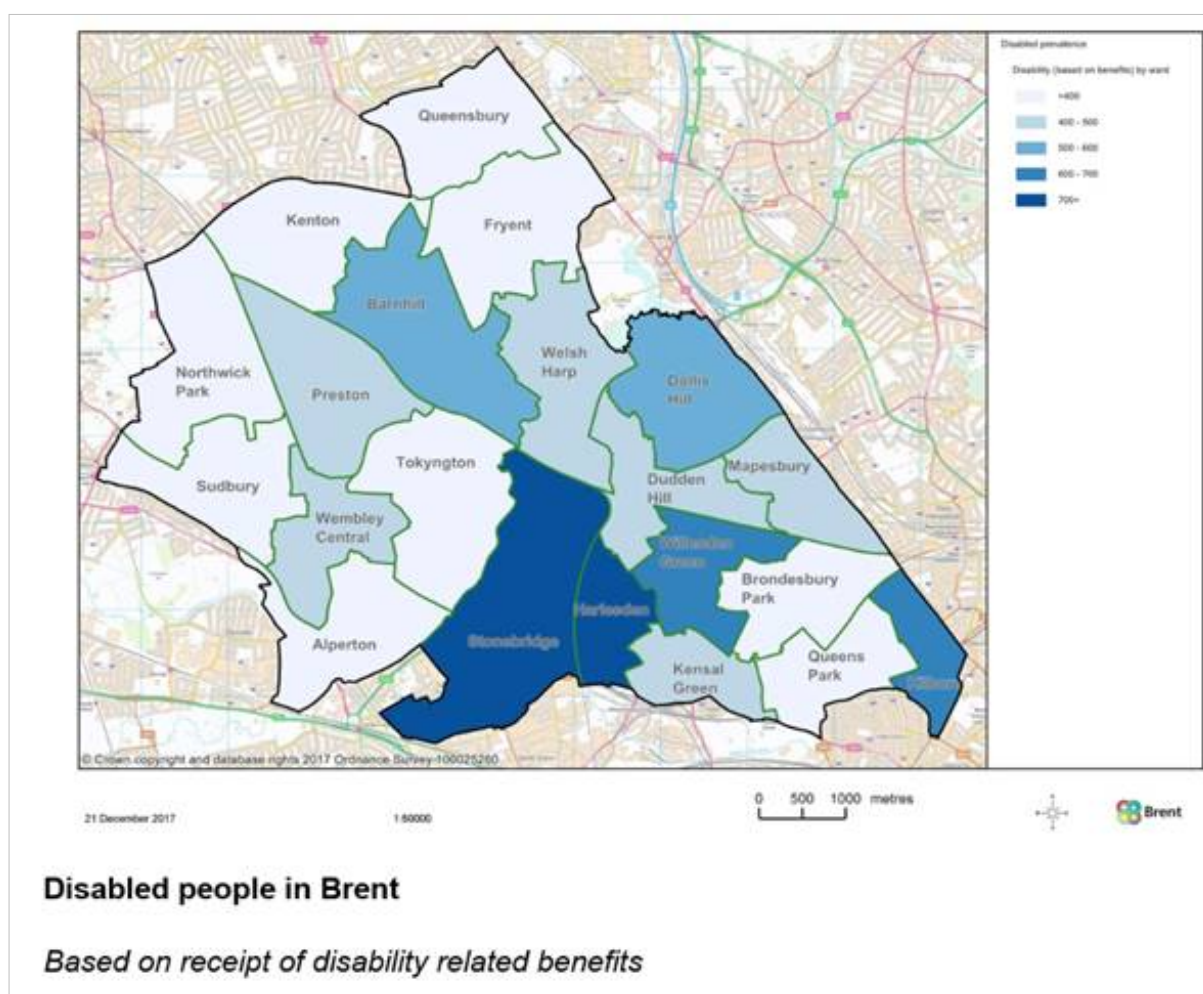
### Disability (positive impact)

The hub model aims to provide assistance and support to all client groups, including people with disabilities, through its core offer and tailored services based on local needs. All hub services are delivered in an accessible and inclusive environment.

### Harlesden Pilot

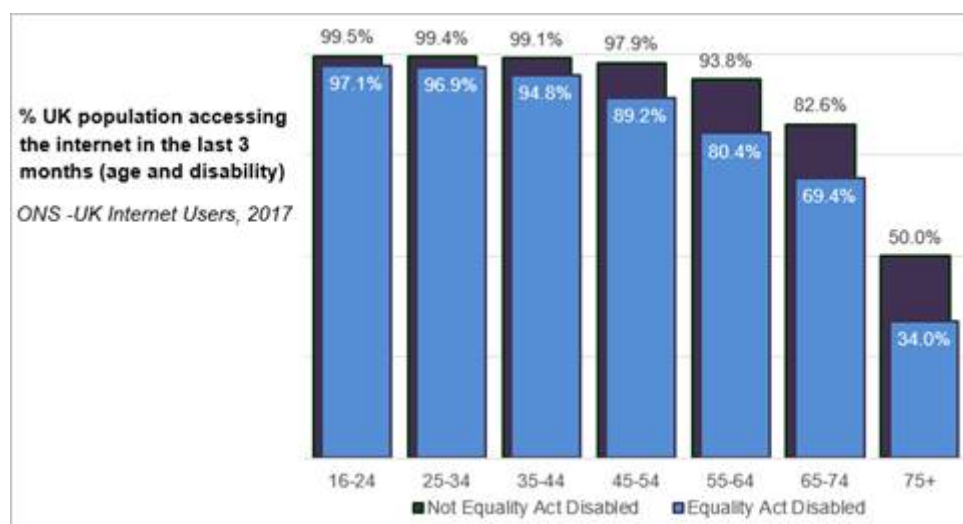
Harlesden library offers disabled access and facilities; including a lift from street level, automatic doors when entering the Library and disabled toilets. The hub location within the library is immediately accessible to the right of the entrance for those with limited mobility.

The map below shows disabled people in Brent based on receipt of disability related benefits at a ward level; with two of the Harlesden locality wards (Harlesden and Stonebridge) being home to comparatively more disabled people.



Quantitative data from the Harlesden Hub pilot identified benefits assistance as its most popular core service (which was primarily accessed by local people). Qualitative data from the service

provider demonstrates positive outcomes for disabled people accessing benefits support within the hub (who may not have been able to access it elsewhere), as well as crucial digital support for other services; which aligns with national data demonstrating that disability is a key indicator for digital isolation.



Appendix 1 of this analysis shows the breadth of partner organisations that have participated in the Harlesden Hub pilot. This includes services aimed at delivering positive outcomes for people with disabilities, such as Brent Mind and Brent Carers Advice Surgery (who have established a regular presence at the hub).

### Future Hubs

All future hubs will be designed to accommodate for the access needs of disabled people. In the case of hubs located in libraries, which already have disabled access, this will include consideration of the most appropriate space within the library to deliver the hub offer. In non-library locations, including Kilburn, more comprehensive refurbishment works will be undertaken to develop a new space with improved access arrangements.

The rollout of hubs across the borough will use the same approach to identifying and working with key partners in the community that can provide services tailored to local needs, helping to ensure positive outcomes for disabled people within the five hub localities.

### Marriage or civil partnership (neutral impact)

The hub model aims to provide assistance and support to all client groups, including people of all partnership arrangements, through its core offer and tailored services based on local needs. All hub services are delivered in an accessible and inclusive environment.

No information is available linking the hub model and marriage or civil partnership. Consideration will be given to capturing this data when developing the bespoke hub client management system.

### Gender reassignment (neutral impact)

The hub model aims to provide assistance and support to all client groups, including people that have undergone gender reassignment, through its core offer and tailored services based on local needs. All hub services are delivered in an accessible and inclusive environment.

No information is available linking the hub model and gender reassignment. Consideration will be given to capturing this data when developing the bespoke hub client management system.

### **Sex** (neutral impact)

The hub model aims to provide assistance and support to all client groups, including people of all sexes, through its core offer and tailored services based on local needs. All hub services are delivered in an accessible and inclusive environment.

No information is available linking the hub model and sex. Consideration will be given to capturing this data when developing the bespoke hub client management system.

### **Sexual orientation** (neutral impact)

The hub model aims to provide assistance and support to all client groups, including people of any sexual orientation, through its core offer and tailored services based on local needs. All hub services are delivered in an accessible and inclusive environment.

No information is available linking the hub model and sexual orientation. Consideration will be given to capturing this data when developing the bespoke hub client management system.

## **Summary**

Overall, this proposal would have a positive impact on communities across the borough offering residents a new way to connect with community groups and local organisations and access the information, advice and support they need early to address the issues and challenges they face and to stop these issues from escalating.

The key finding of this analysis confirmed the need to engage and work closely with local organisations that deliver services and improved outcomes for different groups, tailored to local need. This methodology is already designed into the roll-out approach for new hubs, which will include co-design with local residents and stakeholders.

### Does the proposal relate to an area with known inequalities?

The proposal relates to the whole of Brent, with the ambition to establish a network of hubs with a presence in each of the five localities. Each hub aims to create an environment which supports vulnerable residents to help themselves through facilitating resilience and providing the support needed to reduce long-term dependency on services.

### Is the proposal likely to be sensitive or important for some people because of their equality characteristics?

The proposal is likely to be important to disabled residents, carers, older residents and people whose first language is not English; as it aims to generate positive outcomes for vulnerable people with these equality characteristics, as well as all other groups.

Does the proposal relate to one of Brent's equality objectives?

Priority 1, 2 and 3. They are as follows:

1. To know and understand our communities.
2. To involve our communities effectively.
3. To demonstrate leadership in equalities and human rights, both in the council and amongst partners, and organisational commitment to excellence.

Recommend this EA for Full Analysis?

Yes

Additional equalities work will be progressed throughout the rollout of the hub network.

Could any of the impacts you have identified be unlawful under the Equality Act 2010? Prohibited acts include direct and indirect discrimination, harassment, victimisation and failure to make a reasonable adjustment?

No

### Appendix 1 - Organisations that have participated in the Harlesden Community Hub prototype and pilot


Partner / Session name	Offer
Advice4Renters	Advice4Renters (A4R) is the only advice organisation in London for private renters. Our goal is to transform the private renting sector through legal advice services for tenants, as well as through campaigning – telling policy makers what the problems are and what can be done to solve them.
BCAN	Brent Community Advice Network aims to connect local community voluntary organisations which offer information, advice or guidance for the residents of Brent and coordinate provision across the borough.
BAM (Mentors)	Brent Advice Matters (BAM) - online advice for people in Brent to help you solve your problems
CRISIS progression coaching	We support people out of homelessness for good. We do this through education, training and support with housing, employment and health.
Brent Customer Services (Benefits, Council Tax)	Information, advice and guidance with your benefits or council tax
Harlesden Neighbourhood Forum	The Harlesden Neighbourhood Planning Forum - to give us our full name - is group of local people working together to make Harlesden a better place in which to work and live.
PLIAS Employment Support	Resettlement support for ex-offenders. This includes help with employment, IT, CV writing, interview techniques, confidence building, mentoring and counselling, one-to-one personal development and life coaching.
Groundwork London - volunteering	The opportunity to find out more about working as a volunteer in Brent to improve the community and gain new skills and experience that can help you get back into paid employment.
Catalyst Housing Employment Advice	We work with local partners to transform the prospects of local residents and the areas where they live.
Brent Start: Employability	Start is for anyone who wants to learn new skills, get into employment, find a better job or improve

	<p>themselves.</p> <p>Family Learning</p> <p>ESOL</p> <p>Level 2 traineeships</p>
Brent Works	Brent Works is a no cost service providing job and apprenticeship opportunities for local people, across a range of sectors.
REED Employment	Career advice including interview skills.
Public Health	Information on general health and wellbeing including nutritional advice, babies and young children and mental health support
Brent Carers Advice Surgery	Brent Carers Centre is the leading independent unpaid carer support charity in Brent. Providing support to those who care (including family carers) is a vital part of the service we offer.
Change Grow Live	<p>We work with people who want to change their lives for the better and achieve positive and life-affirming goals.</p> <p>Our areas of expertise include:</p> <ul style="list-style-type: none"> <li>•Substance misuse</li> <li>•Children and young people's services</li> <li>•Family services</li> <li>•Accommodation &amp; homelessness</li> <li>•Clinical services</li> <li>•Criminal justice</li> </ul>
Health & Wellbeing	Information on general health and wellbeing including nutritional advice, babies and young children and mental health support
College NW London	We specialise in vocational courses focused on the delivering the technical skills and qualifications necessary to help our students get a job, enter a trade or progress to university.
Introduction to Mindfulness Drop in	A drop in session teaching you how to manage stress, anxiety and depression through mindfulness

	and lead a happier life
Human Rights Education for children	A session for children to educate them on Human Rights
Drug & Alcohol Awareness	Advice for those affected by substance misuse issues
Family activity during school holidays	A session for parents and children to keep the little ones entertained in the school holidays
Hestia	We help people find a permanent home, manage their finances, take care of their health, and access work, training or education, as well as providing emotional and practical support to help people succeed in their daily lives.
Children and Families Information	Information on a range of services and activities for children and young people aged 0 to 19 years old (or up to 25 years for young people with special needs).
Saafi	Somali Advice and Forum of Information ( <b>SAAFI</b> ) is a community based initiated and led by Somali-British mothers from refugee background in Brent to help each other and their families and to support others in need.
Red Cross (social isolation project)	<p>Help to explore your interests and start doing the things you want. This might be:</p> <ul style="list-style-type: none"> <li>• meeting new friends</li> <li>• rediscovering your interests or finding new ones</li> <li>• Building your confidence.</li> </ul>
South Kilburn Trust	Entrepreneurial and Business Support.
Bosnia and Herzegovina Community Advice Centre	Provides advice around welfare benefits & housing and can provide support in the Serbo – Croat language
Brent Mind	Support for those with mental health needs in their recovery through a personalised approach focused on wellbeing, resilience and independence.
Sufra Foodbank and kitchen	Provides a life-line to people in crisis – empowering them to improve their wellbeing, learn new skills, find work and become financially stable.
Age UK Brent	A range of services and projects to support, inform, advise and inspire older people.

Unlocking Potential	Aim to transform life chances for children. They deliver outreach programmes to schools and aim to provide a wide variety of services for them.
B3	Provide peer support and advocacy to drug and alcohol service users in Brent
Challenge House Children's Centre	Offers a range of learning and development opportunities for children and their families. They provide attractive crèche facilities with a secure outdoor play area for children, meeting rooms and office space.
Diamond Kid Coaching	Coaching sessions aimed at children aged 5 – 11. Building Healthy Mind-sets, Confidence and Happiness through fun and interactive activities.
Harlesden Lets	Set up to address inequalities within the private rented sector in Harlesden
Harlesden Town Team	Improving the community and town centre through a team of diverse and skilled local volunteers
Harlesden Housing	Housing group
Harlesden London Working	A partnership of 16 major social housing providers in London which aims to help those in long term unemployment
Project Stride	Provide 1:1 coaching to help people release their ambitions and potential
Royal Voluntary Service	A volunteer group who aim to enrich the lives of elderly people and their families across Britain
Sheriff Centre	Providing impartial advice to those experiencing financial difficulty due to utility debts, rent and council tax arrears, overpayments of benefits and other emergencies such as eviction, disconnection and repossession
Ultra-Education	ULTRAKids Business Club programme. Aimed at children aged 7-12 years who could be young entrepreneurs.
Brent Advice Partnership	Aim to provide personalised, specialist accessible advice, information and non-digital support across a range of areas.



	<b>Cabinet</b> 12 September 2018
	<b>Report from the Strategic Director Regeneration &amp; Environment</b>
<b>Parking Annual Report 2017-2018</b>	

<b>Wards Affected:</b>	All
<b>Key or Non-Key Decision:</b>	Non-Key
<b>Open or Part/Fully Exempt:</b> <small>(If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)</small>	Open
<b>No. of Appendices:</b>	One: • Parking Annual Report 2017-2018
<b>Background Papers:</b>	N/A
<b>Contact Officer(s):</b> <small>(Name, Title, Contact Details)</small>	Gavin F Moore Head of Parking & Lighting Email: <a href="mailto:gavin.f.moore@brent.gov.uk">gavin.f.moore@brent.gov.uk</a> Tel: 020 8937 2979  Anthony Vartanian Policy Manager, Parking & Lighting; Email: <a href="mailto:anthony.vartanian@brent.gov.uk">anthony.vartanian@brent.gov.uk</a> Tel: 020 8937 2985

## 1.0 Purpose of the Report

- 1.1 The Council is committed to providing a high quality parking service and a fair, consistent and transparent approach to parking and traffic enforcement. The purpose of the Parking Annual Report is to explain the aims and objectives of the Council's Parking service and the key achievements of the 2017-2018 financial year. The Report includes a statistical analysis setting out information on the number of parking and traffic related Penalty Charge Notices (PCNs) issued during the financial year 01 April 2017 to 31 March 2018, the revenue and expenditure recorded in the Parking Account, and how the surplus on this account has been allocated.
- 1.2 The Report also meets a key requirement set out in the Statutory Guidance issued under the Traffic Management Act 2004. This requires local authorities to produce and publish an annual report on parking enforcement activities within six months of the end of the financial year.

## 2.0 Recommendation

- 2.1 Approve and publish online by 01st October 2018 the Parking Annual Report 2017-2018, attached as the Appendix to this report.

## 3.0 Detail

- 3.1 The purpose of the Parking Annual Report is to provide statistical and financial information relating to all aspects of parking, and traffic enforcement operations. This includes the number of PCNs issued, the number of PCNs paid, the revenue and expenditure related to the enforcement activities recorded in the Parking Account, and how the surplus on the account has been spent or allocated.
- 3.2 Publication of the report allows residents, motorists, local businesses, and other interested parties easy access to information regarding last year's parking and traffic enforcement operations. The report will be published on the Council's website.
- 3.3 The table below summarises Key Performance Indicators agreed for the Parking service in 2017-18, as well as performance in previous three years for comparison.

Key Performance Indicators	2014-15	2015-16	2016-17	2017-18
PCNs issued by Civil Enforcement Officers for parking contraventions	87,347	99,145	103,363	108,967
PCNs issued by CCTV for parking contraventions	36,584	991	2,160	3,298
PCNs issued by CCTV for bus lane contraventions under LLAA 1996	11,362	8,370	10,349	12,058
PCNs issued by CCTV for moving traffic offences	27,512	73,990	72,221	66,414
<b>Parking account: net revenue</b>	<b>£8.957 m</b>	<b>£10.119 m</b>	<b>£11.724 m</b>	<b>£12.572 m</b>

- 3.4 From 1 April 2015 local authorities have only been able to enforce **parking restrictions through CCTV** in the following areas: school Keep Clear zig-zag markings; bus stops; red routes; and bus lanes. The restrictions on CCTV use have had a particularly detrimental impact on authorities' ability to enforce parking restrictions if drivers are present and able to avoid a PCN being issued by driving away. Typically these are drivers waiting for children in the locality of schools, or vehicles parked illegally in commercial areas with the driver nearby. Since 2016/17, the service has increased the number of mobile CCTV units as well as introducing a re-mountable CCTV camera to improve motorist's compliance with school Keep Clear restrictions. Since then the number of parking PCNs issued by CCTV has increased steadily following the initial drop of 95% when the Deregulation Act took effect.
- 3.5 Additional Civil Enforcement Officers (CEOs) have been deployed on-street since April 2015, and improvements have been made to the efficiency and effectiveness of CEOs during their deployed hours. **Parking PCNs issued by**

**CEOs** have continued to increase and a total of 108,967 PCNs were issued in 2017-18, up by almost 6% on the previous year.

- 3.6 **PCNs issued for bus lane contraventions** increased to 3,298. This reflects a higher level of enforcement activity during 2017-18, rather than a decrease in compliance by motorists.
- 3.7 **PCNs issued for moving traffic contraventions** decreased by just over 5,800. This has resulted from significantly improved compliance by motorists with traffic restrictions, following the deployment of unattended camera systems during the last three years. These cameras provide consistent and reliable enforcement at key locations where traffic congestion and safety has caused concern in the past. The cameras have had a major impact on improving motoring standards, reducing traffic congestion and enhancing road safety. By April 2017, compliance at most locations had significantly improved. The programme of new enforcement camera installations is continuing to cover more locations where traffic congestion is being caused by moving traffic contraventions.
- 3.8 **Complaints** about the service in 2017-18 fell for a fifth consecutive year to 140, compared with 146 in 2016-17. In 2017-18 the council received over 60% less parking complaints than were received in 2013-14. Generally, Parking services have become more reliable and responsive. In addition, the increased familiarity of residents with the online permit and visitor parking booking system has reduced complaints. Correspondence concerning disputed PCNs and associated debt recovery is dealt with through the statutory appeals process as required by law.
- 3.9 **Payment for parking** using mobile phones and tablets continues to show strong growth. In 2017-18, 66% of on-street parking payments were made using the Council's cashless parking provider RingGo compared to 59% the previous year. In overall comparative terms, cashless payments in 2012-2013 represented just 19%. Similarly, in Brent's car parks, 58% of parking sessions last year were cashless; compared to 52% the previous year.
- 3.10 Recovery of Penalty Charge Notice debt has continued to improve. The payment rate for PCNs has increased to 71% (note that all successful appeals are counted within the 29% 'non-payment' category, as are untraceable vehicles). This improved performance is attributed to a better standard of evidence collected to support PCNs, improvements in Notice processing, and more effective joint work with the council's two Civil Enforcement Agent (bailiff) contractors. A target has been set to improve the collection rate to 73% in 2018/19. This level of performance would put Brent in the top rank of performance nationally, in line with industry benchmarked standards. Strong debt recovery performance is a significant factor in making enforcement an effective deterrent.
- 3.11 The Parking service operates 11 public car parks across the borough (this excludes the Brent Civic Centre car park which is managed by Bilfinger Europa on behalf of the Council). These car parks provide a combined total of 714 spaces. The Metropolitan Police Park Mark aims to reduce crime and the fear of crime within parking facilities through the achievement of high standards in lighting, signage, cleanliness and surveillance. Prior to April 2016 just two of our car parks (Elm Road and St John's Road) had secured the **Park Mark Award**. By 2017-18, a total of eight car parks had gained the accreditation.

