

Cabinet AGENDA

DATE: Wednesday 17 June 2015

TIME: 6.30 pm

VENUE: Committee Rooms 1 & 2,
Harrow Civic Centre

MEMBERSHIP

Chair: Councillor David Perry (Leader of the Council, Strategy, Partnerships and Corporate Leadership Portfolio Holder)

Portfolio Holders:

Councillor Sue Anderson	Community, Culture and Resident Engagement
Councillor Simon Brown	Children, Schools and Young People
Councillor Keith Ferry	Deputy Leader, Business, Planning and Regeneration
Councillor Glen Hearnden	Housing
Councillor Graham Henson	Environment, Crime and Community Safety
Councillor Varsha Parmar	Public Health, Equality and Wellbeing
Councillor Kiran Ramchandani	Performance, Corporate Resources and Policy Development
Councillor Sachin Shah	Finance and Major Contracts
Councillor Anne Whitehead	Adults and Older People

(Quorum 3, including the Leader and/or Deputy Leader)

Contact: Daksha Ghelani, Senior Democratic Services Officer
Tel: 020 8424 1881 E-mail: daksha.ghelani@harrow.gov.uk

AGENDA - PART I

1. APOLOGIES FOR ABSENCE

To receive apologies for absence (if any).

2. DECLARATIONS OF INTEREST

To receive declarations of disclosable pecuniary or non pecuniary interests arising from business to be transacted at this meeting from:

- (a) all Members of the Cabinet; and
- (b) all other Members present.

3. PETITIONS

To receive any petitions submitted by members of the public or Councillors.

4. PUBLIC QUESTIONS *

To receive any public questions received in accordance with paragraph 16 of the Executive Procedure Rules.

Questions will be asked in the order notice of them was received and there be a time limit of 15 minutes.

[The deadline for receipt of public questions is 3.00 pm, Friday 12 June 2015. Questions should be sent to publicquestions@harrow.gov.uk

No person may submit more than one question].

5. COUNCILLOR QUESTIONS *

To receive any Councillor questions received in accordance with paragraph 17 of the Executive Procedure Rules.

Questions will be asked in the order agreed with the relevant Group Leader by the deadline for submission and there be a time limit of 15 minutes.

[The deadline for receipt of Councillor questions is 3.00 pm, Friday 12 June 2015].

6. KEY DECISION SCHEDULE - JUNE TO AUGUST 2015 (Pages 7 - 20)

7. PROGRESS ON SCRUTINY PROJECTS (Pages 21 - 22)

For consideration.

RESOURCES/COMMUNITY, HEALTH AND WELLBEING

KEY 8. COMMERCIALISATION STRATEGY (Pages 23 - 44)

Report of the Corporate Director of Resources.

9. PROPOSAL TO DEVELOP A COMMERCIAL LETTINGS AGENCY (Pages 45 - 60)

Report of the Corporate Director of Resources.

COMMUNITY, HEALTH AND WELLBEING

KEY 10. GRANGE FARM REGENERATION - PROGRESS, PLANNING AND IMPLEMENTATION (Pages 61 - 74)

Report of the Divisional Director of Housing Services.

ENVIRONMENT AND ENTERPRISE

KEY 11. MORTUARY SERVICE - EXPANSION OF PARTNERSHIP (Pages 75 - 80)

Report of the Corporate Director of Environment and Enterprise.

RESOURCES

KEY 12. SENIOR MANAGEMENT RESTRUCTURE (Pages 81 - 140)

Report of the Chief Executive.

KEY 13. REVENUE AND CAPITAL OUTTURN 2014-15 (Pages 141 - 176)

Report of the Interim Director of Finance.

KEY 14. RECOMMISSIONING DOMESTIC AND SEXUAL VIOLENCE PREVENTATIVE AND INTERVENTION SERVICES (Pages 177 - 204)

Report of the Divisional Director of Strategic Commissioning.

KEY 15. REVIEW OF THE COUNCIL TAX SUPPORT (CTS) SCHEME FOR 2016/17 FINANCIAL YEAR (Pages 205 - 212)

Report of the Corporate Director of Resources.

16. ANY OTHER URGENT BUSINESS

Which cannot otherwise be dealt with.

17. EXCLUSION OF THE PRESS AND PUBLIC

To resolve that the press and public be excluded from the meeting for the following items of business, on the grounds that they involve the likely disclosure of confidential information in breach of an obligation of confidence, or of exempt information as defined in Part I of Schedule 12A to the Local Government Act 1972:

<u>Agenda Item No</u>	<u>Title</u>	<u>Description of Exempt Information</u>
18.	Proposal to develop a commercial Lettings Agency – Appendix 2	Information under paragraph 3 of Part I of Schedule 12A to the Local Government Act 1972, relating to the financial or business affairs of any particular person (including the authority holding that information).
19.	Grange Farm Regeneration - Progress, Planning and Implementation – Appendix 2	Information under paragraph 3 of Part I of Schedule 12A to the Local Government Act 1972, relating to the financial or business affairs of any particular person (including the authority holding that information).

AGENDA - PART II

18. PROPOSAL TO DEVELOP A COMMERCIAL LETTINGS AGENCY (Pages 213 - 274)

Appendix 2 to the Report of the Corporate Director of Resources at item 9 above.

KEY 19. GRANGE FARM REGENERATION - PROGRESS, PLANNING AND IMPLEMENTATION (Pages 275 - 278)

Appendix 2 to the Report of the Divisional Director of Housing Services at item 10 above.

* DATA PROTECTION ACT NOTICE

The Council will audio record items 4 and 5 (Public and Councillor Questions) and will place the audio recording on the Council's website, which will be accessible to all.

[Note: The questions and answers will not be reproduced in the minutes.]

Deadline for questions	3.00 pm on 12 June 2015
Publication of decisions	18 June 2015
Deadline for Call in	5.00 pm on 25 June 2015
Decisions implemented if not Called in	26 June 2015

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London Borough of Harrow

KEY DECISION SCHEDULE (JUNE 2015 - AUGUST 2015)

MONTH: June

The following is a list of Key Decisions which the Authority proposes to take at the above Cabinet meeting. The list may change over the next few weeks. A further notice, by way of the Cabinet agenda, will be published no less than 5 clear days before the date of the Cabinet meeting, showing the final list of Key Decisions to be considered at that meeting.

A Key Decision is a decision by the Executive which is likely to:

- (i) result in the Council incurring expenditure which is, or the making of savings which are, significant having regard to the Council's budget for the service or function to which the decision relates; or
- (ii) be significant in terms of its effects on communities living or working in an area of two or more wards or electoral divisions of the Borough.

A decision is significant for the purposes of (i) above if it involves expenditure or the making of savings of an amount in excess of £1m capital expenditure or £500,000 for revenue expenditure or, where expenditure or savings are less than the amounts specified above, it constitute more than 50% of the budget attributable to the service in question.

Decisions which the Cabinet intends to make in private

The Cabinet hereby gives notice that it may meet in private after its public meeting to consider reports which contain confidential information. The private meeting of the Cabinet is open only to Members of the Cabinet, other Councillors and Council officers.

Reports relating to decisions which the Cabinet will take at its private meeting are indicated in the list of Key Decisions below with the reasons for the decision being made in private where appropriate. The Schedule also contains non-Key Decisions which involve Cabinet having to meet in private. Any person is able to make representations to the Cabinet if he/she believes the decision should instead be made in the public Cabinet meeting. If you want to make such representations please contact Democratic & Electoral Services. You will then be sent a response in reply to your representations. Both your representations and the Cabinet's/Leader's response will be published on the Council's website <http://www.harrow.gov.uk/www2/mgListPlans.aspx> at least 5 clear days before the Cabinet meeting.

The Cabinet/Leader will be considering a report prepared by the relevant Directorate. The report together with any other documents (unless they contain exempt information) will be available for inspection 5 clear days before the decision is taken by Cabinet/Leader from Daksha Ghelani, Senior Democratic Services Officer, on 020 8424 1881 or by contacting daksha.ghelani@harrow.gov.uk or by writing to Democratic & Electoral Services, Harrow Council, Civic Centre PO Box 2, Station Road, Harrow, HA1 2UH or on the Council's website. Copies may be requested but a fee will be payable. Reports to be considered at the Cabinet's public meeting will be available on the Council's website 5 clear days before the meeting.

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The KDS looks 3 meetings ahead and will be published 28 clear days before the Decision Date / Period of Decision.

Subject	Nature of Decision	Decision Maker	Decision date / Period of Decision	Cabinet Member / Lead officer	Open or Private Meeting	Additional Documents to be submitted and any Consultation to be undertaken
<p>JUNE 2015</p> <p>Grange Farm Regeneration - Progress, Planning and Implementation</p>	<p>Approve commencement of process to appoint constructor, which will involve commitment to dispose of approximately half of the site in order to fund the development.</p> <p>Approve budget and delegations for: purchase of buildings, compensation, further surveys, legal advice and possible site assembly.</p> <p>Consider options to support resident leaseholders in purchasing on the</p>	<p>Cabinet</p>	<p>17 June 2015</p>	<p>Councillor Glen Hearnden</p> <p>Lynne Pennington, Divisional Director of Housing alison.pegg@harrow.gov.uk paul.mullins@harrow.gov.uk Tel: 020 8424 1933/020 8420 9680</p>	<p>Part exempt</p> <p>Information relating to the financial or business affairs of any particular person (including the authority holding that information)</p>	<p>Agenda Report and any related appendices: EqIA</p> <p>Consultation: The residents of Grange Farm Estate have been consulted on a regular basis over the last 12 months. A Steering Group of Residents has been established with independent advisors.</p>

Subject	Nature of Decision	Decision Maker	Decision date / Period of Decision	Cabinet Member / Lead officer	Open or Private Meeting	Additional Documents to be submitted and any Consultation to be undertaken
	new estate.					
Revenue and Capital Outturn 2014-15	To note the position reported To approve the recommended budget carry forwards To approve any recommended contributions to reserves or provisions	Cabinet	17 June 2015	Councillor Sachin Shah Simon George, Director of Finance and Assurance dawn.calvert@harrow.gov.uk Tel: 020 8424 1393	Open	Agenda Report and any related appendices Consultation: None
Review of Council Tax Support Scheme (CTS)	To note the review and agree to continue with the parameter configuration agreed at Full Council on the 21/1/2013 & subsequently on 22/1/2015	Cabinet	17 June 2015	Councillor Sachin Shah Tom Whiting, Corporate Director of Resources fern.silverio@harrow.gov.uk Tel: 020 8736 6818	Open	Agenda Report and any related appendices Consultation: N/A

Subject	Nature of Decision	Decision Maker	Decision date / Period of Decision	Cabinet Member / Lead officer	Open or Private Meeting	Additional Documents to be submitted and any Consultation to be undertaken
Senior Management Restructure	Cabinet to consider the outcome of the consultation on the Chief Executive's proposals for a revised senior management structure and approve the proposed new structure	Cabinet	17 June 2015	Councillor David Perry Michael Lockwood, Chief Executive, Harrow Council jon.turner@harrow.gov.uk Tel: 020 8424 1225	Open	Agenda Report and any related appendices Consultation: All Councillors, affected staff and the recognised trade unions will be consulted on the proposals.
Procurement of the Domestic Violence Service	Permission to seek tenders from Domestic Violence and Sexual Violence Service Providers for the commissioning of Independent Domestic Violence Adviser, Supported	Cabinet	17 June 2015	Councillors Anne Whithead and Graham Henson Tom Whiting, Corporate Director of Resources stella.agunabor@harrow.gov.uk Tel: 020 8424 1820	Open	Agenda Report and any related appendices Consultation: Consultation has been undertaken with the Domestic Violence Strategy Group and the Domestic Violence Strategy

Subject	Nature of Decision	Decision Maker	Decision date / Period of Decision	Cabinet Member / Lead officer	Open or Private Meeting	Additional Documents to be submitted and any Consultation to be undertaken
	Housing services and Multi Agency Risk Assessment Conference Co-ordinator (MARAC)					Forum
Mortuary Service - Change in Partnership Arrangements	Cabinet approval for the change in the partnership arrangement with Brent council to be extended to include Barnet Council	Cabinet	17 June 2015	Councillor Graham Henson Caroline Bruce, Corporate Director of Environment and Enterprise venetia.reid-baptiste@harrow.gov.uk Tel: 020 8424 1492	Open	Agenda Report and any related appendices Consultation: N/A
Commercialisation Strategy	Note and approve the Commercialisation Strategy	Cabinet	17 June 2015	Councillors Sachin Shah and Keith Ferry Tom Whiting, Corporate Director of Resources terry.brewer@	Open	Agenda Report and any related appendices: Commercialisation Strategy paper Consultation: Internal

Subject	Nature of Decision	Decision Maker	Decision date / Period of Decision	Cabinet Member / Lead officer	Open or Private Meeting	Additional Documents to be submitted and any Consultation to be undertaken
				harrow.gov.uk Tel: 020 8416 8442		Consultations only
Approval to develop further a plan to set up Commercial Company to trade services as a Lettings Agency	Authority to undertake preparatory work for the establishment of a company able to trade with the public in the provision of services	Cabinet	17 June 2015	Councillors Glen Hearnden and Keith Ferry Lynne Pennington, Divisional Director of Housing, Tom Whiting, Corporate Director of Resources paul.mullins@harrow.gov.uk Tel: 020 8420 9680	Part exempt Information relating to the financial or business affairs of any particular person (including the authority holding that information)	Agenda Report and any related appendices: Legal Advice re company formation; Business Case for Formation of Lettings agency; Business Plan for Lettings agency Consultation: Consultation with various potential market consumers has been undertaken via web survey and an introductory presentation was made at

Subject	Nature of Decision	Decision Maker	Decision date / Period of Decision	Cabinet Member / Lead officer	Open or Private Meeting	Additional Documents to be submitted and any Consultation to be undertaken
						2 separate Landlord forums
Property Purchase Initiative to increase the supply of good quality Temporary Accommodation	Approval to purchase properties for use as temporary accommodation as an alternative to Bed and Breakfast accommodation	Cabinet	17 June 2015	Councillors Glen Hearnden, Sachin Shah and Keith Ferry Lynne Pennington, Divisional Director of Housing alison.pegg@harrow.gov.uk Tel: 020 8424 1933	Part exempt Information relating to the financial or business affairs of any particular person (including the authority holding that information)	Agenda Report and any related appendices Consultation: Consultation with Environment and Enterprise, Legal Services is ongoing. No external consultation is proposed
JULY 2015						
Community Safety Strategy	Agree the Community Safety Partnership's strategy for 2015-2018	Cabinet	14 July 2015	Councillor Graham Henson Tom Whiting, Corporate Director of Resources mike.howes@	Open	Agenda Report and any related appendices Consultation: Consultation will have been

Subject	Nature of Decision	Decision Maker	Decision date / Period of Decision	Cabinet Member / Lead officer	Open or Private Meeting	Additional Documents to be submitted and any Consultation to be undertaken
				harrow.gov.uk Tel: 020 8420 9637		undertaken with the Council's partners represented on Safer Harrow
Contract Award for Revenues and Benefits Third Party Support	To approve the award of the contract to the recommended supplier	Cabinet	14 July 2015	Councillors Kiran Ramchandani and Sachin Shah Tom Whiting, Corporate Director of Resources fern.silverio@harrow.gov.uk Tel: 0208 736 6818	Part exempt Information relating to the financial or business affairs of any particular person (including the authority holding that information)	Agenda Report and any related appendices Consultation: Departmental employees and their representatives were consulted as part of the service wide staffing re-organisation
Charges for the provision of Helpline and Telecare Services	To consider the consultation findings To consider proposed charging arrangements in	Cabinet	14 July 2015	Councillors Kiran Ramchandani and Sachin Shah Tom Whiting, Corporate Director of Resources	Open	Agenda Report and any related appendices Consultation: Consultation will be conducted

Subject	Nature of Decision	Decision Maker	Decision date / Period of Decision	Cabinet Member / Lead officer	Open or Private Meeting	Additional Documents to be submitted and any Consultation to be undertaken
	<p>respect of Helpline and Telecare Services To approve recommendations in relation to the above</p>			<p>jonathan.milbourn@harrow.gov.uk Tel: 020 8736 6711</p>		<p>with Harrow Council residents that currently subscribe to the Helpline and Telecare service. The consultation will extend to stakeholders in the Harrow Council area including welfare organisations and the Harrow Council Adult Social Care department</p>
<p>AUGUST 2015 - currently no items</p>						

HARROW COUNCIL CABINET 2014/15

CONTACT DETAILS OF PORTFOLIO HOLDERS

Portfolio	Councillor	Address	Telephone no.	Email
Leader, Strategy, Partnerships & Corporate Leadership	David Perry	Labour Group Office Room 102, PO Box, 2, Civic Centre Station Road HARROW HA1 2UH	Mobile: 07505 430133 Group Office: (020) 8424 1897	Email: david.perry@harrow.gov.uk
Deputy Leader, Business, Planning & Regeneration	Keith Ferry	Labour Group Office Room 102, PO Box 2, Civic Centre Station Road HARROW HA1 2UH	Mobile: 07922 227147 Group Office: (020) 8424 1897	Email: keith.ferry@harrow.gov.uk
Adults & Older People	Anne Whitehead	Labour Group Office Room 102, PO Box 2, Civic Centre Station Road HARROW HA1 2UH	Group Office: (020) 8424 1897	Email: anne.whitehead@harrow.gov.uk
Children, Schools & Young People	Simon Brown	Labour Group Office Room 102, PO Box 2, Civic Centre Station Road HARROW HA1 2UH	Group Office: (020) 8424 1897	Email: simon.brown@harrow.gov.uk

Portfolio	Councillor	Address	Telephone no.	Email
Community, Culture & Resident Engagement	Sue Anderson	Labour Group Office Room 102, PO Box 2, Civic Centre Station Road HARROW HA1 2UH	Mobile: 07875 094900 Group Office: (020) 8424 1897	Email: sue.anderson@harrow.gov.uk
Environment, Crime & Community Safety	Graham Henson	Labour Group Office Room 102, PO Box 2, Civic Centre Station Road HARROW HA1 2UH	Mobile: 07721 509916 Group Office: (020) 8424 1897	Email: graham.henson@harrow.gov.uk
Finance & Major Contracts	Sachin Shah	Labour Group Office Room 102, PO Box 2, Civic Centre Station Road HARROW HA1 2UH	Mobile: 07949 949745 Group Office: (020) 8424 1897	Email: sachin.shah@harrow.gov.uk
Housing	Glen Hearnden	Labour Group Office Room 102, PO Box 2, Civic Centre Station Road HARROW HA1 2UH	Group Office: (020) 8424 1897	Email: glen.hearnden@harrow.gov.uk
Performance, Corporate Resources & Policy Development	Kiran Ramchandani	Labour Group Office Room 102, PO Box 2, Civic Centre Station Road HARROW HA1 2UH	Mobile: 07957 549741 Group Office: (020) 8424 1897	Email: kiran.ramchandani@harrow.gov.uk

Portfolio	Councillor	Address	Telephone no.	Email
Public Health, Equality & Wellbeing	Varsha Parmar	Labour Group Office Room 102, PO Box 2, Civic Centre Station Road HARROW HA1 2UH	Mobile: 07535 064495 Group Office: (020) 8424 1897	Email: varsha.parmar@harrow.gov.uk

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PROGRESS ON SCRUTINY PROJECTS

Review	Methodology	Type of report	Expected date for report to Cabinet	Comments
Continue participation in Joint Overview & Scrutiny Committee (JHOSC) for Shaping a Healthier Future Programme	Joint Committee	Update reports will be provided for O&S/Health and Social Care sub committee and Cabinet (for information)	As required	No change since last update as the next JHOSC meeting is on 16 th June.
Health Protocol	Drafting a new protocol to govern the working relationship between Health Scrutiny, Health & Well-being Board and HealthWatch	Protocol	Protocol to be signed of by Health Scrutiny sub-committee and Health and Well-being Board in June/July	A protocol has been drafted jointly by members and officers on Health Scrutiny, Health & Well-being Board and Healthwatch. It is going to the June meeting of health scrutiny and HWB meeting on 2 nd July.
Impact of Welfare Reform	In-depth review	Final Report to O&S and Cabinet	January 2016 TBC	The review group has been set up and will be chaired by Cllr Pamela Fitzpatrick. A first scoping meeting was held on 9 th June.
Impact of Welfare Reforms on residents in the borough: Council Tax Support Scheme	Challenge Panel	Final Report to O&S and Cabinet	Nov 2014	Concluded. 6 month update on implementation of recommendations scheduled for July P&F
The Funding Challenge - saving £75m from the Council's revenue budget	Budget Challenge Panel/Q&A	Final Report to O&S and Cabinet	March 2015	Concluded. 6 month update on implementation of recommendations scheduled for Nov P&F
Capital Expenditure and delivery of Programme	Challenge Panel	Final Report to O&S and Cabinet	March 2015	Concluded. 6 month update on implementation of recommendations scheduled for Nov P&F
Libraries review	Light-touch review including joint challenge panel with Ealing Council	Final Report to O&S and Cabinet	April 2015	Concluded. 6 month update on implementation of recommendations scheduled for Nov P&F

Contact: Rachel Gapp, Head of Policy
Tel: 020 8416 8774

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REPORT FOR: CABINET

Date of Meeting:	17 June 2015
Subject:	Commercialisation Strategy
Key Decision:	Yes
Responsible Officer:	Tom Whiting, Corporate Director of Resources
Portfolio Holder:	Councillor Keith Ferry, Deputy Leader and Portfolio Holder for Business, Planning and Regeneration Councillor Sachin Shah, Portfolio Holder for Finance and Major Contracts
Exempt:	No
Decision subject to Call-in:	Yes
Wards affected:	All
Enclosures:	Commercialisation Strategy 2015-2018

Section 1 – Summary and Recommendations

This report sets out a Commercialisation Strategy for the Council.

Recommendations:

Cabinet is requested to approve the Commercialisation Strategy.

Reason: (For recommendations)

To ensure that the commercialisation agenda supports the Council Priorities.

Section 2 – Report

Introductory paragraph

In response to the significant cuts to Government funding that the Council has already experienced and is going to continue to experience over the coming years, the challenge to the Council is how to address this funding gap. There is no doubt that it is going to require a radically different approach.

Through being more commercially-driven, the Council has the opportunity to put local services onto a more sustainable footing and to bring in new revenue streams which can also be invested in priority outcomes, supporting the commitment to be an efficient and well run borough.

Commercialisation is an exciting and positive agenda for Harrow Council. It is an opportunity to reassess how we fund services, become more self-sufficient and less reliant on central Government funding, whilst at the same time building on the Council's strengths for the benefit of local people, local organisations and local communities.

Options considered

Doing nothing was not an option given the scale of cuts to funding we are experiencing and we are expecting in the coming years.

The Council has been developing its work on Commercialisation for several months. This has involved significant research into developments in the local Government sector. A number of case studies have been looked at and are summarised in the attached strategy.

The Local Government Association (LGA) has also developed a set of Commercialisation Case Studies and these have been heavily drawn up on in developing our approach. The case studies looked at and the research undertaken has highlighted a number of options that Councils are pursuing in an ambition to be more commercial. These options include:

- Improving the trading performance of services that are currently provided to improve revenue and reduce costs.
- Reviewing the prices charged for traded services.

- Fundamentally looking at the commissioning strategy for major service areas.
- Improving contract management and ongoing better procurement.
- Investing in portfolios of assets that generate a rate of return that is greater than the cost of borrowing.
- Launching new business ideas that capitalise on unique strengths the Council brings.
- Achieving new revenue streams through regeneration.

In pursuing different types of commercial opportunity the Council also has to consider what it can do within current legal powers and where it might need to establish specific new trading arrangements to support its ambitions. Options are also being considered in this area.

Reasons for commercialisation

The Council still needs to make significant difficult decisions in the face of the funding gap which is forcing it to look more commercially at existing methods of service delivery.

The funding gap is significant and existing approaches alone are not going to be sufficient to offset this. To continue to deliver priority outcomes on a sustainable basis, becoming more commercially minded in all areas is going to become increasingly necessary.

The coming funding cuts are likely going to result in a significant reduction in standard of services provided to customers, and potential increased pressure to sell assets which may reduce available facilities for local communities.

Commercialisation is one way to offset some of these cuts.

In some areas, such as Legal Services, the Council has had early successes so this has built confidence in this approach.

Examples from across the Local Government sector have also built confidence in the role that commercialisation can play in bringing money in to the Council and helping put local services onto a more sustainable footing.

Implications of the Recommendation

The vision is for Harrow Council to become an innovative and entrepreneurial authority that continuously drives positive annual contributions to the council by generating extra revenue and delivering cost reductions through trading and business improvement.

Through this, local services will be put into a more sustainable footing to support local people as well as raising money to invest in our priority outcomes.

The strategy aims to deliver a substantive culture change where staff actively look for additional opportunities without losing focus on their existing customer base and the quality of service delivery. Services will strive to be fit to compete and fit to market, even if they do not currently provide services externally, and services making positive financial contributions shall increasingly be considered as the norm.

The Council will have a clearer understanding of its portfolio of external service offerings, and understand not only which ones offer a greater return than others, but also what changes are needed to address any shortcomings.

Legal Implications

The Commercialisation Strategy includes a stream of work to establish the trading arrangements that will be required to support the Council's commercial ambitions. External advice is being sought on this and a recommendation on trading arrangements and structures will be brought to Cabinet in due course.

Financial Implications

The Commercialisation Strategy is designed to make a contribution to the Council's medium term funding gaps.

Equalities implications/Public Sector Equality Duty

There are no direct equalities impacts arising from the decisions within this report but the Commercialisation Strategy will be an important tool in ensuring that the Council's commercial activities deliver services equitably to all members of the community.

Council Priorities

The Commercialisation Strategy will fully support the delivery of the Council Priorities.

Working Together to Make a Difference for Harrow

The Council Priorities are as follows:

- Making a difference for the vulnerable
- Making a difference for communities
- Making a difference for local businesses
- Making a difference for families

The Commercialisation Strategy supports these priorities by:

- Enabling Harrow Council to offset the significant funding gaps being experienced through Government cuts.
- Becoming more commercially-focused in all areas of the commissioning cycle to help sustain priority outcomes in the local community.

Section 3 - Statutory Officer Clearance

Name: Steve Tingle	<input checked="" type="checkbox"/>	on behalf of the Chief Financial Officer
Date: 5 June 2015		
Name: Hugh Peart	<input checked="" type="checkbox"/>	Monitoring Officer
Date: 5 June 2015		

Ward Councillors notified:	NO
EqIA carried out:	YES
EqIA cleared by:	Alex Dewsnap, Chair DETG

Section 4 - Contact Details and Background Papers

Contact: Terry Brewer, Divisional Director Commercial, Procurement and Contracts

terry.brewer@harrow.gov.uk

Tel: 020 8424 8442

Background Papers: Commercialisation Strategy 2015-2018 (as per the enclosure)

**Call-In Waived by the
Chairman of Overview
and Scrutiny Committee**

NOT APPLICABLE

[Call-in applies]



Commercialisation Strategy 2015-2018 Harrow Council

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1 Commercialisation in Context

Overview

This document outlines Harrow Council's approach to commercialisation.

There have been some excellent examples within Harrow Council of cost saving initiatives being successfully carried out, such as re-commissioning services, re-letting contracts, re-negotiating arrangements, and reviewing specifications. Whilst excellent progress has been made, there is also recognition that these measures alone will not be enough to meet the significant funding pressures we are seeing.

The Commercialisation Strategy aims to put in place measures designed to offset the substantial cuts that Harrow has experienced and further envisages in the coming years.

Harrow Council's Commercialisation Strategy aims to take a broad view of commercialisation, to include all aspects of service reviews and redesign, the commissioning cycle, shared services, multi-borough joined-up services, new opportunities for revenue generation, and pricing.

Commercialisation Strategy Drivers

The following key drivers have informed the development of this strategy:

- The Council still needs to make significant income to offset the cuts that are due through to 2019 ;
- Our financial position is forcing us to look more commercially at our methods of service delivery;
- The Council has an ambition to be more commercial, both within Harrow and also across the sector;
- Early successes in commercialisation activities at Harrow, e.g. in shared services, have built confidence;
- Commercialisation successes across the sector (see appendix A) have further built confidence;
- There is more interest in inter-Council arrangements from other Councils as financial pressures mount.

Commercialisation Vision

“ Our vision is for Harrow Council to become an innovative and entrepreneurial authority that continuously drives positive annual contributions by generating extra revenue and delivering cost reductions through trading and business improvement. Through this we will put local services into a more sustainable footing to support local people as well as raising money to invest in our priority outcomes ”

There will increasingly be a culture of services actively looking for additional opportunities without losing focus upon their existing customer base and the quality of service delivery. Services will strive to be fit to compete and fit to market, even if they do not currently provide services externally, and services making positive financial contributions shall increasingly be considered as the norm.

Our staff will be involved in actively seeking out potential for reviewing services, and will have a reputation for being aware, willing, and able.

We will have an understanding of our abilities, knowing what we can deliver and what we cannot, supported with a clear understanding of where it is desirable to be able to increase our capabilities and where we do not wish to. We will have an understanding of our portfolio of external service offerings, and understand not only which ones offer a greater return than others, but also what our approach needs to be going forward to address this.

Principles & boundaries of commercialisation at Harrow Council

Commercialisation for Harrow Council has been defined as encompassing the following areas:

- Shared services;
- Investments;
- Selling services;
- Pricing analysis;
- Fitness of traded services;
- Consideration of concessions;
- Better contract management;
- Continuous improvement in procurement.

This strategy advocates that the commercialisation approach is open to all services (or elements of services). The approach initially is to pick a small number of key opportunities. This approach enables us to ensure organisational learning is built up, processes are refined, and projects can be resourced without the need for extensive support.

The principles of commercialisation include:

- Open to all options for service delivery;
- Willingness to take risks – some ideas may fail;
- Honesty about current performance – not all current traded services are market ready;
- Preparedness to invest now for a return in the future;
- A requirement for concessions to be carefully considered.

Links to other Harrow Council strategies and policies

In devising the Commercialisation Strategy we have been mindful of the need for it to align with and complement other key documents that contribute towards the overall success of Harrow Council. In particular, this strategy has been aligned to:

- Harrow Council Corporate Plan 2015-2019;
- Medium Term Financial Strategy 2015/16 to 2018/19;
- Harrow Council Core Strategy 2012;
- Harrow Council Commercial and Procurement Strategy 2014.

2 Key aims & objectives

The overarching aims of the strategy are to deliver a financial return which contributes to the council spending plans and to help sustain priority outcomes in the local community.

This will entail developing a programme of work that includes a process for identifying potential opportunities, applies methodologies to further develop those opportunities, has a structure in place to ensure those fledgling opportunities are nurtured and supported, and has the resources to successfully deliver the aim of the strategy.

It is also key to develop clearer commissioning intentions and medium term delivery strategies across all major service areas, e.g. by making decisions around multi-borough join up, seeking more innovative approaches to delivery, challenging existing approaches and set a picture of what the Council will look like in 2020;

Some further objectives will be to:

- Deliver a financial return and contribution in order to invest in services we have to run where we cannot recover adequate or any income, or to invest in new projects;
- Help enable non-statutory services to at least cover all their costs including overheads (and potential opportunity cost) in order to reduce risk of closure and be profit generating where possible;
- Actively engaging in market development and market shaping where no such market currently exists and using insight to manage specification and demand;
- Attract alternative investment models to support service delivery e.g. through social investment;
- Invest and use our financial strengths to deliver a financial return;
- Ensure that outcomes in the local community are delivered on a sustainable basis;
- Strengthen our reputation with residents, local businesses, the Local Government sector, staff, other customers, partners, and stakeholders in general;
- Become a services provider to new and existing customers both from within the local authority environment and beyond, particularly where we are uniquely placed to do so;
- Use the commercial knowledge acquired through this programme to gain a competitive advantage.

3 Creating the right environment

Careful consideration will be given to creating the right environment within the organisation to nurture innovative ideas and develop them into robust project proposals. This will involve the following activities:

- Undertaking a culture and capability review;
- Designing a communications campaign to draw in ideas from staff and generate new ideas;
- Producing a framework for development of new propositions;
- Capturing lessons learned as and when encountered;
- Adopting a project management approach for the implementation of the programme;
- Ensuring new proposals have the right support from the Commercial team and necessary stakeholders.

4 Benefits

Taking the approach outlined within this strategy is believed to be the most appropriate for Harrow Council as it offers a number of key benefits, many of which have already been covered elsewhere within this strategy, including:

- Providing a real, tangible opportunity to make a contribution to the Medium Term Financial Strategy;
- Staff development – new skills will be acquired and can be transferred to other opportunities internally;
- Taking an approach of raising standards and generating revenue at the same time;
- Helping to provide a competitive advantage in key markets;
- Giving Harrow Council an enhanced reputation as a leading-edge authority in this sphere;
- Transforming the organisation into an innovative workplace;
- Bringing benefits to the local economy;
- Ensuring the sustainability of non-statutory services that would otherwise be stopped due to lack of funding.

Alternative options considered

Doing nothing was not an option given the scale of cuts to funding we are experiencing and we are expecting in the coming years.

The council has an option to consider tendering further services to make savings, but savings from procurements alone will not be sufficient to bridge the funding gap.

The council has an option to consider further collaborative efforts but as above, savings from collaborative activities alone will not be enough.

5 Priority opportunities

The Council is already exploring a number of priority commercial opportunities. These will be developed and assessed during 2015/16 and decisions to go ahead brought to Cabinet if appropriate. There is an ongoing area of work to identify new opportunities and so this list will change during the year. However, current priorities are as follows:

1. Legal Service Expansion – Following the successful creation of HB Public Law with Harrow and Barnet Councils, work continues to expand the Legal Practice. An alternative business structure (ABS) was set up in 2014 to enable service to be sold to the private sector. The Council is developing a proposal to include Hounslow in the shared service and the Director Legal and Governance Services is currently shared with Buckinghamshire County Council. The Council will continue to explore opportunities for expanding HB Public Law.
2. Recruitment Agency - The Council spends approximately £20m per year and agency staff, who currently make up over 20% of the Council's head count. A feasibility study has been undertaken to look at the possibility and setting up an in house recruitment agency. Work has now progressed to the development of a business case and conclusions will be reported to Cabinet in the autumn.
3. Website Commercialisation – The Council through its new communications contract is looking to increase the volume of income from advertising and sponsorship, in particular through the website. Opportunities are also being explored to promote national and local deals.
4. Investment Portfolio – The Treasury Management Strategy will be reviewed to look at opportunities to achieve a higher rate of return from the Council's investments. Opportunities for investing a portfolio of commercial property will also be explored as well as other potential investment opportunities such as energy generation.
5. Procurement Services – Similar to the expansion of the Legal Practice, the Council is exploring sharing Procurement services with other Councils in order to share expertise and contribute to overheads.
6. Lettings Agency – The Council has completed a feasibility study to look at the launch of a lettings agency to provide a service to local landlords and to future Council owned housing stock. The proposal to go ahead with this proposition is also presented to June Cabinet.
7. Sexual Health Commissioning – The Council is working with boroughs across London to explore the opportunity for leading a pan London service for the commissioning and management of sexual health services.

8. My Community ePurse – Harrow has developed market leading technology in My Community ePurse as well as industry leading standards of personalisation in Adults Care Services. The Council is exploring the potential to market this capability to other councils.
9. Construction Delivery Unit – Although at a very early stage of development the opportunity to set up a Construction Delivery Unit is being looked at given the volume of construction activity underway and planned across the borough.
10. Private Rented Sector Housing – Significant regeneration is being planned across the Heart of Harrow and this development will include the building of Private Rented Sector Housing across a number of sites. This would provide a long term, source of revenue to the Council.
11. Harrow School Improvement Partnership – The Council runs a very successful School Improvement Partnership which is already providing services to other boroughs. The opportunity to expand the service to other councils is being looked into.
12. Trade Waste – Trade waste services are already provided across the borough and there is an opportunity to win back lost market share within the borough to bring income into the Council.

6 Organisation wide activity

In view of the potential opportunities, our intention is to move at pace with the implementation of this strategy. The programme to support this, together with key dates, is detailed on the next page. Three of these activities are expanded on below.

Pricing review

This activity will review our current subsidy position across all non-statutory services that we charge for to ascertain whether it warrants amendments to our pricing if full cost recovery is the agreed goal.

Trading vehicle

We are at an advanced stage of investigating the possibility and ramifications of establishing a trading vehicle to support the delivery of new revenue streams. A recommended company structure is expected to be brought to Cabinet in July 2015.

Culture and capability review

A review of the Council's culture and workforce to determine whether a new governance approach and mind-set shift is required to achieve the maximum benefits from a Council-wide commercialisation programme. Training, objective setting, revision of job descriptions, and resources are some of the measures being considered within this activity.

Programme Timescales – Year 1 Timetable

Date	Activity	Description
Ongoing, commencing April 2015	Proposition Development	Develop high level business cases / feasibility studies for priority opportunities.
40 July 2015	Pricing	<p>Initial review of subsidy position.</p> <p>Review income vs cost position across major traded services.</p> <p>Amendments if required to our pricing policy.</p> <p>Plans to be developed to move to full cost recovery or profitability on all traded non statutory services with quantification of financial impact.</p>
July 2015 onwards	Contract Specifications	<p>Revisit high value opportunities for challenging specification levels on major contracts – especially in light of work on what Council will look like in 4yrs time.</p> <p>As part of the Re-commissioning work stream (below), each directorate, by division, to look at which of their contracts could be amended to contribute towards the Strategy.</p>
July 2015	Commercial Awareness Training	Investigate training options and pricing.

July 2015	New Propositions	Develop a framework and campaign for development of new propositions in order to create a short list of new opportunities.
July 2015	Selling Current	Identify priority services that are traded where a business improvement methodology (e.g. Canvas) could be used to develop stronger commercial performance (Amateur to Professional to Commercially Fit) in order to expand market share and improve trading performance.
July 2015	Trading Vehicle	Establish a trading vehicle for new revenue streams and agree as part of Cabinet / Council decision making.
September 2015	Capability & Culture Review	Review our current culture and approach using the framework identified to identify how effectively we are set up to be more commercial.
October 2015	Re-commissioning	Aim for all major services areas to have conducted a commissioning / service review, along side the budget process for a view of what the service will look like by 2020. Each directorate, by division, to report on how they will contribute towards the Commercialisation Strategy, by taking full account of in-house skills, knowledge, contracts and assets (i.e. buildings, land, etc.).
October 2015	Grants and Bidding	Review opportunities to bid for external funding.

7 Appendix A: Summary of case studies

Basingstoke Council – Have a commercial property portfolio which delivers an income. A proportion of its portfolio is on long leases. They are not expanding the portfolio and have owned it for many years. Identifying commercial partners to re-develop a major business park and leisure park. Have earmarked further money to invest and looking for competitive return. Early look at PRS but must be balanced with affordable housing.

Oxford City Council – Employ a large manual workforce and are actively in the markets of transport, grounds maintenance, construction and highways providing services to other local organisations, institutions and residents. Achieving an income stream that makes a contribution to overheads.

Cherwell Council – Set up a confederated model across 3 councils to separate who delivers what and to identify what to put under separate vehicles, following a series of service reviews. Have created a I-Lab incubation unit to identify what new services they could sell and to help them prepare business plans and launch.

Luton Borough Council – Single trading company selling a range of Council services including safeguarding training, road planning etc. Directors comprised of Council officers. Trading Building Technical Services as a trading account within Council. Luton Trading Services also operates as a trading account and provides debt collection to other LAs.

Runnymede – A loan from the Public Works Loan Board secured for the regeneration of Addlestone Town Centre (previously been debt-free). The scheme includes a multi storey car park, hotel, cinema complex, 24 hour gym, small supermarket and numerous food and beverage outlets. The development also provides homes, some of which will be rented at affordable rents or shared ownership (part rent, part buy). Contributes to the regeneration of the town centre and also a significant source of income for the Council.

Aylesbury Vale – Have developed new business models for how their services will be delivered using a ‘business canvas’ planning tool. Aim is for services to come as close as possible to cost neutral by focusing on both cost (service design) and income.

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REPORT FOR: CABINET

Date of Meeting:	17 June 2015
Subject:	Proposal to develop a commercial Lettings Agency
Key Decision:	No
Responsible Officer:	Tom Whiting, Corporate Director of Resources
Portfolio Holder:	Councillor Glen Hearnden, Portfolio Holder for Housing Councillor Keith Ferry, Deputy Leader and Portfolio Holder for Business, Planning and Regeneration
Exempt:	No, except for appendix 2 to the report which is exempt under paragraph 3 of Schedule 12a of the Local Government Act 1972 (as amended) because it contains commercially sensitive and confidential information relating to the financial and business affairs of the Council
Decision subject to Call-in:	Yes
Wards affected:	All
Enclosures:	Appendix 1 : Executive Summary Appendix 2 (Exempt) : Feasibility Report plus appendices

Section 1 – Summary and Recommendations

This report sets out the business case for the development of an independent trading company wholly owned by the council to operate as a lettings agency. The agency would trade providing services to private landlords and would be capable of providing management services for other General Fund rented housing. Based on current projections, the agency would require a short-term working capital loan from the Council of up to £100,000 to cover the first year of trading, which would need to be made on commercial terms. As preparatory work advances, it is hoped that the drawdown from the available loan would be less than this amount.

Recommendations:

Cabinet is requested to:

Approve the development of further preparatory work, described in the report, to enable officers to report back to a future Cabinet meeting to approve a suitable company structure for a Lettings Agency.

Reason: (For recommendations)

The proposed lettings agency is intended to; support the council maintaining access to private properties to meet its statutory housing duties, generate an income stream back to the General Fund and provide a management vehicle for new and acquired housing in council ownership. Overall the proposals support the council's priorities to make a difference for the most vulnerable and for families.

Section 2 – Report

Introductory paragraph

The establishment of a lettings agency will contribute the first significant strand of the council's commercialisation strategy, alongside the existing HB Public Law Practice. In practice the delivery of an ethical and trusted lettings agency service can help improve standards in the market, avoid exploitation of both tenants and new / accidental landlords and provide a vehicle for the delivery of management services for the councils own acquired housing stock (outlined elsewhere in this report). In addition any potential newly built private rented units owned by the council could be managed via this agency. Finally the agency should produce a positive revenue stream for the council to contribute to the General Fund.

Options considered

Options considered included:

- Do nothing - which would not generate income and would see the management costs of the new private rental stock "leak" out of the Council. Equally, the housing tenure data as presented in the report suggests that the PRS will be the main source of new housing supply in Harrow and the Council risks losing access to supply opportunities if it does not take a position in accessing and managing housing stock in the PRS.
- Enter into a strategic partnership - This option could cause conflict between the council and a partner in terms of bringing new standards to the market and would still see revenue "leak" away.
- Opt into a Franchise - while this could minimise some of the set up risks it was felt that the knowledge held in house within the council could minimise such

risks assuming that commercial expertise is commissioned. There are also limitations on a new business identity from a franchise operation and recurring franchise costs that hinder profitability in the future.

Background

The idea to create an agency developed from the concept of developing PRS properties to generate an income stream and was expanded to identify the synergies of working with the existing Help2Let product offered to private landlords. In order to develop the idea a focused project was set up and a project manager appointed to test the assumptions and viability model over a 6 week period. The project report produced is provided in part two of this report. The report analyses the growth in the market, the financial model showing potential cash flows and the offer that could be made to landlords.

Current situation

The commercialisation strategy sets out a proposed direction of travel and will require a further report to cabinet setting out the details of company structure(s) proposed. At this stage officers are confident that a lettings agency would sit comfortably in the likely structure that will be brought to a future cabinet.

It would be desirable to continue with the work already begun to establish a viable lettings agency in preparation for the formal establishment of the company which will need to sit outside the council as a wholly owned subsidiary in order to trade.

The following work needs to be done prior to commencing trading as a lettings agency:

- Refine offer and marketing to be put in front of landlords
- Define and produce an independent web site
- Identify suitable premises
- establish HR policies and terms of employment
- Establish working practices, policies and procedures
- Establish registrations (rent deposit, dispute resolution, etc.)
- cash collection procedures
- insurance
- accounting framework
- establishing the company

Why a change is needed

The Executive Summary of the Feasibility & Business Report that is attached as appendices to this report sets out the case to establish a “Harrow Lettings Agency” – operating in the commercial private rented sector within an agreed company structure. This proposal is in keeping with the commercialisation agenda of the Council and would fit within an approved Company structure to be agreed at a future Cabinet meeting.

There are some key factors that have contributed to the proposal to establish a “Harrow Lettings Agency” as described.

- ✓ Housing data for choice and supply points to the PRS as being the dominant tenure now and in the years ahead
- ✓ New housing supply will come overwhelmingly from the PRS as the owner occupied sector and the social housing sector continue to stall in growth or decline against all tenures

- ✓ The Council should consider a new relationship with the PRS in meeting housing need and statutory homelessness – otherwise need will not be met and costs will rise
- ✓ A commercial “Harrow Lettings Agency” can be established for a relatively small investment within a prudent business model that should generate a healthy profit in year 2 of the company trading
- ✓ Business risks can be managed within an appropriate risk management format
- ✓ There is an opportunity to set up an ethical business in the PRS that can be profitable and be a sector leader in it’s business terms and working relationships
- ✓ There is an overall fit with the Council’s commercialisation agenda and this strand captures a key element of the current and potential housing agenda of the council

Implications of the Recommendation

Considerations

The model of cash flows set out in the project report shows positive net cash flows achieved towards the end of year one, with a healthy diversified business stream from years 3 onwards. Conservative assumptions have been used to predict turnover with private landlords and once established there are significant opportunities for growth as new developments come on stream in and around Harrow. However, there are set up costs to be invested and the preparatory work can be off set against early years profits reducing tax liabilities.

Staffing/workforce

In order to develop stage two of this project - i.e. post project verification and pre company formation - the project manager used for phase one report is able to develop much of the work. Ultimately once established the new company will need to employ staff directly using appropriate terms and incentive based payment systems.

Risk Management Implications

The risks associated with this project have been identified and monitored in a risk register shared with the project board of officers and Housing Portfolio holder who have overseen development to date. Risks at this stage are minimised by the proposed preparatory work set out in this report and for the new company the risks will be in the early months of set up.

There is a separate risk register in place.

Legal Implications

- The Localism Act 2011 and associated Regulations specify that commercial trading must be undertaken through a company.
- HB Public Law's private sector partner, Bevan Brittan, are advising the council on legal requirements as the project progresses, including the appropriate company structure and the legal implications arising from the chosen structure

Financial Implications

The financial implications of the proposed decision are contained within the appended report.

- There are no capital implications in the current or future years
- Trading is assumed to commence half-way through this financial year, and the reporting period is assumed to be the same as that of the Council for ease of producing consolidated financial accounts. This means that the first year of trading will be a part year.
- The revenue forecasts contained within the appendix project a small loss in the first part year of trading due the need to fund some initial costs of establishing the business and to start to build a client base of landlords. There may be a need for the Council to provide working capital to the company initially on commercial terms to cover the initial trading period.
- This loss is projected to be covered by a profit in the first full year of trading, with profits then building steadily as the business reaches its projected business potential.
- In practice, the agency would require a short-term working capital loan from the Council of up to £100,000, to cover the first year of trading, which would need to be made on commercial terms. As preparatory work advances, it is hoped that the drawdown from the available money would be less than this amount. Should the company fail to achieve its income targets, some or all of this money may be at risk.
- As can be seen from the projections included in the appendix, the business is projected to generate income streams which would belong to the Council as the company would be wholly-owned by the Council.
- The project has been modelled in isolation at this stage, and has been demonstrated as being viable in its own right. In practice the business is likely to form part of a group structure with additional companies set up to deliver other areas of commercialisation, some of which are included on the agenda for this meeting. As well as being a logical decision, this group structure may well deliver benefits such as economies of scale, and be potentially more tax-efficient than stand-alone companies. Further work is being undertaken in respect of the legal and taxation aspects of the commercialisation agenda, and these will ultimately determine the extent to which any particular business strand generates income for the Council.

Equalities implications / Public Sector Equality Duty

An initial Equalities Impact Assessment indicates that there are no adverse impacts generated by this report a full EqlA will be produced for the final business report.

Council Priorities

The Council's vision:

Working Together to Make a Difference for Harrow

Please identify how the report incorporates the administration's priorities.

- Making a difference for the vulnerable
The proposed agency will work to offer fair terms and minimise or eliminate charges to tenants while offering fair terms of business.
- Making a difference for communities
The agency will work to ensure that properties are well managed and tenants & landlords are made clearly aware of their rights and obligations to local communities
- Making a difference for local businesses
While the proposed agency will offer competition to existing businesses it is unlikely to ever take more than a small percentage of the 18,000 private tenancies let in the borough as recorded in the 2011 census. By setting high benchmark standards the agency should demonstrate that fair charges to landlords can deliver high quality services which will undermine the cheap and ineffective agencies that potentially tarnish the industry.
- Making a difference for families
Families of all ages and income levels will be able to access high quality well managed homes and use the service as a benchmark for the level of service that should be on offer.

Section 3 - Statutory Officer Clearance

Name: Dave Roberts	<input checked="" type="checkbox"/>	on behalf of the Chief Financial Officer
Date: 15 May 2015		
Name: Stephen Dorrian	<input checked="" type="checkbox"/>	on behalf of the Monitoring Officer
Date: 15 May 2015		

Ward Councillors notified:	YES
EqlA carried out: EqlA cleared by:	NO EqlA will be produced in relation to overall commercialisation agenda and separately for the formation of each company

Section 4 - Contact Details and Background Papers

Contact: Paul Mullins, Interim Senior Special Projects Manager, 0208 420 9680 ext 5680 paul.mullins@harrow.gov.uk

Background Papers: None.

Call-In Waived by the Chairman of Overview and Scrutiny Committee	NOT APPLICABLE <i>[Call-in applies]</i>
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The Council commissioned a feasibility study leading to a Business Report on the prospects of setting up a Lettings Agency in the PRS - Private Rented Sector - operating as an independent commercial entity.

This Executive summary highlights the key issues as set out in the full version of the Business Report.

The case is made for a potential “Harrow Lettings Agency” being formed, independent of the Council, and expected in time to generate a financial return to the Council through a declared dividend. This can be accepted as income to the Council – supporting the council’s broader objectives in the borough.

Making the Case – key points

- ❖ **Data trends show the PRS growing in Harrow, London and in England. This may claim to be a historic shift in housing tenure.**

- ❖ ***It is the only housing tenure choice for a new generation many of whom – certainly in London - are unlikely to be able to move from the PRS.***

- ❖ ***London Councils recognise the PRS as the main source of new housing supply in their local areas.***

- ❖ ***For a relatively small investment of about £200k the Council could set up a business in the commercial PRS sector working with 2-3 staff.***

- ❖ ***That can be an ethical and profitable business in the PRS – adopting best practice but adding other core values.***

- ❖ ***This overall proposal fits within the commercialisation agenda of the Council.***

- ❖ ***If adopted, it could position the Council well for further expansion of the PRS in Harrow and in North and West London.***

Summary of core details

The market growth of the PRS is evidenced in the tenure data for Harrow, London, and England. Trends in tenure and housing supply have made a historic shift and the PRS as a tenure will continue to be the choice or the only option for a range of households. More detailed information is contained in Chapter 4 of the main report.

All London Councils, and many in England, face increasing pressures in meeting housing need and homelessness. As the supply of social housing has reduced in recent years, most Councils have sought to build relationships with private Landlords to access the PRS as a source of housing supply and to a certain extent this has been successful.

But there are limits to this growth within a very competitive PRS and it makes some sense to consider a next step – trading from a commercial position within the PRS. The logic on this is set out in chapter 5 in the main report.

The financial case is based on a prudent financial model – set out in greater detail in chapter 7.

The business model sets out a strong opportunity to break even at the end of year 1 trading leading to surpluses in succeeding years that can be taken as a dividend or be used within the business to further the Council’s housing objectives.

The Business Plan is also predicated on three property strands and to some extent that diversified portfolio reduces the risk elements of the new business.

The PRS attracts good and poor publicity – often in equal measure. There are some examples of very poor and in some cases dangerous housing conditions, with some instances of a housing product at the margins of criminality. But there is a strong case to be made for a vibrant PRS with excellent practice that is well managed for Landlords and Tenants.

There should be recognition of the significant contribution by all parts of the PRS –

including Landlords; sector-wide national agencies; Agents - in raising sector standards and promoting an improved business profile.

Equally, central government as well as local and regional government have sought to build a consensus on best practice and tackled sector elements that feature very poor practice – often at high cost to tenants and the image of the sector.

Chapter 6 of the main report sets out all these issues.

Lettings Agents have faced some criticism for business practice that is often adopted towards Landlords and Tenants.

The evidence in Harrow from our work with Landlords is there is room in the sector for a new business relationship that recognises a fresh approach based on sound business ethics for Landlords and Tenants – within an “offer” to Landlords that is competitive.

The other parts of the main report contribute to this historic next step for Harrow to set up a Company that can

operate *within* the PRS – being commercial, generating a financial return but contributing to an improving PRS, offering an ethical business practice for Landlords and Tenants.

Project Management – key issues

From February 2015 a project has been managed by a ‘Harrow Lettings Agency Project Board’, chaired by the Cabinet Member for Housing, with key senior officers plus an independent consultant from March 2015, to work specifically on the feasibility assessment and the arising business report.

The business report has been delivered within a project management environment that has encompassed:

- ✓ A project plan to deliver the Feasibility Assessment and subsequent Business Report
- ✓ A Risk Map and risk register
- ✓ An agreed set of Deliverables for the Feasibility and the Business report
- ✓ Financial projections and financial modeling
- ✓ Review of the Private Rented sector

- ✓ Assessment of a competitive position to trade in the sector
- ✓ A survey of Harrow landlords and forms of engagement with Landlords
- ✓ Contact with the National Landlord agencies representing the sector
- ✓ Legal advice on company formation and the requirements to trade in the sector
- ✓ A sense of required best practice
- ✓ A review of the impact on equalities through the feasibility and potential ability to trade via a commercial company
- ✓ Any impact on the Council’s current activities vis-à-vis the private rented sector and engagement with landlords through the Help2Let scheme
- ✓ IT and data considerations in line with a business start up
- ✓ Key operational factors in setting up a potential business that would be able to compete in the market and be recognised as an ethical, high performing and model business practice in the sector

The Project Manager has concluded that he can recommend a Business Report that justifies the setting up of a Limited Company that can operate as a commercial entity in the private sector lettings market primarily in Harrow but also in other areas outside of the borough where lettings opportunities are gained.

Setting up a “Harrow Lettings Agency” at this juncture as a commercial concern follows the established market trends in housing supply but it also positions the new lettings company to access areas of housing intensification in Harrow and west London that are coming on stream over the next 3-10 years.

In recommending this position to the Project Board some key questions have been considered and these are highlighted in this Executive Summary.

Key questions to consider

- Is this a proper and legal use of powers available to the Council?

- Is the proposal in line with emerging best practice towards the private rented sector?
- Have the Risks been fully assessed and sufficiently considered within the recommendations?
- Can the allocation of start up funding be justified and allocated for the proposed business venture?
- Is there a strong element of “Invest to Save” in any proposals generated from the project?
- Will there be a positive impact on meeting housing need in Harrow and containing the growing Homelessness costs?
- Are the proposed operational arrangements right for the business?
- Is the timeline to start the business realistic within the proposals?

- Does this proposal contain the required synergy and strategic fit within the Council’s overarching agenda?

Choice in Housing

Housing options for many people have become very difficult and for some –are a burden on their lives. Much has been written about the housing market and the pressures that are evident in London and the south-east of England.



Firstly, it is clear that access is being restricted to the owner occupied sector through restrictions on gaining mortgage

finance and in meeting higher property values.

Secondly, the social housing sector has huge and unmet demand with lower levels of new supply compared to previous years and resurgence of RTB.

In that scenario, the private rented sector in England has grown significantly to the point that it contains more homes than the social housing sector – a historic tipping point in supply and housing choice in England back towards the 1950’s.

Achieving a working synergy with the private rented sector is well set out in Harrow’s Housing Strategy and Private Sector Housing Strategy.

The Council already recognises the importance of the private rented sector as a supply of housing in the borough noting the constraints on the supply of social housing and the financial barriers in people accessing the current owner occupied sector.

The dominance of the PRS, according to industry experts and available data, is unlikely to change in the next 5–10 years although severe housing market fluctuations should never be ruled out.

The position of London as a world-class city is likely to continue the trend of foreign investment capital in new housing making properties unaffordable to many seeking to buy. This has been one important and salient factor in the consequent expansion of the PRS in the capital.

Harrow has an excellent track record of working with Landlords to source properties in the PRS to offer a package of measures for homes to be let at LHA rates – as demonstrated by the current Help2Let scheme.

This will continue but the growth in property values and demand means that the gap between LHA rates and the commercial rent yield is growing – meaning that the Help2Let scheme is being forced to look at landlord options outside of Harrow and has a current focus in Birmingham.

There is an opportunity to merge the Help2Let function with the proposals for setting up a Harrow Lettings Agency and this is discussed in greater detail in the report.

Additional Key Findings from the feasibility assessment and reported in the Business report

Legally – there is no impediment to the Council making the decision to set up a private Company for the purpose of trading as a Lettings agent. The most readily adoptable form would be a company limited by shares, which would be wholly owned by the council.

As noted above, trends from available data suggest that the PRS is on course for a fundamental tenure shift in England. The PRS is becoming the dominant tenure - for young people and newly forming households. This is as a result of choice or necessity.

In Harrow, as an outer London Borough, with a relatively small social housing sector, the tenure shift towards the PRS is noted in the

Housing Strategy and Private Sector Housing Strategy – following the national data trends.

Other factors including population increase, the constriction of available mortgage finance, and the changing nature of social housing supply means that this overall data trend is likely to continue.

Of course, there are a number of housing markets in England but the position of Harrow as an outer London borough means that it must look to the demand/supply dynamics in London as being a crucial factor.

Setting up a Harrow Lettings Agency in the commercial lettings sector would be viewed as a groundbreaking development by a London local authority.

Many London local authorities are at the point of a “Help2Let” model of various hues in seeking greater access to private Landlords to gain supply in the PRS through various incentives – reducing homelessness and meeting housing need.

But for Harrow, with established practice in this sector, it is clear that the Help2Let model is going against the grain of market forces and will increasingly struggle to gain a supply of homes in the PRS in Harrow and surrounding areas at LHA levels. This is leading to boroughs entering “bidding war” which is ultimately counter productive.

At this point, there is a question of how to move forward in securing a stronger position in the PRS taking account of the commercial and market forces plus the trends in supply that are the critical factors.

The feasibility assessment has considered that there is room in the market place for a Lettings Agent that does have a well-considered and attractive market offer to Landlords.

It makes a great deal of sense to build on the experience of Help2Let and the positive working experiences that have been gained. This will have to mesh the opportunities to meet housing need but also offer a commercial service to Landlords and Tenants.

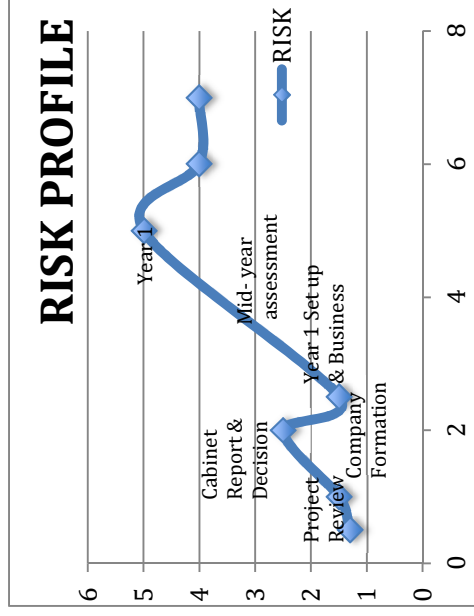
A Business start up will require working capital before a working profit return can be generated. This is fundamentally linked to the risk appetite of the Council in assessing this business proposal.

Operationally, the Project team has agreed that the business venture needs to start from the position of:

- a retail shop front service based in central Harrow
- a website that reflects a leading edge point in the sector
- strong sense of publicity, communications and branding
- compatibility in the business operations of Help2Let and a proposed Harrow Lettings Agency



Finance and Risk



Finance and Risk are key elements of this business proposal. The Risk profile will only level off once the business starts to trade and generates a return by the end of year 1 – underpinned by a Year 1 Business Plan.

Although the risk factors are highest in year 1 – there are significant opportunities past that year as LB Harrow’s own PRS investment comes on stream and PRS opportunities are made available in Harrow and west London generally (Housing Zone and Intensification

areas) but particularly in housing intensification areas e.g. Old Oak common.

The Feasibility has concluded that success of the business will be enhanced if the company embraces the private sector culture and mentality. That will have an impact on recruitment; the staffing structure; pay and reward in the Company.

Harrow has an option to be part of that market.

Our selling point

- Ethos and Core values**
- In business for Landlords and Tenants**
- Comprehensive Service, Quality Assured**
- Local Knowledge**
- Track Record**
- Commitment – here to stay**

Conclusion to Executive Summary

A “Harrow Lettings Agency” can be a force for good in the sector aligning with the best in class and moving with the sector and national agencies that are doing so much to promote the sector and drive up standards.

An Agency operating in the commercial sector could merge the requirements of meeting housing need through the PRS as well as providing a housing product that generates a financial return to the Agency.

There is some sense that the dynamics of the PRS market should be considered as a whole and that the Council – through a commercial Lettings Agency – would be better placed to engage and recruit Landlords for a more complete range of lettings in the sector.

A new Agency in the sector could set it’s own path of ethical lettings that are consistent with generating a healthy rate of return – maximising opportunities for landlords and delivering a fair and cost effective lettings service to tenants backed by excellent standards in customer care.

There is much discussion on the notion of “generation rent” and what that means for the private rented sector.

In that setting, there is an opportunity to influence that agenda and be placed at a leading edge of better practice e.g. a fairer deal for tenants in terms of fees; more security of tenure in the PRS through longer tenancies; a fairer deal for Landlords.

Lettings in the PRS are here to stay and seem set to grow more as a housing tenure – they may be for life as a voluntary option of housing – as is the choice of tenure in other European countries.



There are strong supply side factors in reaching towards the notion of a “Harrow

Lettings Agency” operating in the commercial PRS – meeting housing need but also generating profit that can be re-invested back into the Council and the wider requirements of housing in the borough.

Of course, this overall proposal has to balance risk and reward and be based on a market assessment with evidential factors that justify the risk.

In summary, Harrow has a historic choice to gain a place in the PRS market – becoming a key player and a model of excellent practice in the sector in Harrow with the potential to grow in other areas e.g. in north and west London.

If the Project Board believes that there is merit in this overall approach - the recommendations from the Business report may open up a path to re-align Harrow’s influence in the PRS towards a new and more influential position from inside the sector.

Date of Meeting:	17 June 2015
Subject:	Grange Farm Regeneration – Progress, Planning and Implementation
Key Decision:	Yes
Responsible Officer:	Lynne Pennington, Divisional Director of Housing Services
Portfolio Holder:	Councillor Glen Hearnden, Portfolio Holder for Housing
Exempt:	No, except for appendix 2 to the report which is exempt under paragraph 3 of Schedule 12a of the Local Government Act 1972 as it contains information relating to the financial or business affairs of any particular person (including the authority holding that information)
Decision subject to Call-in:	Yes
Wards affected:	Harrow on the Hill
Enclosures:	Appendix 1 : Financial support for Leaseholders and Freeholders Compensation payable to tenants Appendix 2 (Exempt) : Financial Appraisals, proposed land acquisitions and Contractual arrangements for appointment of Development Partner

Section 1 – Summary and Recommendations

This report sets out the progress made in preparing for the regeneration of the Grange Farm estate and the necessary further approvals required to take the next steps. These approvals include the ability to purchase property and land not in the council's ownership, and the process to enter into a joint venture / contract with a development agent

Recommendations:

Cabinet is requested to:

- 1) Approve the purchase of various land parcels and buildings identified in Appendix 1 to the report and delegate to the Divisional Director of Housing Services, following consultation with the Housing Portfolio Holder, authority to enter into negotiations and contracts for purchase of land where the scheme will be enhanced and/or is forecast to recover the expenditure in the interest of land assembly.
- 2) Delegate to the Divisional Director of Housing Services, following consultation with the Housing Portfolio Holder, authority to negotiate with existing leaseholders to repurchase leases at rates compatible with minimising costs while reducing the risk of a full CPO process.
- 3) Authorise the making of payments to leaseholders in line with their entitlement to statutory Home Loss and Disturbance costs
- 4) Authorise officers to either proceed with
 - a) the selection (in compliance with EU Procurement Rules and council standing orders) of a constructor on the basis of a joint venture or Design & Build contract allowing for a parcel of the site to be transferred to the constructor /developer in order to minimise the council's initial costs.
 - Or b) recommend that the Council retains overall control of the project and undertakes the full development including the sale of private units.

(In the event that b) is the preferred option and in the best interests of the Council a further report will be produced for Cabinet to consider).

- 5) Approve the principle of an equity share scheme for those resident leaseholders or freeholders who would otherwise be unable to raise sufficient capital to purchase outright or, via shared ownership, a replacement property, as set in appendix 1.
- 6) Authorise the appointment of external legal advisors to give guidance on contracts required to appoint the construction partner and to transfer the land for the private element of the development, where the Director of Legal & Governance Services identifies that this would be beneficial.
- 7) Confirm that officers can begin preparatory work in relation to a Compulsory Purchase Order.
- 8) Authorise the creation of capital budget within the Housing Account of £6.102m as described in this report. In addition to authorise the Director of Housing, after consultation with the Housing Portfolio Holder to vire money between the existing budget allocation of £6.2m identified for the purchase of 20 properties for the HRA and the Grange

Farm repurchase of properties / land assembly as required.

Reason: (For recommendations)

The regeneration of the estate is a complex process with numerous stakeholders who have interests in the estate. The recommendations are required to authorise officers to take action to deliver the scheme.

Section 2 – Report

2.1 Introductory paragraph

2.1.1 The cabinet reports of July 2014 and January 2015 set out the overarching objectives and first steps for the regeneration of the Grange Farm estate. The overall scheme will demolish 287 council or ex-council properties and build *circa.* 500 properties at an estimated total scheme cost of £80M, producing double the existing density and enabling costs to be largely recovered through the sale of half of the units.

2.2 Options considered

2.2.1 Consideration was given to the option of abandoning the proposed redevelopment, but there have been no changes that would suggest that the redevelopment should not remain the preferred option.

2.3 Background

2.3.1 This project has the potential to produce a prestigious and sought after development in South Harrow to uplift this area of the borough and reinvigorate the local economy. A strong field of architects wished to bid for this scheme and this supports the very positive early appraisals given by other consultants. The preferred architect has proposed the creation of a new environment which instead of being an isolated island of poor quality housing will be fully integrated with a vibrant feel that encourages the ebb and flow of daily life and creates clear links with the main Northolt Road and surroundings. The work done by officers and residents to establish a clear path to regeneration is now starting to pay dividends as Steering Group representatives were an integral part of the architect selection process. The progress made to date is listed below

- Housing Needs Survey completed
- 18 properties let on a temporary basis pending demolition
- Client Advisor, Employers Agent and Architects appointed
- Resident Steering Group set up and Independent Tenant Advisor appointed
- Discussions held with some of the other landowners about options to purchase
- Service of Initial Demolition Notices
- Initial surveys completed (Rights of Light and Sub-Surface)

- 2.3.2 With the appointment of the architects for the scheme, the development is moving into the final stage of preparation. This will entail the setting of the final site boundaries, phasing of the development and the confirmation of budgets.
- 2.3.3 The council will need to acquire a range of property and land interests (including leases) at an early stage in order to be confident that the scheme can be delivered. Part 2 of this report lists the land and buildings that will need to be acquired together with some additional land which it might be necessary to acquire in order to deliver an attractive development that will enhance the marketability of the units for sale.
- 2.3.4 The repurchase of freehold and leasehold interests will require the payment of compensation and it is proposed that this should be agreed in line with the statutory minimum provided for within the Compulsory Purchase framework. A summary of these provisions is provided in appendix 1.
Officers also wish to confirm that the Home Loss and disturbance payments to tenants as set out in appendix 1 will be payable. During the course of the scheme the Home Loss amount may be increased and the new rates will be applied automatically.
- 2.3.5 The negotiation of the market value of each property will need to be conducted on the basis of the valuation advice received from the council's internal valuers. However, some level of negotiation around the figure recommended by the in-house valuers will inevitably be necessary if the council wishes to progress with the minimum of delay and to avoid protracted CPO procedures. The confidential section of the reports sets out a framework of delegation which is suggested to allow this negotiation to be conducted efficiently and maintains accountability for the expenditure of the funds.
- 2.3.5 Due to the nature of the Resiform flats at Grange Form which owing to their construction type offer accommodation which is difficult to maintain, the market valuation of the properties will be below the average market price in the area. This is likely to present resident leaseholders with a dilemma, as they are unlikely to be able to afford to buy a replacement home without finding additional funds to purchase the property and they may not be in a position to take out further loans to finance this. An option used on previous regeneration schemes, where the council has transferred ownership, has been to offer a shared ownership option to purchase on the new development. However, some residents are reluctant to take on the additional rental obligations particularly if they are on fixed incomes. It would be an option for the council to take an equity stake in a flat in the new development allowing the existing leaseholders to continue living in the same community without increasing their financial commitment. The council would receive back their relative % equity share upon sale of the flat in the future. This is discussed in more detail in appendix 1
- 2.3.6 Having virtually completed the process for the appointment of architects the next major step in the project will be the appointment of a construction partner. This process will be equally critical to the success of the project as the value created in the properties for sale needs to be sufficient to meet the majority of the scheme costs. It is planned that we use the London Development Panel framework to

invite bids for the development as this framework is already OJEU compliant and has a range of 25 large developers.

- 2.3.7 The architects appointed will need to produce a Master Plan for the estate allocating specific property units and/or land for the private development. The protection of the council's interests and the creation of a contract that is capable of handling various delays or changes to circumstance during the development period are critical. Expert legal advice is required to guide the council in the establishment of this relationship. The current preferred process would transfer the risk of producing the units for sale and the achievement of the projected sales values to the developer. This would include provisions for the transfer of land, the distribution of surpluses from the development and the ability to enter onto the council's land to commence development prior to transfer. However, should the council consider, under its developing commercialisation strategy, that the reward is sufficient it may wish to either take the responsibility for funding the scheme and the resultant profits itself or as a minimum reserve a proportion of the stock identified for sale to add to its portfolio of PRS stock.
- 2.3.8 The ultimate procurement route for the developer / constructor is one that will be kept under review taking into account market conditions, build costs and the council's risk appetite.

Current situation

Risk included on Directorate risk register? Yes

Separate risk register in place? Yes

Legal Implications

The Council has the power to acquire land, and interests in land, by agreement pursuant to section 120 of the Local Government Act 1972.

The Council has the power through various enactments to acquire land compulsorily. The power commonly used by local authorities is section 226(1)(a) of the Town and Country Planning Act 1990 (as amended). The section provides that a local authority shall, on being authorised to do so by the Secretary of State, have power to acquire compulsorily any land in their area if they are satisfied that the acquisition will facilitate the carrying out of development, redevelopment or improvement on or in relation to the land. However the power must not be exercised unless the authority thinks that the development is likely to contribute to the achievement of the economic, social and environmental well-being of the area.

The Secretary of State will only confirm the CPO if he is satisfied that there is a compelling case in the public interest to do so. Those who wish to object to the CPO may do so and are entitled to be heard at a public inquiry held to consider the case for, and the objections to, the CPO. Those whose land and interests are acquired will be entitled to compensation calculated on the basis of legislation and related case law known as the "CPO Compensation Code".

Consideration must also be given to the interference with rights protected by the Human Rights Act 1998, including Article 8 (respect for private and family life and home), and Article 1 (the right to peaceful enjoyment of possessions) of the European Convention on Human Rights. A decision to make a CPO must strike a fair balance between the public interest associated with the regeneration of the land and the interference with private rights.

Though the Council anticipates the willing co-operation of tenants living in Grange Farm Estate it may need to rely upon the Ground 10A provisions to obtain possession of the existing homes in order to enable the regeneration to proceed. Ground 10A permits a local authority to obtain possession orders to enable a redevelopment to proceed which has been approved by the Secretary of State in accordance with Part V of Schedule 2 (Part V) of the Housing Act 1985.

The Secretary of State will only provide his approval under Part V where the local authority serves written notice on the affected secure tenants stating:

- (a) the main features of the scheme;
- (b) that the local authority intends to apply to the Secretary of State for his approval of the scheme;
- (c) the legal effect of such approval in particular the ability of the local authority to rely on Ground 10A in possession proceedings.

Part V requires a local authority to allow the secure tenants to make representations to it about the proposal. The period for consultation must be no less than 28 days from the date of the notice provided to tenants.

Prior to making the application to the Secretary of State the local authority must consider the representations made to it by the secure tenants.

Part V consultation is expected to commence in the autumn of 2015. However, officers have been regularly consulting with the Grange Farm Steering Group and together with Council officers have consulted with residents at Public Open Meetings on scheme proposals and on the process to select an architect.

The Council will need to ensure that the appointment of any contractor or developer partner and other professionals in connection with the Grange Farm regeneration scheme is fully compliant with EU procurement rules and the council's contract procedure rules.

Financial Implications

In July 2014, Cabinet approved the following HRA budgets from within existing resources to enable the Grange Farm regeneration project to be taken forward:

	£,000
Provision of Consultants for a) overall scheme co-ordination and b) architects for Grange Farm Master Plan	1,000
Potential short term repurchase of former council units at Grange Farm	1,000
Establishment of delivery team to manage projects plus costs of meetings / publicity p.a.	100

Not all of the above budgets have been used.

As we now move on to develop the scheme, budgets need to be established for the delivery process.

A detailed business model has been created for this project. However until the detailed design is taken forward which will define the total number of new units, the number to be sold and up to date estimations of sales values, it is not possible to determine the final net cost of the scheme. The model currently forecasts a deficit which could range from £3.7m to £13.4m, as indicated in the July Cabinet report. While this range is currently considerable this is based upon a range of variables such as build costs, sale prices and unit numbers, any one of which can produce significant variation, and if all combined in a negative manner could produce the extreme result. As the scheme design progresses the objective will remain to achieve an outcome which delivers regeneration at no net cost to the council if at all possible; however, if necessary, HRA balances or other resources could be used to support the regeneration. Given the cost of retaining the stock and refurbishing it is in the order of £11m, the scheme looks capable of producing a positive contribution to the HRA.

The proposed budget requirement to allow the project to proceed with the submission of a Planning Application, appointment of construction partner and the acquisition of property is set out below.

Subject	Expenditure / Commitment	Revised Budget
Employers Agent	518,000	518,000
Architect	750,000 (estimate)	750,000
Leasehold repurchase	5,300,000	5,300,000
Miscellaneous surveys		
Freehold purchase	1,200,000	1,200,000
Disturbance and compensation payments	334,000	334,000
Total	8,102,000	8,102,000
Existing capital budget		2,000,000
Additional capital requirement – to be funded from HRA resources		6,102,000
Housing Association purchase	3,500,000	3,500,000
Potential land assembly		

Total additional capital requirement		9,602,000
Resident engagement and support	20,000	20,000 (revenue)
CPO Preparation		

It is clear from the above table that this project will require a significant financial input to assemble the whole site prior to the commencement of regeneration, and because of the inability to borrow within the Housing Revenue Account, it will not be possible for the development to be funded via the HRA. There a number of other capital projects currently underway within the HRA, including a programme of new build and a purchase and repair programme to acquire additional homes for long-term HRA use. The combination of these programmes means there are insufficient resources to fund the whole of the additional capital requirement set out above.

Due to the need to complete the repurchase of leasehold and freehold property as soon as is practicable, it is necessary to have in place the budget to cover the costs of repurchase. It is therefore proposed to prioritise this element of cost and to fund the purchase from existing HRA resources. This will require approval of an additional capital budget in the HRA of £6.102m, which will be funded from a combination of balances and other capital resources.

Further modelling is being carried out in respect of the purchase of the Housing Association properties, and the purchase of these will be the subject of a separate report with business case, but may well seek to finance the purchase via the General fund and/or in partnership with the developer once one has been appointed.

In terms of the development itself, further work is also being carried out in respect of delivery options to determine how the regeneration will be financed and to consider appropriate levels of risk-sharing during the development and sales processes, to try to balance the risk/reward equation for the Council.

Equalities implications / Public Sector Equality Duty

An Equalities Impact Assessment is still being developed and will be refined once the architect's designs are confirmed and the resident surveys completed.

Council Priorities

The Council's vision:

Working Together to Make a Difference for Harrow

The Homes for Harrow programme which includes the Grange Farm regeneration project will contribute positively to the Council's vision for Harrow Working Together to Make a Difference for Harrow and the Council's priorities in the following ways:

1. Making a difference for the vulnerable – building a range of new affordable homes including homes for those who are most in need.
2. Making a difference for communities – This work provides an opportunity to involve and engage residents on the Grange Farm estate and from the wider community in the development of new homes, the replacement of poor housing and improvements to the external environment.
3. Making a difference for families – Improving the worst social housing in Harrow and building homes to meet family needs. Other benefits flowing from the regeneration programme include the creation of apprenticeships, jobs and training opportunities to help those most in need, especially the young.

Section 3 - Statutory Officer Clearance

Name: Dave Roberts	<input checked="" type="checkbox"/>	on behalf of the Chief Financial Officer
Date: 4 June 2015		
Name: Ian Goldsmith	<input checked="" type="checkbox"/>	on behalf of the Monitoring Officer
Date: 4 June 2015		

Ward Councillors notified:	YES , as it impacts on all Wards
EqIA carried out:	NO
EqIA cleared by:	An initial high level assessment identified no reasons to believe that there will be any significant adverse impacts. A full EqIA will be concluded once the resident survey relating to rehousing preferences has been completed.

Section 4 - Contact Details and Background Papers

Contact: Paul Mullins, Snr. Interim Special Projects Manager, 0208 8420 9680 paul.mullins@harrow.gov.uk

Background Papers:

Cabinet report 20 June 2013, Housing Business Plan 2013, consultation draft Asset Management Strategy, Proposals for a future Affordable Housing Programme, and Proposed Grants to Move scheme

<http://www.harrow.gov.uk/www2/documents/g61429/Public%20reports%20pack%20Thursday%2020-Jun-2013%2018.30%20Cabinet.pdf?T=10>

Cabinet report 10 April 2014 Affordable Housing Programme Update

<http://www.harrow.gov.uk/www2/documents/g61438/Public%20reports%20pack%20Thursday%2010-Apr-2014%2018.30%20Cabinet.pdf?T=10>

Cabinet report 17 July 2014 Homes for Harrow

<http://www.harrow.gov.uk/www2/documents/g62354/Public%20reports%20pack%20Thursday%2017-Jul-2014%2018.30%20Cabinet.pdf?T=10>

Cabinet report 15 January 2015 Grange Farm Regeneration Scheme

<http://www.harrow.gov.uk/www2/documents/g62359/Public%20reports%20pack%20Thursday%2015-Jan-2015%2018.30%20Cabinet.pdf?T=10>

**Call-In Waived by the
Chairman of Overview
and Scrutiny
Committee**

NOT APPLICABLE

[Call-in applies]

London Borough of Harrow
Grange Farm Regeneration
Financial support for Leaseholders and Freeholders
Compensation payable to tenants

1 Background

1.1 There are 250 Resiform properties, 13 bungalows and potentially a further 24 traditional flats that might be included in the scheme.

1.2 Of the total properties there are the following leaseholders:

Total properties	Leaseholders / freeholders	Resident Leaseholders Freeholders
250 Resiform	22	4
13 Bungalows	6	3
24 Traditioanl flats	3	2

1.3 For the resident owners particularly the leaseholders the equity stake that they have in their properties coupled with their likely restricted mortgage capacity will make it hard for them to purchase a replacement property.

1.4 It is unlikely that they will be able to buy on the resale market near to Grange Farm and almost impossible for full purchase on the new development.

1.5 For the bungalow freeholders the option of buying a smaller 1-bed flat might be an option while at present they occupy relatively spacious 2-bed bungalows.

1.6 It should be noted that the above description is largely a generalisation of their financial position and no detailed financial appraisal has been conducted for any individual.

1.7 The current scheme for compensating leaseholders and freeholders is summarised below

Home Loss compensation for owners of Property		
	Resident leaseholder or freeholder	Non resident owner
For the property	Property value + 10%	Property value plus 7.5%
Additional costs of	Solicitor, valuation fees, early mortgage redemption fees	

sale		
Additional costs of purchase (if within 1 year of sale)	Solicitor, valuation fees, stamp duty land tax (to a similar value as that of property sold)	
Example for 2-bed flat	£,000	£,000
	Valuation 180	Valuation 180
	Plus 10% 18	Plus 7.5% 13.5
	Total <u>198</u>	Total <u>193.5</u>
Estimated value of 2-bed flat in new development	£,000 <u>260</u>	

1.8 The Home Loss and Disturbance payments for tenants are calculated in a different manner. The Home Loss element is set nationally and was last reviewed in the summer of 2014; it currently stands at £4,900. In addition the council must meet reasonable expenses incurred in the move. This would normally include removal costs, disconnection and reconnection of white goods, aerials etc, together with any ancillary costs such as postage redirection fees & telephone reconnection.

2 Options

2.1 Option one would be, to say as with non residential owners, that they have made an investment and must make their own arrangements. This will make negotiating the purchase of these units difficult and for a number of the older residents may be perceived as uncaring.

2.2 Option 2 would be to encourage shared ownership of the new flats which will be for sale. While this may address their housing needs, a number of residents may still struggle financially if they have only recently taken a mortgage and would then have to find a proportion of rent in addition.

2.3 Option 3 would be for the council to retain an equity stake in the new flat that they purchase. This would mean the owner using their equity to purchase the flat with the council in effect making up the difference of say 30%. When the property was sold the council would automatically take its 30% share back. The actual % stake that the council would retain would vary between each purchaser according to the equity that they release from their flat.

2.4 Option 4 would be the same as option 3 above, but rather than reclaiming a percentage of the value on resale the council would reclaim its original equity stake plus a percentage added annually for the loan. While this would protect the council from the risk of the properties losing value it might produce a lower return for the council and also raise questions about the council appearing to profit from the disadvantage it created for the leaseholders.

3 Recommendation

4.1 The recommendation would be that the council promotes option 2 and when this is not a viable option for the owners then option 3 be offered, with a cap of no more than 50% equity stake being taken by the council.

4.2 The council would need to ensure that any financial regulations are complied with in giving advice to the residents and an independent financial advisor would need to be appointed.

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REPORT FOR: CABINET

Date of Meeting:	17 June 2015
Subject:	Mortuary Service - Expansion of Partnership
Key Decision:	Yes
Responsible Officer:	Caroline Bruce, Corporate Director of Environment and Enterprise
Portfolio Holder:	Councillor Graham Henson, Portfolio Holder for Environment, Crime and Community Safety
Exempt:	No
Decision subject to Call-in:	Yes
Wards affected:	All
Enclosures:	None

Section 1 – Summary and Recommendations

This report seeks Cabinet approval to vary the partnership arrangement with Brent Council for the delivery of the Mortuary Service to include Barnet Council.

Recommendations:

Cabinet is requested to grant authority to the Corporate Director of Environment and Enterprise, following consultation with the Portfolio Holder for Environment, Crime and Community Safety, to vary the partnership arrangement with Brent Council to include Barnet Council.

Reason: (For recommendations)

To ensure the Council fulfils its statutory responsibilities for the provision of a mortuary service.

Section 2 – Report**Introductory paragraph**

Brent and Harrow Councils entered into an agreement in 2006 for the management of the public mortuary at Northwick Park Hospital. Under this agreement Brent provides the mortuary services for both boroughs.

It is now proposed that the shared mortuary service is expanded so that Brent also provides mortuary services to Barnet Council, creating a tri-borough mortuary service.

Background and Current situation

Harrow's mortuary services is currently delivered by Brent. The strategic direction of the service is jointly agreed between Brent and Harrow, while the operational activities are performed by Brent Council under service level arrangements. Brent Council operates a public mortuary located within the grounds of Northwick Park Hospital while Barnet Council operates a public mortuary in Finchley. Both are within the jurisdiction of the North London Coroner. This report proposes extending the shared service arrangement at Northwick Park to include Barnet allowing the rationalisation of arrangements and the closure of Finchley Mortuary.

Brent and Harrow Councils jointly hold the Northwick Park site under a 99 year lease from the Secretary of State which expires on 25 December 2080. A formal agreement, between both boroughs sets out the joint arrangements for management, finance, governance and termination. Each authority pays a proportion of the running cost on a per capita basis.

Barnet has been reviewing its mortuary service in light of their outsourcing of services as well as the considerable investment that would be needed in their ageing Finchley site. In March 2014 Barnet begin discussions with Brent around the use of any surplus facilities at Northwick Park.

HM coroner for north London has given support for the tri-borough arrangement at Northwick Park.

Why a change is needed

A change is needed to the existing partnership arrangement to accommodate the inclusion of Barnet in the shared service. This requires the creation of new governance, management and finance arrangements.

Options Considered

There was the option of not including Barnet in the arrangement. This option would have meant the loss of opportunity for costs reduction due to a further sharing of cost.

Recommendation

That the shared service arrangement between Brent and Harrow is updated and extended to include Barnet Council.

Implications of the recommendations

To accommodate Barnet in the shared service will require not just changes to the governance arrangements but also changes to the infrastructure at Northwick Park. There is the need for additional storage in order to accommodate a borough such as Barnet with a population that is larger than Brent and Harrow.

In addition to the cost of additional storage, there are some additional investments which will soon be necessary to upgrade aspects of the infrastructure that are largely unchanged since construction 33 years ago.

Barnet has therefore agreed to make a contribution of £172,000 to these capital costs. This agreement allows Barnet to receive a substantial capital receipt from the sale of their Finchley site. It also allows Brent and Harrow to dramatically reduce the capital cost of infrastructure renovations that they would have shortly faced otherwise. It has also been agreed that each borough will contribute a modest proportion of the revenue savings each year to a refurbishment reserve fund that is intended to provide sufficient funds for future capital refurbishment costs. There is no further capital expenditure in the period that requires any investment from Harrow.

The shared service will be governed by an Inter Authority Agreement (IAA) for a minimum of 10 years with an option to extend the service by mutual agreement for a further five years. Any party can exercise an early termination option by giving not less than 12 months notice of termination.

Brent will calculate the net estimated expenditure and will apportion that across all three boroughs in proportion to the population figure in each borough. Brent will prepare audited accounts no later than June each year. This will identify whether additional contributions are required or whether there is a refund due to Harrow and Barnet.

Brent will be responsible for complying with all legislations and codes of practice and deliver the shared service in accordance with the Service Specification and the operational matters set out in the IAA.

The parties will establish a Strategic Monitoring Board (SMB) comprising a senior officer from each authority, the Head of Service (Brent) and the contract managers. The overall purpose of this board will be the monitoring, directing, advising and ensuring the effective performance of the IAA and the delivery of the shared mortuary service. The SMB will meet quarterly or more frequently if required. The escalation from the SMB is to respective Strategic/Corporate Directors.

The arrangement will start as soon as the legal agreements are finalised. Barnet will keep its Finchley site open until the renovation of the facilities at Northwick Park is completed.

Legal Implications

Brent has the power to provide mortuary services to Harrow and Barnet by virtue of s1 of the Local Authorities (Goods and Services) Act 1970. Brent will be required to comply with legislation including the Public Health Act 1938 and the Human Tissue Act 2004 in relation to the delivery of the services.

On completion of the IAA there will be a relevant transfer to Brent for the purposes of TUPE for the staff employed by Barnet.

Financial Implications

The cost of the existing Brent and Harrow mortuary in 2014/15 was £82k for Brent and £63k for Harrow with the cost sharing being on the basis of the two boroughs' respective populations. The addition of another local authority to existing agreement with Harrow is expected to reduce the revenue costs of providing the statutory public mortuary service for all three boroughs. In the case of Harrow the revenue saving will be in the order of £15k per annum. This is based on the initial running cost of £48k compared to the current £63k cost. This running cost is based on a revenue cost share set out below and estimated expenditure of £188k (after reduced running cost due to capital investment).

The expenditure Brent incurs for the provision of the shared mortuary service will be shared between Harrow, Barnet and Brent in proportion to the population figure for their respective areas according to the most recent population estimates issued by the Registrar General's estimate. The current proportion of population and therefore the initial revenue costs share apportioned between the boroughs is set out below:

Borough	Revenue costs share (%)
Barnet	40
Brent	34
Harrow	26

Performance Issues

The IAA requires the collation and reporting of service data as part of the monitoring of the service and the achievement of pre-set objectives and targets. These will be reported to the SMB. The performance indicators to be used are as follows:

- Meet minimum Human Tissue Act (HTA) Standards and Licence requirements and ensure that any inspection of the shared service by the Human Tissue Authority does not identify any shortfalls in compliance with the HTA standards
- Satisfaction of the HM Coroner

- Maintaining a disaster recovery/emergency plan
- Business Continuity

Customer Service- No complaints against the shared service and satisfactory results from service user satisfaction surveys.

Environmental Impact

N/A

Risk Management Implications

A risk register will be created for the operational management of the service

Equalities implications

None

Council Priorities

The Council Priorities are as follows:

- Making a difference for the vulnerable
- Making a difference for communities
- Making a difference for local businesses
- Making a difference for families.

The recommendation supports these priorities by:

- The provision of a mortuary service in renovated facilities within the borough

Section 3 - Statutory Officer Clearance

<p>Name: Jessie Man</p> <p>Date: 11 May 2015</p>	<p><input checked="" type="checkbox"/> on behalf of the Chief Financial Officer</p>
<p>Name: Robert Prater</p> <p>Date: 15 May 2015</p>	<p><input checked="" type="checkbox"/> on behalf of the Monitoring Officer</p>

Ward Councillors notified:	NO
EqIA carried out:	NO
EqIA cleared by:	An EQIA is not required as there is no change to the service that will be provided.

Section 6 - Contact Details and Background Papers

Contact: Venetia Reid-Baptiste, Divisional Director of Commissioning Services
 Tel: 020 8424 1492

Background Papers: None.

Call-In Waived by the Chairman of Overview and Scrutiny Committee	NOT APPLICABLE <i>[Call-in applies]</i>
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REPORT FOR: CABINET

Date of Meeting:	17 June 2015
Subject:	Senior Management Restructure
Key Decision:	Yes
Responsible Officer:	Michael Lockwood, Chief Executive
Portfolio Holder:	Councillor David Perry, Leader of the Council
Exempt:	No
Decision subject to Call-in:	Yes
Wards affected:	All
Enclosures:	Annexe 1: Consultation Pack including: Current Senior Management and Proposed Senior Management Structure Annexe 2: Responses to consultation Annexe 3: Local Test of Assurance Review (To Follow)

Section 1 – Summary and Recommendations

This report sets out the outcome of the consultation on changes to the Council's senior management structure and proposes a revised structure.

Recommendations:

Cabinet is requested to approve the proposed senior management structure as set out in the Consultation Pack attached at Annexe 1.

Reason: (For recommendation)

To enable implementation of a more cost effective senior management structure which will enable the organisation to better meet the significant challenges we face whilst also maximising the opportunities that are available to the Council.

Section 2 – Report

Introduction

On 15th April 2015 I commenced formal consultation on my proposals for a revised senior management structure for the Council.

A formal Consultation Pack (Annexe 1) was issued to those impacted, including PA's to Corporate Directors, in which I explained my rationale for the changes and the proposed new senior management structure. The Consultation Pack was sent to all Councillors and the trade unions who were invited to respond. It was also made available to all staff via the intranet.

At its meeting on 23rd April 2015, Cabinet received an information report in which I set out the background to my proposals and to which was attached a copy of the formal Consultation Pack.

On 29th April 2015 I held a meeting for senior managers to discuss my proposals and I have met with individual members of staff at all levels when requested. I have also met with Unison and GMB and I am grateful for the contributions and advice of all I met.

Formal consultation concluded on the 20th May 2015 and having reviewed all the comments received, I met with the senior management team on 27th May 2015 to feedback on the results of the consultation and the final proposals I would be submitting in this report.

Options considered

In developing my proposals, a range of options for changes to the management structure were considered. The proposal put forward in the Consultation Pack was considered the most appropriate option for Harrow at this time. As a result of the consultation I have provided further clarification on

some aspects of my proposals. These are set out in more detail later in the report and the responses to the consultation are at Annexe 2.

Why a change is needed

As you know the Administration asked me to review the Council's senior management structure and my proposed changes are designed to enable the organisation to better meet the significant challenges we face whilst also maximising the opportunities that are available to the Council. Given our funding gap these proposals will also achieve a significant reduction in senior management revenue costs but more importantly will also deliver service benefits to our residents. I will also be expecting Corporate Directors once in place to review the structures below them to ensure these benefits are realised.

My proposals are set out in the Consultation Pack but the highlights include:

- I am recommending a **coordinated commissioning** arrangement across the council through a new commissioning network, to support the Corporate Management Team.
- I am placing more emphasis on the development and exploitation of **commercial/business opportunities** across the organisation. Simply reducing costs will not be sufficient to meet these challenges and would miss the opportunity that the Council has to earn additional income. This may involve the provision of services to other public/private bodies, investing in asset opportunities or identifying areas where the council can provide new services to residents/businesses.
- There is also I believe a great opportunity to bring significant external investment into the Borough to contribute to the **physical, social and economic regeneration of Harrow**. This will result in the building of much needed new housing, businesses to provide important new job opportunities and new social and community infrastructure. Putting us in a position to further our ambitions and provide momentum to these ideas is a fundamental aim of these restructuring proposals.
- I am promoting a step change in how we engage with and involve local people in what we do. The **Council's reputation** with its Residents must be improved and will be the ultimate test of our success in the years ahead.

Importantly my proposals go beyond structural changes but are also supported by two other things;

- I will work with staff to build some **new cultural values** that will underpin everything that we do but will also reflect the times and new challenges we now face. There is a need to embed a culture that encourages innovation, creativity and calculated risk taking and for us to become a more **entrepreneurial and 'business-like' Council** to reflect our greater emphasis on commercialisation.

- I am also requiring our senior managers to be more **effective leaders** and this is reflected in the proposed changes to their job descriptions and are set out in para 2.9 of the Consultation Pack

As part of the move to a Peoples Directorate I also commissioned an external review of my proposals (Local Test of Assurance Review) by John Harris – Children’s Improvement Adviser, LGA, to assess whether the proposed structure fulfilled the following criteria:

- Met statutory duties effectively.
- Was transparent about accountabilities and responsibilities.
- Was supportive of effective interagency and partnership working.

The process involved a number of interviews and review of key documents. Its key messages were that:

- Elected Members and staff are positive about the proposals to establish a Peoples Directorate and recognise the key opportunities to improve outcomes and make savings.
- The proposed Corporate management and senior officer structure will ensure that the roles and responsibilities of the DCS, DASS and DPH continue to be exercised appropriately.
- There are good arrangements for ensuring that the Leader, Chief Executive and Lead Members are assured about the effectiveness of Safeguarding. These need to be maintained under the new corporate structures.
- There is a need for a Transition Plan (including risk register and mitigation) supported by designated change management capacity.

A full copy of the report (Annexe 3) will follow so that it can be considered as part of your decision making.

Current structure

The current senior management structure is included in the Consultation Pack at appendix 1.

Recommended structure

Following the consultation I am recommending the proposed Senior Management Structure as at appendix 2 of the Consultation Pack. The most significant changes are summarised below:

Corporate Director Posts

Deleted Posts

- The posts of **Corporate Director, Community Health & Wellbeing** and **Corporate Director, Children and Families** are currently vacant and will be deleted.

- The **Corporate Director, Environment & Enterprise** post is also deleted and the post holder is therefore potentially displaced and will be eligible to be considered for vacancies within the new structure.

New Posts

- **Corporate Director, People** - This post will lead a new directorate that brings together services from the existing Directorate of Children and Families with some of the Divisions in the existing Directorate of Community, Health and Wellbeing to create a new Directorate of People Services. I hope this Directorate amongst other things will improve the transition between Children and Adults, create a single lifelong disability service and provide the opportunities to extend the good work in Adults on personalisation to a wider range of residents.
- **Corporate Director, Community** - This post will lead a new Directorate that will bring together Environment, Housing and parts of Community & Cultural Services to form a new Directorate of Community Services. I hope this Directorate amongst other things will more efficiently join up our front line services that form the fabric of our Community eg public realm, housing, leisure services etc and will lead on the role of developing our relationship with residents to encourage greater citizenship and social responsibility.

The Resources Directorate will largely contain the current functions but the title of the Directorate has changed to **Resources and Commercial Directorate** to reflect the greater emphasis and importance that **commercialisation** must play in the future.

I am also taking the opportunity to revise the job descriptions for all Corporate Directors, so that they better reflect the broader leadership changes highlighted above and set out in the Consultation Pack.

Director, Divisional Director and Head of Service Changes

Deleted Posts

- **Divisional Director, Community and Culture** - As the scale of the Council's responsibilities for Community and Cultural Services are reduced I am proposing to delete this post and merge responsibilities for parts of these functions within those of Environmental Services (see later).
- **Head of Transformation Programme**- I am proposing that this post, which is currently filled through a secondment, be deleted and the Business Support Function which was reporting to this position on an interim basis will be transferred to the Resources & Commercial Directorate.
- **Head of Commissioning and Partnerships** – I am proposing that this vacant post be deleted and the responsibilities of the post be absorbed

within the single commissioning service which will be created for Adults, Children and Public Health Services.

- **Divisional Director, Early Intervention Services** and **Divisional Director, Targeted Services** - These posts have already been deleted and replaced by a single post of **Divisional Director Children and Young People**. The new post holder has been appointed and will start in July.
- **Divisional Director, Special Educational Needs (SEN)** and **Divisional Director, Education and Commissioning** – I am proposing to merge these roles into a single post (see below), which will deliver a seamless service, which better meets the needs of Harrow's children and young people ranging from those who are most vulnerable and in need of significant support to those who are more able and require challenge to realise their full potential.

New posts

- **Divisional Director, Education Services** - This post will bring together specialist services such as the educational psychology service, services for children with sensory impairment and the SEN assessment and review teams with more universal services such as Harrow's school improvement service (HSIP) and the strategic functions of school place planning, school admissions, early years and services for the 16-25 year group.

Other changes

- **Divisional Director, Regeneration & Planning** - Given the scale of the opportunity that lies ahead for attracting inward investment, I am proposing that the areas of Regeneration and Planning will report directly to myself. I am also proposing the current post of Head of Economic Development will report to this post
- **Director of Finance & Assurance** - The current Director is leaving the Council and following a consultation I am proposing the post is filled from within existing staffing which will enable additional savings to be made. The new S151 Officer role will lead the Finance Division, with Internal Audit, Anti-Fraud and Emergency Planning being managed elsewhere within the Resources & Commercial Directorate.
- **Divisional Director, Environmental Services** – I am proposing that this post also take responsibility for managing the reduced Cultural Services and be re-titled **Divisional Director, Environment & Culture**
- **Director Legal & Governance** – This post is now only 0.6 FTE as the post is shared with Buckinghamshire County Council.
- **Director Customer Services & IT** - **This post** is now only 0.6 FTE, the post holder having reduced their hours through flexible retirement.

- **Construction Delivery Unit** – Work on the Construction Delivery Unit is progressing well and conversations are being had with those areas impacted. Whilst in principal the concept appears to have many potential benefits given our significant work in areas such as Schools Expansion, Housing Building and Regeneration. It is nevertheless important we get this right and fully understand the benefit/potential risks, the scope of areas it could cover and location of the unit if progressed etc. A paper is due to be presented to CSB in late June regarding next steps.

Process for appointing to the new structure

The appointment process will be in accordance with the Council's Protocol for Managing Organisational Change (PMOC). Appointments to Chief Officer posts will be made by the Chief Officer Employment Panel which will be convened as appropriate. Further details are set out within the Consultation pack at Annexe 1.

Conclusions from the Consultation

Overall, the responses to the consultation (See Annexe 2) have been very positive and supportive of the new structure. Respondents felt the restructure changes were the right ones to make, to help us tackle the significant challenges we face and make the most of the opportunities that are available to the Council.

Specifically, respondents were keen to emphasise the 'one council' approach and the need to further break down organisational silos. They also emphasised the support for refreshing our cultural values and to the Leadership values at para 2.9 of the consultation document.

Respondents were particularly keen to seize the Commercialisation and Regeneration opportunities and a number commented on the potential benefits provided by the proposed new Commissioning Network.

Other issues raised by respondents included:

- Seeking greater clarity about the council's strategic lead for the voluntary and community sector and for resident engagement and consultation. I propose that these are lead from the Strategic Commissioning Division.
- Clarification about the location and reporting lines for Corporate Estates. At this time these remain unchanged.
- Whether public health was best located within the People Directorate although recognising it needs to be a key player within the Commissioning Network? The People Directorate will be responsible for the care, health and wellbeing of all our residents and I believe my proposals will strengthen the relationships that public health has

already built and their pivotal preventative role in better managing demand for care services.

- Where the Construction Delivery Unit would be located, if progressed? This is yet to be determined - see above.
- Whether community safety and domestic and sexual violence may be better located within the People or Community Directorate and where the health policy lead lies? I am open to further discussion on this, in consultation with the relevant Corporate Directors
- The name of the Community Directorate and whether Environment and Community or Environment, Housing and Community could better reflect its roles? The new Directorate names are deliberately thematic rather than functional, reflecting my desire to break down Divisional silos so that we work in a cross-cutting and collaborative way seeing the links and synergies and putting the interests of the Council first.
- Whether the Divisional Director, Education Services should be retitled Divisional Director, Education and Additional Needs Services? This role supports our schools and delivery of education services and the title reflects this theme rather than the individual functions. I also want to create a single life-long service for children and adults with disability, which the suggested title would not reflect.

A number of respondents supported the proposal to move Business Support to the Resources and Commercial Directorate and also the need for a review of Business Support, as many felt it had not in all respects delivered what it had meant to but that any such review should build on the feedback already given in an earlier engagement event.

I am grateful for all the responses received as they broadly support my proposals which therefore remain unchanged. Where appropriate I will provide personal feedback to those respondents who raised specific individual issues.

Implications of the Recommendation

Resources, costs

The proposals reduce the numbers of senior management posts with a consequent saving in revenue costs of some £4m over the next 4 years. The implementation costs will largely be the costs of redundancy and / or early retirement where there are post holders whose posts have been deleted.

Staffing/workforce

Individuals who are not appointed to posts in the new structure will be displaced and at risk of redundancy. The Council delegates authority for the appointment and dismissal of Chief Officers including dismissal on the grounds of redundancy, to the Chief Officers' Employment Panel (COEP).

The COEP also has delegated authority to determine any payments on termination of £100,000 or greater.

Performance Issues

The recommendation is intended to improve the council's performance by implementing a more cost effective senior management structure which will enable the organisation to better meet the significant challenges we face whilst also maximising the opportunities that are available to the Council.

Environmental Implications

There are no direct implications

Risk Management Implications

Operational risks – The recommendation reduces the numbers of senior managers, which will potentially reduce capacity. The structural and cultural changes set out in my consultation document are intended to mitigate this risk.

Change risks – The consultation document makes clear the leadership and cultural values that are required in order to meet the future challenges and maximise opportunities. The consultation responses support this view and the work that I will lead to support the development and embedding of our values to mitigate this risk.

The process to implement the new structure will be undertaken in accordance with the council's change policies and procedures and be designed to minimize any risk associated with the transition to the new structure.

Risk included on Directorate risk register? No

Separate risk register in place? No

Legal Implications

Any restructure of the senior management team will require the Council to comply with the Protocol for Managing Organisational Change in ensuring that a fair process is followed. The resulting restructure should ensure that the required 6 statutory officer posts remain and, in the case of the s151 Officer, the Monitoring Officer, Director Children's Services, Director of Adults' Services and Director of Public Health have direct access to the Head of Paid Service

Financial Implications

The net impact of posts deleted as a result of comparing the old senior management structure with that proposed is a saving in the region of £1m per annum (full year effect). This excludes the cost of implementation. Any potential redundancy and pension strain costs will have to be met from the MTFS Implementation Reserve.

A number of posts within the new structure assume either full or partial capitalisation. Any salary capitalisation will have to comply with the capital accounting regulations to prevent any impact on the general fund.

The revenue cost savings will be accounted for within the directorate they pertain to.

Equalities implications / Public Sector Equality Duty

An Equality Impact Assessment has been carried out. The Equalities Impact Assessment (EIA) has noted that there is an under representation of BAME and disabled staff in the senior management structure. As the Protocol for Managing Organisational Change will be used to implement the new structure, first consideration to either assimilation or ring-fencing is contractually required. The outcome of this exercise may result in no change to this under representation.

The EIA will be reviewed following Cabinet's decision and the implementation of a new structure. The Council will continue to monitor the representation of women, ethnic minorities and those with a disability in senior management through performance indicators.

Council Priorities

The Council's vision:

Working Together to Make a Difference for Harrow

Please identify how the report incorporates the administration's priorities.

- Making a difference for the vulnerable
- Making a difference for communities
- Making a difference for local businesses
- Making a difference for families

Section 3 - Statutory Officer Clearance

Name: Dawn Calvert	<input checked="" type="checkbox"/>	on behalf of the Chief Financial Officer
Date: 2 June 2015		
Name: Linda Cohen	<input checked="" type="checkbox"/>	on behalf of the Monitoring Officer
Date: 29 May 2015		

Ward Councillors notified:	NO, as it impacts on all Wards
EqIA carried out:	YES
EqIA cleared by:	Alex Dewsnap, Chair DETG

Section 4 - Contact Details and Background Papers

Contact:

Michael Lockwood, Chief Executive
DD: 020 8424 1001
Email: michael.lockwood@harrow.gov.uk

Background Papers:

Information Report to Cabinet on Senior Management Restructure - 23 April 2015

<http://www.harrow.gov.uk/www2/documents/b19476/Supplemental%20Agenda%20Thursday%2023-Apr-2015%2018.30%20Cabinet.pdf?T=9>

**Call-In Waived by the
Chairman of Overview
and Scrutiny
Committee**

NOT APPLICABLE

[Call-in applies]



Harrow Council Senior Management Restructure

Consultation Pack

April 2015

April 2015

Dear Colleague

As you know the Administration has asked me to review the Council's senior management structure and this document describes my draft proposals on which I would like your views.

The purpose of the changes are to put in place a new senior management structure that will enable us to better meet the significant challenges we face and maximise the opportunities that are available to the organisation.

My time at the Local Government Association has given me an opportunity to visit many other Councils and get a strong insight into how the sector will need to develop in the years ahead. I have drawn on this experience in taking a look at what arrangements I think Harrow needs to put in place in order to be successful in the coming years. The new structure that I am proposing will rightly reduce senior management costs given the £83m financial challenge we face up to 2018/19 but in my view will also enable us to more effectively deliver the Councils priorities and opportunities that lie ahead.

The Council has already had to make significant budget reductions, which have resulted in some very difficult political decisions. However, we are still only half way through the cuts programme which is forecast to continue up until at least 2018/2019. With that in mind it is calculated that these proposals will reduce senior management revenue costs by some £4m over the next 4 years.

Despite these financial challenges (which I do not underestimate) there are also opportunities which we must do all we can to seize. Commercialisation and Regeneration are two areas the Administration have quite rightly asked me to focus on. In the case of the former, it is important the Council does not just look at reducing its costs but also seeks to identify and maximise any opportunities from new income streams that can compensate for the cuts in our grant income. This will require not only structural but cultural changes which I have referred to later in this document.

In the case of the latter, the wider economic recovery also presents us with an enormous Regeneration opportunity which can bring in much needed external investment into the Borough in the form of additional housing, new businesses to provide improved job opportunities and new social and community infrastructure. This work can make a real difference to our residents' quality of life and life chances. It is therefore important we do our best to seize this opportunity.

The scale of the financial challenges and the Regeneration opportunity can only be successfully tackled if we work with our residents and involve them every step of the way. I am therefore also looking for this restructure to deliver a step change in the way we engage with and involve local people in what we do.

To tackle these significant challenges and maximise the opportunities available my proposed restructure covers more than just Corporate Directors but the wider senior management structure.

I recognise any changes can be disruptive and may, in some respects, adversely affect morale but I believe the proposals and action I am taking are in the best interests of the council and our residents, though as I have said I would clearly wish to hear any views you have on them.

The following pages describe, in more detail, the restructures proposals, rationale for the changes, and the process for moving from the current structure to the new.

The consultation period for the proposed structure will commence on 15th April 2015 and I will present my proposals to Cabinet for information on the 23rd April 2015. I will meet to discuss the proposals further with all Senior Managers on Wednesday 29th April where you can raise, with me, any questions about the proposals. I have also made diary space available to meet with individuals, so if you want to discuss any issues with me on a one-to-one basis, please contact Sheron Laughlin on extension 8447, who will make the necessary arrangements. Alternatively, I am very happy to receive any written comments/feedback during the consultation process.

All Councillors and recognised trade unions are being consulted on my proposals. I am also obviously happy to discuss these with Scrutiny should they wish. The consultation pack will be available on the hub so that all staff are aware of the proposals. The consultation will close on 20th May. I will feedback to Senior Managers the responses to the consultation on 27th May and I will take my final proposals to Cabinet on 17th June 2015, including any feedback from the Consultation process.

Responses to this consultation can be made either directly to me or via your trade union.

I confirm the timetable for this consultation exercise is:

- 15th April 2015 - Consultation commences with issue of Consultation Pack.
- 23rd April 2015 - Report to Cabinet for information.
- 29th April 2015 - Meeting with Senior Managers to discuss proposals (Start - 9.30am).
- 20th May 2015 - Closing date for responses to consultation.
- 27th May 2015 - Meeting with Senior Managers to feedback following consultation (Start - 9.30am).
- 17th June 2015 - Report to Cabinet seeking approval for restructure.

You will be aware that further information, guidance and support is available from Jon Turner, Divisional Director of Human Resources and Organisational Development. Confidential support and advice is also available from the Council's Employee Assistance Programme.

Yours sincerely,



Michael Lockwood
Chief Executive

1. Current structure

1.1 The current senior management structure was put in place in November 2011. This restructure delivered a new:-

- (i) Environment and Enterprise Directorate which brought together our Planning and Regeneration Services with our Environmental Services.
- (ii) Community Health and Wellbeing Directorate which brought together our previous Adults and Housing Directorate with Public Health and Community and Cultural Services; and
- (iii) Resources Directorate which merged the previous Chief Executives Department, Corporate Finance and Legal and Governance Services.

The Children's and Families Directorate remained unchanged.

1.2 Once this structure was completed the new Corporate Directors were tasked with restructuring their own areas and delivering a reduction in senior management revenue costs saving some £1m per annum.

1.3 This current Senior Management Structure is at **Appendix 1**.

2. Rationale for restructuring

2.1 Greater clarity has now emerged about the challenges and opportunities that the Council must address in the next five years. This restructure it is hoped will enable us to successfully tackle these challenges. Financially the Council, along with the rest of Local Government must make further significant cuts, if it is to meet the budget gaps left by reductions in Government funding and the additional pressures on our expenditure from issues such as an ageing population, more children coming into our care etc. This funding gap is currently estimated at some £83m up to 2018/19. It is therefore right that these proposals will further reduce our senior management revenue costs by some £4m over the next 4 years in addition to the reductions described in paragraph 1 above.

2.2 It is also important to recognise that Harrow, like many other Councils, has been delivering year on year reductions from its budgets going back to 2007. As a result many of the obvious savings opportunities have been identified. Buildings have been consolidated, systems and processes reviewed, staff terms and conditions changed etc. Indeed every service has played a major role in responding to the challenges to date with to the credit of the Council many examples of improved services despite the budget reductions.

- 2.3 However, going forward services will have to be changed and more innovative models of service delivery required. My proposals place a greater emphasis on the role of good commissioning and I am recommending a **coordinated commissioning** arrangement across the council through a new commissioning network, to support the Corporate Management Team. I am expecting a set of plans for each major service area to be in place by the end of the calendar year that provide a clear direction for the delivery of services up to 2018/19. The development of these plans and the output of them will be a major focus for the new Corporate Management Team.
- 2.4 Simply reducing costs will not be sufficient to meet these challenges and would miss the opportunity that the Council has to earn additional income. I am therefore looking for this new structure to put more emphasis on the development and exploitation of **commercial/business opportunities** across the organisation. This may involve the provision of services to other public/private bodies, investing in asset opportunities or identifying areas where the council can provide new services to residents/businesses. I have also made significant attempts since starting at Harrow to progress shared service opportunities with other Councils which my proposed structure should be able to build on.
- 2.5 As well as being more commercial there is a great opportunity to bring significant external investment into the Borough to contribute to the **physical, social and economic regeneration of Harrow**. This will result in the building of much needed new housing, businesses to provide important new job opportunities and new social and community infrastructure. The Council has already identified a number of important strategic sites to progress these proposals including discussions as to whether the Council should move from its current Civic Centre site for redevelopment. The Government financially incentivises us to progress these ideas through the New Homes Bonus and Business Rates Retention Scheme. The recovery of the wider economy makes these ambitions more achievable, and gives us the opportunity to make improvements to the Borough that will enhance the quality of life for everybody. Putting us in a position to further our ambitions and provide momentum to these ideas is a fundamental aim of these restructuring proposals.
- 2.6 The **Council's reputation** with its Residents must also be improved and will be the ultimate test of our success in the years ahead. When satisfaction was last tested in March 2014 only 43% of residents were satisfied with the Council's performance. This was the lowest score in the seven years that satisfaction has been measured in this way. Specifically, residents felt that they were not able to influence decisions affecting their area and as a consequence do not believe that the Council acts on their concerns. Tackling these views is central to our own administration's desire to improve the way we engage and involve residents and service users in shaping, delivering and

holding our services to account. I am therefore looking through this restructure for a step change in how we engage with and involve local people in what we do.

- 2.7 We must also work together to improve staff morale, which remains a challenge. The backdrop of low or non-existent pay rises and job cuts has clearly played its part and many areas of the Council have been through major restructuring recently. Harrow has very loyal and hard-working staff, who have shown enormous resilience in recent years. However we must build a workforce that is skilled and motivated to deliver our plans ahead. The CREATE values have served us well for a number of years but I am keen as part of these restructuring proposals to work with staff to build some **new cultural values** that will underpin everything that we do but will also reflect the times and new challenges we now face.
- 2.8 There is a need to embed a culture that encourages innovation, creativity and calculated risk taking and for us to become a more **entrepreneurial and 'business-like' Council** to reflect our greater emphasis on commercialisation. Many innovations and ideas come from our front-line staff and we should develop a culture that encourages them to come forward with new ideas.
- 2.9 As well as changing our organisational structure I will also be requiring our senior managers to be more **effective leaders** and this is reflected in the draft job description at **Appendix 7**. The new management team should provide seamless and consistent leadership to the whole organisation. Specifically, they must;
- Work across Directorate and organisational boundaries in a cross-cutting and collaborative way seeing the links and synergies and putting the interests of the Council first.
 - Have a clear view of the future and be good communicators.
 - Be visible leaders who are good listeners.
 - Involve staff in what they do and gain their confidence and respect. Good staff engagement is critical at this time.
 - Encourage calculated risk taking and innovation. Incremental change will not be enough.
 - Maintain the organisation's standards and values, modelling the positive leadership behaviours we need.
 - Show compassion and empathy. They must say sorry when they get things wrong and thank-you when an individual has performed well; and
 - Show good partnership skills. Our problems cannot be solved by us working in isolation. Partners can bring skills, expertise, experience and knowledge we haven't got. It is about collaborative leadership skills.

- 2.10 My expectations of the new management team will be very high and to support this I am keen that to underpin my proposed structural changes we will put in place a leadership programme to develop these skills. There will be support for each individual to grow and develop but importantly, there will also be zero tolerance of behaviours which do not support the organisation's cultural values.
- 2.11 Given the scale of the challenge ahead and the timeframes within which I am expecting senior managers to deliver, I am consulting on proposals here that affect Directors, Divisional Directors, some Heads of Service as well as Corporate Directors. I am keen as far as possible for this to be a 'one off' restructure that will provide the Council with the managerial leadership it needs up to 2018.
- 2.12 I have also discussed my proposals with the Leader of the Council and Portfolio Holders who have indicated their support in principle subject to this consultation. I have also made myself available to all members of Corporate Leadership Group and I am grateful to those that I have met for their advice before writing this report.

3. Proposed structure

- 3.1 My proposed Senior Management Structure is at Appendix 2. The proposals reduce the number of Corporate Directors from 4 to 3 and 3 Divisional Directors and 2 Heads of Service posts are also deleted. It is calculated these proposals will reduce senior management revenue costs by some £4m over the next 4 years. The key changes proposed are set out below:

(A) Corporate Director – People

- i. My proposal merges the existing Directorate of Children and Families with some of the Divisions in the existing Directorate of Community, Health and Wellbeing to create a new Directorate of "People Services" (see Appendix 3). It is an increasingly common feature to merge Children and Adults Services. Within London, to date, seven other London Boroughs have already undertaken this approach and, given the service benefits and financial savings, I believe this is the most appropriate direction for the Council. I am also proposing that the new Corporate Director would also be the statutory Director for Children's Services.

- ii. The new Directorate will include the existing functions of Adult Social Care and Public Health from the Community, Health & Wellbeing Directorate. I am proposing that Housing and elements of Community and Cultural Services will move into the new Directorate of Community Services (see later).
- iii. The proposed merging of the Divisional Director roles for Special Educational Needs (SEN) and Education and Commissioning will deliver a seamless service, which better meets the needs of Harrow's children and young people ranging from those who are most vulnerable and in need of significant support to those who are more able and require challenge to realise their full potential. I also believe it will provide a single point of contact for schools and deliver a strategic advantage to the way in which our work with partners is carried out.
- iv. The new post of Divisional Director Education Services will bring together specialist services such as the educational psychology service, services for children with sensory impairment and the SEN assessment and review teams with more universal services such as Harrow's school improvement service (HSIP) and the strategic functions of school place planning, school admissions, early years and services for the 16-25 year group. I also hope these proposals lend themselves to the further development of our HSIP offer to a wider range of schools.
- v. My new structure will provide schools, colleges and other educational provision with more effective challenge and ensure that the Council plays an important part in supporting the work of our schools to continue to provide the excellent standards of education achieved across the borough. It will also ensure that the Council delivers on its statutory responsibilities in supporting schools in challenging circumstances, promoting educational excellence throughout the system and in providing support for those individual children across the age range that require it.
- vi. I am also proposing that responsibility for delivery of the Schools Capital Programme will move to the new Community Directorate as it more naturally sits alongside the procurement and management of major contracts for other building works. The decision is subject to the result of a feasibility study assessing the benefits of setting up of a single Council-wide Construction Delivery Unit where this work can be brought together with all Council wide building activity (see para 4.3).

- vii. My proposed structure will also support the creation of a single commissioning service across Adults, Children and Public Health services which it is hoped will deliver both efficiencies and improved services to our residents. The vacant post of Head of Commissioning and Partnerships will be deleted and the Director of Adult Services (who will be the Statutory Officer for Adult Services) will lead on the development of a new strategy and commissioning function that will help to deliver a more agile and flexible approach leading to improved contract management expertise and improved decision-making. These improvements will lead to services provided through lower cost delivery options, increased self service and greater choice. By breaking down divisional barriers it will make it easier for residents to engage with the Council in these important service areas. The commissioning service would be part of the **coordinated Commissioning Network** and work closely with the Divisional Director of Strategic Commissioning, to ensure improved and more effective commissioning across the Council and with our partners.
- viii. I believe the bringing together of these three important functions e.g. Adults, Children and Public Health Services will provide economies of scale and a greater opportunity to develop areas such as demand management, service user insight and wider personalisation. The single commissioning function will also make the Council more commercially minded and give Councillors and Officers better information and business intelligence about where changes and efficiencies can be made to ensure our resources are focussed on protecting front line services in these important areas.
- ix. Through these restructuring proposals my intention is to create a single life-long service for children and adults with disability, which will improve the offer to some of our most vulnerable groups. I believe the proposed changes hold the very real prospect of vastly improved transitions between Children's and Adults Services and stronger links with other important services such as mental health services. The strengths developed within Adults Services relating to personalised budgets would be maximised across a greater number of residents, especially our younger residents and provide for more effective and focussed early intervention, greater choice and support the personalisation agenda.
- x. I also believe the services which currently exist separately in Children's and Adults Services would become more joined up and provide a better experience for our young people at the point of transition to adulthood. Convergent approaches across the existing services would facilitate more effective commissioning and negotiation, together with the NHS

and other partner organisations with greater opportunity for market development of services available to children and adults with disability.

- xi. The posts of Divisional Director Early Intervention Services and Divisional Director Targeted Services have already been deleted and replaced by a single post of Divisional Director Children and Young People. The new postholder has been appointed and will start in July.
- xii. I am proposing the post of Head of Transformation, which is currently filled through a secondment will be deleted and the Business Support Function which was reporting to this position on an interim basis will be transferred to the Resources & Commercial Directorate (see (c)vi).
- xiii. In summary, I believe there are clear service benefits by bringing together Children, Adults & Public Health Services into a single Directorate. Specifically:
- It will provide a clearer and stronger role of 'People's Champion' in the organisation by introducing a single voice for People's services.
 - It will provide a shared view of the needs of citizens through a 'life course' approach to the services they require.
 - It will significantly improve transitions between Children and Adults Services, Mental Health, Drugs and Alcohol Services, Domestic Violence to the benefit of the individuals concerned.
 - By joining up Adults, Children and Public Health it will provide a more effective commissioning service, and a stronger negotiating position with health and other partners. It will also provide a major opportunity to improve the wider commissioning network. In the case of the former it is important we develop a more co-ordinated relationship with our Health partners. Our Integrated Care Pilot work has demonstrated the benefit of getting that relationship right which has the potential to not only save significant amounts of money but more importantly develop a more patient-centric approach to care.
 - It will provide convergent approaches to crucial functions such as safeguarding and disabilities; and
 - It will better support an overarching approach to health inequalities and wellbeing.

Underpinning all this is the opportunity to:-

- Create a leaner and more efficient Directorate.
- Rationalise the number of partnership boards.
- Develop a better commercialisation offer across the services:
and
- Improve the resilience of some of the services provided.

(B) Corporate Director – Community

- (i) This post will lead a new Directorate that will bring together Environment, Housing and parts of Community & Cultural Services as well as responsibility for delivery of the Schools Capital Programme (subject to the review at para 3.4) to form a new Directorate of Community Services (see Appendix 4).
- (ii) Given the scale of the opportunity that lies ahead for attracting inward investment, I am proposing that the areas of Regeneration and Planning will report directly to myself. I am also proposing the current post of Head of Economic Development will report to the Divisional Director of Regeneration & Planning (see D below).
- (iii) As the scale of the Council's responsibilities for Community and Cultural Services are reduced I am proposing to delete the post of Divisional Director of Community and Culture and merge responsibilities for parts of these functions with those of Environmental Services. As part of this consultation I would like your views on whether this is the best place to locate these services within this Directorate.
- (iv) I will also be looking for the role of Divisional Director of Commissioning to play a major role in developing the future direction of the service and to work as part of the **new Commissioning Network** to feed into the Corporate Management Team as proposals develop.
- (v) I believe there are a number of service benefits by bringing together a Directorate that can provide a more holistic approach to our Community Services. Specifically, I believe:
 - It will build on and further develop the obvious synergies between the universal services we provide and valued by our residents.

- It will provide a more holistic approach to the services that form the fabric of our community e.g. public realm, housing, leisure & culture.
- It will lead on the Administration's proposal to recalibrate our relationship with residents by developing plans in their service areas which will encourage greater citizenship/social responsibility.
- It will lead on developing innovative ideas as to how we can work better and more effectively with our partners in the voluntary sector.
- It is hoped our more holistic approach to community services will improve the quality of life of our residents which in turn should help improve our resident satisfaction with these important Council services.

(C) Corporate Director - Resources & Commercial

- (i) The title of the Directorate has changed to reflect the greater emphasis and importance that **commercialisation** must play in the future.
- (ii) The Directorate will largely contain the current functions that are within the Resources Directorate. However, **savings are made at the Director level** as the post of Director Legal & Governance is now only 0.6 FTE as the post is shared with Buckinghamshire County Council. The post of Director Customer Services & IT is now only 0.6 FTE, the post holder having reduced their hours through flexible retirement. These two part time posts therefore save the Council 0.8 FTE. at Director level. In the medium term I expect to make additional savings following the departure of the Director of Finance & Assurance (see v below) and when the Director of Customer Services & IT retires I will consider whether we need to replace this post.
- (iii) I have given further consideration to merging functions and reducing the span of control of the Corporate Director. However there a number of different professions that are in the Resources Directorate and I believe that these each need to continue to have **senior level ownership and sponsorship** and to be led by suitably senior people. As described above I am however looking to achieve this whilst at the same time delivering savings at a senior level.
- (iv) In Legal and Governance I am looking for the postholder to continue to be focused on the expansion of the shared service and the development of new income streams through the Alternative Business

Structure that is HB Public Law Ltd. There is **considerable commercial and financial gain** for Harrow in doing this and I want this to be the focus of the Director.

- (v) In Finance & Assurance the current Director is leaving the Council and I am therefore considering options to create a **new S151 Officer** role, which could be filled from within existing staffing and enable additional savings to be made. The new S151 Officer role would lead the Finance Division with Internal Audit, Anti Fraud and Emergency Planning being managed elsewhere within Resources.
- (vi) In Customer Services & IT it is critical our transition to the new IT provider is successfully concluded. I am proposing to include **Business Support** within this Division. This has previously been reporting to the Head of Transformation on an interim basis (see Appendix 5). In doing that I am keen that a fundamental review of Business Support is undertaken as soon as possible to report back to me on what is working/lessons learnt and proposed next steps. It is critical this review is undertaken with the full involvement and advice of staff in Business Support.
- (vii) The Directorate will oversee and co-ordinate all commercial activity across the Council working closely with all Corporate Directors. Specifically, in Commercial, Contracts & Procurement, looking for the immediate development of a 3 year Commercial Strategy which will highlight amongst other things the Councils current commercial activity and set out clear proposals with costings of an action plan for the next 3 years. Depending on the scale of the opportunity and with the agreement of the Administration I would be happy to consider investing further resources in this area where the right business case is made. It is critical this is a whole Council approach and it will require us to be more commercial in our outlook and take a different approach to risk. It is hoped the changes to our cultural values will underpin this.
- (viii) I am also looking for the Commercial, Contracts & Procurement Division to develop proposals to lead a **shared service** on behalf of a number of Councils. This Division must continue to more than cover its costs and I will be expecting it to produce an annual report to Cabinet to demonstrate that.

- (ix) The Administration has also made clear to me their desire to make a step change in our approach to **community engagement**. As part of this work I am proposing that the Community Cohesion function from the Community and Culture Division becomes part of this Directorate. With the challenges and opportunities ahead we must take local people with us and engage them in the decisions we take. Building community capacity and volunteering across the Borough will help us to deliver the needs of our residents by encouraging more citizenship and social responsibility as the direct delivery of some services by the Council inevitably recedes.

- (x) I am expecting the Divisional Director of Strategic Commissioning to form and lead a new **coordinated Commissioning Network** that will develop and own a set of plans for the strategic direction of each major service area up to 2018/19. I am expecting these plans to be in place by the end of the calendar year. The development of these plans and the output of them will be a major focus of the Corporate Management Team. I am also looking for this new network to provide leadership to the coordination of our consultation, engagement and involvement work. Specifically, I would like to see consultation and community engagement consistently undertaken across the organisation with common standards and messaging. I would also like to see better coordination of volunteering schemes across the Borough.

- (xi) With a new **communications** contract having just been let I am also expecting the Corporate Director to set out a clear and innovative proposal in the next 3 months to address the unacceptably low levels of resident satisfaction reported to us from our Reputation surveys in March 2014.

(D) Divisional Director – Regeneration & Planning

- (i) Given the scale of the opportunity that lies ahead for attracting inward investment into the Borough. I am proposing that Regeneration and Planning will now be line managed by myself. I am also proposing that the current post of Head of Economic Development will in turn be line managed by the Divisional Director of Regeneration and Planning (Appendix 6) given the obvious links and synergies between the two.

- (ii) The Head of Economic Development will have line responsibility for the Community Learning function from the Community and Culture Division. Given its work on adult community learning, employability and the skills agenda I believe there are important synergies with our work on economic development.

- (iii) The Council has already identified a number of important strategic sites to progress these regeneration proposals. Successful delivery of these plans can result in much needed new housing, businesses and social and community infrastructures for the Borough which can make a significant difference to our residents' quality of life and life chances.

- (iv) Regeneration is a whole Council opportunity and I believe that reporting to myself should ensure we maximise this opportunity and achieve the much needed momentum required.

4. Other Proposed Changes

4.1 My proposals reduce the number of senior management posts and therefore potentially affect the PA support arrangements, specified in the Business Support project. Consequently, I am also seeking the views of PAs as part of my consultation.

4.2 The scale and size of our proposed capital programme covering the:

- Regeneration proposals for the Borough.
- School Expansion Programme.
- Housing Building Programme (HRA/non HRA).

are estimated to total over £1b in spend.

4.3 I would therefore like to explore as part of these restructuring proposals the possibility of setting up a **Construction Delivery Unit** within the organisation to centrally manage these extensive programmes and potentially save significant sums of money.

4.4 This organisation spends many £m's on project management, surveyors, architects and other professional fees. A Construction Delivery Unit would enable us to retain more control over these areas and provide opportunities for:-

- Pooling resources across the Council eg streamlined management, support functions, training and development.
- Sharing professional practice, project management skills and developing in-house capacity and capability thereby reducing our reliance on expensive interims and in some cases external professionals.

4.5 I want to commission a feasibility study reporting to me on the potential benefits/opportunities for setting up such a team and the resources that would be required to operate it. A significant proportion of the costs of this team could potentially be capitalised.

4.6 As a result of these proposed changes, I have revised the job description for Corporate Directors, so that they better reflect the broader leadership changes I have previously identified (see Appendix 7)

5. Governance and Decision Making

5.1 The new **Corporate Strategic Board** is expected to be outward facing in its perspective and focused on the long term interests of the whole Council and the Borough as a whole. I am not looking for individuals who represent their Directorates but work horizontally across the organisation and see the links and synergies that exist putting the interest of the council first. I am looking for strong team working skills and visible, passionate leaders who will champion the organisation's values and build the Council's relationship with its staff and its residents. I have clearly set out in paragraph 2.9 the attributes of these future leaders.

5.2 As a result of the last restructure in 2011, the Council created a new **Operations Board** made up of members of the Corporate Leadership Group. I have been very impressed by how this group has developed and the role it has come to play in the Council. As part of these restructuring proposals I am keen to build on this and consider how we can develop its role further so as to ensure that cross-council issues are better tackled using the talent and expertise cross-organisation.

6. Process of moving from the current to the proposed structure

6.1 The appointment process will be in accordance with the Council's Protocol for Managing Organisational Change (PMOC, which is available for you refer to on the intranet. Appointments to Chief Officer posts (Corporate Directors and posts with Statutory Officer roles) will be made by the Chief Officer Employment Panel which will be convened as appropriate.

Appointment by job matching and assimilation

- 6.2 The following new posts are sufficiently similar to posts in the old structure that I am proposing that the current post holders be appointed through assimilation.

New Posts	Old Post
Corporate Director Resources & Commercial	Corporate Director Resources
Divisional Director Regeneration & Planning	Divisional Director Planning

If there are others with a reasonable claim to these posts, then ring fencing will be considered.

- 6.3 The following posts are deleted in the new structure and therefore where there are current post holders they are at risk of redundancy and entitled to be considered for vacant posts within the new structure.

Deleted Posts
Corporate Director Children & Families
Corporate Director Community, Health & Wellbeing
Corporate Director Environment & Enterprise
Divisional Director Education & Commissioning
Divisional Director Special Educational Needs Services
Divisional Director Community & Culture
Head of Transformation Programme
Head of Commissioning & Partnerships

Appointment by ringfenced interview

- 6.4 The following posts are new posts, which do not closely match the duties and responsibilities of any post in the current structure. Therefore, subject to there being no others with comparable claims, I am proposing that these posts are ringfenced to post holders in the current structure as set out below:

New Posts	Ringfenced to
Corporate Director Community Services	Corporate Director Environment & Enterprise
Divisional Director Environment, Community & Culture	Divisional Director Community & Culture
Divisional Director Education Services	Divisional Director Special Needs Services

- 6.5 Senior managers displaced by these proposals will be considered for redeployment to any remaining vacant posts. In the event that there are no redeployees or others with comparable claims, appointment will be by open competition.
- 6.6 The following posts are either vacant posts in the current structure that are unchanged in the new structure, or new posts where there are no current post holders whose duties match the duties and responsibilities of the post. Therefore I am proposing that these posts will be filled by open competition, subject to there being no redeployees or others with reasonable claims to the posts.

Vacant Posts
Corporate Director Children & Adults
Director of Finance & Assurance (vacant from end of May)

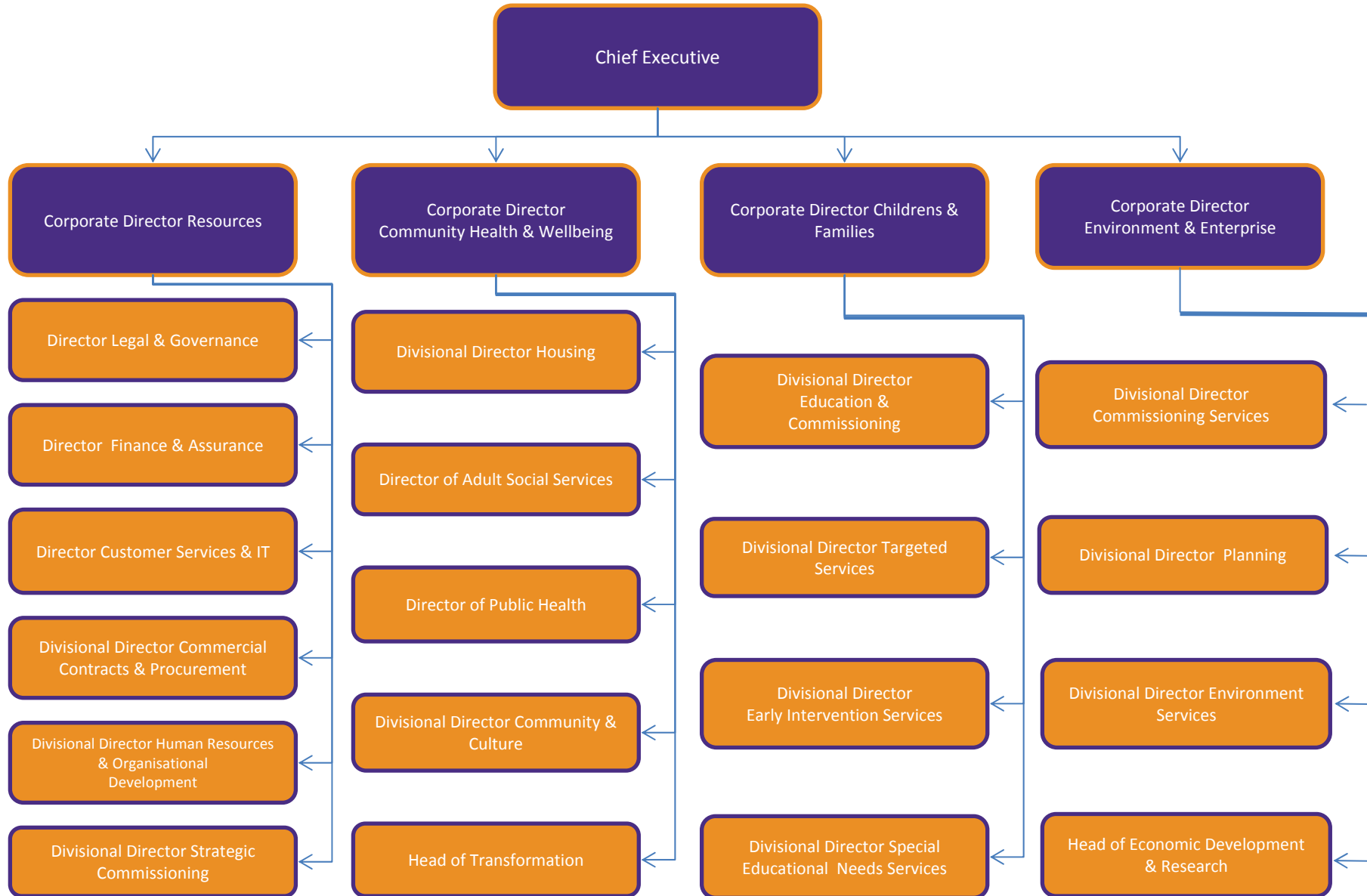
- 6.7 If you are not appointed to a post in the new Senior Management structure you will be displaced and at risk of redundancy, whereupon, the Council will make every effort to find suitable alternative employment for you. As you appreciate, you must co-operate with the Council's attempts to find you suitable alternative employment, as if you do not, you may not be entitled to redundancy payments in the event that your employment is subsequently terminated.
- 6.8 The Council may consider requests for voluntary redundancy / early retirement. However, a request will only be agreed when it is in the interests of the Council and supported by a business case. If you wish to volunteer, please discuss this with me at the earliest opportunity.

List of Appendices

- Appendix 1 – Current Senior Management Structure
- Appendix 2 – Proposed Senior Management Structure
- Appendix 3 – Proposed People Directorate Structure
- Appendix 4 – Proposed Community Directorate Structure
- Appendix 5 – Proposed Resources & Commercial Directorate Structure
- Appendix 6 – Proposed Regeneration Division Structure
- Appendix 7 – Proposed Corporate Director Job Description

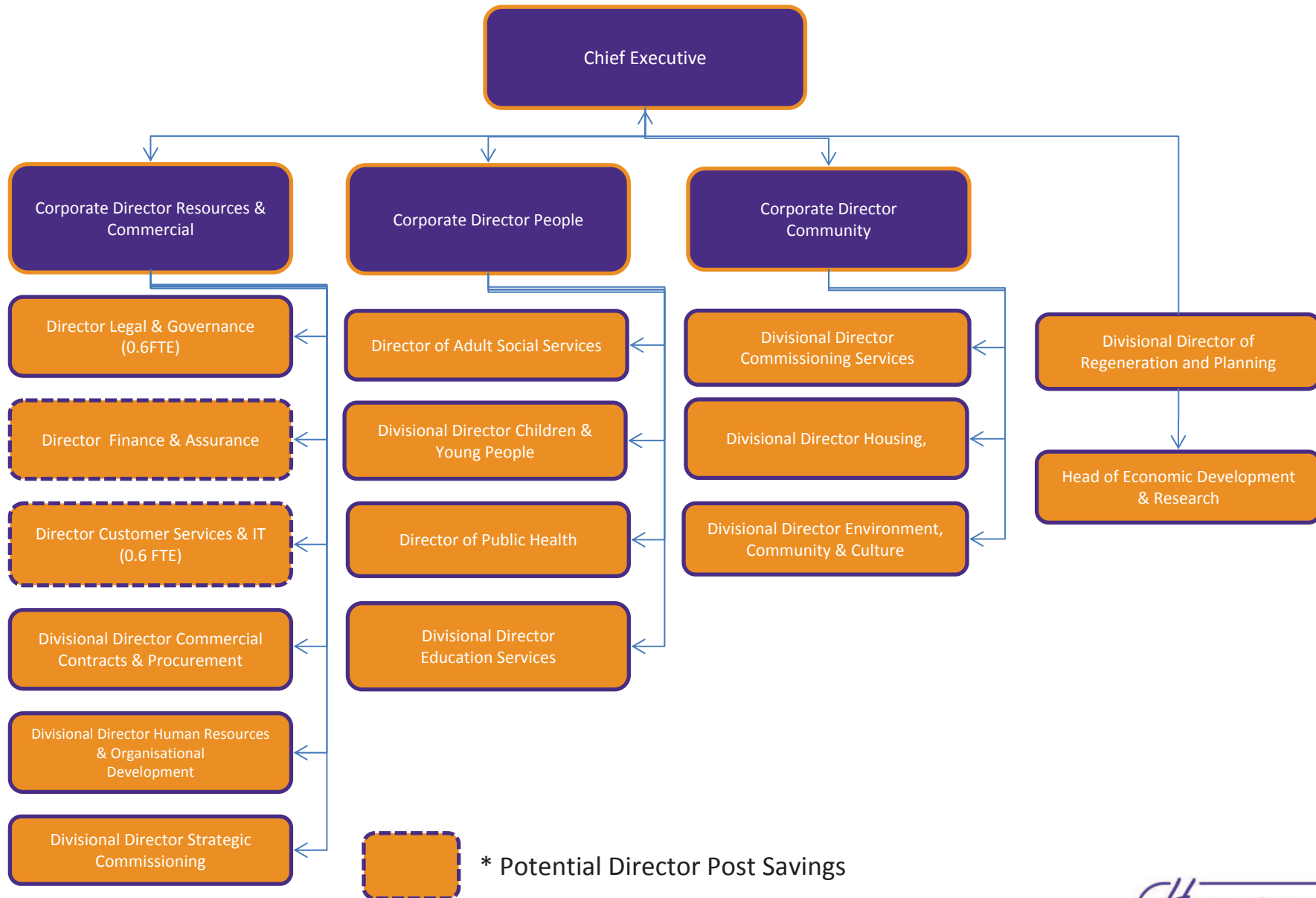
Current – Senior Management Structure

Appendix 1



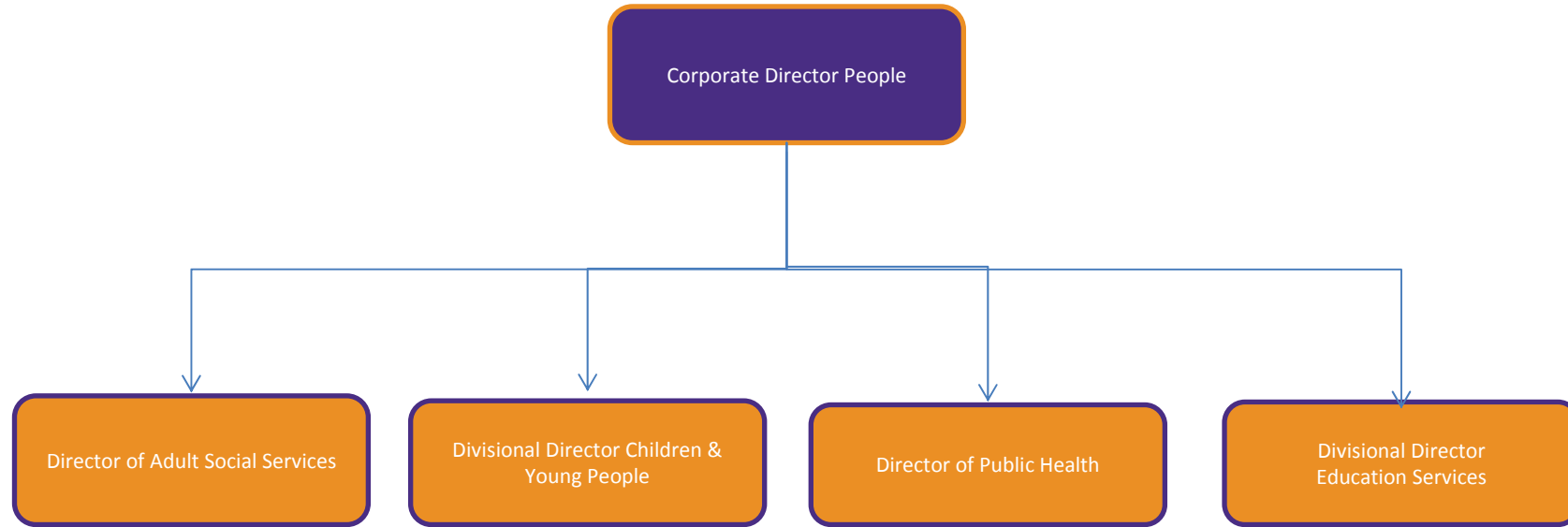
Proposed - Senior Management Structure

Appendix 2



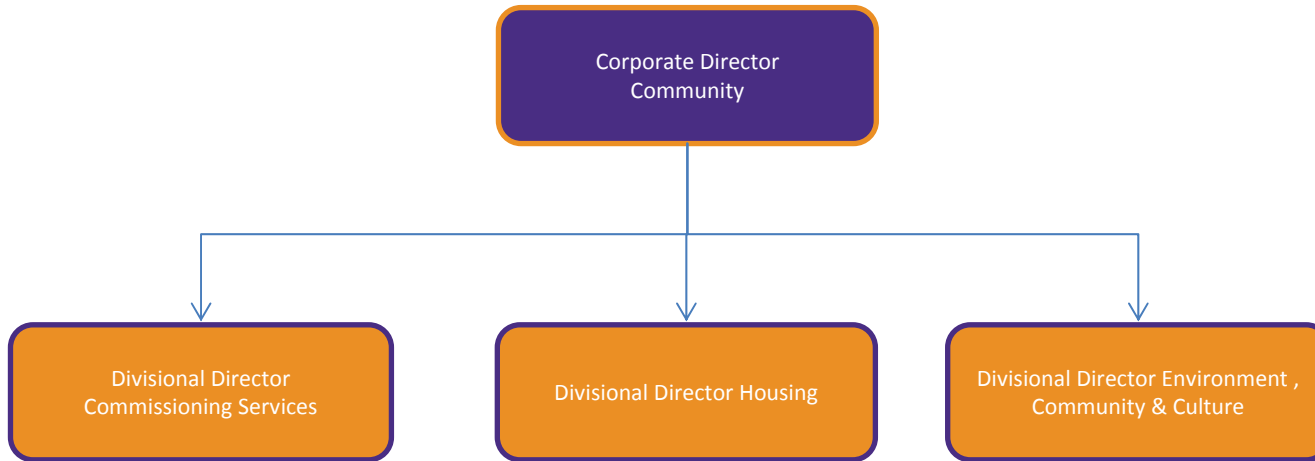
Proposed Structure - People Directorate

Appendix 3

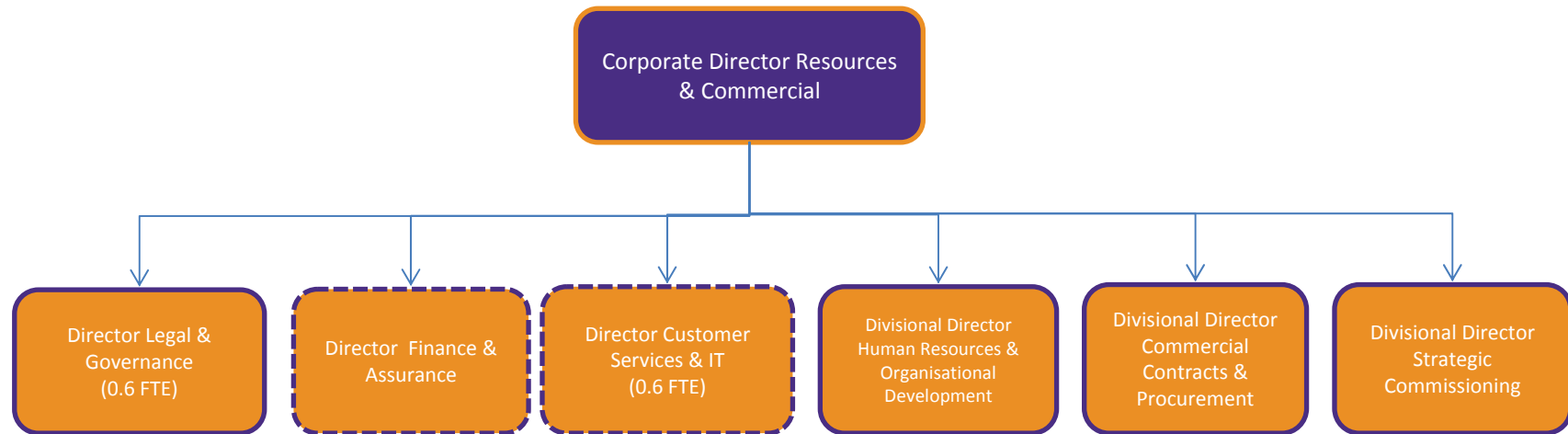


Proposed Structure - Community Directorate

Appendix 4

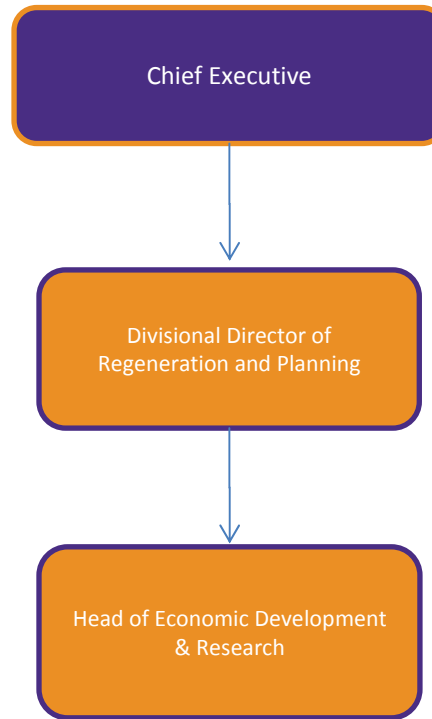


Proposed Structure - Resources & Commercial Directorate



* Potential Director Post Savings

Proposed Structure – Regeneration and Planning



LONDON BOROUGH OF HARROW

Corporate Director, Template

Responsible to:- Chief Executive

Job Purpose

The post is one of XX Corporate Directors responsible with the Chief Executive for the strategic and general management of the council and specifically the **XXX** Directorate.

To be the Council's XXXXXX and responsible for duties as set out in the statutory guidance on role and responsibilities.

MAIN ACCOUNTABILITIES

Leadership

1. Together with the Chief Executive and members of the council's Management Board, and in collaboration with elected members, establish and implement a vision for Harrow in the development of its services, organisation and workforce.
2. Model the Council's values in everything and use the values to set clear expectations of others; recognising and re-enforcing positive behaviours and addressing undesirable behaviour.
3. Demonstrate good governance and ensure that structures and processes inform sound decision-making and service delivery.
4. Deliver efficiency and value for money and sound financial management
5. Develop and maintain systems and processes to develop capability, skills and knowledge at all levels within the organisation
6. Develop and maintain a culture that encourages innovation and improvement
7. Develop and maintain a healthy and effective interface between the Council Members and Officers
8. Provide well-evidenced and sound advice directly to the Chief Executive, cabinet, portfolio holders and other members of council and attend council, cabinet and other committees and events as required

9. Promote a positive image of Harrow externally and represent the council at local and national level attending and presenting at such conferences, seminars, meetings and working parties as may be required.
10. Represent the council and/or the Chief Executive in discussions with partner organisations and other stakeholders.
11. Lead and direct corporate and cross council activities as specified by the Chief Executive.
12. Deputise for the Chief Executive within functional areas and other areas as specified by the Chief Executive.

Commissioning

13. Maintain and develop effective systems and processes for identifying the needs of the local community and the resources available to deliver agreed outcomes.
14. Maintain and develop an effective framework for consultation and engagement with service users, staff, trade unions, voluntary and community organisations, partners and other stakeholders.
15. Ensure services are commissioned to enable achievement of agreed outcomes through effective, efficient, equitable and sustainable service delivery.
16. Lead innovation in the development of new approaches to service delivery to ensure continuous improvement in value for money, performance and quality of services for Council Tax payers
17. Oversee and ensure implementation of service development and delivery plans
18. Ensure service agreements and contract arrangements enable service delivery against agreed outcomes
19. Ensure monitoring and review arrangements are in place to enable evaluation of service delivery and impact on achieving agreed outcomes.
20. Ensure in conjunction with strategic partners, government and other agencies the achievement of council objectives and the fulfilment of statutory obligations and national requirements.

Partnership

21. Maintain and develop effective relationships with key partners, service providers and stakeholders and the wider community to facilitate high quality commissioning of services.

22. Maintain and develop effective relationships with relevant government departments and other national or regional bodies.
23. Ensure the council is equipped to meet government requirements and inspection requirements.

Performance and Resource Management

24. Provide effective management arrangements to ensure delegated resources are used to best effect to deliver agreed outcomes
25. Sustain a culture to encourage meaningful contribution by employees through their continuing development and commitment
26. Develop and maintain effective governance and performance frameworks to clarify accountabilities, expectations and ensure that effective monitoring, reporting and challenge mechanisms are in place
27. Participate in effective civil emergency planning, leadership and management.

Equality and Diversity

28. Provide leadership, communication and action, which will exemplify the Council's values, sense of purpose and commitment to ensure equality of opportunity and strengthen cohesion in the local community.

ROLE SPECIFIC ACCOUNTABILITIES

29. Fulfil the statutory role of XXXX and ensure that the associated statutory duties are discharged.
30. Lead and direct the strategic and general management of the following services / functions on behalf of the council:
 - **XXXX**
31. Lead and direct the effective development and implementation of the following key strategies on behalf of the council: -
 - **XXXX**
32. To act as lead officer and directly advise the Chief Executive, relevant council committees and panels including Cabinet and Scrutiny sub committees and council members on all strategic policies and practices relating to the **XXX** Directorate.

Dimensions

- This is a Chief Officer post and reports to the Chief Executive
- **Responsible for the effective management of delegated budgets**
- Revenue budget in the order of £XXm
- Capital budget in the order of £XXm
- *Any other delegated budgets e.g. pooled budgets*
- **Directly manages X Directors / Head of Service and has overall responsibility for XXX employees.**
- *The post has overall statutory responsibility for XXX*

Response to Senior Management Consultation

Dear Michael,

I am writing to set out my support for your senior management restructure, especially the move towards a greater focus on commissioning, and the creation of a commissioning network. I am supportive of how you set this out with lead commissioners identified in each of the major Directorates (People and Communities) and I have already started very positive discussions with the leads on how we can make this work, making it an open and collaborative process to work with colleagues so that we deliver the best outcomes we can for local residents over the coming years.

I propose that I work with colleagues to develop our corporate approach to commissioning and that this is signed off by CSB in July, but in doing so accept that this should not stop the Council starting to develop its commissioning approach in each of our major service areas. I see my role as offering both challenge and support, and that where major commissioning plans are brought forward they are owned by both the Directorates and myself so that you can be assured as Chief Executive that these plans meet all the requirements that we set ourselves. In taking on this role, I want to work constructively and collaboratively with colleagues across the Council and with partners so that we deliver the best outcomes we can for our residents, and that the resources in my area are there to support the Council in making its commissioning decisions. Subject to the final decision on the restructure I will consider what changes may be necessary in the division to give this support to the Council and look at ways in which the Policy and Business Intelligence Teams can be developed in support of the new People and Community Directorates structure and the coordinated commissioning network.

The model you set out for commissioning will test how we work together as a Council and deliver your vision of a more collaborative Council which thinks of the Council first before any specific service. In my conversations with colleagues to date I am confident that we can deliver this approach, through effective working relationships and an open culture which is happy to challenge and to be challenged.

I am also supportive of your proposal to move Community Cohesion and the Prevent work into the Strategic Commissioning Division.

I am also supportive that the strategic lead for resident engagement and consultation is within the Strategic Commissioning Division as this will fit with the wider commissioning brief and how engagement and effective consultation is embedded in the way that we operate. The new Communications provider will support a step change in our approach to consultation and engagement, so with links to the Policy Team in the division there is a strong base to deliver this approach. The Council already has many good examples of how effective consultation and engagement is delivered, and a Cabinet paper on Consultation Standards will set this out in July 2015.

Finally, you rightly raise the need that as a Council it is vital that senior managers display the leadership values you set out or they will lose credibility with staff. I support your zero tolerance view on how this needs to happen in the future, and that this is not something that any individual should be allowed to opt out of. It will be important that if these standards are not met in the future that there is a clear route to how individuals or groups are dealt with appropriately, be that through development and support or other routes.

Michael,

I think it is appropriate that I let you know you have my support for the proposals as set out in the consultations process. I think that the changes would be a positive thing for both children and adult services and give us a fighting chance of delivering the savings required while maintaining a good level of service delivery and quality in most areas of the two Directorates. There many individual advantages which I could outline in a later paper if you would like me to, but suffice to say for now, that the proposals have my full support.

Dear Michael

Please find below my response to the Consultation documents.

**Children & Families Commissioning Team response to
Harrow Council Senior Management Restructure**

1. The Children & Families Commissioning Team broadly agree with the principles outlined in the consultation paper
2. Bringing together Adults and Children & Families Service is a positive move and it is likely to bring improved outcomes for our residents
3. Overall view of the People's Corporate Director is very positive
4. The Director of Adults Social Services will need to have strong links to the Children's agenda and vice versa
5. Perhaps future consideration could be given to Commissioning remaining central, neutral from particular service areas to enable a more strategic and dynamic response to local needs. This would also benefit providers who currently have a range of departments, processes and funding cycles to deal with. A common approach could reduce the bureaucracy and streamline monitoring arrangements
6. It would be helpful to develop the Council's vision for commissioning so there is a clear and consistent understanding of the role of commissioners and the strategic functions needed to transform the authority over the next 5 years. In doing so it would be useful to look at how other authorities have embedded strategic commissioning

7. However, whilst joining up functions with other departments, there is a need to maintain strong links and effective communication with service areas and residents benefitting from the commissioned services
8. The commissioning network is likely to result in better communication, information sharing and efficiencies. It would also benefit from input from other departments such as Business Intelligence, Procurement, Finance. Analysis of our collective data sets will be critical in understanding and predicting local needs in order to inform policy and the commissioning cycle. Furthermore the network could also look at how external funding and innovation bids can be applied for

Michael

I am writing in response to the consultation into the Senior Management Restructure. In your rationale for restructuring you have highlighted a number of points which I believe are important and my response would be as follows:

1. You have set out an ambition for more coordinated commissioning, which I am very supportive of. We must do more work on the future direction of our major service areas and coordinate this into a single story. We need to apply some creativity and rigour to this exercise and share approaches and learning across the Council. I look forward to the management team spending time considering the work that comes out of this exercise.
2. There is an emphasis on Commercialisation throughout the document. I have recently looked in some detail at how other Councils have approached being more commercial and I believe that there is a sizeable opportunity for us here. We already have a good number of commercial opportunities under development and I believe we should capitalise on our strengths to make money and support really important and valued outcomes in the local community.
3. The Council's levels of satisfaction have fallen to low levels. I agree this is an absolute priority and with my team will develop a new Communications Plan within the timescales that you have laid out.
4. It is time to re-visit our values as an organisation as the nature of the challenge and opportunity ahead has changed. This work needs to be undertaken with officers and this will sit well alongside our other work on workforce development. You have laid out a set of characteristics of effective leaders which are welcomed and I would emphasise that these need to be clear expectations of senior officers and a clear part of our performance framework so that we are all truly accountable for them.

You have also made a number of specific proposals for the Resources Directorate which I would also like to comment on:

1. You are proposing to place a new emphasis on Commercialisation and therefore are proposing to change the name of the Directorate. I would welcome this and the opportunity to lead the coordination of our work on

commercialisation with input from right across the Council. A key opportunity under commercialisation is the continued expansion of the Legal Practice and I completely agree that this is an area where we have a really strong offer where we should focus on developing new opportunities.

2. The proposal to delete the post of Director of Finance & Assurance has also been consulted on with staff in Finance and there was broad agreement to this proposal. I am taking forward a proposal to deliver a new S151 Officer role from within existing resources.
3. Business Support is a critical area for the Council and one that I would be supportive of joining with Access Harrow and we will deliver the review that you have asked for with the full input of staff.
4. The opportunities that you have identified for expanding the Procurement Service are also welcome. We have had a number of conversations with other Boroughs and Councils about this and we believe there is an exciting opportunity there for us to create a bigger shared service.
5. Community Engagement is a major priority for us and I would welcome the opportunity to join up more closely with our Community Cohesion and Prevent work. Linked to the opportunity to create a Commissioning Network, we can also take forward work on how we work with the voluntary sector across the Council.

In summary, I am supportive of the proposed changes and look forward to working with you and the senior management team on delivering them.

Michael,

Following the discussions I've had with you with regard to the restructure I wanted to confirm that I fully support your proposals.

I believe that the structure you have proposed will put us in a good position to manage the challenges ahead and can only have a positive impact on the Council.

You will know from my earlier comments that I believe the sooner we can start working to the new arrangements the better.

Dear Michael

I have set out below my considered response to the Senior Management Consultation.

The case for public health commissioning to remain with the Public Health Team

1. As a shared PH service for Barnet and Harrow, where Barnet contribute 60% of the funding - Barnet will want to see a visible PH Commissioning Service. The recently approved PH structure for Barnet and Harrow Joint Public Health Service has agreed a joint commissioning team between both boroughs. This

joint service already provides efficiencies to both boroughs. Evidence of this - the re-procurement of the Substance Misuse Service and School Nursing Service was undertaken for both boroughs through one process. Contracts are signed by the respective boroughs but are managed by the Joint Public Health Service.

2. Harrow Public Health Service have a high profile across London with regards to Sexual Health and plan to lead the procurement of an integrated model for GUM and sexual health service across the capital. This activity would be best lead by a Public Health Department (with responsibility for Commissioning these services).
3. Public Health is currently responsible for health protection and the commissioning of services listed above. These 2 functions go hand in hand. Commissioning of these services are informed by public health data and intelligence and the commissioned services enable the Council to deliver improved performance against agreed outcomes. Therefore it is important that these two functions remain together. Where Councils have removed the commissioning responsibilities from Director of Public Health – the links between these functions have been severed.

Is People Directorate the best place for PH

1. Public Health is the responsibility of the whole council. As the PH becomes more concerned with prevention rather than treatment and starts to influence the behaviour and choices that residents make – it's important that PH is positioned in the right directorate to have the greatest influence. Although, its position in the People directorate will enable joint working to continue with Social Care for vulnerable people, already known to services – we believe that PH's reach and influence will be limited within the People directorate. PH may be better placed in either the Community Directorate or the Resources and Commercial Directorate.
 - a. **Community Directorate:** This would enable PH to improve its community engagement/participation and influence planning and the environment - resulting in a greater influence over the wider determinants of health. The Health Protection remit and the commissioning of a range of PH prevention, screening and treatment service will require a community engagement approach which we believe could be achieved much more effectively in the Community Directorate.
 - b. **Resources and Commercial Directorate:** This would enable PH to have greater strategic influence on all aspects of the Council's business.
2. We recognise the need to streamline social care services for children and adult as stated in the consultation document. Public Health does not commission social care services but provides services which focus on prevention, screening and clinical treatment to high risk groups. Although some of these high risk groups may also be vulnerable people, a significant part of the target group will not be known to social care. Many residents will access

public health services, by choice rather than coercion, to maintain their health and wellbeing. These services include the National Child Measurement programme, Substance Misuse, Sexual Health Services and Health Checks.

For this reason, we believe that the commissioning of PH services should remain with the PH team and continue to liaise with various partners within and outside the Council to ensure improved outcomes for residents.

3. The Commissioning Network approach will enable commissioners across the council to work together to align processes where necessary and appropriate. And Public Health should be a key part of these networks.

Business Support Finance Officer (Joint response)

Thank you for giving us the opportunity to air our views re: Senior Management Restructure and the review of Business Support.

We work as Business Support Finance Officers in 'Children and Families' Service.

Business Support staff had a team building exercise in February 2015 facilitated by Gary Pike and Finlay Flett. At this team building session we discussed how we felt about Business Support in general and our roles within Business Support.

We were assured at the end of the session that we would be sent some feedback as soon as possible. To-date we have not had any feedback from this exercise.

We would suggest that you contact either Gary Pike or Finlay Flett to obtain our views and if you could ask them to give us some feedback as-well.

In 2.12: You have mentioned that you have already discussed the proposal with the Leader of the Council and Portfolio Holders, so is our feedback to the consultation going to make any difference?

Some general points that we would like to raise:

- What is the cost of relocating all the staff from Civic Centre to another location
- Staff morale - it is already really low due to lack of support, resources, communication and uncertainty about the future
- Engaging and involving local residents – is this not going to be time-consuming and expensive?
- In our view, a lot of departmental structures are very 'top heavy' - too many managers. A lean structure will cut a lot of 'red tape'. The money saved here can be used to recruit more operational staff.

Ref: 2.9: There are a lot of managers that are not well trained and have not been able to support staff effectively. This causes delay in service provision and results in some unresolved issues.

We feel that working across Directorate and organisational boundaries will not work well in Business Support in 'Children & Families'. Expertise and knowledge that the employees have acquired over the years will be lost.

We would also lose the close working relationships and partnership with social workers and our clients that have been built over a number of years.
Ref: 2.10: We have no leadership programme to develop the skill at the moment so this would be really useful and would give us something to work towards and gain more skills.

Ref: 3. Proposed Structure:

Lean structure would be really beneficial as this will cut the 'red tape' and save time & cost.

As well as reducing Directors posts, you should also consider looking at the Directors' **grades**. This may be a more practical solution to continue to provide efficient and value for money service to our clients and residents.

Dear Michael

Re Harrow Council Senior Management Restructure

I am writing as the Independent Chair of the Harrow Safeguarding Children Board to comment upon the proposed restructure.

I will preface my comments with an acknowledgement of the challenging financial context in which the council must operate and continue to deliver services.

I note the proposal to merge the Directorate of Children and Families with that of some of the divisions in the Directorate of Community Health and Wellbeing thus creating a new Directorate of People.

I am familiar with this type of arrangement and agree that some local authorities have gone down this route. Some however have not and some have reversed their decision to so do.

I note that you envisage this new Corporate Director role not only undertaking the statutory role of DCS but additionally responsible for Adult services and Public Health.

This creates a huge portfolio with the bulk of the Council's controllable budget and with all the risk, reputational and otherwise associated with delivering personal services to vulnerable people.

I wonder, given the breadth and importance of Children's Services functions, how due consideration was given to protecting the discrete roles and responsibilities of the role of DCS before allocating to them additional functions. I am concerned also that in leading this Directorate the DCS may struggle to demonstrate "a clear and unbroken line of local accountability" as is required (*DfE Statutory Guidance 2013 Sect 18.7 Children Act 2004*).

I understand that a Local Assurance Test has been commissioned and I anticipate sight of that in due course, in addition to any comments you may have in response to my concerns. My concern, as you might expect given my role, is that there is no dilution in the system that safeguards children and young people in Harrow.

Good afternoon Michael

I am responding to Finlay Flett's request to provide views on the BSS review, that you are planning to undertake in connection with the Senior Management Restructure Consultation.

Earlier this year, I completed the BSS staff survey in preparation for the BSS Staff Engagement Events that were held by Finlay and a representative from HR, on 17th & 18th February 2015. I attended this however, to date we are still awaiting feedback from the events attended.

In both the survey and event, I took the opportunity to feedback as follows:-

I work within the Children & Families Directorate, which is a very specialist and demanding service, in this I feel BSS staff are currently stretched in our existing roles and still expected to carry out other duties in addition to their designated work, for example provide cover for the Children & Families Reception area staff in their absence (even at short notice at times), as well as other departments within the Directorate, which adds pressure to individuals to go back and catch up with their work. Also this results in not being able to offer a consistent and seamless service to internal and external customers, as not all staff have time to understand or know the various areas well enough.

At present BS staff have generic role profiles which I feel since 2012, now need changing and jobs re-evaluated to ensure BS staff deliver services with identified purpose of their role. In the meantime, receive extra recognition/appreciation from BSS Team & Senior Managers or extra remuneration, for regularly doing over and beyond their duties. I feel by doing this staff would feel more appreciated and valued.

I and many of my colleagues feel quite perturbed and insecure in our roles currently (for various reasons) and from the consensus feeling at the recent Staff Engagement Event, staff morale is low. We belong to a very large BS group within C & F, I am very self sufficient and can work independently as well as work in my individual team with my colleague however, (no disrespect to my Team Manager) but our Managers' are not always familiar with our individual roles and responsibilities and of course, they are under pressure themselves and have over 30 staff to manage in one BS Team, I feel we would be better and efficiently managed in smaller teams, that would lead to more understanding.

There are times, with changes that happen within the Service areas, there is not always clear communication/instructions given of what the Service areas need and what the expectations of BS are hence, this leads to uncertainty and unnecessary confusion. In future, I feel steps should be taken to ensure regular meetings with Service areas and relevant BS staff including Team Managers, to ensure consistency and understanding.

I feel we could do with more Manager visibility (especially when all Managers' don't sit with their staff) and interaction with staff, even to have daily acknowledgment face to face without relying on emails all the time, as well as having more time to be listen and understand.

I believe we should have more and regular staff engagement events, as well as more Consultations which would ultimately lead to more and better communication with understanding of who and how BSS operate, within the Council and have opportunities to share and exchange best working practice ideas.

In the past, I have undertaken various roles and mostly had to learn on the job, for future role changes, I would appreciate and recommend we have user friendly and written processes in place that would lead to better staff efficiency, cost effectiveness and job satisfaction. In line with this for future too, I feel Team Managers should sit with BS staff to go through processes/tasks to ensure consistency, cost and time effectiveness and for this to be revised on an annual basis.

There have been times when BS staff have moved on or have left temporarily and positions become vacant but filled with Agency workers, more opportunities for internal staff should be given/encouraged to move across BS to aid their career progression and build on skills, abilities and experience.

In summary, I feel things that are not going well are: -

More work with less resources

Generic role profiles

Staff morale

Not all BS staff sitting amongst their respective teams, spread out across different wings.

Poor Communication

I can assure you that working within BSS is not all negative but has positives too, as in following have gone well:-

Have a very approachable and understanding Team Manager, who listens, supports and implements small changes that help.

Working with loyal, committed and hardworking colleagues.

The support my colleagues and I provide to C & F, I feel is quite specialist and my concerns with the proposed restructure is that we may have to provide support to other Directorates and either take on new/additional work at our existing grades and even may have to re-apply for our roles and/or move away from C & F altogether.

Bearing this in mind, with BSS coming under the Resources and Commercial Directorate and with the plan that IT being managed in the same Division, this would prove more relative as BS staff already are responsible for maintaining the Xerox machines for logging faults and replacing consumable items, as well as being contacts for assisting or referring staff with IT related queries.

Although we face financial challenges and changes ahead, I am happy that a BSS review is due to happen and our role within Harrow Council will be taken more seriously, especially as reflected and outlined in Paragraph 2.9 of the Consultation document, ultimately leading to a change for the better.

Thank you for your attention with this and wishing you all the best.

Dear Michael,

I hope you find my feedback below helpful. I must caveat that my feedback below is based on my short experience at Harrow Council, firstly as Commissioning Officer (M1) and then Senior Policy and Funding Officer (G10).

Your proposals for restructuring senior management and to introduce changes in how we work and deliver services is very timely and welcomed in light of financial savings that need to be made. As you have been in the Council before, I have every confidence that you understand the work culture and people you are dealing with and the sensitivities involved, something which I am still learning to work with.

I wonder whether your proposals to reduce our senior management revenue costs by some £4m over the next 4 years will result in the same nett savings to the Council? This as staff reduction particularly those in a steering and leadership role could increase operating costs and add out-sourcing of services if not well managed. Out-sourcing risks the council losing in-house capability and can become an irreversible trap where the council turns from master to slave of the outsourcing company. We have not shown sufficient maturity to deal with this as in the case of IT services paralysing the rolling out of the much published mobile and flex. I trust that your plans have taken this into consideration.

In this 2500 person strong organisation, it is the colonels (sr managers) that are the key to the general's (directors) success. Directors due to their senior responsibility would struggle to keep up with the day to day running of their divisions. The planning of the director level restructuring should consider the structure and capability of the colonels supporting them. I have some understanding of this having spent time thinking through on the need for a stronger and more capable colonel to support the director for the ESD before the decision was made not to replace the post (see attached docs). I offered myself for that post but have been told that the regimented Council structure does not allow it!

Your section 2 Rationale for restructuring describes actions that the Directorates should already be doing regardless of whether you propose changes or not. I would have thought as CE of the Council your role would be to prioritise, steer and supplement existing actions. And not to push for action which should be part and parcel of council working. Relationship building with residents and external groups is an area we need to strengthen. Good relationships forge trust and integrity. This is an important part of our service. The directors represent our workforce and they need to be sold and promoted to the community as such.

Have you considered performance rewards for director level posts or introducing rolling 2 year contracts?

It is a brilliant decision to overlap delivering services by Environment, Housing and parts of Community & Cultural Services, Schools Capital Programme under the new Directorate of Community Services. As you rightly point out this will not only "build on and further develop the obvious synergies between the universal services we

provide and valued by our residents” but also enable these to be delivered as a single comprehensive service to residents. There is no benefit in excelling in part of this service and performing poorly in others. There needs to be a balanced degree of offering of all the services which is only possible through a single leadership channel. There should be shared budgets between these services where we are able to compensate lower earning services with better income generating ones. This will help cross-division action such as energy co-operative work which I am leading on that has been constrained by the different directorates wanting to achieve the same outcome but insisting on working independently.

It is also reassuring that Regeneration and Planning will now be line managed by yourself. The economic regeneration of Harrow is the primary driver to the future success of the Borough. I do not think that Harrow is prospering economically as well as our neighbours. We will only gain minimally from Crossrail and from HS2. Our commercial and employment centres serve local residents but could do more to attract visitors from neighbouring Boroughs. We will probably do well selling residential property as this is boosted by the high demand across London and the southeast. But this has to be planned and managed well. Harrow Council has not been exposed to extensive regeneration and redevelopment projects in the past other than the Kodak site which was a private sector initiative. The council is now attempting to be a developer and this is a huge responsibility to the council. There is only one chance of getting it right and no opportunity to go back once decisions have been made. The fact that car parking impacts due to the regeneration proposals has not been assessed in parallel with the proposals from an early stage begs the question whether we fully understand the complexity of the task at hand.

Whilst you do make reference to these actions in your document, I wish to prompt you to do more on the following:

1. We should not be prompted into operating as a “knee-jerk organisation” that lacks the capability to be forward thinking and to be able to anticipate change
2. We suffer from silo working and a “self-centered” approach between different divisions/ teams
3. We should stop relying on doing the same with no review of what we are doing and how it can be done better. The staff survey and subsequent ESD survey are examples of this.
4. There is little thinking outside the box to deliver better for less or to objectively evaluate what we do. The trade waste review is an example of this.
5. I am not convinced that the HR system is enabling the best in the organisation to prove their capability due to the rigid organisational and talent recognition structure. I feel I am a victim of this system.

I hope we could meet soon to speak further.

Thank you for providing me with the opportunity to respond to your restructuring proposals.

Hi Michael

Just a few comments on the consultation.

Proposed Structure

The three Directorates proposed seem sensible. However the devil will of course be in the detail.

I suspect that restructuring across Divisions in itself might not be enough to break down barriers without the cultural change in leadership and management that you are seeking. It might be helpful to outline how this will come about. I recall that “breaking down silos” was among your early priorities and clearly still is!

The consultation document also states that breaking down divisional barriers will make it easier for customers to engage with the Council. Again, I ‘m not sure that alone will reassure our customers particularly where our engagement is increasingly online and our most disadvantaged customers lack the skills and capacity to engage technologically. [3.1 A vii and ix.]

Single commissioning should lead to better, more cost effective decision making but will not suddenly become the panacea for bringing about more commercially minded commissioners without training and development (and incentives) to effect this new mind-set. I’m sure this will be key elements of next steps. [3.1 A viii]

Community

I strongly support the highlighting of Community as a key priority. However, it might be that badging a Directorate as “Community” might lead to that Directorate being viewed as the sole keeper of community issues. Both People and Resources have key community roles in for instance working with residents and voluntary and community partners as stakeholders and contractors or supporting residents and voluntary and community organisations with Directorate resources such as IT, HR, premises and procurement.

If we do decide to go for a Community Directorate, we need to emphasise and resource the Community dimension in the other two Directorates.

Community cohesion – for me – fits oddly with Resource and Commercial. If anything, it is about Community. Similarly community engagement, including volunteering and residents’ satisfaction, must be primarily about how we engage and serve the community in the key operational Directorates – not just in Resources and Commercial.

Resources and Commercial

If commercialism is to be a new common thread, then it seems odd just to only put it in the title of one Directorate. Presentationally the other two Directorates might not feel the same sense of ownership!

Dear Michael

I note with interest the proposals in respect of the Senior Management Restructure . Clearly there is a need for both significant change and approach not only to produce cost savings but to move to a position that enables the council to take full advantage of commercial business opportunities and the exciting regeneration proposals which are now starting to move forward. I suspect that there will be conflicting views on some areas as there is always more than one way to do most things in life but the restructure seems to present what the council needs to meet both opportunities and challenges.

As you are aware Corporate Estate is not referred to in the proposals and not part of the consultation . However I am aware that some colleagues may none the less have chosen to put forward suggestions in respect of Corporate Estate in their consultation responses without having taken the opportunity to speak to me but more importantly without a fully detailed understanding of the structure and wide areas covered. Corporate Estate operates as an RICS registered company (for compliance) and apart from covering all the councils valuation requirements and RTBs manages the non operational investment portfolio, acquisitions and disposals ,projects and currently contributes for example to the regeneration programme, Grange Farm, and the proposed housing acquisition programme. The nature of Corporate Estate enables all members to multi task producing a highly professional and cost effective service which currently invoices circa £2m of revenue. Without doubt the sum of the total is greater than the sum of the parts and whilst anything is possible I would suggest that splitting Corporate Estate would be problematic and would be likely to produce a negative effect on cost effectiveness and outcomes

Since the formation of E&E I have reported as Head of Corporate Estate to Caroline Bruce on the basis of the significance and wide area of work covered which is of course all on a cross directorate and cross divisional basis. This has in my view worked very effectively. Corporate Estate as a self contained unit is already working and contributing to a wide area of work embracing all the current and proposed initiatives. I assume this will for the time being continue to be the case and that if at a future date there are proposals to change this that there will be an appropriate consultation in that respect

Dear Michael

Thank you for the opportunity to air our views on the service: what works well, what works less well, how the service is organised, where the service should sit in the future.

Could I respectfully draw your attention to a two day consultation which was attended by all Business Support Staff in February at which staff discussed, in depth, the positives and negatives of the service. We were assured that we would receive feedback but to date, three months on, this has not been received, as has been the case at all consultations in the past, although we were assured that our comments would be taken on board.

Perhaps it would be pertinent to liaise with Finlay Flett (Head of Service, Corporate Business Support), who arranged these sessions.

It would be useful to know what the “starting point” is, so that everyone is clear what it is you wish to achieve. Is this a precursor to yet another consultation about the shape of Business Support? We did go through this approximately four years ago, prior to moving from Pinner Road to the Civic Centre, when we went through the process of “consultations” with experts which fed into feelings of insecurity, low morale and anxiety, including preparing job applications, attending interview training, in case we had to re-apply for own jobs – this was highly stressful for everyone concerned. Since then our work load has increased and taking part in further consultations will only add to our existing pressures.

We feel there is a need for some transparency in this process.

Thank you.

Michael ,

Thank you for going through the restructure proposals this morning and for the quick chat afterwards. I have now read through the consultation document and want to raise just a couple points:

1. I would like to suggest that you reconsider the name of the Directorate as essentially a Community Directorate is the same as a People Directorate as people make up community and so for all intents and purposes, keeping this name means we have two Service Directorate with the same name. I suggest that you consider renaming the Community Directorate to either :

- Environment and Community Services
- Environment , Housing and Community Services or
- Environment and Culture - this was the name Camden used when they merged Environment with Leisure and Community Services for these same group of services.

For the services in my Division that deal with environmental infrastructure i.e. Traffic; Highways ; Network ; Parking, FM etc. they are not readily identifiable as the type of services to be found in Community Services but are easily identifiable in a Directorate that has Environment in its title.

Also the PH for the Directorate is the PH for Environment , Crime and Community Safety- if there is no Directorate with Environment in its name- does that mean that Cllr Henson's portfolio title changes to PH for Community and if so how would residents distinguish his Cabinet role compared to Cllr Anderson who is PH for Resident Engagement i.e. Community? I suggest that just like the PH title , the Directorate should have Environment in its name so maybe Environment and Community Services fits better with the PH title?.

2. I also wish to comment on where Culture sits in the new Directorate. My Division has a Community Engagement team as we currently manage the Community Champions programme and resident and member engagement. Depending on what is left as Culture, they could be merged into the Community Engagement team. I don't think Culture is a good fit with the Depot type services but that is something the

Directorate could look at separately after the roles have been filled - so not a key point right now.

I hope you can give some consideration to the Directorate's name. Thanks again for the opportunity to comment on the consultation.

Dear Michael,

I have very much appreciated the discussions we have had with regards to the senior management restructure and I confirm going forward that I believe the proposals are a positive one for the Council.

Dear Michael

Thank you for your letter of 16th April and for the opportunity to comment on the PA support arrangements to the senior management team.

As part of the Business Support Service, implemented in 2012, the four Corporate Directors were each allocated a full time PA, with the Monitoring Officer and Section 151 officer each allocated a 0.65 PA. Divisional Directors were not allocated any PA support in the model. In terms of how personal business support has been offered to Divisional Directors, I can only comment on the arrangements as they have applied in Children and Families.

When the Business Support Service was implemented the Divisional Directors based at the Civic Centre were each allocated a named Business Support Officer who undertook a number of PA tasks in addition to wider work within their divisions. These Business Support Officers are located with me in a small team, providing support and cover to each other, ensuring that the Children's management team is fully supported.

The newly appointed Divisional Director for Children and Young People will manage a larger division than his predecessor and I am sure he would value full time dedicated PA support.

My own work has only ever been allocated by the Corporate Director and has not come from the Business Support Service. To have a line manager with whom I do not discuss my work, has not proved beneficial to me. My current role is unchanged from my previous role; the only difference is that I am now paid two grades lower than before.

The success of the Business Support Service is a matter for continuous discussion and from what I can see in Children and Families many of the Business Support Officers have continued in their previous roles, the only change appears to be two layers of additional management. Consideration should be given to business support staff returning to their Directorate's and to be managed by those their work affects.

The whole of the Business Support Service is not without value, but I do not believe that the service that was envisaged is what it has developed into. As a wider People

Directorate there may well be some services that merge together and some shared tasks that a People Directorate Business Support Team will be able to contribute to.

The Senior Management Restructure will bring about many changes across the whole Council and will take some time to implement. During this transitional phase please be assured of my support and I will continue in my current role for as long as that is required.

Dear Michael

Thank you for the opportunity to comment on your proposed senior management restructure. We hope the following remarks will assist:

1. The document setting out an organisational structure, and especially the proposed new cultural values, is welcome. Stronger quality leadership with a culture that embraces collaboration, honest dialogue and trust will be crucial to enable the Council to meet the challenges it faces. Successful implementation of these values, starting with the recruitment of the more effective leaders you seek, will be critical. The new structures will require different ways of working away from the traditional models of hierarchy. A culture that embraces a matrix management approach will be part of this change.
2. We have the following observations about Appendix 2 – Proposed Senior Management Structure:
 - The balance across the structure appears to have disproportionate allowance to the Resources & Commercial Directorate. If the s151 Officer function was part of the Corporate Director of Resources and Commercial role this would create a stronger financial presence corporately and offer a saving.
 - In comparison to the other directorates, the span and risk within the People Directorate is extensive (though see point 4).
 - The direct reporting to the Chief Executive of the Divisional Director of Regeneration & Planning and Economic Development & Research posts is surprising. Whilst it gives a corporate profile to regeneration it risks separating the elements of regeneration e.g. housing and community. It also creates an interesting governance arrangement for Planning for which the CE would be directly responsible.
 - For these reasons we would think these should be placed within the Community Directorate and preserve the CEO in the overall strategic leadership role.
3. We wonder whether there is any element of double-counting in the £4m reduction in senior management revenue costs over the next 4 years. Our understanding has been that some management savings in C&F Directorate have already been accounted for.

4. We would welcome early sharing from you and the Leader about the vision for Harrow Council in 5 years time. This will provide clarity about the direction that the new senior management structure will be leading us. It will be difficult to achieve better value services for our community, through an aligned leadership structure, without a vision of what the strategic objectives are in all areas for the betterment of the citizens of Harrow of all ages.

Comments relating to the Chief Executive's restructure and Corporate Business Support Service from the Resources HUB

- Currently there are 3 teams within Resources, E&E, Legal and CS&I. All work load, with the exception of CS&I is, received through a generic email address which is then allocated to staff, as per the BSS model. These 3 teams currently do assist each other where possible. However, there is minimal assistance between Childrens/Resources/CH&W Hubs. Each team has service specific or legislative knowledge and it is therefore felt that each team should revert back to their service area.
- Important for each Hub to work within its service area. Staff have now gained knowledge and strengths in the area in which we work. To become a wider support would be detrimental to the standard of support. It would be a shame to lose this depth of knowledge. Staff should report into a Service Manager within their work area.
- PAs should revert back to reporting to their respective Directors. The cross matrix management currently in place seems ineffective. However, all PAs should continue to be on the same grade, and not different grades as pre-Business Support.
- PAs are reluctant to cover each other's Directors and the only way to resolve this issue is to have them relocated together (with Directors) as set up previously.
- Print room should not be outsourced as additional workload will be provided (via the expansion of the Legal Service) and may not be able to prioritise Legal work.
- Health concerns are held for two members of staff in the postroom. As there are only 3 members of staff in the post room, this can cause health and safety issues. A restructure could take place and incorporate the print room to resolve this issue.

Corporate Scanning and Indexing has been operational for over 14 years and currently provides a service for 7 service areas. It has no direct link to any of the other services provided by the HUB and it is therefore perhaps an opportunity to reconsider the needs of these 7 Service areas and what will work for them. Perhaps each Service should be consulted to ensure what they require is provided and if necessary to review how we can provide this for them.



Harrow L.G.
Branch

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Michael Lockwood
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17th April 2014

Dear Mr Lockwood,

RE: Unisons Response to the Senior Management Restructure

Harrow Unison LG writes formally to you regarding the consultation document which identifies £4 million pounds of savings over a four year period.

Unison in the majority welcomes the decision to streamline the senior management structure, reducing the burden, bureaucracy and unnecessary expenditure which the residents of Harrow have had to endure, at the expense of the services provided by this public organisation.

The content identifies the need to change the ethos and the way in which Local councils totally rely on government funding and tax payer's monies to deliver vital services to the community. It is in our opinion about time that this organisation actually competed with the private sector which will undoubtedly demonstrate that Public services are better delivered by public bodies placing a greater emphasis on people rather than profit.

The move towards commercialisation is key in securing services to the customer thus returning vital revenue obtained through commercialisation back into the services the customer receives and reducing the £83million savings levied against this council by the Coalition government, rather than disseminating public monies to private share-holders who have no real interest in the community of Harrow.

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What never ceases to amaze this union is the short-sighted myopic approach adopted by the previous conservative coalition of Harrow who truly believed that their £1million saving over four years by the deletion of the CEO post was providing real value for Harrows residents. The response to this myopic approach is clearly evident from the content of the consultation document which equates to £3million extra savings, may be their calculator batteries were faulty when the unilateral decision was previously and wrongly made.

However, the council needs to adopt a more innovative approach that actually concentrates on the primary objective, which is the delivery of services to the customer first; the secondary objective is the savings target. This will only be realistically achieved by offsetting the financial impact by introducing a revenue based operation. Unison has always maintained that the emphasis of public services should focus on the frontline delivery, and eliminate the silo management approach which has existed for many years. This will ensure that cross council working is pivotal to customer satisfaction, and the need to take a more creative approach for the survival of public run services.

The values contained within the consultation pack are probably the most important aspect of the change required. Unison believes these values will extend and be seen by the customer. A truly respected workforce is one that will deliver more efficient and professional services eliminating the known status of a two tier workforce, which currently exists.

Finally, it must be made explicitly clear to the successful candidates at this high level that failure to meet the challenge is not acceptable and will not be tolerated, by staff or the customer. This zero tolerance requirement has to be openly endorsed by the incumbent political party.

Harrow Unison LG

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REPORT FOR: CABINET

Date:	17 June 2015
Subject:	Revenue and Capital Outturn 2014-15
Key Decision:	Yes
Responsible Officer:	Dawn Calvert, Interim Director of Finance
Portfolio Holder:	Councillor Sachin Shah, Portfolio Holder for Finance and Major Contracts
Exempt:	No
Decision subject to Call-in:	Yes
Wards affected:	All
Enclosures:	Appendix 1 - Revenue Directorates Summary Appendix 2 - Revenue Carry forward Schedule Appendix 3 – Capital Monitoring Appendix 4 – HRA Revenue Outturn Appendix 5 – Reserves Movements 2014/15

Section 1 – Summary and Recommendations

This report sets out the Council's revenue and capital outturn position for 2014/15

Recommendations:

1. That Cabinet notes the revenue and capital outturn position for 2014/15
2. That Cabinet approves the contributions to reserves outlined in paragraphs 20 to 32.
3. That Cabinet approves the revenue carry forwards outlined at paragraph 34 and detailed in Appendix 2.

4. That Cabinet approves the Housing Revenue Account debt write off outlined in paragraph 38.
5. That Cabinet approve the additions to the capital programme outlined in paragraph 40.
6. That Cabinet note the changes in quarter 4 to the Capital Programme outlined in paragraph 41 to 42.
7. That Cabinet notes the carry forwards on the capital programme outlined in table 4 (paragraph 39) and set out at Appendix 3 that have been approved under delegated authority by the Director of Finance and Assurance
8. That Cabinet approve the virement in the 2015/16 capital programme detailed in paragraph 52.
9. That Cabinet notes the timetable for accounts completion and external audit review as outlined in paragraph 54.

Reason: (For recommendations)

To report the financial position as at 31 March 2015.

Section 2 – Report

EXECUTIVE SUMMARY

1. The revenue outturn position of the Council at the end of the financial year 2014/15 year is showing a net under spend of £5.381m before transfers to reserves. Carry forwards of £1.598m are requested which will reduce the net under spend after transfers to £3.783m. It is an achievement that the council has delivered services within the approved budget, contained the pressures arising from the challenging financial environment and the risks around demand pressures. The gross savings included within the 2014/15 budget totalled £12.939m.
2. It is recommended that the under spend of £5.381m is used to increase reserves as follows:

• Carry forwards	£1.598m
• IT Implementation Reserve	£2.854m
• Rapid Response Reserve	£75k
• Standing up for those in need	£0.800m
• MTFS Implementation	£54k
3. The recommended contributions to reserves will support the Council moving forward to deliver agreed services in the challenging financial environment facing local government.
2. All outturn positions detailed in this report are provisional until agreed by Cabinet and are subject to minor technical changes, prior to the finalisation of the Statement of Accounts.
4. Total spend on the capital programme for the year is £61.871m (£57.427m General Fund and £4.443m HRA). This compares to an approved budget of £117.877m (£107.402m General Fund and £10.476m HRA). The variance of £56.005m comprises of slippage of £48.372m General Fund

and £2.241m HRA and underspends of £1.600m General Fund and £3.792m HRA. The underspends will contribute to revenue savings on capital financing costs.

REVENUE OUTTURN

5. The revenue outturn on General Fund for the Council after transfers to ear marked reserves for the financial year 2014/15 is nil against the approved budget of £174.426m, and there is no addition or reduction to general reserves.

Table 1 Revenue Outturn 2014/15 Summary

Original Budget £000	Directorate	Latest Budget £000	Provisional Outturn £000	2014/15				2013/14 Outturn Variance £000
				Outturn Variance £000	%	Carry Fwd £000	Variance adj for Carry Fwd £000	
24,866	Resources	27,011	25,881	-1,130	-4.2	288	-842	-2,645
39,897	Environment & Enterprise	37,424	36,916	-508	-1.4	338	-170	-2,374
75,204	Community, Health & Wellbeing	76,589	77,578	989	1.3	129	1,118	-625
46,258	Children & Families	43,918	43,239	-679	-1.5	843	164	-365
186,225	Sub Total Directorate	184,942	183,614	-1,328	-0.7	1,598	270	-6,009
1,896	Inflation and Corporate Items	1,947	3	-1,944	-99.8			-1,875
921	Contingency	921	0	-921	-100.0			-1,171
0	Welfare Reform contingency	0	0	0				-2,000
-7,730	Capital Financing and Interest	-944	-1,085	-141	-14.9			-917
-6,886	Grants	-7,261	-8,308	-1,047	-14.4			-1,187
	Carry Forwards from previous year	-4,008	-4,008	0	0.0			0
	Reserves Adjustments	-1,171	-1,171	0	0.0			0
174,426	Sub Total	174,426	169,045	-5,381	3.1			-13,159
	Contribution to Reserves							
	MTFS Implementation cost		54	54				2,796
	Carry Forward Requests 14/15		1,598	1,598				4,009
	IT Reserve		2,854	2,854				0
	Rapid Response		75	75				0
	Standing up for those in need		800	800				0
	Business Risk		0	0				2,000
	Transformation and Priority Initiatives Fund		0	0				3,000
174,426	Total Budget Requirement	174,426	174,426	0	0.0			-1,354

Directorates' Position

6. The outturn for the Directorates is an under spend of £1.328m against the approved budget of £184.942m which represents a 0.7% variance. The position for each directorate is summarised below and further details are provided in Appendix 1.

Resources

7. The outturn position for Resources is an under spend of £1.130m. The key reasons are detailed below:

- Finance and Assurance – Increase in SLA income from Schools (£45k), an under spend on the finance transformation project and

previously anticipated contribution to Insurance provision (£144k.), and a reduction in staff cost and delay to delivery of new anti-fraud system (£79k) all contribute to an under spend of £268k

- HRD & Shared Services – Savings on staffing and operational activity (£63k), delay to delivery of Management training (£30k), delay to change for SAP account receivable invoice /credit note (£28k), other staffing underspend from Trade Union (£20k) and (£12k) additional income from HR services contribute to an under spend of £153k
- Strategic Commissioning – Over recovery of SIMS income (£29k), Operation activity and staffing underspend in Performance Management Team, Strategy & Performance and Policy and Partnership (£180k), Local Area Agreement (LAA) Grant (£44k) contribute to an under spend of £252k
- Customer Services – There are a number of variances that have contributed to the overall under spend of £325k. The key variances are:
 - Business Transformation Programme (BTP) payments not required due to delays in Mobile and Flex project (£249k).
 - Saving on new Print contract and carried forward budget for the old print contract not needed (£168k)
 - BTP staffing and operational underspend (£66k)
 - The Housing Benefit overpayment bad debt provision was £100k overspent
 - Access Harrow staffing overspend and reduction in expected income 58k
- Legal & Governance – HBPL Public Law deliver a contribution, of £105k of which £102k has been moved to a Legal Expansion Reserve and uncompleted user acceptance testing (£86k) of a Case management system contribute to an underspend of £89k.

8. The under spend is reduced to £0.842m after accounting for carry forwards of £288k which this report recommends (Appendix 2)

Environment and Enterprise

9. The outturn position for Environment & Enterprise is an under spend of £0.508m. The key reasons are detailed below:

- Additional income and one-off under spends - Parking enforcement (£0.764m), delays in the project implementation costs of Towards Excellence (£277k), additional rents from corporate estates (£164k), additional recycling and Civic Amenity site income (£181k) and additional income from cemeteries (£110k).

- Offsetting these underspends is anMTFS saving not achieved in relation to the delay in Leisure Centre car parking charging (£300k) which will be started in April 2015, spend on Neighbourhood Investment Schemes reclassified as revenue expenditure (£219k), a shortfall on Building Control fee income (£179k) and a shortfall on trade waste income (£281k)

10. The under spend is reduced to £170k after accounting for carry forwards of £338k which this report recommends (Appendix 2)

Community Health and Wellbeing

11. The outturn position for Community Health and Wellbeing is an over spend of £0.989m. The key reasons are detailed below:

- Housing General Fund services are over spent by £1.271m, due mainly to increased demand for Bed & Breakfast accommodation driven by rapidly increasing rents in the Private Rented Sector combined with the impact of Government's on-going Welfare Reforms, lower than anticipated Discretionary Housing Payments and higher contributions to the bad debt provision. The worsening position means that there is also a very real risk of a significant over spend in 2015-16.
- Public Health. A nil variance is reported at year end, however this is a result of adjustments as detailed below.
 - The outturn underspend of £593k against Public Health Grant was reported at quarter 3 and remains unchanged.
 - Of the underspend, £351k is reflected within Adult Social Care representing the wider public health responsibilities being delivered.
 - The balance of £241k will be transferred into the specific Public Health Reserve to fund, taking the total to £907k at 31st March 2015
- Community and Culture is reporting an underspend of £224k against a total net budget of £6.629m. The underspend of £224k largely relates to a lower level of repairs and maintenance costs on libraries and leisure (£90k), senior management vacancy for 3months in Community Sector Support (£26k) and unspent grants of £122k.
- Adult Services is underspent by £54k. This position reflects overspends across the directorate including those associated with unfunded legislative requirements around Deprivation of Liberty Safeguards (DoLs) and Mental Health in part as a result of Harrow Clinical Commissioning Groups decision to close Roxbourne (resulting in increased costs for social care), however these pressures were mitigated by fully utilising the Business Risk reserve of £0.750m set aside for the purpose of continuing health care cases, use of the public health grant to fund wider determinants of health and other health funding.

12. The directorate over spend is increased to £1.118m after accounting for carry forwards of £129k which this report recommends (Appendix 2).

Children's and Families

13. The outturn position for Children and Families is an under spend of £0.679m. The key reasons are detailed below:

- Commissioning and Schools is under spent by £0.860m. Under spends relating to Troubled Families Grant (£0.573m) and Early Years Pupil Premium and Integrated Review Grant (£18k) have been requested for carry forward. The remainder of the under spend relates to the closure of the Teachers Centre in July (£70k), a recharge to Whitchurch Infant School for the Early Years Professional Lead's cover for the Head Teacher (£33k), Service Manager and Senior Commissioner posts being held vacant for part of the year (£104k) and 0.5 FTE Health Post at Ealing Hospital NHS Trust not being filled (£44k).
- The Early Intervention Service is under spent by £276k. The under spend results from the Divisional Director and Service Manager posts being held vacant for part of the year (£98k), a Team Manager's post being held vacant for part of the year and a Counsellor post being funded by Troubled Families Grant (£79k) and an under spend on Children's Centres running costs (£98k).
- Targeted Services is over spent by £1.090m. The overspend results from agency staffing being used to cover vacancies, sickness and additional caseloads (£437k) and non-staffing mainly in children's placements and other client spend (£0.700m). A Social Care Innovation Grant has been requested for carry forward (£47k)
- Management and Business Support is under spent by £1.117m. Uncommitted budgets and unringfenced Adoption Reform and SEND Implementation Grants were held as management actions to offset pressures across the Directorate (£0.578m). Early savings for 2015/16 were identified and held as a one off in year action to offset pressure on the placements budget (£365k). There was an under spend in Business Support resulting from 3 posts being held vacant for the year and an under spend on postage and printing (£180k).
- Special Needs is over spent by £0.525m. The overspend is in two main areas. Special Needs Transport from delays in delivering MTFS savings and growth in demand (£409k) and Children with Disability Client costs (£313k). A carry forward of SEN Reform grant has been requested (£205k).

14. The Directorate under spend of £0.679m becomes an overspend of £164k after accounting for requested carry forwards in relation to Social Care Innovation Grant (£47k), Troubled Families Grant (£0.573m), Early Years

Pupil Premium and Integrated Review Grant (£18k) and SEN Reform Grant (£205k).

INFLATION

15. The Pay and Energy Inflation reserve stood at £1.4m. £0.734m has been allocated to fund the pay award leaving an underspend of £0.666m which contributes to the overall position. The contingency stands at £350k for 2015/16 to cover additional utility inflation pressures.

CORPORATE ITEMS

16. Centrally held corporate items give an underspend of £1.278m to contribute to the overall position. £0.757m relates to additional Communities and Local Government grants, principally a s31 grant to compensate for lost business rates as a result of the autumn statement 2013 measures. £290k relates to additional Education Services Grant. £231k relates to a surplus on the Goods Received, Invoice Received suspense code.

CONTINGENCY AND RESERVES

17. The main Contingencies and Reserves are summarised in table 2 below and supported by a narrative explanation:

Table 2: Contingencies and Reserves 2014/15

	Budget Available 2014/15	In year contribution	In year draw down	Budget to carry forward into 2015/16
	£'000	£'000	£'000	£'000
Unforeseen Contingency	921		0	N/A
Transformation and Priority Initiatives Fund (TPIF)	3,370	801	-352	3,819
Business Risk Reserve	2,859		-750	2,109
Medium Term Financial Strategy Implementation Reserve	6,074	1,066	-4,390	2,750
Carry Forward	4,203		-4,008	195
General Reserves	10,008			10,008
TOTAL	27,435	1,867	-9,500	18,881

18. **Unforeseen Contingency** - There have been no calls on the contingency for unforeseen items therefore an under spend of £0.921m is

contributing to the overall position. This contingency stands at £1.248min 2015/16.

Reserves

19. Set out in paragraphs 20 to 32 below are the movements in the key reserves, either built in to the Outturn or proposed from the revenue underspend for the year. A full list is included in appendix 5.

20. **Transformation and Priority Initiatives Fund** - The balance at 1 April 2014 was £3.370m. During the year £0.801m was added to the fund from early MTFs savings and bids of £352k were approved:

- Arboricultural works £100k
- Helping you event £30k
- Pothole repairs £150k
- Sports Development £50k
- Harrow Mutual Support Network £13k
- Housing Lettings agency £9k

21. This leaves a balance of £3.819m. No increase in this fund is recommended for 2015/16.

22. **Business Risk Reserve** - This reserve was established as part of the 2012/13 outturn to provide for a number of identified business risks. £2.859m was available at the start of 2014/15 and a drawdown of £0.750m has been made in-year in respect of Adults continuing care cases.

23. This leaves a balance of £2.109m which will be retained to fund new and emerging business risks and any new contractual risks.

24. **Medium Term Financial Strategy Implementation Reserve** – This reserve was established to facilitate the achievement of MTFs savings. The balance at the start of the year was £6.074m, to which was added £1.066m in-year from early MTFs savings. £4.390m has been drawn down as follows:

- Severance costs £2.696m
- Project Minerva / IT reprocurement £1.282m
- Civic 2 demolition works £174k
- Redeployment co-ordinator £29k
- IT category management £57k
- Resident consultation £62k
- Community, Health & Wellbeing project management of savings £90k

25. It is recommended that £54k is added to this reserve from the year end underspend.

26. Legal Expansion Reserve

A key element of the Legal Services MTFs proposals is for the provision of Legal Services to other boroughs to be expanded, reducing the net cost of Legal Services. It is recommended that Cabinet agree to the contribution of £102k to this reserve in order to finance the costs of gaining new business

and implementation costs. This contribution is reflected in the reported outturn position for Legal and Governance.

27. Children's Social Care Reserve

It is proposed to establish a Children's Social Care Reserve to help defray anticipated future budget pressures in relation to Social Care costs and Special Needs costs. The recommended contribution is £0.866m, which is funded from grant flexibility for one year only, and has been factored in to the Children and Families Outturn position.

28. Harrow Schools Improvement Partnership (HSIP) Reserve

HSIP has an accumulated surplus of £1.261m arising from the contributions to costs made by schools. The surplus is being maintained to fund potential termination costs and it is recommended that this is contributed to a reserve. There has been a change in the accounting treatment of this item and in previous years it was treated as an accrual rather than a reserve. The contribution has been factored in to the Children and Families Outturn position.

29. Standing up for those in need Reserve

The administration committed in its manifesto to stand up for those in need by targeting more support towards carers and tackling the increase in domestic violence across the borough. In July 2014 Cabinet approve the use of £200k from early savings implemented in-year to tackle domestic violence. It is now recommended to contribute £0.800m from the 2014/5 underspend to this reserve taking the total funding allocated in 2014/15 and 2015/16 to £1m.

30. Borough Elections Reserve

A reserve is maintained to equalise the cost of local elections every 4 years. The drawdown of the balance of £318k has been factored in to the Outturn position for Resources, in order to fund the 2014 elections.

Rapid Response Reserve

31. It is recommended that this reserve is established with a contribution of £75k from the reported underspend in 2014/15. The purpose of this is to fund responsive minor works, of a non-recurrent nature, in a rapid and efficient manner.

IT Implementation Reserve

32. When considering the ICT Procurement award of contract in March, Cabinet agreed to fund £2.854m of transformation and transition costs from the MTFs Implementation reserve. In view of the size of the expenditure it is recommended that a separate reserve is established funded from the underspend in 2014/15.

CAPITAL FINANCING

33. The outturn on capital financing is an underspend of £140k. This has resulted from more investment income as a result of higher cash balances than anticipated.

REVENUE CARRY FORWARDS

34. Carry forward requests were received, mainly in relation to projects not completed and government grants not yet spent. The carry forward requests are summarised below and listed in appendix 3:-

Table 3 Summary of Revenue Carry Forwards

	Council Funding	Grant Funding	Total
	£000	£000	£000
Resources	244	44	288
Environment & Enterprise	332	6	338
Community, Health & Wellbeing	50	79	129
Children & Families	0	843	843
Carry Fwd Total	626	972	1,598

GENERAL RESERVES

35. Harrow's level of General Reserves is towards the lower end of what is considered prudent at £10.008m, but is considered adequate given the level of earmarked reserves. It is not recommended to increase the level at this point.

HOUSING REVENUE ACCOUNT (HRA)

36. The HRA has a surplus of £1.011m against a budgeted surplus of £0.902m. The main contributing factors are underspends in operating expenditure, including repairs, utilities and employee costs, offset by valuation losses on garages of £1.765m. The outturn also includes additional depreciation charges of £0.773m which result in only a transfer of resources to the Major Repairs Reserve which is used to finance capital expenditure.

DEBT WRITE OFF

37. The Council has written off 505 debts totalling £400k during the year under delegated authority, where they are either irrecoverable or uneconomic to pursue.

38. The reported outturn for the Housing Revenue Account includes a contribution to the provision for bad & doubtful debts of £347k. This is after allowing for the write off of £169k HRA debt owed by tenants but which is not recoverable. The Council maintains a dialogue with tenants using all means available followed by formal correspondence offering repayment plans. Where this is unsuccessful, preparations for legal proceedings are put in place and ultimately eviction as a last resort. The majority of write offs in 2014/15 relate to former tenants who have left no forwarding address. Although checks are made with Revenues and Benefits and Experian, there is often no alternative but to write off. Approval of Cabinet is sought to write off this irrecoverable debt.

CAPITAL

39. Total spend on the capital programme for the year is £61.871m (£57.427m General Fund and £4.443m HRA). This compares to an approved budget of £117.877m (£107.401m General Fund and £10.476m HRA). The variance of £56.005m comprises of slippage of £48.372m General Fund and £2.241m HRA with underspends of £1.600m General Fund and £3.792m HRA. The underspends on capital will contribute to a revenue saving on capital financing costs. The summary position and funding of the programme is shown in table 4. The slippage identified in Table 4 and detailed in Appendix 3 has been approved under delegated authority as carry forwards by the Chief Finance Officer.

Table 4 Capital Outturn 2014/15 Summary

Directorate	Original Programme	CFWD's	Adjustments	External	LBH	Total Budget	Actual	Variance	Slippage	Under spend
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Community, Health and Wellbeing	5,428	3,588	1,553	4,227	6,342	10,569	3,443	-7,126	6,572	-554
Children & Families	42,296	11,767	-711	52,442	910	53,352	23,057	-30,295	30,295	0
Environment & Enterprise Resources	14,790	10,583	-474	4,996	19,903	24,899	21,915	-2,984	2,984	0
	9,413	9,322	-127	161	18,447	18,608	9,012	-9,596	8,549	-1,047
TOTAL GENERAL FUND	71,927	35,260	241	61,826	45,602	107,428	57,427	-50,001	48,400	-1,601
HRA	9,527	949		0	10,476	10,476	4,443	-6,033	2,241	-3,792
TOTAL GENERAL FUND & HRA	81,454	36,209	241	61,826	56,078	117,904	61,870	-56,034	50,641	-5,393
TOTAL CAPITAL PROGRAMME	81,454	36,209	241	61,826	56,078	117,904	61,870	-56,034	50,641	-5,393
NOTE:										
General Fund Funding:										
Grant	-46,331	-12,067	-66	-58,464		-58,464	-25,466	32,998	-31,060	0
Section 106	0	-1,362	0	-1,362		-1,362	-692	670	-1,153	0
RCCO	-2,000	0	0	-2,000		-2,000	-2,538	-538	-344	0
Capital Receipt		0	0	0		0	-2,356	-2,356	0	0
Borrowing	-23,596	-21,831	-175		-45,602	-45,602	-26,375	19,227	-15,843	1,601
TOTAL GENERAL FUND	-71,927	-35,260	-241	-61,826	-45,602	-107,428	-57,427	50,001	-48,400	1,601
HRA Funding:										
Revenue (MMR)	-7,427	-949			-8,376	-8,376	-4,003	4,373	-1,707	2,666
Grant					0	0	-42	-42	0	-42
Contribution	-100				-100	-100	-344	-244		-244
Main Programme	-7,527	-949	0	0	-8,476	-8,476	-4,389	4,087	-1,707	2,380
Affordable Housing (Sec 106)	-367				-367	-367		367	0	367
Capital Receipt - Right to buy	-1,383				-1,383	-1,383	-54	1,329	-534	795
CGRIA	-250				-250	-250		250		250
Affordable Housing	-2,000				-2,000	-2,000	-54	1,946	-534	1,412
TOTAL HRA	-9,527	-949	0	0	-10,476	-10,476	-4,443	6,033	-2,241	3,792
TOTAL CAPITAL PROGRAMME	-81,454	-36,209	-241	-61,826	-56,078	-117,904	-61,870	56,034	-50,641	5,393

40. Additions to Programme

Additional external funding has been received for the following in Quarter 4 and Cabinet is recommended to add these items to the programme.

Table 5: Additions to Capital Programme 2014/15

Item	£000
Additional Department of Health funding for improving access to information for people with autism	19
Additional Highways funding from TFL for LIP programme	10
Total	29

41. Reductions in Programme

Table 6: Reductions in Capital Programme 2014/15

Item	£000
Whitmore High School pitch. Work not proceeding and funding returned to school.	-90
2 Year old entitlement – removed from capital as grant used for revenue spend in accordance with grant conditions	-438
Total	-528

42. **Virements.** The following virements have been approved under delegated authority.

Table 7: Virements Approved in Quarter 3

Item	£000
ITO Transformation – reduction in work undertaken	-210
IT Corporate systems refresh – reduction in work undertaken	-100
Mobile and flexible working – Accommodation works to facilitate mobile and flexible working	310

DIRECTORATE PERFORMANCE ON CAPITAL Resources

43. The directorate spent £9.012m against a budget of £18.607m, a 48.4% spend. £8.547m of the variance has slipped to 2015/16 with an underspend of £1.047m. The key reason for slippage has been Capita delivery issues. In addition, given the impending end of the Capita contract, some work that previously would have been placed with Capita is being held over until the new contractor is in place.

44. There has been slippage of £2.219m on the loan to West London Waste Authority due to delays in the progress of their investment programme.

Environment and Enterprise

45. The directorate spent £21.915m against a budget of £24.874m, a spend of 88.1%. All of the variance of £2.959m has been slipped to 2015/16.

46. The capital funding was spent to invest in the Boroughs infrastructure and improve the place, both for residents and staff. Some of these improvements have generated additional income, particularly from disused parks buildings that were brought back into use. Others, such as the rationalisation of accommodation have yielded savings both on maintenance and utilities. Likewise, investment on the highways network will reduce reactive maintenance costs in the future. Some projects contributed significantly to social regeneration by making available more buildings for community use.

47. Some of the key projects and outcomes were:

- a. Town Centre Improvements: The heart of the town centre has been revitalised with work around St Ann's road, Havelock Place, and the new urban park and cafe at Lowlands. This has bolstered the feel and economy of the town centre.
- b. Park buildings: Improvements made to a number of buildings including
- c. Byron Recreation refurbishment of changing rooms
- d. Renovation of a disused toilet block to become a West Harrow café and provide rental income for the council
- e. Pinner Cemetery Chapel refurbishment which results in increased bookings
- f. Renovation of a disused building at the Croft to create a sports venue to host the Boxing Club
- g. Green gyms: Installation of 13 new green gyms to improve community access to healthy activities and promote physical exercises
- h. Street Lights: Replaced around 1,000 lighting columns with LED technology to improve safety and energy efficiency
- i. Trees: Planted over 500 street trees to green the environment.
- j. Parking: Introduction of 20 minutes free parking at district centres to encourage footfall and support local businesses' growth.
- k. Highways: Re-surfaced 30.7 km of Harrows 460km road network and carried out 1,781 repairs to carriageways including potholes related work. Reconstructed 15,639 linear meters of footways and carried out 3,174 repairs to footways to improve safety to residents and visitors.
- l. Corporate Accommodation: Refurbishment works across the Civic Centre to consolidate buildings into Civic 1 Complex and improvements to toilets and car parking / cycling facilities were made to improve security, staff welfare and energy efficiency.

Community, Health and Wellbeing

48. The directorate spent £3.443m against a budget of £10.569m, a 32.6% spend. £6.572m of the £7.126m variance has been slipped to 2015/16 with an underspend on the programme of £0.553m. There have been

delays on a number of schemes within the programme resulting in slippage. The most significant ones are:

- a. Mosaic £0.606m. Delays in the availability of software from the supplier.
- b. Headstone Manor £1.086m. Delay in agreement of Heritage Lottery fund grant.
- c. S106 Bannister Sports Pitches. £1.004m. There has been a delay in the S106 funding being received by the Council due to delays in the redevelopment of the Kodak site.
- d. Green Deals Community Funding £1.357m. Delays in identifying suitable properties.

Children & Families

49. The directorate spent £23.057m against a budget of £53.352m, a 43.2% spend. All of the variance has been carried forward to 2015/16. The delay was as a result of the increase in construction work activity in the country as a whole which caused some problems in obtaining competitive quotes and employing sufficient resources to deliver a large scale building programme and delayed the process of agreeing prices and starting works on site.

50. The capital programme by directorate is included at Appendix 3 showing performance against the latest approved budget for each programme line.

Housing Revenue Account

51. The HRA spent £4.443m against a budget of £10.476m, a spend of 42.4%. £2.241m of the variance has been slipped to 2015/16. A further £3.097m, shown as underspend was included in the 2015/16 programme approved by Cabinet in February.

2015/16 CAPITAL PROGRAMME

52. Following a review of capital requirements under the recently signed IT contract operational from November 2015, it has been identified that the total provided in the capital programme exceeds the amount required by £2.600m. It is recommended that this is vired from the IT capital budget to the following areas:

- a. Environment & Enterprise Highways Programme £2.100m
- b. Minor works responsive capital programme £0.500m

53. The capital investment in these areas will result in the achievement of on-going revenue savings.

TIMETABLE FOR ACCOUNTS COMPLETION AND EXTERNAL AUDIT REVIEW

54. The draft accounts will be completed by 24th June before the statutory deadline of 30th June and the audit will commence on 29th June 2015. The draft accounts will be considered by the Governance, Audit, Risk Management and Standards Committee (GARMS) at their July meeting. The final accounts will be considered by the (GARMS) on 10 September 2015 and must be signed off by the Council and the Auditor by the end of September.

LEGAL IMPLICATIONS

55. Section 151 of the Local Government Act 1972 states that ;"without prejudice to section 111, every local authority shall make arrangements for the proper administration of their financial affairs and shall secure that one of their officers has responsibility for the administration of those affairs"

56. Section 28 of the Local government Act 2003 imposes a statutory duty on a billing or major precepting authority to monitor, during the financial year, its income and expenditure against budget calculations.

FINANCIAL IMPLICATIONS

57. Financial matters are integral to the report.

PERFORMANCE

58. Good financial monitoring is essential to ensuring that there are adequate and appropriately directed resources to support delivery and achievement of Council priorities and targets as set out in the Corporate Plan. In addition, adherence to the Prudential Framework ensures capital expenditure plans remain affordable in the longer term and that capital resources are maximised.

59. Financial performance is considered quarterly at Cabinet.

RISK MANAGEMENT IMPLICATIONS

60. The risks to the council and how they are being managed are clearly set out in the report:

Risks included on Directorate risk registers? Yes

EQUALITIES IMPLICATIONS

61. There are no direct equalities impacts arising from the decisions within this report.

CORPORATE PRIORITIES

The Council's vision is:

Working Together to Make a Difference for Harrow

The administrations priorities are:

Making a difference for the vulnerable

Making a difference for communities

Making a difference for local businesses

Making a difference for families

The robust stewardship of funds to ensure expenditure is contained w

Section 3 - Statutory Officer Clearance

Name: Dawn Calvert	<input checked="" type="checkbox"/>	Interim Chief Financial Officer
Date: 4 June 2015		
Name: Jessica Farmer	<input checked="" type="checkbox"/>	on behalf of the Monitoring Officer
Date: 5 June 2015		

Ward Councillors notified:	NO
EqIA carried out:	NO
EqIA cleared by:	N/A

Section 6 - Contact Details and Background Papers

Contact: Steve Tingle (steve.tingle@harrow.gov.uk)

Background Papers:

[Cabinet reports 13 February 2014, Housing revenue Account Budget 2014-15 and Medium Term Financial Strategy 2015-16 to 2017-18, Final Revenue Budget 2014/15 and Medium Term Financial Strategy 2014-15 to 2016-17, Capital Programme 2014-15 to 2017-18](#)

Call-In Waived by the Chairman of Overview and Scrutiny Committee	NOT APPLICABLE <i>[Call –in applies]</i>
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	Original Budget	Budget Adjs	Latest Budget	Outturn	Variance		Carry Fwd	Variance adj for Carry Fwd	Comments
	£000	£000	£000	£000	£000	%	£000	£000	
RESOURCES									
Customer Services	14,014	2,670	16,684	16,359	-325	-8.2%	117	-208	(249k) underspend is due to BTP payment not require due to delay in Mobile and Flex project, (£168k) savings on new print contract and the budget that was carry forward for the old print contract, (£66k) BTP staffing and operational budget not needed, this was mitigated by Housing Benefit overpayment bad debt provision of £100k and Access Harrow staffing and reduced reduction to expected income £58k contribute an underspend of £325k.
Director of Resources	744	10	754	735	-19	-2.6%	0	-19	
Finance & Assurance	5,802	-79	5,723	5,455	-268	-7.1%	0	-268	Increase in SLA income from Schools (£45k), an under spend on the finance transformation project and previously anticipated contribution to Insurance provision (£144k.). Staff management and delay to delivery of the new anti-fraud system (£79k) contribute to an under spend of £268k.
HRD & Shared Services	3	141	144	-8	-152	-94.7%	31	-121	Savings on staffing and operational activity (£63k), delay to delivery of Management training (£30k), delay to change for SAP account receivable invoice /credit note (£28k), other staffing underspend from Trade Union (£20k) and (£12k) additional income from HR services contribute to an under spend of £153k.
Legal & Governance	2,615	433	3,048	2,959	-89	-6.4%	86	-3	Legal & Governance – HBPL Public Law deliver a contribution, of (£70k) of which £67k has been moved to Legal the Expansion Reserve and the uncompleted UAT system testing (£86k) contribute to an underspend of £89k.
Procurement	35	-16	19	-5	-24	-8.7%	0	-24	
Strategic Commissioning	1,653	-1,014	639	386	-253	-12.0%	54	-199	Strategic Commissioning – Over recovery of SIMS income (£29k), Operation activity and staffing underspend in Performance Management Team, Strategy & Performance and Policy and Partnership (£180k), Local Area Agreement (LAA) Grant (£44k) contribute to an under spend of £252k.
Directorate Total	24,866	2,145	27,011	25,881	-1,130	-4.2%	288	-842	

	Original Budget	Budget Adjs	Latest Budget	Outturn	Variance		Carry Fwd	Variance adj for Carry Fwd	Comments
	£000	£000	£000	£000	£000	%	£000	£000	
ENVIRONMENT & ENTERPRISE									
Commissioning Services	15,322	-50	15,272	15,377	105	0.7%		105	Principal overspends include Arboriculture £112k, Street Lighting £143k, Trading Standards £260k and unachieved procurements MTFS £43k. These have been offset by the under spend on Facilities of £460k. Overspend on Arboriculture relates to payment schedule on new contract; overspend on street lighting relates to under accrual from prior year; overspend on Trading Standards of £261k due to Proceeds of Crime Act (POCA) income £160k transferred to earmarked reserves due to the requirement of any POCA surplus be reinvested only in related activities. Underspend on facilities relates to depot savings coupled with higher than anticipated saving due to consolidation of premises.
Directorate Management	862	45	907	666	-241	-26.6%	275	34	Underspends of £91k on Regeneration consultancy work, £230k on Towards Excellence project and £47k on on-going Capita costs of Towards Excellence. These underspends have been offset in part by an increase in the bad debt provision of £131k. Carry forward requests of £91k for Regeneration and £184k in relation to Towards Excellence have been made.
Corporate Estate	0	-643	-643	-787	-144	22.4%		-144	Over recovery of commercial income £164k offset by under recovery of capital recharges £20k.
Economic Development	1,725	-640	1,085	1,051	-34	-3.1%	13	-21	Underspend relates to savings on salaries costs.
Environmental Service Delivery	19,967	-362	19,605	19,018	-587	-3.0%	50	-537	Parking Enforcement £764k, offset by £300k shortfall on Leisure Centre income and £399k overspend on salaries. There has been a £213k saving on public protection, environmental health and technical services salaries due to vacancies being held and £70k over recovery of income on Animal services and licencing. Harrow Pride underspends include £55k salaries, premises related costs £184k, vehicle costs £73k and over recovery of cemeteries income £110k. Under spends have been offset by overspends on waste services mainly in relation to under recovery of Trade waste income £281k.

	Original Budget	Budget Adjs	Latest Budget	Outturn	Variance		Carry Fwd	Variance adj for Carry Fwd	Comments
	£000	£000	£000	£000	£000	%		£000	
NIS	0	10	10	228	218	2180.0%		218	Neighbourhood Investment Schemes reclassified as revenue and being funded from E&E's budgets.
Planning	0	1,188	1,188	1,363	175	14.7%		175	This relates to the under recovery of building control income £179k.
Business & Service Development	1,482	-1,482	0					-	
Property & Infrastructure	539	-539	0					-	
Directorate Total	39,897	-2,473	37,424	36,916	-508	-1.4%	338	-170	

	Original Budget	Budget Adjs	Latest Budget	Outturn	Variance		Carry Fwds	Variance adj for Carry Fwd	Comments
	£000	£000	£000	£000	£000	%	£000	£000	
COMMUNITY, HEALTH & WELLBEING									
Adult Services	61,997	-317	61,680	61,623	-57	-0.1%	3	-54	An underspend of £24k is reported after accounting for carry forward requests. This position reflects overspends across the directorate including those associated with unfunded legislative requirements around Deprivation of Liberty Safeguards (DoLs) and Mental Health in part as a result of Harrow Clinical Commissioning Groups decision to close Roxbourne (resulting in increased costs for social care), however these pressures were mitigated by fully utilising the risk reserve set aside for the purpose of continuing health care cases, use of the public health grant to fund wider determinants of health and other health funding.
Community & Culture Total	6,629	-248	6,381	6,157	-224	2.3%	122	-102	The underspend of £103k largely relates to a lower level of repairs and maintenance costs on libraries and leisure (£90k) and senior management vacancy for 3months in Community Sector Support (£26k). The underspend includes a potential carry forward of £121k relating to sports grant allocations (£93k - £60k of this is for CSPAN) Museum Resilience Grant (£19k) and Edward Harvist grant allocation (£9k). If carry forwards are not agreed, underspend will increase by £103k to £224k.
Housing General Fund	5,288	1,944	7,232	8,503	1,271	17.6%	0	1,271	Overspend relates mainly to costs of Bed & Breakfast ("B&B") accommodation for homeless families. Demand has increased significantly as a result of rapidly increasing rents in the private rented sector, combined with reductions in housing benefit as a result of the Government's continuing Welfare Reforms. An increased provision for bad debts together with a lower than anticipated allocation from the Council's Discretionary Housing Payments ("DHP") fund has also contributed to the reported pressure.
Public Health	1,004	-280	724	724	0	875%	0	0	A nil variance is reported at year end, however this is a result of adjustments as detailed below. The outturn underspend of £593k against Public Health Grant was reported at quarter 3 and remains unchanged. Of the underspend, £351k is reflected within Adult Social Care representing the wider public health responsibilities being delivered. The balance of £241k will be transferred into the specific Public Health Reserve to fund, taking the total to £907k at 31st March 2015.
Transformation	286	286	572	571	-1		4	3	The underspend before carry forward relates an underspend of £3.5k for London Health and Wellbeing Board Improvement Programme grant which has been offset by other running costs pressures. The grant underspend of £3.5k has been requested as a carry forward.

	Original Budget	Budget Adjs	Latest Budget	Outturn	Variance		Carry Fwds	Variance adj for Carry Fwd	Comments
	£000	£000	£000	£000	£000	%	£000	£000	
Directorate Total	75,204	1,385	76,589	77,578	989	1.3%	129	1,118	

	Original Budget	Budget Adjs	Latest Budget	Outturn	Variance		Carry Fwds	Variance adj for Carry Fwd	Comments
	£000	£000	£000	£000	£000	%		£000	
CHILDRENS & FAMILIES									
Commissioning & Schools	3,524	-1,374	2,160	1,300	-860	-40.0%	591	-269	£573k and £18k of the underspend relates to the Troubled Families and Early Years Pupil Premium and Integrated Review Grants for which carry forwards have been requested. The remainder of the underspend relates to the closure of the Teachers Centre in July (£70k), a recharge to Whitchurch Infant School for the Early Years Professional Lead's cover for the Head Teacher (£33k), Service Manager and Senior Commissioner posts being held vacant for part of the year (£104k) and 0.5 FTE Health Post at Ealing Hospital NHS Trust not being filled (£44k).
Early Intervention Service	5,982	-133	5,849	5,573	-276	-4.7%		-276	The underspend results from the Divisional Director and Service Manager posts being held vacant for part of the year (£98k), a Team Manager's post being held vacant for part of the year and a Counsellor post being funded by Troubled Families Grant (£79k) and an underspend on Children's Centres running costs (£98k).
Targeted Services	19,384	-282	19,107	20,197	1,090	5.7%	47	1,137	The overspend results from agency staffing being used to cover vacancies, sickness and additional caseloads (£437k) and non staffing mainly in children's placements and other client spend (£700k). A £47k Social Care Innovation Grant has been requested for carry forward.
Management & Business Support	2,658	356	3,014	1,897	-1,117	-37.1%		-1,117	Uncommitted budgets and un ring fenced Adoption Reform and SEND Implementation Grants totalling £578k were held as management actions to offset pressures across the Directorate. Early savings of £365k for 2015/16 were identified and held as a one off in year action to offset pressure on the placements budget. There was also a £180k underspend in Business Support resulting from 3 posts being held vacant for the year and an underspend on postage and printing.
Special Needs	10,065	-40	10,025	10,551	526	5.2%	205	731	The overspend is in two main areas. £409k in Special Needs Transport from delays in delivering MTFS savings and growth in demand and £313k relating to Children with Disability Client costs. A carry forward of £205k of SEN Reform grant has been requested.
Schools	4,645	-882	3,763	3,721	-42	-1.1%		-42	
Directorate Total	46,258	-2,355	43,918	43,239	-679	-1.5%	843	164	

Revenue Carry Forward Requests						
		Council Funding	Ring Fenced Grant Funding	Non Ring Fenced Grant Funding	Total	
Division	Description	£000	£000	£000	£000	Reason for Carry Forward & Consequences of not carrying forward.
Carried Forward Request 2014-15						
Environment & Enterprise Directorate						
Economic Development	Emergency Relief Scheme	7.0			7.0	Funding was approved in October 2014, significant work has been undertaken to initiate and deliver the project. Over 90% of the funding has been spent in 14/15.
Economic Development	Transformational Challenge Award		6.0		6.0	The grant was only awarded in November 2014. Significant effort has been made to progress the project. At year-end, there is only a small underspend (£6K). The Directorate has also successfully bid for the TCA funding for 15/16 and therefore will continue the work into 15/16.
Planning	Regeneration consultancy support	91.0			91.0	Cabinet approved the draft Regeneration Strategy in December 14. The Cabinet report also identified a series of related activities and some one-off funding (£248K) within E&E to initiate these. The council has commissioned various pieces of options appraisals to consultants and works are well underway. £157k has been spent up to 31.3.15.
ESD	Fixed Penalty Notices project	50.0			50.0	This represents the 14/15 MTFS growth money. The introduction of FPNs was approved by Cabinet in Sept 14. A further report in relation to the enforcement policy, operational guidance and procedural matters was presented to Cabinet in Feb 15. The money has been set aside for staff training and procurement exercise etc. which is due to commence, before the Council starts to issue FPNs during 15/16.
Total 2014-15		148.0	6.0	0.0	154.0	
Rolled forward from 13-14[or prior year]c/fwd						
	Capita TE revenue costs	59.0			59.0	Per Capita payment schedule, there are key milestones for staged payments (SIT / Go Live / Stabilisation) to be released in the PRISM IT project. As these key milestones have not been reached, no payment is made to Capita. This is in line with the capital carry forward request as part of the payments are funded from capital budgets.
	Capita TE revenue costs	105.0			105.0	Due to the delayed implementation of PRISM IT project (see above), a request is made for 3 x Technical support officers @ £35k each for the period of 1 year, to support on project management and on-going negotiation with Capita.
	Capita TE revenue costs	20.0			20.0	Due to the delayed implementation of PRISM IT project, the budget of Change Champion is required for 6 months to provide support to the project.
Total 2013-14 [or prior year]		184.0	0.0	0.0	184.0	
Total Carried Fwd E&E Directorate		332.0	6.0	0.0	338.0	
Community, Health & Wellbeing Directorate						
Carried Forward Request 2014-15						

		Council Funding	Ring Fenced Grant Funding	Non Ring Fenced Grant Funding	Total	
Division	Description	£000	£000	£000	£000	Reason for Carry Forward & Consequences of not carrying forward.
	Carried Forward Request 2014-15					
A & H Transformation	London Health and Wellbeing Board Improvement Programme grant.		3.5		3.5	The remainder of the grant needs to be carried forward to enable completion of a project to develop Harrow's Health and Wellbeing Board. Half of the grant was spent last year on the project, and if the remainder of the grant is not carried forward, it would mean that the work undertaken to date would be of little value, and it would stifle the development and strategic direction of the Health and Wellbeing Board. We have also entered into a contract with a consultancy company to undertake the project, and ceasing the project would have negative reputational consequences for the council.
Aids & Adaptations	FILT - Revenue Programme		4.4		4.4	Programme has been extended by the grant funders till 30 June 2015.
Community & Culture	Community Resources & Cohesion		7.8		7.8	Carry forward for Harrow's Heroes project
Community & Culture	Community Sports Development	50.0			50.0	Community Sport and Physical Activity Network (CSPAN), £50k funding to be carried forward from Leader's allocation.
Community & Culture	Sports Development		20.0		20.0	London Sport money, ring-fenced grant for use in future financial years
Community & Culture	Community Sports Development		12.4		12.4	Sportivate money, ring-fenced grant for use in future financial years
Community & Culture	Community Sports Development		3.0		3.0	On Your Marks project - Brentford FC, ring-fenced grant for use in future financial years
Community & Culture	Voluntary Organisation grant		9.4		9.4	Carry forward of underspend on Edward Harvist grant
Community & Culture	Arts & Libraries		18.9		18.9	Museum Resilience Fund
	Total 2014-15	50.0	79.4	0.0	129.4	
Children & Families						
Special Educational Needs	SEN Reforms Grant Funding			205.0	205.0	Given the uncertainty over future SEND reforms grant funding, the decision was made to spread the 2014-15 grant over two years. Together with the grant funding for 2015-16, it will be possible to continue to implement the extensive and challenging requirements of the SEND provisions of the Children and Families Act 2014.
Commissioning & Schools	Troubled Families Grant Funding			573.0	573.0	Troubled Families funding is front loaded and carry forward is requested to enable continuation of the programme in 2015/16.
Targeted Services	Social Care Innovation Grant			47.0	47.0	External funding has been received for the social care innovation programme. The final amount approved for 2014-15 was only confirmed on 24.03.15. This funding is to support mobilisation costs including IT equipment for delivery staff. The projects begin delivery in April/May 2015.

		Council Funding	Ring Fenced Grant Funding	Non Ring Fenced Grant Funding	Total	
Division	Description	£000	£000	£000	£000	Reason for Carry Forward & Consequences of not carrying forward.
	Carried Forward Request 2014-15					
Commissioning & Schools	Early Years Pupil Premium & Integrated Review Grant			18.0	18.0	Grant funding to enable implementation of Pupil Premium funding for all 3 and 4 year olds. Funding came in at the beginning of March and spending has taken longer than anticipated.
	Total 2014-15	0.0	0.0	843.0	843.0	
Resources						
BTP	Mobile and Flex SharePoint training budget	117.0			117.0	MF SharePoint delays - budget earmarked for training, that should have been delivered in 2014/15
Shared Services	Change request for work on payslip printing directly from SAP	3.1			3.1	Allocated budget for this in 14-15. Do not have budget for this in 15-16
Shared Services	Change request for SAP Accounts Receivable invoices/credit notes etc. directly from SAP	27.3			27.3	Allocated budget for this in 14-15. Do not have budget for this in 15-16
Strategic Commissioning	Funding to match fund TPIF funding for the resident engagement project	10.0			10.0	The TPIF money was awarded on the basis that we would also contribute to the funding of the project from the policy budget. The start date for the project has slipped to the end of April therefore the money needs to be carried forward or the project - which is a priority for the administration, will not be able to take place.
	Total 2014-15	157.4	0.0	0.0	157.4	
	Rolled forward from 13-14[or prior year]c/fwd					
Legal	IT system project started but not completed by Capita	86.0			86.0	The programme of work is for User Acceptance Testing etc. to be complete before October and that the legal practice will have one case management system.
Strategic Commissioning	LAA Reward Grant		0	44	44	These funds are specifically to support partnership projects. None were proposed in the last financial year. So the grant is proposed for carry forward.
	Total 2013-14 [or prior year]	86.0	0.0	44.0	130.0	
	Total Resources Directorate	243.4	0.0	44.0	287.4	
	Grand Total	625.4	85.4	887.0	1,597.8	

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Capital Programme Outturn 2014-15

	Original Budget	14-15 Carry Forward	Changes in Q1-Q4	Revised Budget	Outturn	Variance	Slippage to 2015-16	Over / Underspend	Reason for Variance
	£000	£000	£000	£000	£000	£000	£000	£000	
Resources									
Council Tax Support	0	83	0	83	99	16	0	16	
ITO Transformation	125	3,544	-450	3,219	1,157	-2,062	1,997	-65	ITO Milestone Payments - Funds already committed with Capita. Delays in delivery of projects by Capita have pushed the completion dates into 15/16.
My Harrow Services Account Dev Prog	0	97	0	97	23	-74	74	0	The scheduling of these projects has been delayed following amendments to the original scope. As a result, the work will be completed during 2015/16
IT Improvement Project	750	0	-140	610	0	-610	300	-310	Due to Capita's inability to resource these projects they have slipped into 15/16 for the new supplier to pick up
SAP: Financial Leger/Systems Control Imp	0	386	0	386	144	-242	242	0	Delay in delivery of project due by Capita
BTP CCAD - Customer Contact Assess & Decide	0	8	0	8	0	-8	0	-8	
BTP - Mobile & Flex	401	1,958	310	2,669	1,296	-1,373	1,308	-65	SharePoint, Wi-Fi not yet delivered and office layout to be delivered in 15.16 . Project delayed due to Capita delivery issues.
BTP - Corporate Resources	0	82	0	82	76	-6	20	14	
BTP Minor Projects	0	236	0	236	65	-171	171	0	Project is delay due to interdependent on Information Technology Outsourcing (End user device) project
SAP Minor Developments	0	70	0	70	31	-39	31	-8	
ICT Infrastructure & Corporate Applications	0	730	100	830	117	-713	374	-339	Providers inability to provide resources for this project has resulted in delay to delivery.
IT Corporate System Refresh	1,300	0	240	1,540	167	-1,373	1,033	-340	Delay in Upgrading of Customer Relation Management system in Access Harrow is delay in agreeing to commercials with Capital. Civica system Upgrade has already started but delayed as a result of Capita delivery issues.
LAA Performance Reward Grant	0	128	0	128	5	-123	124	1	No further project identified in 14-15.
BTP - Hardware Refresh	213	488	0	701	207	-494	388	-106	Delay to Information Technology Outsourcing and Mobile and Flex project has impact the delivery of this project
West London Waste Authority Loan	6,624	1,199	0	7,823	5,604	-2,219	2,219	0	Delay in Milestone payment - Project on going
Small Schemes (Council wide)	0	313	-219	94	6	-88	250	162	Corporate contingency budget
IER Grant	0	0	32	32	15	-17	18	1	
Resources Total	9,413	9,322	-127	18,608	9,012	-9,596	8,549	-1,047	
Children & Families									

Capital Programme Outturn 2014-15

	Original Budget	14-15 Carry Forward	Changes in Q1-Q4	Revised Budget	Outturn	Variance	Slippage to 2015-16	Over / Underspend	Reason for Variance
	£000	£000	£000	£000	£000	£000	£000	£000	
Schools Expansion Programme - Phase 1	5,870	1,657	-2,900	4627	2,366	-2,261	2261	0.00	Funded by external grant. Spend lower than forecast due to late start on site & delays. Project spans multiple years.
Schools Expansion Programme - Phase 2	14,375	3,067	890	18332	8,287	-10,045	10045	0.00	Funded by external grant. Spend lower than forecast due to late start on site & delays. Project spans multiple years.
SEN Provision	5,325	1,243	-89	6479	3,574	-2,905	2905	0.00	Funded by external grant. Spend lower than forecast due to late start on site & delays. Project spans multiple years.
Secondary Expansions	10,100	2,958	2,069	15127	5,511	-9,616	9616	0.00	Funded by external grant. Spend lower than forecast due to late start on site & delays. Project spans multiple years.
School Amalgamation	700	623	0	1323	234	-1,089	1089	0.00	Funded by external grant. Spend lower than forecast due to late start on site & delays. Project spans multiple years.
Bulge Classes	150	0	-9	141	97	-44	44	0.00	Funded by external grant. Set aside for amalgamations April 2015 and Sept 2015
Free School Meals	621	0	-316	305	148	-157	157	0.00	Funded by external grant. Set aside for bulge classes needed for September 2016
Schools Capital Maintenance	1,350	69	0	1419	612	-807	807	0.00	Funded by external grant. Where schools included in the expansion programme expenditure will be picked up as part of the expansion. Unspent grant contributing to SEP2.
Schools Expansion Programme Phase 3	1,805	0	120	1925	0	-1,925	1925	0.00	Funded by external grant. On-going routine maintenance.
Devolved Formula Non VA Schools	0	737	334	1071	510	-561	561	0.00	Funded by external grant. Delays in appointment of Technical Advisors. Feasibility studies underway. Expansion approved by Cabinet Jan 15. Scheme spans multiple years. Completion date 31.08.16
IT Development	0	910	0	910	62	-848	848	0.00	Funded by external grant. Passported to schools. These are the balances held by schools
Whitmore School - Sports Pitch	0	65	-65	0	0	0	0	0.00	Scheme did not proceed and funding has been given back to school.
Whitmore School	2,000	0	-307	1693	1,656	-37	37	0.00	Funded by school. Council carrying out works on behalf of school.
2 Year Old Entitlement Grant (2012-13)	0	438	-438	0	0	0	0	0.00	Funding is not capital, It has been moved to revenue and spent accordingly.
Schools Total	42,296	11,767	-711	53352	23,057	-30,295	30,295	0.00	

Capital Programme Outturn 2014-15

	Original Budget	14-15 Carry Forward	Changes in Q1-Q4	Revised Budget	Outturn	Variance	Slippage to 2015-16	Over / Underspend	Reason for Variance
	£000	£000	£000	£000	£000	£000	£000	£000	
Environment & Enterprise									
Affordable Warmth	0	86	-3	83	83	0	0		
BTP - Public Realms	0	1,406	16	1422	37	-1,385	1,276	-109	The on-going delay in providing a detailed delivery plan by Capita has put this IT project on hold.
Carbon Reduction Programme 2012/13	0	262	0	262	0	-262	0	-262	See below.
Carbon Reduction Programme 2013/14	0	162	0	162	160	-2	0	-2	See below.
Carbon Reduction Programme 2014/15	1,300	0	-952	348	700	352	0	352	More energy efficiency improvement projects e.g. lighting have been delivered as part of the corporate accommodation work.
CCTV Camera Extension Project	0	385	21	406	405	-1	0	-1	
CCTV Crime Reduction Cameras 14/15	575	0	-441	134	123	-11	0	-11	
CCTV Enforcement Monitoring System Re-engineering	0	87	-7	80	79	-1	0	-1	
City Farm/Pinner Park Farm	0	717	-118	599	61	-538	538	0	The project has been subject to a number of delays as a result of various changes in administration. The current plan takes the project to a stage 2 consultation during 15/16 followed by submission of a detailed planning consent with service of notices in 2016.
Civic Centre Parking	0	135	-18	117	117	0	0	0	
Corporate Accommodation Maintenance	433	265	426	1124	1,151	27	0	27	
Development of a Consolidated, Integrated Civic One Building	0	26	0	26	49	23	0	23	
Harrow Card	0	140	-140	0	0	0	0	0	
Harrow Green Grid	343	204	0	547	198	-349	350	1	Some grounds work planned for Q4 did not proceed due to wet weather. Some other schemes are at design stage and will be implemented at later years.
Harrow On Hill Station	100	-40	0	60	59	-1	0	-1	
High Priority Plan Maintenance Corporate Property	430	90	-93	427	491	64	0	64	Some toilet works at Civic 1 needed to be undertaken urgently during the year. This is an unplanned project which needs to be accommodated within E&E's capital programme.
Highway Drainage Improvements & Flood Defence Infrastructure	525	178	0	703	744	41	0	41	A number of highway improvement work has been accelerated with an aim of reducing on-going revenue repair costs.
Highway Improvement Programme	5,500	789	515	6804	7,057	253	0	253	A number of highway improvement work has been accelerated with an aim of reducing on-going revenue repair costs.

Capital Programme Outturn 2014-15

	Original Budget	14-15 Carry Forward	Changes in Q1-Q4	Revised Budget	Outturn	Variance	Slippage to 2015-16	Over / Underspend	Reason for Variance
	£000	£000	£000	£000	£000	£000	£000	£000	
Leisure Centre Car Park CCTV	0	0	0	0	0	0	0	0	
Leisure Centre Car Park Charging	0	60	159	219	237	18	0	18	
Neighbourhood Investment Scheme	210	270	0	480	188	-292	27	-265	Apart from the costs of green gym and double kerb work which meet the definition of capital, those for smaller projects have been reclassified as revenue and funded from E&E's budget.
Parking Management Programme	750	12	163	925	965	40	0	40	6 CPZ schemes were completed, one of which required more funding than originally anticipated.
Public Realm Services – Parks, Open Spaces & Cemeteries	850	319	249	1418	1,311	-107	0	-107	The procurement of some parks building work e.g. pavilions took longer than expected and therefore these projects were not completed. Instead the funding was utilised in Highway Improvement Programme.
Public realm Services – Waste and Recycling	200	251	0	451	416	-35	0	-35	The spend on wheeled bin was less than planned due to the lack of storage space at the depot.
Roxborough Bridge Underpass CCTV	0	7	0	7	7	0	0	0	
Section 106 Schemes	0	357	0	357	209	-148	148	0	Some S106 funded highway schemes are on-going and will be completed in 15/16.
Street Lighting Improvement Programme	1,500	733	0	2233	2,283	50	0	50	A number of highway improvement work has been accelerated with an aim of reducing on-going revenue repair costs.
TfL Major Schemes	0	0	0	0	0	0	0	0	
TfL Principal Roads	868	553	260	1681	1,710	29	638	667	
TfL Transport Capital	1,206	872	-14	2064	1,371	-693	0	-693	
Town Centre Regeneration	0	2,257	-497	1760	1,704	-56	7	-49	The final account for Lowlands project was lower than expected.
Transport Local Implementation Plan 2 - Programme of investment	0	0		0	0	0	0	0	
E&E Total	14,790	10,583	-474	24899	21,915	-2,984	2,984	0	
Community, Health and Wellbeing									
Adults Social Care-Framework-I & IT Integration	0	141	0	141	10	-131	131	0	Delays in project implementation.
MOSAIC Implementation - Adults & Children's Services	250	523	0	773	167	-606	606	0	Project was suspended part way throughout the year as IT contractor was unable to fulfil requirements of the project. Project is to be suspended until next financial year and budget carried forward.
Bedford House Boilers	0	0	0	0	1	1	0	1	Minor overspend
Mental Health Supported Housing Repairs	0	51	0	51	7	-44	44	0	On-going repairs
Renovation Grants	70	0	40	110	39	-71	63	-8	Delays in allocation of discretionary grants
Disabled Facilities Grants	1,500	50	0	1,550	1,414	-136	0	-136	Full budget not required

Capital Programme Outturn 2014-15

	Original Budget	14-15 Carry Forward	Changes in Q1-Q4	Revised Budget	Outturn	Variance	Slippage to 2015-16	Over / Underspend	Reason for Variance
	£000	£000	£000	£000	£000	£000	£000	£000	
Empty Properties & Private Sector Initiatives Grants	676	270	0	946	630	-316	220	-96	Delays in identification of suitable properties
Headstone Manor	0	1,216	137	1,353	269	-1,084	1,086	2	On-going project
Upgrading the People's Network and Installing Wi-Fi	0	44	0	44	44	0	0	0	Minor overspend
Leisure Centre Capital Infrastructure	300	43	0	343	180	-163	163	0	
Sec 106 Banister Sport Pitch	1,000	4	0	1,004	0	-1,004	1,004	0	Delay in agreeing the s106 funding
Leisure Capital Investment	0	7	-7	0	0	0	0	0	Project has yet to begin
Sports & Leisure Short Breaks Grant	0	0	7	7	5	-2	0	-2	Underspend against project
Refurbishment of 64 Pinner Road	0	0	0	0	1	1	0	1	Project thought to have been completed in previous financial year but minor costs continued into this year, therefore minor overspend.
Adults Personal Social Services - Community Capacity Grant	532	338	0	870	229	-641	341	-300	Underspend of £300k funded grants originally allowed for in budget but subsequently not received. Therefore £300k underspend was requirement for year end position.
Capital Strategic Reviews	0	685	19	704	281	-423	422	-1	
Aztec Cafe and The Bridge - Phase 1	0	16	0	16	0	-16	0	-16	Project finished in year with less expenditure than predicted.
Quality Outcome for People With Dementia	150	0	0	150	0	-150	150	0	Plans are being drawn up to commit capital spend in the next financial year
Reform Of Social Care Funding	250	0	0	250	25	-225	225	0	Business case developed late into financial year, therefore, limited spend
Maintenance of Adults Properties	100	0	0	100	0	-100	100	0	Plans are being drawn up to commit capital spend in the next financial year
Integrated Health Model	250	0	0	250	109	-141	142	1	Business case developed late into financial year, therefore budget not fully spent
Carers Services Charges	100	0	0	100	0	-100	100	0	Plans are being drawn up to commit capital spend in the next financial year
Market Shaping And Development	250	0	0	250	0	-250	250	0	Plans are being drawn up to commit capital spend in the next financial year
Green Deals Communities Funding	0	0	1,357	1,357	0	-1,357	1,357	0	Delays in identification of suitable properties
Safeguarding Quality Assurance Quadrants (QAQ)	0	200	0	200	32	-168	168	0	A strategy was agreed with provider (Capita) but delays in implementation has resulted in majority of spend planned take place in the next financial year
Community, Health and Wellbeing Total	5,428	3,588	1,553	10,569	3,443	-7,126	6,572	-554	

Capital Programme Outturn 2014-15

	Original Budget	14-15 Carry Forward	Changes in Q1-Q4	Revised Budget	Outturn	Variance	Slippage to 2015-16	Over / Underspend	Reason for Variance
	£000	£000	£000	£000	£000	£000	£000	£000	
Total General Fund	71,927	35,260	241	107,428	57,427	-50,001	48,400	-1,601	
HRA									
Housing Programme	7,527	949		8,476	4,264	-4,212	1,707	-2,505	Delay in programming due to estate regeneration and development of four-year investment programme. Figure shown as underspend includes £1,810k of slippage previously approved by Cabinet in Feb and included in 2015-16 budget.
Affordable Housing	2,000			2,000	179	-1,821	534	-1,287	Delay in Programme. Figure shown as underspend represents £1,287k of slippage previously approved by Cabinet in Feb and included in 2015-16 budget.
Total HRA	9,527	949	0	10,476	4,443	-6,033	2,241	-3,792	
Total Council Capital Programme	81,454	36,209	241	117,904	61,870	-56,034	50,641	-5,393	

Housing Revenue Account 2014/15	Outturn 2013/14	Original Budget	Revised Budget	Outturn	Variance	Comments
Description	£000	£000	£000	£000	£000	%
Operating Expenditure : Employee costs, Estates & sheltered, Utilities & other	6,018	6,734	6,702	5,975	-727	-10.85%
Repairs Expenditure : Response, void, cyclical, other associated costs	6,911	6,447	6,587	5,584	-1,003	-15.23%
Other Expenditure : Impairment allowance, Grants to Move, Affordable Housing, Other expenditure	449	1,123	1,141	509	-632	-55.38%
Income : Dwelling rents, Leasehold charges	-31,050	-31,689	-31,761	-31,954	-194	-0.61%
Controllable	-17,671	-17,385	-17,330	-19,886	-2,556	-14.75%
Non controllable (SSC, depreciation, financing costs)	17,272	16,407	16,428	18,875	2,447	14.90%
Net (surplus) deficit	-399	-978	-902	-1,011	-109	-12.04%
Balance b/fwd	-3,175	-3,533	-3,533	-3,574	-41	-1.17%
Balance c/fwd	-3,574	-4,511	-4,435	-4,585	-150	-3.38%

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Reserves Movements 2014/15

	Total Available 1 April 2014	Contribution	drawdown	Balance Carried Forward
Carry Forwards	4,203	1,598	-4,008	1,793
Business Risk	2,859	0	-750	2,109
MTFS Implementation cost	6,074	1,066	-4,390	2,750
TPIF	3,370	801	-352	3,819
IT Implementation	0	2,822		2,822
Rapid response	0	75		75
Standing up for those in need	0	800		800
Public Health	666	242	0	908
CIL Harrow	14	186	0	200
CIL Mayor Admin	0	39	0	39
Proceeds of Crime Act	0	160	0	160
Libraries termination reserve	0	153	0	153
Legal expansion reserve	0	102	0	102
Compensatory Added Years	802	0	-79	723
Children's Social Care Reserve	0	866	0	866
HSIP	0	1,261	0	1,261
PFI Schools	3,246	0	-292	2,954
PFI Neighbourhood Resource Centre	1,020	134	0	1,154
Insurance reserve	500	0	0	500
Borough Elections	318	0	-318	0
Harvist - Harrow Share	19	0	0	19
NW London Education Business Partnership	10	0	0	10
Personal Injury Reserve	110	0	0	110
General Reserve	10,008	0	0	10,008
	33,219	10,305	-10,189	33,335

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Date of Meeting:	17 June 2015
Subject:	Recommissioning Domestic and Sexual Violence Preventative and Intervention Services
Key Decision:	Yes
Responsible Officer:	Alex Dewsnap, Divisional Director of Strategic Commissioning
Portfolio Holder:	Councillor Anne Whitehead, Portfolio Holder for Adults and Older People
Exempt:	No
Decision subject to Call-in:	Yes
Wards affected:	All Wards
Enclosures:	Service Specification Equalities Impact Assessment

Section 1 – Summary and Recommendations

This report asks for authority to seek tenders for the provision of services to address Domestic and Sexual Violence including management of the Refuge and the provision of Floating Support services.

Recommendation:

Cabinet is requested to authorise seeking tenders as described in this report.

Reason: (For recommendations) So that services to address Domestic and Sexual Violence can be provided as effectively and competitively as possible. A single provider will enable better co-ordination of services and there is a prospect of reducing the management overheads as one management team will be able to cover the whole service.

Section 2 – Report

Introductory paragraph

The Council provides a range of services to address Domestic and Sexual Violence. These include:

- commissioning Independent Domestic Violence Advisers (IDVAs) to advise victims of their options and provide support while they choose a course of action and pursue it;
- co-ordination of the Multi-Agency Risk Assessment Conference (MARAC) which brings all relevant agencies together to plan how to keep high risk victims and their children safe,
- A refuge which provides hostel accommodation to women and their children who are escaping domestic violence; and
- Floating support to provide information and practical support to female residents and their children living independently within the Borough or in Council-provided accommodation elsewhere.

These services are currently provided by Victim Support and Hestia funded variously from the Council's mainstream budgets and the Supporting People grant. The mainstream funded services have not been the subject of competitive tenders for some years for a variety of reasons including the existence of a Home Office grant to a specific provider and uncertainty over the continuation of resources. The Supporting People funded services were last tendered in 2012 and are currently being provided by an extension to that contract.

The combination of the expiration of the Home Office grant and the provision of an investment fund for domestic violence work agreed by Cabinet last year make this an ideal time reconfigure these services and seek new tenders. The domestic violence service landscape has changed with the letting of a Pan-London contract by the Mayor to level up provision across the capital and the development of new services in Harrow using the Investment Fund. Seeking tenders for all of these services together also has the potential advantage of obtaining clearer referral pathways and reducing co-ordination and management costs.

The Investment Fund has already been utilised in conjunction with the Mayor's Pan-London provision to establish an IDVA post at Northwick Park Hospital with effect from 1st July 2015 and to provide within the specification for the proposed contract a re-organisation of the IDVA provision to provide more effective support to the Police Community Safety Unit which investigates domestic abuse.

Training materials have been produced to be used to supplement appropriate training so that front line professionals have the knowledge to recognise domestic abuse and the confidence to refer cases to specialists which will enable earlier intervention than is the consistently case at present.

Preparation for the Family Domestic Violence Project, an innovative project based on a scheme working in San Francisco, has progressed with the development of a methodology for identifying appropriate families and methods of working. A number of social work staff has been trained in the necessary techniques but there is currently a difficulty in agreeing exactly how the project can be delivered with the Council's provider of clinical support to families.

Work to support community resilience to oppose Female Genital Mutilation (FGM), Honour-based Violence and Forced Marriage has progressed but is awaiting the development by the Council's new communications provider of some images to provoke community conversations. It is expected that this work stream will be active in the next few weeks.

Options considered

Addressing domestic and sexual violence is one of the administration's priorities and so the options were limited to continuing with the existing arrangements or seeking new tenders. The existing arrangements had not been the subject of competitive tender for, in some cases, more than seven years and so continuing with these arrangements was not recommended. The changes in the range and level of services that can be afforded due to the approved Investment Fund also suggested that new contracts should be sought to reflect the pattern of services that best meets the known Borough need.

The service specification appended to this report includes enhancing existing service levels in line with the intention behind the Investment Fund and takes account of the pan-London contract for similar services recently approved by the Mayor.

Background

Cabinet adopted a new Domestic and Sexual Violence Strategy in September 2014 which included the latest estimate of the level of violence in Harrow and the capacity of the services in place to address this need. The Strategy included, for example, data on calls to the Police, which average between 500 and 600 each quarter and offences, which are running at between 200 and 300 each quarter. The existing caseload of our IDVAs, who support victims at the highest risk of further violence, is running at more than three times the recommended level. In the months since the strategy was adopted, the data shows that, while crime in London, and to a much greater extent, in Harrow continues to fall, reports of Violence with Injury which includes Domestic Abuse has risen. The best analysis is that this does not reflect an increase in the rate of Domestic Abuse but an increase in reporting which is likely to be due to the higher priority given to all form of Domestic Abuse in society generally and in Harrow in particular.

The Strategy sought to increase the capacity of the Council funded services and to devote more attention to preventative measures including education and public awareness to try to address long-term needs. The opportunity to bring the Supporting People funded services into the same contract was felt to

offer the potential to achieve better co-ordination and reduce management costs.

The service specification which has been developed and is attached to this report as Appendix 1 includes the growth both in the cost and number of IDVAs, an increase in the time allowed for co-originating the MARAC and maintains at the existing level the support for residents both at the Refuge and living independently. The Investment Fund has enabled the specification to guarantee the hours of the existing IDVAs against the threat that these would be cut as inflation eroded the value of the old contract and to increase the number of IDVAs, and instead increase IDVA hours by 14%. The contract also allows for an increase of 150% in the time for MARAC Coordination.

The specification envisages that the service will run to 30th October 2017 with the option of extending it for a further year and for a second additional year. Work is now beginning to look at alternative ways of funding the provision of these services including Social Finance and Social Impact Bonds. The duration of the proposed contract has been recommended to allow a change to these alternative forms of finance if the work proves to be fruitful and this might necessitate a new form of contract and/or specification. If innovative funding methods cannot be put in place, the option of extending the proposed contract is available.

Implications of the Recommendation

Considerations

Resources, costs

The existing budgets within the Resources Directorate and the Supporting People grant which is managed from the Housing Directorate, together with an element of the investment fund are sufficient to meet the anticipated costs of the new service. The proposed contract will allow for the caseload and interventions of the provider to flex to reflect future budgets.

Staffing/workforce

There are no staffing implications for Council employed staff. It is probable that TUPE will apply to staff of the current providers should the contracts be won by an alternative provider.

Performance Issues

The Service Specification includes provision for better management information based around the risk level for each IDVA supported case as measured by the DASH Assessment and the use of the Empowerment Outcome Star which measures user perception of their safety and resilience before and after IDVA interventions.

Data on the other existing performance measures will continue to be collected and monitored to show the scale of the issue coming to our attention, a breakdown of victims and perpetrators by their protected characteristics, the outcome of criminal proceedings, the occupancy of the Refuge and the outcomes of Floating Support interventions.

Environmental Implications

There are no Environmental Implications arising from this proposal.

Risk Management Implications

The risks associated with this area of work are that the provision of services are not sufficient to meet the needs even of the violence that is known, let alone the huge amount that is estimated to take place but which is not reported. The way in which this risk is managed is to concentrate support to those assessed to be at the greatest of risk of further and escalating severity of abuse and the provision of better management information about risk and users perception of safety will help to assess the adequacy of the provision in place and the success of the approach adopted.

Risk included on Directorate risk register? Yes

Legal Implications

In order to maintain the Services, the Council is required to run a competitive process to appoint a contractor under a new contract in accordance with the new Public Contracts Regulations 2015. The nature of the services requires that the new "light touch" regime which applies to services listed at Schedule 3 of the 2015 Regulations will need to be used during this tender exercise.

The provision of Domestic and Sexual Violence services falls within the category of health, social and other services. As the overall potential value of the contract exceeds the permitted financial threshold in the sum of £625,000 there must be a 'call for competition' either by way of a contract notice or prior information notice. The selected award procedure must comply with the principles of equal treatment and transparency and fully outline the award procedure which will be used

Financial Implications

There are budgets within the Policy Team and the Housing Service to support the proposed contract, although this is expected to be subject to review again for 2016/17.

The proposed contract includes provision for service level flexibility in the event of budgets being reduced to.

Equalities implications / Public Sector Equality Duty

The EqIA for this proposal is attached.

Council Priorities

The Council's vision:

Working Together to Make a Difference for Harrow

Please identify how the report incorporates the administration's priorities.

- Making a difference for the vulnerable
- Making a difference for communities
- Making a difference for local businesses
- Making a difference for families

Seeking tenders and letting a contract will make a difference to the vulnerable, communities and families.

Section 3 - Statutory Officer Clearance

Name: Steve Tingle	<input checked="" type="checkbox"/>	on behalf of the Chief Financial Officer
Date: 8 April 2015		
Name: Sarah Inverary	<input checked="" type="checkbox"/>	on behalf of the Monitoring Officer
Date: 19 April 2015		

Ward Councillors notified:	NO, as it impacts on all Wards
EqIA carried out:	YES
EqIA cleared by:	If ' NO ' state why an EqIA is not required for Cabinet to take a decision

Section 4 - Contact Details and Background Papers

Contact Mike Howes, Senior Policy officer
mike.howes@harrow.gv.uk 020 8420 9637

Background Papers: Domestic and Sexual Violence Strategy
<http://moderngov:8080/documents/g62355/Public%20reports%20pack%20Thursday%2018-Sep-2014%2018.30%20Cabinet.pdf?T=10>

**Call-In Waived by the
Chairman of Overview
and Scrutiny
Committee**

NOT APPLICABLE

[Call-in applies]

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Harrow Council

Specification for Domestic and Sexual Violence Services

2015 - 2018

Specification

1. Harrow Council invites applications to tender for a contract to provide a domestic and sexual violence service for the London Borough of Harrow to run until the end of September 2017 with possible extensions of one year plus a further year. The service comprises:

- Independent Domestic Violence Advisors (IDVA) Service and Multi Agency Risk Assessment Conference (MARAC) co-ordinator;
- Housing Support Services (Floating Support and the management of a 6 bed hostel).

2. Most data on Domestic Violence is collected by the Police in responding to calls for assistance. Over the seven years from 2008 to 2013, the average number of reports for each three month period has been between 500 and 600 requests for assistance which have resulted in between 200 and 300 recorded offences each quarter.

3. The IDVA Service will receive referrals from the Police, the Council, the Health Service, Voluntary and Community Organisations and from the public with the likely number being in line with the prevailing trend over the last few years. The service will risk assess these referrals and offer support to those assessed as high risk. In the event that there is capacity within the service, it may also offer support to those assessed as having a medium or standard risk. If appropriate, separate arrangements should be made to support male victims.

4. Coordination of the MARAC will involve receiving referrals from the Police, the Council, the Health Service and Voluntary and Community Organisations, researching the background to the cases referred, compiling agendas for monthly meetings, ensuring that referrers are notified of and invited to the meeting, noting proposals for mitigating risks, preparing action lists to remind agencies of their interventions and actions.

5. Those seeking refuge accommodation should normally be eligible for Housing benefit or able to fund the costs of their stay themselves. However, the Council is asking tenderers to identify ways in which victims with no recourse to public funds may be able to be helped including leveraging external funding to ensure that this service is available on the basis of need. Details of the approach that tenderers intend to adopt will form part of the tender evaluation.

6. Floating support is a service that provides housing related support to vulnerable adults (over 16) to enable them to maintain their independence in their own home. Floating support services will generally be short term (less than 2 years)

Final Draft

and will have the flexibility to support a person wherever they live - as distinct from accommodation based services, where support is tied to particular accommodation. This kind of support service helps clients and their children, if any, who have been through domestic violence and who are living in Harrow. It is designed to ensure that once clients have accommodation they are supported to maintain independent living.

7. The London Borough of Harrow welcomes consortia or partnership bids to meet the range of skills, areas of expertise and requirements set out in this specification. Bids of this nature must identify a single agency to act as a nominated point of contact with the Council.

Definitions and scope

8. **Domestic Violence.** The Home Office has defined domestic violence as “Any incident or pattern of incidents of controlling, coercive, threatening behaviour, violence or abuse between those aged 16 or over who are, or have been intimate partners or family members regardless of gender or sexuality. The abuse can encompass, but is not limited to: psychological, physical, sexual, financial and/or emotional.

9. Controlling behaviour: is a range of acts designed to make a person subordinate and/or dependent by isolating them from sources of support, exploiting their resources and capacities for personal gain, depriving them of the means needed for independence, resistance and escape and regulating their everyday behaviour.

10. Coercive behaviour: is an act or a pattern of acts of assault, threats, humiliation and intimidation or other abuse that is used to harm, punish or frighten their victim.

11. **Independent Domestic Violence Advisors.** Independent Domestic Violence Advisors (IDVAs) are professional case workers who support ‘high risk’ victims of domestic abuse and their children.

The full definition as published by Safelives (previously known as Co-ordinated Action Against Domestic Abuse (CAADA)), is as follows:

“The main purpose of Independent Domestic Violence Advisors (IDVA) is to address the safety of victims at high risk of harm from intimate partners, ex-partners or family members to secure their safety and the safety of their children. Serving as a victim’s primary point of contact, IDVAs normally work with their clients from the point of crisis to assess the level of risk, discuss the range of suitable options and develop safety plans.

IDVAs are pro-active in implementing the plans, which address immediate safety, including practical steps to protect themselves and their children, as well as longer-term solutions. These plans will include actions from the MARAC as well as sanctions and remedies available through the criminal and

civil courts, housing options and services available through other organisations. IDVAs support and work over the short- to medium-term to put them on the path to long-term safety. They receive specialist accredited training and hold a nationally recognised qualification”.

12. **MARAC Co-ordination.** The MARAC coordination function will support the development and delivery of Harrow’s Multi-Agency Risk Assessment Conference (MARAC) in line with the ten guidance principles for an effective MARAC, as defined by Safelives. The main aim of the MARAC is to reduce the risk of serious harm or homicide for a victim and to increase the safety, health and wellbeing of victims - adults and any children.

13. **Housing Support Service.** This includes the provision of temporary emergency accommodation to women aged 16 or over including their daughters and sons up to the age of 13 (if any) living in any part of the United Kingdom. The refuge is a safe accommodation for up to six women and their children at any one time and the tenancy is normally for a period of up to two years.

14. Floating Support is to ensure the provision of practical and emotional support, advice and advocacy to women and their children on matters such as housing, welfare benefits, legal options, health, education, training and childcare. It is envisaged that 55 hours of floating support would be available for up to 16 households at any one time and that 6 of these households will be within the second stage project managed by Women’s Pioneer Housing Limited. The remaining 10 households can be anywhere within Harrow.

15. **Harrow Council’s Domestic and Sexual Violence Strategy 2014-17**
This strategy was adopted in September 2014. It identifies the scale of the issues in Harrow and sets out the approach that the Council has adopted. The strategy is appended to this specification for information.

16 **Current Service Provision**

The current Domestic Violence Service contract provides for:

- Independent Domestic Violence Advisers for 126 hours a week to provide advice and support to victims at high risk of further violence;
- A part-time (7.2 hours a week) Multi Agency Risk Assessment Conference (MARAC) co-ordinator to manage the submission of high risk cases for consideration;
- Management of a 6 place refuge and support to the people living there and
- 55 hours of Floating support hours for victims of domestic violence.

17. These contracted services are delivered in conjunction with additional services provided by different procurement arrangements including:

- A grant funded Independent Sexual Violence Advocate;
- A Young person’s Violence Adviser based in the Early Intervention Service;
- A Community Groups Programme to support young people who have witnessed domestic violence and their parents/carers;

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- Harrow Shield, a MOPAC funded programme of young people's education and awareness raising;
- Detached services provided by the West London rape Crisis Centre; and
- MOPAC's Pan-London Domestic VAWG Service.

18. **New Service.** Harrow Council is commissioning the following domestic violence services from November 2015 until the end of March 2018:

- IDVA Services;
- MARAC Co-ordination Services;
- The Refuge service; and
- Floating Support Service

19 The service will comprise

- