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## AGENDA FOR THE EXECUTIVE

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Members of the Executive are summoned to attend a meeting to be held in Committee Room 4, Town Hall, Upper Street, N1 2UD on **21 May 2015 at 7.30 pm.**

**John Lynch**  
**Head of Democratic Services**

Enquiries to : Philippa Murphy  
Tel : Tel: 020 7527 3184 Email: Philippa.murphy@islington.gov.uk  
E-mail : democracy@islington.gov.uk  
Despatched : 13 May 2015

### Membership

Councillor Richard Watts  
Councillor Janet Burgess MBE  
Councillor Joe Caluori  
Councillor Paul Convery  
Councillor Andy Hull  
Councillor James Murray  
Councillor Claudia Webbe  
Councillor Asima Shaikh

### Portfolio

Leader of the Council  
Executive Member Health and Wellbeing  
Executive Member Children and Families  
Executive Member Community Safety  
Executive Member Finance and Performance  
Executive Member Planning and Development  
Executive Member for Environment and Transport  
Executive Member for Economic and Community Development

**Quorum is 4 Councillors**

### Please note

It is likely that part of this meeting may need to be held in private as some agenda items may involve the disclosure of exempt or confidential information within the terms of Schedule 12A of the Local Government Act 1972. Members of the press and public may need to be excluded for that part of the meeting if necessary. Those items are at Section H of the agenda - Paragraph 3, Schedule 12A of the Local Government Act 1972 applies.

Details of any representations received about why the meeting should be open to the public - none



## Declarations of interest:

If a member of the Executive has a **Disclosable Pecuniary Interest\*** in an item of business and it is not yet on the council's register, the Councillor **must** declare both the existence and details of it at the start of the meeting or when it becomes apparent. Councillors may also **choose** to declare a Disclosable Pecuniary Interest that is already in the register in the interests of openness and transparency. In both the above cases, the Councillor **must** leave the room without participating in discussion of the item.

If a member of the Executive has a **personal** interest in an item of business they **must** declare both the existence and details of it at the start of the meeting or when it becomes apparent but may remain in the room, participate in the discussion and/or vote on the item if they have a dispensation from the Chief Executive.

- \***(a) Employment, etc** - Any employment, office, trade, profession or vocation carried on for profit or gain.
- (b) Sponsorship** - Any payment or other financial benefit in respect 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.

**NOTE:** Public questions may be asked on condition that the Chair agrees and that the questions relate to items on the agenda. No prior notice is required. Questions will be taken with the relevant item.

Requests for deputations must be made in writing at least two clear days before the meeting and are subject to the Leader's agreement. The matter on which the deputation wants to address the Executive must be on the agenda for that meeting.

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**D. Service Related Matters**

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**F. Urgent non-exempt matters**

Any non-exempt items which the Chair agrees should be considered urgently by reason of special circumstances. The reasons for urgency will be agreed by the Chair and recorded in the minutes.

**G. Exclusion of press and public** **PAGE**

To consider whether to exclude the press and public during discussion of the remaining items on the agenda, in view of their confidential nature, in accordance with Schedule 12A of the Local Government Act 1972.

**H. Confidential / exempt items for information**

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|-----|--|-----|
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**I. Urgent Exempt Matters**

Any exempt items which the Chair agrees should be considered urgently by reason of special circumstances. The reasons for urgency will be agreed by the Chair and recorded in the minutes.

The next meeting of the Executive will be on 18 June 2015

London Borough of Islington

**Executive - 12 March 2015**

Minutes of the meeting of the Executive held at Committee Room 4, Town Hall, Upper Street, N1 2UD on 12 March 2015 at 7.30 pm.

**Present:**                      **Councillors:**    Watts, Burgess, Hull, Murray, Webbe and Shaikh

**Councillor Richard Watts in the Chair**

**110        APOLOGIES FOR ABSENCE**

Apologies for absence were received from Councillors Caluori and Convery.

**111        DECLARATIONS OF INTEREST**

None.

**112        MINUTES OF PREVIOUS MEETING**

**RESOLVED:**

That the minutes of the meeting on 12 February 2015 be confirmed as a correct record and the Chair be authorised to sign them.

**113        EXECUTIVE APPOINTMENTS**

**RESOLVED:**

That Cllr Asima Shaikh replace Cllr Rakhia Ismail on the Associated Joint Committee – London Councils' Grants Committee for the remainder of the municipal year 2014/2015 or until a successor are appointed, be agreed.

Reason for decision – to enable the Council's representatives to participate in meetings.

Other options considered – none, other than as detailed in the report and related papers.

Conflicts of interest/dispensations granted – none.

**114        FINANCIAL POSITION AS AT 31 JANUARY 2015**

**RESOLVED:**

1.1.    That the overall forecast revenue outturn for the General Fund of a £0.4m underspend (paragraph 3.1, Table 1 and Appendix 1 of the report) be noted.

1.2.    That the HRA is forecast to break-even over the financial year (paragraph 3.1, Table 1 and Appendix 1 of the report) be noted.

1.3.    That the latest capital position with forecast capital expenditure of £96.1m in 2014-15 (section 6, Paragraph 6.1, Table 2 and Appendix 2 of the report) be

noted.

- 1.4. That the Islington Retail Relief Scheme be amended to enable the payment of up to £1,500 business rates discretionary retail relief for 2015/16 (paragraph 4.15 of the report) be agreed.

Reason for decision – to enable Councillors to monitor the budget.

Other options considered – none, other than as detailed in the report and related papers.

Conflicts of interest/dispensations granted – none.

**115**      **CHARGING FOR CARE AND SUPPORT IN ACCORDANCE WITH THE CARE ACT 2014**

**RESOLVED:**

- 1.1      That continuing to charge for care and support in care homes be agreed.
- 1.2      That continuing to charge for care and support of people in their own homes and in the community be agreed.
- 1.3      That continuing not to charge for support to carers be agreed.
- 1.4      That authority be delegated to the Corporate Director of Housing and Adult Social Services in consultation with the Executive Member for Health and Adult Social Care to approve the detailed policy covering the discretionary areas of charging for care and support be agreed.

Reason for decision – to update the charging policies for care and support in accordance with the regulations laid down in the Care Act 2014.

Other options considered – none, other than as detailed in the report and related papers.

Conflicts of interest/dispensations granted – none.

**116**      **ADMISSION TO ISLINGTON COMMUNITY SCHOOLS: 2016-17**

**RESOLVED:**

- 1.1      That the co-ordinated schemes and timetables for admission to Islington primary and secondary schools and academies in 2016/17, and in-year admission protocols for 2015/16 and 2016/17, as set out in Appendices 1, 4 and 7 of the report be agreed.
- 1.2      That the policy and oversubscription criteria for admission to community primary and secondary schools and Islington Sixth Form Consortium for admission in 2016/17, as set out in Appendices 2, 5, 8 and 9 of the report be agreed.
- 1.3      That the proposed admission numbers for Islington community primary and secondary schools and for external applicants to the Islington Sixth Form

Consortium in 2016/17, as set out in Appendices 3, 6 and 10 of the report be agreed.

Reason for decision – to satisfy the School Admissions Code requirement to determine admission arrangements.

Other options considered – none, other than as detailed in the report and related papers.

Conflicts of interest/dispensations granted – none.

**117 SMOKE FREE DESIGNATION FOR ALL PLAYGROUNDS**

**RESOLVED:**

- 1.1 That it be agreed to extend the smoke-free designation to all children's play areas in the Council's parks in order to protect children from secondary smoke and to promote healthy lifestyles.
- 1.2 That it be agreed to extend the smoke-free designation to include all Housing estate playgrounds.

Reason for decision – to support the Council's priorities of providing the best start in life for children and supporting healthy, active and independent lives.

Other options considered – none, other than as detailed in the report and related papers.

Conflicts of interest/dispensations granted – none.

**118 DESIGNATION OF AREAS FOR ADDITIONAL LICENSING OF HOUSES IN MULTIPLE OCCUPATION**

**RESOLVED:**

- 1.1 That it be agreed to designate Caledonian Road and Holloway Road as areas subject to additional licensing of the following types of HMOs:
  - Houses and flats occupied by three or more persons who are not members of the same household (family);
  - Buildings converted into two or more flats where the conversion works do not comply with appropriate building standards (those applied in 1991 or later) and less than two-thirds of the flats are owner occupied (these are known as section 257 HMOs).
- 1.2 That the proposed fee structure for 2015/16 in relation to both Additional licensing of HMOs and the existing mandatory HMO licensing scheme, attached at Appendix 3 of the report be agreed.
- 1.3 That any additional costs of implementing the licensing scheme that cannot be met by the licensing fee or through existing resources will be monitored and as necessary, met from the Contingency fund be agreed.
- 1.4 That the additional licensing scheme be implemented from 1st September 2015, to run for five years, be agreed.

- 1.5 That it be agreed that the Service Manager (Residential Environmental Health), Service Manager (Commercial EH, Licensing and Emergency Planning), Service Manager (ASB and Environmental Services) and Service Director (Public Protection) be authorised to agree licences and determine the period of time to be covered by each licence.

Reason for decision – to allow the Council to address the significant problems identified with the management and condition of HMOs in Caledonian Road and Holloway Road.

Other options considered – none, other than as detailed in the report and related papers.

Conflicts of interest/dispensations granted – none.

**119 ADOPTION OF FINSBURY PARK FRAMEWORK SUPPLEMENTARY PLANNING DOCUMENT**

**RESOLVED:**

- 1.1 That the key points raised during public consultation and the proposed Council response as presented in the consultation report (Appendix 1 to this report) be noted
- 1.2 That adoption of the revised Finsbury Park Development Framework SPD (Appendix 2 to this report) be agreed.

Reason for decision – to provide greater certainty to both the local community and other interested parties about the nature of development that is likely to be acceptable to the local planning authority.

Other options considered – none, other than as detailed in the report and related papers.

Conflicts of interest/dispensations granted – none.

**120 CONTRACT AWARD FOR THE DEVELOPMENT OF MORELAND PRIMARY SCHOOL AND CHILDREN'S CENTRE**

**RESOLVED:**

- 1.1 That progress on the development of proposals for the redevelopment of Moreland Primary School and Children's Centre, programme and affordability be noted.
- 1.2 That the award a contract for the redevelopment of Moreland Primary School and Children's Centre to Morgan Sindall Group plc be agreed.
- 1.3 That the Corporate Director of Children's Services in consultation with the Corporate Director of Finance and Assistant Chief Executive (Governance and HR) be authorised to negotiate and agree the design and build contract documentation with Morgan Sindall Group plc be agreed.
- 1.4 That subject to agreement being reached on the contract documentation relating to Moreland Primary School and Children's Centre, the Assistant Chief Executive, Governance and HR (or such other officer as may be authorised by

her in accordance with Article 14.05 of the Council's Constitution) be authorised to enter into the contractual documentation to give effect to the award of the Moreland Primary School and Children's Centre contract to Morgan Sindall Group plc be agreed.

- 1.5 That the implications relating to the wider Kings Square development be noted.

Reason for decision – to enhance facilities at Moreland Primary School and Children's Centre and will enable the further redevelopment of the Kings Square Estate.  
Other options considered – none, other than as detailed in the report and related papers.  
Conflicts of interest/dispensations granted – none.

**121 CONTRACT AWARD FOR PAY BY PHONE CONTRACT**

**RESOLVED:**

That the award of the Pay by Phone Parking Services contract to Paypoint Mobile and Online for a 5-year term commencing 1 May 2015, with an option to extend for a further two years, be agreed.

Reason for decision – to ensure continuity of the service.  
Other options considered – none, other than as detailed in the report and related papers.  
Conflicts of interest/dispensations granted – none.

**122 PROCUREMENT STRATEGY - ADULT LIFESTYLE/HEALTH IMPROVEMENT PROGRAMME**

Councillor Burgess advised that the tenders will be evaluated with a weighting of 50% quality and 50% cost, rather than the 60/40 split noted in point 3.26 of the report.

**RESOLVED:**

- 1.1 That the procurement strategy for adult lifestyle/health improvement services be agreed.
- 1.2 That authority to award the contracts to the successful tenderers be delegated to the Corporate Director of Public Health, in consultation with the Executive Member, be agreed.

Reason for decision – to reduce health inequalities and maintain a focus on prevention and early intervention.  
Other options considered – none, other than as detailed in the report and related papers.  
Conflicts of interest/dispensations granted – none.

**123**      **CONTRACT AWARD FOR PAY BY PHONE CONTRACT - EXEMPT APPENDIX**

**RESOLVED:**

That the exempt information in the appendix to agenda item G14 be noted (see Minute 121 for decision).

MEETING CLOSED AT 7.38 pm

CHAIR



Report of: Assistant Chief Executive – Governance and Human Resources

Meeting of:	Date	Ward(s)
Executive	21 May 2015	n/a

## SUBJECT: APPOINTMENTS TO BE MADE BY THE EXECUTIVE

### 1. Synopsis

1.1 This report seeks approval of the appointment of members to the following Executive and Joint committees and external organisations:

- Voluntary and Community Sector Committee
- The four area Multi-Agency Geographical Panels in Islington (MAGPIs)
- Associated Joint Committee - London Councils' Grants Committee
- London Housing Consortium Joint Committee
- Pensions CIV Sectoral Joint Committee

### 2. Recommendations

(a) To appoint Cllr Richard Watts (Chair), Cllr Andy Hull and Cllr Asima Shaikh as members of the Voluntary and Community Sector Committee and Councillors Burgess, Caluori, Convery, Murray and Councillor Webbe as substitutes, for the municipal year 2015/2016, or until successors are appointed.

(b) To appoint Cllr Jean-Roger Kaseki, Cllr Rakhia Ismail and Cllr Theresa Debono as observers of the Voluntary and Community Sector Committee, for the municipal year 2015/2016, or until successors are appointed.

(c) To appoint Councillor Burgess to North MAGPI, Councillor Alice Perry to South MAGPI, Councillor Shaikh to East MAGPI and Councillor Picknell to West MAGPI, for 2015/16, or until successors are appointed.

(d) To appoint Councillor Shaikh to the Associated Joint Committee – London Councils' Grants Committee and Cllr Hull as deputy, for the municipal year 2015/2016, or until successors are appointed.

(e) To appoint Councillor Murray and Councillor Parker as members of the London Housing Consortium for the municipal year 2015/2016, or until successors are appointed.

(f) To appoint Councillor Richard Greening as the Council's representative on the London Council's Pensions CIV Sectoral Joint Committee and Councillor Andy Hull as substitute, for the municipal year 2015/2016, or until successors are appointed.

### **3. Background**

#### **3.1 VOLUNTARY AND COMMUNITY SECTOR COMMITTEE**

The Voluntary and Community Sector Committee was established by the Executive in March 2011 to oversee matters relating to Council engagement with the voluntary and community sector, including decisions relating to allocation of the Islington Community Fund. This enables Executive Members to steer funding towards those organisations and types of services they feel are of most value in tackling priorities around fairness, crime and housing and in enhancing the role of Ward Members in their local areas.

#### **3.2 MULTI-AGENCY GEOGRAPHICAL PANELS IN ISLINGTON (MAGPIs)**

MAGPIs are problem solving panels that aim to deal with issues of antisocial behaviour and low level crime through a multi agency response. This is achieved by exploring a range of enforcement, support and diversion tactics for victims and perpetrators. The Panels also assess environmental factors that may make areas more vulnerable to antisocial behaviour and low level crime. There are four MAGPIs covering the North, South, East and West of the Borough.

Meetings are held every four weeks, although they may be convened at short notice in response to a specific issue.

##### **Membership**

Membership is made up of representatives from the Police, Housing, Children's Services, Greenspace, Education, Islington Drug and Alcohol Action Team, elected members, Street Environment Services, Adult Outreach Teams and the Islington Antisocial Behaviour Team.

#### **3.3 ASSOCIATED JOINT COMMITTEE - LONDON COUNCILS' GRANTS COMMITTEE**

The Grants Committee of London Councils deals with the London Boroughs Grants Scheme for voluntary organisations under Section 48 of the Local Government Act 1985. Under the scheme, £28m a year is invested in voluntary organisations on behalf of all London councils. 400 organisations are funded, with individual grants ranging from between £5,000 and £500,000. All of the grants seek to improve the lives of people who live, work in and visit London.

These appointments are required to be made by the Executive because the exercise of functions under Section 48 of LGA 1985 is an executive function.

##### **Membership**

The Committee comprises 33 representative members, one from each of London's local councils. Under an agreement entered into by the London boroughs in respect of the Joint Committee, Islington Council is entitled to appoint an elected member representative and one or more deputies to the Joint Committee, who must also be members of the Executive.

#### **3.4 JOINT COMMITTEE - LONDON HOUSING CONSORTIUM**

The London Housing Consortium has existed since 1965 and was established as a Joint Committee in 2012 under section 105(1) of the Local Government Act 1972. The London Housing Consortium is a self-financing organisation which provides specialist technical and procurement services for building programmes undertaken by its constituent local authorities and other public sector bodies.

These appointments are required to be made by the Executive because the exercise of functions under Section 48 of LGA 1985 is an executive function. The non-Executive member is appointed under section 102(3) of the Local Government Act 1972, which allows non-Executive Members to be members of Joint Committees which are comprised of five or more relevant authorities.

##### **Membership**

The LHC is governed by a Board of Elected Members which comprises two voting Councillor representatives from the eleven local authority members, one of which will be an Executive Member.

### 3.5 **PENSIONS CIV SECTORAL JOINT COMMITTEE**

The Pensions CIV Sectoral Joint Committee was established in December 2014 to act as a representative body for the London local authorities who are participating in the Local Government Pensions Scheme (LGPS) Collective Investment Vehicle in the form of a Authorised Contractual Scheme (an ACS Operator). Participation in the CIV enables the council to benefit from significant savings achieved through collective investment.

Oversight of the ACS Operator is an executive function. Accordingly the Executive appoint the members of the Pensions CIV Sectoral Joint Committee.

#### **Membership**

The Pensions CIV Sectoral Joint Committee is comprised of an elected councillor from each of the councils participating in the ACS. The committee deals with specialist investment matters and it is recommended that the Chair of each borough's pension committee is appointed, with a nominated deputy.

## **4. Implications**

### 4.1 **Financial implications**

The Voluntary and Community Sector Committee approves London Councils' Grants Committee budget and Islington's subscription each year.

### 4.2 **Legal Implications**

These are contained in the body of the report.

### 4.3 **Environmental Implications**

There are no environmental implications arising directly from this report.

### 4.4 **Resident Impact Assessment**

The Council must, in the exercise of its functions, have due regard to the need to eliminate discrimination, harassment and victimisation, and to advance equality of opportunity, and foster good relations, between those who share a relevant protected characteristic and those who do not share it (section 149 Equality Act 2010). The Council has a duty to have due regard to the need to remove or minimise disadvantages, take steps to meet needs, in particular steps to take account of disabled persons' disabilities, and encourage people to participate in public life. The Council must have due regard to the need to tackle prejudice and promote understanding.

The initial screening for a Resident Impact Assessment was completed on 21 April 2015 and this did not identify any negative equality impacts for any protected characteristic or any human rights or safeguarding risks.

A significant proportion of the grants made by the Grants Committee are to organisations meeting the needs and priorities of a wide range of Islington's community and, in particular, aimed at improving fairness and equality in the Borough.

MAGPI referrals, appropriate sanctions, intervention and support will be considered based on ethnicity, age, gender and vulnerability. Referrals also require the referring agency to determine if the antisocial behaviour or low level crime is racially motivated or homophobic.

## **5. Conclusion and reasons for recommendations**

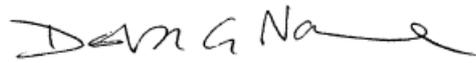
5.1 The Executive is responsible for making one member appointment and up to four deputies to the Grants Committee of London Councils, two member appointments to the board of the London Housing Consortium and one member and substitute to the Pensions CIV Sectoral Joint Committee, to enable the Council's representatives to participate in meetings.

- 5.2 The councillor appointments to the four area MAGPIs enable local councillors to be involved in problem solving of low level crime and anti-social behaviour in their local areas.
- 5.3 The Voluntary and Community Sector Committee is a Committee of the Executive and therefore the Executive has responsibility for appointing its membership.

**Background papers:** None.

Final report clearance:

**Signed by:**



Assistant Chief Executive – Governance and  
Human Resources

6 May 2015

Date



#### Report of: Executive Member for Finance and Performance

Meeting of:	Date	Ward(s)
Executive	21 <sup>st</sup> May 2015	

## PROVISIONAL 2014-15 OUTTURN

### 1. SYNOPSIS

- 1.1 This report presents the provisional outturn position for 2014-15 as at 31<sup>st</sup> March 2015. Overall, there is a gross General Fund underspend of £3.1m, but after proposed transfers to corporate reserves, there is a forecast net break-even position for 2014-15. The Housing Revenue Account (HRA) is forecast to break-even over the year. The capital programme delivered 93% of the annual programme.

### 2. RECOMMENDATIONS

- 2.1. To approve the overall provisional 2014-15 gross revenue outturn for the General Fund (**Table 1** and **Appendix 1**) of a gross £3.1m underspend, before transfers, and a net break even position after the following proposed transfers for approval (**Section 3**):
- 2.1.1. £1.5 m to the redundancy reserve.
- 2.1.2. £1.6m to the contingency reserve.
- 2.2. To agree the departmental carry forwards detailed in **Appendix 2. (Section 3)**
- 2.3. To note that the HRA is forecast to break-even. (**Section 5, Table 1** and **Appendix 1**)
- 2.4. To note that the Council delivered £83.7m of capital investment in 2014-15, representing 93% of the deliverable programme, and to agree the provisional funding of the programme and related reserves movements. (**Section 6, Tables 2-3** and **Appendix 3**)
- 2.5. To note the provisional outturn position in respect of the Council's sundry income management (**Section 7**) and the council tax and national non domestic rates collection (**Section 8**).
- 2.6. To note the progress on the closing of the 2014-15 accounts and to delegate to the Corporate Director of Finance and Resources the authority to agree any final changes to

the accounts (including capital financing and slippage) prior to the accounts submission to the Auditors by 30<sup>th</sup> June 2015. (**Section 9**)

### **3. CURRENT REVENUE POSITION: SUMMARY**

- 3.1. A summary position of the General Fund and Housing Revenue Account is shown in **Table 1** with further detail contained in **Appendix 1**. This position is after the departmental carry forwards are taken into account. The departmental carry forwards, which are proposed to be transferred for (the same) use in the financial year 2015-16, are detailed in **Appendix 2** for agreement.
- 3.2. It is recommended that the gross £3.1m General Fund underspend is applied as follows, resulting in a net break-even outturn position:
- 3.2.1. £1.5m to the redundancy reserve, taking this to £6.1m in 2015-16.
- 3.2.2. £1.6m to the contingency reserve, taking this to £3.5m in 2015-16, to provide some resilience against any short-term budget pressures arising from savings risks or changes in Government policy.

**Table 1: General Fund and HRA Estimated Outturn**

	<b>VARIANCE Month 12 (£000)</b>
<b><u>GENERAL FUND</u></b>	
Finance and Resources	(196)
Chief Executive's	(575)
Core Children's Services (Excluding Schools)	(600)
Environment and Regeneration	76
Housing and Adult Social Services	1,792
Public Health	0
Net Departments	<b>497</b>
Corporate Items	(3,554)
<b>Total excluding contingencies</b>	<b>(3,057)</b>
Unallocated contingency budgets	0
Proposed Transfers at Year-End	<b>3,057</b>
<b>TOTAL GENERAL FUND (UNDER)/OVERSPEND</b>	<b>0</b>
<b><u>HOUSING REVENUE ACCOUNT</u></b>	
<b>NET (SURPLUS) / DEFICIT</b>	<b>0</b>

### **4. GENERAL FUND**

#### **Finance and Resources Department (-0.2m)**

- 4.1. The Finance and Resources Department is forecasting an outturn underspend of (-£0.2m) as a result of net staffing savings across the department.

#### **Chief Executive's Department (-£0.6m)**

- 4.2. The Chief Executive's Department is forecasting an outturn underspend of (-£0.6m) due to additional Legal income (-£0.14m); court compensation payments (-£0.12m); additional income from selling human resources school services to non-Islington schools (£0.12m); and additional contributions from external organisations (-£0.2m).

### **Children's Services (General Fund: -£0.6m, Schools: -£6.9m)**

- 4.3. An outturn underspend of (-£0.6m) is forecast for the General Fund (non-schools) Children's Services budget. This is due to an underspend against the Council's Universal Free School Meals budget following the introduction of statutory free school meals for all pupils in Reception to Year 2 (-£0.2m); a staffing underspend due to vacancies in the Play and Youth Service and Youth Careers (-£0.1m); staffing underspends due to vacancies in Children's Centres (-£0.2m); an underspend against the Grant Aid budget in Early Years (-£0.2m); staffing underspends and increased trading income across Pupil and School Support Services (-£0.4m); administrative and ICT savings within the Partnerships and Support Services division (-£0.4m); savings as a result of the cost of Children in Need places for eligible 2 year olds being met from Dedicated Schools Grant (DSG) funding (-£0.2m); unused schools redundancy budget (-£0.1m); miscellaneous underspends across the department including additional income (-£0.1m); an overspend of (+£0.5m) due to underlying demographic pressures on Special Educational Needs (SEN) transport; and the number of unaccompanied asylum seeking children has increased by 25 over the duration of this financial year (+£0.3m); an overspend on the Targeted and Specialist Children and Families service relating to Special Guardianship Orders, the New Remand Framework and Staying Put (+£0.5m).

#### **Schools (-£6.9m)**

- 4.4. A Dedicated Schools Grant (DSG) underspend of (-£6.9m, 4.4% of DSG) is forecast. This is due to the carry forward of up-front Early Years DSG funding from previous years for 2 year olds that will be used to smooth in expected DfE funding reductions for the statutory entitlement from 2015, when funding will be allocated to local authorities based on take-up (-£3.5m); Schools Forum agreed to hold off allocating £0.4m from the 2013-14 DSG carried-forward underspend pending confirmation of sufficient headroom from the growth in DSG in 2015-16 and 2016-17 to enable re-designed pupil, school and early years services to be funded (-£0.4m); a number of underspends across Early Years including take-up of nursery places for 3 and 4 year olds being lower than budgeted (-£0.3m); delay in redevelopment of the outdoor space at the Pupil Referral Unit (-£0.1m); unused SEN placements contingency budget despite increased numbers and complexity of need as placement costs have been contained within existing budgets (-£1.7m); underspends across a number of other areas including pupil services and data systems development, alternative provision, school exclusions and contingency budgets (-£0.9m). DSG variances are managed through the Schools Forum.

#### **Environment and Regeneration (+£0.1m)**

- 4.5. The Environment and Regeneration Department is forecasting a break-even outturn position. This is after the £0.9m in-year corporate savings previously applied to structural overspends in the department.

#### **Housing and Adult Social Services (+£1.8m)**

- **Adult Social Care (zero variance)**

- 4.6. The Adult Social Services Department is forecasting a break-even outturn position. This forecast includes the agreed allocation of demographic contingency for the full-year effect of 2013-14 placements of (+£0.5m) and the part-year effect of 2014-15 placements (+£1.0m), and the agreed allocation of general contingency (+£1.4m) to enable the contractors of the Provision of Comprehensive Domiciliary Care Services in Islington to pay the London Living Wage.

- **Housing General Fund (+£1.8m)**

- 4.7. The Housing General Fund continues to be impacted by increased demand for temporary accommodation (TA) and the increased cost of supplying it, exacerbated by ongoing

changes to the housing benefit regulations (implementation of Local Housing Allowance caps) and the changes to the welfare support system. This has resulted in a net financial pressure of (+£2.1m) in 2014-15 (after the previous application of £0.4m in-year corporate savings to structural overspends within the temporary accommodation procurement and rental income budgets). This is offset partly by underspends in management, staffing and running costs (-£0.3m).

#### **Public Health (zero variance)**

- 4.8. Public Health is funded via a ring-fenced grant of £25.4m for 2014-15. The public health grant is committed against existing public health services and programmes, continuing from the previous year and transferred to the Council via a transfer scheme in April 2013, and public health services and programmes included in larger NHS contracts. The grant is forecast to be spent in line with the overall allocation.

#### **Corporate Items (-£3.6m)**

- 4.9. The Council continues to follow a successful Treasury Management Strategy of shorter-term borrowing at low interest rates. This has saved the General Fund (-£2.4m) in interest charges over the financial year. The Treasury Management Strategy is kept under constant review to ensure that available resources are optimised and the longer-term interest rate position reviewed.
- 4.10. Unbudgeted grant income (-£2m) has been received to compensate for the impact of Government policy on our retained business rates income in 2014-15 (e.g. the capping of the business rates multiplier and the retail relief scheme).
- 4.11. Joint work between Council departments has resulted in the streamlining and consolidation of funding for a wide range of service contracts which has resulted in savings of (-£1m) across the Council.
- 4.12. There is an a (-£0.6m) saving in respect of the 2.2% pay award with effect from 1<sup>st</sup> January 2015 (3 months) compared to the full year 1% provided in the 2014-15 budget.
- 4.13. These savings are offset by:
- 4.13.1. Corporate savings of (+£1.3m) being applied to the structural overspends in Environment and Regeneration and Housing General Funding. This is a net-nil impact overall as the Environment and Regeneration Department and Housing General Fund overspends are reduced, in respect of this applied funding, by the same amount.
- 4.13.2. A pressure of (+£0.8m) created by uncontrollable expenditure due to the Council's statutory duty to provide assistance to all destitute clients who are Non-European Union nationals and can demonstrate need under Section 21 of the National Assistance Act, 1948. This is commonly referred to as No Recourse to Public Funds (NRPF).
- 4.13.3. The corporate levies that the Council is required to pay being (+£0.3m) higher than assumed in the original 2014-15 budget.

#### **Contingencies (zero variance)**

- 4.14. Following the allocation of demographic contingency to Adult Social Services relating to the full-year effect of 2013-14 placements (+£0.5m) and the part-year effect of 2014-15 placements (+£1.0m), and the allocation of general contingency (+£1.4m) to Adult Social Services to enable the contractors of the Provision of Comprehensive Domiciliary Care Services in Islington to pay the London Living Wage, the 2014-15 contingency budget has been fully allocated.

## 5. HOUSING REVENUE ACCOUNT

- 5.1. The HRA is forecast to be balanced in 2014-15, after the application of contingency and a drawdown from working balances. The variances are as follows:
- 5.1.1. Non-recurring costs to date of repairs re-integration (+£4.9m).
  - 5.1.2. Recurring impact (part year effect) of repairs re-integration (+£3m).
  - 5.1.3. Other HRA non-recurring pressures including welfare reforms, improvements to open spaces and CCTV (+£3.3m).
  - 5.1.4. Other HRA recurring pressures including changes to pension contributions and reduction in rent, service charges and other income (+£0.5m).
  - 5.1.5. *The above pressures of (+£11.7m) are offset by:*
  - 5.1.6. A (-£2m) saving from reduced interest on borrowing and capital charges.
  - 5.1.7. Additional income from commercial properties (-£0.3m).
  - 5.1.8. Reduced energy costs of (-£1m).
  - 5.1.9. Reduced demand for aids and adaptations work in HRA properties (-£0.8m).
  - 5.1.10. Annual leaseholder service charges saving (-£0.3m).
  - 5.1.11. Number of void repairs less than budgeted (-£1m).
  - 5.1.12. Savings (staffing and administration) in the Resident Engagement/PFI Clienting and New Build Teams, PFI Payments and ICT running costs (-£0.5m).
  - 5.1.13. Increase in leaseholders' major works income from rechargeable capital works (-£1.1m).
  - 5.1.14. Additional income from Thames Water commission (-£0.4m).
  - 5.1.15. Additional income including an increase in the right to buy administration grant (-£0.6m).
  - 5.1.16. In-year drawdowns from HRA annual contingency budget of (-£3.2m) and HRA working balances of (-£0.5m).

## 6. CAPITAL PROGRAMME

- 6.1. The Council delivered £83.7m of capital investment in 2014-15, representing 93% of the deliverable programme. This is set out by department in **Table 2** below and detailed at **Appendix 3**, including slippage to 2015-16.

**Table 2: 2014-15 Capital Programme by Department**

Department	2014-15 Capital Budget	2014-15 Capital Expenditure	Slippage to 2015-16
	(£m)	(£m)	(£m)
Housing and Adult Social Services	59.4	57.5	1.9
Children's Services	10.9	9.5	1.4
Environment and Regeneration	17.6	15.1	2.5
Finance and Resources	1.4	1.3	0.1
Corporate Projects	0.5	0.3	0.2
<b>Total</b>	<b>89.8</b>	<b>83.7</b>	<b>6.1</b>

- 6.2. The provisional funding of the 2014-15 capital programme is shown in **Table 3** below.

**Table 3: Provisional Funding of 2014-15 Capital Programme**

<b>Funding Source</b>	<b>(£m)</b>
Capital Receipts	11.9
Borrowing	3.9
Government Grants and Other External Contributions	16.3
Major Repairs Reserve	35.9
Capital Reserve and Revenue Contributions	15.7
<b>Total</b>	<b>83.7</b>

- 6.3. As part of the funding of the capital programme, the following reserves movements over £500k require Executive approval under the Council's financial regulations:
- 6.3.1. Drawdown from the Capital Reserve (£14.274m).
  - 6.3.2. Transfer to the Building Schools for the Future Smoothing Reserve (£0.709m).
  - 6.3.3. Transfer from the Invest to Save Reserve to the Capital Reserve (£2.537m).

#### **Treasury Management**

- 6.4. The Council's average rate of interest on its debt fell from 5.30% in 2013-14 to 4.32% in 2014-15. As at 31<sup>st</sup> March 2015, the Council had £20m of temporary borrowing, total long term debt of £285.4m (£225.3m Public Works Loan Board loans, £56.5m loans from other local authorities and a £3.6m commercial loan) and held £77m of temporary investments (mainly with other local authorities).
- 6.5. During the financial year the Council complied within the treasury limits and Prudential Indicators set out in the Council's Treasury Policy Statement and Annual Treasury Strategy Statement.

## **7. SUNDRY INCOME MANAGEMENT**

- 7.1. In 2014-15 £47.1m sundry income was collected which represents 74% of the net collectable debit. Arrears at year-end were £16.9m, of which £14.8m was less than 30 days.
- 7.2. The net sum of just £41k was written off, under delegated authority, during the financial year 2014-15 and has been funded from provisions already made. Our level of sundry debt write-offs are amongst the lowest of any local authority and the amount written-off in 2014-15 was our lowest on record.

## **8. COUNCIL TAX AND NNDR COLLECTION RATES**

- 8.1. Council tax in-year collection of 96.1% is just above the target (96%) set for 2014-15 and the Council's highest level since collection was made more difficult by the commencement of council tax support in 2013-14. The actual amount collected has increased by £3.1m from the previous year. For 2014-15 £2.3m of council tax arrears were written-off.
- 8.2. National non-domestic rates (NNDR) in-year collection of 99% is well above the target (98.2%) set for 2014-15 and is the highest level achieved to date. The actual amount collected has increased by £6.6m from the previous year. For 2014-15 £3.4m of NNDR arrears were written-off.
- 8.3. The collection rates for recent years are shown in **Table 4** below.

**Table 4: Collection Rates 2014-15**

	<b>2012-13 (Pre- Council Tax Support Scheme)</b>	<b>2013-14</b>	<b>2014-15</b>
Council Tax Collection Rate	96.8%	95.9%	96.1%
NNDR Collection Rate	98.5%	98.2%	99.0%

## **9. CLOSING OF ACCOUNTS PROGRESS 2014-15**

- 9.1. The Council has a comprehensive timetable for the closing of its accounts. Progress against this timetable is currently on track, with departmental work mainly completed and the accounts now being consolidated corporately and supporting documentation being prepared.
- 9.2. In view of the fact that there is still work to be completed before the accounts are finalised, the Executive is asked to delegate to the Corporate Director of Finance and Resources the authority to agree any final changes to the accounts prior to their submission to the auditors by 30<sup>th</sup> June 2015.

## **10. IMPLICATIONS**

### **Financial Implications**

- 10.1. These are included in the main body of the report.

### **Legal Implications**

- 10.2. The law requires that the Council must plan to balance its spending plans against resources to avoid a deficit occurring in any year. Members need to be reasonably satisfied that expenditure is being contained within budget and that the savings for the financial year will be achieved, to ensure that income and expenditure balance.

### **Environmental Implications**

- 10.3. This report does not have any direct environmental implications.

### **Resident Impact Assessment**

- 10.4. A resident impact assessment (RIA) was carried out for the 2014-15 Budget Report approved by Full Council. This report notes the financial performance to date but does not have direct policy implications, so a separate RIA is not required for this report.

**Background papers:** None

### **Responsible Officer:**

Mike Curtis  
Corporate Director of Finance and Resources

### **Report Author:**

Tony Watts  
Head of Financial Planning

**Signed by**



7 May 2015

Executive Member for Finance and  
Performance

Date

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## Appendix 1 - Revenue Budget Monitoring Month 12 2014-15

<b>GENERAL FUND</b>					
Department / Service Area	Original Budget	Current Budget	Forecast Outturn	Variance Month 12	Variance Month 10
	£'000	£'000	£'000	£'000	£'000
<b>FINANCE AND RESOURCES</b>					
Property	1,527	(1,001)	(1,288)	(287)	210
Financial Management	(2,564)	(14,511)	(15,039)	(528)	(246)
Corporate Director of Finance and Resources	25	69	82	13	(43)
Financial Operations and Customer Services	8,047	9,305	9,296	(9)	(7)
Digital Services and Transformation	(31)	1,851	2,485	634	86
Internal Audit	643	738	719	(19)	0
<b>Total</b>	<b>7,647</b>	<b>(3,549)</b>	<b>(3,745)</b>	<b>(196)</b>	<b>0</b>
<b>CHIEF EXECUTIVE'S DEPARTMENT</b>					
Chief Executive	(140)	59	59	0	(60)
Governance and Human Resources	462	1,638	1,177	(461)	(27)
Strategy and Community Partnerships	6,678	8,649	8,535	(114)	0
<b>Total</b>	<b>7,000</b>	<b>10,346</b>	<b>9,771</b>	<b>(575)</b>	<b>(87)</b>
<b>CHILDREN'S SERVICES</b>					
Learning and Schools	29,408	24,609	16,829	(7,780)	(4,680)
Partnerships and Support Services	9,984	11,534	11,079	(455)	(200)
Targeted and Specialist Children and Families	37,602	42,383	43,163	780	0
<b>Total</b>	<b>76,994</b>	<b>78,526</b>	<b>71,071</b>	<b>(7,455)</b>	<b>(4,880)</b>
<b>ENVIRONMENT AND REGENERATION</b>					
Directorate	0	2,202	2,201	(1)	0
Planning and Development	2,311	2,904	2,803	(101)	124
Public Protection	10,761	11,454	11,797	343	294
Public Realm	23,143	27,680	27,515	(165)	(397)
<b>Total</b>	<b>36,215</b>	<b>44,240</b>	<b>44,316</b>	<b>76</b>	<b>21</b>
<b>HOUSING &amp; ADULT SOCIAL SERVICES</b>					
Temporary Accommodation (Homelessness Direct)	612	1,079	3,180	2,101	2,150
Housing Benefit	880	880	880	0	0
Housing Needs (Homelessness Indirect)	1,908	2,351	2,182	(169)	0
Housing Development and Strategy	248	222	190	(32)	0
Housing Administration	1,993	2,305	2,219	(86)	0
<b>Housing General Fund Total</b>	<b>5,641</b>	<b>6,837</b>	<b>8,651</b>	<b>1,814</b>	<b>2,150</b>
Adult Social Care	31,314	31,917	32,256	339	222
Community Services	15,219	16,725	16,702	(23)	(197)
Strategy and Commissioning	31,563	32,274	31,936	(338)	(250)
<b>Adult Social Services Total</b>	<b>78,096</b>	<b>80,916</b>	<b>80,894</b>	<b>(22)</b>	<b>(225)</b>
<b>HASS Total</b>	<b>83,737</b>	<b>87,753</b>	<b>89,545</b>	<b>1,792</b>	<b>1,925</b>
<b>PUBLIC HEALTH</b>					
NHS Health Checks	358	391	375	(16)	(28)
Obesity and Physical Activity	863	863	905	42	9
Other Public Health	(21,069)	(21,142)	(21,110)	32	19
Sexual Health	8,546	8,138	8,136	(2)	79
Smoking & Tobacco	665	820	756	(64)	(186)
Substance Misuse	8,858	9,257	9,210	(47)	47
Children and Young People	1,779	1,774	1,648	(126)	(123)
	<b>0</b>	<b>101</b>	<b>(80)</b>	<b>(181)</b>	<b>(183)</b>
Less Projected Ring-Fenced Schools Related Underspend			6,855	6,855	4,270
Less Projected Ring-Fenced Public Health Underspend			181	181	183
<b>GROSS DEPARTMENT TOTAL</b>	<b>211,593</b>	<b>217,417</b>	<b>217,914</b>	<b>497</b>	<b>1,249</b>

## Appendix 1 - Revenue Budget Monitoring Month 12 2014-15

Department / Service Area	Original Budget	Current Budget	Forecast Outturn	Variance Month 12	Variance Month 10
	£'000	£'000	£'000	£'000	£'000
<b>CORPORATE ITEMS</b>					
Corporate and Democratic Core / Non Distributed Costs	16,626	17,344	17,344	0	0
Insurance Fund	(300)	(300)	(300)	0	0
Transfer to/(from) Reserves	6,727	(14,361)	(14,361)	0	0
Levies	22,273	22,273	22,594	321	200
Appropriations / Technical Accounting Entries	0	25,966	25,966	0	0
Provisions	0	0	0	0	0
Corporate Financing Account	(13,276)	(11,969)	(14,346)	(2,377)	(1,900)
Unringfenced Grants	(15,996)	(27,751)	(27,751)	0	0
Other Corporate Items	2,524	8,080	5,708	(2,372)	(997)
Core Government Funding / Council Tax	(234,117)	(236,967)	(236,967)	0	0
No Recourse to Public Funds	268	268	1,142	874	1,032
<b>Corporate Items Total</b>	<b>(215,271)</b>	<b>(217,417)</b>	<b>(220,971)</b>	<b>(3,554)</b>	<b>(1,665)</b>
<b>TOTAL NET OF CORPORATE ITEMS</b>	<b>(3,678)</b>	<b>0</b>	<b>(3,057)</b>	<b>(3,057)</b>	<b>(416)</b>
Demographic Contingencies	2,377	0	0	0	0
General Contingencies	1,300	0	0	0	0
<b>GENERAL FUND TOTAL</b>	<b>0</b>	<b>0</b>	<b>(3,057)</b>	<b>(3,057)</b>	<b>(416)</b>

**Appendix 1 - Revenue Budget Monitoring Month 12 2014-15**

<b>HOUSING REVENUE ACCOUNT(HRA)</b>					
<b>Department / Service Area</b>	<b>Original Budget</b>	<b>Current Budget</b>	<b>Forecast Outturn</b>	<b>Variance Month 12</b>	<b>Variance Month 10</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Dwelling Rents	(147,657)	(147,657)	(147,266)	391	400
Non Dwelling Rents	(1,708)	(1,708)	(1,879)	(171)	(200)
Heating Charges	(2,268)	(2,268)	(2,420)	(152)	(100)
Leaseholders Charges	(9,495)	(12,055)	(13,216)	(1,161)	(200)
Other Charges for Services and Facilities	(14,251)	(14,063)	(15,111)	(1,048)	100
PFI Credits	(22,855)	(22,854)	(22,854)	0	0
Interest Receivable	(390)	(390)	(719)	(329)	0
Contribution from General Fund	(833)	(833)	(833)	0	0
<b>Gross Income</b>	<b>(199,457)</b>	<b>(201,828)</b>	<b>(204,298)</b>	<b>(2,470)</b>	<b>0</b>
Repairs & Maintenance	23,100	24,310	27,854	3,544	3,500
Revenue Contribution to Capital	10,594	10,594	15,399	4,805	3,720
General Management	44,657	43,827	44,882	1,055	653
PFI Payments	39,276	41,836	41,203	(633)	0
Contribution to PFI Smoothing Fund	61	60	0	(60)	(60)
Special Services	16,184	15,911	15,062	(849)	(823)
Rents, Rates, Taxes and Other Charges	740	740	705	(35)	0
Capital Financing Costs	60,610	60,610	58,908	(1,702)	(2,900)
Bad Debt Provisions	750	750	817	67	0
HRA Contingency and Growth	3,485	3,190	0	(3,190)	(3,485)
<b>Gross Expenditure</b>	<b>199,457</b>	<b>201,828</b>	<b>204,830</b>	<b>3,002</b>	<b>605</b>
<b>Drawdown from HRA Balances</b>	<b>0</b>	<b>0</b>	<b>(532)</b>	<b>(532)</b>	<b>(605)</b>
<b>Net (Surplus) / Deficit</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

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## 2014-15 Carry Forwards

## APPENDIX 2

DEPT	Service Area	Amount (£)	Brief Explanation	Carry forward to 2015-16 or hold in reserves?
CE	Strategy and Community Partnerships	34,342.12	Local Initiative Fund (LIF) grants awarded by Councillors that span more than one financial year	Carry Forward
CE	Strategy and Community Partnerships	72,986.69	Local Initiative Fund (LIF) grants awarded by Councillors that span more than one financial year	Carry Forward
CE	Strategy and Community Partnerships	36,308.76	Local Initiative Fund (LIF) grants awarded by Councillors that span more than one financial year	Carry Forward
CE	Strategy and Community Partnerships	29,111.51	Local Initiative Fund (LIF) grants awarded by Councillors that span more than one financial year	Carry Forward
CE	Strategy and Community Partnerships	147,598.08	Contingency funding for Voluntary and Community Sector (VCS) projects	Carry Forward
CE	Strategy and Community Partnerships	124,251.00	Contingency funding for Voluntary and Community Sector (VCS) projects	Carry Forward
CE	Strategy and Community Partnerships	57,756.00	To deal with the additional demands of welfare reform	Carry Forward
CE	Strategy and Community Partnerships	2,419.14	Growth Action Fund projects spanning more than one financial year	Carry Forward
CE	Strategy and Community Partnerships	25,917.45	Growth Action Fund projects spanning more than one financial year	Carry Forward
CE	Strategy and Community Partnerships	43,589.00	Growth Action Fund projects spanning more than one financial year	Carry Forward
CE	Strategy and Community Partnerships	72,350.84	Finsbury Park Improvements - projects spanning more than one financial year	Carry Forward
CE	Strategy and Community Partnerships	131,023.30	Finsbury Park Improvements (bridges) - projects spanning more than one financial year	Carry Forward
CE	Strategy and Community Partnerships	5,722.00	Finsbury Park Improvements (creative hub) - projects spanning more than one financial year	Carry Forward
CE	Strategy and Community Partnerships	94,881.49	Childcare bursaries that span more than one financial year	Carry Forward
CE	Strategy and Community Partnerships	2,620.68	Smoke Free Alliance additional policing at Nags Head that spans more than one financial year	Carry Forward
CE	Governance and Human Resources	11,295.48	Contributions/donations/fundraising for Mayor to spend. Term runs to May and must be spent in full. Carry forward is the amount not spent as at 31st March.	Carry Forward
CE	Governance and Human Resources	3,000.00	Contributions/donations/fundraising for Deputy Mayor to spend. Term runs to May and must be spent in full. Carry forward is the amount not spent as at 31st March.	Carry Forward
CE	Strategy and Community Partnerships	2,000.00	Grant funding for Domestic Homicide Review	Carry Forward
CE	Strategy and Community Partnerships	30,000.00	Grant funding for Domestic Abuse Service	Carry Forward
CE	Strategy and Community Partnerships	4,079.72	Grant funding for Universal Support Delivered Locally (USDL) pilot project	Carry Forward
CE	Strategy and Community Partnerships	31,558.38	Identification and Referral to Improve Safety (IRIS) project funding	Carry Forward
CS	Learning and Schools: Early Years - Graduate Leader Fund	70,285.00	The Graduate Leader Fund is being phased out over 2-years as part of the 2015-16 financial strategy. This carry forward will help phase in the reduction in spend.	Carry Forward
CS	Learning and Schools: Early Years - Childcare Strategy	59,527	Carry forward of unused New Homes Bonus allocation for the Childcare Strategy as per previous years to enable the programme to be extended by 1 year when funding expires.	Carry Forward

## 2014-15 Carry Forwards

## APPENDIX 2

DEPT	Service Area	Amount (£)	Brief Explanation	Carry forward to 2015-16 or hold in reserves?
CS	Learning and Schools: Early Years - Wrap around childcare	151,478	Funding from the GLA to provide wrap around childcare in schools. Projects are being implemented across 2014-15 and 2015-16 - carry forward will enable continued implementation of programme.	Carry Forward
CS	Learning and Schools: Early Years - Healthy Eating	15,306	Funding was provided by Public Health for a 2 year healthy eating Programme at Packington Children's Centre. The carry forward will fund the second year of the programme.	Carry Forward
CS	Learning and Schools: Connexions	97,997	To enable the Service to continue to operate at current capacity until the reorganisation of the service is implemented in September 2015 as per the 2015-16 financial strategy.	Carry Forward
CS	Learning and Schools: Upward Bound	5,835	Third party contribution from Dame Alice Owen for the Upward Bound Programme	Carry Forward
CS	Learning and Schools: Youth Council	13,085	The Youth Council holds an election every 2 years. This will create an in-year budget strain if the remaining budget from the previous year is not carried forward.	Carry Forward
CS	Learning and Schools: Youth & Post 16 Outreach	50,249	The outreach programme to support and mobilise young people to participate and engage in youth provision across the borough began in January 2015 and is funded for 12 months. The carry forward is required to enable the programme to continue in 2015-16.	Carry Forward
CS	Learning and Schools: SEN Reform Grant	256,868	Grant funding from the DfE to enable implementation of SEN reforms. The Council has 820 statements to convert to the new Education, Health and Care Plans over a 3 year period.	Carry Forward
CS	Learning and Schools: Active Spaces Funding	67,120	Carry forward of funding for Active Spaces to enable the investment in play space in Early Years settings and schools.	Carry Forward
CS	Learning and Schools: School's catering	112,461	This balance related to the schools meals pooled budget and belongs to schools. Due to be returned to schools in 2015-16.	Carry Forward
CS	Learning and Schools: School exclusions	157,623	This balance is income for schools for taking on excluded pupils. Due to be transferred to schools in 2015-16.	Carry Forward
CS	Learning and Schools: Post 16 Bursary	223,636	The Post 16 bursary is not fully funded, therefore underspends are being rolled forward to maintain the scheme in future years. Any unused balance when the funding expires will be used to extend the scheme by a year.	Carry Forward
CS	Targeted and Specialist Children and Families - AIG	78,923	Islington Council manages this budget on behalf of the 6 boroughs in the North London Adoption Consortium for shared recruitment of adopters and to fund work to review the approach to adoption across all 6 boroughs. The underspend does not belong to the Council but to all 6 partners.	Carry Forward
CS	Targeted and Specialist Children and Families - Innovations Fund	171,974	Innovations Fund funding envelope to 31st March 2016	Carry Forward
CS	Targeted and Specialist Children and Families - NLAC	24,983	The Adoption reform grant is required to be spent on structural reform to increase the supply of adopters, including funding the equalisation of interagency fees. The grant is also designed to reduce the backlog of children waiting for adoption, particularly by developing innovative ways of finding adoptive families for children who traditionally wait longer than average to be adopted. The carry forward request represent the ongoing commitment/project to achieve this reform.	Carry Forward
CS	Targeted and Specialist Children and Families - Community Based Budget	1,615,508	Multi-year Community Based Budget (CBB) project including the Families First, Exemplar and Troubled Families services. Carry forward will be used to support the CBB agenda and the services deliverables that are essential in the effective delivery of the CBB program.	Carry Forward
ER	Libraries	27,413.39	Grant funding towards the costs of Word 2015 and 2016 - a two year festival programme	Carry Forward
ER	Libraries	2,785.41	Grant funding to utilise volunteers to populate a GIS digital resource containing the names and addresses of the 9,405 men from Islington that died in WW1	Carry Forward
ER	Libraries	25,632.73	Grant funding for The Bevin Court Community Restoration Project	Carry Forward
ER	Libraries	3,119.40	Wunderkammer Project - to fund three skills sharing events with GEM, London Museums Group (LMG) and Creative Islington	Carry Forward
ER	Libraries	7,820.00	Grant funding towards a project that will focus on the social history of Milner Square in Islington and the changes the area has gone through since the 1930s	Carry Forward
ER	Building Control	24,350.00	Grant funding to help support setting up Sustainable Drainage Systems (SuDS) Approving Bodies within local authorities	Carry Forward

## 2014-15 Carry Forwards

## APPENDIX 2

DEPT	Service Area	Amount (£)	Brief Explanation	Carry forward to 2015-16 or hold in reserves?
ER	Spatial Planning and Transport	10,000.00	This relates to the budget originally allocated for the preparatory work to support the redevelopment of the Sir George Robey Pub site. Scheme is no longer going ahead and funding will be reallocated.	Carry Forward
ER	Spatial Planning and Transport	60,000.00	Grant funding for the assessment of flood risks within the borough	Carry Forward
ER	Private Sector Housing	17,995.70	North London Sub Region funding	Carry Forward
ER	Private Sector Housing	25,157.62	Decent Homes funding - pays for an officer to carry out street surveys to find non decent homes	Carry Forward
ER	Pollution Projects Team	150,000.00	Grant funding for Air Quality Scheme - to review mini-cab operations to gather baseline information about fleet composition, emissions and maintenance schedules.	Carry Forward
ER	Spatial Planning and Transport	358.04	Funding held on behalf of Crouch Hill / Hornsey Rise Neighbourhood Forum	Carry Forward
ER	Highways and Energy Services	225,766.50	Street Lighting - funding for additional lamp columns for new developments	Carry Forward
ER	Cemetery Service	158,143.24	This is a ring fenced account and any surplus is transferred to the reserve at year end	Cemeteries Reserve
ER	Street Trading	177,042.51	This is a ring fenced account and any surplus is transferred to the reserve at year end	Street Markets Reserve
ER	Community Infrastructure Levy (CIL)	38,816.91	To repay the amount drawn down from reserves in previous years to fund upfront admin cost of implementing the CIL	Services Specific Reserve
FR	Contact Islington	144,705.00	Telecare project	Carry Forward
FR	Contact Islington	15,000.00	Telecare project	Carry Forward
FR	Accommodation and Facilities	150,000.00	Sub station (power back up) project	Carry Forward
FR	Accommodation and Facilities	325,000.00	Generator project	Carry Forward
FR	Accommodation and Facilities	285,000.00	Generator project	Carry Forward
FR	Accommodation and Facilities	100,000.00	Space rationalisation at the Waste Recycling Centre to fit in 30 more desks	Carry Forward
FR	Financial Operations	98,747.00	Resident Support Scheme	Carry Forward
FR	Financial Operations	438,631.00	HB Income transfer to Housing Benefit Reserve	Housing Benefit Reserve
FR	Financial Operations	227,436.00	Financial Operations transfer to Housing Benefit Reserve	Housing Benefit Reserve
FR	Digital Services	267,000.00	To fund transformation team in 2015-16	Carry Forward
FR	Accommodation and Facilities	120,000.00	To fund information asset register in 2015-16	Carry Forward
HASS	Adult Social Services	-340,000.00	Drawdown of funding set aside in previous years for Adult Social Services efficiency projects	Services Specific Reserve
PH	Public Health	181,455.58	Public Health underspend (ring-fenced)	Carry Forward
	<b>TOTAL</b>	<b>7,103,046.10</b>		

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Appendix 3: Capital Monitoring Month 12 2014-15

	2014-15 Budget Monitoring					
	Original Budget	Budget Changes During the Year	Revised Budget	Forecast Outturn	Forecast Re-profiling (to)/from 2015-16	% Budget Spent to Date
	£m	£m	£m	£m	£m	£m
<b>CHILDREN'S SERVICES</b>						
Dowery Street Pupil Referral Unit	0.0	0.3	0.3	0.6	0.3	182%
Early Years Two Year Old Places	0.0	0.9	0.9	0.9	0.0	100%
Mechanical Schemes	0.0	0.1	0.1	0.1	(0.1)	46%
Moreland Primary School	4.0	(3.7)	0.4	0.7	0.4	200%
Newington Green Primary School Refurbishment	1.0	2.9	3.9	3.3	(0.7)	83%
Primary Bulge Classes	0.0	0.9	0.9	0.6	(0.3)	71%
Primary Capital Scheme	0.0	0.6	0.6	0.2	(0.4)	35%
Primary Schools	0.0	0.0	0.0	0.0	(0.0)	15%
Schools Capital	0.0	1.7	1.7	1.7	0.0	100%
Secondary Schools – BSF	0.0	0.7	0.7	0.7	0.0	100%
Windows Scheme	0.0	0.9	0.9	0.7	(0.2)	76%
Youth Schemes and Contingency	0.0	0.4	0.4	0.0	(0.4)	0%
<b>Total Children's Services</b>	<b>5.0</b>	<b>5.9</b>	<b>10.9</b>	<b>9.5</b>	<b>(1.4)</b>	<b>87%</b>
<b>ENVIRONMENT AND REGENERATION</b>						
Boiler Replacement Programme	0.9	(0.7)	0.2	0.0	(0.2)	0%
Cemeteries	0.0	0.0	0.0	0.0	0.0	100%
Combined Heat and Power	0.9	(0.5)	0.4	0.2	(0.2)	55%
Disabled Facilities	0.6	(0.6)	0.0	0.0	0.0	0%
Empty Properties Grant	0.0	0.1	0.1	0.0	(0.1)	0%
Green Space	0.9	(0.6)	0.3	0.0	(0.3)	11%
Highways	1.4	1.1	2.5	2.4	(0.1)	97%
Ironmonger Row Baths	0.0	0.5	0.5	0.5	0.1	121%
Leisure	5.3	(0.6)	4.6	4.1	(0.5)	88%
Libraries	0.1	(0.1)	0.0	0.0	(0.0)	27%
Other Energy Efficiency	2.5	(2.5)	0.0	0.0	0.0	0%
Planning and Development	2.3	(2.2)	0.1	0.0	(0.1)	0%
Private Sector Housing	1.3	(1.2)	0.1	0.0	(0.1)	0%
Traffic and Engineering	3.2	0.9	4.1	3.9	(0.2)	95%
Vehicles	8.0	(3.4)	4.6	3.9	(0.7)	85%
<b>Total Environment and Regeneration</b>	<b>27.3</b>	<b>(9.7)</b>	<b>17.6</b>	<b>15.1</b>	<b>(2.4)</b>	<b>86%</b>
<b>HOUSING AND ADULT SOCIAL SERVICES</b>						
<b>HOUSING</b>						
Housing Improvements	39.1	(1.1)	38.0	36.4	(1.6)	96%
New Build	23.9	(5.9)	18.0	17.7	(0.3)	98%
<b>Total Housing</b>	<b>63.0</b>	<b>(7.0)</b>	<b>56.0</b>	<b>54.1</b>	<b>(1.9)</b>	<b>97%</b>
<b>ADULT SOCIAL SERVICES</b>						
Adaptations	2.8	(2.8)	(0.0)	0.0	0.0	0%
Care Services	0.4	(0.2)	0.3	0.3	0.0	100%
ICT	0.3	(0.3)	0.0	0.0	0.0	0%
Public Health	0.0	0.1	0.1	0.1	0.0	100%
St Anne's	0.0	3.0	3.0	3.0	0.0	100%
<b>Total Adult Social Services</b>	<b>3.5</b>	<b>(0.1)</b>	<b>3.4</b>	<b>3.4</b>	<b>0.0</b>	<b>101%</b>
<b>Total Housing and Adult Social Services</b>	<b>66.5</b>	<b>(7.1)</b>	<b>59.4</b>	<b>57.5</b>	<b>(1.9)</b>	<b>97%</b>
<b>FINANCE AND RESOURCES</b>						
Debtors System	0.0	0.1	0.1	0.0	(0.1)	0%
Digital Transformation	1.5	(0.2)	1.3	1.3	(0.0)	100%
<b>Total Finance and Resources</b>	<b>1.5</b>	<b>(0.1)</b>	<b>1.4</b>	<b>1.3</b>	<b>(0.1)</b>	<b>92%</b>
<b>CORPORATE</b>						
Property Rationalisation Cottage Road	0.5	0.0	0.5	0.3	(0.2)	65%
<b>Total Corporate</b>	<b>0.5</b>	<b>0.0</b>	<b>0.5</b>	<b>0.3</b>	<b>(0.2)</b>	<b>65%</b>
<b>TOTAL CAPITAL PROGRAMME</b>	<b>100.8</b>	<b>(11.1)</b>	<b>89.7</b>	<b>83.7</b>	<b>(6.0)</b>	<b>93%</b>

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Governance and  
Human Resources  
Town Hall, Upper Street  
London N1 2UD

Report of: **Chair of Policy and Performance Committee**

Meeting of	Date	Ward(s)
Executive	21 May 2014	All

<b>Delete as appropriate</b>	Non-exempt	
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### **Subject: Income Generation – Report of Policy and Performance Scrutiny Committee**

#### **1. Synopsis**

- 1.1 This report requests that the Executive receive the recommendations in relation to the scrutiny review on Income Generation following completion of the scrutiny.

#### **2. Recommendation**

- 2.1 To receive the report of the Policy and Performance Scrutiny Committee.

#### **3. Background**

- 3.1 In July 2014 the Policy and Performance Committee commenced a scrutiny. The overall aims of the review were as follows:

To review the commercialisation and income maximisation of council services, with the aim of maximising income opportunities

The detailed objectives of the review are included in the attached report.

#### **4. Implications**

##### **4.1 Financial Implications**

The proposals in the review would need to be costed by the Executive.

##### **4.2 Legal Implications**

There are no legal implications at this stage.

##### **4.3 Equalities Impact Assessment**

An Equalities Impact Assessment has not yet been completed because the decision being sought is only to consider the recommendations.

#### **5. Conclusion and reasons for recommendations**

The Committee have made a number of recommendations that it is hoped will improve Income Generation and it is hoped that these will be adopted by the Executive.

Final Report Clearance

**Signed by**

Councillor Troy Gallagher

Date

Report author: Peter Moore

Tel: 020 7527 3252

E-mail: peter.moore@islington.gov.uk

# **Policy and Performance Scrutiny Review**

## **INCOME GENERATION EXECUTIVE SUMMARY**

### **REPORT OF THE POLICY AND PERFORMANCE SCRUTINY COMMITTEE**



London Borough of Islington  
**March 2015**

# EXECUTIVE SUMMARY

## Income Generation Scrutiny Review

### Aim

### Evidence

The review ran from **July 2014** until **March 2015** and evidence was received from a variety of sources:

1. **Presentations from witnesses** – Jonathan Flowers – Capita, Andrew Grant – Aylesbury District Council
2. **Presentations from council officers** – Kevin O’Leary, Bram Kainth, Martin Holland, James Gilchrist – Environment and Regeneration, Steve Key – Finance and Property Services, David Salenius, Matt West – Housing and Adult Social Services
3. Documentary evidence – Staff Mutuals, Council Tax and Student Exemptions/Discounts, Vanguard and systems thinking, Photovoltaic and solar panel deployment options on Council roofs, Staff Briefing ideas

### Recommendations

#### Current Income Generation Proposals

##### 1.1 The Committee supports the following projects identified by the newly established Commercial Board:

- Advertising ( advertising boards, fleet vehicles and green space locations)
- Commercial rent (refurbished property in Old Street)
- Wireless Radio Network
- Commercial Waste Service
- Film
- Energy Consultancy
- Planning – Duty Planning service

**1.2 The Committee noted that there are many dimensions to the generation of income and that the example of increasing advertising income and that the example of increasing advertising income whether this be on street or using our green spaces or encouraging more commercial activity in the Borough brought with it dilemmas for the Council. It is therefore recommended that some guiding principles be adopted to allow the Council to maximise income in these areas but not at the expense of general amenity**

**1.3 The Director of Finance and Property Services will prepare detailed costing for the savings proposals for consideration to the Executive**

**1.4 That it be noted that this scrutiny has already recommended an amendment to the Budget proposals for 2015/16 in relation to income generation from photovoltaic solar panels, which has been agreed by Executive and which was included in the Budget proposals agreed by Council on 27 February 2015**

## **2. Future Income Generation opportunities**

**2.1 The Committee considered a number of potential areas where further income growth may be possible. The Committee suggests that the Executive consider a risk based approach to considering these options based on the challenges in terms of delivery weighed up against the potential income opportunity. This should be considered through the Commercial Board and/or Islington Company Ltd. (iCO) if this is the optimal route.**

**2.2 The Committee identified a number of thematic areas for further investigation, subject to assessment of an acceptable business case – these include:**

- Selling of a range of existing services as set out in the Executive summary e.g. caretaking, grounds maintenance, building maintenance services to schools, pest control and Telecare. (This is not an exhaustive list and the Committee request that officers undertake wide ranging review of all opportunities) and that there may be opportunities to package a range of services to make them more competitive
- Investigate whether Local Housing Management Services could be offered to RSL's
- Receiving and securing courier deliveries and allowing access to utility companies for residents for a fee
- Working with other Councils
- Encouraging commercial events in the Borough e.g. markets, ice rinks etc.
- Wider use of sponsorship and advertising
- Sharing of services with other boroughs/organisations
- Alternative models e.g. the consideration of Co-operatives or Mutuals
- Extension of heat and power schemes and consideration of additional heat and power schemes throughout the borough
- Further use of remote working and 'hot-desking' for staff to free up office accommodation and to consider whether additional savings can be made in this regard
- Introducing the concept of Local Development Orders to shorten the planning process
- Review all services that have or come back 'in house' to ascertain whether there are any additional income generation opportunities that can be pursued
- Call out services/other services that could be offered to leaseholders
- Out of hours service to landlords – this could be marketed through the 'in house' lettings agency
- The selling of services provided by the 'in house' repairs team to Partners, RSL's and private residents and, if the scaffolding scrutiny review, currently being undertaken by the Housing Scrutiny Committee recommends an 'in house' scaffolding team, assess whether there is a business case for marketing this service. It should be noted that there will be 'peaks and troughs' in demand for work, which will necessitate some use of agency staff, however we feel that in the longer term this could be managed effectively, both in resource and financial terms, when the 'in house' employment agency is established

**The Committee request that the Executive consider the other issues raised above and consider a plan to implement those ideas that offer the best return**

### **3. Becoming more commercial**

**3.1 The Committee was pleased to hear of the creation of the Commercial Board and progress made so far on commercialism and income maximisation. The Committee believes that the following, set out below, will enhance the progress made to date**

- Invest in staff training to develop commercial awareness and skills within the organisation
- Complete a skills/expertise audit across the Council to determine what other services could compete in the market place
- Develop a means of incentivising staff to generate commercial ideas for the Council, for example, through a competition
- Develop clear policy and guidelines for the use of parks and public spaces for events, such as ice rinks and farmers/Christmas markets
- Develop a financial accounting process that assesses the business case for trading a particular service and subsequently that reports profit and loss for services participating in commercial activity
- Develop a performance framework, governed by the Commercial Board to measure progress of the Council becoming more commercial
- Effectively publicise and market the services that the Council offers in order to maximise income generation opportunities
- Utilise the trading company and recognise what other services could be placed in the trading company to enable greater flexibility for services to generate profit

**3.2 The Committee recommend that all Directorates set an income generation target in percentage terms in relation to their budget and progress be assessed regularly to ensure they are meeting these targets, and if not, the reasons therefore**

### **4. Considerations**

**4.1 The Committee request the Executive to endorse that –**

- Commercial activity should not come at the expense of local businesses or the London Living Wage
- A progress report is submitted to the Policy and Performance Scrutiny Committee for the consideration of the Committee in 12 months

## **Main Findings**

The Government spending review period from 2010/2014 has seen the biggest ever post-war cut in Local Government funding and the one year spending round announced for 2015/16 will see further significant reductions to unprotected Government departments, such as Communities and Local Government.

In order to protect front line services and mitigate the impact on residents of these funding restrictions imposed by Central Government, the Committee undertook a scrutiny into measures that the Council could take to generate and maximise income, bearing in mind the restraints that the Council faces in adopting a more commercial approach.

The Committee felt that it was imperative to focus on income generation proposals that could both 'feed into' the 2015/16 budget process and also to focus on medium/longer term proposals for future budget cycles and our recommendations reflect this approach.

The Committee would firstly like to congratulate the Executive on the creation of the Commercial Board. This officer led Board will help develop and promote commercial trading throughout the Council and make recommendations for the preferred route for trading activity. The Committee also heard about the creation of the Islington Trading Company iCo. We were pleased to note that political accountability will exist with the Executive Members for Finance and Performance and Environment and Transport being Members of the Board of Directors of iCO.

The Committee support the initiatives identified by the newly created Commercial Board to date, which include increased income generation from advertising and sponsorship of council vehicles and events, the exploration of commercial opportunities for the LBI wireless network and seeking growth in commercial rent from property owned on Old Street, as well as growth by exploiting Islington as a location for film production.

The Committee feel that there is also the potential to increase income substantially by expanding the Commercial Waste service to businesses in the borough. Additional proposals are to provide consultancy services in relation to energy advice and other technical and engineering opportunities, primarily in the Environment and Regeneration Directorate to start with.

As stated earlier, the Committee are aware of the restraints on the Council in introducing a more commercial approach, which include a lack of resources, meaning that Council managers may tend to focus on core service delivery, rather than maximising income. However we are convinced that from skills audits carried out to date, the Council does have 'in house' staff with the ability to adopt commercial practices and we feel this approach should be encouraged, and further skills audits carried out.

The Committee are of the view therefore that there should be investment in staff training, in order to develop commercial awareness and skills within the organisation and develop expertise across the Council to determine what other services could compete in the market place. There should also be a means of identifying staff to generate commercial ideas for the Council, for example by incentivising them through a competition with a prize for the best idea. The Committee received a number of initial suggestions from staff that had been identified and we propose that these should be looked at in terms of feasibility by the Commercial Board.

In addition, there needs to be a robust business case made to trade services and a clear accounting process that reports profit and loss for the services participating in commercial activity and a

performance framework, governed by the Commercial Board, to measure progress of the Council in becoming more commercial. iCo our new Trading company can also be utilised as appropriate . However we feel that commercial activity should not come at the expense of local businesses or compromise the payment of the London Living Wage to staff.

The Committee also received evidence from Aylesbury DC in relation to savings that they had made in dealing with planning applications. The Committee heard that Aylesbury DC had introduced a shorter turnaround of the planning process, which had reduced the process from an average of 8 weeks to 2 weeks and had resulted in savings to the Council. This was achieved by allowing applicants and their agents to self-determine against an agreed set of policies and guidelines. The Committee felt that this was an area worthy of further investigation.

In addition, we were informed that Aylesbury DC had introduced a charge for removal of garden waste for residents, however the Committee noted that Islington would be developing a communal recycling scheme or encouraging residents to take garden waste to the recycling centre and we are of the view that charging and therefore should only be instituted as the last mechanism in any revised service offer.

The Committee reviewed the possibility of increasing fees and charges to maximise income, however in the current financial climate and to limit the impact on residents and businesses the Committee felt that these should at present only be increased in line with inflation.

The Committee also considered evidence from CAPITA concerning the selling off of land from the commercial property portfolio, in a similar manner to that adopted by the London Borough of Barnet. The Committee did not feel however that the selling off of housing land would be in accordance with the Council's political priorities, but where there were office space premises or space that could be rented out or sold off this could be looked at.

The possibility of whether the Council could also generate further income by rationalising additional surplus office accommodation and using 'hot-desking' and remote/digital working to free up office space was also looked at. Whilst recognising that the Council has made great strides in this area in recent years, the Committee were of the view that this should be investigated further by the Commercial Board, in order to ascertain whether any further savings could be made.

The Committee also focused on maximising income from the provision of solar panels on housing estates schools, in order that this that could generate income. The Committee considered evidence in relation to an opportunity to install photovoltaic solar panels on Council roofs and noted that the cost of solar panels had fallen significantly in the United Kingdom over the last few years and could now represent a feasible investment. The Committee had also received evidence from Councillor O'Sullivan in relation to the work that his Task and Finish group had undertaken in this area.

The Committee were aware that the Environment and Regeneration Scrutiny Committee were looking at the provision of solar panels and that the Committee are of the view that their recommendations should be fully considered by the Executive when the findings of the scrutiny are available.

The Committee are of the view that the Executive should include a capital bid in the budget, plus associated revenue costs, to take advantage of this and include any additional income in the Budget 2015/16 proposals to reflect this. However we recommend that investment is limited to properties with an energy performance rating of D or higher, which attract the mid-rate tariff. (Note this recommendation was submitted to the Executive on 12 February 2015 in order to be included in the 2015/16 Budget).

The Committee also consider that the selling of energy from schemes such as the Bunhill Heat and Power scheme should be extended if possible and there should be consideration given to whether

any further similar schemes could be introduced in the borough or to consider the setting up of Energy co-operatives again the Committee noted that the Environment and Regeneration Scrutiny Committee was actively considering these matters.

Consideration was also given to the provision of events and sponsorship at open spaces in the borough and we heard that events had often had not been able to be held in the past due to objections from residents. However, we feel that the Council's open spaces, particularly Finsbury Square and Highbury Fields presented opportunities to generate income for the Council to the benefit of all residents of the borough. The Committee does recognise however that residents, particularly those around Highbury Fields had concerns over the suitability of some events and therefore the Committee recommend that suitable guidelines and protocols are put in place for consultation with residents to allay concerns that they may have.

The Committee heard evidence from Officers from the Public Realm Division where investigations are in hand to potentially install a number of smaller scale digital billboards across the borough where there is high footfall. The sites identified include Old Street, Archway and Highbury Corner, but this is subject to receiving permission from planning and if agreed this could generate considerable income – this does however come with challenges in terms of our street scene and planning policies. We do urge the Executive to consider these matters carefully.

Additionally, Islington has a fleet of 252 vehicles and this could be another source of income if advertising panels were secured to the vehicles.

There are also opportunities around the festive period for generating income and we recommend that the provision of a Festive market and sponsorship of festive lights be looked at. In addition, there would be opportunities to develop Farmers markets throughout the borough during the remainder of the year. An ice rink at Finsbury Square over the festive season would we consider generate high income. We consider that initially, in our view, these schemes should be run by a commercial events operator in order to minimise financial risk to the Council and, if it was successful, consideration could be given to the Council running similar events in future years.

The Committee also considered evidence in relation to the Telecare service. We consider that it may be possible to increase charges to clients for 'out of hours services' and also possibly generate income by tendering this service for other boroughs Telecare services or providing a shared service with another organisation, such as Age UK. We noted that the Council are at present in the mid-range of charges to service users compared to other organisations and therefore did not feel it would be justified in raising charges to users at the current time.

A further source of income could be generated by Greenspace undertaking work for other Councils and RSL's and by offering services to local residents. The implications of the Council paying the London Living Wage, whereas many of its competitors did not, may result in some services not being competitive, but the Committee felt that this was an area worth pursuing in the medium/long term.

The Committee also received evidence from the Director of Housing and Adult Social Services that the services of caretaking staff and the repairs service could be offered to RSL's and schools. Whilst this would obviously need negotiation with staff and Trade Unions this could also be an area to be considered in the medium/long term.

The Committee were also of the view that caretakers may be able to undertake additional duties that could be developed to market to RSL's, other partner organisations and residents. These could include linking up with services such as the Telecare service, undertaking preventative maintenance work, carrying out minor works on voids etc. In addition, there could be a look at packaging services together in order to make them more competitive and attractive to RSL's, Partners etc.

The repairs service is another area where there may be opportunities to generate income with the forthcoming creation of the Joinery shop which will enable joinery services to be offered to RSL's, Partners and local residents at very competitive prices based on a schedule of rates. The Committee were also pleased to note that there will be apprenticeships created and opportunities for training for the long term unemployed.

The Committee noted that the Housing Scrutiny Committee are currently looking at this area in more detail and consider that the Executive should take consideration of any recommendations made.

It was also felt that call out services and other services could be marketed to leaseholders and with the creation of the 'in house' lettings agency there was an opportunity to offer this to landlords, in addition to an out of hours landlord service. We are of the view that whatever services are marketed there needs to be a robust business case established to ascertain whether income can be generated at a profit and other organisations/residents are willing to pay for.

The Committee recognise that any marketing of services may create 'peaks and troughs' in workload. The Committee are however of the view that following the creation of the 'in house' employment agency the facilitation of resources to manage these 'peaks and troughs' in workload could be effectively managed.

The Committee also noted that there may be potential for income generation for residents who, sue to working hours or appointments, miss courier company deliveries. The Committee believed an opportunity existed to have their parcels held at local Libraries or other Council buildings for collection and this could be investigated. There may also be opportunities for the Council to allow utility companies access to residents properties if they were at work to perform work, take meter readings or annual gas safety checks, if residents paid fees for these services.

One of the largest areas of potential income generation that has been proposed is the selling of services of the CCTV network and wi-fi facility that the Council has. The opportunity here is that the organisation could allow its existing infrastructure to be used by a third party for commercial purposes. Typically this would involve providing network services to businesses and general consumers with the Council receiving a share of the profits. This could generate significant income opportunities and the Commercial Board should monitor this area of work.

The borough has always been a popular location for filming and has brought in valuable income for the Council. Islington because of its architecture and location has frequently been used for film and television and we feel that there is scope to increase this given that there are suitable guidelines in place for residents. A partnership film service function exists across Islington, Camden and Lambeth facilitated by Film Fixer (partner organisation). The joint film service was developed to provide a one stop shop for film productions, improving the process for filming across each borough. Camden Council have been very successful in maximising financial opportunities from films (£486,180), offering competitively priced products and a proactive service that responds quickly to the needs of film productions working in the borough.

The Committee also heard evidence of the joint venture taking place between CAPITA and London Borough of Barnet in relation to offering additional services from the Council's Pest Control team. Capita had put in initial investment to provide equipment and vehicles for Pest Control services that the Council did not currently provide. The Committee feel that this is an area worthy of further investigation, together with other potential services provided by Council where additional things could be offered that may be appropriate.

## **Conclusions**

The Committee are aware of the increasing financial reductions imposed on the Council by reduced central Government funding and the likelihood that these funding restrictions will continue for some year to come.

The scrutiny sought, as far as possible, to mitigate the impact on front line services to residents by recommending measures for income generation and maximisation of income and we have sought to recommend measures that can or are already built in to the 2015/16 budget process or are worthy of investigation for future years.

The Committee welcome the creation of the Commercial Board and the iCo Trading Company as a first step to adopting a more commercial approach and feel it is necessary to use and develop the skills of our staff to develop commercial skills to the benefit of the Council.

The Committee hope that the Executive will adopt its recommendations and continue, through the Commercial Board, to develop opportunities for income generation for the Council whilst at the same time ensuring the LLW is paid to all staff and that the Council are not in direct competition with local businesses.

## **MEMBERSHIP OF THE POLICY AND PERFORMANCE SCRUTINY COMMITTEE – 2014/15**

### **COUNCILLORS**

#### **Councillors:**

Councillor Troy Gallagher (Chair)  
Councillor Asima Shaikh (Vice-Chair) – Until January 2015  
Councillor Gary Doolan  
Councillor Michael O’Sullivan  
Councillor Martin Klute  
Councillor Kaya Makarau-Schwartz  
Councillor Osh Gantly  
Councillor Una O’Halloran  
Councillor Olly Parker  
Councillor Caroline Russell  
Councillor James Court  
Councillor Satnam Gill  
Councillor Aysegul Erdogan –replaced by Councillor Jenny Kay (October 2014)

#### **Substitutes:**

Councillor Alice Perry  
Councillor Alex Diner  
Councillor Gary Heather  
Councillor Raphael Andrews  
Councillor Paul Smith  
Councillor Clare Jeapes  
Councillor Jilani Chowdhury  
Councillor Richard Greening  
Councillor Robert Khan  
Councillor Nick Wayne  
Councillor Flora Williamson  
Councillor Mouna Hamitouche MBE

*Acknowledgements: The Committee would like to thank all the witnesses who gave evidence to the review.*

#### *Officer Support:*

*Peter Moore – Democratic Services*

*Lead officer/s – Kevin O’Leary, Craig Smith*

## APPENDICES – APPENDIX A – SCRUTINY INITIATION DOCUMENT

<b>SCRUTINY REVIEW INITIATION DOCUMENT (SID)</b>	
Review: Outline SID to be developed for Commercialism and Income Maximisation after consultation with regional and national bodies, for example; LGA, CIPFA, NLGN.	
Scrutiny Review Committee:	
Director leading the Review: Kevin O’Leary – Corporate Director of Environment and Regeneration	
Lead Officer: Craig Smith, Transformation Officer (Transformation and Efficiency Team)	
Overall aim:	
To review the commercialisation and income maximisation of council services, with the aim of maximising income opportunities.	
Objectives of the review:	
<ol style="list-style-type: none"> <li>1. To define what commercialism and income maximisation means within local authorities.</li> <li>2. To identify further specific income generation opportunities for 2014-2018 which will generate an annual income of £xxx.</li> <li>3. To understand identified opportunities for further commercialisation and income maximisation, and map out a four year business plan.</li> <li>4. To consider and review alternative cost saving measures which will save the Council money in order to protect frontline services from the efficiency savings that LBI has been instructed by Central Government to make over the next 4 years.</li> <li>5. To understand and alleviate the current limitations and barriers to further commercialisation and income maximisation.</li> <li>6. To examine existing models of commercialism within other Local Authorities that have successfully generated income, understanding; policy, culture and operational practice.</li> <li>7. To consider alternative models of commercialism and income maximisation such as a ‘workers cooperative.’</li> <li>8. To identify what culture and practice could be adopted by Islington Council from the private sector that would enable greater commercialisation and income maximisation by council services.</li> <li>9. To identify and mitigate for the gap in skills and commercial acumen within the council.</li> <li>10. To understand and determine how the LBI trading company will be used as a vehicle towards commercialism and income maximisation.</li> <li>11. To determine the political, legal and financial risks and implications of pursuing specific commercial and income maximising activity for the council and to offer appropriate mitigation strategies.</li> <li>12. To develop a short, medium and long term strategy for commercialisation and income maximisation in line with the council’s overall financial objectives.</li> </ol>	
How is the review to be carried out:	(Use separate sheets as necessary for 1-4 below)
Scope of the Review	
To review the commercialisation and income maximisation within Islington Council and examine alternative models delivered in other local authorities.	
Types of evidence will be assessed by the review: (add additional categories as needed)	

1. Documentary submissions:
  - a) Commercial Board Discussion Paper
  - b) LB Hammersmith and Fulham – Commercialisation: a great alternative to cutting costs.
  - c) The London Borough of Camden – Generating income from 4G internet.
  - d) Scrutiny and Income generation presentation by Steve Key.

2. It is proposed that witness evidence potentially be taken from:

To be identified

3. Visits

To be identified

Additional Information:

Programme

Key output:	To be submitted to Committee on:
1. Scrutiny Initiation Document	
2. Timetable	
3. Interim Report	
4. Final Report	



**Report of:** Executive Member for Housing and Development

Meeting of:	Date	Ward(s)
Executive	21 May 2015	All

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## **SUBJECT: Local Lettings and Sales Policy**

### **1. Synopsis**

- 1.1 This report sets out proposals to introduce a new extended Local Lettings and Sales Policy to make sure local people benefit from all housing developed by the council and new social housing developed by housing association partners; and to delegate authority to make this and other minor changes to the allocations scheme.

### **2. Recommendations**

- 2.1 To amend the council's Housing Allocations Scheme to include an extended Local Lettings Policy (as set out at 3.3 below), that will make sure local people benefit from all new social housing in Islington.
- 2.2 To implement a new Local Sales Policy that will prioritise sale of council shared ownership and private housing for sale to local people.
- 2.3 To authorise the Service Director of Housing Needs and Strategy in consultation with the Executive Member for Housing and Development to make other minor changes to the Housing Allocation Scheme.

### **3. Background**

- 3.1 Islington council is committed to making sure that local people benefit from new social housing built near where they live. We introduced an Islington Council New Homes Local Lettings Policy in our 2013 Allocations Scheme that gave priority to local households from an estate for new build council homes on that estate. Since the introduction of this policy we have successfully housed over fifty households, helping older people downsize into smaller properties and young families living with their parents to move into a home of their own.
- 3.2 Due to the success of this scheme it is now proposed that the local lettings policy is extended to all new build social housing in the borough. This new policy would mirror our existing policy for new council homes on council estates.

- 3.3 Under the new policy people living in the same ward as the new social housing will be prioritised for new build lettings. This means that local households in housing need (with over 120 points) living in social housing will be able to apply for the new housing before anyone else in the borough. This will apply to either current social housing tenants or family members living with the tenants for the last 12 months. The person with the highest points from the ward will be offered the property. The council will ensure that the properties allocated are suitable for the households, for example household size must match the size of the new home, wheelchair adapted properties will be restricted to people who require such properties, and ground floor properties will be restricted to people with an assessed need for ground floor accommodation. If the development borders other wards or is particularly large, the Service Director of Housing Needs and Strategy can designate two or more wards to benefit from the local lettings policy.
- 3.4 The council is also committed to helping households who can afford shared ownership and private sale housing to find high quality housing in Islington that meets their needs. Households who live or work in the borough are already prioritised for our shared ownership schemes and it is recommended that this is extended to our council-built private sale properties. The first properties to be sold in this way will be on the Parkhurst Road development. Local people will be targeted in the marketing and we will give additional priority to households living in rented accommodation throughout our marketing process. Only if no local buyers can be found will the properties be opened up to the wider market. A legal restriction will be placed on all new council open market sale housing. As a result of this restriction the buyer will have to live in the property as their principal home for the first five years following purchase. Exceptions to this because of changes in personal circumstances will be at the council's discretion on a case-by-case basis. This will make sure that the council's private sale properties are bought by people who contribute to the local economy and community, and not investors who could buy the properties as buy-to-lets or who could leave the properties empty.
- 3.5 The council's commitment to new homes for local people is set out in our 'Building support for a new generation of council housing in Islington' policy at appendix 1.
- 3.6 The Housing Allocation Scheme was last reviewed in 2013 following an extensive consultation exercise. On occasion, for example in response to new central government policy or for clarification, there may be a need to make minor changes to the Housing Allocation Scheme, such as the extension of the Local Lettings Policy. A minor change to the allocation scheme is defined as a change to clarify the allocation scheme or to set out a small change in procedure. The proposed change would not have a major impact on the borough as a whole, or a large group of residents. It would not affect the relative priority of a large number of applicants or be a significant alteration to procedures.
- 3.7 Page 5 of the current Housing Allocation Scheme gives the Service Director of Housing Needs and Strategy discretionary powers to award additional points and approve offers of housing in relation to individual cases. It does not give the Service Director the power to make amendments to policy. It is recommended that authority is delegated to the Service Director of Housing Needs and Strategy in consultation with the Executive Member for Housing and Development to make minor changes to the Housing Allocation Scheme to streamline to process for these types of changes and ensure the council can respond quickly.

## **4. Implications**

### **4.1 Financial implications**

- 4.1.1 There are no financial implications arising from the recommended changes to the Council's Housing Allocations Scheme.

### **4.2 Legal Implications**

- 4.2.1 Section 166 of the Housing Act 1996 provides that a local housing authority can only allocate housing accommodation in accordance with its allocation scheme. If the council proposes a major change of policy it is required to consult on this. However, there is no such requirement in relation to minor

changes to the policy.

- 4.2.2 In framing the allocation scheme the council must ensure that reasonable preference is given to the following categories of people:
- (a) People who are homeless
  - (b) People who are owed a re-housing duty by the council
  - (c) People occupying insanitary or overcrowded housing or otherwise living in unsatisfactory housing conditions
  - (d) People who need to move on medical or welfare grounds, including grounds relating to a disability
  - (e) People who need to move to a particular locality in the district of the council, where failure to meet that need would cause hardship
- 4.2.3 The Allocation of accommodation: guidance for local housing authorities in England 2012 provides guidance on including local priorities alongside the statutory reasonable preference categories and creating local lettings policies. The courts have found that local authorities are not required to give absolute priority to the reasonable preference categories over everyone else. The council's allocation scheme can provide for other factors to be taken into account in determining which applicants are to be given preference under a scheme, provided that they do not dominate the scheme and overall the scheme operates to give reasonable preference to those in the statutory reasonable preference categories.
- 4.2.4 Under section 166A(6)(b) of the Housing Act 1996 the council can allocate particular accommodation to people of a particular description, whether or not they fall within the reasonable preference categories, provided the council is overall able to demonstrate that its allocation scheme is framed so as to secure that reasonable preference is given to the statutory categories. This power allows the council to create local lettings policies
- 4.2.5 Under the council's constitution at Part 3, the Executive has responsibility at paragraph 4.6(a) for the determination of the overall strategy in relation to the provision of housing services, in particular approval of all housing policy. Paragraph 55 of Part 4 provides circumstances in which the Executive can discharge its functions. Paragraph 55.4(a) provides that the Executive may further delegate an Executive function to an officer.

### 4.3 **Environmental Implications**

- 4.3.1 There are no environmental implications arising from the recommended changes to the Council's Housing Allocations Scheme.

### 4.4 **Equality Impact Assessment**

- 4.4.1 The council must, in the exercise of its functions, have regard to the need to eliminate discrimination, harassment and victimisation, and to advance equality of opportunity, and foster good relations between those who share a relevant protected characteristic and those who do not (section 149 Equality Act 2010)
- 4.4.2 A resident impact assessment has been carried out. This confirms that extension of the Local Lettings Policy is a minor change in line with the legal definition. The resident impact assessment identifies a risk that new build properties may be let to households in less severe housing need because local households already in social housing will be prioritised. However, letting to households already in social housing should release another unit of social housing, which will be let to the household in highest need. The Local Lettings Policy should, therefore, create more churn in the borough's social housing stock - enabling more households to move to suitable housing. The impact of the changes will be reviewed after two years to ensure they do not have a negative impact on any particular groups.

## 5 **Conclusion and reasons for recommendations**

- 5.1 The proposed Local Lettings and Sales policies will ensure that local people benefit from new housing in the borough. Delegated authority will allow minor changes to the scheme to be carried out in a timely and cost effective manner.

### **Appendices**

Appendix 1 – Building Support for a New Generation of Council Housing

**Background papers: None**

**Final report clearance:**

A handwritten signature in black ink, appearing to be 'P. Byer', with a long horizontal stroke extending to the right.

**Signed by:** Executive Member for Housing and Development

Date: 7 May 2015

**Report Author:** Paul Byer, Service Development Manager

**Tel:** 020 7527 4005

**Email:** [paul.byer@islington.gov.uk](mailto:paul.byer@islington.gov.uk)

## **Building support for a new generation of council housing in Islington**

Islington council is committed to building new good-quality homes to help make Islington a fairer place. We believe our developments can attract stronger local support when they benefit nearby residents in housing need and the wider community.

In all residential developments in the borough, new homes for social rent are our top priority. We can grow support for building these new homes by ensuring nearby residents benefit first. And as most council developments also include homes for part-sale or outright sale to enable them to go ahead financially, we want these new homes to gain support from people in Islington who will benefit too.

Our policies ensure that local residents have priority access to new homes the council builds. This is delivered in different ways for each of the tenures we develop:

### **Council rent**

- New homes for council rent are genuinely affordable for local people.
- All new council homes – as well as new homes built by housing associations for social rent – are subject to our local lettings policy. This means residents from the local ward in housing need can apply for the new homes before anybody else.
- On developments on existing council estates, tenants from the immediate estate get first priority before anyone else. That includes both tenants and their families who need a different home, and those who want to transfer on a like-for-like basis.
- All the existing homes freed up when tenants move into new-build homes go to the borough-wide waiting list – so the wider population benefits from us building new homes too.

### **Shared ownership**

- Our shared ownership programme gives priority to Islington residents and people working in the borough.
- Prospective shared owners can choose how much of the property they want to own (minimum share is 25% and maximum 50%) to make sure it is affordable for them.
- The maximum income threshold for our shared ownership scheme is £60,000 for joint applicants and £55,000 for single applicants to make sure that we are helping local households who might otherwise not be able to buy in Islington.

### **Outright sale**

- We will target our marketing for our outright sale properties to people living and working in Islington.
- We will give additional priority to households living in rented accommodation for our outright sale properties throughout our marketing process.
- We include a restriction in the sale agreement to make sure that they cannot be sold to investors for buy-to-let or left empty through buy-to-leave.

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Report of: **Executive Member for Environment and Transport**

Meeting of:	Date	Ward(s)
Executive	21.5.15	All

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## **SUBJECT: Waste Minimisation and Recycling Action Plan 2015-16**

### **1. Synopsis**

- 1.1 This report provides an update on recycling progress over the last two years and sets out priorities and service initiatives for the coming year.
- 1.2 Full Council on 26 February 2015 agreed in the 'Budget Proposals 2015-16' report to changes relating to recycling services and this report provides further details.

### **2. Recommendations**

- 2.1 To agree the Waste Minimisation and Recycling Service Aims and Objectives for 2015/16 as set out in paragraph 3.4 below.
- 2.2 To note that as part of the Budget Proposals 2015-16 report, Full Council, at its meeting of 26 February 2015, agreed the following budget items:
  - Review recycling points on estates to make them more accessible and, following pilots, move to communal recycling on the estates where doorstep recycling is currently still offered.
  - Introduce the 'village principle' into Street Environment Services by creating area-based teams.
  - Reduce the number of refuse collection vehicles by, following pilots, moving towards communal kitchen waste and green waste collection.
  - Complete planned reduction in the Bright Sparks service's reliance on Council funding.
- 2.3. To note borough-wide changes to food waste and garden waste collections after a pilot, and to communal recycling on Estates, all as set out in paragraphs 4.6 and 4.7 below.
- 2.4. To delegate authority to agree the 2015/16 charges for bookable garden waste home-collections and for

garden waste bags to the Corporate Director of Environment and Regeneration in consultation with the Executive Member for Environment and Transport.

### **3. Background**

3.1 This report outlines the main achievements of the Council's Waste Minimisation and Recycling Service over the last two years together with objectives and service proposals for the coming year.

#### **3.2 Review of progress against agreed aims and objectives during 2013 to 2015**

Progress against the agreed aims and objectives for the service during 2013 to 2015 is outlined below:

##### **Aim**

**To provide quality recycling services that meet the needs of residents and to reduce the amounts of municipal waste sent for disposal via landfill or incineration.**

To achieve this aim, the following objectives were set, with progress set out against each objective.

##### **Objectives**

#### **1. To achieve a household waste recycling rate of 32.6% for 2013/14**

The recycling rate for 2013/14 was 32.68%.

#### **2. To achieve a household waste (not recycled) rate of no more than 442kg during 2013/14**

The average residual waste per household was 394.6kg per household during 2013/14.

Final audited outturns for recycling and residual waste for 2014/15 are confirmed later in 2015 but the current estimated figure is 32.65% against a target of 33.55%

#### **3. To identify opportunities to implement better quality and more cost effective methods of recycling**

During 2013/14 and 14/15 we have:

- Continued to expand the estates food waste service to more properties
- Provided clear sacks to support additional Christmas recycling for street properties
- Supported Bright Sparks through in-house voids clearances and bulky reuse collections, and through linking in the with Council's Residents Support Scheme
- Worked with London Waste and Recycling Board (LWARB) to identify opportunities for service efficiencies in the refuse and recycling service
- Tackled ongoing contamination problems at communal recycling sites, both in-house and in partnership with Waste Resources Action Programme (WRAP)
- Engaged with communities and schools to promote recycling

#### **4. To support the North London Waste Authority (NLWA) partnership and the implementation of its waste strategy**

##### **Waste minimisation and partnership work with NLWA**

Islington recycling officers liaise with NLWA to deliver the Waste Prevention work as a partnership. We attend quarterly waste prevention meetings to help steer the programme, assess tenders, suggest locations for events, workshops, and to attend events where necessary.

We continue to work in partnership with NLWA on a range of activities, which include the following:

- Food waste outreach events and workshops
- Green Office week, including a 'waste less food save more money' event at Islington Town Hall
- Food waste challenge
- Waste prevention displays
- Clothes swap ('swishing') events
- Give and Take days
- Real nappy events
- Education programme to schools with Eco Active and Circus Takeaway
- A recycling art piece was installed at Islington Green
- Various Waste Electrical and Electronic Equipment (WEEE) promotion activities
- Developing reuse partnerships between reuse organisations and Housing Associations

Supporting partnership working with NLWA to promote waste minimisation brings value for money and enables messages to be delivered at a higher regional level, as well as tailored Borough specific messages.

### **NLWA joint communications**

The Council continues to work in partnership with the North London Waste Authority and its other constituent Boroughs to deliver a range of waste services for residents. In particular, a joint communications campaign is being delivered, to promote waste minimisation and recycling. The Council will seek to steer this partnership work to ensure a greater emphasis is placed on enabling and encouraging residents on estates to recycle more.

### **Inter Authority Agreement and Menu Pricing**

We have also been working closely with NLWA to conclude discussions around an Inter Authority Agreement, new levy charging arrangements and a new waste management strategy.

## **3.4 Aims and Objectives for 2015/6**

Proposed Aims, Objectives and service priorities for 2015/16 are set out below. They reflect previous aims and objectives with updated targets.

### **Aim**

- To provide quality recycling services that meet the needs of residents and to reduce the amounts of municipal waste sent for disposal via landfill or incineration.

### **Objectives**

- To build awareness for the need to recycle/re-use through effective communication
  - To achieve a household waste recycling rate of 34.46% for 2015/16\*
  - To achieve a household waste (not recycled) rate of no more than 422kg during 2015/16\*
  - To identify opportunities to implement better quality and more cost effective methods of recycling
  - To support the NLWA partnership and the implementation of its waste strategy
- (\* See 4.1 below).

## **4. Service Updates and Changes**

### **4.1 Recycling rates**

Islington Council's recycling target for 2015/16 is 34.46%. This is extremely challenging given the financial pressures facing the Council. However, every effort will be made to continue to improve recycling services and to achieve this target.

Islington's recycling targets have been set to ensure a steady but reasonable improvement in recycling performance and to support the NLWA target of recycling 50% of household waste by 2020.

Nevertheless, recycling more needs to be set in the context of financial responsibility rather than a single overriding sole objective. It is right to recycle as much as possible but there may be situations where the cost of doing so makes it unrealistic.

#### 4.2 **Compulsory recycling**

Recycling in Islington was made compulsory on 1 April 2011. Compulsory recycling means that residents are expected not to throw away anything that you could recycle using the services provided to them at home.

The legal position is that Council may set out to householders in a notice the number and kind of receptacles to be used for different recyclable materials and the placement of those receptacles for collection. From 15 June 2015, a failure to comply with that notice will no longer be a criminal offence. However, the criminal offence has been replaced by a civil sanction. The Council will be able to serve a warning notice on a householder who fails without reasonable excuse to comply with a requirement of a notice but only if such failure causes a nuisance or is detrimental to any amenities of the locality. If the warning notice is not complied with, the Council may serve a notice of its intention to impose a fixed penalty on the householder. The householder has 28 days in which to make representations as to why payment of a fixed penalty should not be required. In order to impose the fixed penalty the Council must consider any representations and serve a final notice on the householder. The householder may appeal to the First Tier Tribunal against the imposition of a fixed penalty. If the requirement to pay the fixed penalty is confirmed on appeal, payment must be made within 28 days of the decision. Further fixed penalties may be imposed if the householder continues to fail to comply with the original requirement in the warning notice.

No enforcement action (warning notice and imposition of a fixed penalty) can be taken unless the breach of the Council's recycling requirements either amounts to a nuisance or causes detriment to the amenities of the locality can be demonstrated. No guidance has been issued yet by Defra and it is not clear what is meant by 'detriment to the amenities of the locality'. However, the test will not be satisfied if waste is simply put out in the wrong type of receptacles. The ability to impose penalties is targeted at those householders whose behaviour reduces the quality of their neighbours' surroundings.

#### 4.3 **Bright Sparks**

As part of the 2015/16 budget proposals, Full Council agreed to complete the planned reduction in the Bright Sparks service's reliance on Council funding.

Bright Sparks was set up in 2010 with £250k annual revenue funding allocation. The Bright Sparks shop opened in June 2010 at the 'Fin Futures' property, 225 Seven Sisters Road. A repairs workshop also opened nearby and has recently relocated to the Andover Estate. Bright Sparks opened a larger shop at 176 Seven Sisters Road in 2013.

The Council has been working closely with Bright Sparks to help it to become financially self-sufficient. This has been supported in two main areas:

- Firstly, the voids and reuse services have been providing Bright Sparks with quality items which are resold through their shop, increasing their income stream.
- Secondly a proportion of referrals through the Council's Resident Support Scheme (RSS) are now referred to Bright Sparks. This offers these residents an opportunity to obtain quality, reused items, giving them better value for money. This also benefits Bright Sparks through increased customers numbers and income. This important scheme is now increasingly put to good use within Islington, supporting residents, jobs and reuse.

We will work more closely with Bright Sparks to promote its services, particularly to residents on estates. This will encourage greater take up of the reuse collection options, providing Bright Sparks with more quality items for resale and distribution through the RSS, and will in turn encourage more residents to source items from Bright Sparks, leading to increased turnover.

Repairs of small electrical items have been a relatively small part of Bright Spark's operations, but by far

the most costly. Bright Sparks have now ceased the repairs of small electrical goods, focussing instead on large bulky items such as furniture, in order to sustain a viable business model. Residents can still drop off waste electrical and electronic equipment (WEEE) at the Reuse and Recycling Centre or at the Bright Sparks shop.

Bright Sparks continues to offer an important service, providing employment, training and volunteer opportunities and by diverting increasing amounts of reusable items from disposal.

#### 4.4 **Changes to garden (green) and food waste collections**

As part of the 2015/16 budget proposals, Full Council agreed to reduce, following pilots, the number of refuse collection vehicles by moving towards communal green waste and communal food waste collection.

Changing the way that garden waste and food waste collections are made in future will enable the dry recycling and rubbish collections to be made using one vehicle instead of two separate vehicles, significantly reducing the cost of collections, the number of vehicles needed and the number of journeys made.

Residents in street properties currently receive a year-round free weekly garden waste collection service. Demand for the service is highly seasonal but annually, around 1,300 tonnes are collected, contributing around two percentage points to the overall recycling rate.

Proportionately, Islington has the 5<sup>th</sup> lowest area given over to private gardens in London and only around 30% of Islington residents have a private garden. The collection cost for garden waste is difficult to calculate as it is co-collected with mixed dry recycling and food waste but the disposal of garden waste material costs approximately £130,000 a year and currently, the collection and disposal costs are borne by all residents, including those without gardens.

Under the proposed new arrangements, residents will be able to:

- compost their garden waste at home using subsidised compost bins available from the Council;
- take their garden waste free of charge to communal local drop off points located in parks;
- take their garden waste free of charge to the Reuse and Recycling Centre (including the pedestrian drop off point at the Cottage Road entrance), or;
- pay for a collection from their home.

#### 4.5 **Changes to food waste collections**

Communal food waste collection services continue to be provided to residents on estates. The Council remains committed to providing a suitable communal food waste facility for all estate residents to compliment the mixed dry recycling services already provided.

Residents in street properties currently have their food waste collected from their property weekly. Approximately 30% of households offered the service use it. The service collects around 1,500 tonnes a year, contributing around 2.4 percentage points to the overall recycling rate.

The cost of collecting food waste in this way is difficult to calculate, as it is co-collected with garden waste and mixed dry recycling on the same collection vehicle.

Residents on estates are provided with communal food waste containers and it is intended to offer a similar arrangement to street properties, with food waste no longer being collected directly from residents' homes.

Under the new arrangements, residents in street properties will be able to:

- Compost some or all of their food waste at home using subsidised compost bins or wormeries, or;
- Use a local communal food waste recycling site.

These communal food waste facilities will embrace new technology and consist of modern, robust,

rodent proof metal containers within reasonable walking distance. They would be emptied at least weekly (more if required) with a regular cleansing service.

#### 4.6 **Food and garden waste service changes pilot**

The new collection arrangements for both garden and food waste will be piloted to ensure lessons are learnt and that the service is designed to be as convenient for residents as possible. The outcome of the localised three month pilot in June will be reviewed by the Corporate Director of Environment and Regeneration and the Executive Member for Environment and Transport prior to the borough-wide service change being implemented.

It is intended that for residents wishing to have their garden waste collected from their home, a telephone and online bookable service will operate and will be subject to a proposed charge of a minimum of £10 (for up to 10 sacks). The only sacks permitted to be used will be the reusable garden waste bags available at an additional 'at cost' charge of £1.50 per bag and new compostable bags available from the Council at an additional 'at cost' charge (£10 for a roll of 20). Reusable bags currently in use may also be used.

It is recommended that Executive delegate authority to agree the 2015/16 garden waste charges for bookable home-collection to the Corporate Director of Environment and Regeneration in consultation with the Executive Member for Environment and Transport. Once the pilot has been completed and costs reviewed, it may be appropriate to review in-year the above initial charges and charging structure to ensure the costs of the service are recovered. Future year charges will be agreed by the Executive.

#### 4.7 **Estate recycling services**

As part of the 2015/16 budget report, Full Council also agreed to review recycling points on estates to improve and make them more accessible and, following pilots, move to communal recycling on the estates where doorstep recycling is currently still offered.

A door to door recycling service has been provided to many estate properties since 2005. In 2012/13, around half of these services were replaced with convenient recycling sites located on estates, following new guidance on fire safety within purpose built blocks of flats.

The remaining door to door service remains significantly more expensive to operate than communal recycling sites. Furthermore, evidence from the previous service change suggests that the amount of recycling collected is not adversely affected by the switch to communal recycling sites.

For many residents, using communal recycling sites is more convenient, as there is no requirement to store a week's worth of recycling before having it collected. It is intended that the door to door collection service on estates will progressively cease and convenient, smart, modern, communal recycling points will be provided on estates where appropriate. The locations of new communal sites, and improvements to existing communal sites, will be agreed in consultation with residents, ward councillors and other stakeholders.

#### 4.8 **Service efficiencies**

The Council was successful in its bid for funding from the London Waste and Recycling Board's Efficiencies programme. The funding was used to review, identify and implement efficiencies in the recycling and refuse collection service, based on nationally recognised productivity levels.

The review supports the Council's aspiration to deliver a 'village' based recycling and refuse collection service.

Services are to be planned around six 'villages', providing geographically based local services for local residents. This means dedicated resources will be deployed in localised areas, giving the collection staff and managers responsibility for refuse and recycling services in those localised areas. At present, each crew operates in different parts of the Borough throughout the week.

Recycling and refuse will continue to be collected weekly.

4.9 Implementation of service efficiencies will involve a re-scheduling of services for refuse and recycling collections for street properties to provide the most cost effective schedule possible. While disruption to residents will be kept to a minimum, changes to collection days are likely. A full and effective communications campaign would be carried out to ensure that residents were aware of the changes and the reasons for them. Members will also be fully briefed, in particular in regard to the potential for collection day changes.

#### 4.10 **Communications**

A number of the changes proposed to recycling services place a greater onus on residents to 'do the right thing' themselves, rather than relying on the Council. For example, residents in street properties will be asked to bring food waste to communal collection points, rather than have it collected from their home.

To support these changes, a communications campaign will be developed to promote pride in the local environment and greater awareness of the need for residents to think about the waste they produce and how they can do more to recycle and re-use as much as they can.

The communications campaign will be designed to encourage residents to recycle and re-use. It will raise awareness and promote how and where residents can recycle. There will be clear signage at collection points on what can and can't be recycled. The Clean Islington App will also be promoted as an efficient way of communicating with residents and vice versa.

A greater emphasis will be placed on encouraging residents in purpose built blocks of flats and in the social and private rented sector to recycle more. Most residents in purpose built blocks of flats will be asked to recycle using communal recycling facilities on their estates. We will work with residents and stakeholders to ensure these are well managed and convenient for residents to use, and will encourage their greater use through a focussed communications campaign. Detailed crew feedback on any contamination issues in particular estates recycling bins will continue to be used to target further educational activity.

#### 4.11 **Street property door to door containers**

In the run up to Christmas 2014, packs of clear plastic recycling bags were delivered to residents receiving the green box door to door recycling service. This was to help residents with their extra recycling over Christmas.

The bags were made from recycled plastic and are themselves recyclable. The bags were paid for from a grant from the Department of Communities and Local Government.

Monitoring of the service since Christmas suggests that many residents have used and continue to use these plastic bags. Feedback via an online survey has generally been positive with a majority of respondents preferring them to green boxes and some suggesting they are easier for the elderly or impaired. Collections crews also find them easier, quicker and safer to collect than green boxes.

While there are no plans to introduce plastic bags as a replacement to green boxes, they remain available free of charge via libraries and also now from the Municipal Officers at 222 Upper Street.

## **5. Implications**

### 5.1 **Financial implications:**

The proposed service changes detailed in this report will deliver savings of £925k in 2015-16. These savings have been included in the medium term financial strategy as part of the Council's service and financial planning process for the 2015-16 budget setting process.

These savings are detailed as follows:

Budget item	2015-16 £000s
Review recycling points on estates to make them more accessible and, following pilots, move to communal recycling on the estates where doorstep recycling is currently still offered.	150
Introduce the 'village principle' into Street Environment Services by creating area-based teams.	150
Reduce the number of refuse collection vehicles by, following pilots, moving towards communal kitchen waste and green waste collection.	500
Complete planned reduction in the Bright Sparks service's reliance on Council funding.	125

## 6. Legal Implications

The Council has a duty to collect household waste. No charge may be made for its collection except in prescribed cases (section 45 Environment Protection Act 1990). Those cases are currently prescribed by the Collection and Disposal of Waste Regulations 1988, regulation .5 and Schedule.2 and include the collection of garden waste. Accordingly the Council may make a reasonable charge for the home collection of garden waste as prosed in paragraph 4.8 above.

In addition to the above duty, the Council is under a separate duty to collect at least two types of recyclable or compostable household waste either co-mingled or individually separated from the rest of the household waste. That duty applies unless the Council is satisfied that the cost of doing so would be unreasonably high (on an individual premises basis) or comparable alternative arrangements are available (section 45A). The frequency and regularity of such collections is a matter or the discretion of the Council. Government Guidance in respect of this duty makes it clear that the exceptions "are narrowly drawn" and that "it is intended that they should be applied restrictively". The expression "comparable alternative arrangements" is not defined in the EPA. The Guidance suggests that one meaning of the term would be "other collection mechanisms resulting in similar numbers of households receiving a service". It further notes, however, that "whether a particular arrangement is comparable will be a question of fact in each individual case". The Guidance gives the following example in an attempt to clarify the purpose of this exception:

"Example 1 Under Section 45(1) of the EPA a WCA provides a doorstep collection of general waste to all premises in a street except an old multi-residence block receiving a communal near entry collection service for general waste. In this example the WCA would find it difficult to justify not providing doorstep collection of recyclates for those currently receiving this service for general waste. However, if there was insufficient space to locate receptacles for recyclable wastes at the near entry waste collection point in the multi residence block, the WCA may be able to justify, as a comparable alternative arrangement, the provision of a nearby bring site to those residents.

The Council may by notice require household waste and recyclates to be placed for collection in receptacles of a kind and number specified. Such receptacles may be provided by the Council free of charge or at a cost (if the occupier agrees) or by the occupier (section 46).

With effect from 15 June 2015 the Deregulation Act 2015 abolishes the criminal offence in section 46 EPA and replaces it with a civil sanction. Local authorities will still be able to issue penalty notices but only in limited circumstances and if a 'detriment to the amenities of the locality' test is satisfied. The aim of the proposed test would be to ensure that penalties are targeted at those whose behaviour reduces the quality of their neighbours' surroundings. The new procedure for imposing a penalty is set out in paragraph 4.2 above.

### 6.1 Environmental Implications

An environmental impact scoping exercise has been carried out and it was identified that there may be some impact on waste and recycling levels. These impacts will be mitigated by a focussed

communication campaign designed to encourage residents to think about the waste they produce and why they should recycle and re-use as much as they can. The service changes will also be communicated and promoted to encourage residents to make use of them.

## 6.2 Resident Impact Assessment:

The Council must, in the exercise of its functions, have due regard to the need to eliminate discrimination, harassment and victimisation, and to advance equality of opportunity, and foster good relations, between those who share a relevant protected characteristic and those who do not share it (section 149 Equality Act 2010). The Council has a duty to have due regard to the need to remove or minimise disadvantages, take steps to meet needs, in particular steps to take account of disabled persons' disabilities, and encourage people to participate in public life. The Council must have due regard to the need to tackle prejudice and promote understanding.

Full Resident Impact Assessments have been completed and summarised below.

### Food and garden waste service changes

The proposal will mainly impact those in street properties with gardens, those without a car and those on low incomes. The main equality impacts of the proposal relate to disability and socio-economic impacts and will be mitigated by having conveniently located recycling points for food and garden waste and reduced rate compost bins. The service change will be piloted prior to full implementation.

### Estate recycling service changes

The proposal will impact residents in selected purpose built blocks of flats currently receiving and using door to door recycling services. The equality impacts of the proposal relate to an impact on those with physical impairment (including some elderly) but will be mitigated by conveniently located recycling points and full consultation of residents over the location of those recycling points.

### Bright Sparks and Service Efficiencies

The initial screening for a Resident Impact Assessment did not identify any negative equality impacts for any protected characteristic or any human rights or safeguarding risks.

## 7. Conclusion and reasons for recommendations

- 7.1 The report sets out progress on recycling over the last two years and proposals for improving recycling in the coming year. The recommendations are aimed at meeting Islington's challenging recycling targets whilst also achieving the savings set out in the 2015/16 budget report.

**Appendices:** none

**Background papers:** none

Final report clearance:

**Signed by:**



5.5.12

Executive Member for Environment and Transport

Date

Report Author: Matthew Homer

Tel: 020 7527 5152

Fax:

Email: matthew.homer@islington.gov.uk

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Report of: **Executive Member for Environment and Transport**

Meeting of:	Date	Ward(s)
Executive	21 5 15	All

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## **SUBJECT: Islington's Air Quality Strategy 2014 – 17: Updated action plan**

### **1. Synopsis**

- 1.1 The Environment Act 1995 requires that all local authorities with Air Quality Management Areas have in place an action plan to show how pollutant concentrations will be reduced.
- 1.2 The Air Quality Strategy 2014-17 (AQS) was adopted by Executive on 6 February 2014 following a public consultation and sets out the actions the Council will take over the next three years to improve air quality.
- 1.3 This report sets out progress against the action plan within the Strategy.

### **2. Recommendations**

- 2.1 To note the revised AQS action plan as attached at appendix A. New items are in italics.

### **3. Background**

- 3.1 Air pollution is a largely invisible problem which means that often people are not aware it is an issue that needs to be addressed. Poor air quality has a range of harmful effects. It can exacerbate existing lung and heart conditions and cause reduced lung function.
- 3.2 It is estimated that 100 Islington residents die each year from illnesses exacerbated by exposure to air pollution and the biggest local health inequalities issue is the large numbers of deaths from long-term conditions at relatively young ages. The main causes of death across all ages in Islington are

cardiovascular disease, cancer and respiratory diseases (accounting for 33%, 28% and 13% of deaths in Islington respectively). Exposure to high levels of air pollution, including diesel emissions, is known to exacerbate these existing health conditions.

Diesel engine exhaust includes soot, aerosols such as ash particulates, metallic abrasion particles, sulphates, silicates and nitrogen oxides. The black carbon element of diesel emissions has a particularly adverse effect on human health. Diesel exhaust also contains nanoparticles, which have additional health impacts, though not fully understood. The adverse health effects of diesel particulates are linked to cancer, heart and lung damage, and mental functioning. Exposure has also been linked with acute short-term symptoms such as headache, nausea, coughing, difficult or laboured breathing, irritation of the eyes, nose and throat and the onset of asthma in vulnerable individuals.

In 2012 the International Agency for Research on Cancer (IARC) (part of the World Health Organisation (WHO)) classified diesel engine emissions as “carcinogenic to humans”. This decision was made after a review of scientific evidence gathered from international experts. Their research showed that exposure to diesel engine exhaust causes lung cancer. Many studies have also found a firm link between traffic related air pollution and the risk of cardiovascular disease.

- 3.3 Islington declared a whole of borough Air Quality Management Area (AQMA) in 2003 for the pollutants Nitrogen Dioxide (NO<sub>2</sub>) and Particulate Matter (PM<sub>10</sub>). An air quality action plan (AQAP) was produced to reduce concentrations of both pollutants across the borough through Council policy and behaviour change.
- 3.4 Islington had made good progress in delivering the actions in the AQAP but whilst some concentrations had reduced, Islington still exceeded the annual mean objective for NO<sub>2</sub> at the roadside. Islington’s local air quality is significantly better than neighbouring authorities and levels are at their highest in the south of the borough along the border with Hackney, Camden and The City of London.
- 3.5 The current AQS was agreed by Executive on 6 February 2014. The AQS includes an action plan which needs to be delivered in partnership, making it clear that progress will not be made unless change is delivered by the Mayor of London as well, as our pollution hotspots are on the TfL road network.
- 3.6 In order to verify that our planned actions had validity, the AQS committed the Council to commissioning a source apportionment study. This would look in more detail at emissions in Islington and their source. This study was undertaken and confirms the actions of the AQS but in addition, has pointed to diesel vehicles other than buses and coaches contributing more to poor air quality than had been envisaged.
- 3.7 Actions currently proposed by the Mayor of London include the extension of the Ultra Low Emissions Zone (ULEZ). This would include part of Islington in the south. There have been discussions about whether Islington would benefit from its own ULEZ or one covering a far wider area of London, at least neighbouring boroughs. The AQS committed to examining this further and a cost benefit analysis has been undertaken. It concludes that an extended ULEZ and the infrastructure to enforce it would not bring the improvements in air quality and health desired at a proportionate cost.
- 3.8 The action plan has now been updated to reflect the results of these studies and show progress, and is attached as Appendix A. Actions relating to influencing use of vehicles, including ownership, switching to cleaner fuels and parking policy, have been updated in order to respond to the increased prominence of diesel vehicles in causing poor air quality.

## 4. Implications

### 4.1 Financial implications:

The actions proposed can be funded from existing budgets or external funding in 2015/16. If projects need to extend into future years, further funding may be required.

### 4.2 Legal Implications:

The Council is required to meet air quality objectives in order to comply with the requirements of the Environment Act 1985 and also to avoid any financial penalties applied to the UK from the EU.

### 4.3 Environmental Implications:

The overall environment will be improved by implementing the recommendations.

### 4.4 Residents Impact Assessment:

The Council must, in the exercise of its functions, have due regard to the need to eliminate discrimination, harassment and victimisation, and to advance equality of opportunity, and foster good relations, between those who share a relevant protected characteristic and those who do not share it (section 149 Equality Act 2010). The Council has a duty to have due regard to the need to remove or minimise disadvantages, take steps to meet needs, in particular steps to take account of disabled persons' disabilities, and encourage people to participate in public life. The Council must have due regard to the need to tackle prejudice and promote understanding

A full resident impact assessment was carried out as part of the adoption of the Air Quality Strategy.

## 5. Conclusion and reasons for recommendations

- 5.1 Improving air quality is a high priority for the Council as it has a detrimental effect on health. The achievement of the actions in the AQS will do much to improve quality of life of our residents and visitors

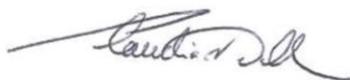
### Appendices:

Appendix A - AQS Action Plan 2014 – 17 (note that new items are in italics)

**Background papers:** None

Final report clearance:

**Signed by:**



7 May 2015

Executive Member for Environment and Transport

Date

Report Author: Jan Hart  
Tel: 020 7527 3193  
Email: jan.hart@islington.gov.uk

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Appendix 1 (note that new items are shown in italics)

1. Table 8.1 Action Plan Progress

1.1. Lobbying the Mayor of London

Action	Date to be completed	Progress
Ask the Mayor of London to take action to deliver improvements in air quality in Islington by:-		
<ul style="list-style-type: none"> <li>The introduction of low emission and alternatively fuelled taxis, together with enforcement of emission standards</li> </ul>		The Mayor announced funding to support zero emission taxis of £65m. It is expected that these vehicles will be available from 2018 in advance of the ULEZ implementation.
<ul style="list-style-type: none"> <li>Commit to undertake independent, real-world testing of Euro 6 vehicles in 2014/15 to assess whether this is a suitable benchmark for diesel vehicles in the ULEZ</li> </ul>		No commitment received but research conducted by the International Council on Clean Transportation is now available showing that Euro 6 does not perform as well as is claimed.
<ul style="list-style-type: none"> <li>Consider an earlier implementation date for the ULEZ and undertake an options appraisal to outline the cost and benefits of different approaches including widening out from the current congestion charge zone.</li> </ul>		This has not been pursued as our commissioned study indicates that the proposal will not have as positive an effect on air quality as has been suggested given concerns about Euro 6 real world emissions.
<ul style="list-style-type: none"> <li>Ensure all buses operating from the Holloway garage are hybrids or New Bus for London standard (NB4L)</li> </ul>		Councillor Webbe, executive member for the environment and transport wrote to the Mayor in

		September 2014 regarding the bus garage at Holloway, asking for a commitment to make 50% of the buses at Holloway Garage hybrid by May 2015 but no commitment was given.
<ul style="list-style-type: none"> <li>To apply the next phase of the low emission zone (LEZ) to all buses and coaches.</li> </ul>		No commitment has been given but TfL will refit and replace to ensure all are to Euro 6 standard by 2015.
<ul style="list-style-type: none"> <li>Give a long term commitment to funding to boroughs for air quality initiatives, projects and improvements.</li> </ul>		We are awaiting an announcement on release of further funding by the Mayor.
<ul style="list-style-type: none"> <li>Review junctions at Old Street, Highbury Corner and Archway with priority given to improvements that will create an environment which is conducive to active travel and protects our residents from exposure to poor air quality.</li> </ul>		TfL have issued plans that will see a modernising of the junctions at Archway and Old Street. Both plans are considered to have a positive impact on local air quality by reducing the area of traffic and creating pedestrianised spaces that are conducive to active travel.

## 1.2. Transport

### a. Encouraging changes in driver behaviour

Action	Date to be completed	Progress
Minimise traffic speeds	Ongoing	Islington became London's first 20 mph borough in March 2013 and signage has been placed on borough roads to inform drivers. A stop and advise campaign was held with the support of

		Islington police to inform drivers and the limit has been actively enforced by the police since 7 <sup>th</sup> October 2014.
Renew Islington's Bronze FORS (Freight Operators Recognition Scheme). Achieve Silver FORS accreditation	April 2016	Renewal of the council's Bronze FORS status has been achieved and we are now preparing to submit an application for Silver.
Continue to renew the council's fleet over the next 3 years to replace vehicles with the cleanest, affordable technology.	April 2017	A review of the fleet is being conducted to identify which vehicles may be operated as electric or ultra-low emission.  A feasibility study for the use of CNG fuelled refuse trucks and installation of a compressed natural gas (CNG) re-fuelling station is underway.
<b><i>Review the infrastructure of electric vehicle charging points across the borough.</i></b>	October 2015	The level of provision and future need will be reviewed against policy.
School travel plans will be updated to include air quality awareness raising measures and actions to reduce emissions and exposure.	2017	Twenty nine School Travel Plans were updated in 2014.  A drama programme for schools which covers sustainable travel, active travel and air quality is being delivered to support this activity.  All schools are supported to include air quality initiatives in their travel plans.

Undertake a targeted campaign to encourage active travel working together with local schools.	2017	The council is currently working with Hackney and Haringey on a joint school's engagement programme to encourage active travel and raise awareness of poor air quality around the Finsbury Park area. Ambler, Pakeman and Grafton Primary schools are part of the project and an event to showcase the work across the three boroughs is planned for Spring 2017.
Participate in the "Breathe Better Together" (BBT) campaign for London.	Event launch in June 2014	The programme launch event took place on January 30 <sup>th</sup> 2015. An "action days" have occurred since and information has been provided to raise awareness of the issue and allow residents to take precautionary measures to protect their health and change their behaviour to lessen emissions.

**b. Reducing emissions from idling vehicles**

<b>Action</b>	<b>Date to be completed</b>	<b>Progress</b>
Undertake an anti-idling campaign that will include the following; <ul style="list-style-type: none"> <li>- Webpage update</li> <li>- Signage</li> <li>- Targeted hotspot enforcement</li> <li>- Dashboard notices</li> <li>- Campaign day</li> <li>- Targeted campaign outside schools.</li> </ul>	On-going	<p>The council webpage has been updated to provide specific advice on the law surrounding idling engines.</p> <p>Signage to advise drivers of the need to switch off is to be put up outside primary schools and other hotspot locations by summer 2015.</p> <p>A wider group of council officers have been</p>

		<p>authorised and trained to issue fixed penalty notices and are deployed to get compliance.</p> <p>Reminder stickers have been produced and placed on the dashboard of every council vehicle.</p> <p>Awareness raising campaigns took place during July 2014 and September and more are planned for this summer and autumn. The September campaign was targeted at schools and will be repeated to coincide with the new academic year.</p> <p>To date, no fixed penalty notices have been issued as all drivers have switched off their engines when asked to do so.</p> <p>The successful and far reaching publicity campaign has led to a number of other local authorities taking an interest in this intervention and we have provided support to Hillingdon, Lambeth and Westminster who have all launched similar campaigns.</p>
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**c. Low emission zone feasibility study**

<b>Action</b>	<b>Date to be completed</b>	<b>Progress</b>
Commission a source apportionment study to inform the Air Quality Strategy and check that the actions are correct.	Source study to complete for September 2014	The study was received and determined that the actions agreed in the Strategy remain relevant but more needs to be done to reduce emissions from buses and cars, and diesel vehicles.
Conduct a study into the validity and feasibility of having an Islington low emission zone or extending the boundary of the ULEZ. This will include a review into the most suitable location, legal implications, enforcement strategy and effect on residents.	December 2014	The details provided in our commissioned ULEZ cost benefit analysis conclude that the cost of installing the required infrastructure to enforce such a scheme is not proportional to the health benefit.

**d. Reducing personal car use**

<b>Action</b>	<b>Date to be completed</b>	<b>Progress</b>
Review car clubs agreements to prioritise low emission vehicles.	March 2016	The council is reviewing the contract arrangements with its Car Club provider to explore ways to introduce low emission vehicles, including electric vehicles into their fleet during 2015.

**e. Reducing emissions from taxis**

<b>Action</b>	<b>Date to be completed</b>	<b>Progress</b>
Review taxi services operating in the borough to create a green ranking scheme.	March 2016	Funding from the DEFRA has been secured for a joint project with Hackney Council to review mini-cab operators and establish which are currently performing well in terms of reduced emissions. Operators will be supported to make changes to their fleet, including using electric vehicles.
Publish best practice guidance for mini-cab drivers and operators, working with mini-cab offices to encourage greening of their fleet as well as providing guidance on efficient driving in order to reduce fuel consumption and emissions.	March 2016	A best practice guide is being written and will be distributed to minicab operators in July 2015.

**f. Emission-based parking surcharges**

<b>Action</b>	<b>Date to be completed</b>	<b>Progress</b>
Continue tiered parking permit charge based on emissions.	March 2015	The parking permit structure is to be changed in 15 June 2015 adding a surcharge for diesel vehicles, with exemptions for businesses, to support the findings of our study that diesel emissions need to be reduced.

<p>Work with Transport for London (TfL) and partners in developing and responding to TfL's Ultra Low Emission Zone (ULEZ).</p>		<p>The council believes the ULEZ should strive to prioritise alternative fuels such as electric and CNG.</p> <p>A response was submitted but the ULEZ scheme is to be implemented in September 2020 with no change to the proposal consulted on and no encouragement within in it to use alternative fuels.</p>
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**g. Freight consolidation**

<b>Action</b>	<b>Date to be completed</b>	<b>Progress</b>
<p><i>Review deliveries to council buildings and consolidate to reduce vehicle traffic and emissions.</i></p>	<p>In place – to be reviewed January 2016</p>	<p>The council has diverted delivery of stationary and cleaning supplies to the London Boroughs Consolidation Centre (LBCC) reducing delivery days from five to three per week.</p> <p>The scheme is now to be extended to local businesses.</p>

### 1.3. Planning & Development

#### a. Determining the impacts of new developments on air quality

Action	Date to be completed	Progress
Require all new developments to submit air quality impact assessments to meet an “air quality neutral” standard.	June 2014	<p>All new major developments in Islington are now required to submit air quality impact assessments. They are required to meet the GLA air quality neutral standard and protection measures for those developments that seek to introduce new receptors into areas of existing poor air quality.</p> <p>All planning applications that may have an impact on local air quality are reviewed by the pollution team as part of the consultation process.</p>

#### b. Reducing emissions at construction sites

Action	Date to be completed	Progress
Update Islington’s Code of Construction Practice to include further requirements for reducing local air pollution, monitoring criteria and best practice transport strategy.	March 2015	Draft documents are currently being developed and are due to be published in June 2015.
Develop a contractor’s guide for reducing local air pollution.	March 2015	Draft documents are currently being developed and are due to be published in June 2015.

Require all developers to meet the highest feasible level of BREEAM (Building Research Establishment Environmental Assessment Methodology) and all major developments to meet the code for sustainable homes level 4/5.	Ongoing	Islington's local validation requirements for planning include the need to meet the highest level of BREEAM and the code for sustainable homes.
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#### 1.4. Energy Usage

##### a. **Cleaner energy**

Action	Date to be completed	Progress
Provide advice on use of non-combustion renewable energy technologies to developers to ensure compliance with carbon reduction targets, minimising emissions.	April 2014	The energy strategies produced by developers are now reviewed by the pollution team to ensure the best available technology is used.
Continue grant scheme to enable F & G rated boilers to be replaced with energy efficient A-rated boilers.	March 2015	The scheme has now complete with in excess of 850 boilers replaced.
Expand the Bunhill Heat and Power Network to utilise other heat sources.	Ongoing	The potential for heat networks has been reviewed across the borough and twelve opportunity areas have been identified, including the Bunhill network. The review also identified the potential and scale of secondary, 'waste heat' sources. Bunhill 1 is currently being expanded to source waste heat from electrical transformers and the London Underground. Feasibility is also recently complete into the opportunity to source heat for the network from a data centre and the canal.

**b. Providing advice on energy saving and fuel use**

Action	Date to be completed	
Provide advice services to residents.	On-going	<p>Our telephone advice service dealt with over 7,500 calls from Islington residents in 13/14, 27% more than in 12/13.</p> <p>Over 2,700 vulnerable Islington residents were offered a range of services including AirText.</p>

**1.5. Businesses**

**a. Environmental impact Assessment for procurement**

Action	Date to be completed	Progress
Incorporate Air Quality considerations in to the EIA for procurement to ensure that improving local air quality is considered by our suppliers.	June 2015	The council's EIA is under review and air quality considerations are being drafted.

**b. Business Engagement Programme**

Action	Date to be completed	Progress
Work with businesses on the "City Air" initiative in our hotspots, assisting them to improve local air quality by reviewing operations such as deliveries, building management and energy use.	March 2017	Work with businesses in the Finsbury Park area is complete and has now commenced in Angel.
Work with neighbouring boroughs to extend existing programmes	April 2016	Working in collaboration with Hackney

<p>such as the Zero Emission Network (ZEN) to improve air quality at the borough boundaries.</p>		<p>Council, seventy five businesses around the Old Street area have signed up to the ZEN and actions carried out have included electric vehicle trials, use of zero emission taxis, cargo bike trials and use of car clubs.</p> <p>Eco-Audits have been conducted to give advice on how emissions from energy use can be reduced. Five organisations have committed to applying for grant funding which will allow them to install cycling parking and provide lockers and showers for staff to encourage cycling.</p> <p>The ZEN businesses are now being invited to join the freight consolidation scheme.</p>
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### 1.6. Air quality awareness raising initiatives

#### a. Raise awareness regarding personal exposure

<b>Action</b>	<b>Date to be completed</b>	<b>Progress</b>
Undertake a source apportionment study to identify the most polluting sources in the borough	Complete	The report is now available.
Undertake joint working with Camden Council and the joint public health team to advise residents on local air quality, health impacts and actions individuals can take to reduce exposure.	April 2016	This project was completed ahead of schedule in September 2014. The Air Aware programme and associated toolkit

		<p>was created, comprising pollution concentration maps, information for residents and health professionals, and activities for children.</p> <p>Training sessions have been held for front line professionals in the use of the toolkit. Presentations and stalls have been given at a number of events through summer 2014 and at GP Surgeries and Health Centres.</p> <p>The programme for surgeries and health centres was especially well received and funding is currently being sought to continue it until April 2016.</p>
Hold an annual car free event.	Annually	The Cally Festival was held in September 2014.
Develop Air Quality Champions for Islington to work with officers to implement measures to improve local areas and reduce emissions.	April 2015 and on-going	We have recruited 17 AQ champions from across Islington. They have assisted with providing information about AirText to local pharmacies so they can cascade to people collecting medication for illnesses that affected by poor air quality, developing an energy advice information pack, creating green spaces for cleaner air and delivering the Air Aware programme during the summer.

**b. Provision of air quality information**

<b>Action</b>	<b>Date to be completed</b>	<b>Progress</b>
Continue to lead the London wide AirText service and promote to residents.	Ongoing	This continues and the AirText service is now promoted through the Mayor's Breathe Better Together campaign.
Participate in the Breathe Better Together campaign for London.	From early 2015 and on-going	The campaign aims to increase awareness of air quality issues. The campaign launched in January 2015, we have had 2 "action days" to date where information and advice has been provided to residents.

**1.7. Public Realm**

<b>Action</b>	<b>Date to be completed</b>	<b>Progress</b>
Increase cycle parking around the borough, particularly in shopping areas and on housing estates.	Ongoing to March 2017	52 new cycle parking spaces have been installed to date.
Map and advertise safer walking and cycling routes.	July 2014	Clean Air walking routes have been mapped and are available on the council's website.  A printed version of this map will be produced later in 2015.

Promote walking through the Islington Joint Strategic Needs Assessment to tackle physical inactivity and obesity.	Complete	The 2014 Joint Strategic Needs Assessment provided a focus on physical activity and detailed programmes and services that are available to tackle obesity.
500 trees to be planted across the borough in 2013/14	Complete	Action completed with a further 480 trees planted in 2014/15.
Introduce more species of plants and trees that assist in improving air quality.	September 2015	Research into species that have a positive impact on local air quality has been completed and options for planting are now being explored.
Ensure that contractors undertaking works to the highway use best practice to avoid adding to local air pollution.	September 2015	An update to the Code of Construction Practice, which is issued to contractors and enforced by Public Protection, will be launched, setting out expected methods of working.
Work with TfL to ensure that all new road improvements are considerate of walking and cycling and create safer, cleaner spaces for active travel.	Ongoing	Planned improvements to the junctions at Old Street and Archway are under considerations which create safer environments for active travel whilst improving air quality.

<p>Work with the Canal and River Trust to reduce pollutant concentrations around Regents Canal by changes to mooring rules, launching best practice guidance for boaters and using enforcement actions where non-compliance continues.</p>	<p>October 2015</p>	<p>New mooring rules are in place for part of the canal.</p> <p>Wood burning is no longer permitted except for kindling.</p> <p>An action plan has been developed with residents to address issues affecting air quality along the canal and its environs.</p>
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**1.8. Cleaner Air Borough**

<b>Action</b>	<b>Date to be completed</b>	
<p>Participate in the GLA's Cleaner Air Borough initiative and obtain a kite mark demonstrating Islington's commitment to improving air quality.</p>	<p>December 2016</p>	<p>The GLA have not as yet confirmed the scheme.</p>



### Report of: The Leader of the Council

Meeting of:	Date	Ward(s)
Executive	21 May 2015	All

Delete as appropriate	Exempt	Non-exempt
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### Subject: Council Timewise Accreditation

#### 1.0 Synopsis

This report provides an update on progress in respect of the Employers Creating Change strand of the Employment Commission report (due to be reported to Joint Board on 21 April 2015) and in particular provides details of the Timewise accreditation to be sought as part of the implementation of the Commission recommendations.

#### 2.0 Recommendations

- 2.1 To note the report and confirm that an application for Timewise Council status should be submitted to the Timewise Foundation

#### 3.0 Background

- 3.1 The Islington Employment Commission was launched in November 2014 and held its final meeting on 5<sup>th</sup> February 2015. The Employment Commission advocated an employer led approach to implementing its recommendations with the council supporting and encouraging other employers and leading by example.
- 3.2 To progress the "Employers Creating Change" strand of the commission recommendations an Employer Engagement Strategy to better define the council's role in encouraging employers to get involved has been developed. This role is to

promote the benefits and business case for involvement and an easy way for employers to get involved. The council has identified 5 ways in which employers can get involved locally and their business benefits for employers. These form the core of work to drive employer engagement:

1. Create a more flexible and diverse workforce
2. Develop your staff by getting involved locally
3. Recruit and retain staff by paying the living wage
4. Inspire the next generation
5. Develop the workforce of the future

3.3 A new campaign mini site, hosted and developed by the council, but independently branded and in partnership with other organisations will hold this offer and provide a focal point and single point of contact for employers wanting to get involved. The Employer Engagement team will use this resource (which will be live by August 2015) to engage with and influence employers to get involved.

3.4 A refocused Business Engagement Leadership Group (BELG) (comprised of Islington Council, BIG Alliance, KX Recruit, City and Islington College, JCP and Cripplegate Foundation) has defined three priority areas to make its employer engagement consistent and to generate greater momentum:

- Increasing recruitment of Islington residents to jobs in the King's Cross development
- Increasing the number of businesses offering support in the forms of mentoring, coaching, volunteering and work experience to Islington residents
- To improve our knowledge of what businesses need now and in the future in terms of employee skills requirements so that more Islington residents are supported to acquire the skills to become work ready

This group is now working to present a consistent offer and to increase both residents in jobs (in King's Cross) and a broader employability offer across the partnership.

3.5 The Council is also leading by example as an employer, it has recently recruited 33 new apprentices, has joined the BIG Alliance in order to expand its employee volunteering programme and to link it more closely to the employment agenda. It is also in the process (by July 2015) of becoming an accredited Timewise Council which will position it as a leader in flexible employment.

#### **4.0 Timewise Accreditation**

4.1 The Timewise Foundation is a Community Interest Company dedicated to the development of quality part time and flexible job opportunities to enable women with children to participate in the labour market. Development of a flexible labour market also supports others individuals who because of their caring responsibilities or other issues find it more difficult to access the labour market in the absence of flexible working arrangements. Flexible working arrangements do not just benefit individuals, they also offer business advantages by allowing the council to compete in the labour market and attract high quality staff for whom flexibility is as important

as pay.

4.2 Under the Timewise Council scheme, the council can apply for accreditation to Timewise Foundation. Achieving Timewise Council status will demonstrate that the council is driving change in flexible working practices for its own workforce and using this as a basis to influence local public and private sector employers to do the same.

4.3 There are five criteria to be met to achieve the accreditation:

- **Leadership:** The Council's commitment to flexible working is embedded in its strategy and policy and is understood, supported and championed by elected Members and senior officers of the Council. Strong leadership is a fundamental requirement of Timewise Council accreditation.
- **Workforce:** The Council's commitment to flexible working is reflected in its HR policies and procedures. A system to monitor flexible working across functions and job levels is developed and clear indicators to measure progress agreed. The Council is developing an understanding of how working cultures and behaviours can influence the use of flexible working. Areas for improvement have been identified and priorities and actions have been agreed to achieve these. As this is an area under the Council's direct control, accreditation presumes that a strong commitment to flexible working will be apparent from a detailed improvement plan with specific goals and objectives.
- **Residents:** The Council raises awareness of opportunities for flexible and part-time work and provides information and advice for people seeking to combine work with other commitments, especially those currently unemployed. Council will be expected to demonstrate a clear strategy for delivery of services to residents that improve opportunities for flexible working.
- **Employers:** The Council provides support and advice to local employers on how to overcome barriers to flexible working and provides opportunities to share learning and best practice. The accreditation framework recognises that the Council is primarily an influencer and enabler of change among employers and has little direct control.
- **Suppliers:** The Council is committed to a long-term approach to influencing its suppliers to adopt and embed flexible working practices, especially where this can improve their business performance and help secure best value. The accreditation framework recognises the constraints on what Councils can require of suppliers as part of its responsibilities to secure Best Value but expects to see efforts to disseminate learning on flexible working and to champion flexible working through its procurement.
- **Stakeholder Participation and Accountability:** A multi-stakeholder Timewise Advisory Board is established to monitor implementation of the Council's Timewise commitment, to challenge and stretch improvement plans and to support the wider dissemination of learning and best practice on flexible working and the impact of the Timewise Council initiative. Councils will be expected to have an Advisory Board in place by the time of accreditation.

4.4 Officers have begun work on the accreditation process and anticipate making the application in July 2015.

## 5.0 Implications

### *Financial implications*

The costs of seeking accreditation will be funded from the Chief Executive's Department budget.

### *Legal implications*

There are no legal implications arising directly from the report.

### *Resident Impact Assessment*

The council must, in the exercise of its functions, have due regard to the need to eliminate discrimination, harassment and victimisation, and to advance equality of opportunity, and foster good relations, between those who share a relevant protected characteristic and those who do not share it (section 149 Equality Act 2010). The council has a duty to have due regard to the need to remove or minimise disadvantages, take steps to meet needs, in particular steps to take account of disabled persons' disabilities, and encourage people to participate in public life. The council must have due regard to the need to tackle prejudice and promote understanding."

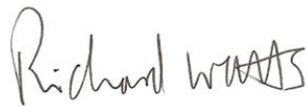
A Resident Impact Assessment has been completed and this does not identify any negative equality impacts for any protected characteristic or any human rights or safeguarding risks.

## 6.0 Conclusion and reasons for recommendation

The steps required to obtain Timewise accreditation will help to tackle inequality in Islington by increasing the employment opportunities available to residents who need flexible arrangements to enable them to enter the labour market. The Executive is asked to agree that the application should be made.

Final report clearance:

**Signed by:**



7 May 2015

The Leader of the Council

Date

Report Authors: Debra Norman, Assistant Chief Executive, Governance and HR  
Lela Kogbara, Assistant Chief Executive, Strategy and Community Partnerships  
Tel: 020 7527 6096/3120  
Email: [debra.norman@islington.gov.uk](mailto:debra.norman@islington.gov.uk)  
[lela.kogbara@islington.gov.uk](mailto:lela.kogbara@islington.gov.uk)

## Resident Impact Assessment

**Title of policy, procedure, function, service activity or financial decision: Council Timewise Accreditation**

**Service Area: Chief Executive's**

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### 1. What are the intended outcomes of this policy, function etc?

Timewise Accreditation will enable the council to demonstrate that it is modelling and driving positive changes in flexible working practices for its own workforce and to share good practice and influence businesses and suppliers to follow suit. Some of the expected outcomes for each strand within the accreditation criteria are listed below:

- a) Leadership – the council's commitment to flexible working is embedded in its strategy and policy and is understood, supported and championed by elected members and senior executives of the council
- b) Workforce – HR policies and procedures reflect commitment to flexible working. Appropriate systems to monitor, influence and continuously improve such practices are developed.
- c) Residents – the council raises awareness of opportunities for quality part-time and flexible work and provides information and advice for people seeking to combine work with other caring commitments, especially those currently unemployed and in low income households.
- d) Employers – the council provides support and advice to local employers on how to overcome barriers to flexible working and provides opportunities to share learning and best practice.
- e) Suppliers – the council is committed to a long-term approach to influencing its suppliers to adopt and embed flexible working practices.
- f) stakeholder participation and accountability – a representative board to monitor the implementation of the council's Timewise commitment, to challenge and stretch improvement plans and to support the wider dissemination of good practice and learning via this initiative.

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### 2. Resident Profile

Who is going to be impacted by this change i.e. residents/service users/tenants? Please complete data for your service users.

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This initiative will be aimed at residents who are out of work and looking for flexible employment as well as at businesses, the council's workforce, partners, suppliers and stakeholders. According to NOMIS, there are currently 23,670 out-of-work benefit claimants in the borough.

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### 3. Equality impacts

With reference to the guidance, please describe what are the equality impacts for residents and what are the opportunities to challenge prejudice or promote understanding?

- a) Eliminating discrimination – this policy aims to review and develop further flexible working practices to enable access to work opportunities, especially for parents, carers, disabled people and any other people where flexibility might be a barrier. Therefore, tackling discrimination and enabling positive impact is at the heart of this initiative.
- b) Advancing equality of opportunity and fostering good relations – the policy aims to increase the opportunities available for people for whom flexibility is a barrier regardless of any other circumstances and characteristics. The ambition is that a broader range of people will be accessing jobs, contributing to a more diverse workforce and fostering good relations. This is an innovative approach that has worked in various other organisations and industries so we are hoping to learn from what has already been implemented and the positive outcomes that have been achieved.
- c) Socio-economic impact – the policy aims to create momentum within the council and with partners so more flexible employment is available. Some residents for whom flexibility is a barrier might be more likely to find flexible work which will lead to a positive impact.

### 4. Safeguarding and Human Rights impacts

#### a) Safeguarding risks and Human Rights breaches

Please describe any safeguarding risks for children or vulnerable adults AND any potential human rights breaches that may occur as a result of the proposal? Please refer to **section 3.7** of the guidance for more information.

None

If potential safeguarding and human rights risks are identified then **please contact the Strategy, Communications and Engagement team to discuss further:**  
[equalities@islington.gov.uk](mailto:equalities@islington.gov.uk)

### 5. Action

How will you respond to the impacts that you have identified in sections 3 and 4?

Action	Responsible person or team	Deadline
There is continuous monitoring built into the development and implementation of the policy. The accreditation will also be subject to an annual	TBC	annual

review.		
		Click here to enter a date.
		Click here to enter a date.
		Click here to enter a date.

For more information on identifying actions that will limit the negative impact of the policy for protected groups see the guidance.

Please send the completed RIA to [equalites@islington.gov.uk](mailto:equalites@islington.gov.uk) and also make it publicly available online along with the relevant policy or service change.

**This Resident Impact Assessment has been completed in accordance with the guidance and using appropriate evidence.**

**Staff member completing this form:**

**Head of Service or higher:**

Signed: \_\_\_\_\_

Signed: \_\_\_\_\_

Date: [Click here to enter a date.](#)

Date: [Click here to enter a date.](#)

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**Report of:** Executive Member for Health and Wellbeing

Meeting of:	Date	Ward(s)
Executive	21 May 2015	All

Delete as appropriate	Exempt	Non-exempt

## **SUBJECT: Healthwatch Islington: Re-Commissioning Strategy**

### **1. Synopsis**

- 1.1 This report sets out the background to the commissioning of Local Healthwatch in Islington and pre-tender proposals for re-commissioning the service when the existing grant arrangement ends in 2016.
- 1.2 It also sets out the activities and achievements to date and how commissioners and others are working with Healthwatch Islington to deliver the organisation's key statutory responsibilities, while ensuring that it is responsive to, but independent of, local health and social care services.

### **2. Recommendations**

- 2.1 To note the current arrangements with, and activity and progress of, Healthwatch Islington.
- 2.2 To approve the re-commissioning strategy outlined in this report.
- 2.3 To delegate the decision to award the contract at the end of the procurement process to the relevant corporate director in liaison with the relevant Executive Member.

### **3. Background**

#### **3.1 Legislation and Parameters**

The Health & Social Care Act 2012 created Local Healthwatch as the new consumer champion for health and social care services, with a duty on local authorities to set up and fund the new body from April 2013.

Building on the Local Government & Public Involvement in Health Act 2007 which introduced Local Involvement Networks (LINKs) as the way for individuals and communities to become involved in the planning, commissioning and delivery of health and social care, the new body has an extended role which includes supporting individuals to make choices about health and social care.

The Department of Health provides the following description of the service:

*A local Healthwatch will be an independent organisation, able to employ its own staff and involve volunteers, so it can become the influential and effective voice of the public. It will have to keep accounts and make its annual reports available to the public*

*The aim of local Healthwatch will be to give citizens and communities a stronger voice to influence and challenge how health and social care services are provided within their locality. Local Healthwatch will have a seat on the new statutory health and wellbeing boards, ensuring that the views and experiences of patients, carers and other service users are taken into account when local needs assessments and strategies are prepared, such as the Joint Strategic Needs Assessment (JSNA) and the authorisation of Clinical Commissioning Groups. This will ensure that local Healthwatch has a role in promoting public health, health improvements and in tackling health inequalities.*

- *Local Healthwatch will enable people to share their views and concerns about their local health and social care services and understand that their contribution will help build a picture of where services are doing well and where they can be improved (LINK function)*
- *Local Healthwatch will be able to alert Healthwatch England to concerns about specific care providers (NEW function)*
- *Local Healthwatch will provide people with information about their choices and what to do when things go wrong; this includes either signposting people to the relevant provider (NEW function)*
- *Local Healthwatch will provide, or signpost people to, information about local health and care services and how to access them (NEW function)*
- *Local Healthwatch will provide authoritative, evidence-based feedback to organisations responsible for commissioning or delivering local health and social care services (LINK function).*

So local Healthwatch feeds views and any recommendations to Healthwatch England to act on at a national level. Together with the 152 Local Healthwatches they form the Healthwatch network.

### **3.2 Current commissioning arrangements**

In February 2012, the Director of HASS agreed to grant aid Islington LINK (for two years) to become Healthwatch Islington, based on its track record and unique capacity at that time to deliver the above functions in an undeveloped market. The grant was given on the basis that future commissioning would be in the form of open procurement.

The grant was extended for a third year by the Executive in March 2014, to support the incumbent organisation to continue to develop and settle into its delivery of the new service. The grant now expires on 31 March 2016 and the Executive agreed to receive a further report in 2015 setting out the proposed re-commissioning approach.

It is not Council policy to rely on grants, as grants are not subject to contract law, can be of unlimited value, given to any type of organisation, but cannot be readily recouped. They only have broad objectives to be achieved and are not generally monitored as closely as a contract. It is therefore usual and preferred to not to give a grant to deliver a Council's statutory obligations in full; this should be managed by contract. Care needs to be taken to ensure a situation of State Aid does not occur, which may be perceived where the Council's actions have actively distorted the competition in the market without an effective competitive process.

### **3.3 Local Healthwatch activity update**

Healthwatch Islington was incorporated as a limited, not-for-profit company in February 2013, and the new service launched at the annual LINK fair on 23 March. A report to the Executive in March 2014 set

out early work and achievements, and these are detailed in the organisation's annual report on its first year of activity:

More recent activities are set out in the attached document at Appendix1.

Some of the Islington work has been showcased at national level by Kings Fund and Healthwatch England, and they have spoken about their work at the London Assembly.

Performance and funding levels are benchmarked with other London authorities. The commissioner has been working with the Local Government Association to support Healthwatch to build on early successes and address gaps, including:

- Reviewing governance and role descriptions to ensure the organisation has the form and structure to operate most effectively
- Extending its strategic working across the voluntary and community sector, taking up opportunities for sharing, joint working, sub contracting as appropriate
- Involving the community more - and more of the community - in decision making setting priorities, and in the delivery of its services – developing robust mechanisms for discussion with the public
- Obtaining feedback on external perception of the service's credibility and achievements.

### 3.4 **Vision for the future**

Commissioners are keen to see Healthwatch in Islington build on its current achievements and to play a greater role in Islington in the coming years.

A stakeholder audit is currently being undertaken by the Commissioner, and a workshop/survey will be undertaken with individual members of Healthwatch Islington, and the wider public to inform a new and more detailed specification from 2016.

The commissioner is keen to see the service specifically:

- Develop its core functions, become a force to be reckoned with where it matters to local people
- Strengthen its governance, reward its volunteers (in line with Reward & Recognition policy)
- Extend its partnership working and leadership role within the community
- Find innovative ways of both challenging and working with local providers.

### 3.5 **Proposed tender process**

A competitive tender process will be undertaken to award a contract to one provider. This is in keeping with the original intentions for the service following an initial grant period, as set out above, and will ensure that the commissioned Local Healthwatch service is awarded in a fair and transparent way. It provides an opportunity to 'test the market', allows other relevant organisations to tender, and gives an opportunity for the existing provider to develop its competitive credentials.

The service to be procured is a two-year contract with option of one 12-month extension. This will allow a degree of stability for the provider while ensuring flexibility for commissioners in a changing health and social care landscape.

The proposed annual value of the contract is £165,500. This represents a saving of 6% on the current grant value (£176,200). It is the mean value of benchmarking across 12 London Boroughs in 2015.

The total value of the proposed two-year contract is £331,000 and £496,500 if extended for a year. No uplift is planned. This falls below the threshold for a Key Decision, and therefore the decision to award the contract can be delegated to the Director.

London Living Wage will apply to this contract. TUPE will apply to the procurement.

Given the value of the contract on offer, this procurement will be advertised. The procurement route

available: advertise a call for expressions of interest and move to a competitive tendering process. The intention is to conclude the process and award the contract in December 2015 with start date of 1 April 2016.

Community involvement will be evident throughout the procurement process. As outlined above, a workshop will be held by the commissioner to help develop the specification and a lay member of the Clinical Commissioning Group will be part of the decision-making procurement panel.

## **4. Implications**

### **4.1 Financial implications**

The Council has a statutory responsibility to provide a local Healthwatch service to the public that provides information, advice and choice when accessing health and social care services.

The current budget for Healthwatch in Islington is £176k p.a. and this is funded through a combination of Local Reform & Community Voices Grant and Islington's HASS base budget. The proposed value of £165k represents a 6% reduction in budget and should not cause a pressure for the Council.

Providers will be required to ensure that all staff working on this contract are paid at least the London Living Wage.

To avoid future financial pressure for the Council, this contract would need to have a termination clause which allows the ending of this contract if it becomes unaffordable.

Any TUPE cost implications that may arise from this tender will have to be met by existing resources outlined above.

### **4.2 Legal Implications**

Section 221 of the Local Government and Public Involvement in Health Act 2007 (the 2007 Act) imposed a duty on local authorities to make contractual arrangements for the involvement of people in the commissioning, provision and scrutiny of health and social services and requires each local authority to ensure there are means in place to facilitate the carrying out of the specified activities.

Section 182 of Health and Social Care Act 2012 (the 2012 Act) amended section 221 of the 2007 Act to ensure that, as Local Involvement Networks are replaced by Local Healthwatch organisations, the duty is retained by local authorities to make contractual arrangements for the involvement of the public in the commissioning, provision and scrutiny of health and social care services.

Under section 222(2) of the 2007 Act the council has a duty to contract for the activities that are required to be performed by a Local Healthwatch organisation.

It is to be noted that the council's obligation is to fund the activities that are required to be performed by a Local Healthwatch organisation. The council does not have an obligation necessarily to fund an organisation that happens to be named Healthwatch Islington. Under section 45D of the Health and Social Care Act 2008 which was inserted by section 182(11) of the 2012 Act, the Care Quality Commission has power to grant a Local Healthwatch organisation a licence authorising the use of a registered trade mark in order to indicate the carrying-on of Local Healthwatch activities even if the formal name of the organisation does not contain the term "Healthwatch".

The health watch services being procured are subject to the light touch regime set out in Regulations 74 to 77 of the Public Contracts Regulations 2015 (the Regulations). The threshold for application of this light touch regime is currently £625,050.00. The value of the proposed contract is below this threshold. Therefore there are no specific requirements laid down in the Regulations for the conduct of this procurement apart from the general duty to comply with the Treaty principles of equal treatment, non-discrimination and fair competition. The council's Procurement Rules require contracts over the value of £100,000 to be subject to competitive tender.

In compliance with the council's Procurement Rules the proposal outlined in the report is to procure the contract through competitive tendering. On completion of the procurement process the contract may be awarded to the highest scoring tenderer subject to the tender providing value for money for the council.

#### 4.3 Environmental Implications

The contract will have relatively minor environmental impacts; any organisation providing the service will have the standard impacts associated with office-based work, including energy and water use, procurement and waste generation. There will also be resource usage from printing publicity materials and impacts associated with staff and volunteer travel, including emissions and contribution to congestion. It should be expected that the organisation winning the contract would seek to mitigate and minimise these impacts.

#### 4.4 Resident Impact Assessment

The council must, in the exercise of its functions, have due regard to the need to eliminate discrimination, harassment and victimisation, and to advance equality of opportunity, and foster good relations, between those who share a relevant protected characteristic and those who do not share it (section 149 Equality Act 2010). The council has a duty to have due regard to the need to remove or minimise disadvantages, take steps to meet needs, in particular steps to take account of disabled persons' disabilities, and encourage people to participate in public life. The council must have due regard to the need to tackle prejudice and promote understanding.

The initial screening for a Resident Impact Assessment has been completed and has not identified any negative equality impacts for any protected characteristic or any human rights or safeguarding risks.

### 5. Conclusion and reasons for recommendations

- 5.1 Local Healthwatch was set up in Islington with grant aid to support a new and independent organisation which evolved from the Islington LINK, its statutory predecessor. The three year grant has given the organisation time and support to achieve the objectives of the service and develop a track-record.

In keeping with the council's procurement rules and to ensure an open and transparent approach to re-commissioning, a competitive procurement exercise, as set out above, is proposed to ensure the council secures the most appropriate provider for this service for the ensuing three years.

#### Appendix 1

Healthwatch Islington achievements 2015

#### Final report clearance



**Signed by:** Executive Member for Health and Wellbeing

**Date:** 28 April 2015

**Report Author:** Rosemary Lamport

**Tel:** 020 7527 8153

**Email:** Rosemary.Lamport@islington.gov.uk

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# Having an impact in 2015



We investigated how well GP practices support patients that don't speak English. We found that that in many cases interpreting services were not being offered, and this was resulting in poor care. Islington Clinical Commissioning Group responded to our report by contacting all GP practices, urging them to offer interpreting whenever there was a need. They will follow up with individual practices that are slow to comply. They are also producing a briefing designed to empower local residents to insist they are given an interpreter whenever they visit their doctor.



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Healthwatch volunteers made 8 visits to view conditions inside care homes, and to gather the views of more than 60 residents, relatives and members of staff. We noticed that in some care homes, gardens were in a state of disrepair. Also in one home residents told us there wasn't much to do. We reported our concerns to Islington Council, who are following up with the providers and asking for more access to outdoor space for residents. They will also explore ways that voluntary organisations can help to deliver new activities at care homes throughout the borough.



We also identify what is good about existing services. We went back into care homes to find out how the service provided by the Integrated Care Ageing Team was viewed. We learned that residents and relatives valued the way this team managed difficult conversations about end of life care. As a result Islington Clinical Commissioning Group has decided that these discussions will be more systematically delivered and monitored, to make sure this strength isn't lost as the service expands out of care homes into the wider community.



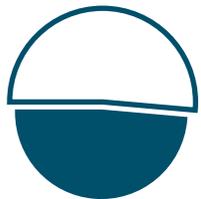
We've handled 217 requests from people needing help to access health and care services in the past year. One patient had been incorrectly advised that they would be discharged if they were unable to attend a physiotherapy appointment at the Whittington they had been given at very short notice. Our intervention led to staff at the Whittington being retrained. We helped another to report her dentist for negligence. That dental practice was then investigated by the Dental Council and required to take action to improve their services. When we resolve problems for individuals, it can lead to changes which improve services for everybody.

From adult safeguarding to customer service in GP reception areas, we've published 15 reports on local services in the last 12 months. One of our latest was picked up, and shared more widely, by the King's Fund, the national think tank that helps shape health and social care policy and practice.

**The King's Fund**

Partners

39 formal recommendations  
for improvements to services made by Healthwatch Islington in the last 12 months. 15 have been acted on already by Islington Council, by Islington Clinical Commissioning Group, or by local NHS Trusts.



**18 of 34**  
GP practices

now displaying Healthwatch Islington's up-to-date complaints guidance on their own websites



## Outreach & diversity

**16**

local organisations representing black and minority ethnic clients needing support to communicate in English have taken part in our work on interpreting services. The project has allowed us to engage with them in a practical and relevant way, and 2 of the organisations now sit on our steering group.

**1800+**

We've knocked on nearly 2,000 doors on some of the most disadvantaged housing estates in the borough. We're reaching people who are isolated or have mobility issues, people most in need of social care services in particular, who we would be unable to reach through other means.



This year, we worked with the Deaf community to investigate the accessibility of NHS complaints processes (we also worked with partners at the Elfrida Society to capture the views of people with Learning Disabilities). And a team of Deaf service-users are currently being trained to 'enter and view' services across the whole of North, Central and East London.

**72** volunteers

visiting services, talking to local residents, and feeding back to commissioners and providers



**96**

visits to GP practices by our mystery shoppers

**17**

young adults trained to interview their peers about mental health

**51**

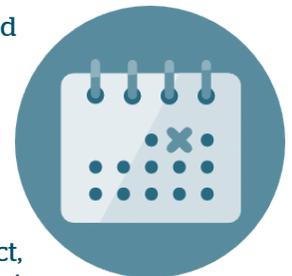
interviews with local people who have complained about the NHS.

**137**

general comments on services gathered from members of the public

**6** briefings

This year we've delivered a series of public events keeping local people informed about key issues in health and care for Islington. Recent briefings have covered the new Care Act, improving mental health in the borough, and NHS England's plans to share personal medical data more widely.





Report of: **Executive Member for Environment and Transport**

Meeting of:	Date	Ward(s)
Executive	21 5 2015	Bunhill
Delete as appropriate		Non-exempt

## **SUBJECT: Procurement Strategy for Canal Sourced Heat Supply for Bunhill Heat Network**

### **1. Synopsis**

- 1.1 This report seeks pre-tender approval for the procurement strategy in respect of a Canal Sourced Heat Supply for Bunhill heat network in accordance with Rule 2.5 of the Council's Procurement Rules.
- 1.2 The recommended procurement route is a formal competitive tendering process in compliance with European advertising requirements.
- 1.3 The Canal Sourced Heat Supply project is aimed at extracting heat from the Regents Canal and feeding it into the Bunhill heat network at a cost lower than we can presently provide heat. Following a feasibility study and delivery proposal, the Department for Energy and Climate Change (DECC) is considering awarding funding towards the delivery of a scheme.

### **2. Recommendations**

- 2.1 To approve the procurement strategy for Canal Sourced Heat Supply for Bunhill heat network as outlined at paragraph 3.29 below.
- 2.2 To agree to delegate the decision of the award of the contract to the Corporate Director of Environment & Regeneration in discussion with the Executive Member for Environment and Transport.

### 3. Background

#### **Nature of the service**

- 3.1 Following a successful bid to DECC for funding, the Council have completed a feasibility study for the recovery of heat from the Regents Canal to supply the Bunhill heat network. This is technical feasible and economically attractive and could deliver a significant proportion of the heat for Bunhill heat network by 2016 (see Appendix 1 for a summary of the study).
- 3.2 The capital cost of the scheme is estimated to be £2.4 million and the Net Present Value is £3.6 million over a 20 year period.
- 3.3 As part of a competitive tender process, a project proposal was submitted to DECC by the Council and its consortium partners (see 3.4). It has been proposed that the project would be delivered by Star Refrigeration with DECC contributing ~£1 million, and an estimated further ~£1.4 million from Star Refrigeration. All of the Council's costs from participating in the project would be met from the DECC funding.
- 3.4 The Council is part of a consortium of four organisations. The other three brought together by the DECC tender process are as follows:
- Star Refrigeration Ltd: the UK's major heat pump manufacturer and which was the contractor for the initial European water heat supply scheme in Norway (see Appendix).
  - Building Energy Solutions: a London-based energy consultancy.
  - Carbon Descent: also a London-based energy consultancy.
- 3.5 If DECC award the funding and enter into contract with Star Refrigeration for the delivery of a scheme, the proposed project can then provide an opportunity for the Council to procure lower cost and lower carbon heat for the Bunhill heat network.

#### **Estimated Value**

- 3.6 The quantity of heat which could be supplied from this scheme is estimated to have a value of £4 million over a 20 year period (the timescale of the anticipated life of the energy centre)
- 3.7 The Council will purchase the heat produced at a price at least 10% less than our own generation costs.

#### **Timetable**

- 3.8 DECC have set a challenging time table to have the project delivered by March 2016. To reduce the administrative timescale, an early adoption of the procurement strategy is required.
- 3.9 The contractor has confirmed that they could deliver the scheme within the DECC timescale and will bear the risks of planning and implementing the project.
- 3.10 The project implementation will include consultations with residents and members in addition to the usual planning requirements.

#### **Options Appraisal**

- 3.11 The proposed fully funded scheme presents an opportunity for the Council to secure lower cost, lower carbon heat without Council capital investment.
- 3.12 Alternative options would require a significant proportion of the costs to be met through Council capital

investment in order to deliver heat supply at an equivalent lower cost.

- 3.13 It is therefore recommended that the Council advertise for the procurement of a Heat Supply Agreement.

### **Key Considerations**

- 3.14 Access to a further lower cost heat supply will improve the resilience and diversity of the Bunhill heat network and maintain our capacity to provide residents within the scheme with lower cost heat.
- 3.15 The current recommended procurement route eliminates the need for Council capital investment and the additional capacity will enhance any extensions or developments of the Bunhill network.
- 3.16 The heat supplied from the Regents Canal is an environmentally sustainable renewable source which would displace the heat provision from gas boilers and thus improve our energy security, reduce the borough's impact on climate change and improve local air quality.
- 3.17 Any organisation offering a Heat Supply Agreement to the Council would be required to meet the Council's London Living Wage requirements. There would be no TUPE, Pensions or Staffing implications associated to this procurement.

### **Evaluation**

- 3.18 The following key dates are proposed:
- 21<sup>st</sup> May: Executive for approval
  - Late-May: Contract advertised
  - Mid-July: Contract awarded
- 3.19 The tender will be conducted in one stage, known as the Open Procedure as the tender is 'open' to all organisations who express an interest in the tender. The Open Procedure includes minimum requirements which the organisation must achieve before further evaluation.
- 3.20 Tenders are evaluated on the basis of the tenderers' price and ability to deliver the contract as set out in the evaluation criteria in order to determine the most economically advantageous offer.
- 3.21 The proposed award criteria are 50% price and 50% quality. Quality criteria will include:
- Carbon Intensity
  - Capacity of supply
  - Availability of heat
  - Quality of supply i.e. temperature, flow and pressure

### **Business Risks**

- 3.22 The Heat Supply Agreement would obtain a heat price which is lower than current price of heat supplied by gas boilers serving the Bunhill heat network. As gas prices fluctuate the Council should seek a price which is index linked in order to maintain this benefit.
- 3.23 Financial risk to the Council are very low as, delivery risks (including construction) will be borne by the contractor and heat prices will be fixed below our current generation costs.
- 3.24 The supply of heat would need to be integrated into the Bunhill heat network infrastructure and interface

with the control system. The Council have conducted a detailed study to verify that this is viable and how this shall be managed.

- 3.25 A change in Government policy, such as reducing renewable heat subsidy, could make the project unviable. The contractor, or the Council, could cancel the scheme if this this is found to be the case.
- 3.26 Failing to meet the delivery timetable may result in a reputational risk to the Council if there is a delay in project launch.
- 3.27 Failure to reach a final agreement with the Canal and River Trust (CRT) on water abstraction and discharge is a risk, but the licence shall be obtained by the contractor, and early indications from CRT indicate their support.

**The Employment Relations Act 1999 (Blacklist) Regulations 2010**

- 3.28 The Employment Relations Act 1999 (Blacklist) Regulations 2010 explicitly prohibit the compilation, use, sale or supply of blacklists containing details of trade union members and their activities. Following a motion to full Council on 26 March 2013, all tenderers will be required to sign the Council's anti-blacklisting declaration. Where an organisation is unable to declare that they have never blacklisted, they will be required to evidence that they have 'self-cleansed'. The Council will not award a contract to organisations found guilty of blacklisting unless they have demonstrated 'self-cleansing' and taken adequate measures to remedy past actions and prevent re-occurrences. The adequacy of these measures will initially be assessed by officers and the outcome of that assessment will be reviewed by the Council's Procurement Board.
- 3.29 **The following relevant information is required to be specifically approved by the Executive in accordance with rule 2.6 of the Procurement Rules:**

<b>Relevant information</b>	<b>Information/section in report</b>
1 Nature of the service	The procurement of low carbon and lower cost heat to supply to the Bunhill heat network. See paragraph 3.1-3.5
2 Estimated value	The estimated value of the contract over the 20 year contract period is £4m at today's prices. See paragraph 3.6-3.7
3 Timetable	Late-May: Contract advertised Mid-July: Contract awarded See paragraph 3.8-3.10 and 3.18
4 Options appraisal for tender procedure including consideration of collaboration opportunities	It is recommended that the Council advertise for a competitive open tender for a Heat Supply Agreement, valued at an estimated £4 million, for the supply of heat sourced from the Regents Canal at a price lower than current supply sources. See paragraph 3.11-31.13
5 Consideration of: Social benefit clauses; London Living Wage; Best value; TUPE, pensions and other staffing implications	Supply of lower cost lower carbon heat through a Heat Supply Agreement would allow the Bunhill heat network to supply Council residents with lower cost heat and thus tackle fuel poverty and climate change. See paragraph 3.14-3.17

6 Evaluation criteria	50% Price and 50% Quality. See paragraph 3.19-3.21
7 Any business risks associated with entering the contract	The Heat Supply Agreement would seek to obtain a heat price which is lower than current price of heat supplied by gas boilers serving the Bunhill heat network. As gas prices fluctuate the Council should seek a price which is index linked in order to maintain this benefit. See paragraph 3.22-3.27
8 Any other relevant financial, legal or other considerations.	If a best value Heat Supply Agreement is not offered to the Council through an open procurement, the proposed project could be considered as part of an invest-to-save bid for Council capital investment. See paragraph 4.1

## 4. Implications

### 4.1 Financial implications:

The scheme is expected to cost £2.4m at no cost to the council. The council will purchase any heat produced at a price at least 10% less than our own generation costs. The proposal could be considered as part of an invest-to-save bid if not taken forward through a combination of DECC and/or private funding.

### 4.2 Legal Implications:

The Council has powers under the Local Government (Miscellaneous Provisions) Act 1976, s11 to produce and sell heat or electricity or both and the establishment of the Bunhill heat network relies on this power. The subject of this report is the purchase of canal sourced heat supply for the Bunhill heat network. The Council may rely on either the power under section 111 of the Local Government Act 1972 (which enables the Council to carry out any activity that is calculated to facilitate, or is conducive or incidental to, the discharge of any of its functions) or the general power of competence under section 1 of the Localism Act to purchase heat supply for the Bunhill heat network. The Council may enter into contracts for such supplies under section 1 of the Local Government (Contracts) Act 1997. The Executive may provide Corporate Directors with responsibility to award contracts with a value over £500,000 (council's Procurement Rule 14.2).

The Council is a utility for purposes of the Utilities Contracts Regulations 2006 No. 6 (the Regulations) where it is engaged in activity relating to the provision or operation of a fixed network which provides a service to the public in connection with the production, transportation or distribution of heat. Therefore the procurement of this supply contract may be conducted in accordance with the Regulations. The estimated value of the supply contract is above the threshold of £345,028 for application of the Regulations. Therefore advertisement in the Official Journal of the European Union is required. On completion of the procurement process the contract may be awarded to the highest scoring tenderer.

In deciding whether to appoint the selected contractor the Corporate Director of Environment and Regeneration, in consultation with the Executive Member for the Environment and Transport, should be satisfied as to the competence of the chosen tenderer and that the tender price represents value for money for the Council.

#### 4.3 **Environmental Implications:**

There are no clear environmental impacts related to the procurement strategy; the same implications related to the construction and operation of the system will occur regardless of the model of procurement used. These implications will be assessed when choosing to award the contract or progress with the scheme.

#### 4.4 **Residents Impact Assessment:**

The Council must, in the exercise of its functions, have due regard to the need to eliminate discrimination, harassment and victimisation, and to advance equality of opportunity, and foster good relations, between those who share a relevant protected characteristic and those who do not share it (section 149 Equality Act 2010). The Council has a duty to have due regard to the need to remove or minimise disadvantages, take steps to meet needs, in particular steps to take account of disabled persons' disabilities, and encourage people to participate in public life. The Council must have due regard to the need to tackle prejudice and promote understanding.

The initial screening for a Resident Impact Assessment was completed on 30 March 2015 and this did not identify any negative equality impacts for any protected characteristic or any human rights or safeguarding risks. The present impact on Islington residents will be limited to premises connected to the Bunhill Heating Network. The canal sourced heat supply offers heat at a lower price than we can generate it, providing further opportunities to reduce heating costs and help residents in fuel poverty.

### 5. **Conclusion and reasons for recommendations**

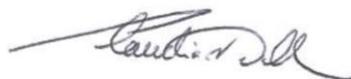
- 5.1 The Council have completed a study which has identified a significant opportunity for lower cost and lower carbon heat through recovery from the Regents Canal.
- 5.2 It is recommend that the Council advertise for the procurement of a Heat Supply Agreement for heat supplied from this heat source with a value estimated at £4m over a 20 year period.
- 5.3 It is recommended that delegated authority is granted to the Corporate Director of Environment & Regeneration in consultation with the Executive Member for Environment and Transport, for the award of the above Heat Supply Agreement.

**Appendices:** Summary of the Canal Heat Supply Feasibility study

**Background papers:** none

Final report clearance:

**Signed by:**



12.5.15

Executive Member for Environment and Transport

Date

Report Author: Mark Donaldson  
Tel: 020 7527 2283  
Email: mark.donaldson@islington.gov.uk

## Appendix 1

### Summary of the Canal Heat Supply Feasibility study

1. The study concludes that heat recovery from the Regents Canal is both technically viable and economically attractive.
2. The canal water temperature varies through the year between 25°C and 2°C. For most of the year there is sufficient heat to make heat recovery viable, especially as heat recovery from this natural store of heat is eligible for the government's Renewable Heat Incentive (RHI) which is a financial incentive for the heat recovered<sup>1</sup>.
3. Water would be abstracted from the City Road Basin (which is connected to the Regents Canal), filtered, pumped across a Water Source Heat Pump heat exchanger, and then discharged to the Regents Canal. The Canal & Rivers Trust and the Environment Agency are both supportive of the proposed scheme. A location close the canal/basin would need to be identified for the pumping equipment.
4. Water Source Heat Pump (WSHP) technology can be utilised for the heat recovery. This technology is similar to a domestic fridge, using electricity to compress and evaporate a refrigerant to enable heat to be 'pumped' from one location to another.
5. This technology has been proven by the large scale installation at Drammen, near Oslo, Norway<sup>23</sup> where our consortium's contractor Star Refrigeration installed the equipment.
6. After heat has been recovered from the canal water, rather than simply returning this cooler water to the canal, the proposed scheme makes use of this as a source of renewable low cost cooling for a local IT data centre who would pay for the cooling.
7. The scheme has a net annual operating surplus of £426,000/yr and a 20 year Net Present Value of £3.6M. The proposed scheme provides CO<sub>2</sub> reductions of 53,000 tonnes over 20 yrs (2,650 tonnes/yr). The estimated capital cost for the scheme is £2.4M (excl. VAT). It is proposed that DECC consider providing £999,293 (excl. VAT) and Star Renewable Energy provide the remaining £1,422,237 (excl. VAT).

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<sup>1</sup> <https://www.ofgem.gov.uk/environmental-programmes/non-domestic-renewable-heat-incentive-rhi>

<sup>2</sup> <http://www.star-ref.co.uk/star/star-leads-the-way-with-world-s-largest-natural-heating-system.html>

<sup>3</sup> <http://www.ehpa.org/technology/best-practices/large-heat-pumps/drammen-district-heating-norway/>

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**Report of:** Executive Member for Health and Wellbeing

Meeting of:	Date	Ward(s)
Executive	21 May 2015	All

Delete as appropriate	Exempt	Non-exempt
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## SUBJECT: Procurement strategy for Islington Carers Hub

### 1. Synopsis

- 1.1 This report seeks approval for the re-procurement and expansion of the Islington Carers Hub Service in accordance with Rule 2.5 of the Council's Procurement Rules.
- 1.2 The proposal is to:
  - Continue with the existing service model plus additional prevention and assessment services in order to meet the requirements of the Care Act 2014;
  - Award a 5 year contract with a contract value of £1,750,000 funded through a pooled arrangement between the Council and Islington Clinical Commissioning Group.
- 1.3 This service supports the Council's vision to make Islington fairer where everyone will have the same opportunity to reach their potential and enjoy a good quality of life

### 2. Recommendations

- 2.1 To agree the proposal to re-procure this service for a period of 5 years, ending 30<sup>th</sup> September 2020.
- 2.2 To authorise the Corporate Director of Housing and Adult Social Services, in consultation with the Executive Member for Health and Wellbeing, to award the contract to the successful tenderer at the end of this procurement process.

### 3. Background

- 3.1.1 The Islington Carers Hub (Hub) service has been in place since April 2012 and is run by Carers UK, a national organisation that campaigns for carers rights. The 3.5 year contract expires on the 30<sup>th</sup> September 2015.

The model is the national delivery model for carer's services and has proved successful in delivering the outcomes for this service.

This service was developed in consultation with carers who told us that they wanted:

- a single point of access to carers services
- earlier and easier access to services
- greater emphasis on outreach services
- better co-ordination and communication between agencies

3.1.2 From 1<sup>st</sup> April 2015, the Care Act 2014 will place carers on an equal footing with the cared for person for the first time. All carers are now eligible for a carer's assessment where previously it was only offered to those whose cared for persons were in receipt of social services support. Like all other areas, Islington is anticipating increased demand for carer's assessments.

3.1.3 Projections made using the Association of Directors of Adult Social Services (ADASS) approved model suggests Islington will be expected to carry out an additional 336 carers assessments in 2015/16. Of this it predicts that 241 or 70% are likely to result in social services support. This is expected to be in addition to the numbers of assessments and reviews processed in the year. Based on 2013-14 figures, this represents a 30% increase in the volume of work.

Table 1 below shows the HASS returns to the Department of Health for the last three years showing the volume of carers who were assessed or reviewed by social services who will largely be redirected to the new Hub service.

**Table 1 Outcome of assessments or reviews\***

Year	Advice and Information	Social Services support	Total
2013/14	324	789	1113
2012/13	416	676	1092
2011/12	664	608	1272

\*There is no double counting of carers in the statistics

3.1.4 A proportion of carers assessments (including support planning and personal budget allocations) and reviews will be externalised via this procurement to accommodate this expected increase in activity outlined above.

3.1.5 The Hub is considered the best placed to deliver this support. The Hub is:

- generally viewed positively and trusted by the community
- perceived as independent from the local authority and therefore more appealing to those reluctant to engage with council services
- knowledgeable about local community and voluntary sector support services to signpost carers towards
- has the potential to access community funding opportunities which local authorities would not be able to access

3.1.6 We have seen a gradual decrease in advice and information provided by social services for carers over the last three years, (see Table 1). This is largely attributed to the success of the Hub and the model upon which it is based.

3.1.7 The Hub works well. It has developed a strong presence and plays an important role in influencing carers services within the community, where previously the old model did not. This can be demonstrated through some of its successes to date which include:

- The Hub's reach into primary and secondary health care services to identify hidden carers e.g. contacting carers on GP registered carers list, use of locality navigators and pharmacies
- Attendance and participation in key decision making boards including Islington Health Watch, Making it Real Board, Carers Partnership Mental Health Group
- Being a more effective conduit to access carers views
- A multimedia presence which has built a strong carers network in Islington through social media, key events through the year, newsletters, support groups, carers pathway and provider groups

3.1.8 The Hub service supports and enables carers in turn to allow the vulnerable people they are caring for

to live in the community independently for as long as possible. This also prevents or delays the need for more costly intensive services such as home care or residential care, and reduces preventable hospital admissions

- 3.1.9 This service supports the council's vision to make Islington fairer where everyone will have the same opportunity to reach their potential and enjoy a good quality of life

### **Proposal**

- 3.2.1 To re-procure and expand the Islington Carers Hub Service in order to ensure that Islington can meet its new duties under The Care Act 2014.

- 3.2.2 The service will include early identification of carers, an improved prevention offer for carers and will develop as a single gateway for access to support from Social Services.

- 3.2.3 Non-complex carer's assessments will be undertaken by the Hub and complex cases will be referred to Social Services. Carers with low level needs will be offered preventative information, advice and support by the Hub and if eligible for more support, will be offered a personal budget of up to £10 per week. This will be reviewed by the Hub annually or earlier if there is a change in circumstances. Eligibility thresholds will be predetermined and agreed with the Hub.

- 3.2.4 The Hub will provide a first point of contact for carers in the borough. It will be based around the principles of:

- A single gateway to a range of services
- Outward facing services, not buildings based
- Being carer led with service development reflecting changing need
- Connecting different services and activities to provide flexible cover and a broader scope
- Providing a focus and leadership within the sector

- 3.2.5 This expanded service will require additional resources. The funding for this added service will be through the pooled carer's budget and the new Care Act funding streams – Better Care Fund and the New Burdens Fund.

### **Funding**

- 3.3.1 Carer's services are currently funded through a section 75 pooled budget arrangement between Islington Council and the Clinical Commissioning Group (CCG). The re-procurement of the existing Hub service will be funded through a mix of the pooled budget and the new funding stream as part of the Care Act 2014 – Better Care Fund and the New Burdens Fund.

- 3.3.2 The indicative value of this contract is £1,750,000 over 5 years, or £350,000/annum. The contract will have regular break clauses of 1 year, after the initial 2 years, with the option to extend for up to 5 years. The spend for the Hub service for the last 2 years was £559,566, an average of c£280,000/year. There is no suitable existing framework that could be utilised for this contract.

- 3.3.3 There is no planned percentage reduction in this budget, an indicative growth of around £70,000 is proposed. Reductions are not being sought in this procurement for the following reasons:

- We are anticipating an additional 336 requests to carry out carers assessments and the requirement to undertake the bulk of these is being passed to the Hub.
- The Hub will be used as a pre-screening mechanism to identify early preventative services for the carer.
- A development officer role will be established to identify hidden carers
- An increase in the carers flexible breaks fund.

- 3.3.4 Payment by results (PbR) have been considered but would be highly resource intensive for the council and for providers, particularly for these types of preventative services. It is however possible to maintain provider performance on outcomes through good performance management and incentives such as contract extensions. This would be less resource intensive than an annual PbR model. This

proposed contract has an annual option to extend the service after the first 2 years, up to a maximum of 5 years. This is our preferred approach to payment by results.

3.3.5 It should be noted that whilst there is an increase in cost to the Hub contract, this is expected to continue to support better value across the local health and social care system. In 2011 Carers UK calculated that carers save public services £119bn a year. This was based on the 6.4 million unpaid carers and the unit cost of home care by paid workers of £18/hour.

#### 3.4.1 **Benchmarking**

Regular benchmarking with commissioners is held at the pan London Carers Leads meeting. It is difficult to undertake a direct comparison as the service offer between authorities differ, however, on benchmarking with Camden, the total spend on carers services are comparable.

3.4.2 Going forwards, a new Carer's Service Provider group has been set up with Camden and Westminster. This will meet regularly from January 2015 to benchmark and help develop carer's services. Islington will engage with this group with a view to improving value for money where possible.

#### 3.5.1 **Savings / key cost drivers**

This service represents good value for money providing carers with support from a local trusted organisation, diverting carers to community services and services offered by the Hub. Supporting carers to continue in their caring role also means that the cared for person is able to stay independent for longer in their own home and within the local community, avoiding the need to access more expensive accommodation and support.

3.5.2 Key cost drivers for this service include:

- A duty under the Care Act to identify and support carers to delay reduce or prevent their need for care and support
- A need to utilise existing resources to provide a better service
- A need to prevent carer breakdown which will result in social services support
- A reduction in the need to access more expensive community health and social care services

#### 3.6.1 **Time table**

Joint Board Meeting	21 April 2015
Executive Meeting	21 May 2015
Publish Advert in OJEU	11 June 2015

The procurement strategy includes seeking delegated authority for the Corporate Director of Housing and Adult Social Services to award the contract following a competitive tender process

Corporate Director Key Decision report	15 August 2015
Contract start date	1 October 2015

3.6.2 We have consulted with the following groups in advance of this proposal:

Making it Real Board – carers subgroup; A co-production board which is made up of local providers, experts by experience (service users and carers), with leadership from the Director of Adult Social Care.

Carers Providers Forum; engaging with providers who have direct access and feedback from carers.

Carers Pathway Group; regular conversations with the pathway group to discuss gaps in services which have informed this service model. A group facilitated by the Hub which comes together regularly to discuss carers services and gaps.

#### 3.7.1 **Procurement options**

There are 4 possible routes to establish this service:

**Option 1** – Bring the service in-house.

Benefits – Potentially greater control over the provision of this service.

Drawbacks – Potential loss in numbers of carers accessing the service.

**Option 2** – Use of an open procedure procurement process.

Benefits – This will maximise competition and ensure the Council achieves best value for the service.

Drawbacks – The open procedure means all bidders need to complete both minimum requirements and a tender at the same time.

**Option 3** – Joint Commissioning with other boroughs

Benefits – Potential savings for the council.

Drawbacks – Procurement timetables are not aligned.

**Option 4** – End the service

Benefits – Potential savings for the council.

Drawbacks – We would not be able to meet our duty under the Care Act 2014.

3.7.2 The preferred route is **option 2**, through a competitive tender exercise.

Islington was one of the first authorities to establish the Hub model. The market is now more developed and it is considered that it would be a more competitive route to procurement which would offer greater choice and innovation from the market.

Collaboration / joint procurement have been considered with neighbouring boroughs. Opportunities for cross borough collaboration are always a key consideration in planning future service development and procurements.

Both Camden and Haringey have only relatively recently procured their carers service. They do not utilise a carers hub model. The procurement timetable to re-procure a new carers service and the model used do not align with ours.

3.7.3 Benefits

- A more developed market which will give more choice at contract award stage.
- Greater choice and innovative approaches from bidders.
- A larger contract should attract a greater selection of providers.

3.7.4 Drawbacks

- The competitive tender may fail to identify a suitable provider and we would need to restart the tender process and an extension of contract will need to be negotiated with current providers
- There is no market therefore the service cannot be delivered.

### **Key considerations**

3.8.1 Social benefit

The Hub will:

- support carers into employment; it will help establish pathways into work by making links with Job Centre Plus, Adult Learning Centres, BEST team and will offer training in order to support carers access work opportunities
- work with volunteers to support the service thereby up-skilling carers and giving them greater confidence which will open up further opportunities for them
- ensure that both carers and the cared for benefit from its service. Carers will feel more supported and fulfilled in their role. This will in turn impact on the health and wellbeing of the cared for and their ability to stay independent for longer, staying within and being a part of the local community.

3.8.2 London Living Wage

LLW has been considered and will be included as a requirement of the contract

3.8.3 Best value

The service will operate within a performance monitoring and quality assessment framework.

Contracts will be closely monitored against a range of targets and outcome measures. This includes Value for Money workbooks, contract reviews and quality audits. This process allows for continuous improvement and service development.

In addition, this new model includes a development officer role to help identify hidden carers and provide a greater breadth of reach into the community.

#### 3.8.4 Economic, social and environmental sustainability

**Economic:** This service will establish clear pathways into employment for carers and support those to remain in employment. Working closely with employment agencies and the local authority to link services up. Working closely with Employers for Carers, an organisation that supports employers to support working carers, to promote carers in the workforce and to support policies that will allow carers to remain in employment.

**Social:** This service will help support vulnerable people to remain independent and prevent them accessing more expensive and less independent forms of support, and to support unpaid carers to continue in their caring role and to overall improve their wellbeing and quality of life.

Both carers and the cared for benefit from the Hub service. Carers will feel more supported and fulfilled in their role as a carer through the support from the Hub which in turn impacts on the health and wellbeing of the cared for and their ability to stay independent for longer, staying within and being a part of the local community

Volunteer carers can benefit from gaining confidence and up-skilling in a safe and supported environment which could lead to taking up a paid role.

**Environmental:** there are no known environmental impacts as a result of this service. However, the service will be required to have an environmental policy around office supplies and practices in the office.

#### 3.8.5 TUPE

TUPE will apply if the current providers fail to win in the tender exercise. The current providers are required to supply all TUPE information at procurement stage

#### 3.9.1 Evaluation

Bids will be assessed on the basis of 80% awarded on quality and 20% on costs. The evaluation of bids will be weighted in favour of organisations that are able to demonstrate that quality and, partnership working are key considerations.

	<b>Weighting %</b>	<b>Rationale</b>
<b>Cost</b>	20%	
<b>Quality:</b>	80%	
Proposed approach to service delivery	20%	The service needs to be delivered in the right way for this group and in keeping with the specification.
Proposed approach to managing performance and outcomes	20%	As the specification will be outcomes based, it is important for providers to commit to a level of outcome delivery. Performance against these outcomes will then be used to inform contract extension by results.
Proposed approach to client engagement and involvement	15%	Regular service user involvement has an important place in ensuring the quality of service delivery and supporting the achievement of service user outcomes.
Proposed approach to partnership working	15%	It is important this service is able to establish strong relationships with other partners in the sector to ensure the carer's agenda is addressed.
Proposed approach	10%	Local leadership and development of the service is

to leadership and development		an important part of this service
<b>Total</b>	100%	

### 3.10.1 **Business Risk/Opportunities**

#### Risks

- No competition in the market.  
This will be managed by holding an open competitive process to allow any interested party to participate in the bid.
- The quality is too poor.  
If through this competitive process the quality is too poor, we would seek to undertake another competitive process.

#### **Opportunities**

3.10.2 Externalising a part of the carer's process to the Hub will offer carers a better service and help to manage the number of requests coming through for social services support. These opportunities will be managed through regular operational meetings to maintain an open and collaborative dialogue with providers and users to ensure that the outcomes are achieved through the duration of the contract.

Carers will be receiving better support and have access to more services in this new contract which reflects the duty under the Care Act 2014.

## **4. Implications**

### 4.1 **Financial implications**

Islington Council and Islington Clinical Commissioning Group (ICCG) have a pooled budget agreement in place for the provision of carers services in Islington.

The Carers Hub is currently funded from the above mentioned budget and currently costs approximately £280k. The proposed contract value of £350k for the expanded service will be funded through available existing resources including the pooled budget and specific grants for new burdens within the Care Act. This award should not create a budget pressure for the Council.

Providers will be required to ensure that all staff working on this contract are paid at least the London Living Wage. Any TUPE cost implication that may arise from the contract will have to be met by existing resources outlined above.

To avoid potential future financial pressure for the Council, the contract should have a termination clause which allows the ending of the contract if it became unaffordable.

### 4.2 **Legal Implications**

The Council has power to provide services for carers under the Care Act 2014 (Part 1) which comes into force on 1<sup>st</sup> April 2015. It places a duty on the council to promote the well-being of individuals and to prevent, reduce or delay carers from developing a future need for care and support. The Council has power to enter into contracts with providers of such services under section 1 of the Local Government (Contracts) Act 1997.

The social care services being procured are subject to the light touch regime set out in Regulations 74 to 77 of the Public Contracts Regulations 2015 (the Regulations). The threshold for application of this light touch regime is currently £625,050.00. The value of the proposed contract is above this threshold. It will therefore need to be advertised in the Official Journal of the European Union (OJEU). There are no prescribed procurement processes under the light touch regime. Therefore the council may use its discretion as to how it conducts the procurement process provided that it: discharges its duty to comply with the Treaty principles of equal treatment, non-discrimination and fair competition; conducts the procurement in conformance with the information that it provides in the OJEU advert; and ensures

that the time limits that it imposes on suppliers, such as for responding to adverts is reasonable and proportionate. Following the procurement a contract award notice is required to be published in OJEU. The council's Procurement Rules require contracts over the value of £100,000 to be subject to competitive tender.

In compliance with the requirements of the light touch regime in the Regulations and the council's Procurement Rules the proposal outlined in the report is to advertise a call for competition in OJEU and procure the service using a competitive tender process.

#### 4.3 **Environmental Implications**

This contract has relatively minor environmental impacts. The office-based work will have the standard impacts of energy and water usage, procurement and waste generation, which should be minimised by energy and water efficiency measures, using environmentally friendly products, reducing resource use and promoting recycling. There will also be a small amount of travel when providing advice in surgeries, from which the main impacts will be emissions and congestion. This can be minimised by the use of sustainable transport and journey planning.

#### 4.4 **Resident Impact Assessment**

The council must, in the exercise of its functions, have due regard to the need to eliminate discrimination, harassment and victimisation, and to advance equality of opportunity, and foster good relations, between those who share a relevant protected characteristic and those who do not share it (section 149 Equality Act 2010). The council has a duty to have due regard to the need to remove or minimise disadvantages, take steps to meet needs, in particular steps to take account of disabled persons' disabilities, and encourage people to participate in public life. The council must have due regard to the need to tackle prejudice and promote understanding.

An Equality Impact Assessment has been completed. The EIA identified that there would be no differential impacts. The EIA will be published and available upon request.

### 5. **Conclusion and reasons for recommendations**

- 5.1 The re-commissioning of this service is key to supporting the Council's:
- Requirements to meet the duties under the Care Act 2014;
  - Prevention based approach to supporting carers to maintain their caring role to reduce, delay and prevent the need for more expensive interventions such as hospital or residential care for the cared for person;
  - Vision to make Islington fairer where everyone will have the same opportunity to reach their potential and enjoy a good quality of life.

#### **Final report clearance**

*Janet Burgess*

**Signed by:** Executive Member for Health and Wellbeing

**Date:** 28 April 2015

**Report Author:** Linda Wan, Commissioner  
**Tel:** 0207 527 8049  
**Email:** [linda.wan@islington.gov.uk](mailto:linda.wan@islington.gov.uk)



**Report of:** Executive Member for Housing and Development

Meeting of:	Date	Ward(s)
Executive	21 May 2015	All

Delete as appropriate	Exempt	Non exempt
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## THE APPENDIX TO THIS REPORT IS NOT FOR PUBLICATION

### SUBJECT: Procurement Strategy for Temporary Accommodation

#### 1 Synopsis

- 1.1 This report seeks pre-tender approval for the procurement strategy in respect of Procurement and Management of Temporary Accommodation in accordance with Rule 2.5 of the Council's Procurement Rules.
- 1.2 The council seeks to procure a range of short term licensed and longer term leased temporary accommodation options to enable it to discharge its statutory homelessness duties, and its duties under the Care Act and Childrens Act.

#### 2 Recommendations

- 2.1 To approve the procurement strategy for the Procurement and Management of Temporary Accommodation as outlined at paragraph 1.1, through two separate Framework Agreements;
  - a) Procurement and Management of emergency licensed Nightly Purchased Accommodation
  - b) Procurement and Management of longer term leased Temporary Accommodation
- 2.2 To note the Executive will be asked to approve the award of the contract at the conclusion of the procurement process.
- 2.3 To note that the terms, conditions and pricing of the contracts will be in line with any borough protocols agreed at a London wide or sub regional level for similar services.

#### 3 Background

### 3.1 **Nature of the service**

The council wishes to procure new contracts for the procurement and management of temporary accommodation for homeless households, to replace existing contracts which are due to expire or have recently expired.

It is intended to procure two separate Framework Agreements;

- a) Agreement for the provision and management of emergency licensed Nightly Purchased Accommodation; to enable the council to temporarily house people whilst it conducts its investigations under the Housing Act 1985 and 1996, the Care Act and Childrens Act.
- b) Agreement for the leasing and management of longer term (3-5 years) temporary accommodation; to enable the council to accommodate people it has accepted a homeless duty for but is yet unable to house in permanent housing.

It is proposed to appoint up to 25 accredited lettings and management agents to the two frameworks who will then be awarded contracts to procure and manage properties in the private rented sector on the council's behalf for the purposes of housing its clients.

The contracts will enable the council to temporarily house homeless households it has a statutory duty to under the homelessness legislation as laid down in the 1985 and 1996 Housing Acts. Additionally the council will be able to fulfil its duties under the Care Act and Childrens Act, through offering temporary accommodation to clients who have No Recourse to Public Funds (NRPF).

The council currently has a Framework Agreement in place with 14 agents for the Procurement and Management of Nightly Purchased Accommodation, which is due to expire in April 2016. There is also a recently expired contract in place for the Procurement and Management of longer term Leased Temporary Accommodation.

In addition there are a number of Service Level Agreements in place between the No Recourse to Public Funds service and a number of providers.

This procurement exercise seeks to consolidate all of the above into two newly procured 4 year Framework Agreements.

### 3.2 **Estimated Value**

The costs of temporary accommodation (TA) are funded by rents charged to occupants. Much of this rent is met by housing benefit (HB) payments. Historically, no budget has been set for TA, as expenditure was fully covered by income. However, since the implementation of the Local Housing Allowance and Benefit Caps, housing benefit subsidy no longer covers the full cost of TA.

With regard to NRPF clients, they are not eligible for HB due to their immigration status. Their TA costs are covered by general fund contingency.

The total projected value of the two suggested Framework Agreements (for licensed and leased TA) would be approximately £11.5m per year, ie £46m over the four year life of the framework. Appendix A sets out the costs incurred over 2012/13 and 2013/14.

### 3.3 **Timetable**

A project plan with key dates, based on the council's Governance Arrangements, is in place. The proposed contract commencement date is 1<sup>st</sup> April 2016.

The current Framework Agreement for the procurement and management of Nightly Purchased Accommodation expires on 31<sup>st</sup> March 2016.

There are no statutory deadlines for the procurement of this service.

The commissioning team have consulted with other council departments who also have requirements for temporary accommodation, ie NRPF team, Childrens and Adult Social Care

services. It has been agreed that these services should be joined up in terms of providing temporary accommodation services. The new agreements will be jointly procured and managed by Private Housing Partnerships (Housing Needs & Strategy) in order to achieve best value for the council.

### 3.4 **Options appraisal**

There are no existing frameworks that could be used for these contracts. The council has a statutory duty to provide these services, therefore new arrangements need to be put in place and we must re-procure.

It is proposed to undertake a competitive tender exercise to establish two new frameworks with an increased number of providers and more rigorous standards and robust pricing.

It is anticipated that there may be a large number of providers interested in these contracts. The preferred route is therefore to conduct a competitive tendering exercise using the two-stage Restricted Procedures, to enable the shortlisting of only providers that meet the council's minimum requirements.

There is currently an insufficient number of providers on the existing arrangements. This means that the council often has to go outside of current arrangements, resulting in the payment of higher rates. The benefit of establishing a framework with a sufficient number of providers who all abide by the same terms (minimum standards) means that standards will be more consistent, contract management more efficient and prices will be kept down due to internal framework controls.

Requirements for this service fluctuate depending on demand, therefore, the contracts need to be flexible. Frameworks which do not guarantee volume or value of work to any one provider are therefore a more suitable arrangement than an overall block contract with one provider for this service. Some small block bookings may be arranged as part of the overall frameworks.

### 3.5 **Key Considerations**

The purpose of these contracts is to ensure homeless clients are housed in suitable, secure and safe accommodation that meets minimum standards. It is also about supporting clients to participate and (re-)engage with the community, tackle worklessness and contribute to the local economy.

It is recognised that the use of private sector accommodation to house homeless clients is expensive. However, due to housing demand pressures and the shortage of social housing, the council is heavily reliant on the private housing sector to source temporary accommodation for those who present as homeless.

The council has limited access to other, more cost effective types of temporary accommodation, such as its own three reception centres, and the use of vacant council stock earmarked for future redevelopment.

However, these only meet approximately 10% of the demand for temporary housing.

The council will make every effort to place clients in accommodation that meets their needs, in terms of size, location and proximity to services and facilities. Priority criteria have been agreed to ensure clients' specific needs, such as the needs to remain in borough, are accommodated subject to the availability of accommodation.

Clients will be linked up with local services to provide them with advice and support around training and employment, managing their finances, sustaining their tenancies, and any help with personal issues.

The co-location of council services at the new customer centre at 222 Upper Street provides excellent opportunities for joint working for the benefit of clients in temporary accommodation. In addition, each client will be allocated a dedicated Temporary Accommodation Officer, who will

visit them and liaise with them on a regular basis, and carry out accommodation checks to ensure ongoing compliance with standards requirements.

Through the framework the council will be able to appoint providers to provide additional services to NRPF clients to allow them to resolve their immigration status quicker (which long term will also save the council money).

The Framework Agreements will set out detailed and ambitious Accommodation Standards for all properties procured as temporary accommodation, ensuring they meet minimum standards set by the council.

Framework providers will be expected to be accredited through one of the landlord accreditation frameworks, and sign up to the London Rental Standard (new standards set by the mayor for London's private rented sector)

(<http://www.london.gov.uk/sites/default/files/London%20Rental%20Standard%20-%20May%202014.pdf>).

Training, support, advice and information will be provided to the framework providers by the council, through briefings, newsletters, bulletins, classroom training etc. There will be an expectation that providers commit to continuous improvement through the award of CPD points offered by various landlord training and accreditation providers.

All existing providers on the framework will be contacted regarding any TUPE implications.

London Living Wage requirements have been considered and do not apply to these contracts.

### 3.6 **Evaluation**

This tender will be subject to OJEU procurement rules, and will be conducted in two stages, known as the Restricted Procedure as the tender is 'restricted' to a limited number of organisations. The first stage is Selection Criteria through a Pre-Qualification Questionnaire (PQQ) which establishes whether an organisation meets the financial requirements, is competent and capable and has the necessary resources to carry out the contract. The PQQ is backwards looking and explores how the organisation has performed to date, its financial standing, information about their history and experience.

A limited or 'restricted' number of these organisations meeting the PQQ requirements as specified in the advertisement are then invited to tender (ITT). The second stage is the ITT is now forwards-looking using Award Criteria. Tenders are evaluated on the basis of the tenderers' price and ability to deliver the contract works or services as set out in the evaluation criteria in order to determine the most economically advantageous offer. The proposed award criteria are 80% Price and 20% Quality.

Due to the cost pressures within the TA and NRPF budgets it is essential that the most cost effective accommodation is sourced. Costs can vary widely, not necessarily reflecting standards of accommodation. A more detailed breakdown is provided in Appendix A.

By setting minimum accommodation standards that all properties need to comply with, and focussing on the use of the most cost effective properties, it is anticipated that the council will maximise value for money. The property standards mitigate the risk of poor quality accommodation.

### 3.7 **Business Risks**

The main risk is that the council is unable to source a sufficient quantity of properties at low cost that meet minimum property standards.

The ways in which it is proposed to manage these risks is to ensure that there is a sufficient number of providers on each framework. It is anticipated that having approximately 25 providers on

the frameworks, it will give the council access to a wide breadth of available properties. It is also proposed that the council increases its property inspections both before and during lets, to ensure standards compliance. Additionally, the delivery of the council's Temporary Accommodation Reduction Strategy 2014-17 will lead to reduced need for properties.

Implications for service users have been considered as part of Resident Impact Assessment. As the service proposed is not a new service, but the re-procurement of an existing service, there will be no impacts of any significance on service users.

Financially, the inability of the service to self fund through rents and charges must not be understated. Restrictions in HB subsidy and clients being affected by welfare reform has seen a reduction in the income collection to cover the costs of TA. The Medium Term Financial Strategy proposes a managed reduction to the TA overspend. This procurement will assist with this. It is our aim to reduce the number of households in TA, meaning the amount spent on temporary accommodation will reduce.

- 3.8 The Employment Relations Act 1999 (Blacklist) Regulations 2010 explicitly prohibit the compilation, use, sale or supply of blacklists containing details of trade union members and their activities. Following a motion to full Council on 26 March 2013, all tenderers will be required to sign the Council's anti-blacklisting declaration. Where an organisation is unable to declare that they have never blacklisted, they will be required to evidence that they have 'self-cleansed'. The Council will not award a contract to organisations found guilty of blacklisting unless they have demonstrated 'self-cleansing' and taken adequate measures to remedy past actions and prevent re-occurrences. The adequacy of these measures will initially be assessed by officers and the outcome of that assessment will be reviewed by the Council's Procurement Board
- 3.9 The following relevant information is required to be specifically approved by the Executive in accordance with rule 2.6 of the Procurement Rules:

<b>Relevant information</b>	<b>Information/section in report</b>
1 Nature of the service	Procurement and Management of Temporary Accommodation.  See paragraph [ 1.2 ]
2 Estimated value	The estimated value per year is £11 million.  The framework agreements are proposed to run for a period of four years.  See paragraph [ 3.2]
3 Timetable	The timetable is outlined within this report.  Estimated contract start date is: 1 <sup>st</sup> April 2016  See paragraph [ 3.3 ]
4 Options appraisal for tender procedure including consideration of collaboration opportunities	Outcome of options appraisal are described within this report.  See paragraph [ 3.4 ]
5 Consideration of: Social benefit clauses; London Living Wage; Best value;	Outcomes are described within this report.  See paragraph [ 3.5]

TUPE, pensions and other staffing implications	
6 Evaluation criteria	<p>The price/quality breakdown is: 80% price 20% quality</p> <p>The award criteria price/quality breakdown is more particularly described within the report.</p> <p>See paragraph [ 3.6 ] and Appendix 2.</p>
7 Any business risks associated with entering the contract	<p>Business risks are described within this report.</p> <p>See paragraph [ 3.7 ]</p>
8 Any other relevant financial, legal or other considerations.	See paragraph [ 3.8 ]

## 4 Implications

### 4.1 Financial implications

There are currently (@Jan.15) around 466 households in nightly booked accommodation (reduced from around 545 households at the start of the year) & 101 households in private sector leasehold (PSL) accommodation.

The 2014-15 forecast cost (payments to landlords) of nightly booked & PSL accommodation is £11m. It is anticipated that this will reduce to around £10.5m in 2015-16, on the basis that the number of households in nightly booked is maintained at current levels.

In addition, the anticipated annual cost of providing accommodation to clients with NRPF is in the region of £1m.

The total anticipated costs of the 2 framework agreements, is £11.5m annually & £46m (@current prices) over the 4 year life of the agreements.

The above costs are met from a combination of departmental budgets and general fund contingencies.

### 4.2 Legal Implications

Part VII of the Housing Act 1996 as amended by Homelessness Act 2002 and the Homelessness (Priority Need for Accommodation ) (England and Wales) Order 2002) govern the duties and obligations on housing authorities for prevention of homelessness and for securing that sufficient accommodation will be available for people who become are at risk of becoming homeless. In particular, the Council has duty under section 193 of the 1996 Act to provide temporary accommodation to homeless applicants who satisfy the following criteria: they are homeless; they are eligible for assistance; they are in priority need of accommodation; and, they are not intentionally homeless. The Council also has a duty to secure interim or emergency accommodation, pursuant to section 188 of the 1996 Act, for those persons it has reason to believe may be homeless, eligible for assistance, and have a priority need pending a decision on the section 193 duty, (if any) owed to the applicant.

The Council has power to acquire housing accommodation to be used for the purposes of satisfying its duties to provide accommodation for the homeless (section 17 of the Housing Act 1985). The properties will be offered either as emergency accommodation in compliance with the duty under section 188 of the 1996 Act or as temporary accommodation under section 193 of the

1996 Act. In addition, the Council may provide temporary accommodation in certain circumstances to persons who have No recourse to Public Funds in order to fulfil its duties under the Care Act 2014 and the Children Act 1989 Accordingly the Council may to enter into framework agreements with providers of such accommodation and services under section 1 of the Local Government (Contracts) Act 1997.

The first framework involves the short term leasing of properties by the Council and the management of and provision of other services in relation to those properties. Procurement of property management services is regulated by the Public Contracts Regulations 2015 but the leasing of properties falls outside the scope of those regulations. Where the different parts are objectively separable the Council must comply with the regulations if it wishes to award a single contract .The second framework involves the licensing and management of nightly purchased accommodation. The different parts of that procurement are objectively not separable and therefore the regulations will apply to the contract as provision of management and other services forms the main subject-matter of that contract .

Both procurements involve a mixture of property / property management services and social services but mainly the former. Accordingly each procurement constitutes a public services contract for the purposes of the Public Contracts Regulations 2015 and as the estimated value of each contract exceeds the financial threshold (£172,314) will need to be advertised in OJEU. The framework agreements will be procured using the restricted procedure in accordance with the rules relating to that procedure set out in the regulations.

#### 4.3 **Environmental Implications**

The sourcing and management of private sector accommodation for the use of temporary housing by the council has the potential for some positive environmental impacts. By working closely with landlords and having minimum requirements for the quality of dwellings it takes on, the council may be able to encourage landlords to improve the energy efficiency of their housing stock, which will reduce carbon emissions and the impact of fuel poverty for residents. In addition, by having direct links with private sector landlords, it may be easier for the council to promote and target energy efficiency improvement schemes such as the Green Deal.

With regard to Property Management, there will be some environmental impacts associated with any repair or renovation works that may be required to the properties in use. These will have to be carefully managed to minimise resource use, waste generation and disturbance to biodiversity and neighbouring properties. However, such works may provide opportunities to build in energy efficiency measures.

#### 4.4 **Resident Impact Assessment**

The council must, in the exercise of its functions, have due regard to the need to eliminate discrimination, harassment and victimisation, and to advance equality of opportunity, and foster good relations, between those who share a relevant protected characteristic and those who do not share it (section 149 Equality Act 2010). The council has a duty to have due regard to the need to remove or minimise disadvantages, take steps to meet needs, in particular steps to take account of disabled persons' disabilities, and encourage people to participate in public life. The council must have due regard to the need to tackle prejudice and promote understanding.

The initial screening for a Resident Impact Assessment was completed on 22/09/2014 and this did not identify any negative equality impacts for any protected characteristic or any human rights or safeguarding risks. The RIA is available on request.

## 5 **Conclusion and reasons for recommendations**

- 5.1 Local authorities have a legal duty to provide TA for certain groups of homeless households pending a decision on their homeless application. This ensures that homeless families are not forced to sleep on the streets.  
The provision of carefully selected good quality temporary accommodation that meets minimum standards and is well managed, enables the council to fulfil its statutory duties.
- 5.2 The procurement of both short term licensed and longer term leased temporary accommodation options will enable the council to access a wide portfolio of accommodation options, and provide vulnerable clients with decent accommodation to suit their specific needs. This will provide clients with a safe and secure base from which to develop other areas in their lives, and enable them to engage with local communities.

### Appendices

- Exempt Appendix A: TA costs and Breakdown of Award Criteria

### Final report clearance:



**Signed by:** Executive Member for Housing and Development

Date: 6 May 2015

**Report Author:** Irna van der Palen  
**Tel:** 0207 527 6079  
**Email:** [Irna.vanderpalen@islington.gov.uk](mailto:Irna.vanderpalen@islington.gov.uk)

**Report of:** Executive Member for Health and Wellbeing

<b>Meeting of:</b>	<b>Date</b>	<b>Ward(s)</b>
Executive	21 May 2015	Clerkenwell, Bunhill
<b>Delete as appropriate</b>	<del>Exempt</del>	Non-exempt

## **SUBJECT: Procurement Strategy for Housing Support Services for Single Homeless Adults**

### **1. Synopsis**

- 1.1 This report seeks pre-tender approval for the procurement strategy in respect of supported housing services for single homeless adults in accordance with Rule 2.5 of the Council's Procurement Rules.
- 1.2 The tender will be for a similar range of services. We are seeking to procure two (2) contracts for supported accommodation for single homeless adults under block contracts within the Borough of Islington.

### **2. Recommendations**

- 2.1 To agree the proposed procurement strategy for supported housing services for single adults as outlined within this report.
- 2.2 To note the Executive will be asked to approve the award of the contract at the conclusion of the procurement process.

### **3. Background**

#### **3.1 Nature of the service**

This procurement is for supported accommodation for single homeless adults who may have a combination of support needs around substance misuse, mental ill health, offending and domestic violence.

There are currently two contracts for single homeless adults comprising:

- a) Irish Centre Housing delivers one contract for 60 women in supported accommodation in the Clerkenwell Ward.
- b) Family Mosaic delivers one contract for 27 single homeless men and women in supported accommodation in Bunhill Ward.

Property details for the aforementioned supported accommodation services are attached at the end of this report as **Appendix 1**.

- 3.1.2 The existing contracts will be coming to an end on 31 March 2016 and the borough will continue to require the provision of supported accommodation for single homeless adults. People accepted into supported accommodation are either homeless, inappropriately housed or at risk of becoming homeless. For individuals who the council has no statutory duty to house (as is the case with most single homeless service users), supported accommodation is crucial in curtailing rough sleeping and other forms of hidden homelessness, such as 'sofa surfing'.

Many of those placed within these schemes are former rough sleepers who do not meet eligibility criteria for statutory services but may still present with multiple complex needs around poor mental health, substance misuse, domestic violence and a lack of independent living skills. These housing services therefore support those within them to promote independence and help people to move-on to more permanent accommodation as well as reducing anti-social behaviour and supporting community safety.

- 3.1.3 As part of on-going service development, maximising capacity and throughput from services we are speeding up move on from services (reduced in many services from a maximum of two years down to a target of 6-12 months). Alongside this, all new services will have outcome focused specifications.

## 3.2 **Estimated Value**

These services will be funded through the Supporting People Commissioning budget within HASS.

- 3.2.1 The value of this procurement will be £ £3,084,921 based on a maximum 9 year (3+3+3) contract including extension periods for the two services. The 9 year contract would comprise a 3+3+3 year contract. Any contract extension would be dependent on the availability of funding, service performance and the need for the service. Furthermore, there are no suitable existing frameworks that could be utilised for these contracts.
- 3.2.2 The spend on the two (2) services over the last two years was £342,769. Annual spend and total spend on these services over the last two years is highlighted in **Appendix 1**.
- 3.2.3 These services provide good value for money. There are no planned percentage reductions for these services as significant efficiencies were realised in the commissioning of other services in 2013/2014. However, further savings of up to 10% may be realised through the procurement process as was the case when similar services were commissioned in 2013/14.
- 3.2.4 A reduction in cost and spend has been considered. The Supporting People programme is part of a comprehensive savings exercise which incorporates significant budget reductions. There are no planned reductions in spend for these services for the following reasons:
- We have already made significant efficiency savings across the Supporting People portfolio over the last two years which saw the closure of some single homeless services. The Supporting People savings scheduled for 2015/2016 therefore do not include further savings to single homeless services
  - Single homeless people would not typically be eligible for statutory housing assistance through the provision of temporary accommodation if they were homeless so, these supported housing services

are critical in moving vulnerable people away from the risks associated with rough sleeping and sofa surfing

- Potential for increased industrial action as front line staff salaries are reduced. This has occurred on a number of occasions in 2013 and 2014 with our existing providers and we wish to mitigate this risk by maintaining existing funding levels
- The services due to be recommissioned will not see an annual uplift in funding. It will therefore be incumbent on the provider to ensure that staff are paid salaries equivalent to or above the LLW. We wish to mitigate the affordability risk by ensuring that staff are paid in excess of the LLW as the sector has tended toward large scale reduction in wages rather than the reduction of management costs
- The borough experienced a significant rise in incidents over 2013/2014 relating to anti-social behaviour (ASB). A further reduction in funding is likely to impact on staffing levels which may lead to an increase in frequency of ASB and impact the community adversely.

Single homeless services have been benchmarked against neighbouring boroughs. Unit price and cost per hour are noted in **Appendix 2** and are lower than the North London average although it should be noted that it is not always possible to make like for like comparisons as levels of support and service capacity vary between the boroughs benchmarked.

- 3.2.5 These services represent good value for money in providing homeless adults with a safe and supportive environment to address their support needs which often include substance misuse and mental health problems in combination with a history of rough sleeping and offending behaviour.

Key cost drivers for the service include:

- a need to prevent homelessness and decrease repeat homelessness due to tenancy breakdown
- maximising health outcomes by increasing the likelihood of recovery as a result of drug treatment compliance and a reduction in drug related deaths
- a reduction in the need and use of emergency health services, community health and social care services
- increase in community safety through the reduction of offending and the impact of offending on the community

- 3.2.6 These contracts will include break clauses to protect the council in the case of withdrawal or significant reduction.

### 3.3 **Timetable**

- 3.3.1 The following dates must be reached:

- Joint Board in April 2015
- Executive in May 2015
- Advert and PQQ published in May 2015
- ITT July 2015
- Award report by September 2015
- Contractual arrangements to be entered in to by 1 April 2016.

- 3.3.2 The current contracts expire on 31 March 2016.

- 3.3.3 The proposal to continue to commission Single Homeless services were discussed and agreed at the Commissioning Body meeting attended by Service Directors in October 2014. The Commissioning Body comprised services leads from Housing, Health, Public Health, Community Safety and Probation.

### 3.4 Options appraisal

3.4.1 The following routes have been considered including:

- Direct negotiation due to the size of the properties
- Fully tendering each contract separately
- A competitive open procedure with the two services divided into lots limiting the number that each organisation can bid for and/or be awarded
- Bringing these services in-house

3.4.2 The preferred procurement route is a competitive open procedure with the two services divided into lots.

3.4.3 Collaboration / joint procurement have been considered with neighbouring boroughs. In this case, we wish to maintain the full capacity of the single homeless pathway within Islington.

3.4.4 By following a restricted competitive tender procedure, the Council will be able to review the market during the selection stage (PQQ). Should there be a suitable number of organisations who are competent and capable of providing the service they will be invited to tender. Additionally the recommended approach may potentially widen the provider market.

If a competitive tender fails and/or the current service provider decide to withdraw their properties from use for these services then the council may have to re-house current residents which would inflate homelessness figures and create greater demands for temporary accommodation.

### 3.5 Social Value

3.5.1 These services will work closely with a socially isolated and stigmatised cohort of people in Islington, often in regular contact with criminal justice services, who experience high levels of repeat homelessness, unemployment and have poorer health outcomes than the general population.

The social benefits for the individual are in relation to improved health as an engagement with appropriate treatment services and a cessation in rough sleeping. In the medium to long term, the service user would have developed the skills necessary to manage their support needs, manage a tenancy with minimal support and in some cases begin to engage in education, training and employment through volunteering or paid work. The impact on the community includes a potential reduction in offending and increased community safety.

3.5.2 LLW has been considered and successful bidders will be contractually obliged to pay LLW or above. Please refer to the LLW report, available on request.

3.5.3 The services will operate within a performance monitoring and quality assessment framework. Contracts will be closely monitored against a range of targets and outcome measures. This process allows for continuous improvement and service development.

3.5.4 Economic, social and environmental sustainability

These services will assist service users to stabilise their lives often after lengthy periods of rough sleeping. In addition, service users will be supported to tackle their support needs around substance misuse, offending behaviour, mental ill health, domestic violence and will be equipped with the practical skills required to manage a tenancy independently.

There is a strong evidence base to show that people who are supported to treatment reduce their criminal activity and offending. Supporting service users to develop skills and access paid employment will also improve desistance. This will have lasting benefits for the community as well as individual service users.

An environmental impact assessment will be completed during the preparation stage.

3.5.5 TUPE obligations will apply should an organisation lose any of these contracts.

### 3.6 Evaluation

This tender will be conducted in two stages, known as the Restricted Procedure as the tender is 'restricted' to a limited number of organisations. This will comprise a Pre-Qualification Questionnaire and Invitation to Tender stage. Tenders are evaluated on the basis of the tenderers' price and ability to deliver the contract works or services as set out in the evaluation criteria.

3.6.1 Bids will be assessed on the basis on 60% awarded on quality and 40% on costs which will include an evaluation of the amount of funding allocated to delivery. The rationale for the 60%, 40% weighting is elaborated on in **Appendix 3**.

3.6.2 Cost/ quality criteria as summarised below. A full breakdown is noted in **Appendix 3**.

	<b>Weighting %</b>
<b>Cost</b>	40%
<b>Quality</b>	
Proposed approach to mobilisation and implementation / change management	5%
Proposed approach to service model	15%
Proposed approach to workforce management	10%
Proposed approach to partnership working	10%
Proposed approach to managing performance and outcomes	10%
Proposed approach to client engagement and involvement	10%
<b>Total</b>	100%

### 3.7 Business Risks

3.7.1 As these are accommodation based services, there are inherent risks if the support provider who may also be the landlord decides to retain the property for their use if they were to lose the service to another provider. This would mean that the service users would probably have to be decanted in to another property or properties which would create pressures on the pathway as a whole. Some service users may also have to be placed in temporary accommodation which would have cost ramifications for LBI.

These risks would be managed by detailed discussions with the landlord prior to the procurement process. We would negotiate with the landlords to seek their approval to work with alternative providers if they were to lose the contract. These types of negotiations have been successful in the past in mitigating the risks described above.

3.7.2 This procurement provides the opportunity for improved integration with the wider substance misuse and mental health pathway through service remodelling and engagement with the treatment and health pathway particularly given the emphasis on working with people with dual diagnoses and complex needs. We would seek to manage these opportunities by ensuring an open and collaborative dialogue with providers and service users so the outcomes specified are achieved over the duration of the contract.

3.7.3 The following relevant information is required to be specifically approved by the Executive in accordance with rule 2.6 of the Procurement Rules:

<b>Relevant information</b>	<b>Information/section in report</b>
1 Nature of the service	Supported housing services for single homeless adults. See paragraph [ 1.2 ]
2 Estimated value	The estimated value per year is <b>£342,768</b> for the two (2) services.  The agreement is proposed to run for a period of three (3) years with an optional extension for a further 3 years on two separate occasions. See paragraph [ 3.2.1 ]
3 Timetable	<b>Advert:</b> May 2015 <b>Shortlisting:</b> April-August 2015 <b>Award:</b> September 2015 <b>Other relevant dates:</b> Contractual arrangements to be entered in to by 1 April 2016 See paragraph [ 3.3.1 ]
4 Options appraisal for tender procedure including consideration of collaboration opportunities	Two stage restricted tender with the two (2) services divided into lots. See paragraph [ 3.4.2 ]
5 Consideration of: Social benefit clauses; London Living Wage; Best value; TUPE, pensions and other staffing implications	These considerations will be factored into evaluation criteria and contractual arrangements. See paragraph [ 3.5 ]
6 Evaluation criteria	Cost 20% Quality 80% The award criteria price/quality breakdown is described further within the report. See paragraph [ 3.6 ]
7 Any business risks associated with entering the contract	Business risks will be managed through good communication and engagement with provider organisations and property landlords. See paragraph [ 3.7 ]
8 Any other relevant financial, legal or other considerations.	See paragraph [ 4 ]

## 4 Implications

### 4.1 Financial Implications

The current budget earmarked by Islington for the procurement of Housing Support Services for Single Homeless Adults is £343k p.a. and is funded from the Supporting People budget.

This procurement is being done on a cost neutral basis due to the level of savings achieved from these contracts previously, there are also savings expected from other services within this service area and as such any award should not create a budget pressure for the Council.

Providers will be required to ensure that all staff working on this contract are paid at least the London Living Wage.

To avoid future financial pressure for the Council, this contract would need to have a termination clause which allows the ending of this contract if it becomes unaffordable.

Any TUPE cost implications that may arise from this tender will have to be met by existing resources outlined above.

#### **4.2 Legal Implications**

The Council has power to provide housing support services in supported housing for people with substance misuse issues under the Housing Act 1996, Parts 6 and 7. The Council has power to enter into contracts with providers of such services under section 1 of the Local Government (Contracts) Act 1997.

The social care services being procured are subject to the light touch regime set out in Regulations 74 to 77 of the Public Contracts Regulations 2015 (the Regulations). The threshold for application of this light touch regime is currently £625,050.00. The value of the proposed contract is above this threshold. It will therefore need to be advertised in the Official Journal of the European Union (OJEU). There are no prescribed procurement processes under the light touch regime. Therefore the council may use its discretion as to how it conducts the procurement process provided that it: discharges its duty to comply with the Treaty principles of equal treatment, non-discrimination and fair competition; conducts the procurement in conformance with the information that it provides in the OJEU advert; and ensures that the time limits that it imposes on suppliers, such as for responding to adverts is reasonable and proportionate. Following the procurement a contract award notice is required to be published in OJEU. The council's Procurement Rules require contracts over the value of £100,000 to be subject to competitive tender.

In compliance with the requirements of the light touch regime in the Regulations and the council's Procurement Rules the proposal outlined in the report is to advertise a call for competition in OJEU and procure the service using a competitive tender process.

#### **4.3 Environmental Implications**

There will not be any implications as the service will be delivered from existing buildings

#### **4.4 Resident Impact Assessment (incorporating the Equalities Impact Assessment)**

The council must, in the exercise of its functions, have due regard to the need to eliminate discrimination, harassment and victimisation, and to advance equality of opportunity, and foster good relations, between those who share a relevant protected characteristic and those who do not share it (section 149 Equality Act 2010). The council has a duty to have due regard to the need to remove or minimise disadvantages, take steps to meet needs, in particular steps to take account of disabled persons' disabilities, and encourage people to participate in public life. The council must have due regard to the need to tackle prejudice and promote understanding.

The new services will be monitored to ensure they meet the needs of single homeless adults in the borough. Potential providers will be required to comply with minimum quality standards on equality and diversity in service delivery.

Overall the proposed tender will have a positive effect on homeless adults in Islington. However, reductions to service budgets are more likely to impact on people living in poverty or low income more

compared to any other group. The aim is to mitigate the impact of any negative effects by improving pathways and exploring more flexible ways of delivering services to certain vulnerable groups.

The RIA will be available on the council website.

## 5 Conclusion and reasons for recommendations

- 5.1 Housing support services for single homeless adults is a preventative measure that aims to mitigate the effects of harm to people who are homeless or at risk of becoming homeless. These services support HASS and a range of Council departments to improve access to accommodation and support for those with a range of support needs. These services assist Islington residents achieve greater independence and prevent homelessness and support individuals to be more active participants in the wider community.

### Appendices:

**Appendix 1** - List of current supported housing properties including a breakdown of annual expenditure over the last two years

**Appendix 2** - Benchmarked costs from equivalent North London boroughs

**Appendix 3** – Rationale for the evaluation of quality versus cost.

**Background papers:** (available online or on request)

LLW Report

### Final report clearance

*Janet Burgess*

**Signed by:** Executive Member for Health and Wellbeing

**Date:** 28 April 2015

**Report Author:** Ramesh Logeswaran

**Tel:** 0207 527 4169

**Email:** [ramesh.logeswaran@islington.gov.uk](mailto:ramesh.logeswaran@islington.gov.uk)

**List of current supported housing properties and a breakdown of annual expenditure  
over the last two years**

<b>Client Group – Single Homeless</b>						
<b>Lot</b>	<b>Current Services</b>	<b>Service Description</b>	<b>Units/Clients</b>	<b>Contract End Date</b>	<b>Current Annual Value</b>	<b>2 Year Spend (13/14 &amp; 14/15)</b>
<b>1</b>	Bethany House Irish Centre Housing	Female only Single Homeless Supported housing provision situated within one building.	60	31 March 2016	£228,998	£457,996
<b>2</b>	Eagle Dwellings Family Mosaic	Male and Female Single Homeless Supported housing provision situated within one building.	27	31 March 2016	£113,771	£227,542
<b>Total</b>					<b>£342,768</b>	<b>£685,538</b>
<b>9 year total</b>					<b>£3,084,912</b>	

## Benchmarked costs from equivalent North London boroughs

North London benchmarking	Islington	Borough A	Borough B	Borough C	Borough D
Single Homeless supported housing service - Average cost per support hour	£16.09	£20.06	£21.96	£23.05	£18.84

## Rationale for the evaluation of quality versus cost

	Weighting %	Rationale
<b>Cost</b>	40%	Price for the lots across the life of the contract. Cost savings are not being sought as savings will be made across other the wider portfolio of Supporting People services
<b>Quality is made up of:</b>		
Proposed approach to mobilisation and implementation / change management	5%	Given the potential risks around transferring public sector staff it will be important that there are robust proposals around how the service will be implemented.
Proposed approach to service model	15%	Given the outcomes based specification it will be important for bidders to both describe their service model and how this will lead to the achievement of the outcomes. This criteria also validates outcome proposals and mitigates against bidders putting in unrealistic bids.
Proposed approach to workforce management	10%	Given the outcomes focus of the specification, we would expect high quality staff that are able to provide person centred services. This criteria ensures that bidders are able to demonstrate how they will equip their services with quality staff committed to supporting vulnerable service users.
Proposed approach to partnership working	10%	It is important these services are able to establish strong relationships with other partners in the sector to ensure service users are supported towards recovery from substance misuse problems, to reengage with the communities they are likely to be isolated from and able to move on to live more independent lives.
Proposed approach to managing performance and outcomes	10%	As the specification will be outcomes based, It is important for providers to commit to a level of outcome delivery. Performance against these outcomes will then be used to inform contract extension by results.
Proposed approach to client engagement and involvement	10%	Regular service user involvement has an important place in ensuring the quality of service delivery and supporting the achievement of service user outcomes. Given services will be expected to move toward a new model of delivery, it is also important that the bidders are able to highlight effective plans to consult and co-produce new service models.
<b>Total</b>	100%	

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### Report of: Executive Member for Finance and Performance

Meeting of:	Date	Ward(s)
Executive	21 May 2015	All

Delete as appropriate		Non-exempt
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## SUBJECT: Procurement Strategy for Cleaning Janitorial Supplies

### 1. Synopsis

- 1.1 This report seeks pre-tender approval for the procurement strategy in respect of cleaning janitorial supplies, in accordance with Rule 2.5 of the Council's Procurement Rules.
- 1.2 The service to be procured is for the provision of janitorial products, including cleaning equipment, materials and consumables for cleaning council buildings.

### 2. Recommendations

- 2.1 To approve the procurement strategy for contract Cleaning Janitorial Supplies as outlined in this report.
- 2.2 To note the Executive will be asked to delegate the key decision of the award of the contract to the Corporate Director of Finance and Resources.

### 3. Background

#### 3.1 Nature of the service

- 3.1.1. The service to be re-procured is for the provision and supply of janitorial products for council buildings, including cleaning equipment, cleaning detergents and disinfecting agents; washroom consumables including toilet tissue, hand soaps and hand towels; refuse sacks and bin liners; personal protective equipment; uniform and safety shoes.

- 3.1.2 In January 2012 the Council entered into an access agreement for the London Contracts and Supplies Group (LCSG) framework with Bunzl Greenham to obtain cleaning and janitorial supplies which expired on 31<sup>st</sup> December 2014. There is a continuing need for this service and it is now deemed appropriate for the council to establish a contract that demonstrates value for money and seeks actively to give consideration to supplier diversity.
- 3.1.3 Islington Council's in house Building Cleaning Service currently provides cleaning services to various council buildings including council offices, libraries, early years centres, housing offices, community care centres and work depots. Each of these building requires a monthly delivery of janitorial supplies direct to site.
- 3.1.4 Other services, such as Facilities Management, across the Council make ad-hoc purchases of products included in the contract and have been obtaining the benefit of competitive prices.
- 3.1.5 The current contract was procured by LCSG framework and a new contract is currently being procured. Islington Council was named in the contract notice for this framework. It is expected that this framework will provide value for money because of economies of scale and increased buying power of a large organisation.
- 3.1.6 Spend analysis on the current contract has been conducted in order to determine the value for the new contract.

### 3.2 **Estimated Value**

- 3.2.1 The supplies procured will be used across all council buildings excluding residential. The funding sources will be:
- the Cleaning Services budget to purchase cleaning and janitorial core products; and
  - the services using the contract to acquire non-core materials or equipment.
- 3.2.2 The value of the proposed procurement is estimated at £800,000 over four years, that is, £200,000 per annum. This estimate is based upon analysis of the Council spending £385,000 on the existing contract over the two previous calendar years. No guarantee will be given to the supplier regarding the value or volume of work. The framework agreement will not imply any employment relations between the council and the supplier.
- 3.2.3 There is no fixed budget for the provision of these supplies. Spend is minimised by operational managers through constant review of the products being used and the level of cleaning being provided. The building cleaning service has made savings of £500,000 over the last two years through careful and direct management of the service.
- 3.2.4 Procuring this contract will reduce costs and spend. The risk of not procuring it would be that future purchases are made from suppliers outside the framework contract and therefore at significant risk of greater cost than prices resulting from a contract. The Council would have less control over the amount of expenditure because it would be difficult to monitor where money is being spent.
- 3.2.5 Benchmarking will be conducted by comparing prices from the current contract to those prices in the new LCSG framework.
- 3.2.6 The key cost drivers of the Cleaning service are building space; the frequency of cleaning, labour costs, and the cost of janitorial supplies.

### 3.3 **Timetable**

- 3.3.1 The contract expired on 31<sup>st</sup> December 2014. A waiver request has been completed to seek permission to extend the current contract by six months to 30 June 2015 and is now being reviewed by the Legal Department.

- 3.3.2 LCSG has advised that the e-auction is due to be completed by 14<sup>th</sup> of April 2015, with award expected on 1st of May 2015. The framework will be awarded to a single provider.
- 3.3.3 The provisional timetable for Islington if the LCSG framework is deemed appropriate is as follows:
- Approval of procurement strategy by Executive – 21 May 2015
  - Award decision under delegated authority – 1 June 2015
  - Contract signed – mid-June 2015
- 3.3.4 There are no statutory deadlines applying to this contract.
- 3.3.5 This proposal has been consulted with the Service Director of Property and Procurement, the Team Manager (In House Contracts) and the Strategic Procurement Team.
- 3.4 **Options Appraisal**
- 3.4.1 The Council has considered two options for procuring this contract:
- (a) Joining the LCSG framework. It is expected that this will offer value for money because of economies of scale and increased buying power of a large organisation. The consortium arrangement led by the London Borough of Newham which is let on behalf of the London Contract and Supplies Group (LCSG).
- (b) Conducting own competitive tendering. However, this route will not be pursued because the tender process would take a long period of time as the value of the contract is over the OJEU threshold. This option would require allocation of more council's resources; and Islington would not obtain the price benefit of larger purchasing organisations.
- 3.4.2 Provided it suits the requirements of the Council, then the preferred procurement route is via joining the LCSG framework.
- 3.4.3 Collaboration has been considered by aiming to join the consortium arrangement organised by the LCSG, which is currently used by numerous boroughs and can provide a convenient, competitive, and reliable service to the Council.
- 3.4.4 The benefits and drawbacks of the option being pursued are:
- LCSG - Benefits
- It provides a quick and efficient route for procuring.
  - It is a compliant route to market
  - It provides value for money through economies of scale and increased buying power.
- LCSG - Drawbacks
- The Council will be tied to the LCSG procurement timetable.
  - Terms and conditions and specification will not be bespoke to London Borough of Islington, although minor changes may be made.
  - The winning supplier may not benefit the needs of the local community.
- 3.5 **Key Considerations**
- 3.5.1 Key social benefit clauses that have been considered, some of which are detailed below, include environmental assessments; payment of the London Living Wage (LLW); and the beneficial impact that the award to a local supplier may have on the local community.
- 3.5.2 Since this is a supply contract, the supplies that are made are not produced by staff specific to Islington. Therefore as with other supply contracts, LLW will not be a pre-condition for establishing the contract. However, once the contract has been awarded, we will enter into discussion with the new supplier to explore how best they can reflect the Council's commitment to paying the Living Wage.

- 3.5.3 It is considered that best value will be achieved through entering into the collaborative multi borough arrangement being procured by the LCSG. The LCSG route will offer transparency of charging, information sharing, and ensure that the awarded company will provide a competitive market pricing and performance.
- 3.5.4 An environmental assessment has been completed. Please see implications (4.3)
- 3.5.5 We have been advised by the current service provider that TUPE does not apply to this service. However it is for the current provider to assess if TUPE is applicable when there is a service provision change.
- 3.6 **Evaluation**
- 3.6.1 The procurement process will be conducted according to the rules set out in the LCSG framework.
- 3.7 **Business Risks**
- 3.7.1 There are no business risks associated with this procurement.
- 3.7.2 The business opportunities arising from this procurement could be:
- Identifying cleaning products that are easy to dispose of and therefore may cause less damage to the environment. The opportunity to use products that have not been tested on animals may also be considered in the choice of goods.
  - Assessing the option to use consolidated deliveries to address environmental concerns.
- 3.7.3 No specific service user implications have been identified.
- 3.8 The following relevant information is required to be specifically approved by the Executive in accordance with rule 2.6 of the Procurement Rules:

<b>Relevant information</b>	<b>Information/section in report</b>
1 Nature of the service	Provision of cleaning and janitorial products, including cleaning equipment, materials and consumables for cleaning council buildings.
2 Estimated value	The estimated value per year is £200,000. The agreement is proposed to run for a period of 4 years. No guarantee will be given to the supplier regarding the value or volume of work.  See Paragraph 3.2.1
3 Timetable	Award of the framework arrangement organised by the LCSG is expected on 01/05/15. The Islington contract is expected to be in place by mid-June 2015.  See paragraph 3.3.
4 Options appraisal for tender procedure including consideration of collaboration opportunities	Joining the framework led by the London Borough of Newham which is let on behalf of the London Contract and Supplies Group (LCSG).  See paragraph 3.4.1
5 Consideration of: Social benefit clauses;	Environmental assessments, payment of the London Living Wage (LLW) and the beneficial impact that the

London Living Wage; Best value; TUPE, pensions and other staffing implications	award to a local supplier may have on the local community have been considered.  See paragraph 3.5.1
6 Evaluation criteria	The procurement process will be conducted according to the rules set out in the LCSG framework. No evaluation criteria will be required.  See paragraph 3.6.2
7 Any business risks associated with entering the contract	There are no business risks identified
8 Any other relevant financial, legal or other considerations.	See paragraph 3.8

#### 4. Implications

##### 4.1 Financial implications:

There is no objection from Finance since the London Contracts and Supplies Group aim is to ensure value for money and Islington will not be required to provide any guarantees on volumes or values.

##### 4.2 Legal Implications:

The Council has power to procure janitorial supplies under section 111 of the Local Government Act 1972 which enables the council to carry out any activity that is calculated to facilitate, or is conducive or incidental to, the discharge of any of its functions. The council may enter into contracts for such supplies under section 1 of the Local Government (Contracts) Act 1997. The Executive may provide Corporate Directors with responsibility to award contracts with a value over £500,000 (council's Procurement Rule 14.2).

The procurement of janitorial supplies is subject to the Public Contracts Regulations 2015 (the 2015 Regulations) that came into force on 26<sup>th</sup> February 2015. Supply contracts over the value of £172,514 need to be procured in compliance with the requirements of the Regulations. An appropriately procured framework contract by the London Contracts and Supplies Group (LCSG), where Islington council was noted in the contract notice to the Official Journal of the European Union (OJEU) as proposed in the report, will satisfy this requirement. Since this contract notice was published before the 2015 Regulations came into force the provisions of the Public Contracts Regulations 2006 will apply to this procurement. The relevant provisions for the purposes of this paragraph are the same for both the 2006 Regulations and the 2015 Regulations.

On completion of the LCSG's procurement process the contract may be awarded to the highest scoring tenderer subject to the tender providing value for money for the council.

##### 4.3 Environmental Implications

The findings identified in the environmental impact assessment are related to the cleaning products to be supplied. The environmental implications and measures to mitigate these risks identified in the environmental impact assessment are as follows:

Cleaning products may potentially include harmful substances. The council should seek to procure non-hazardous cleaning products wherever possible.

It is important that any chemicals or chemical containers are disposed of appropriately; harmful chemicals will have to be disposed of as hazardous waste, as will their containers unless washed out. However, if non-hazardous products can be purchased instead, this means hazardous waste disposal will not be required.

The potential for pollution incidents can be addressed by ensuring that spill kits are kept at sites and on vehicles as appropriate.

Enforcement action can be avoided through ensuring proper storage, spill kits are available during transportation, and/or using non-hazardous chemicals.

Other mitigation measures could include ensuring that products such as hand towels, toilet tissue, bin liners, refuse sacks and uniforms or PPE are made from recycled material. If any equipment is supplied (e.g. hand soap dispensers), avoid less sustainable options such as battery operated dispensers (which will generate hazardous waste when the batteries require replacing).

#### 4.4 **Resident Impact Assessment:**

The council must, in the exercise of its functions, have due regard to the need to eliminate discrimination, harassment and victimisation, and to advance equality of opportunity, and foster good relations, between those who share a relevant protected characteristic and those who do not share it (section 149 Equality Act 2010). The council has a duty to have due regard to the need to remove or minimise disadvantages, take steps to meet needs, in particular steps to take account of disabled persons' disabilities, and encourage people to participate in public life. The council must have due regard to the need to tackle prejudice and promote understanding.

The initial screening for a Resident Impact Assessment was completed on 31/03/15 and this did not identify any negative equality impacts for any protected characteristic or any human rights or safeguarding risks.

### 5. **Conclusion and reasons for recommendations**

- 5.1 The procurement of cleaning janitorial supplies is essential to the functioning of the building cleaning team, and used by other services Council-wide. It is therefore recommended that the procurement strategy is approved, and delegated authority granted, as outlined in the above report.

**Appendices: None**

**Background papers: None**

Final report clearance:



**Signed by:**

7 May 2015

Executive Member for Finance and Resources

Date

Report Author: Ana Ramos  
Tel: 020 7527 2456  
Fax: 020 7527 2637  
Email: Ana.ramos@islington.gov.uk



**Report of:** Executive Member for Housing and Development

Meeting of:	Date	Ward(s)
Executive	21 May 2015	All

Delete as appropriate	Exempt	Non-exempt

## **SUBJECT: Procurement Strategy for Contract Housing Repairs Service Procurement Programme**

### **1 Synopsis**

- 1.1 This report seeks pre-tender approval for the procurement strategy in respect of Housing Repairs Service Procurement Programme in accordance with Rule 2.5 of the Council's Procurement Rules.
- 1.2 There are a number of contracts within the procurement programme including the provision of specialist and back-up support for the repairs service in peak times; supply of materials to the in-house team; and an ICT system that allocates works, tracks materials and provides performance data.

### **2 Recommendations**

- 2.1 To approve the procurement strategy for Housing Repairs Service Procurement Programme as outlined in this report.
- 2.2 The Executive will be asked to delegate the key decision of the award of the contracts to the Corporate Director of Housing and Adult Social Services in consultation with the Executive Member for Housing and Development.

### **3 Background**

#### **3.1 Nature of the service**

##### **3.1.1 Back up, specialist and voids contractors:**

In order to run an effective responsive repairs service for the council's housing stock it is necessary to procure a number of back-up and voids contractors. These contractors will provide peak times and specialist support. As the new in-house repairs service embeds some contracts may reduce in size with the council potentially bringing more works in-house. There will always be a need for some additional support because the service is demand led. Opportunities for category management across the council will be considered as part of the re-procurement programme. Details of each contract are included in the appended table.

##### **3.1.2 ICT Booking System:**

An ICT system needs to be in place to facilitate an efficient and effective service, enabling real time works allocation, tracking of materials, the logging of operative's time and production of performance

data. There is an interim arrangement for the current system and a new system is being designed in consultation with colleagues from across the council to ensure that it has full functionality and integrates with existing council systems.

### 3.1.3 Materials Supply: Gas and Responsive:

The supply of materials is central to the delivery of the repairs and maintenance service. Repairs Services have one general materials supplier and one specialist supplier for gas materials. These contracts end at different times and will therefore be procured separately, opportunities for category management will be considered in the future.

## 3.2 **Estimated Value**

3.2.1 The appended table indicates value and duration of the contracts. All values are estimates based on historical repairs data, except the ICT system which is based on the current market costs for similar systems. There will be no guaranteed volumes of work. Values may decrease should more works be brought in-house over the life of the procurement programme.

3.2.2 Reductions in service delivery from budget pressures may mean the council cannot meet its statutory repairing obligations as a landlord. The current service has been in-house for less than a year and will take time to become fully established. The procurement exercise may achieve some savings, as the contracts are longer term and more likely to attract competitive pricing.

3.2.3 Failure to deliver this service carries a reputational risk for the council. There is a financial risk in relation to potential legal disrepair claims if the Council does not maintain its statutory obligation to keep its residential properties in good repair.

## 3.3 **Timetable**

3.3.1 Current contract expiry dates are outlined in the appended table.

3.3.2 Councils are legally required to consult with leaseholders before carrying out major works and qualifying long term agreements. This is often called "Section 20" consultation because it was introduced by Section 20 of the Landlord and Tenant Act 1985 (as amended by the Commonhold and Leasehold Reform Act 2002). Some contracts will be subject to Section 20 leaseholder consultation which will necessitate a longer procurement process. Contracts subject to Section 20 are identified in the appended table.

3.3.3 The service is seeking delegated authority for the Corporate Director of Housing and Adult Social Services to award the contracts in consultation with the Executive Member for Housing and Development. Delegated authority will ensure contracts can be mobilised as efficiently as possible once a contractor has been appointed. New contracts will commence as existing contracts finish ensuring seamless service delivery.

## 3.4 **Options appraisal**

3.4.1 Pre-existing frameworks have been explored, but none have been identified that offer both best value, as well as ensuring Islington specific requirements can be embedded within the contract.

3.4.2 In the case of gas materials, one framework agreement exists that is currently being re-procured to be in place by April 2015. Should this framework offer value for money and be flexible enough to meet service requirements the gas service will proceed through this framework agreement. If this is not the case then the gas materials contract will use a two stage tender process as described in 3.6.1.

3.4.3 Collaboration with the London Borough of Camden has been explored. However, the model for delivery in Camden differs significantly from Islington because Camden uses a single contractor to deliver all back-up works and are therefore more likely to sub-contract work. The Islington delivery model favours a reduction in sub-contracting to give the council greater direct control. Furthermore, the Camden contracts are not coterminous with the Islington contracts.

3.4.4 Category management is being explored across the council, and where possible, contracts will be procured across departments.

### 3.5 Key Considerations

3.5.1 The service will work with the contractors to support them to deliver apprenticeships. Contract conditions will require a minimum of one apprenticeship for every £1m of spend and the service is exploring a variety of other ways contractors may be able to support workless residents into the labour market with the council's Business Employment Support Team (BEST).

3.5.2 As part of the repairs team training programme the service has secured fully funded multi-skills, apprenticeship training (NVQ level 2) and this is also being offered to the services contractors.

3.5.3 The service has worked with BEST and the legal team to ensure wording in adverts, tender processes and term briefs can hold contractors to account to meet their targets around supporting workless residents in Islington. By letting trade specific contracts, with multiple contractors, the council is more likely to attract SMEs. This may additionally support local firms and so help the local economy, as well as increase employment opportunities for local people.

3.5.4 A requirement for the payment of LLW will be included as a condition of these contracts where there is no cross border interest following OJEU notices.

3.5.5 All contracts will have an environmental impact assessment completed prior to advertising.

3.5.6 Transfer of Undertakings (Protection of Employment) Regulations 2006 or "TUPE" may apply to these contracts. TUPE is designed to protect the rights of employees when they are transferred from one employer to another. There are no additional funds for any costs associated with TUPE. TUPE costs must be managed within the existing budget.

### 3.6 Evaluation

3.6.1 This tender will be conducted in two stages, known as the Restricted Procedure as the tender is 'restricted' to a limited number of organisations. The first stage is Selection Criteria through a Pre-Qualification Questionnaire (PQQ) which establishes whether an organisation meets the financial requirements, is competent and capable and has the necessary resources to carry out the contract. The PQQ is backwards looking and explores how the organisation has performed to date, its financial standing, information about their history and experience.

A limited or 'restricted' number of these organisations meeting the PQQ requirements as specified in the advertisement are then invited to tender (ITT). The ITT is forwards-looking using Award Criteria. Tenders are evaluated on the basis of the tenderers' price and ability to deliver the contract works or services as set out in the evaluation criteria in order to determine the most economically advantageous offer.

3.6.2 The evaluation criteria will be broadly similar for all the contracts, although they will be tailored to specific trades or areas. As the procurement programme progresses, if there are any lessons to be learnt from the outcomes of the evaluation criteria these will be incorporated into future procurements.

3.6.3 The specific, tailored evaluation criteria will be published clearly for each individual contract in each advert. The broad areas of evaluation will be:

- Ability to meet volumes and timescales
- Quality assurance
- Customer Service
- Use of sub-contractors
- Ability to work within the councils systems
- Social Value

3.6.4 The Quality Section of 30% will be weighted equally, the number of criteria used will vary depending on the contract.

3.6.5 The costs section of 70% will be assessed will be developed with the council's finance department.

### 3.7 **Business Risks**

3.7.1 A number of risks have been identified and mitigation has been put in place to address these:

#### 3.7.2 Back-up and Specialist Contractors

If the contractors are not in place within the necessary timeframe, there is a risk the council will fail to meet its landlord repairing obligation. Robust programme management is in place to ensure timely procurement and mobilisation and the contract award is delegated to the Corporate Director of Housing and Adult Social Services to avoid delays.

3.7.3 The service is working closely with the council's finance department to assess contract volumes, develop robust pricing frameworks and assess tenders to identify the most economically advantageous contractors for the council.

3.7.4 There may be a risk that contractors cannot meet the required volumes of work. This risk will be managed by ensuring a robust assessment at ITT, clear volumes set out, and the appointment of a number of contractors for each contract to act as back up to each other.

#### 3.7.5 ICT Booking System

The ICT must integrate fully with the councils IT systems and the services materials suppliers IT systems. A robust procurement process is in place which includes references, site visits and demonstrations and several months have been allowed to set up, integrate and test the system.

3.7.6 The specification must cover the broad range of functionality needed from the ICT systems to ensure the supplier can meet all the necessary requirements. The service is preparing a robust, detailed specification, including all stakeholders from across the council in its development.

#### 3.7.7 Materials Supply: Gas and Responsive

Certain material prices are volatile, and there is a risk of rising costs for the council. The service is developing a robust pricing framework, with fixed prices for short periods of time built in, this is industry standard practice.

3.7.8 It is vital that the supplier provides good quality materials, as poor quality will result in poor repairs and higher long term costs. The contract terms allow for negotiation around changing products, and working with the supplier to obtain the best prices.

3.7.9 Integration into the council's IT system will be built into the supplier's specification.

3.7.10 A number of opportunities have also been identified and these are outlined here:

- Working with smaller, and where possible local firms, gives the council an opportunity to develop locally based corporate social responsibility programmes.
- By not guaranteeing volumes the council can consider bringing more in-house over time giving the council increased control over the service, and opportunities to develop corporate social responsibility programmes within the service.
- By breaking up the contracts into trades, the council reduces the amount of sub-contracting and increasing direct control of the service.
- Tenants and Leaseholders are more likely to receive a seamless service and best value with a procurement timetable planned in advance.

3.8 The Employment Relations Act 1999 (Blacklist) Regulations 2010 explicitly prohibit the compilation, use, sale or supply of blacklists containing details of trade union members and their activities. Following a motion to full Council on 26 March 2013, all tenderers will be required to sign the Council's anti-blacklisting declaration. Where an organisation is unable to declare that they have never

blacklisted, they will be required to evidence that they have 'self-cleansed'. The Council will not award a contract to organisations found guilty of blacklisting unless they have demonstrated 'self-cleansing' and taken adequate measures to remedy past actions and prevent re-occurrences. The adequacy of these measures will initially be assessed by officers and the outcome of that assessment will be reviewed by the Council's Procurement Board

3.9 The following relevant information is required to be specifically approved by the Executive in accordance with rule 2.6 of the Procurement Rules:

Relevant information	Information/section in report
Estimated value	The estimated value per year and length of all contracts are identified in the appended table
Timetable	The contracts identified are part of a 2 year procurement programme.
Options appraisal for tender procedure including consideration of collaboration opportunities	The tender process for all the contracts will be conducted in two stages, known as the Restricted Procedure.  See paragraph [ 3.41 to 3.44 and 3.6.1 to 3.6.5 ]
Consideration of: Social benefit clauses; London Living Wage; Best value; TUPE, pensions and other staffing implications	Apprenticeships will be included in the contract where the value is over £1m. Possibility of NVQ level 2 for contractors (funding permitting). LLW will be a condition of the contract. Any costs associated with TUPE must be managed within the existing budget. See paragraph [ 3.5.1 to 3.5.5 ]
Evaluation criteria	Quality 30% Cost 70%. The award criteria price/quality breakdown is more particularly described within the report. See paragraph [ 3.6.2 to 3.6.5 ]
Any business risks associated with entering the contract	There are mitigating factors to all risks identified. See paragraph [ 3.7.1 to 3.7.10 ]

## 4 Implications

### 4.1 Financial implications

The overall costs identified in the contract summary totals £10.849m in a full year and £43.878m over the estimated life of the contracts. Not all contracts are funded by the HRA and overall the eleven contracts in the summary are to be funded as follows:

Item No	Charged to	Annual	Contract Life
4,5 & 8 – Aids & Adaptations	Adults Services	1.885	7.540
1-3,6,7 & 9-11 – Housing Repairs	HRA Repairs	8.964	36.338
		<b>10.849</b>	<b>43.878</b>

The Adults Services element of the costs is split funded between capital budgets (£1.77m pa; £7.080m life of contracts) and revenue budgets £0.115m pa; £0.460m life of contracts). Full budget provision exists to meet the costs of these contracts.

The HRA Repairs budget for 15/16 is £29.7m and specific budget provision has been made within the repair budgets to cover the costs of these retendered contracts.

### 4.2 Legal implications

The council is responsible for undertaking the repair, maintenance and improvement of its housing properties and installations therein (Part 2 of the Housing Act 1985). The council may provide aids and adaptation for disabled residents under section 29 of the National Assistance Act 1948 and section 2 of the Chronically Sick and Disabled Persons Act 1970. The Council has power to enter into such contracts under section 1 of the Local Government (Contracts) Act 1997 on the basis that such services are properly required for the discharge of the Council's functions. The Executive may provide

Corporate Directors with responsibility to award contracts with a value over £500,000 (Procurement Rule 14.2).

In compliance with the principles underpinning the Regulations and the council's Procurement Rules it is proposed that a competitive tendering procedure with advertisement will be used.

All the works and services that are the subject of this report are subject to the Public Contracts Regulations 2015 (the Regulations). Works contracts above the threshold of £4,322,012.00 and service contracts above the value of £172,514.00 require advertising in the official journal of the European Union (OJEU). Contracts that are to be let as framework contracts for purposes of the Regulations must not exceed a duration of 4 years. Accordingly the appendix attached to this report sets out correctly the specific requirements of the Regulations in relation to publication of contract notice and contract duration for each of the proposed contracts and the proposals outlined in this report are in compliance with the requirements of the Regulations.

On completion of the procurement process the contracts may be awarded to the relevant highest scoring tenderers. In deciding whether to appoint the selected contractors the Corporate Director of Housing and Adult Social Services should be satisfied as to the competence of the chosen tenderers and that the tender prices represent value for money for the Council.

The Council is required to consult with leaseholders before carrying out major works and qualifying long term agreements (section 20 of the Landlord and Tenant Act 1985, as amended by the Commonhold and Leasehold Reform Act 2002). Qualifying contracts are correctly identified in the attached appendix.

#### 4.3 Environmental implications

The different contracts have differing environmental implications, as described in the table below:

Contract		Environmental implications
1	Repairs integration - job booking and coordination IT system	A major environmental implication of this contract is vehicular emissions and congestion. A well-integrated and co-ordinated system should reduce the number of journeys made by combining trips and optimising routes.
2	Supply of gas spares, plumbing and heating materials	Resource usage is a main implication of these contracts. Where possible, materials that are easily reusable or recyclable should be preferred. Embedded emissions in the supply chain should also be considered.
10	Supply of material - Repairs Team	
3	Drainage Repairs and Maintenance works including out of hours cover	
5	Adaptations for Disabled Residents: testing, servicing and repair of specialist equipment including lifts and hoists	Waste generation during the repair process will be a major implication of these contracts. Contractors have a duty of care to ensure that any waste disposal is done legally and in alignment with the waste hierarchy.
9	Electrical Repairs, Maintenance and generator supply works including out of hours cover	
4	Adaptations for Disabled Residents: Specialist Installations including lifts and hoists	Environmental implications from these contracts include resource usage and waste generation. Where possible, materials that are easily reusable or recyclable should be preferred, and embedded emissions in the supply chain should be considered. Ongoing maintenance should also be taken into account, with preference given to materials or installations that require less maintenance (e.g. painting). When carrying out installations, any waste generated should be disposed of legally and in alignment with the waste hierarchy.
7	General Building Repairs and Maintenance including Out of Hours Cover	
8	Adaptations and Installations Works for Disabled Residents	
11	Housing Void Property Repairs and Re-	

	servicing Works	
6	Working with Asbestos including out of hours response	Major environmental impacts of dealing with asbestos are exposure to fibres and disposal. Works should be carried out in alignment with the appropriate legislation to ensure that the risk to health of both contractors and residents is minimised. Any asbestos waste generated will be hazardous and should be disposed of as such.

#### 4.4 Residential Impact Assessment

The council must, in the exercise of its functions, have due regard to the need to eliminate discrimination, harassment and victimisation, and to advance equality of opportunity, and foster good relations, between those who share a relevant protected characteristic and those who do not share it (section 149 Equality Act 2010). The council has a duty to have due regard to the need to remove or minimise disadvantages, take steps to meet needs, in particular steps to take account of disabled persons' disabilities, and encourage people to participate in public life. The council must have due regard to the need to tackle prejudice and promote understanding.

The RIA has been published and can be accessed on: <http://www.islington.gov.uk/about/equality-diversity/Pages/RIA's-2014.aspx?extra=10> members should access this for further details. A workstream operates within the service, reviewing progress on actions related to the RIA and considering various equalities issues related to the service.

## 5 Conclusion and reasons for recommendations

- 5.1 The approval of the procurement strategy for the housing repairs programme is key to the effective delivery of the newly in-sourced Housing Repairs Service.
- 5.2 The report outlines the proposed approach to ensure the most economically advantageous contractors are able to deliver the services in support of the council.
- 5.3 It is recommended that the Corporate Director of Housing and Adult Social Services be authorised to award the housing repairs contracts programme in consultation with the Executive Member for Housing and Development.

### Appendices

- Appendix 1 – Overarching report table of contracts.

### Final report clearance:



**Signed by:** Executive Member for Housing and Development

Date: 6 May 2015

**Report Author:** Jodi Pilling

**Tel:** 020 7527 7253

**Email:** [jodi.pilling@islington.gov.uk](mailto:jodi.pilling@islington.gov.uk)

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**Table Showing the Repairs Integration Procurement Programme Outline from 2015 onwards**

	Contract name	Duration (months)	Estimated Annual value	Estimated life of contract Value	Section 20	No. of contractors	OJEU / Non-OJEU	Nature of the service	Current contract end date
1	Repairs integration - job booking and coordination IT system	24+36	£243, 600	£1, 218, 000	n	1	OJEU	The IT system for scheduling appointments, costing jobs and monitoring operatives time for the Repairs and Maintenance Service	30/09/16
2	Supply of gas spares, plumbing and heating materials	24+24	£400, 000	£1, 600, 000	n	1	OJEU	Materials supplies to operatives for the delivery of gas repairs, maintenance and servicing.	01/06/16
3	Drainage Repairs and Maintenance works including out of hours cover	24+24	£290, 000	£1, 160, 000	y	2	OJEU	Contractor support for peak times and specialist works in the delivery of emergency and planned repairs and maintenance of drainage works in Islington's housing stock	30/06/17
4	Adaptations for Disabled Residents: Specialist Installations including lifts and hoists	24+24	£270,000	£1, 080, 000	n	1	OJEU	Specialist contractor to carry out the installations of specialist equipment such as hoists and lifts in disabled tenants homes, following Occupational Therapy assessments.	31/07/17
5	Adaptations for Disabled Residents: testing, servicing and repair of specialist equipment including lifts and hoists	24+24	£115,000	£460, 000	n	1	OJEU	Specialist contractor to provide emergency and planned repairs, and cyclical testing and servicing of specialist equipment for disabled tenants	30/06/17
6	Working with Asbestos including out of hours response	24+36	£240,000	£1, 200, 000	y	2	Non-OJEU	Fully licenced contractor to carry out the emergency removal and disposal of asbestos waste in Islington housing stock	30/06/17
7	General Building Repairs and Maintenance including Out of Hours Cover	24+24	£2, 000,000	£8, 000, 000	y	3	OJEU	Contractor support for peak times and specialist works in the delivery of emergency and planned repairs and maintenance of general building works in Islington's housing stock	30/06/17
8	Adaptations and Installations Works for Disabled Residents	24+24	£1,500,000	£ 6, 000, 000	n	1	OJEU	Specialist contractor to carry out general building adaptations such as building ramps for disabled tenants	30/06/17

9	Electrical Repairs, Maintenance and generator supply works including out of hours cover	24+24	£590,000	£ 2, 360, 000	y	2	OJEU	Contractor support for peak times and specialist works in the delivery of emergency and planned electrical repairs in Islington's housing stock.	30/06/17
10	Supply of material - Repairs Team	24+24	£1, 200, 000	£ 4, 800, 000	n	1	OJEU	Materials supplies to operatives for the delivery of general repairs and maintenance	31/07/18
11	Housing Void Property Repairs and Re-servicing Works	24+24	£4, 000, 000	£16, 000, 000	n	4	OJEU	Contractors to carry out the works to ensure Islington's empty properties are re-let in line with Islington's technical void standards.	30/06/17
<b>Totals</b>			<b>£10, 848, 600</b>	<b>£43, 878, 000</b>					



Report of: **Executive Member for Housing and Development**

Meeting of:	Date	Ward(s)
Executive	21 5 15	Bunhill

		Non-exempt
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### **SUBJECT: Procurement Strategy for the appointment of a multi-disciplinary team in respect of the redevelopment of the St Luke's Area Planning Brief Site**

#### **1. Synopsis**

- 1.1 The Council wishes to procure an external multi-disciplinary design team to develop detailed designs and prepare a full planning application to develop sites identified in the St Luke's Area Planning Brief, adopted by the Council on 23 October 2014.
- 1.2 This report seeks pre-tender approval for the procurement strategy in respect of the appointment of the multi-disciplinary team for the St Luke's Area planning brief sites in accordance with Rule 2.5 of the Council's Procurement Rules.

#### **2. Recommendations**

- 2.1 To agree the procurement strategy for the multi-disciplinary team for the development of the sites within the St Luke's Area Planning Brief as outlined at paragraph 3.33 below.
- 2.2 To agree to delegate the decision to award the contract for the multi-disciplinary design team at the conclusion of the procurement process to the Corporate Director of Environment and Regeneration in consultation with the Executive Member for Housing and Development. This is expected to take place in November 2015.

### 3. Background

#### **The St Luke's Area**

- 3.1 The St Luke's Area site comprises the existing Finsbury Leisure Centre, the four five-a-side football pitches, the Bunhill Energy Centre, the East-West Nursery and the public spaces and walking routes that run through the site.
- 3.2 The Council has adopted a planning brief for the site. The brief sets out the Council's objective to build a new leisure centre building on Central Street. This building will include new leisure facilities, a new home for an expanded Bunhill Energy Centre, a new nursery and potentially a health centre. Football pitches will be re-provided alongside the leisure centre on the corner of Central Street and Mitchell Street. Council homes and some market sale homes will be provided on the remainder of the site, along with improved public spaces and walking routes. Section 106 monies, including a minimum of £1.1m of leisure contributions and the sale of a proportion of the new homes on the open market will fund the community facilities, and new Council homes including the preparation of the planning application. An independent financial appraisal was completed in February 2013. The financial appraisal is currently being updated.
- 3.3 When the planning brief was adopted in October 2014, the Executive agreed to run a design competition for the new development planned for the site. The design competition would be used to develop concept designs for the site and select a design team. The proposals will be evaluated by a Panel that will include Members and appropriately qualified professionals. The Panel will advise the Corporate Director of Environment and Regeneration prior to him taking the decision to award the contract. In order to launch the design competition, the Council's procurement rules (Rule 2.5) require the Executive's approval on the detail of the procurement strategy. This report forms the procurement strategy for approval by Executive.

#### **Nature of the service**

- 3.4 The Council wishes to appoint an external multi-disciplinary team that will develop detailed designs and prepare a full planning application for the site. If planning permission is obtained and the development of the site proceeds, the successful tenderer will also supervise the build out of the development. The multi-disciplinary team will be led by an architect and include other professionals including landscape architects, urban designers, cost consultants and engineers.
- 3.5 Due to the site's constraints and the complex nature of the proposed development, an exemplary design will be required to deliver the Council's ambitions. This will require a very high level of specialist expertise across a number of fields including architecture, landscape architecture, urban design and engineering. The Council does not have this range of professional expertise in-house.
- 3.6 In order to help progress the development of the site, the Council has adopted a planning brief. The planning brief sets out the Council's objectives for the site and how a future development can comply with the Council's adopted planning policies and standards.

#### **Estimated Value**

- 3.7 The fees for developing the detailed designs and preparing a full planning application are estimated to be in excess of £500,000 and therefore require Executive approval to the procurement strategy prior to the procurement being launched. This is based on the assumption that the multi-disciplinary team's fees will be at least 1% of overall construction costs (construction costs are expected to be between £56m to £64m). The Council has taken steps to reduce the costs of developing a detailed design and preparing a full planning application for the site. The planning brief resolves a number of design issues, which will

not need to be revisited by the multi-disciplinary team when developing the detailed design. Costs should further be reduced by opening up the procurement process to any practicing architect in Europe. Submissions will be evaluated on both cost and quality. This should enable the Council to demonstrate that it has secured value for money for the commission.

- 3.8 The full cost of running and managing the procurement process (including the initial design stage) will not exceed £100,000. This includes the costs of running a parallel design competition for local young people (see 3.21 below). That cost will be covered by secured Section 106 funding for the St Luke's Area project. The Council has already allocated £1.1m of leisure contributions to the St Luke's project.
- 3.9 It is envisaged that the successful multi-disciplinary team will be novated by the Council to its building contractor/development partner for the site. This appointment will be part of a separate subsequent procurement exercise. The cost of the multi-disciplinary team will be funded from the development. Options for the delivery of the project are currently being appraised and the preferred option will be reported to Executive for approval in early 2016.
- 3.10 If funding for the multi-disciplinary team is reduced, it will be harder to attract a high quality team to bid for the contract. This may result in the appointment of a team that is unable to deliver the kind of exemplary design that is required to deliver the Council's ambitions for the site. There is also a strong likelihood that the development of detailed designs will take longer with a less qualified multi-disciplinary team.

#### **Timetable**

- 3.11 The Council proposes to run the procurement process from June 2015 to January 2016. The timetable is set out below:

- Procurement launch (June 2015)
- Completed Pre-Qualification Questionnaires submitted (July 2015)
- Evaluation panel selects list of tenderers (July 2015)
- Invitation to tender published (August 2015)
- Selected tenderers submit proposals (September 2015)
- Public exhibition of design submissions (October 2015)
- Evaluation panel interviews tenderers (November 2015)
- Evaluation panel reaches a decision (November 2015)
- Award of contract (November 2015)

- 3.12 Once the procurement has concluded, the successful team will develop detailed designs and prepare a full planning application for the site. The development of the detailed design will take into account the outcomes of the consultation on the St Luke's Area Planning Brief. It will therefore seek to reflect the aspirations and concerns of the local community as well as giving them the opportunity to view and comment on emerging designs. The Council estimates that planning permission can be secured within 18 months of the multi-disciplinary team being appointed.

#### **Options appraisal**

- 3.13 As part of adopting the planning brief, the Executive agreed that a design competition would be used to procure an external design team for the site. A design competition format was chosen as it achieved two important objectives:

- Community involvement: a design competition can give the community the opportunity to view and comment on designs from the earliest possible stage.

- Design quality: a design competition will be high profile and generate a lot of interest from architects across Europe. This will drive up design standards and secure the very best design team for the site.

3.14 The Council has considered three procurement options to deliver a procurement approach that will meet the Council's objectives.

3.15 **Design Contest:** under European procurement law, design contests leading to the award of a contract must be submitted and judged on an anonymous basis. Anonymity must be observed until the judging panel has reached its opinion or decision on the submitted designs. The main drawback of this route is that it does not allow the Council to assess a design team's capability to carry out the commission and supervise the carrying out of the development. The design teams' economic and financial standing, track record and expertise cannot be effectively judged. The other major drawback of this route is that design teams cannot present their design proposal to the judging panel and / or attend clarification interviews.

3.16 **Open Procedure:** the open procedure is a single stage process. Any multi-disciplinary team could submit a bid that set out how they met the Council's selection criteria and award criteria. If teams fail to pass the selection criteria, then the rest of their tender would not be considered. As with the restricted route (see paragraph 3.17), the open procedure enables the Council to assess a team's capability to complete the commission. However, unlike the restricted procedure, it is more likely to generate a higher number of bids. This will give the Council and the community the opportunity to consider a range of ideas. The main drawback to this procedure is that the Council is likely to be inundated with submissions all of which will have to be evaluated. For this reason the open procedure is normally used in situations where there are a limited number of service providers in the market.

3.17 **Restricted Procedure (preferred option):** under this route, applicants would first need to demonstrate that they had the technical and professional ability and track record to complete the proposed commission. This would be achieved through a Pre-Qualification Questionnaire. A fixed number of teams (who met the Council's selection criteria) would then be invited to tender. Teams would submit their proposals as to how they meet the Council's award criteria (split between cost and quality) and attend an interview. The Council would invite more than five teams to ensure a range of ideas is produced. The benefit of this procedure is that it would allow the Council to only assess proposals from a limited number of teams that have the capability to complete the commission. The restricted procedure also allows the evaluation panel to interview the team prior to evaluation and a winner being chosen.

### Key Considerations

3.18 The development of detailed designs and preparation of a full planning application is an essential element in progressing the development of the St Luke's Area site. The development will bring a number of benefits for local people, including:

- High quality leisure facilities
- An expanded Bunhill Energy Centre providing cheaper heating and hot water
- Improved affordable childcare provision
- A new health centre to cope with rising local demand for primary care services
- Affordable homes for local people; and
- Improved public spaces and walking routes

3.19 The development of designs is a good opportunity to positively and constructively involve communities

in the design process and give them a sense of ownership of the development.

- 3.20 To help achieve this objective, the selection criteria will require teams to demonstrate that they have a track record of successful community engagement. Community involvement will form an important part of the design element of the procurement process. The community will have the opportunity to view and comment on the design submissions and their comments will be made available to the evaluation panel. On appointment, the successful team will be tasked with producing a community engagement strategy. At regular performance reviews, the Council will assess whether the team is effectively delivering the strategy.
- 3.21 A young person's design competition will run alongside the procurement. The young person's competition will help to raise awareness about the development of the area particularly with young people. It is the Council's intention that the winners of this competition will receive a paid internship with the winning team, which will improve their future employment prospects.
- 3.22 As part of the terms and conditions of appointment, the successful multi-disciplinary team will be required to pay at least the London Living wage to all staff employed on the project.

### **Evaluation**

- 3.23 This procedure will be conducted in two stages known as the restricted procedure as the tender will be restricted to either all or a limited number of organisations that meet the selection criteria. During the first stage, design teams complete the pre-qualifying questionnaire (PQQ). The PQQ establishes whether an organisation meets the financial requirements, is competent and capable and has the necessary resources to carry out the contract. The PQQ is backwards looking and explores how the organisation has performed to date, its financial standing, information about their history and experience.
- 3.24 The second stage (the Invitation to Tender) is forward looking using the award criteria. Tenders are evaluated on the basis of the tenderer's price and ability to deliver the services as set out in the evaluation criteria in order to determine the most economically advantageous tender.
- 3.25 It is proposed to split the award criteria between cost (40%) and quality (60%). Quality is proposed to have a higher proportion of the marks, because of the critical importance of procuring a high quality team that can deliver an exemplary design.
- 3.26 **Cost (40%):** it is proposed that the cost element will be assessed by evaluating the submitted fee proposal. Scores will be assigned to the prices by measuring each total price against the lowest and realistically priced tender submitted. The overall lowest and realistically priced tender will achieve the maximum score and any prices above the lowest will be allocated a proportionate score
- 3.27 **Quality (60%):** each team will be required to submit a design submission and method statements. The design submission will attract two thirds of the quality marks (40% of the overall score). The submission will be assessed against four quality sub-criteria:
- **Site specific challenges:** has the design submission addressed the site's challenges set out within the brief? (10% of the overall mark).
  - **Design quality:** has the design submission effectively balanced the multiple demands of the site set out in the planning brief? (10% of the overall mark).
  - **Viability:** has the tenderer demonstrated that their design submission can be delivered within the agreed cost envelope set out in the competition brief? (10% of the overall mark).

- **Communication** – has the tenderer effectively communicated their ideas? (10% of the overall mark)

- 3.28 The remaining third of the quality marks (20% of the overall score) will be equally allocated to four method statements: how they will work up the design to achieve planning permission, management and supervision of the project, approach to stakeholder/community engagement and partnership working with the building contractor/developer. Each method statement will be individually assessed to ensure that it delivers a robust and credible method to develop the project.
- 3.29 Prior to tenders being formally evaluated, tenderers will have the opportunity to present their design to the evaluation panel. The interview will also be an opportunity for the panel to ask for clarification on any points within the proposal.
- 3.30 Following the interviews, each of the quality sub-criteria will be scored out of ten. The contract will be awarded to the team that achieves the highest combined cost and quality score (subject to meeting the Council's quality expectations and the price being considered Value for Money for the Council).

### **Business Risks**

- 3.31 The main risks and opportunities for the procurement exercise include:
- **Quality of teams:** if the procurement exercise does not attract a sufficiently high number of top quality teams, there is a risk that the Council will not secure a high calibre multi-disciplinary team for the development of the site. The Council has, therefore, commissioned the Royal Institute of British Architects (RIBA) to support the process. RIBA's involvement from the outset will ensure that the procurement opportunity is attractive to architects.
  - **The cost of the winning design:** there is a risk that the evaluation panel recommend acceptance of a tender submission where the design is too expensive to deliver. This could cause a delay to the project and increase the project's overall cost (as the appointed team may need to engage in significant value engineering). In order to mitigate this risk, tenderers will be required to demonstrate how the leisure centre building, which is the most costly single element, can be delivered within an agreed cost envelope (set out within the brief). The cost envelope will be based on the St Luke's Area High Level Cost Plan (prepared by an independent cost consultant). This will ensure that the appointed team develop a viable design that can deliver the Council's ambitions.
  - **The procurement process:** The Council will be advertising the procurement opportunity in OJEU (Official Journal of the European Union) and proposes to use the procurement process as an opportunity to drive up design standards. As the competition will be open to all practicing architects across Europe, the competition is likely to attract a high number of entries which will help to drive up the design standards.
- 3.32 The main risks for the development of detailed designs and preparation of a full planning application include:
- **Design team costs:** there is a risk that the costs associated with the commission will be in excess of the successful team's submitted fee schedule. In order to mitigate this risk, the Council will require the submission of a fixed fee for each stage of the detailed design process and a percentage fee for supervising the carrying out of the development.

- **Design team performance:** there is a risk that the successful team’s detailed design proposal will not meet the Council’s objectives. In such a scenario, another team may need to be appointed at considerable expense. In order to mitigate this, the selection criteria will assess whether the team has the capability to deliver the commission. On appointment, the successful team will draw up a project plan with staged payments linked to key milestones. At each milestone, the team’s performance will be assessed. If the team are under-performing, they will need to explain what corrective actions will be taken. If poor performance persists, the Council will have the option of early termination and will retain all intellectual property rights to the designs.
- **Community involvement:** if the successful team does not sufficiently involve the community in the detailed design process, the community’s ideas and concerns may not be taken into consideration. This could result in a poorer design that does not deliver on the Council’s objectives for the site, and may generate objections from the community. This risk will be mitigated by the selection criteria, as the team must demonstrate they have a successful track record of community engagement. On appointment, the risk will be further mitigated by requiring the winning team to submit a community involvement strategy. The delivery of the strategy will be monitored throughout the project.

### 3.33 Relevant information

The following relevant information is required to be specifically approved by the Executive in accordance with rule 2.6 of the Procurement Rules:

Relevant information	Information/section in report
1 Nature of the service	The provision of architectural and related professional services  See paragraph 3.4-3.6
2 Estimated value	Over £500k for developing the designs and submission of planning application  See paragraph 3.7-3.10
3 Timetable	Award of contract in November 2015  See paragraph 3.11
4 Options appraisal for tender procedure including consideration of collaboration opportunities	This contract will be procured using the two-stage restricted procedure  See paragraph 3.13-3.17
5 Consideration of: Social benefit clauses; London Living Wage; Best value; TUPE, pensions and other staffing implications	LLW will be a condition of the contract and will also be paid to the young people who win the internship.  See paragraph 3.18-3.22
6 Evaluation criteria	Quality 60% Cost 40%. The award criteria price/quality breakdown is more particularly described within the report.  See paragraph 3.23-3.30

7 Any business risks associated with entering the contract	There are mitigating factors to all risks identified.  See paragraph 3.31-3.32
8 Any other relevant financial, legal or other considerations.	See paragraph 4.1-4.7

## 4. Implications

### Financial implications

- 4.1 The total cost of the procurement process is not expected to exceed £100,000 and will be funded from S106 contributions allocated to Bunhill Ward.

### Legal Implications

- 4.2 The Council owns the freehold of the planning brief site which is current held primarily for leisure purposes. The Council may develop the site to provide a new leisure centre, social housing and housing for sale, a new nursery and energy centre (section 19 Local Government (Miscellaneous) Provisions Act 1976, section 9 Housing Act 1985, section 18 Children Act 1989 and section 11 Local Government (Miscellaneous) Provisions Act 1976 respectively). Accordingly the Council may procure and enter into a contract for architectural services namely to develop the detailed design of the project, apply for planning permission and if planning permission is a obtained and the project proceeds, the supervision of the build out of the development.(section 1 Local Government Contracts Act 1997)
- 4.3 The proposed contract is a public services contract for the purposes of the Public Contracts Regulations 2015. The threshold for service contracts for full application of the Public Contracts Regulations 2015 is currently £172,514. (Estimated value over period of contract).The contract proposed to be Awarded will exceed the financial threshold and therefore will need to be advertised in OJEU. The contract will be procured using the restricted procedure in accordance with the rules relating to that procedure set out in the 2015 regulations.

### Environmental Implications

- 4.4 New development at the St Luke's Area planning brief site will require detailed planning consent and so will have to comply with all policy requirements on sustainability including the Development Management Policies and Finsbury Local Plan. A Sustainable Design and Construction Statement (including an Energy Statement) will be submitted demonstrating how the proposal satisfies the policy framework and guidance, meets the highest standards of sustainable design and construction, and promotes sustainability through its long term management.
- 4.5 The proposed moving of the Bunhill Energy Centre presents potential opportunities and risks to the Council's decentralised energy programme. Bunhill Energy Centre has been designed with the redevelopment of the site in mind from the outset to enable the relocation. However, the re-provision of an energy centre to serve the Bunhill Network should maximise opportunities to expand the network and provide further efficiencies through integration of the plant within the redevelopment (such efficiencies could include an expanded generation plant and a private wire electrical network). A relocation of the existing plant will also need to be carefully managed to ensure minimal impact on the operation of the existing Bunhill heat network and the heat supplied to connected buildings. Supply disruption must be minimised to avoid adverse impacts for residents, financial and reputational implications for the Council.

## Resident Impact Assessment

- 4.6 The Council must, in the exercise of its functions, have due regard to the need to eliminate discrimination, harassment and victimisation, and to advance equality of opportunity, and foster good relations, between those who share a relevant protected characteristic and those who do not share it (section 149 Equality Act 2010). The council has a duty to have due regard to the need to remove or minimise disadvantages, take steps to meet needs, in particular steps to take account of disabled persons' disabilities, and encourage people to participate in public life. The council must have due regard to the need to tackle prejudice and promote understanding.
- 4.7 The initial screening for a Resident Impact Assessment was completed on 27 March 2015. This did not identify any negative equality impacts for any protected characteristic or any human rights or safeguarding risks.

## 5. Conclusion and reasons for recommendations

- 5.1 This procurement strategy recommends using the restricted procedure to procure an external multi-disciplinary design team to develop detailed designs and prepare a full planning application for the St Luke's Area Planning Brief sites.
- 5.2 Using the restricted procedure enables the Council to run a highly competitive procurement process. Under the restricted procedure, the design competition will be open to any architect based in Europe, which will drive up design standards and help to bring down costs. Using this procurement approach means that there is a much greater likelihood that the Council will be able to appoint a design team that can draw up an exemplary design that delivers the Council's ambitions for a reasonable fee.
- 5.3 This report sets out a proposal to create a transparent procurement process, including opportunities for positive community engagement during the design competition. Community engagement will help to build a sense of ownership among local people over the design process and overall development of the site.

### Appendices and background documents - none

Final report clearance:

Signed by:



5.5.12

Executive Member for Housing and Development      Date

Report Author: Adam Barnett

Tel: 0207 522 2987

Email: [Adam.Barnett@Islington.gov.uk](mailto:Adam.Barnett@Islington.gov.uk)

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**Report of:** Executive Member for Housing and Development

Meeting of:	Date	Ward(s)
Executive	21 May 2015	All

Delete as appropriate	Exempt	Non-exempt

## **SUBJECT: Procurement strategy for communal heating maintenance and responsive repairs including out of hours cover**

### **1 Synopsis**

- 1.1 This report seeks pre-tender approval for the procurement strategy in respect of the communal heating fully comprehensive maintenance and responsive repairs contract including out of hours cover in accordance with Rule 2.5 of the Council's Procurement Rules.
- 1.2 The council has an obligation to provide heating and hot water to circa 4,500 communally heated properties. The existing contract comes to an end on 31 March 2017. The contract will cover servicing, maintenance and responsive repairs.

### **2 Recommendations**

- 2.1 To approve the procurement strategy for the communal heating maintenance and responsive repairs contract including out of hours cover as outlined at paragraph 1.1.
- 2.2 To note the Executive will be asked to approve the award of the contract at the conclusion of the procurement process.

### **3 Background**

#### **3.1 Nature of the service**

- 3.1.1 Under the Landlord and Tenant Act 1985, the Council has an obligation "to keep in repair and proper working order the installations in the dwelling-house for space heating and heating water." Communal mechanical services (heating, ventilation and water) are provided for residents on councils estates who are served by communal boiler systems.
- 3.1.2 The existing contract is an open book Term Partnering Contract which Homes for Islington entered into in April 2007 and which was novated to the Council in April 2012. The existing contract attracts expenditure of circa £1.5 million per annum.

3.1.3 The contractor is required to provide a responsive repairs service to respond to and rectify any failure to the gas fired heating and/or hot water systems, including the Landlord's gas services to the designated systems. This includes the distribution pipework, radiators, valves, associated water systems and electronics forming part of the equipment.

3.1.4 The contractor will also be required to carry out the annual servicing and testing of all gas fired boilers and other appliances, together with the Landlord's Gas Safety Records for each communal boiler equipment room, plus the individual gas boilers to Community Centres. The contract will include the planned preventative maintenance (PPM):

- To communal boiler houses and equipment
- To communal housing ventilation systems
- To housing boosted water systems.

The modernisation and replacement of equipment is outside the scope of this contract and is included in the capital programme.

3.1.5 The proposal is to adopt a JCT Measured Term form of contract where PPM works will be an all-inclusive fixed contract sum and the responsive repair aspect will be priced using a schedules of rates. The National Housing Federation Schedule of Rates will be used with a yearly percentage adjustment in line with the "Consumer Price Index" (CPI). There will also be rate allowances for specialist items of work not covered by the national schedule of rates.

3.1.6 Funding for the arrangement will come from the Housing Revenue Account (HRA). The contract has an estimated value of £1.5m per annum reflecting the current budget requirement. The initial contract term will be for five years, with the option to extend for an additional three years, then two years (total ten years).

## 3.2 Estimated Value

3.2.1 The spend for the last two years of the communal heating maintenance contract was:

2012/13 £1,219,383  
2013/14 £1,303,929.

3.2.2 The forecasted budget for the current financial year 2014/15 is £1,521,200.

3.2.3 The new all-inclusive communal heating contract will provide a platform for producing more accurate spend forecast figures for future years and ensure that best value is achieved for residents of communally heated housing estates. While the estimated value of the new contract is £1.5m per annum there is the expectation that the history of capital investment in the communal heating systems over past years will result in a reduction in the communal maintenance costs following the procurement of an all-inclusive contract.

3.2.4 The Council will use the data collected from the existing contract to prepare a specification that is transparent to the bidders and give an up to date asset/equipment schedule, including condition and life expectancy. This will enable bidders to submit tenders that are both accurate and competitive with respect to a comprehensive maintenance contract, thus providing a benchmarked service on all maintenance works in place of the existing open book arrangement.

3.2.5 The main advantages of adopting this approach are:

- value for money encouraged
- risk mitigated
- allows simplification of internal management requirements
- making the contract more audit friendly
- clearly defining response times required
- anticipated improvement in resident satisfaction with the service.

3.2.6 All affected leaseholders will be consulted through a formal Section 20 consultation process once approval to proceed has been obtained. There is a statutory duty for consultation of leaseholders and recognised tenants' associations (RTAs) before the council can enter into a long-term agreement for the provision of services. If the consultation does not take place, the council is unable to recover service charges above the level of the statutory minimum amounts, and any additional costs would need to be met by the council.

### 3.3 **Timetable**

3.3.1 The existing contract has been extended until the end of March 2017 so that the new contract must be concluded and ready to commence on 1 April 2017. There is a statutory obligation to obtain gas safety certification (CP15) on all existing communal boiler houses on an annual basis, requiring a continuity of service between contracts.

3.3.2 A procurement plan has been prepared with a start date for the new communal maintenance contract of 1 April 2017. This timescale has been set to ensure continuity of the existing service, allow sufficient time to carry out a full procurement process and allow adequate time for mobilisation.

### 3.4 **Options appraisal**

3.4.1 Three possible options have been identified for this work.

3.4.2 Works carried out by the in-house Mechanical and Electrical Team. The existing engineers have experience in procuring and running mechanical contracts. They do not have the technical background or skills to physically carry out the maintenance works required under this contract. This option is therefore considered not viable.

3.4.3 Join an external framework. Camden Council is leading on a procurement exercise for a Mechanical and Electrical framework. This procurement process is in the advanced stages and there is insufficient time to complete the leaseholder consultation and be part of the full collaboration. There is also an issue around not having adequate control of procurement outcomes in this very high profile service. This option is therefore considered unsuitable.

3.4.4 Procure a new contract. The proposal is to procure a new contract to carry out the communal planned and preventative works across the entire borough. This contract will be competitively tendered. There is a known market for this type of service therefore it is proposed that a two-stage restricted procedure will be followed. The value of this contract means that this will be advertised on the Official Journal of the European Union (OJEU).

### 3.5 **Key Considerations**

3.5.1 The contract supports the Council's Corporate Plan in terms of ensuring decent, suitable homes, and ensuring services are delivered efficiently and well. The contract will include a requirement for the contractor to take on apprentices and encourage the employment of local labour and the use of local suppliers. The London Living Wage will be a condition of this contract.

3.5.2 The contract will be designed to ensure the Council achieves best value from the contract. A comprehensive all inclusive contract rather than an open book approach will put the onus on the contractor to provide an extremely high quality service to the client's properties and for the residents in those properties. This includes satisfactorily completing orders within specified time periods, parity of organisation IT systems, good customer liaison, timely completion of statutory inspections, efficient and accurate paperwork, prompt submission of accounts and a response to complaints received in line with the LBI customer complaints procedure requirements.

3.5.3 The contractor will ensure that all elements of the boiler house equipment are well maintained, and running efficiently to reduce energy consumption, reduce disruption to the service to the end users and improve the life expectancy of the equipment, thus providing an economic, social and environmentally

sustainable service. The contractor will need to work with new technologies, energy efficient equipment in conjunction with Bunhill Phase I and II District Heating Network, to interface with the existing communal heating systems.

3.5.4 Transfer of Undertakings (Protection of Employment) Regulations 2006 (as amended) will apply to this contract.

### 3.6 **Evaluation**

3.6.1 The tender will be conducted in two stages, known as the restricted procedure, as the tender is 'restricted' to a limited number of organisations. The first stage selection criteria through a Pre-Qualification Questionnaire (PQQ) establishes whether an organisation meets the financial requirements, is competent and capable and has the necessary resources to carry out the contract. The PQQ is backwards looking and explores how the organisation has performed to date, its financial standing, information about their history and experience.

3.6.2 A limited or 'restricted' number of these organisations meeting the PQQ requirements as specified in the advertisement are then invited to tender (ITT). The second stage is the ITT is now forwards-looking using award criteria. Tenders are evaluated on the basis of the tenderers' price and ability to deliver the contract works or services as set out in the evaluation criteria in order to determine the most economically advantageous offer.

3.6.3 It is proposed that the contract shall be awarded to the most economically advantageous tender on the basis of 60% quality and 40% cost.

3.6.4 Due to the nature of the maintenance requirements there is already a good understanding of costs and it is therefore proposed to have a higher (60%) quality percentage to provide a more detailed and in-depth evaluation of the proposed service delivery.

3.6.5 The proposed award criteria are:

Service delivery 20% - resourcing (availability of labour), responding within timescales, 'right first time', programme of planned maintenance)

Communication 20% - council and residents (including vulnerable people, and residents who do not have English as a first language), complaints/compliments

Record keeping and asset management boiler house data 20% - Integration with existing council systems.

### 3.7 **Business Risks**

3.7.1 The contractor will need to ensure that the annual certification is maintained. This is being assessed at ITT stage (award criteria – service delivery).

3.7.2 In order to ensure an efficient provision, the service will need to be fully integrated with the Council's existing Information Technology systems (assessed at ITT stage).

3.7.3 This is a maintenance and responsive repairs contract. The efficiencies of existing boiler houses must be maintained to ensure maximum lifespan. The Council will ensure that this is done with the use of Inspections, reports, monthly meetings, up to date asset information and unplanned site visits.

3.7.4 Remodelling the service away from open-book partnering offers the opportunity to ensure the Council achieves better value for money.

3.8 The Employment Relations Act 1999 (Blacklist) Regulations 2010 explicitly prohibit the compilation, use, sale or supply of blacklists containing details of trade union members and their activities. Following a motion to full Council on 26 March 2013, all tenderers will be required to sign the Council's anti-blacklisting declaration. Where an organisation is unable to declare that they have never blacklisted, they will be required to evidence that they have 'self-cleansed'. The Council will not award

a contract to organisations found guilty of blacklisting unless they have demonstrated 'self-cleansing' and taken adequate measures to remedy past actions and prevent re-occurrences. The adequacy of these measures will initially be assessed by officers and the outcome of that assessment will be reviewed by the Council's Procurement Board.

3.9 The following relevant information is required to be specifically approved by the Executive in accordance with rule 2.6 of the Procurement Rules:

<b>Relevant information</b>	<b>Information/section in report</b>
1 Nature of the service	To provide heating and hot water to c.4,500 communally heated properties including servicing, maintenance and responsive repairs.  See paragraph 3.1
2 Estimated value	The estimated value per year is £1.5m.  See paragraph 3.2
3 Timetable	Anticipated key dates: Advert to be published in November 2015 ITT to be published in January 2016 Contract award November 2016 Mobilisation period Contract start date 1 April 2017  See paragraph 3.3
4 Options appraisal for tender procedure including consideration of collaboration opportunities	This contract will be procured using the two-stage restricted procedure.  See paragraph 3.4
5 Consideration of: Social benefit clauses; London Living Wage; Best value; TUPE, pensions and other staffing implications	LLW will be a condition of the contract. Any costs associated with TUPE must be managed within the existing budget.  See paragraph 3.5
6 Evaluation criteria	Quality 60% Cost 40%. The award criteria price/quality breakdown is more particularly described within the report.  See paragraph 3.6
7 Any business risks associated with entering the contract	There are mitigating factors to all risks identified.  See paragraph 3.7
8 Any other relevant financial, legal or other considerations.	See paragraph [ 4.1]

## **4 Implications**

### **4.1 Financial implications**

4.1.2 The report indicates (at 3.2.3) that the estimated value of this re tendered contract will be in the region of £1.5m per annum & £7.5m over the 5 yr term of the contract. The 2015-16 HRA repairs

budget & longer term HRA business plan include provision of £1.55m per annum in respect of communal heating maintenance & repairs.

## 4.2 Legal Implications

- 4.2.1 The council has an obligation to keep its communally heating installations for the supply of heating and hot water to its housing estates in repair and in good working order (Part 2 of the Housing Act 1985; section 11 of the Landlord and Tenant Act 1985; tenancy conditions and rtb lease) Accordingly the council has power to procure and enter into a communal heating maintenance and responsive repairs contract as to ensure that the council meets its contractual and statutory repair and maintenance obligations (section 1 of the Local Government (Contracts) Act 1997).
- 4.2.2 The proposed contract is a public works contracts for the purposes of the Public Contracts Regulations 2015. The threshold for works contracts for full application of the Public Contracts Regulations 2015 is currently £4,322,012. (Estimated value over period of contract).The contract proposed to be let will therefore exceed the financial threshold and will need to be advertised in OJEU. The contract will be procured using the restricted procedure in accordance with the rules relating to that procedure set out in the regulations
- 4.2.3 The contract is for a period in excess of 12 months and therefore will be qualifying long term agreements under section 20 of the Landlord and Tenant Act 1985. Accordingly the council will need to comply with the leaseholder consultation requirements applicable to long term qualifying agreements set out in the Service Charges (Consultation Requirements) (England) Regulations 2003 (as amended.)

## 4.3 Environmental Implications

- 4.3.1 Environmental implications associated with a maintenance and repair contract for the communal heating include resource usage, waste generation and travel. Repairs and maintenance of the heating systems will require the use of materials – the purchase of which should take into consideration the embedded emissions of the material types used. The works will also generate waste, which the contractor will be legally required to dispose of in accordance with the waste hierarchy, prioritising reuse and recycling. The contractor will be required to travel to site as part of their work. Whilst this cannot be planned in cases of emergency repairs, general maintenance schedules should be planned to minimise travel, reducing the potential for emissions and congestion.
- 4.3.2 The maintenance contract also has an indirect environmental impact related to energy efficiency; a well-maintained system has the positive aspects of being more efficient, using less energy (therefore reducing carbon emissions and being cheaper to run) and having an increased life expectancy. An effective interface between the communal systems and the Bunhill heat network is important, as it will further increase the efficiency of both systems, with the associated benefits of reduced emissions and fuel costs.

## 4.4 Resident Impact Assessment

- 4.4.1 The council must, in the exercise of its functions, have due regard to the need to eliminate discrimination, harassment and victimisation, and to advance equality of opportunity, and foster good relations, between those who share a relevant protected characteristic and those who do not share it (section 149 Equality Act 2010). The council has a duty to have due regard to the need to remove or minimise disadvantages, take steps to meet needs, in particular steps to take account of disabled persons' disabilities, and encourage people to participate in public life. The council must have due regard to the need to tackle prejudice and promote understanding.
- 4.4.2 The initial screening for a Resident Impact Assessment was completed on 23 March 2015 and this did not identify any negative equality impacts for any protected characteristic or any human rights or safeguarding risks.

## 5 Conclusion and reasons for recommendations

- 5.1 It is proposed that a new contract is procured to provide a fully inclusive communal heating maintenance and responsive repairs service including out of hours cover to meet the Council's obligations as a landlord to maintain its heating and hot water systems.
- 5.2 This report seeks approval to procure a new contract to be in place by 1 April 2017 on the basis of the strategy outlined in this report.

### Final report clearance:



**Signed by:** Executive Member for Housing and Development

Date: 6 May 2015

**Report Author:** Garrett McEntee - Technical Services Manager  
**Tel:** 020 7527 2536  
**Email:** [Garrett.McEntee@islington.gov.uk](mailto:Garrett.McEntee@islington.gov.uk)

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## THE APPENDIX TO THIS REPORT IS NOT FOR PUBLICATION

Report of: Executive Member for Housing and Development

Meeting of:	Date	Ward(s)
Executive	21 May 2015	Tollington

Delete as appropriate	Exempt	Non-exempt
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## SUBJECT: Contract award for the construction of 4 new homes at Blenheim Court, N19 4HR

### 1. Synopsis

- 1.1 Through building new council homes we can help tackle the cost of living crisis faced by many of our residents by creating more jobs for local people that pay the London Living Wage (LLW) and training opportunities, including apprenticeships, and help increase the supply of decent, genuinely affordable homes
- 1.2 This report seeks approval to award a construction contract for a development of 4 new council homes for social rent. A robust procurement process has been undertaken in accordance with policies and procedures adopted by the Council and the current New Build Contractor Framework.

### 2. Recommendation

- 2.1 To approve the award of a contract to Diamond Build for the construction of 4 new homes, and associated works on land adjacent to Blenheim Court Estate.

### 3. Background

- 3.1 This site is on the periphery of Blenheim Court Estate and is bounded by Cottenham House to the south, Blenheim Court to the North and a landscaped amenity site to the East.
- 3.2 There are currently 12 garages on the site, of which 7 are not in use, and 2 banks of unused pram-sheds. The site therefore offers the opportunity to provide much needed additional family homes for social rent.

- 3.3 Feedback from consultation with residents and advice from planning have resulted in a proposal for 4 new family sized homes which have been designed to minimise the impact on the amenity of residents living in adjacent dwellings.
- 3.4 Architects were employed to carry out the initial design and, following resident consultation a planning application was submitted for the scheme. Planning permission was subsequently granted on 2<sup>nd</sup> December 2014.
- 3.5 The construction works required comprise demolition of all the existing garages and pram-sheds and erection of a new 3 storey building to accommodate 2 x 3 bedroom, 6 person maisonettes and 2 x 1 bedroom, 2 person flats.
- 3.6 Subject to an award of the construction contract, it is envisaged that enabling works will commence in May 2015, the main contract in June 2015 with completion in April 2016.
- 3.7 As this is a design and build contract there will be a period after the contract has been let when there is unlikely to be much activity on site while the successful contractor completes the detailed drawings and design, and appoints sub-contractors. The contractor will be required to provide a detailed programme of works following approval of the contract award.

#### **4. The procurement process**

- 4.1 Following evaluation of the scheme and the procurement options, it was decided to adopt the same quality criteria and weightings used at the ITT stage of the procurement of the replacement New Build Contractor Framework (the Framework) for the period 2014 -2018.
- 4.2 All contractors appointed to the Framework have been required to sign up to paying their own employees, and those employed by their sub-contractors, the LLW.
- 4.3 The Employment Relations Act 1999 (Blacklist) Regulations 2010 explicitly prohibit the compilation, use, sale or supply of blacklists containing details of trade union members and their activities. Following a motion to full Council on 26 March 2013, all tenderers will be required to sign the Council's anti-blacklisting declaration. Where an organisation is unable to declare that they have never blacklisted, they will be required to evidence that they have 'self-cleansed'. The Council will not award a contract to organisations found guilty of blacklisting unless they have demonstrated 'self-cleansing' and taken adequate measures to remedy past actions and prevent re-occurrences. The adequacy of these measures will initially be assessed by officers and the outcome of that assessment will be reviewed by the Council's Procurement Board
- 4.4 Expressions of interest from Lot 1 contractors, for contract values up to £2m, were invited in early December 2014 and three responses were received. All 3 companies subsequently submitted tenders which were scored and weighted on the basis of 60% quality and 40% price.
- 4.5 Diamond Build achieved the highest overall score and, it is therefore recommended, that they are awarded the contract for the construction of 4 new homes at Blenheim Court.

#### **Value for Money**

- 4.6 We have entered into a pre - construction services contract with Diamond Build to progress with the detailed designs and enable further investigative works to be undertaken to remove conditions, provisional sums and caveats that would otherwise be built into the contract price. There have also been extensive discussions with Diamond Build regarding the preparation of their price. A breakdown of the tender price and value for money (VFM) assessment is provided in the attached appendix. This will form an exempt appendix to the contract award report to be considered by the Executive on 21<sup>st</sup> May 2015.
- 4.7 The Employers Agent appointed by the council for this new build scheme, Summers Inman have advised that the tender price represents VFM for the council.

## **Quality Assessment**

- 4.8 There are no immediate concerns as to their capability of undertaking the works from a technical and resourcing point of view and they have achieved a score that meets and/or exceeds the minimum requirements of the quality criteria adopted for this contract award.
- 4.9 Additionally council officers and the Employer's Agent have met with Diamond Build in order to confirm the acceptability of their approach, both in terms of pricing, construction methods and on-site management.

## **5. Implications**

### **5.1 Financial Implications**

The Council's approved 3 year (2015 -16 to 2017 -18) new build programme totals £118.8m. The latest indicative 6 year (2015-16 to 2020-21) new build programme totals £170.9 m.

The construction contract value in relation to the Blenheim Court new build scheme which comprises 4 homes for social rent is included in the Council's latest 7 year new build programme.

The scheme will be funded from the combination of resources i.e. capital receipts from sales, RTB 1-4-1 receipts and some internal resources e.g. borrowing, RCCO and other capital receipts.

### **5.2 Legal Implications**

Under Section 9 of the Housing Act 1985 the Council has the power to provide housing accommodation by building houses on land acquired for that purpose or by converting buildings into houses and to sell part of that accommodation. Accordingly the council may enter into a contract for the proposed works (section 1 Local Government Contracts Act 1997).

Diamond Build have been appointed to the Council's New Build Development Framework following a competitive tendering exercise in accordance with EU Procurement Legislation. Under the Framework Agreement a new build works contract may be awarded to a Framework Constructor either following a mini competition or by direct selection. In this case, Diamond Build were selected to take this scheme forward having submitted the most favourable tender in a mini-competition and have now submitted their price for the main construction works.

In these circumstances it would be reasonable for the construction contract to be awarded to Diamond Build provided that the Executive are satisfied that their price represents VFM. In reaching that decision the Executive should take into account the information contained in the exempt appendix.

### **5.3 Environmental Implications**

It will be essential during both the demolition and construction periods to ensure the contractor adheres to environmental legislation, particularly around waste regulations. The contractor will be required to implement the waste hierarchy, giving priority to reuse and recycling of the material from the demolished buildings. The council also has a duty of care to ensure that the contractor has the appropriate waste licences and permits.

During the demolition of the garages and pram sheds, disturbance of protected species, which includes all nesting birds, is a risk. This can be mitigated by timing the works so that they are done outside of nesting season. Staff working on site should be trained to identify likely biodiversity risks, including the presence of bat roosts. Careful management of local nuisance issues such as noise, dust and air pollution will also be required. Travel to and from the site should be minimised to reduce the impact of vehicular emissions and traffic congestion. The same biodiversity and nuisance issues will also be relevant during the construction phase.

With regards to design, environmental implications include the building materials and energy efficiency. When choosing building materials, whole-life costs, including embedded emissions should be taken into consideration, and during purchasing, priority should be given to sustainable materials, such as FSC- or PEFC-certified timber. The energy efficiency of the new buildings should be maximised, potentially including the installation of renewable energy; the buildings will meet at least Level 4 of the Code for Sustainable Homes.

#### 5.4 Resident Impact Assessment

The council must, in the exercise of its functions, have due regard to the need to eliminate discrimination, harassment and victimisation, and to advance equality of opportunity, and foster good relations, between those who share a relevant protected characteristic and those who do not share it (section 149 Equality Act 2010). The council has a duty to have due regard to the need to remove or minimise disadvantages, take steps to meet needs, in particular steps to take account of disabled persons' disabilities, and encourage people to participate in public life. The council must have due regard to the need to tackle prejudice and promote understanding

A Resident Impact Assessment has been carried out and it has identified that there will be positive impacts on people living in the new dwellings and the immediate neighbourhood. There are no identifiable negative impacts. A copy of the RIA is available upon request from the author of this report.

## 6. Conclusions and Reasons for Recommendations

- 6.1 In conclusion, and based on the outcome of the procurement process outlined in this report, Diamond Build have offered a contract price that has been shown to be financially competitive and their quality proposals deemed to meet the required standards.
- 6.2 It is, therefore, recommended that a contract be awarded to Diamond Build for the construction of 4 new homes on the Blenheim Court Estate as their tendered price forms an acceptable basis for agreeing the final contract sum.

### Appendices:

Appendix 1: Tender evaluation and value for money assessment

### Final report clearance:



**Signed by:** Executive Member for Housing and Development

Date: 6 May 2015

**Report Author:** Nick Gore. Capital Project Manager  
**Tel:** 020 7527 8040  
**Email:** [nick.gore@islington.gov.uk](mailto:nick.gore@islington.gov.uk)

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

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