- 3.12 Information on the Council's 2017/18 record at the London-wide independent appeals service, Environment and Traffic Adjudicators (ETA), is not yet available. This data will be published in September, and will be added to the published Annual Report as soon as it becomes available

#### 4.0 Financial Implications

- 4.1 There are no direct financial implications as the report simply provides a summary of the previous financial year's activity by the Parking service.
- 4.2 The report discusses the activities and finances of parking operations during the last financial year. A summary of the headline figures is set out below.
- 4.3 Parking Account 2017-2018

<b>2017-2018</b>		
	Expenditure (£000)*	Income (£000)*
Parking Administration	2,576	-263
Parking Projects	260	-
On-Street Parking	247	-4,408
Off-Street Car Parks	99	-542
Parking Enforcement	4,992	-15,883
London Bus Initiative	350	-
Totals	8,524*	-21,096
<b>Net Surplus</b>		<b>-12,572</b>

*\*Total expenditure of £8.524m in 2017-18 includes a movement of £330,000 to a reserve account. The Reserve will facilitate conclusion of projects and installation of enforcement cameras that the service was unable to complete before financial year end.*

#### 4.4 Application of Net Revenue

<b>Transfer (£,000)</b>	
Concessionary Fares	12,572
Surplus	Nil

- 4.5 Overall the Parking service met the expectations set out in the Council's agreed budget for 2017-18. Net revenue on the Parking account increased by over 7%, from £11.724m in 2016-17 to £12.572m in 2017/18. The service raised £0.306m more revenue than was originally anticipated in budget planning, despite the reduction in full year sales of visitor permits following the increase in visitor permit charges that came into effect November 2016.
- 4.6 The whole of the net surplus on the parking account covered 78% of the total expenditure incurred by the Council on Concessionary Fares (the 'Freedom Pass'). This is an increase on the 72% contribution made in 2016/17.

## **5.0 Legal Implications**

- 5.1 The civil parking enforcement powers of local authorities are set out in the Traffic Management Act 2004. The Secretary of State for Transport has given statutory guidance under section 87 of the Traffic Management Act 2004 to which local authorities must give due regard when exercising their parking management functions.
- 5.2 Part 6 of the Traffic Management Act 2004 (TMA) provides for the civil enforcement of parking contraventions. The Statutory Guidance from the Department of Transport entitled “The Secretary of State’s Statutory Guidance to local authorities for the civil enforcement of parking contraventions”, issued in March 2015, pursuant to Part 6 of the TMA, confirms enforcement authorities should produce and publish an annual report about their enforcement activities within 6 months of each financial year-end, and as a minimum, include the financial, statistical and other data as set out in Annex A of the said Statutory Guidance.
- 5.3 Under section 55 of the Road Traffic Regulation Act 1984 (as amended and hereafter referred to as “the 1984 Act”), parking enforcement authorities must keep account of their income and expenditure in respect of on-street parking places. This ring fenced account is known as the Special Parking Account. The 1984 Act requires that any surplus in income that is generated and appropriated into the Council’s General Fund at year end must be applied towards specific purposes as set out under Section 55(4) of the 1984 Act which are related to on and off street parking, transport, environmental improvement and highways matters and those specific purposes are listed on page 26 in the Appendix to this report.

## **6.0 Equality Implications**

- 6.1 There are no Equality implications as the report provides a summary of the previous financial year’s activity by the Parking service

## **7.0 Consultation with Ward Members and Stakeholders**

- 7.1 None.

## **8.0 Human Resources/Property Implications (if appropriate)**

- 8.1 None.

### **Report sign off:**

**AMAR DAVE**

Strategic Director of Regeneration and Environment

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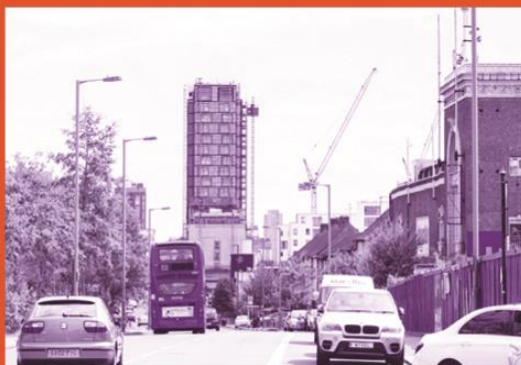


# PARKING ANNUAL REPORT



2017-2018

London Borough of Brent  
Brent Civic Centre  
Engineers Way  
Wembley HA9 0FJ



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## Foreword

Welcome to the 2017-2018 edition of the London Borough of Brent's Parking Annual Report. The report provides an overview of parking management, and parking and traffic enforcement, in Brent. It draws together the year on year improvements we have made in our services, and the effect our parking policies and enforcement activity have had in achieving high levels of parking and traffic compliance.

We aim to make Brent a safer borough in which to drive, improve motoring standards, reduce traffic congestion, and contribute to reducing carbon emissions and improving air quality. An increase in parking enforcement activity during the year resulted in a higher level of protection for legal parking, in particular within Controlled Parking Zones to assist resident permit holders to park closer to their homes.

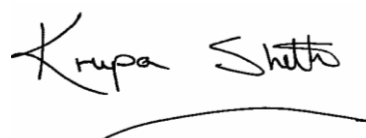
Over the past year we have seen a marked decline in the number of PCNs issued for moving traffic contraventions captured by CCTV. This demonstrates that compliance with traffic rules has greatly improved at many key locations which were previously congestion hot-spots. I am pleased to see that fewer Penalty Charges have needed to be issued at these locations and that we are working towards our aim of making Brent a safer borough to drive in.

In November 2016, the service introduced new visitor parking charges, in an effort to reduce excess demand for parking spaces and remove disincentives to use public transport. This has led to a significant reduction in excess vehicle visits, resulting in improved air quality, freeing up parking spaces for residents, local businesses and visitors who need to travel by car.

Additional developments and enhancements are also being made across the service to improve the customer experience, whether that is using online facilities to purchase permits, pay or challenge Penalty Charge Notices, or booking parking sessions in our car parks.

As in previous years, this report explains how surplus parking revenue was allocated to meet our wider transport objectives, in particular the provision of the Freedom Pass to older residents and disabled residents.

I hope you find the report informative.

A handwritten signature in black ink that reads "Krupa Sheth". The signature is written in a cursive style with a long horizontal line underneath the name.

Councillor Krupa Sheth, Lead Member, Environment

### Introduction

Brent Council is committed to providing a high quality parking service and a fair, consistent and transparent approach to parking management and traffic enforcement. We hope that the information contained in this publication supports achievement of these objectives. The purpose of the Annual Report is to explain the aims and objectives of the Council's Parking service and the key achievements and improvements from the last financial year. The Report includes a guide on what we enforce, a statistical analysis, monitoring trends and setting out information on the number of parking and traffic related Penalty Charge Notices (PCNs) issued for the period 01 April 2017 to 31 March 2018, the income and expenditure recorded in our Parking Account, and how the surplus on this account has been spent.

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

### National and Local Context

Excellent parking management is an important tool that can contribute towards achieving the Council's wider transport, economic and planning policy objectives. Well thought-out parking policies and effective enforcement can influence travel patterns, sustain the local economy, balance competing demands for road space, relieve congestion and contribute to sustainable outcomes.

Conversely, parking which is not properly regulated can exacerbate congestion on the road network, reduce the reliability of public transport, impact adversely on the local economy and create road safety problems. Parking services are highly visible to residents, local businesses and visitors. In particular, enforcement needs to be seen as fair, effective and proportionate in order to retain public confidence.

## Brent Context

The London Borough of Brent is an outer London borough with a population of over 311,000, according to the 2011 census, making it the fifth most populous borough in London. The borough covers an area of almost 17 square miles across both inner and outer north-west London.

The London Borough of Brent is bordered by the London Boroughs of Barnet to the north-east, Harrow to the north-west and Ealing to the south-west. It has short boundaries with the inner London Boroughs of Camden, Westminster, Hammersmith and Fulham, and Kensington and Chelsea, in the south-east.



Wembley and four other town centres in the borough are identified as growth areas. As these areas develop, they will inevitably lead to increased demand for movement to, from and within the borough. While the availability, frequency and reliability of public transport, and the existence of high quality facilities for walking and cycling will influence the way people travel, there will nevertheless be an unavoidable impact on traffic and parking.

Demand for parking in the London Borough of Brent is high, as it is across London. The Council seeks to manage this demand through the use of parking controls and traffic regulations.

These aim to:



These aims sit alongside wider Council objectives and include sustainability; the promotion of alternative modes of transport such as walking, cycling and the use of public transport; reducing carbon emissions; and improving air quality.

The Council, in consultation with residents, has introduced a number of measures to manage the high demand for kerb space. Parking in the south-eastern part of the borough, is managed through Controlled Parking Zones. Other parts of the borough also have residential controls; these typically cover areas near high street locations and/or tube and railway stations (where there may be a demand for parking from commuters).

A key attraction is Wembley Stadium, which has a 90,000 seating capacity. The Stadium is home to the England national football team and regularly hosts other major sporting events and music concerts. On major event days, the area receives a high number of visitors, placing intense pressure on local parking provision.

To preserve parking for local residents and businesses, the council operates the Wembley Event Day Protective Parking Scheme. Parking restrictions are in place 1.5 miles around the stadium, and operate from 8am to midnight on the main roads to the Stadium and 10am to midnight elsewhere.

## Parking Contract



The Council began its partnership with Serco, a member of the British Parking Association, for the provision of parking services in July 2013 for a period of five years with an option to extend. In December 2017 the Council agreed to award Serco a contract extension from July 2018 until March 2023.

In Brent, Serco manages: Civil Enforcement Officers (CEOs); CCTV enforcement; pay & display machine maintenance and cash collection; vehicle removal operations & the car pound; and cashless parking & electronic payments. Serco also has the responsibility for notice processing services, including the provision of parking control software, scanning, indexing, and permit administration.

### Brent Parking Service

Brent's parking team consists of 24 officers, and is committed to delivering the high-quality service Brent's residents, businesses and visitors expect. The team continually seeks to improve the service and the credibility of parking and traffic enforcement. For example, all of our Appeals Officers are being trained to NVQ Level 3 standard in Notice Processing.

The parking team is responsible for:

- Parking policy and overall management
- Management of the parking contracts including: parking enforcement, notice processing, permit administration; cashless parking; and bailiff operations
- Management of car parks and on-street parking infrastructure
- Managing the parking and traffic appeals and representations process
- Handling parking related enquiries, complaints and Freedom of Information requests.

## 2. Parking Enforcement

### Overview

The Council enforces parking and traffic regulations through its contractor, Serco, using a combination of Civil Enforcement Officers (CEOs) who patrol the streets and the use of CCTV camera technology. CEOs also use mopeds and cars which enable rapid deployed to attend to urgent enforcement issues.

Illegally parked vehicles and moving traffic contraventions create problems for all road users. We enforce regulations by issuing Penalty Charge Notices (PCNs) with the aim of improving motorists' compliance.

### What we enforce

As well as managing Controlled Parking Zones (CPZs) and local parking schemes, the Council also enforces other traffic and parking. This includes:

#### School Keep Clear Enforcement



School Keep Clear markings (yellow zig-zag lines outside of school entrances) are monitored by the Council using a combination of CEOs, mobile CCTV enforcement vehicles and re-mountable CCTV cameras. Our aim is to maintain and improve road safety outside schools. In 2017-18 over 200 enforcement hours were deployed patrolling outside schools each month during the peak drop-off and pick-up times. The Parking Service has also worked closely with the councils School Crossing Patrol service and assisted in the production of information leaflets, 'Parking Near Schools', distributed to parents in an effort to raise awareness of what the council enforces, to ensure safety and promote sustainable travel options or where available park and stride schemes.

#### Yellow Line Enforcement

The majority of yellow-line waiting restrictions in Brent are on strategic and distributor roads and have been introduced to promote safety, assist buses and aid effective

movement of traffic. Where practicable, short-stay parking bays are also provided on these roads.

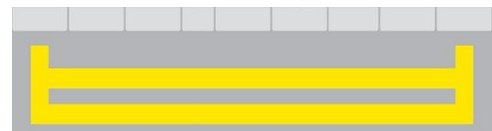
Red-line waiting restrictions on the Transport for London Road Network (TLRN) are the responsibility of Transport for London (TfL), but aim to meet similar objectives on London's busiest roads.

Single yellow lines indicate that parking is prohibited at certain times of day. Information on when you can park is put on signs or near parking spaces. Several restrictions are in enforced covering a standard working day from 8.00 or 8.30am to 6.30pm.

Yellow lines are located on parts of the highway where there would be a safety hazard if parking was permitted, or in locations where parking is not suitable due to the narrowness of the carriageway or high traffic volumes.



Double yellow lines indicate a 24-hour parking prohibition. All double yellow lines within Brent operate seven days a week, including bank holidays. It is no longer a requirement for signs to accompany double yellow restrictions.



### Footway Enforcement

CEOs take enforcement action where motorists inconsiderately park on the footway (pavements). This causes particular problems for visually impaired people, wheelchair users, and people with prams or buggies. If the footway is not reinforced to permit parking, then the paving is likely to crack and cause a serious trip hazard for all pedestrians.

There are some footways where parking is permitted on residential streets which are too narrow for parking on the road. The streets where footway parking is permitted on a permanent basis either fully (with four wheels) or partially (with two wheels) on the pavement are formalised with parking bay markings and appropriate parking signs.

Details of these can be found on the Parking Service's webpage:

<https://www.brent.gov.uk/services-for-residents/parking/footway-parking>

## Bus Lanes



The service enforces bus lanes and bus stop parking on Brent roads through the use of CCTV cameras. As the Council encourages more sustainable forms of transport, this plays an important role in ensuring the free movement of buses along the borough's road network in order to secure faster journey times for bus users, and reduce potential traffic accidents.

## Moving Traffic Contraventions.

The Council has adopted powers available under the Traffic Management Act 2004 to undertake civil enforcement of a number of Moving Traffic Offences (MTOs). Blocking yellow box junctions, making prohibited turns, ignoring no-entry signs, illegal U turns, and driving the wrong way in a one way road, are all examples of moving traffic violations actively enforced by the Council. Such restrictions are in place to ease congestion on the borough's roads, and improve road safety.

Yellow box junctions are highly visible to motorists and have crossed diagonal lines painted on the road. Motorists must not enter the box until the lane ahead is clear. However, you may enter the box and wait when you want to turn right, and are only stopped from doing so by oncoming traffic, or by other vehicles waiting to turn right. Motorists must also ensure the lane ahead is clear when turning left over a yellow box junction.



## Enforcement Objectives:

The Council's overall approach to parking and enforcement is to work with residents, to identify local problems and develop appropriate and proportional local solutions. These would typically include the prohibition of parking where this would compromise safety and the free flow of traffic and using parking controls to manage the demand for kerbside parking space.



#### Civil Enforcement Officers (CEOs)

Brent's parking enforcement contractor deploys CEOs to patrol across the borough. The Traffic Management Act 2004 specifies this designation because the prime function of a CEO is to enforce legislation governed by civil law.

All CEOs are fully trained and are required to follow guidance set by London Councils. They wear a uniform that is easily recognisable and display an identification number. All CEOs were issued with body worn video cameras in 2017. This will allow footage from incidents where motorists display threatening behaviour to be used as evidence to prosecute perpetrators, and give staff the confidence to carry out their duties without fear of threats or abuse. The video evidence can also be used to help settle appeals against any Penalty Charge Notices which motorists believe may be unfair.

CEOs have the power to issue Penalty Charge Notices (PCNs) to vehicles parked in contravention of local restrictions.

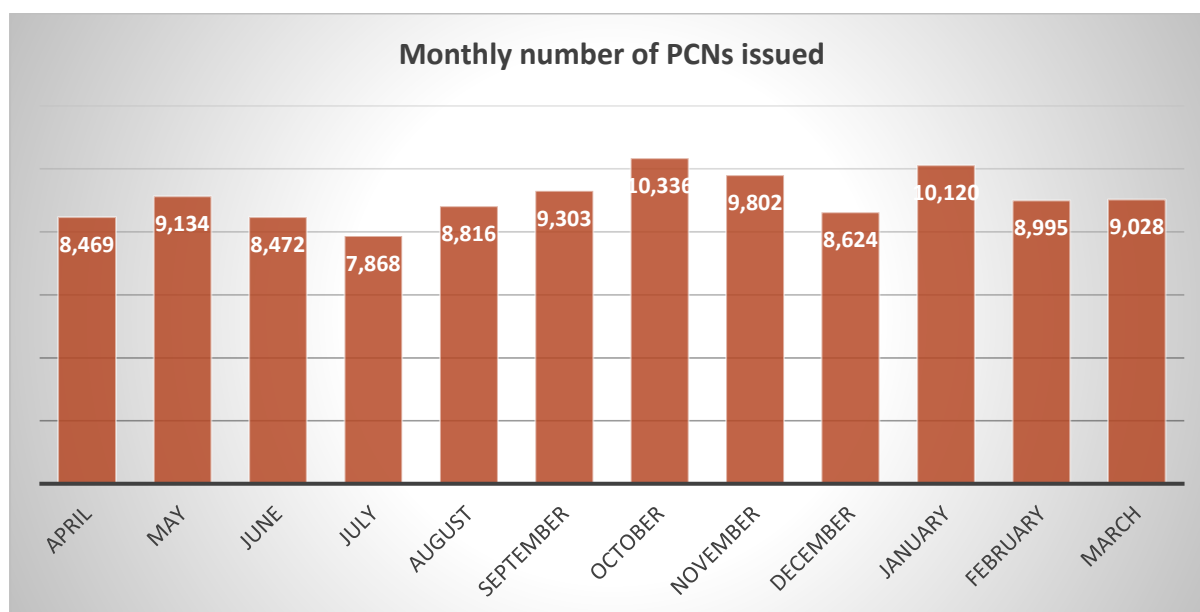
A Penalty Charge Notice, sometimes called a parking ticket, may be issued at the scene by a CEO by being fixed to the vehicle, or handed to the person appearing to be in charge of it, or issued by post in the following cases: enforcement is by camera; or the CEO was prevented by someone from serving it at the scene; or the CEO had begun to prepare a PCN but the vehicle was driven away before it was finished and issued.

CEOs issued 108,967 PCNs in 2017-18; an increase of just over 5% compared to the same period last year. This has been facilitated by an improvement in productivity, and better management of deployment to focus on areas of higher contraventions, supported by feedback and requests from local residents and businesses.

Penalty Charge Notices issued by CEOs for Parking Offences:

Contravention	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
Parking Offences	85,101	75,460	87,146	99,145	103,424	108,967

## 2017-18 Monthly PCN Issuance by Civil Enforcement Officers:



## CCTV Enforcement

CCTV (closed-circuit television) is used to enforce bus lane and moving traffic restrictions in Brent, and some parking restrictions. Camera enforcement signs are displayed to alert motorists to active CCTV enforcement of moving traffic and bus lanes, and to encourage compliance with local restrictions.

A list of Moving Traffic Contraventions and the associated traffic signs can be viewed at: <https://www.brent.gov.uk/media/239537/Highway%20Code%20list%20of%20enforceable%20moving%20traffic%20contraventions.pdf>

## Penalty Charge Notice Volumes (CCTV)

Contravention	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
Bus Lanes	3,373	5,681	11,362	8,370	10,355	12,058
Moving Traffic	25,367	24,029	27,512	73,990	72,260	66,414
CCTV Parking	28,942	37,353	36,584	991	2,160	3,298
Total	57,682	67,063	75,458	83,351	84,775	81,770

Compared to 2016-17, the issuance of PCNs for moving traffic contraventions has decreased, reflecting significantly greater compliance by motorists following the installation of unattended cameras. Most of these cameras have quickly had a major impact on motoring standards, reducing traffic congestion and improving road safety.

Additional sites for potential camera enforcement were identified following a survey. This will lead to the installation of further unattended camera systems in 2018-19 to provide consistent and reliable enforcement at key locations where traffic congestion and safety continues to be of concern.

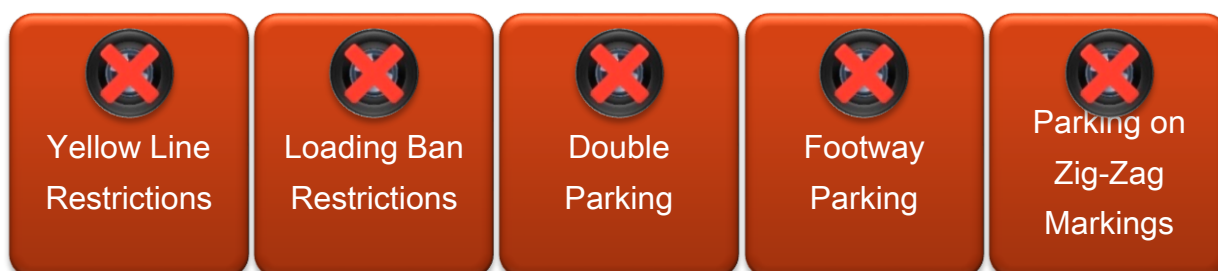
Camera enforcement is focused on a specific restriction for the duration of operational hours. This means that the Council are now able to provide comprehensive coverage to bring about compliance with traffic restrictions on moving vehicles.

#### 2017-18 Monthly PCN Issuance by CCTV:

	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Bus Lane	1003	936	1067	1035	952	1090	1116	978	1227	948	830	876
Moving Traffic	5635	5966	5837	5709	6278	5379	5800	5931	5149	4772	4854	5104
CCTV Parking	268	322	273	301	225	301	307	310	226	270	221	274

Overall, issuance of Parking PCNs captured by CCTV has greatly decreased following the introduction of the Deregulation Act 2015. The Act has prevented the service of CCTV-captured PCNs for a wide range of parking contraventions enforced under the terms of the Traffic Management Act 2004. PCNs can now only be issued via CCTV to vehicles parked in bus lanes, at bus stops or on school keep clear markings. In 2017/18 the total number of PCNs issued for CCTV parking offences was 3,298, an increase compared to the 2,160 issued in 2016-17. This follows increased deployment of mobile CCTV units, and the introduction of a re-mountable CCTV camera to enforce School Keep Clear restrictions.

The ban has limited the council's ability to address a range of specific parking problems where CEOs face particular challenges in ensuring compliance. The following types of restrictions, previously enforced by the Council, are now more difficult or impossible to enforce using CCTV.



## Mobile Enforcement

Serco deployed a number of CEOs on mopeds and cars, which enabled more effective enforcement across the borough. Officers can be rapidly deployed to attend to urgent issues such as obstruction of residential driveways and dropped kerbs.

## Vehicle Removals and the Car Pound

Serco provide a removal truck to ensure the appropriate removal of vehicles parked in contravention. The service also relocates vehicles that remain parked in a section of road that has been temporarily suspended and obstructs from carrying out resurfacing or highway maintenance works. A total of 270 vehicles were relocated in 2017-18.

In 2017-18 a total of 1,932 vehicles parked in contravention were impounded. This is a decrease compared to the 2,163 impounded in 2016-17, demonstrating a reduction in the frequency of more serious parking contraventions. The service continues to target these serious contraventions, for example vehicles parked dangerously or causing an obstruction to traffic.

All vehicles that have been removed within Brent are taken to the Brent Car Pound at:  
Unit 20-22, Whitby Avenue, Park Royal, NW10 7SF

When a vehicle is removed, owners can contact the London wide TRACE service on 0845 206 8602 or call the council on 020 8290 8300 to identify where the vehicle is being stored.

If a vehicle is blocking access to your driveway you can arrange for the vehicle to be removed during operational hours by calling 020 8453 3289

## Number of Vehicles Removed and Released

### 2017-18 Vehicle Removals:

Brent Car Pound	2014/15	2015/16	2016/17	2017/18
Vehicles Removed	1,991	1,969	2,163	1,932
Vehicles Released	1,878	1,835	1,986	1,715
Release Rate*	94%	93%	90%	89%

\*A proportion of the vehicles not released include those of interest to the police or with a cloned registration.

## 4. Responding to Enquiries

### Responding to PCN Enquiries

The Council seeks to provide a transparent and fair parking enforcement service. Motorists who feel that they have been unfairly issued with a Penalty Charge Notice may contest the charge. All representation must be done in writing to the Council.

The Council has a dedicated and qualified specialist team who consider each case based upon its own merits. All formal correspondence is handled within the statutory time periods allowed for response.

Since its launch in 2014, the council's web based service has seen major improvements in the online customer experience. The service allows customers to view specific details about PCNs they have received, submit a challenge or representation, monitor the progress of the representation, view photos of the incident, and make a payments.

This is a significant enhancement to the council's service and provides motorists with access to far more information than they had previously. This means that motorists are able to make an informed decision about whether or not to challenge the Notice or make representations; and should they decide to challenge, they will have a greater amount of evidence to refer to.

Should a motorist remain unhappy with our final decision, they may make an appeal to the independent appeals service who will make an impartial decision based upon the merits of the case in question.

London Tribunals is the new name for the Parking and Traffic Appeals Service (PATAS) which supports the Environment and Traffic Adjudicators (ETA). Cases are heard at London Tribunals: Chancery Exchange, 10 Funnival Street, London EC4A 1AB

A significant improvement to the quality and consistency of letters to drivers has also been achieved where correspondence is provided in plain English with a consistent level of clarity, application of council policies and legal compliance.

## London Tribunals Data

Information on the Council's 2017/18 record at the London-wide independent appeals service, Environment and Traffic Adjudicators (ETA), is not yet available. This data will be published in September, and will be added to the published Annual Report as soon as it becomes available.

Independent Appeals	2014/15	2015/16	2016/17	2017/18
Total PCNs issued by LB Brent	162,604	182,496	187,840	190,737
Total PCN appeals heard by PATAS/ETA	1,299	1,168	1,331	
% of PCNs issued heard by PATAS/ETA	0.79%	0.64%	0.71%	
No. of appeals allowed or not contested	625	632	785	
Of which, number of appeals not contested	366	296	337	
% of appeals allowed or not contested	48%	54%	59%	
% of PCNs issued, which were heard by ETA/PATAS and allowed or not contested	0.38%	0.35%	0.41%	

During 2018 we intend to: improve motorists' confidence in the council's appeals decisions; and provide capacity to ensure that the council supports independent appeal hearings effectively. Specialist staff have been appointed to the Parking team to address issues of quality, and to ensure that independent appeals are provided with comprehensive evidence from the council. The council will in future be represented at specific tribunal hearings where key appeals are being heard.

## London Tribunals Reports

The annual report by the Chief Parking Adjudicator: 'Parking and Traffic Adjudicators' annual report' and appeal figures for all London authorities: 'Parking and Traffic Appeal Statistics'; can be found on the London Tribunals website at:

<http://www.londontribunals.gov.uk/about/annual-reports-and-appeal-statistics>

## 5. Customer Care

### Customer Satisfaction

Customer satisfaction is key to the delivery of parking services. With a growing move to online and self-service parking account management services, we continue to make enhancements to the online booking system, and to online PCN representations. More information is now available on the Parking pages of the Councils website about both on- and off-street parking provisions, products, services and general information than was previously made available.

### Customer Complaints

Complaints about the Parking service have fallen for the fifth consecutive year, with 140 complaints registered in 2017-18, fewer than in the previous year. Significantly fewer complaints were received about the online permit and visitor parking system, as residents have become more familiar with using it. Over 90% of complaints were resolved at the first stage, investigated and responded to by the parking service itself.

Customers who remain dissatisfied after their complaint has been considered by the department can request a final review on behalf of the Chief Executive. Complaints escalation rate to final review was 5%, lower than the Council-wide escalation rate of 14%.

Parking Complaints	2013/14	2014/15	2015/16	2016/17	2017/18
No. of Complaints closed in year	337	205	164	146	140

Brent Council's customer care policy includes commitments to: acknowledge written enquires within five working days; respond to written enquiries within 10 working days; respond to all stage 1 complaints within 20 working days; and respond to all stage 2 complaints within 30 working days.

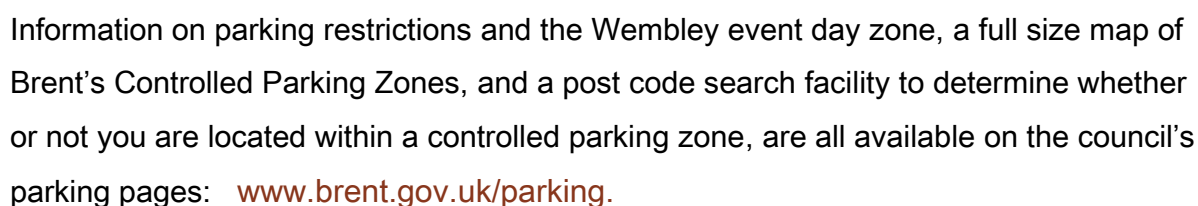
### Brent Contact Centre

Brent's main contact centre, for services such as parking bay suspensions and products, is administered through a combination of call operators and an interactive voice response (IVR) system. IVR is a technology that allows a computer to interact through the use of voice and tones input via the phone keypad allowing customers to be directed on how to



## 6. Parking Service

The Council manages 40 Controlled Parking Zones (CPZs) across the borough, serving 56,000 households with over 33,000 on-street parking spaces. Specific times of operation vary but the majority are in operation throughout the day, from Monday to either Friday or Saturday. Current shopping and business opening hours mean that in some areas there can be similar, and sometimes higher, levels of parking on Sundays and Bank Holidays than on normal weekdays or Saturdays. For this reason, parking controls apply on Sundays in a small number of locations.





Parking controls typically cover areas near high street locations or around tube or rail stations, for example in the vicinity of Wembley Stadium. CPZs are designed to prevent commuters from parking in residential streets, and encourage them instead to use pay and display facilities or use alternative means of transport. We aim to introduce on-street parking controls that will benefit residents and businesses alike.

The Council is aware of an increased demand for new CPZs in the borough, as well as requests for changes to existing CPZs and parking controls. In acknowledgement of this, the Council's Highways and Infrastructure service developed a programme for introducing new CPZs, reviewing existing CPZs, and introducing parking and loading restrictions where needed.

The programme commenced in 2017 and will be on-going. The service will prioritise areas where we receive numerous requests for changes, there is evidence of on-street parking pressures and a high level of public support. Details are available online in the Parking pages on the Brent Council website, in the section entitled "Have Your Say".

## Resident Permits

Resident permits are available to all residents who live in CPZs. Resident permit options are available for 24-month, 12-month, 6-month or 3-month periods. The new twenty-four month permit option was introduced in April 2017 and offers a slight reduction compared to the cost of the annual permit. Permits are priced according to the vehicle's carbon emission levels and the number of permits issued to each household, up to a maximum of three.

In April 2017, the emission-based banding scheme for resident parking permits was simplified to just 3 categories - for *low emissions* (less than 110 gCO<sub>2</sub>/km), *standard emissions* (110-200 gCO<sub>2</sub>/km) and *high emissions* (201+ gCO<sub>2</sub>/km) vehicles.

Prior to the simplification, the resident permit scheme had 7 categories of vehicle. It was considered that the high number of categories provided a lack of clarity in steering motorists to choose vehicles which produce a lower level of carbon emissions.

Permits Issued	2014/15	2015/16	2016/17	2017/18
Resident Permits	34,427	31,132	31,098	33,450

## Visitor Parking

Residents can purchase visitor parking credits either over the telephone, by SMS, or online by logging into their parking account.

The introduction of new visitor parking charges in all Controlled Parking Zone (CPZ) areas came into effect on 29<sup>th</sup> November 2016, offering a £1.50 charge for up to 2 hours, a £3 charge for up to 4 hours, and a £4.50 charge for 'all-day' visitor parking of over 4 hours.

Permits Issued (to '000)	2014/15	2015/16	2016/17	2017/18
Visitor Parking	411,000	451,000	420,000	272,000

Following this reform, excess demand has been significantly reduced. This has released on-street parking space for residents, businesses and visitors who need to travel by car.

Households not located in a CPZ, but which fall within the Wembley Event Day Protective Parking Scheme, are able to purchase an Event Day Visitor permit. A total of 7,231 Event Day Resident, Business, Visitor and place of Worship permits were issued in 2017/18.

## Business Permits

Business and business livery permits are available to businesses that have premises within a CPZ. Permits are priced at a flat rate. Business are permitted to purchase up to three permits, with an option to purchase an annual, 6 month or 3 month permit. From April 2017, schools within CPZs were also able to purchase up to 3 business permits. Business permit volumes for 2017-18 include school staff permits and the recently introduced first Business only CPZ in the Lower Place Industrial Estate.

Permits Issued	2014/15	2015/16	2016/17	2017/18
Business Permits	627	589	691	788

## Other Permit Products

The council offers a number of other permits. These include permits for disabled persons, Doctors, Event Days, Places of Worship, temporary, courtesy, replacement and special permits. There is also an Essential Users Permit; this scheme enables staff working for accredited public sector and charitable organisations to park a vehicle in a CPZ whilst carrying out official duties.

## Suspensions and Dispensations

Parking bay suspensions and dispensations facilitate large deliveries to residential properties, and allow residents to move into or away from the borough with as little inconvenience as possible. The Council will also consider any special requests made by residents, places of worship or funeral directors, regarding parking arrangements for funerals or weddings. There is a limit to the permitted number of vehicles allowed but no charge is made for the service.

The temporary suspension of a parking bay reserves a specific bay or bays for use on a specified day, or part of a day, by a specified vehicle. A request for suspension must be made by completing the suspensions application form that is available online and must be done at least 7 working days in advance. The charge for parking suspensions is £46 per bay, per day. If granted, the council will post notices in advance alerting motorists of when the bays will be suspended. Additional charges may also apply, details of which are available on the Councils website.

A dispensation temporarily allows parking in a location that is ordinarily not possible, for a maximum dispensation of four hours in every 24 hour period. A request for dispensation must be made by completing the dispensations application form that is available online and must be done at least 3 working days in advance. The charge for dispensations on Single Yellow lines is £28 per period (maximum of 4 hours); Double Yellow lines, £53 per period (maximum of 4 hours). An additional fee of £23 will be charged for applications received less than three working days in advance. If granted, the council will issue a permit that must be displayed in the windscreen on the authorised vehicle.

Currently, applications for both parking suspensions and dispensations require the completion of a form that is emailed to [parking.suspensions@brent.gov.uk](mailto:parking.suspensions@brent.gov.uk) and processed manually. The service has recently initiated a project that will eventually allow customers to make the application online.



## 7. On-street Parking

The council provides on-street pay and display parking bays to facilitate parking for visitors to town centres and other destinations, helping to support economic activity in the borough.

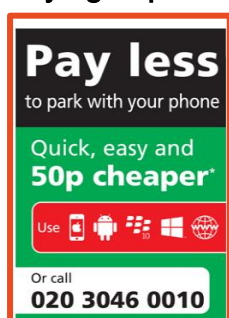
Pay and display machines are located across the borough near shops and businesses, allowing residents and visitors to park during operational hours. The general principle underpinning on-street pay and display parking is to provide a quick turn-over of spaces, allowing easy access for motorists who wish to make short visits to shop or conduct business; and therefore park near to their destination.

Pricing policy seeks to ensure that there is a regular turnover of parking spaces. Pay & Display bay charges were last set in 2013. Motorists pay a uniform set of charges across the borough; 20p for up to 15 minutes; and then £1 for 30 minutes, £2 for one hour, £4 for 2 hours, £6 for 3 hours, and £8 for 4 hours. By April 2017 all of our 549 operational machines had been adapted to accept the new £1 coin.

The Council has a number of pay and display locations throughout the Borough. As demand for paying by mobile phone increases, and payments by cash decrease, some areas no longer require as many pay and display machines. The service has identified a total of 136 machines as being very under-utilised. These have since been bagged, awaiting removal scheduled now during 2018.

A planned maintenance programme of the pay and display machines ensures the machines are regularly checked and cleaned. There are occasions when faults develop. In 2017-18 we responded to 98% of machine faults within our target 24hr response time.

### Paying to park by mobile phone and tablets



The option to pay for parking sessions using mobile technology and a debit/credit card has been available in Brent since 2009. The service is provided by a specialist company, RingGo, and is available in all of the council's car parks and on-street pay and display bays.

Once a RingGo account has been created and a vehicle is registered to pay for parking sessions, the booking of sessions is automated and requires no cash or displaying of a ticket in the windscreen. On confirmation of location number and payment, the handheld devices used by CEOs are updated, indicating that parking has been paid for. The RingGo service extends beyond Brent to 18 other London boroughs, a number of District and County Councils and at various locations across the country.

Parking via RingGo in Brent is 50 pence cheaper than making a cash payment. In addition, the option for text reminders when parking sessions are due to expire enables the motorist to extend parking time, wherever they are, by making a simple phone call or using the RingGo application on their device. In 2017-18 total income from on-street parking was £4.4m, compared to £4.16m in 2016-17.

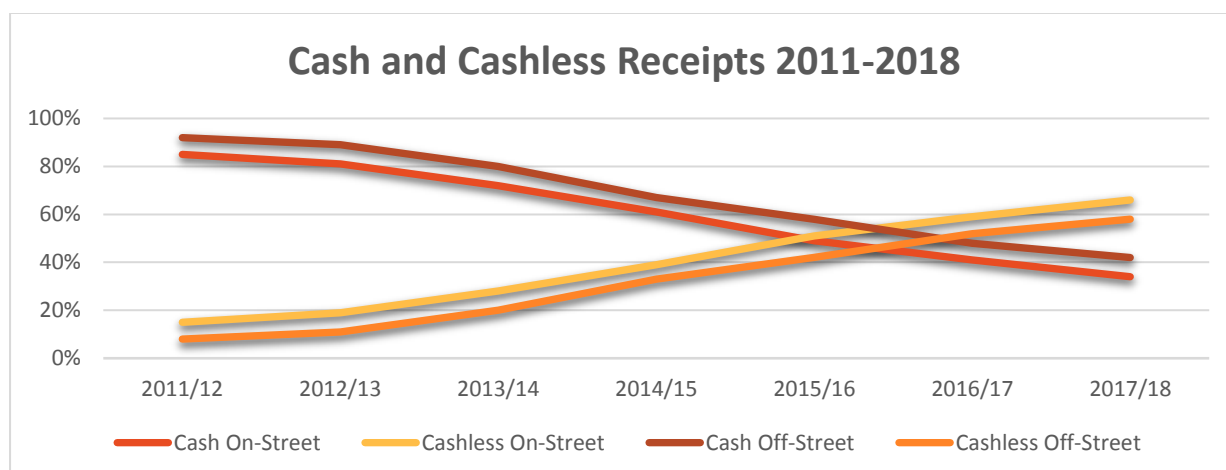
Demand for pay to park by mobile technology continues to grow strongly year on year. In 2017-18 this accounted for 66% of on-street parking space sales and 58% of our off-street sales, compared to 59% and 52% respectively in 2016-17.

#### On-Street Sales (Pay & Display Machines)

On-Street	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
% revenue in cash	81%	72%	61%	49%	41%	34%
% revenue cashless	19%	28%	39%	51%	59%	66%

#### Off-Street Sales (Car Parks)

Off-Street	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
% revenue in cash	89%	80%	67%	58%	48%	42%
% revenue cashless	11%	20%	33%	42%	52%	58%



## 8. Off-street Parking



The Council operates 11 public car parks across the borough. These car parks provide a combined total of 714 spaces.

Eight car parks have secured the *Park Mark* Award. *Park Mark* aims to reduce crime and the fear of crime within parking facilities through the achievement of high standards in lighting, signage, cleanliness and surveillance.



In 2017-18, income from off-street parking increased to £542,000 compared to £447,000 the previous year. This increase is a combination of motorists using the car parks as a safe and reliable place to park their vehicles following the improvements to achieve the Park Mark status; the introduction of season tickets in four car parks; and the addition of pre-booked parking sessions on Wembley Event days in three car parks. The increase in off-street parking assists in relieving the pressure of on-street parking spaces.

### Off-street parking spaces

Car Park	Number of spaces							
	Car spaces	Disabled spaces	Business spaces	P2W spaces	Parent / child spaces	Electric Vehicle spaces	TOTAL spaces	
Barham Park	15	0	0	0	0	0	15	
Disraeli Road	74	0	0	0	0	0	74	✓
Elm Road	96	4	0	0	0	0	100	✓
Kingsbury Road	25	4	15	4	0	0	48	✓
Lonsdale Avenue	33	0	0	0	0	0	33	✓
Neasden Town Centre	38	0	0	0	0	0	38	✓
Northwick Park	93	3	0	0	0	0	96	✓
Preston Road	155	3	0	0	4	2	164	✓
Salisbury Road *	29	1	11	0	0	0	41	
St. Johns Road	67	3	0	6	0	2	78	✓
Wendover Road	25	0	0	0	0	2	27	
<b>Total Spaces</b>	<b>650</b>	<b>18</b>	<b>26</b>	<b>10</b>	<b>4</b>	<b>6</b>	<b>714</b>	

\* Planned closure of car park anticipated late 2018.

## Wembley Event Day Parking

Between 8am and midnight, parking restrictions operate on Event days within the Wembley Stadium Event Day Protective Parking Scheme area. The best way to visit Wembley Stadium is to plan your journey by public transport. For those who wish to drive and park their vehicle, the council introduced pre-booked parking sessions on Wembley Event days in the following three car parks:

		
10 minute walk to stadium 65 spaces £20.00	10 minute walk to stadium 20 Spaces £20.00	20 minute walk to stadium 190 Spaces £10.00

*Event day parking; prices correct at time of publication (Sept. 2018)*

*Please visit <https://www.brent.gov.uk/eventdayparking>*

These car parks offer safe, secure parking for your car within a short walk of Wembley Stadium. The Wembley event day ticket can be booked in advance of the event online providing an easy and convenient option.

## Brent Car Park Season Tickets

The council offers an annual season ticket in four of its car parks, Elm Road; located off Wembley High Road and close to Wembley Central Tube Station (Bakerloo line, London Overground, National Rail), Preston Road; by Preston Road Tube Station (Metropolitan line), Northwick Park; close to South Kenton Station (Bakerloo and Overground) as well as Northwick Park Hospital and Disraeli Road.

These car parks were selected for their close proximity to hospitals, high streets and/or tube stations, offering a safe and convenient place to park whilst encouraging better use of the council's off-street parking provisions and alleviating pressure for on-street parking spaces.



## 9. Financial Information

An important purpose of the Annual Report is to meet a key requirement set out in the 2015 Statutory Guidance issued under the Traffic Management Act 2004. This is to provide financial information relating to all aspects of parking enforcement operations including the number of PCNs issued, the number of PCNs paid, the income and expenditure related to the enforcement activities recorded in the Parking Account, and how the surplus on the Account has been, or will be spent.

### Account Summary 2017-2018

Overall the Parking service fully met the expectations set out in the Council's agreed budget for 2017-18. The net surplus on the Parking account increased by over 7%, from £11,724m in 2016-17 to £12.572m in 2017-18. The service raised £0.306m more revenue in 2017-18 than was originally anticipated in budget planning.

	2015-2016		2016-2017		2017-2018	
<i>All figures rounded to the nearest £000</i>	Expenditure (£000)	Income (£000)	Expenditure (£000)	Income (£000)	Expenditure (£000)	Income (£000)
Parking Administration	1,602	-88	4,532*	-	2,576	-263
Parking Projects	255	-	329	-	260	-
On-Street Parking	376	-3,885	157	-4,174	247	-4,408
Off-Street Car Parks	75	-403	82	-447	99	-542
Parking Enforcement	5,883	-14,263	2,515*	-15,039	4,992	-15,883
London Bus Initiative	328	-	323	-	350	-
<b>Total</b>	<b>8,520</b>	<b>-18,639</b>	<b>7,937</b>	<b>-19,660</b>	<b>8,524**</b>	<b>-21,096</b>
<b>Net Surplus</b>		<b>-10,119</b>		<b>-11,724</b>		<b>-12,572</b>

\* Accounting changes in place during 2016/17 altered the balance of expenditure between 'enforcement' and 'administration'. 2017/18 accounting practice was realigned with that in place during 2015/16 and these two years are directly comparable.

\*\*Total expenditure of £8.524m in 2017-18 includes a movement of £330,000 to a reserve account. The Reserve will facilitate conclusion of projects and installation of enforcement cameras that the service was unable to complete before the 2017-18 financial year end.



## Surplus

The use of any surplus in the account is governed by Section 55 of the Road Traffic Regulation Act 1984. The legislation specifies that the surplus may be used for the following:

- i. making good to the General Fund any deficits incurred in the On-Street Parking Account during the previous four years;*
- ii. meeting the cost of the provision and maintenance of off-street car parking in the Borough, or in another Local Authority.*

If, however, it is considered unnecessary to provide further off-street parking in the area, the surplus may then be used to fund any of the following:

- i. Public passenger transport services;*
- ii. Highway improvement works;*
- iii. Highway maintenance, or*
- iv. The costs of anything that has the approval of the Mayor of London and which facilitates the implementation of the Mayor's transport strategy.*
- v. Environmental improvement works.*

The whole £12,572m net surplus on the parking account in 2017-18 has been allocated to assist in meeting the cost of concessionary fares, as shown below:

	2014-2015	2015-2016	2016-17	2017-18
	Transfer (£000*)	Transfer (£000*)	Transfer (£000*)	Transfer (£000*)
Transportation service	2,091	2,091	-	-
Additional pothole repairs	-	200	-	-
Concessionary Fares	6,866	7,828	11,724	12,572
Final Surplus	NIL	NIL	NIL	NIL

*\* Figures rounded to the nearest thousand.*



Concessionary fares expenditure includes a contribution from the Parking surplus to the cost of offering the Freedom Pass, which provides users free travel on most public transport in London for those that meet the disability eligibility or age criteria.

The surplus generated does not cover the full expenditure that the Council incurred on concessionary fares. The total cost to the council for offering this service to its residents in 2017-18 was £16,157m; the Parking Account surplus contributed 78% towards this cost.

## 10. Debt Recovery

Of the 190,737 PCNs issued in 2017-2018, 131,935 were paid by 31<sup>st</sup> March 2018, an overall recovery rate in-year of 70%. By October 2018, the percentage of PCNs paid that were issued in 2017/18 is expected to eventually rise to 71%.

Debt owed by motorists following the issuance of a Penalty Charge Notice can take anything up to three years, though the significant majority of debt is collected within the first 12 months following the issuance of a PCN. The timing of payments will be influenced by whether motorists have confidence that the PCN has been correctly issued, and the speed and quality of the statutory appeals processes that motorists have access to. A proportion of PCNs issued will never be collected: 25-30% is typical within the U.K. This includes all the PCN challenges which are successful, some of which are not resolved until the independent tribunal stage. Other factors which influence difficulty of collection include PCNs issued to foreign-registered vehicles, persistent non-payers, and debt which simply proves to be untraceable after all debt collection avenues have been pursued; commonly this is due to inaccurate DVLA vehicle ownership data, often the result of deliberate evasion

The average yield per PCN has increased from £51.50 in 2016-17 to £52.00 in 2017-18. The increase in average yield is a result of continued improvements in the quality of PCNs issued and in the collection of outstanding debt. This continued performance is due to a better standard of evidence collected to support PCNs, improvements in PCN processing, and a closer relationship with the council's Civil Enforcement Agents (bailiffs) following the appointment of a dedicated Debt Recovery Officer.

## 11. Future Developments

In 2018-19 the service is working with the Council's Web Team to review the content, accessibility, information, design and products available online. The review will lead to further enhancements with the aim of increasing the search parameters in order to allow customers to access the information or the service quickly.

A major project to replace the current PCN IT system (Si-Dem) with a new IT system (Taranto) has been initiated, and project work with our delivery partners is under way.

A specific £202k reserve has been created to fund the installation of additional moving traffic enforcement CCTV cameras, to encourage compliance at key locations that continue to pose a safety concern. An additional project reserve of £126k will be utilised to ensure that projects, such as the disconnection and removal of redundant pay & display machines, can be completed successfully.

### Plans for 2018-2019 include:

Replacement of old or damaged pay & display machines with new ones.

Review of the deployment plan to achieve improved efficiency in areas with increased enforcement across the borough through the deployment of more CEOs.

The introduction of a specialist CEO team to specifically focus on hotspot areas to better manage areas of high non-compliance.

Consultation with residents on proposed plans to introduce a higher diesel surcharge on the price of resident permits. The purpose of this would be to provide a stronger steer to vehicle owners to consider a switch to less polluting vehicles, given the increased health risks caused by air pollution from vehicles with diesel engines.

We will also be consulting residents regarding some proposed changes to parking charges and the management of on-street parking in Controlled Parking Zones across the borough and a proposed change to the Wembley Stadium Event Day Protective Parking Scheme.

## 12. Useful Links

### Brent Council Website

[www.brent.gov.uk](http://www.brent.gov.uk)

### Brent Councils Parking Home Page

<https://www.brent.gov.uk/services-for-residents/parking/>

### London Borough of Brent 2015 Parking Strategy

<https://www.brent.gov.uk/media/16403337/parking-strategy-2015.pdf>

### Previous Year's Parking Annual Reports

<https://www.brent.gov.uk/your-council/transparency-in-brent/performance-and-spending/council-performance/parking-service-annual-report/>

### London Councils Parking Services


<http://www.londoncouncils.gov.uk/services/parking-services>

### The Secretary of State's Statutory Guidance to Local Authorities on the Civil Enforcement of Parking Contraventions

[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/479849/final-statutory-guidance.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/479849/final-statutory-guidance.pdf)



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 <b>Brent</b>	<b>Cabinet</b> 12 September 2018
	<b>Report from the Strategic Director of Resources</b>
<b>Contingency planning for the Council's Benefits Service: Authorisation of Third Parties to determine Housing Benefit, Council Tax Benefit and Council Tax Support Claims</b>	

<b>Wards Affected:</b>	All
<b>Key or Non-Key Decision:</b>	Non-Key
<b>Open or Part/Fully Exempt:</b> <small>(If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)</small>	Open
<b>No. of Appendices:</b>	None
<b>Background Papers:</b>	None
<b>Contact Officer(s):</b> <small>(Name, Title, Contact Details)</small>	David Oates Head of Customer Services Operations Email: <a href="mailto:David.Oates@brent.gov.uk">David.Oates@brent.gov.uk</a> Tel: 07867 184130

## 1.0 Purpose of the Report

- 1.1 This report seeks agreement for the provision of cost-effective resilience for Brent's Benefits Service against peaks in workload and staff turnover during a period of potential instability caused by the rollout of the full Universal Credit service, due to start in November. This will enable a small proportion of Benefits work to be undertaken by a third party, which will mitigate the risk of the Service not being able to respond to demand, and ensure that residents get benefit decisions in a timely way. Cabinet is therefore asked to authorise for decisions on Housing Benefit, Council Tax Benefit and Council Tax Support claims to be made by a third party service provider within the scope of the recommendations set out in Section 2.0 below and as further set out within this report.

## 2.0 Recommendation(s)

**It is recommended that:**

- 2.1 Authority be given to permit a third party service provider to make decisions relating to Housing Benefit (HB), Council Tax Benefit (CTB) and Council Tax Support (CTS) claims and associated Council Tax matters concerning discounts and liability, for the purposes set out within this report where the

appropriate approvals have been obtained in compliance with Council standing orders and financial regulations.

- 2.2 Delegated authority be given to the Strategic Director of Resources in consultation with the Lead Member to authorise a third party service provider to make decisions relating to Housing Benefit, Council Tax Benefit and Council Tax Support claims and associated Council Tax matters concerning discounts and liability for any other specific and ad-hoc purposes that may arise subsequent to the circumstances set out within this report subject to the appropriate approvals being obtained in compliance with Council standing orders and financial regulations.

### **3.0 Detail**

- 3.1 The Universal Credit (UC) full service is scheduled to rollout in Brent from November 2018, with full working-age Housing Benefit claim migration to the Department for Work and Pensions (DWP) potentially not being completed until March 2023. There is a significant risk to the Benefit Service during this time in that assessment staff may seek alternative employment, requiring the service to engage temporary staff on an ad hoc basis to meet demand. We may lose capacity within the service faster than demand decreases and the time and cost of engaging temporary staff to cover is unlikely to provide the best level of service to residents. This is a particular risk given the high level of uncertainty and change which the UC programme has already been subject to.
- 3.2 Brent Customer Services (BCS) has already seen an increase in assessor turnover in recent months and we would like to be able to access a framework agreement to procure assistance with claim processing and mitigation against this risk. A framework arrangement with an offsite provider enables a contingency plan which can respond in a more timely and cost-effective manner to demand peaks or resource shortages, than traditional alternatives to these pressures, e.g. the direct employment of agency staff, and thus provides further protection for Housing Benefit claimants to continue to receive a responsive service from the Council.
- 3.3 Benefit determinations by third parties are subject to a minimum 10 per cent quality assurance check which provides further reassurance for the accuracy of any work undertaken in this way.
- 3.4 This type of arrangement is already used in a number of other London boroughs including, for example: Tower Hamlets, Waltham Forest and Greenwich.
- 3.5 Housing Benefit and Council Tax Benefit claim decisions are a function generally reserved for Local Authorities. However, the Deregulation and Contracting Out Act 1994 and the Contracting Out (Functions of Local Authorities: Income-Related Benefits) Order 2002 provide that such a function may also be exercised by such persons as the authority may authorise.
- 3.6 Additionally, Council Tax Support claim decisions and Council Tax matters are a function reserved for Local Authorities. However, under the Local Authorities (Contracting Out of Billing, Collection and Enforcement Functions) Order 1996,



as amended, such a function may also be exercised by such persons as the authority may authorise.

- 3.7 Under the Brent constitution, such an authorisation referred to in paragraphs 3.2 and 3.3 above, is a matter reserved for Cabinet decision and in order to facilitate the use of third party assistance to process Benefit claims and make decisions regarding these, prior Cabinet approval is required.
- 3.8 The recommendations set out within this report do not extend to an approval to access and use the relevant framework agreement referred to in paragraph 3.2 above, which is instead subject to separate delegated authorities to specified officers under the Brent constitution.

#### **4.0 Financial Implications**

- 4.1 There are no financial implications arising from the recommendations proposed within this report, as these concern a general permission for third parties to make decisions concerning Housing Benefit, Council Tax Benefit and Council Tax Support. The call off of any services required from the framework agreement referred to in paragraph 3.2 above will have financial implications that will be considered as part of the contract award approval process under Officer delegated powers.

#### **5.0 Legal Implications**

- 5.1 The provisions regarding Housing Benefit and Council Tax Benefit decision making are regulated by virtue of the Deregulation and Contracting Out Act 1994 and the Contracting Out (Functions of Local Authorities: Income-Related Benefits) Order 2002.
- 5.2 The provisions regarding Council Tax Support decision making and Council Tax matters are regulated by the Local Authorities (Contracting Out of Billing, Collection and Enforcement Functions) Order 1996, as amended,
- 5.3 These provide in general terms that aside from some specified statutory obligations reserved exclusively for a Local Authority, decisions on claims relating to Housing Benefit, the former national Council Tax Benefit scheme and Council Tax Support and Council Tax matters, may be exercised by such persons as the authority may authorise.
- 5.4 Brent Council's constitution provides that the authorisation of such persons to make decisions on claims as referred to in paragraph 5.3 above is a matter that is reserved for Cabinet decision.
- 5.5 Article 4 of the Contracting Out (Functions of Local Authorities: Income-Related Benefits) Order 2002 requires that an authorisation involving decisions on claims must include a requirement for the authorised person to provide the Local Authority with a random sample of not less than 10 per cent of decisions on claims and that the authorisation is subject to the inclusion of that requirement.

- 5.6 The statutory provisions concerning claim decisions referred to within this section of the report must therefore be subject to Cabinet approval. Additionally, the provisions of paragraph 5.5 above must be included within any authorisation given to a third party supplier for the purpose of making decisions on Housing Benefit and Council Tax Benefit claims. Such a requirement is not however needed for Council Tax Support claims.

## **6.0 Equality Implications**

- 6.1 There are no equality implications arising from the recommendations set out within this report.

## **7.0 Consultation with Ward Members and Stakeholders**


- 7.1 As this report affects all wards, consultation with specific ward members has not been conducted. As service delivery will remain unchanged for Brent residents, consultation with Brent stakeholders has not been conducted.

## **8.0 Human Resources/Property Implications (if appropriate)**

- 8.1 There are no HR implications arising from the recommendations set out within this report.

### **Report sign off:**

**Althea Loderick**  
Strategic Director of Resources

	<b>Cabinet</b> 12 September 2018
	<b>Report from the Chief Finance Officer</b>
<b>2017/18 Treasury Management Outturn Report</b>	

<b>Wards Affected:</b>	All
<b>Key or Non-Key Decision:</b>	Key
<b>Open or Part/Fully Exempt:</b> <small>(If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)</small>	Open
<b>No. of Appendices:</b>	Two: <ul style="list-style-type: none"> <li>Debt and Investment Portfolio Position 31/3/2018</li> <li>Prudential Indicators</li> </ul>
<b>Background Papers:</b>	N/A
<b>Contact Officer(s):</b> <small>(Name, Title, Contact Details)</small>	Daniel Omisore Head of Finance Email: <a href="mailto:Daniel.Omisore@brent.gov.uk">Daniel.Omisore@brent.gov.uk</a> Tel: 020 8937 3057

## 1.0 Purpose of the Report

- 1.1 This report updates members on Treasury Management activity and confirms that the Council has complied with its Prudential Indicators for 2017/18.

## 2.0 Recommendation

- 2.1 Cabinet is asked to consider the 2017/18 Treasury Management outturn report, and ask that it be forwarded to Council, in compliance with CIPFA's Code of Practice on Treasury Management (the Code).

### **3.0 Detail**

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

#### **Economic background**

- 3.4 The UK grew at the same pace in 2017 as in 2016 however the latest estimates showed signs of slowing. Q1 2018 GDP showed year-on-year growth of 1.2% but quarterly growth of just 0.1%. Services and production grew in Q1 with agricultural and construction output decreasing. Consumer Price Index (CPI) has increased to 3.1% in November due to the weakness of the pound but has since fallen back to 2.4% at the time of writing. The Bank of England has indicated that it would like inflation to return to its 2% target over the next 18 to 24 months. Employment is currently at a record level of 75.6% of the working age population with the number of people in work increasing through the year. The unemployment rate fell to 4.2% from 4.6% a year earlier. Real wage growth remained negative for most of the year only turning positive at the end of the year.
- 3.5 Political events have continued to give rise to a very uncertain environment. Economic activity has gained momentum in the Eurozone and the US economy continues to grow steadily. However, this is balanced off against uncertainties over Brexit in the UK, geopolitical tensions and the imposition of tariffs initiated by the US. Therefore it is difficult to forecast what effect this will have on the way the UK economy develops.

#### **Gilt Yields and Money Market Rates**

- 3.6 Gilt yields (the rate of interest on UK government borrowing) showed significant volatility through the year. They fell in the first quarter of 2017/18 and then rose

in the third and final quarters. 10 year yields ended the year at 1.35% and 20 years at 1.70% both higher than at the start of the year.

- 3.7 Interest rates on short term inter-bank lending rose as a result of the increase in the bank rate.

### **The Borrowing Requirement and Debt Management**

- 3.8 The table below summarises the Council's borrowing activity during 2017/18. The Council's underlying need to borrow as measured by the Capital Financing Requirement (CFR) was £665m at 31/03/2018.

	<b>Balance 01/04/2017 (£m)</b>	<b>New Borrowing (£m)</b>	<b>Borrowing Repaid (£m)</b>	<b>Balance 31/03/2018 (£m)</b>	<b>Average Rate (%)</b>	<b>Average Life (Years)</b>
<b>CFR</b>	<b>581</b>			<b>665</b>		
<b>Short Term Borrowing</b>	<b>0</b>	51	30	<b>21</b>	0.57	0
<b>Long Term Borrowing</b>	<b>415</b>	0	4	<b>411</b>	4.82	34.6

- 3.9 At 1 April 2017 the Council had £415 million of long-term borrowing, to finance its previous years' capital programmes. With short-term interest rates being much lower than long-term rates, it was more cost effective in the short-term to use internal resources rather than undertake further long-term borrowing. By doing so, the Council has been able to reduce net borrowing costs and reduced overall treasury risk as overall long-term borrowing has been reduced slightly.
- 3.10 Temporary borrowing was used during the year at times of low cash balances to maintain liquidity. The average rate on long term borrowing of 4.82% was higher than last year's rate of 4.79% and this was due to the redemption of £4m of PWLB loans that are paid back steadily over their lifetime.
- 3.11 If the Council were to repay its long term borrowing this would involve paying a premium to compensate PWLB for their inability to relend the money at the rate at which they have financed the loan. For example, the Council's most expensive loan is £3.05m at a rate of 8.875%, to repay it would cost £0.781m, a 26% premium on the value of the loan before the cost of re-financing. In short, the cost of re-financing our loans under the Government's punitive approach means is not economical. However this analysis might change if interest rates returned to historically normal levels.

- 3.12 The Treasury Management Strategy approved by the Council in February 2017 states that the Council will maintain borrowing at the lowest level consistent with prudent management of the Council's finances. This implies that, at present discount rates, we will not undertake premature repayment of debt but that, in conjunction with our Treasury Management advisers, Arlingclose, we will remain abreast of developments and be prepared to borrow up to the level of CFR if a significant permanent rate rise appears likely. These circumstances did not arise during the year.
- 3.13 The Authority has £80.5m exposure to LOBO loans (Lender's Option Borrower's Option) of which £10m of these can be "called" within 2018/19.
- 3.14 Under the LOBO arrangements lenders can exercise their rights at set times to amend the interest rate on the loan. At that point, the Borrower can accept the revised terms or reject them and repay the loan without penalty. LOBO loans present a potential refinancing risk to the Authority since the decision to call a LOBO is entirely at the lender's discretion. This risk is mitigated by the fact that the Council's current cash holdings mean that any repayment could be accommodated by reducing deposits. It is also unlikely that LOBO loans will be called at the present time due to low interest rates – this may change in the future if rates rise.
- 3.15 Any LOBOs called will be discussed with Arlingclose prior to acceptance of any revised terms. The default position will be the repayment of the LOBO without penalty i.e. the revised terms will not be accepted.
- 3.16 There are complex arguments made about LOBOs, by their supporters and by their detractors. The Council's position is simply that the LOBOs are part of its portfolio, and must therefore be managed as effectively as possible. There are no plans to enter into further LOBO contracts. However, it should be noted that the average rate of interest being paid on LOBOs is little different to that on PWLB debt (4.87% compared to 4.80% at 31 March). The most expensive LOBO was at 7.386% on 31 March 2018, compared with the most expensive PWLB at 8.875%.

### **Forward Borrowing**

- 3.17 The Council is currently reviewing the feasibility of taking out forward loans to fund the burgeoning capital programme. Options are available to fix the rate now for a period of up to five years in advance. This would allow the Council to maintain a short term, cheap position, with the added comfort of fixed rate loans being drawn down in the future in parallel with our capital commitments.
- 3.18 The risks are, once committed the funds must be taken and the market rates could potentially be cheaper in future although this is unlikely with current

interest rates being so low. The Treasury function is currently looking at options with our advisers and are in active discussions with potential lending institutions. A detailed report setting out those considerations is included elsewhere on the agenda.

### **Investment Activity**

- 3.19 Both CIPFA and the CLG Investment Guidance require the Council to invest prudently and have regard to the security and liquidity of investments before seeking the optimum yield. The table below summarizes investment activity during 2017/18.

<b>Investments</b>	<b>Balance on 01/04/2017 (£m)</b>	<b>Investments made (£m)</b>	<b>Investments repaid (£m)</b>	<b>Balance on 31/03/2018 (£m)</b>	<b>Average Rate on 31/03/2018 (%)</b>
<b>Fixed Term Deposits</b>	151	221	267	105	0.48
<b>Marketable instruments</b>	0	15	15	0	n/a
<b>Money Market Funds and notice deposits</b>	16	736	717	35	0.43
<b>TOTAL INVESTMENTS</b>	<b>167</b>	<b>972</b>	<b>999</b>	<b>140</b>	<b>0.47</b>

- 3.20 Security of capital remained the Council's main investment objective. This was maintained by following the Council's counterparty policy as set out in its Treasury Management Strategy Statement for 2017/18 which defined "high credit quality organisations" as those having a long-term credit rating of A- or higher that are domiciled in the UK or overseas where the sovereign rating is AA+ or higher.
- 3.21 The growth of bail-in risk gave rise to the decision to restrict the maximum maturity with market financial institutions to three months and use only marketable instruments issued by them. Bail-in means that long-term loans in financial institutions are converted into equity (shares) that are not easily convertible for many years, preventing Brent from accessing the resources, and potentially giving them a hefty cut in their value.

- 3.22 New investments with banks and Building Societies have been undertaken by means of marketable instruments. The risk of bail in has recently declined for many UK institutions, but investment decisions still need to be made on a case by case basis.
- 3.23 Following the financial crisis and the increasing complexity of financial products the European Commission conducted a review of the existing Markets in Financial Instruments Directive (MiFID) regulations. The result of this review is the MiFID II regulations which took effect from January 2018. The main change from these regulations is that the council would be reclassified as a retail client with the opportunity to opt up to professional client status. As a retail client the council would have increased protection however this would be balanced against potentially higher fees and access to a more limited range of products. The Authority has met the conditions to opt up to professional status and has done so in order to maintain its status prior to January 2018.

#### **Credit developments and credit risk management**

- 3.24 The Council assessed and monitored counterparty credit quality with reference to credit ratings, credit default swaps (a means of insuring loans), perceived credit-worthiness of the country in which the institution is registered and its share price. The minimum long-term counterparty credit rating determined by the Council for the 2017/18 treasury strategy was A- across rating agencies Fitch, S&P and Moody's. The Council continues to monitor risks, with advice from Arlingclose. The Council did not make any deposits with institutions in the Eurozone during the year.

#### **Liquidity Management**

- 3.25 Combining changes to the regulatory environment and our adoption of a mainly three month lending limit, investments with financial institutions are now normally by means of purchasing 3 month Certificates of Deposit (CDs). Longer maturities with more attractive rates can be obtained from Local Authorities, though these will depend on being able to satisfy demand when it arises. At peak periods, mindful of the primacy of security as a criterion for decision making, substantial balances may be held in short term investments, particularly Money Market Funds. The use of short term borrowing at times of lower cash balances is judged to maintain a prudent balance between maintaining security and liquidity and achieving a reasonable yield on investments, this approach was required during February and March 2018.



## **Yield**

- 3.26 The UK Bank Rate increased to 0.50% in November 2017. Short term money market rates increased as a result but remained relatively low. This continued to have a significant impact on investment income. The average 3-month LIBID rate during 2017/18 was 0.39% and the 1-year LIBID rate averaged 0.69%. The low rates of return on the Council's short-dated money market investments reflect prevailing market conditions and the Council's objective of optimising returns commensurate with the principles of security and liquidity.
- 3.27 The Council's budgeted investment income for the year had been estimated at £1.4m. The average cash balance during 2017/18 was £179m during the period and interest earned was £0.7m, an average return of 0.41%. (2016/17 - £0.9m on an average cash balance of £199m or 0.52%).

## **Update on Investments with Icelandic Banks**

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

## **Compliance**

- 3.29 The Council confirms that it has complied with its Prudential Indicators for 2017/18, which were approved by the Council on 27 February 2017 as part of the Council's Treasury Management Strategy Statement.
- 3.30 In accordance with the requirements of the CIPFA Code of Practice this report provides members with a summary report of the treasury management activity during 2017/18. None of the Prudential Indicators have been breached and a prudent approach has been taken in relation to investment activity with priority being given to security and liquidity over yield. Further information is set out in Appendix 1 and 2.

## **Investment Training**

- 3.31 The needs of the Council's treasury management staff for training in investment management are kept under review and considered as part of the staff appraisal process, and additionally when the responsibilities of individual members of staff change.
- 3.32 During 2017/18 staff attended training courses, seminars and conferences provided by Arlingclose and CIPFA.

#### **4.0 Financial Implications**

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

#### **5.0 Legal Implications**

- 5.1 None identified.

#### **6.0 Equality Implications**

- 6.1 None identified.

#### **7.0 Consultation with Ward Members and Stakeholders**

- 7.1 On the 26 July 2018 the Audit & Advisory Standards Committee reviewed the contents of the Treasury Outturn report and resolved that it should be forwarded to Cabinet in compliance with the Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management.

#### **8.0 Human Resources/Property Implications (if appropriate)**

- 8.1 None identified.

**Report sign off:**

**CONRAD HALL**  
Chief Finance Officer

## Debt and Investment Portfolio Position 31/3/2018

	31/03/2018 Actual Portfolio £m	Average Rate as at 31/03/2018 %
<b>External Borrowing:</b>		
PWLB – Maturity	288	5
PWLB – Equal Instalments of Premium	27	2.6
Fixed Rate Market Loans	15	4.3
LOBO Loans	81	5
Short Term Borrowing	21	0.8
<b>Total External Borrowing</b>	<b>432</b>	<b>4.6</b>
<b>Other Long Term Liabilities:</b>		
PFI	29	9.5
<b>Total Gross External Debt</b>	<b>461</b>	<b>4.9</b>
<b>Investments:</b>		
Deposits	105	0.5
Money Market Funds	35	0.4
<b>Total Investments</b>	<b>140</b>	<b>0.5</b>
<b>Net Debt</b>	<b>321</b>	<b>6.9</b>

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### Prudential Indicators

#### (a) Capital Financing Requirement (CFR)

The Council's cumulative maximum external borrowing requirement for 2017/18 is shown in the table below:

<b>Capital Financing Requirement</b>	<b>31/03/2018 Estimate £m</b>	<b>31/03/2018 Actual £m</b>
General Fund	446	515
HRA	155	150
<b>Total CFR</b>	<b>601</b>	<b>665</b>

#### (b) Gross Debt and the Capital Financing Requirement:

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

<b>Debt</b>	<b>31/03/2018 Estimate £m</b>	<b>31/03/2018 Actual £m</b>
Borrowing	411	432
PFI liabilities	29	29
<b>Total Debt</b>	<b>440</b>	<b>461</b>
<b>Capital Financing Requirement</b>	<b>601</b>	<b>665</b>
<b>Borrowing in excess of CFR?</b>	No	No

#### (c) Authorised Limit and Operational Boundary for External Debt

The Operational Boundary for External Debt is based on the Council's estimate of most likely, i.e. prudent, but not worst case scenario for external debt. It links directly to the Council's estimates of capital expenditure, the capital financing requirement and cash flow requirements and is a key management tool for in-year monitoring. Other long-term liabilities comprise finance lease, Private Finance Initiative and other liabilities that are not borrowing but form part of the Council's debt.

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

The Director of Finance confirms that there were no breaches to the Authorised Limit and the Operational Boundary during 2017/18.

	<b>Operational Boundary (Approved)</b>	<b>Authorised Limit (Approved)</b>	<b>Actual External Debt 31/03/2018</b>
Borrowing			432
Other Long-term Liabilities			29
<b>Total</b>	<b>800</b>	<b>900</b>	<b>461</b>

**(d) Upper Limits for Fixed Interest Rate Exposure and Variable Interest Rate Exposure**

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

	<b>Approved Limits for 2017/18 Proportion %</b>	<b>Maximum during 2017/18 Proportion %</b>
<b>Upper Limit for Fixed Rate Exposure</b>	100	100
Compliance with Limits:	Yes	Yes
<b>Upper Limit for Variable Rate Exposure</b>	40	0
Compliance with Limits:	Yes	Yes

**(e) Maturity Structure of Fixed Rate Borrowing**

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

<b>Maturity Structure of Fixed Rate Borrowing</b>	<b>Upper Limit</b>	<b>Lower Limit</b>	<b>Actual Fixed Rate Borrowing at 31/03/2018 £m</b>	<b>% Fixed Rate Borrowing at 31/03/2018</b>	<b>Compliance with Set Limits?</b>
	<b>%</b>	<b>%</b>			
under 12 months	40	0	14	4	Yes
12 months and within 24 months	20	0	41	10	Yes
24 months and within 5 years	20	0	51	12	Yes
5 years and within 10 years	60	0	4	1	Yes
10 years and within 20 years	100	0	25	6	Yes
20 years and within 30 years	100	0	52	13	Yes
30 years and within 40 years	100	0	213	52	Yes
40 years and within 50 years	100	0	6	1	Yes
50 years and above	100	0	5	1	Yes

**(f) Capital Expenditure**

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

<b>Capital Expenditure</b>	<b>31/03/2018 Estimate £m</b>	<b>31/03/2018 Actual £m</b>
Non-HRA	150.6	132.0
HRA	67.7	49.2
<b>Total</b>	<b>218.3</b>	<b>181.2</b>

**(g) Ratio of Financing Costs to Net Revenue Stream**

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

Ratio of Financing Costs to Net Revenue Stream	31/03/2018 Estimate %	31/03/2018 Actual %
Non-HRA	5.6	5.1
HRA	13.8	15.4

**(h) Adoption of the CIPFA Treasury Management Code**

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

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

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

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

Upper Limit for Total Principal Sums Invested Over 364 Days	31/03/2018 Approved £m	31/03/2018 Actual £m
	40	0

**(j) HRA Limit on Indebtedness**

HRA Debt Cap (per MHCLG)	£199m	
	31/03/2018 Estimate £m	31/03/2018 Actual £m
HRA CFR	155	150

*\*The actual figures noted above are based on the draft accounts position and subject to revision*



 <b>Brent</b>	<p align="center"><b>Cabinet</b> 12 September 2018</p>
	<p align="center"><b>Report from the Chief Finance Officer</b></p>
<p align="center"><b>Brent Council Borrowing Strategy 2018/19 – 2020/21</b></p>	
<b>Wards Affected:</b>	All
<b>Key or Non-Key Decision:</b>	Key
<b>Open or Part/Fully Exempt:</b> <small>(If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)</small>	Open
<b>No. of Appendices:</b>	Two <ul style="list-style-type: none"> <li>• Three-Year Capital Programme 2017/18 to 2020/21</li> <li>• Treasury advisors economic and interest rate forecast</li> </ul>
<b>Background Papers:</b>	N/A
<b>Contact Officer(s):</b> <small>(Name, Title, Contact Details)</small>	Daniel Omisore Head of Finance Email: <a href="mailto:daniel.omisore@brent.gov.uk">daniel.omisore@brent.gov.uk</a> Tel: 020 8937 3057

## 1.0 Purpose of the Report

- 1.1 In February 2018 Cabinet endorsed an ambitious three-year (2018/19 - 2020/21) capital programme amounting to some £800m. This report sets out the likely medium to long term borrowing requirement for the Council partly arising from that decision and reaffirms the Council's approach to borrowing as set out in the Treasury Management Strategy whilst highlighting the potential risks and benefits of various options.
- 1.2 Up to this point the Council has adopted the strategy of funding capital investment from internal cash balances and delayed entering into borrowing commitments. However, as explained throughout the report, this approach, which has been highly cost effective for the last few years, is no longer sustainable as in the short to medium-term the Council will need raise in the order of £230m additional finance to continue with its capital investment plans. Given the scale of the programme this is likely to be the biggest single financial transaction the Council will have undertaken in a generation.

- 1.3 Not only is this decision important because of the sums involved but also the part the capital programme plays in delivering the Council's strategic objectives and its role as a lever in contributing to the level of revenue savings required over the next few years.
- 1.4 Analysis indicates that the Council has a borrowing requirement of £230m over the next 3 years, (2019/20 £62.4m and 2020/21 £166.6m).
- 1.5 The scenarios discussed in this paper are to a large extent based on the Council's views on interest rates supplemented with leading market forecasts provided by the Council's treasury advisors.
- 1.6 At the 26 July 2018 meeting of the Audit and Standards Advisory Committee, the borrowing strategy was endorsed including the various funding options set out in section 4.6, whilst noting that regardless of the borrowing approach taken all come with an element of risk.

## **2.0 Recommendations**

That Cabinet:

- 2.1 Note the Council's balance sheet analysis and estimated borrowing need as set out in section 5.
- 2.2 Approve the borrowing strategy as set out in this paper including the commencement of negotiations to agree a forward funding loan of up to £40m. See section 6.
- 2.3 Note that the actions recommended above are within the operational boundaries already agreed by Full Council when setting the Treasury Management Strategy for 2018/19 as part of the budget setting process.
- 2.4 Note that a copy of this report was presented to the Audit and Standards Advisory Committee in July for review and consideration. The comments the Audit and Standards Advisory Committee are shown in paragraph 1.6.

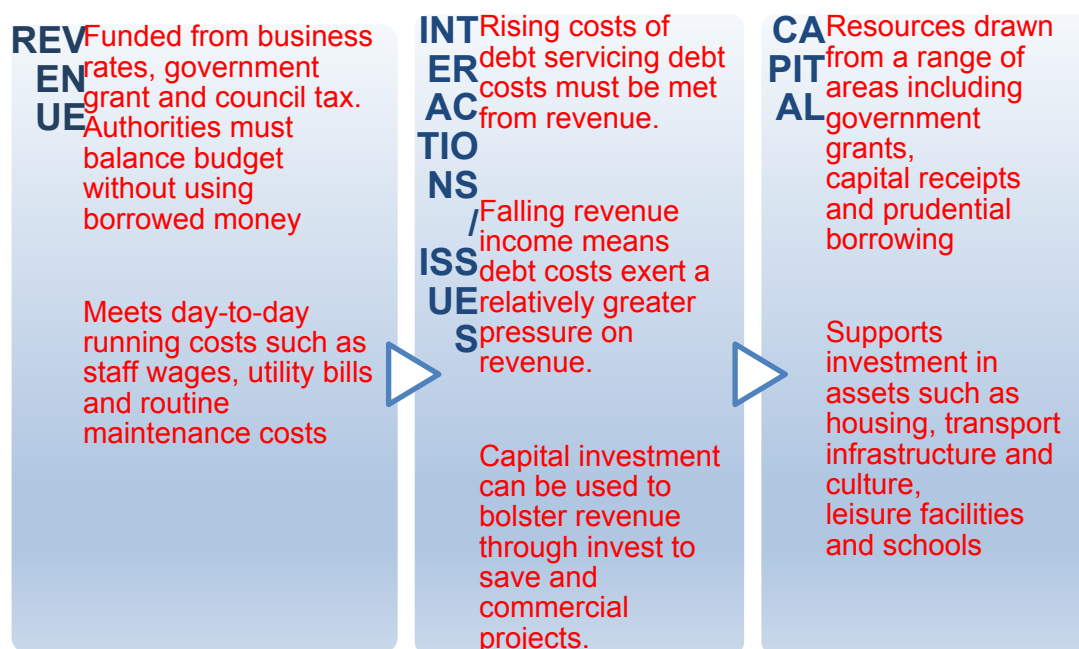
## **3.0 Detail**

- 3.1 The Council meets the costs of its statutory and discretionary services through a combination of revenue and capital expenditure. Revenue spending covers day-to-day costs such as payroll costs, heating and light. Capital expenditure relates to investments in assets such as buildings and roads. In 2017-18 the Council spent £181m on capital investments (2016-17 £102m).
- 3.2 A key difference between capital and revenue is that authorities can use long-term borrowing to support capital spending but not revenue spending. This gives Councils the freedom to invest in their asset bases and to pursue 'invest to save' schemes which can deliver revenue savings. However, Councils must ensure that borrowing is affordable and must meet debt servicing costs from

revenue. These processes are largely self-regulated within the framework of the prudential code for capital finance. (see section 9)

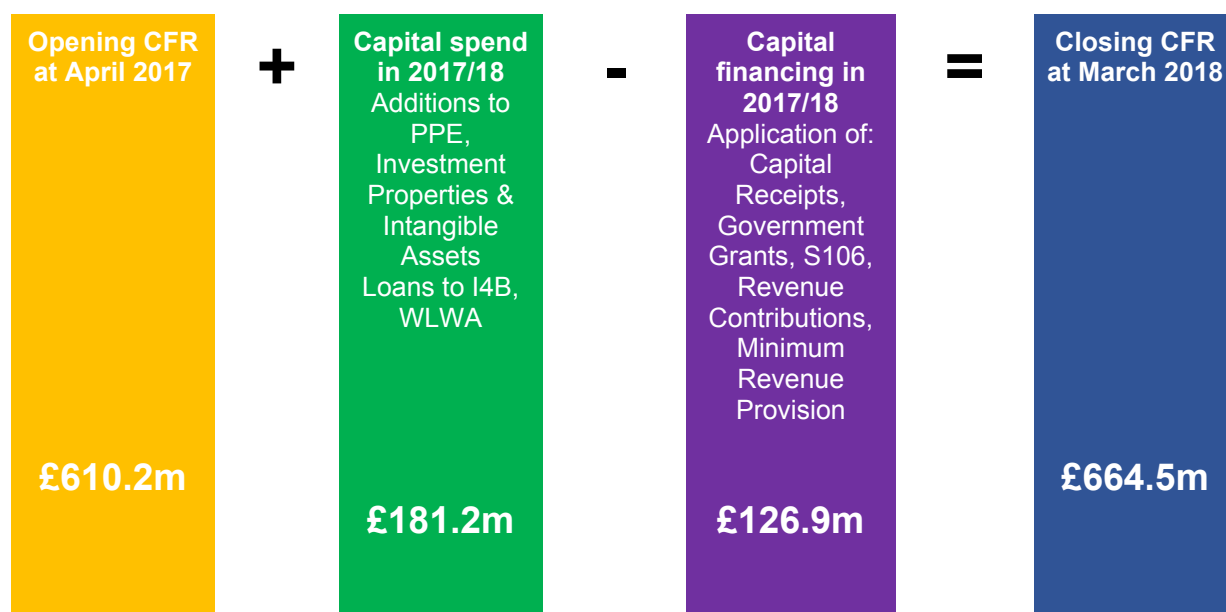
- 3.3 The linkages between capital and revenue expenditure are shown in figure 1 below.

Figure 1 - Capital & Revenue Expenditure Interaction



- 3.4 The prudential system for capital finance prescribes that any capital expenditure incurred must at the same time be financed by grants, revenue contributions, capital receipts, reserves or borrowing. Any capital expenditure not immediately financed by any of these sources gives rise to an increase in the Council's underlying need to borrow, otherwise known as the CFR (Capital Financing Requirement).

Figure 2 – Brent Council Capital Financing Requirement



- 3.5 At March 2018 the Council's balance sheet position included long-term borrowing of £410.6m and short-term investments amounting to £140.4m. At the same date the CFR (Capital Financing Requirement) or underlying need to borrow was £661.6m.

#### Treasury Management Strategy and its linkages with revenue savings

- 3.6 The difference between the Capital Financing Requirement and the current long term borrowing of the Council (£664.5m - £410.6m) is £253.9m. This reflects the effective strategy that has been pursued in recent years which has saved millions in capital financing interest and reduced the risk associated with holding large cash balances.
- 3.7 As the Capital Financing Requirement has not been fully funded with loan debt but by using cash reserves, balances and cash flow, this has used up £254m in cash that could have otherwise generated 0.45% (£1.1m) of investment interest income.
- 3.8 The Council could of course instead have chosen to borrow £254m up to its Capital Financing Requirement, however if this sum was borrowed for a duration of 25 years it would have cost approximately 2.45% or £6.2m a year from the PWLB (Public Works Loans Board). *In simple terms this means that the Council forgoes £1.1m in interest income whilst at the same time saving £6.2m in interest payable on borrowing. Capital financing costs of £5.1m per year have therefore successfully been avoided for several years.*
- 3.9 In the current economic environment where inflation has been relatively stable, the rate of interest on traditional investments is significantly lower than that on

borrowing and where there are associated counterparty risks, this has been a prudent approach whilst also providing value for money for the Council.

- 3.10 A key element of the Council's successful financial strategy has been to expand the capital investment programme and enable it to deliver substantial revenue savings (e.g. the NAIL and PRS acquisition programmes are forecast to save £3.9m over the next 2 years).
- 3.11 Looking further ahead there are plans to utilise CIL (Community Infrastructure Levy) receipts which are now reaching the level required to undertake major infrastructure projects and in Feb 2018 Cabinet recommended that, subject to the business case and proper due diligence, a further £151m be made available to fund the acquisition of 300 additional private rented sector properties and 100 intermediate rent sector properties by I4B Holdings on top of the £100m already committed in phase 1 and largely delivered during 2017-18.
- 3.12 To date this major capital investment has been managed without the need to enter into new borrowing commitments, thereby reducing external interest costs as described above. However, it is self-evident that this could not be continued indefinitely, and this report demonstrates that the Council now needs to raise additional finance to continue its capital investment programme.
- 3.13 There is nothing unusual in this. Councils across the country have been utilising cash balances to finance capital investment and many are now having to borrow as balances run down. Councils borrowed a total of £464m from the Public Works Loan Board during February 18 alone, according to figures released by the Debt Management Office, up on the January 18 total of £315m. The biggest sum was borrowed by Wolverhampton City Council, which took £50m in three loans with durations of 16, 22 and 33 years.
- 3.14 In fact, all that is unusual is that Brent's effective treasury strategy has succeeded in deferring the additional costs for so long. This report therefore sets out the likely timing and quantum of the medium to long term borrowing requirement for the Council whilst exploring several borrowing options and their associated risks/benefits.

#### **4.0 Approach To Determining Borrowing Need**

- 4.1 In identifying the Council's future borrowing needs account was taken of the key financial assumptions underpinning the revenue and capital budget alongside a consideration of the authority's medium to long term financial strategies. Some of the key themes included:
- estimates of the level and timing of capital receipts
  - treatment of demand led pressures
  - planned efficiency savings

- major developments, partnerships i.e. I4B, NAIL & JV schemes
- borrowing levels and outstanding long term debt
- balance sheet health and reserves levels
- funding options (section 4.6)
- historic trends i.e. levels of programme slippage
- capital plans (3 year capital programme, including pipeline schemes)
- ongoing revenue liabilities created, and the implications for future capital plans and budgets
- other economic and market factors that might influence the manner and timing of the decision to borrow
- the pros and cons of alternative forms of funding, interest rate structures and repayment profiles
- the positive and negative impacts of borrowing in advance of need on the Council's cash balances

#### Maturity profile of existing debt

- 4.2 As shown in Figure 3 below, several Council loans are due to mature within the next few years (£26m within 5 years) that the Council will need to refinance. Given that interest rates are expected to increase in the near future, it may be prudent therefore to borrow in advance of their maturity dates whilst interest rates are still relatively low.

Figure 3 Maturity Profile of Existing Debt

Years	< 1	1 - 2	2 - 5	5 - 10	10 - 20	20 - 30	30 - 40	40 - 50	50 +	Total
£m	4.3	10.4	11.2	4.0	24.6	51.9	212.6	6.1	5.0	330.1

- 4.3 The profile above excludes £80m of Council's market loans (also referred to as LOBOs) which could be uplifted or recalled when they are next reviewed. However, considering interest rates are expected to stay relatively low (in comparison to the current average LOBO rate of 4.87%), this is unlikely to be the case in the near future. There may be an opportunity to repay the LOBO loans in the future, which will depend on the penalties imposed by the current funders in order to break the loan conditions. Officers will continue to assess any opportunities as they arise.

#### Counterparty risk

- 4.4 Between 2010-11 and 2016-17, the amount of cash held by the Council has increased three-fold, by approximately £109m. This has allowed the Council to

borrow internally and lend to other authorities. However, a large amount of cash remains invested in other ways. Consequently, more of our cash is exposed to counterparty risk – the possibility that an institution holding an investment fails.

- 4.5 It is also worth noting that with recent high profile financial failures (at Councils such as Northamptonshire) the assumption that Councils are unlikely ever to default should be revisited. Following the recent s114 notice issued by Northamptonshire they have been removed from the Council's lending list.

#### Types of borrowing

- 4.6 As part of this assessment the Council has also reviewed a number of different types of funding, these include the following:

- **Bank Debt**

There are a myriad of private banks/institutions willing to lend to Councils in part attracted by strong financial covenants. The extent to which Council's borrow from private banks varies considerably from Council to Council. However, at Brent bank debt comprises less than a quarter the overall long term loan portfolio.

##### Pros

- Flexible, including potential to forward start
- Potential economic advantage over PWLB

##### Cons

- Likely to be a shorter duration
- Documentation may be more complex

- **PWLB**

The Public Works Loan Board (PWLB) is one of the principal sources of borrowing for Councils. It is a statutory body that issues loans to local authorities, and other specified bodies, from the National Loans Fund. Since 2004, Councils have been able to borrow (mainly for capital projects) without government consent, provided they can afford the borrowing costs.

##### Pros

- Certainty on liquidity
- Simple process and documentation (takes 48 hours from start to finish)
- Same rates for all

##### Cons

- Might be more expensive on an all-in basis

- **Local Authorities**

The market for lending between authorities has risen steadily in recent years, although this relates mostly to short-term loans, which are not generally suitable for the long-term finance that Brent now requires. At the end of 2016-17 outstanding debt between Councils stood at £6.53bn. Outstanding debt as of Q3 2017-18 had reached £8.48bn.

Pros

- Potentially lower rates
- Lower risk of default (to be reviewed in the context of recent failures)

Cons

- Usually a shorter duration
- May require the use of broker to locate authorities

- **Municipal Bond Agency**

Following four years of debate and preparation, in 2016 the new UK Municipal Bonds Agency was established. It is owned by 56 shareholding local authorities with the aim of facilitating the issuing of bonds by smaller local authorities, and to obtain a competitive price for their bonds within the conventional bond market.

As the Council did not foresee an immediate need to borrow at the time, and as it was aware of the risks of joint and several liability, it did not take any part in setting up the Local Government Bond Agency (LGBA). The arrangement requires that all 56 members collectively and individually guarantee the debt of each and every borrower jointly and severally

Pros

- Cheaper borrowing
- Can be used to raise substantial capital sums

Cons

- Joint & Several liability  
(had the MBA been established a couple of years ago and had Brent and Northamptonshire been in it then Brent, and other Councils would have their default risk.

- **Pension Funds**

In 2017 Manchester City Council partnered with the Greater Manchester Pension Fund (GMPF) to build family homes for market rent and sale. The Council provided the land and GMPF put up the money. This was one of the first times a Council pension scheme



had used its financial muscle to support a key Council aim: building homes. Since then other Council pension funds have followed Manchester's lead.

#### Pros

- Generally over longer term
- Can be used to raise substantial capital sums

#### Cons

- A preference towards investment in Housing
- Brent's Pension Fund requires an average return of 3.8% real (i.e. before inflation and taking on development risk would not be consistent with its risk appetite. This is therefore unlikely to be the cheapest option from the Council's point of view.

#### ▪ **Cash Balances**

As noted in section 1 the Council has in recent years internally borrowed. This is a treasury management practice whereby an authority delays the need to borrow externally by temporarily using cash it holds for other purposes, such as earmarked reserves. This allows the authority to avoid paying interest costs until the original expenditure planned for the 'borrowed' cash falls due.

#### Pros

- Certainty
- Simple process
- Cost (when deposit interest foregone is less than current cost of borrowing)

#### Cons

- Defers the borrowing decision to time when cost of borrowing is higher

## **5.0 Balance Sheet And Treasury Position**

- 5.1 The underlying need to borrow for capital purposes is reflected by the Capital Financing Requirement (CFR) which measures the cumulative capital expenditure that has not yet been financed from Council resources. Estimates of the CFR, based on the projected Revenue Budget and Capital programme over the next three years are shown in table 1.
- 5.2 The Council's closing CFR is calculated at £664.5m for 2017/18, outstanding loans total £410.6m at the end of the financial year, resulting in a gross borrowing requirement of £253.9m. **By deducting the gross borrowing requirement from available cash reserves you are therefore able to derive an investable balance or a (borrowing need).**

e.g. scenario 1 17/18 - £444.7m - £254m = £190.7m investable balance

<b>TABLE 1 £M</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>
General Fund CFR	515.1	536.1	631.8	748.0
HRA CFR	149.5	172.7	188.3	188.3
<b>Total CFR</b>	<b>664.6</b>	<b>708.8</b>	<b>820.1</b>	<b>936.3</b>
Existing Borrowing	410.6	410.6	404.5	401.4
<b>Gross External Borrowing required to meet CFR</b>	<b>254.0</b>	<b>298.2</b>	<b>415.6</b>	<b>534.8</b>
Projected Usable Reserves	303.4	179.9	172.3	165.2
Projected Working Capital	141.3	102.5	73.3	51.4
<b>Available cash reserves</b>	<b>444.7</b>	<b>282.4</b>	<b>245.7</b>	<b>216.5</b>
<b>Investments / (New borrowing required)</b>				
Scenario 1 - no slippage	190.7	(15.8)	(169.9)	(318.3)
Scenario 2 - 10% slippage	<b>206.4</b>	<b>12.0</b>	<b>(131.3)</b>	<b>(257.8)</b>
<b>Scenario 3 - 25% slippage (most likely)</b>	<b>229.9</b>	<b>61.6</b>	<b>(62.4)</b>	<b>(166.6)</b>
Scenario 4 - 35% slippage	245.5	98.2	(13.3)	(91.6)
Scenario 5 - 40% slippage	253.4	117.9	14.8	(50.6)

**Notes:**

1. HRA borrowing includes £127.9m allocated to the HRA following the introduction of the self-financing regime introduced in March 2012. Increased to £149.5m by 17/18 due to £21.5m additional borrowing.
2. The existing profile of borrowing **does not** include potential LOBO loan maturities which may or may not occur, over the next five years, individual loans totalling £80m, will be in a state of call.
3. Working capital is calculated by aggregating current assets and current liabilities.
4. Projected reserves includes General Fund, HRA and school balances, earmarked reserves, capital receipts reserve, capital grants unapplied, collection fund adjustment account, major repairs reserves, CIL and S106.
5. Annual inflation of 1.8% has been used to predict usable reserve and working capital balances
6. Capital estimates of spending include c£400m pipeline schemes
7. Per scenario 3 there is a borrowing requirement of £230m (19/20 £62.4m and 20/21 £166.6m)

5.2 The increasing General Fund CFR is due to the Council's programme of capital investment, particularly in relation to NAIL, PRS schemes and the loan to I4B. (Appendix 1)

- 5.3 In reality this is not an exact science and there are many factors (and different combinations of factors) that will determine the precise amount and timing of any borrowing requirement. However the Council's projected capital programme over the next three years, alongside the projected financing, is fundamental in determining any borrowing strategy and has been used to arrive at 3 potential scenarios based on differing levels of capital programme slippage.
- 5.4 The capital outturn for 2016/17 was £101m versus a budget of £223m representing an underspend position for the year of 55%. Since then the capital team are better resourced and the governance procedures have been tightened along with greater oversight of forecasts. This has resulted in an under-spend of only 13.5% for 17/18 (£181m spend against a total budget of £209m) and this positive trend is expected to continue.
- 5.5 Based on previous experiences **scenario 3 is deemed to be the most likely outcome**. This indicates that the Council expects to require additional borrowing of c£62.4m in 2019/20 and c£166.6m in 2020/21 to meet the costs of the capital investments and maturing debt. However it is also worth noting that the programme also includes c£400m of pipeline schemes that are yet to be developed into firm projects. If there are delays in bringing forward pipeline schemes this will likely delay or at least reduce borrowing further.
- 5.6 Under the Prudential Code for Local Authorities, the Council's total debt should be lower than its highest forecast CFR over the next three years. Table 1 shows that the Council expects to comply with this requirement.

## **6.0 Future Borrowing Strategy/Options**

- 6.1 The Council's general policy objective is to ensure its level of debt is prudent and sustainable (i.e. keeping financing costs to a minimum) whilst addressing the key associated treasury risks. Projected capital expenditure levels, market conditions and interest rate levels are monitored throughout the year. This enables the Council to adapt borrowing strategies to minimise borrowing costs over the medium to longer term whilst maintaining financial stability.
- 6.2 Table 1 above demonstrates that the Council will need to seriously consider borrowing at some point in 2019/20. In recent years the Council's strategy has been to maintain borrowing at the lowest level possible unless interest rate prospects present a clear case for taking long term borrowing ahead of immediate requirements. However current interest rate forecasts along with the significant levels of planned capital investment over the next three years means that this approach is no longer sustainable or optimal.
- 6.3 The Council will continue to adopt a flexible approach to borrowing in consultation with Arlingclose Ltd and as specified in the 18/19 Treasury Management Strategy will consider the following issues prior to undertaking any external borrowing: -

- ensure that the ongoing revenue liabilities created and the implications for future capital plans and budgets have been considered
  - evaluate economic and market factors that might influence the manner and timing of the decision to borrow
  - the pros and cons of alternative forms of funding, interest rate structures and repayment profiles
  - the positive and negative impacts of borrowing in advance of need on the Council's cash balances, in particular the increased exposure to credit risk that will arise as a result of investing this additional cash
  - the requirement in the context of the maturity profile of existing debt
- 6.4 Operationally the Council, through its Treasury Management function, manages the aggregate cash flow requirements of the Council. Within that cash flow requirement is the level of capital financing the Council needs to secure by way of borrowing. This is kept under daily review and officers raise additional loan finance, or make deposits in the market, either short or long term, as considered necessary.
- 6.5 Short term loans or deposits are raised or made depending on short term cash flows; generally with a maximum one year horizon but often much shorter. The loans raised or made in this way are to manage day to day cash flow.
- 6.6 Long term loans however are taken to reflect the Council's overall capital financing requirements. Broadly the long term loans and the aggregate need for capital financing are kept aligned. Occasionally however when market conditions (interest rates) are favourable advance loans can be raised in respect of known future liabilities.
- 6.7 In the current market with interest rates predicted to rise plus the scale of the Council's planned capital investment plans it might now be advantageous to lock in long term rates in advance of rates rising at a later date.
- 6.8 When viewed alongside the Council's soon to mature Council borrowing (Figure 3) this approach also offers an opportunity to minimise refinancing costs and alleviate interest rate risk. In broad terms, alongside the considerations listed in section 4.1 it is recommended that the Council adopt the following approach to borrowing:

TABLE 2

<b>Flat yield curve - rates to rise</b> <b>Seek to lock in medium/long term borrowing</b>  <i><b>This position reflects the current economic environment</b></i>	<b>Flat yield curve - rates to fall</b> <b>Consider holding off fixed borrowing</b>
<b>Inverse yield curve</b> <b>Preferential to lock out fixed</b>	<b>Positive yield curve</b> <b>Preferential to hold short</b>

- A. If there are indications of **sharp fall** in long and short term rates (e.g. due to an increase in risk of a recession or deflation) then long term borrowing would be postponed.
- B. If there are indications of **sharp rise** in long and short term rates, perhaps arising from greater than expected economic activity, then the portfolio position will be appraised with the likely action that fixed rate funding will be drawn whilst interest rates are still cheap, including the consideration of forward funding, i.e. fixing rates now but drawing down funding in the future when required.

6.9 This framework of Treasury Management will enable the Council to manage its external borrowing in the most advantageous way and to take advantage of market conditions (interest rates) whenever possible to keep the aggregate cost of borrowing as low as possible whilst optimising the return available from any surplus funds (through making deposits).

#### Forward Starting Loans – recommended option

- 6.10 Given the current and expected economic position (Scenario B paragraph 6.8) officers are recommending the commencement of negotiations to enter into a forward starting loan agreement. Forward starting loans are agreed in advance of need, at a fixed rate for delivery on a pre-determined future date. A number of institutions currently offer these loans to Councils including commercial investors as well as the European Investment Bank (EIB).
- 6.11 A major advantage of forward loans is that by agreeing to a fixed rate now for future delivery (up to 5 years) the Council is able to hedge future interest rate exposure whilst avoiding a short term increase in costs, **as interest payments do not commence until the loan starts.**
- 6.12 It can therefore be used to reduce risk on the financing of planned capital expenditure and provide budget certainty. Compared to borrowing in advance there is a significant credit risk benefit as forward starting loans avoid excessive investment balances.

- 6.13 The Council has the option of directly engaging with institutions, procuring technical advice as and when required or delegating authority to a third party to conduct a competitive funding selection service on behalf of the Council including the preparation of request for proposals, vetting, credit rating, setting specifications, negotiating contract terms etc. This approach would come at a cost, typically a % fee applied against the principal sum borrowed. A competitive funding selection service would also fall outside of the services covered by the annual treasury management contract with Arlingclose.
- 6.14 The preferred approach is to directly engage with potential lenders and buy in the necessary expertise as and when required.
- 6.15 Not only is this approach the most cost effective, it also builds up the internal capacity of the Council which will facilitate the execution of similar deals in the future should opportunities arise. As this report has shown, future and larger transactions will be required, and so building internal capacity and expertise makes sense. These future transactions will most probably be placed via a range of institutions to spread risk, for example some or all of PWLB, market loans, Municipal Bonds Agency and others, according to the prevailing interest rate and other conditions. By building expertise now the Council will be better placed to secure the best value from the future, and larger, borrowing transactions anticipated in 2020/21.
- 6.16 It is therefore recommended that officers directly engage with potential lenders and bring in technical advice as and when required in order to borrow an initial sum of up to £40m on a forward funding basis.
- 6.17 As the authority to borrow in this way has already been agreed by Cabinet when setting the 18/19 Treasury Management Strategy should any opportunities arise in the future for similar deals they will be reported as normal to the Audit & Advisory Committee via the treasury mid-year and outturn updates.

#### Other borrowing options

##### *Borrow longer term debt now*

- 6.18 The default source of borrowing for local authorities is the Public Works Loans Board - a statutory body operating within the UK Debt Management Office (an Executive Agency of HM Treasury). The Council could look to fix out some longer-term debt with the PWLB in 2018/19 whilst interest rates are still relatively low. This could be used to address the Council's under-borrowed position. This would be more expensive than forward borrowing as the Council would incur interest costs in the interim period before the borrowing is required, which is expected to be sometime during 2019/20. However one major advantage of PWLB funding is the simple process and ease of access to funding. Following a

phone call the terms can be agreed at the time and the advance of funds made within 48 hours.

- 6.19 It is worth noting that a bill to restrict Councils borrowing from central government is to be considered by the House of Commons Local Authorities (Borrowing and Investment) Bill 2017-18 and will be debated by MPs at its second reading on 15 June. This follows concerns raised over Council's borrowing from the Public Works Loan Board (PWLB) to raise revenue for property acquisitions. Hence there is a risk (albeit a small one) that access could be constrained in the future.

*Borrow on a short term rolling basis*

- 6.20 The Council could fund on a rolling short term basis from other local authorities initially and arrange forward starting loans, to hedge against future interest rate rises over the longer term. This provides flexible, cheap funding over the near term, whilst providing longer term certainty further into the future. This approach is not recommended as the Council can use its cash balance in the short term as modelled in Table 1 and save money on interest costs whilst avoiding the risks associated with holding excessive cash balances.

*Borrow to short term to cover the entire forward period*

- 6.21 Another approach would be to borrow fixed rate funding from other local authorities to cover the entire forward period, eliminating short term interest rate risk, but again this would be at a higher cost and may not be necessary given the Council's current cash position.

*Do nothing until 2019/20*

- 6.22 The Council could do nothing for now and seek to borrow in 2019/20 when needed however there is a risk that the Council will have to refinance debt under unfavourable terms, either due to a lack of availability of replacement financing or an increase in interest rates. This approach is not recommended as it does not match the Councils borrowing need, which is to fix an amount and rate now by forward funding, without incurring the interest cost.

## **7.0 Risks**

- 7.1 With forward starting loans there is a risk that the Council might agree the loan and then not require the funds. This could prove costly if investment returns remain low. The Council should be certain of its borrowing requirements before entering into this type of arrangement.
- 7.2 Table 1 sets out a range of borrowing need scenarios based on differing levels of capital slippage. **The 3 year capital programme would have to slip by 45% in order for borrowing not to be required before 2020/21.**

- 7.3 It is also worth noting that as shown in Figure 3 the Council will have to refinance £26m worth of loans that will be maturing within 5 years. This drastically reduces the likelihood of not requiring the funds at the anticipated drawdown date.
- 7.4 Conversely, should it transpire that funds are required earlier than planned these forward loan arrangements provide the flexibility to execute the transaction earlier. There is also the option of utilising PWLB or local authority lending to cover this risk off.

## **8.0 Financial Implications**

- 8.1 The Council will soon need to raise significant additional finance to continue with its capital investment plans. Given the scale of the programme this is likely to be the biggest single financial undertaking the Council would have undertaken in many years so this decision is of great significance.
- 8.2 Estimates indicate that the Council will have a borrowing requirement of £230m over the next 3 years, (2019/20 £62.4m and 2020/21 £166.6m).
- 8.3 Should the recommended option be agreed the Council will enter into a forward funding arrangement, agreeing to a fixed rate now for future delivery. Such an arrangement would likely attract an arrangement fee. The Council may also need to bring in additional support (legal and technical financial) in order to successfully execute such a transaction. These costs would be funded from the Councils existing treasury debt management budget.
- 8.4 Analysis of the costs associated with a forward funding loan versus a traditional PWLB loan based on predicted interest rates demonstrates that considerable savings could be secured.
- 8.5 When borrowing is undertaken in advance of need there is usually a net cost of holding this money until it is used (cost of carry). The cost of carry needs to be viewed in conjunction with forecast changes in interest rates; where a delay in borrowing could lead to the need to borrow at a future higher rate and where the increased interest over the loan period would far outweigh the short term cost to carry. One of the major benefits of the recommended forward funding option is the ability to fix a competitive rate in advance without incurring interest costs.

## **9.0 Legal Powers Relied on and Any Legal Implications**

- 9.1 In recognition of the importance of capital investment in asset and treasury management to Council activities, CIPFA and central government have compiled codes of practice and regulations for Councils to follow. These ensure that Councils have effective processes and practices in place to control, manage and govern capital investment decisions, that include borrowing and treasury management practices.



- 9.2 The Prudential Code was introduced in 2004 as a framework to support Councils and help them show effective control levels of decisions relating to capital investment activity, including borrowing. Before this, capital investment levels in Councils were government regulated.
- 9.3 This self-regulated approach has enabled the Council to adopt borrowing and treasury management strategies that fit with corporate plans and objectives. The framework allows the Council to judge for itself what is affordable and sustainable. The Prudential Code sits alongside CIPFA's treasury management code, which sets out the requirements for a professional treasury management function.
- 9.4 A key requirement of the code is for the Council to produce an annual treasury management strategy before the start of each financial year. The strategy includes prudential indicators that are set out within the Prudential Code. They form a set of 12 limits and ratios that all Councils must calculate and use to show Councilors and the public that capital plans are affordable and sustainable.
- 9.5 The recommendations set out in this report fall within the boundaries encapsulated in the Council's Treasury Management Strategy for 2018/19. The Director of Finance has delegated power to authorise and give effect to borrowing within any limits approved by Full Council and in accordance with the Treasury Management Strategy and CIPFA's Standard of Professional Practice on Treasury Management.

#### Codes of Practice and Regulations

##### *Local Government Act 2003*

- 9.6 Under part 1 chapter 1 of the Local Government Act 2003, a local authority may borrow for any purpose relevant to its functions or for "the prudent management of its financial affairs". Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 (SI 2003/3146), as amended.
- 9.7 Each authority must set a total borrowing limit for itself in accordance with the principles of the Prudential Code. The borrowing limit will be related to the revenue streams available to the local authority, with which it can repay the debt.
- 9.8 The total amount that a local authority may borrow is governed by the requirements of CIPFA's Prudential Code for Capital Finance in Local Authorities; and by the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 (SI 2003/3146), as amended

*The Prudential Code for Capital Finance in Local Authorities*

- 9.9 A professional code of practice to help Councils govern capital investment decisions by providing a framework that includes Indicators to demonstrate affordability and sustainability.

*Treasury management in the Public Services: Code of Practice and cross-sectoral guidance notes (CIPFA treasury management code)*

- 9.10 Adopting this code is a requirement of the Prudential Code. It makes recommendations to provide a basis for Councils to create clear treasury management objectives and structure and maintain sound treasury management policies and practices

## **10.0 Equality Implications**

- 10.1 None arising from this report.

## **11.0 Consultation with Ward Members and Stakeholders**

- 11.1 A copy of this report was presented to the Audit & Standards Advisory Committee on 26 July 2018. The comments of the Committee are included in para 1.6.
- 11.2 However since then it is worth noting that in line with the predictions set out in this report, on the 2 August the Bank of England's Monetary Policy Committee voted unanimously to raise the official Bank Rate by 0.25% to 0.75%. This change does not alter our suggested approach, if anything it reaffirms the recommended borrowing strategy as explained in section 6 of the report.

## **12.0 Human Resources/Property Implications (if appropriate)**

- 12.1 None arising from this report

**Report sign off:**

**CONRAD HALL**  
Chief Finance Officer

BOARD (PROGRAMME)	2017/18	2018/19	2019/20	2020/21	TOTAL
Barham Park Trust	0	50	0	0	50
Civic Centre	(132)	935	0	0	803
Digital Strategy	539	3,261	1,780	0	5,580
Energy	0	145	6	0	151
ICT	2,784	1,660	0	0	4,444
Libraries	0	67	2	2	70
Property Management	0	724	0	0	724
<b>Corporate Landlord</b>	<b>3,191</b>	<b>6,842</b>	<b>1,787</b>	<b>2</b>	<b>11,821</b>
Bridge Park Regeneration	340	1,065	0	0	1,405
Grant	2,116	888	19	0	3,023
Olympic Way Pedestrian Improvements	9	6,391	8,000	3,000	17,400
Barham Park	7	93	0	0	100
Housing Zones	4,987	1,105	215	115	6,422
Small Schemes	0	33	0	0	33
Town Centre Regeneration	299	74	0	0	373
<b>Regeneration</b>	<b>7,758</b>	<b>9,648</b>	<b>8,234</b>	<b>3,115</b>	<b>28,755</b>
South Kilburn Development	15,312	12,527	12,165	40,601	80,604
Energy	52	932	1,222	106	2,312
<b>South Kilburn</b>	<b>15,364</b>	<b>13,458</b>	<b>13,387</b>	<b>40,707</b>	<b>82,916</b>
CCTV	40	2,285	0	0	2,325
Cemeteries	2	8	0	0	10
Environmental Health	0	77	0	0	77
H&I S106	1,057	5,556	300	0	6,913
Highways & Infrastructure	4,717	894	3,500	3,500	12,611
Landscaping	212	748	132	0	1,092
Parking & Street Lighting	2,128	4,369	500	0	6,997
Parks	313	1,087	0	0	1,400
Sports	(23)	159	485	20	641
Transport For London [TFL]	3,886	4,268	2,345	2,145	12,644
<b>Public Realm</b>	<b>12,331</b>	<b>19,452</b>	<b>7,262</b>	<b>5,665</b>	<b>44,710</b>
Academies	2,486	15	0	0	2,501
Children & Youth Facilities	703	212	0	0	915
Completed School Projects	29	6,621	128	0	6,777
Expansion of School Places	8,905	2,335	2,250	0	13,490
Phase 3 Permanent Primary	8,839	9,440	595	175	19,048
Phase 4 Permanent Primary	62	1,076	8,291	8,338	17,768
PSBP Phase 2 Secondary	3,370	500	0	0	3,870
School Capital Improvement	4,722	4,194	3,200	5,500	17,616
<b>Schools</b>	<b>29,116</b>	<b>24,393</b>	<b>14,463</b>	<b>14,013</b>	<b>81,985</b>
<b>GENERAL FUND</b>					
Affordable Housing	4,253	1,966	0	0	6,218
Capitalisation	0	240	0	0	240
Travellers Site	0	600	0	0	600
Energy, Health & Safety	0	2,700	2,500	0	5,200
Mixed Development	877	12,659	19,542	16,667	49,745
NAIL	20,289	15,414	22,363	10,993	69,058
PRS	38,835	55,555	0	0	94,390
<b>Housing Care Investment Board</b>	<b>64,254</b>	<b>89,134</b>	<b>44,404</b>	<b>27,660</b>	<b>225,451</b>
<b>HRA</b>					
Condition Surveys	0	2,100	2,600	0	4,700
Energy, Health & Safety	1,630	0	0	0	1,630
HRA Acquisitions	17,922	6,062	10,732	402	35,118
Infill Development - Phase 1	3,989	3,025	463	0	7,477
Infill Development - Phase 2	480	15,389	2,189	0	18,059
Major Repairs & Maintenance	25,244	27,241	31,120	14,775	98,380
<b>Housing Care Investment Board</b>	<b>49,265</b>	<b>53,817</b>	<b>47,104</b>	<b>15,177</b>	<b>165,363</b>
Estimated pipeline schemes	0	32,980	170,000	172,764	375,744
<b>Pipeline</b>	<b>0</b>	<b>32,980</b>	<b>170,000</b>	<b>172,764</b>	<b>375,744</b>
<b>TOTAL ESTIMATED CAPITAL PROGRAMME</b>	<b>181,278</b>	<b>249,723</b>	<b>306,641</b>	<b>279,102</b>	<b>1,016,745</b>

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Arlingclose Ltd:  
Independent treasury management services

# Economic and Interest Rate Forecast

June 2018

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# Economic and Interest Rate Forecast June/July 2018

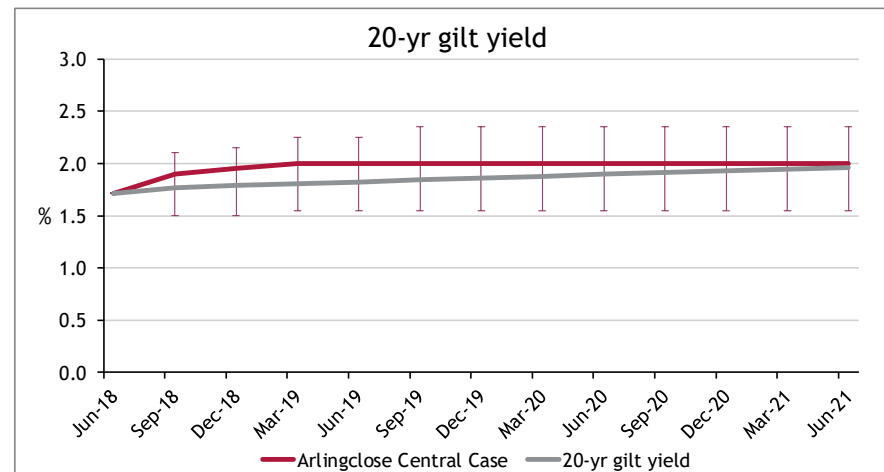
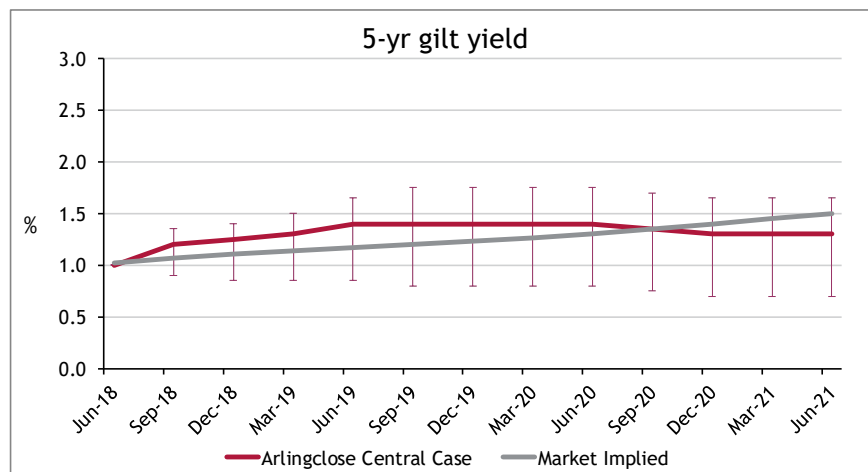
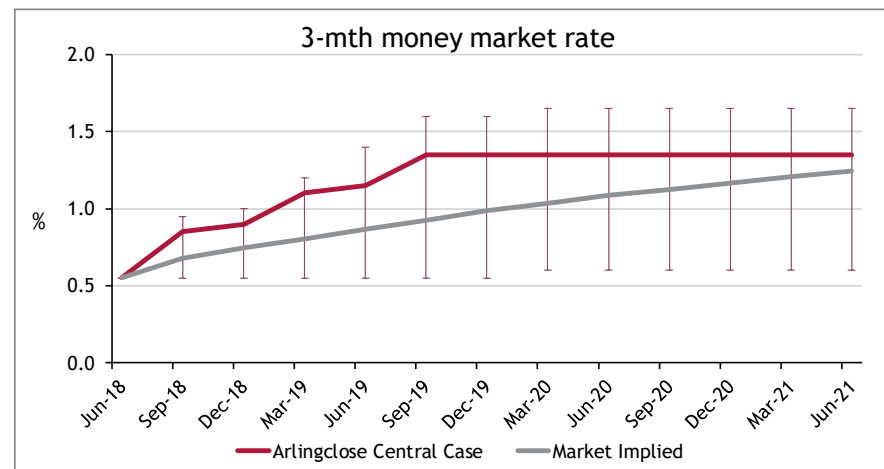
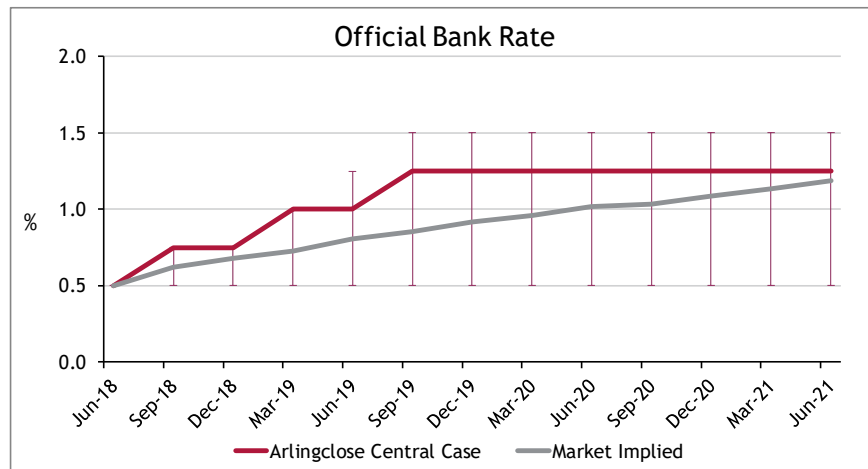
- The MPC minutes supported our view that MPC will seek to raise Bank Rate in the short term. While the majority of the Committee voted to maintain Bank Rate at 0.5% as expected, the unexpected vote for a rate hike by the Bank's chief economist Andy Haldane increased the probability of a near term rate rise.
- Our projected outlook for the UK economy, however, means that we believe monetary tightening in the current environment to be a potential policy error and so maintain the significant downside risks to our interest rate forecast.
- The MPC has a definite bias towards tighter monetary policy. While policymakers are wary of domestic inflationary pressures over the next two years, we believe that MPC members consider both that: 1) ultra-low interest rates result in other economic problems, and that 2) higher Bank Rate will be a more effective weapon should downside Brexit risks crystallise.
- The current soft UK economic environment prompted the MPC not to tighten policy in May. The economic data since then has been mixed, but suggests that GDP growth will recover somewhat in Q2 2018 after the weak expansion in Q1. The MPC appears to be focused on data sets that support monetary tightening, at the expense of others that show a less healthy economic environment.
- As noted previously, the Bank has moved the goalposts around both the forecast horizon and supply capacity of the UK economy in order to justify monetary tightening even in a below-trend economic environment.
- Our view is that the UK economy still faces a challenging outlook as the minority government continues to negotiate the country's exit from the European Union. Central bank actions and geopolitical risks, such as prospective trade wars, have and will continue to produce significant volatility in financial markets, including bond markets.

	Jun-18	Sep-18	Dec-18	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21
<b>Official Bank Rate</b>													
Upside risk	0.00	0.00	0.00	0.00	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25
Arlingclose Central Case	0.50	0.75	0.75	1.00	1.00	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25
Downside risk	0.00	-0.25	-0.25	-0.50	-0.50	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75
<b>3-mth money market rate</b>													
Upside risk	0.00	0.10	0.10	0.10	0.25	0.25	0.25	0.30	0.30	0.30	0.30	0.30	0.30
Arlingclose Central Case	0.55	0.85	0.90	1.10	1.15	1.35	1.35	1.35	1.35	1.35	1.35	1.35	1.35
Downside risk	0.00	-0.30	-0.35	-0.55	-0.60	-0.80	-0.80	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75
<b>1-yr money market rate</b>													
Upside risk	0.10	0.20	0.20	0.30	0.30	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35
Arlingclose Central Case	0.84	1.00	1.05	1.15	1.25	1.45	1.50	1.50	1.50	1.50	1.50	1.50	1.50
Downside risk	-0.20	-0.35	-0.40	-0.50	-0.60	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75
<b>5-yr gilt yield</b>													
Upside risk	0.00	0.15	0.15	0.20	0.25	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35
Arlingclose Central Case	1.00	1.20	1.25	1.30	1.40	1.40	1.40	1.40	1.40	1.35	1.30	1.30	1.30
Downside risk	0.00	-0.30	-0.40	-0.45	-0.55	-0.60	-0.60	-0.60	-0.60	-0.60	-0.60	-0.60	-0.60
<b>10-yr gilt yield</b>													
Upside risk	0.00	0.20	0.20	0.25	0.25	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35
Arlingclose Central Case	1.27	1.55	1.65	1.70	1.75	1.75	1.75	1.75	1.75	1.70	1.70	1.70	1.70
Downside risk	0.00	-0.35	-0.45	-0.45	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50
<b>20-yr gilt yield</b>													
Upside risk	0.00	0.20	0.20	0.25	0.25	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35
Arlingclose Central Case	1.72	1.90	1.95	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Downside risk	0.00	-0.40	-0.45	-0.45	-0.45	-0.45	-0.45	-0.45	-0.45	-0.45	-0.45	-0.45	-0.45
<b>50-yr gilt yield</b>													
Upside risk	0.00	0.20	0.20	0.25	0.25	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35
Arlingclose Central Case	1.63	1.80	1.80	1.80	1.80	1.80	1.80	1.80	1.80	1.80	1.80	1.85	1.85
Downside risk	0.00	-0.35	-0.45	-0.45	-0.45	-0.45	-0.45	-0.45	-0.45	-0.45	-0.45	-0.45	-0.45

- The MPC has maintained expectations of a rise in interest rates this year.
- Our central case is for Bank Rate is to rise once in 2018 and twice more in 2019. The risks are weighted to the downside.
- Gilt yields have been volatile, but remain historically low. We expect some upward movement from current levels based on our interest rate projections and the strength of the US economy, but volatility arising from both economic and political events will continue to offer borrowing opportunities.

# Arlingclose and Market Projections June/July 2018

Charts show the Arlingclose central case along with upside and downside risks:  
*Arlingclose judges that there is currently a higher risk of outcomes to the downside*



# Cost of Carry Analysis

If our interest rate forecasts are correct, it will be cheaper overall to borrow long-term now and suffer the cost of carry in the meantime if PWLB rates fall below those shown in the left-hand table

*(Based on PWLB maturity loans borrowed at the certainty rate)*

PWLB CR Breakeven Levels

29 Jun 18

Forecast PWLB rates (adjusted for shorter term)

		Total term	5	10	20	50
		PWLB rate	1.77	2.18	2.55	2.35
Forward period (mo)	Investment rates					
3	0.66	1.82	2.25	2.61	2.46	
6	0.79	1.87	2.32	2.68	2.57	
9	0.83	1.86	2.31	2.67	2.56	
12	0.87	1.85	2.29	2.66	2.54	
15	0.91	1.77	2.24	2.63	2.53	
18	0.94	1.71	2.19	2.61	2.52	
21	0.98	1.65	2.14	2.58	2.51	
24	1.01	1.60	2.10	2.55	2.49	
27	1.04	1.52	2.03	2.52	2.48	
30	1.07	1.45	1.97	2.50	2.47	
33	1.10	1.42	1.93	2.47	2.49	
36	1.12	1.39	1.89	2.44	2.50	

		Total term	5	10	20	50
Forward period (mo)						
3		1.89	2.30	2.65	2.48	
6		2.00	2.41	2.74	2.60	
9		2.05	2.44	2.76	2.60	
12		2.10	2.47	2.78	2.60	
15		2.08	2.46	2.78	2.60	
18		2.05	2.44	2.78	2.60	
21		2.03	2.42	2.78	2.60	
24		2.01	2.40	2.77	2.60	
27		1.94	2.36	2.77	2.60	
30		1.86	2.31	2.76	2.60	
33		1.84	2.29	2.75	2.63	
36		1.82	2.26	2.74	2.65	

Current rates within 10bp of breakeven  
Current rates below breakeven

From Arlingclose's May 2018 forecast



# Bank of England Inflation Report - May 2018

## Overview

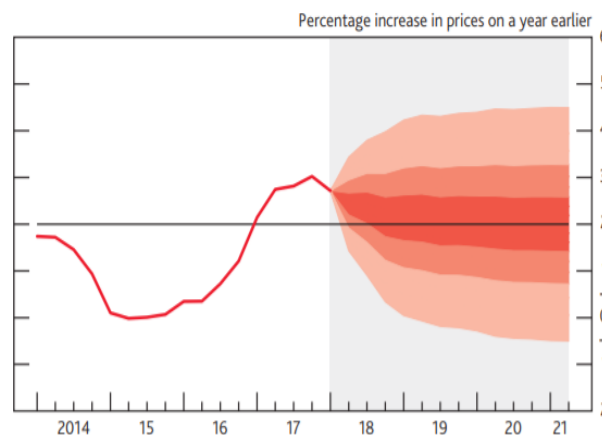
The initial estimate of GDP growth in Q1 was 0.1%, although other indicators suggested growth was stronger than this. The estimate was 0.3 percentage points lower than predicted in February and the Bank of England believes the adverse weather conditions prevalent in February and March resulted in the weaker than expected GDP growth. The MPC expect GDP to grow by around 1.75% per year on average over the forecast period.

CPI inflation fell to 2.5% in March, lower than had been expected at the time of the February report. The MPC envisages that the depreciation of the sterling on the price of imports is likely to diminish faster than initially expected. CPI inflation is anticipated to fall back to target a quicker than expected in February; reaching the target in two years.

Wage growth and domestic cost pressures are rising gradually as was expected. The rate at which productivity levels are expected to grow is projected to remain well below pre-crisis rates and the UK economy has very limited degree of slack. In the MPC's central projection, therefore, a small margin of excess demand will emerge by early 2020, feeding through into higher rates of pay growth and thus domestic cost pressures.

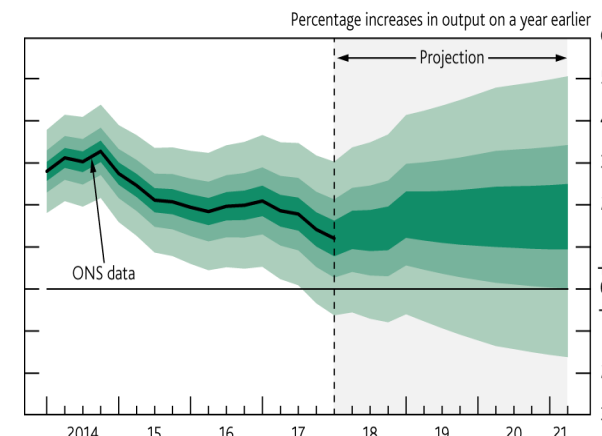
## Projection for CPI Inflation

Based on market interest rate expectations and other policy actions as announced



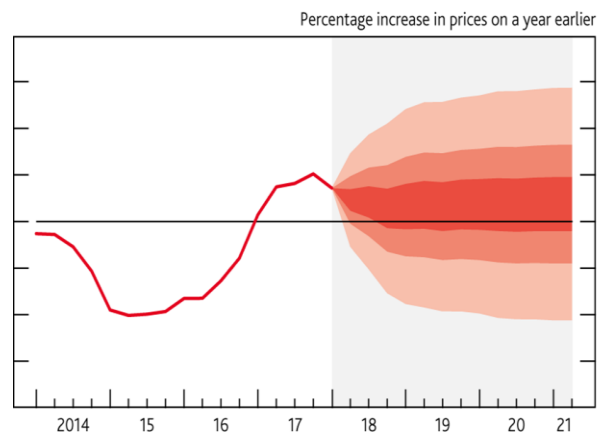
## Projection for GDP Growth

Based on market interest rate expectations and other policy actions as announced



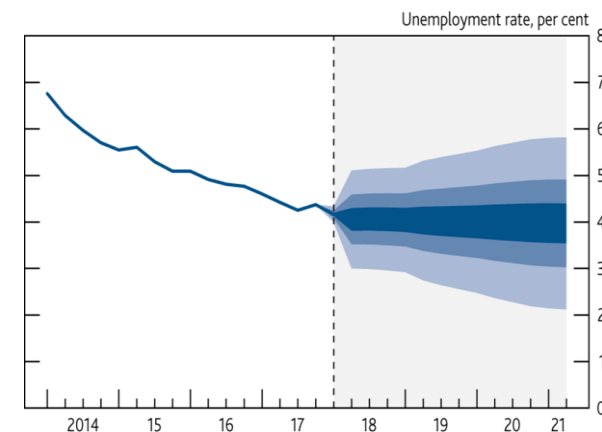
## Projection for CPI Inflation

Based on constant 0.5% Bank Rate and other policy actions as announced




## Projection for LFS Unemployment Rate

Based on market interest rate expectations and other policy actions as announced



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	<b>Cabinet</b> 12 September 2018
	<b>Report from the Strategic Director of Community and Wellbeing</b>
<b>Housing Revenue Account Borrowing Headroom</b>	

<b>Wards Affected:</b>	All
<b>Key or Non-Key Decision:</b>	Key Decision
<b>Open or Part/Fully Exempt:</b> <small>(If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)</small>	Open
<b>No. of Appendices:</b>	N/A
<b>Background Papers:</b>	N/A
<b>Contact Officer(s):</b> <small>(Name, Title, Contact Details)</small>	Phil Porter Strategic Director Community Wellbeing Email: <a href="mailto:phil.porter@brent.gov.uk">phil.porter@brent.gov.uk</a> Tel: 020 8937 5937  Hakeem Osinaike Operational Director Housing Email: <a href="mailto:hakeem.osinaike@brent.gov.uk">hakeem.osinaike@brent.gov.uk</a> Tel: 020 8937 2023

## 1.0 Purpose of the Report

- 1.1.1 To outline the current opportunity the Council has to apply for additional borrowing headroom for the Housing Revenue Account (HRA) via the GLA, as well as new grant available to build new council housing.

## 2.0 Recommendation(s)

- 2.1 To agree for the Council to bid for additional headroom borrowing to build new Council homes at social rent level.
- 2.2 Should negotiations with the GLA alter the proposed amount of borrowing, to delegate the decision to progress to the Strategic Director, Community Wellbeing in consultation with the Chief Finance Officer (s.151 Officer).

## 3.0 Detail

- 3.1 Changes to the HRA regime in 2012 gave stock-owning local authorities full control of their housing income and expenditure and, in return, each was allocated a share of the national housing debt. Each local authority can borrow money to support new development or other priorities, subject to a cap intended to limit total borrowing in line with public spending restraint. The difference between the cap and the proposed debt allocated to each authority

represents the authority's borrowing headroom. Brent's current estimated headroom is £62.670m but this is essentially fully committed to identified development and improvement and repair schemes. In 2013 the Government announced an additional borrowing programme of up to £300 million. Following a competitive bidding process, local authorities only took up around 50% - £145 million of that borrowing. A number of local authorities felt that the conditions attached to the government's programme were unnecessarily restrictive.

- 3.2 The changes since the 2013 borrowing programme are significant. Brent will be able to combine the additional borrowing secured through the new programme with other funding sources. Brent will be able to use either grant funding from the Shared Ownership and Affordable Homes Programme 2016-21 or retained capital receipts from the sale of council homes sold under the Right to Buy, together with the additional borrowing, to fund new housing.
- 3.3 In November 2017 the Chancellor Philip Hammond announced as part of the new budget that the borrowing caps attached to local authorities HRA will be lifted in areas with high affordability pressures. The government made this pledge of £1 billion pounds to encourage and stimulate local authorities to start building Council homes again. The criteria for bidding was finally released in June 2018, delegating the decision on London authorities to the GLA.
- 3.4 The GLA's new 'Building Homes for Londoners' prospectus formally announced the opportunity to increase borrowing headroom for London Councils in July 2018. This was amongst a raft of other beneficial changes, including freezing Right to Buy receipts and enhanced grant rates of £100,000 for new build affordable rent properties and £68,000 for new shared ownership.
- 3.5 The government's primary objective is to increase the supply of new Council and affordable homes delivered by Local Authorities, as part of its plans to replace the Council homes lost through the Right to Buy scheme.
- 3.6 The opportunity to increase the borrowing headroom alongside enhanced grant rates for building new homes with less restrictions is a helpful opportunity to support the Council to start building out its pipeline of housing sites (1000 units). However, it should be stressed that London's share of the national total is still well below the amount needed to make a significant impact on demand for new homes. A successful bid at £54 million as set out in paragraph 4.4 has the potential to deliver around 250 new homes.
- 3.7 The GLA will assess bids on the following key elements:
  - 3.7.1 Value for money – bids will need to demonstrate reasonable per unit scheme costs and should seek to maximise the numbers of units delivered, for example by bringing forward their own land for scheme development to reduce costs or offering cross subsidy where possible.
  - 3.7.2 Deliverability - in light of the annual profiles attached to this additional borrowing programme, it is important that local authorities are ready to start building in relevant years and have the necessary capability to deliver to time and budget, as well as a track record of delivery.
  - 3.7.3 Affordability – the additional borrowing programme is targeted at areas of high affordability pressure, in order to help local authorities to build more of the right homes, in the right places, and ensure that the housing market works for all parts of the community. We will rank bids according to the areas of the highest affordability pressure.

## 4.0 Pipeline of HRA Sites

4.1 Below is a table listing sites that Housing are aiming to build out, in order to increase supply of affordable housing in the borough.

**Table 1 - HRA Pipeline of Sites and anticipated/estimated year of construction**

Site Name	19/20	20/21	21/22	Planning approval	No of units	Indicative Project Cost (m)
Wyatt Court		£1753000		N	5	<b>£1.8</b>
Mason Court	£800,000			Y	4	<b>£0.8</b>
Hindhurst Court	£675,000			Y	3	<b>£0.7</b>
Gloucester Close (A/B)	£1,025,000			N	5	<b>£1.0</b>
Kings Drive	£1,620,000			N	6	<b>£1.6</b>
Frontenac	£940,000			N	4	<b>£0.9</b>
Ellersie Gardens		£2,336,797		N	8	<b>£2.3</b>
Claire Court(TMO)			£22,680,000	N	84	<b>£22.7</b>
Lidding Road		£2,160,000		N	8	<b>£22</b>
Windmill Court			£13,500,000	N	50	<b>£13.5</b>
Seymour Court	£1,350,000			N	5	<b>£1.34</b>
Pharamond	£2,000,000			N	8	<b>£2.0</b>
Anuerin Bevan Court	£1,000,000			N	4	<b>£1.0</b>
Chalfont House		£500,000		N	2	<b>£0.5</b>
Hargood Close		£300,000		N	1	<b>£0.3</b>
Longley Avenue		£500,000		N	2	<b>£0.5</b>
Minterne Road		£300,000		N	1	<b>£0.3</b>
Sutherland Court		£300,000		N	1	<b>£0.3</b>
Sycamore Grove		£300,000		N	1	<b>£0.3</b>
Townsend Lane		£300,000		N	1	<b>£0.3</b>
	£9,410,000	£8,749,797	£36,180,000		<b>203</b>	<b>£54.4</b>

4.2 This pipeline demonstrates the Council's ambition to do all it can to meet the housing needs of its residents and to honour our commitment of supplying homes with rents that are truly affordable for Brent residents and in line with the

Mayors new housing policy. A successful bid to increase the HRA borrowing headroom, will contribute to fulfilling this ambition.

- 4.3 Based on currently held Right to Buy receipts and capital budget, our intention is to bid for approximately £54.4m. This figure may change, subject to further discussions with the GLA.

## **5.0 Financial Implications**

- 5.1 The self-financing settlement in 2012 imposed a cap on future levels of debt for all authorities, the debt cap for Brent was set at £199.3m. Currently our projected headroom is £7m after accounting for earmarked investment in our housing stock and existing infill developments, this could change following the stock condition survey which is being undertaken in this financial year.
- 5.2 In London there is a combined fund of £500m split across three years from 2019-20 to 2021-22. Brent intends to bid for £54.34m additional headroom alongside a bid for the Affordable Housing Grant on offer for £100,000 per unit. Assuming the bid for grant is successful, we will require minimum additional headroom of £34.04m to undertake the pipeline projects listed in this report. The estimated additional financing cost of this will be £0.85m (assumed 2.5% current PWLB borrowing rates), and will be a charge to the Housing Revenue Account.
- 5.3 If £34.04m is awarded, the overall debt to Brent will be £233.34m by the end of 2021/22. The total debt financing cost to the HRA is estimated to be £8.71m per annum (based on current interest rates in portfolio). It will be an added pressure which will require mitigating plans.
- 5.4 The HRA business plan will need to consider options for repayment of principal, it will be possible to make some repayments gradually if funds are accumulated in reserves, this means future investment in major works to properties will need to be re-profiled over the 30 year plan.
- 5.5 There is a possibility that properties built through the pipeline could be sold under Right to Buy scheme, this will result in loss of asset to the Council while increased debt levels remain. However, the Social Housing Green Paper includes proposals to relax current restrictions on the use of RTB receipts. It is proposed that local authorities will be able to retain receipts for longer than the current three year limit without penalty, allowing more flexibility around their use, and that there could be greater flexibility over the proportion of RTB receipts used to fund replacement homes (the current limit is 30% of the overall cost). If brought into effect following consultation, these changes could mitigate to impact of stock loss to RTB.
- 5.6 The restrictions on the additional headroom states that accepted bids must meet the annual borrowing allocation targets set by the GLA, or risk losing access to the additional borrowing. Therefore it will be crucial that Brent can realistically undertake the necessary capital expenditure in the specified years, and have contingent projects to cover potential slippages.

## **6.0 Legal Implications**

- 6.1 The increase in the borrowing headroom for the council will need to agree to the GLA's grant conditions and legal requirements. Any successful bids will require the council to agree to the grant conditions that will need to be formally adhered to.

- 6.2 If the council is successful it will receive a new indebtedness determination (in writing) to reflect the additional borrowing and in which years.
- 6.3 The GLA requires any bid to be formally signed off and certified by the Council's Chief Finance Officer (section 151 officer).

## **7.0 Equality Implications**

- 7.1 The council by borrowing additional money on the HRA will be able to build more council owned properties and therefore supply more affordable housing to general needs and NAIL users.
- 7.2 The building of council homes again directly will have a very positive equality impact and allow people whom are currently housed in temporary accommodation the opportunity to live in a more permanent residence in a council property.

## **8.0 Consultation with Ward Members and Stakeholders**

- 8.1 Members are aware of the current infill programme and the position on the HRA as this was presented to members at cabinet in February this year. Member's involvement in the decision to increase borrowing headroom is key to fulfilling the council's ambition of building more affordable housing in the borough.
- 8.2 The Housing Partnerships team will set out a regular communications strategy to consult members on an ongoing basis with regards to the new council housing pipeline.

## **9.0 Human Resources/Property Implications (if appropriate)**

- 9.1 The Property team's resource to deliver this programme will be monitored by the Housing Partnerships team to ensure the correct resources are in place to deliver as promised.


### **Report sign off:**

***Phil Porter***

Strategic Director of Community Wellbeing

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	<b>Cabinet</b> 12 September 2018
	<b>Report from the Strategic Director of Community Wellbeing</b>
<b>Funding London Borough of Culture 2020</b>	

<b>Wards Affected:</b>	All
<b>Key or Non-Key Decision:</b>	Key
<b>Open or Part/Fully Exempt:</b> <small>(If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)</small>	Open
<b>No. of Appendices:</b>	N/A
<b>Background Papers:</b>	N/A
<b>Contact Officer(s):</b> <small>(Name, Title, Contact Details)</small>	Melanie Smith Director of Public Health Email: <a href="mailto:melanie.smith@brent.gov.uk">melanie.smith@brent.gov.uk</a> Tel: 020 8937 6227

## 1.0 Purpose of the Report

- 1.1 The paper provides an update on plans for Brent to be London Borough of Culture 2020, in particular the anticipated legacy and the planned budget.

## 2.0 Recommendations

Cabinet is recommended to:

- 2.1 Agree the funding strategy for the London Borough of Culture 2020
- 2.2 Agree the commitment of £0.250m Neighbourhood CIL to support areas of the programme which meet the NCIL criteria
- 2.3 Delegate to the Cabinet Member of Public Health, Culture and Leisure in consultation with the Strategic Director Community Wellbeing and Chief Finance Officer, as a contingency measure, the decision to:
  - approve additional non recurrent funding from Council reserves to support the legacy of Brent Borough of Culture 2020 should this be necessary
  - And / or scale back the programme

- 2.4 Note the intention to fund raise from external sources in order that the use of reserves should not be necessary

### **3.0 Detail**

- 3.1 The Council submitted a bid to the Mayor and the GLA in December 2017 to become the London Borough of Culture 2020. The winning boroughs were announced in February 2018. Since that time the following projects in the bid have been developed:
- Thoroughfare: A street party on Kilburn High Road on 12<sup>th</sup> July 2020.
  - No Bass like Home. An affordable concert in Wembley Arena and a festival in Harlesden celebrating the reggae heritage of the area.
  - Museum of all Brent Life: the 6 Council libraries and the 4 community libraries will work with an artist on site specific commissions.
  - Seen and heard: a partnership with Quintain and the LSE to produce a policy framework for the creation and management of public spaces which welcome young people
  - Brent Lives: a partnership with Vice to tell Brent stories
  - Lost and found: a programme with Brent Schools
  - The Anthem: a new composition to be performed throughout 2020
  - Spacebook: an online platform to allow local people and community groups to book affordable creative spaces throughout 2020.
- 3.2 The GLA are providing two programmes to the winning boroughs. Battersea Arts Centre will be working in partnership with a local organization (to be finalised) to deliver a young person's programme from September 19. Further work is needed to understand how this will work alongside the local Young Ambassadors programme which will then be entering its second year. The second programme 'supplied' by the GLA is a partnership with AirBnB entitled "Listen Local". Listen local will pair up writers with local creative talent to unearth hidden stories about Brent's people and places. Stories may be told through film, music, theatre or art and will result in events in neighbourhood locations to attract visitors to the borough. This programme should link to and complement Museum of all Brent Life
- 3.3 The delivery model chosen for LBoC will embed working with cultural opportunities and organisations across the Council. Each of the projects within LBoC has a Senior Responsible Officer at Head of Service, Operational Director or Strategic Director level who is responsible for ensuring the project is delivered to time and budget and for the identification and mitigation of non-creative risks.

- 3.4 In addition a small LBoC team is being recruited. Lois Stonock has been appointed as the Artistic Director.
- 4.0 The legacy of Brent Borough of Culture 2020**
- 4.1 Brent Borough of Culture 2020 is designed to have a lasting impact on the borough and to change how the Borough is seen and experienced by residents and by visitors both during 2020 and afterwards.
- 4.2 It is anticipated that 150,000 residents will participate in Brent Borough of Culture 2020 and that the Borough will attract an additional 1 million visitors.
- 4.3 Reflecting the focus on young people, plans are underway for every child and young person in Brent schools, settings and colleges will take part in a cultural experience in 2020 and for every school to achieve Arts Mark accreditation. Thirty Young Ambassadors drawn from across Brent will actively shape and contribute to the programme and be supported in developing skills and experiences which will open up career pathways. In addition the LBoC will include a Creative Pathways Programme which will provide structured work experience placements for young people aged 16+ with creative and cultural organisations that are part of delivering LBOC
- 4.4 As the London Borough of Culture 2020, Brent will become an inspirational cultural destination attracting not only cultural visitors but also cultural enterprises. The LBoC team are working with Regeneration to secure an additional 3,000 square metres of space for cultural industries.
- 4.5 Winning London Borough of Culture 2020 provides many opportunities for local cultural organisations, creatives and artists. In preparation for these, in November 2018, the Brent Cultural Network will launch which will provide regular networking events, talks and workshops.
- 4.6 In response to local people reporting a lack of affordable space for creative endeavour, Spacebook will link available spaces with local people and groups throughout 2020 and provide a platform which can continue to support creativity in Brent after the year.
- 4.7 The volunteer programme will provide hundreds of local residents with the chance to gain new skills and experiences, building networks and having fun through volunteering on LBoC. A volunteer coordinator will be recruited in the autumn, with applications for volunteering to open in March 2019.
- 4.8 The Council will establish an independent Cultural Trust in order to amplify the legacy of 2020. The Trust will include young people and people with a Brent connection in its Trustees as well as those with expertise in the cultural sector and in fundraising
- 4.9 Finally, in order to ensure that local people and communities are truly engaged in shaping as well as experiencing the opportunities provided by Brent Borough of Culture 2020, a Brent Borough of Culture Fund will be established. This will launch in January 2019. £0.5m will be available for local individuals, artists, cultural and community groups across three rounds of funding.

- 4.10 Alongside this, national arts and heritage funders have signaled that they would like to receive more applications from communities in Brent, particularly those who have been underserved by previous cultural grant funding by national organisations. The LBoC team working with officers across the Council will bring local groups and national funders together and support bids to national funders.

## **5.0 Financial Implications**

- 5.1 The programme budget is £4.6m. This includes a mix of different funding sources such as GLA grants, Community Infrastructure Levy, partner contributions, ticket sales, fundraising and Council Contributions.

Total Expenditure (excluding in kind)	£4.6m
Total Earmarked Income	£3.1m
Total Income to raise	£1.5m

Income from GLA	£1.35m
Income from Brent (inc NCIL)	£1m
Income from Trusts/Businesses	£0.75m
Income to raise	£1.5m

- 5.2 The council will need to earmark up to a further £1.5m of non-recurrent funding from usable reserves if fundraising attempts fail to generate the required additional income as a contingency if the council wishes to allow for the full programme to be delivered. A robust governance arrangement is in place to approve any changes in scope with budgetary implications.

## **6.0 Legal Implications**

- 6.1 There are no legal implications arising from this paper

## **7.0 Equality Implications**

- 7.1 There are no equality implications arising from this paper

## **8.0 Consultation with Ward Members and Stakeholders**

- 8.1 Local people and stakeholders have been (and will continue to be) engaged across the programme and on individual projects.
- 8.2 A key part of this wider engagement is the Cultural Summit which is planned on 7 and 8 September. The first day will be designed for London and local cultural

organisations and will showcase the plans highlighting the opportunities for cultural organisations who may wish to be delivery partners. Day two is aimed at the local communities and will provide opportunities to co-design the programme.

**Report sign off:**

**PHIL PORTER**

Strategic Director of Community Wellbeing

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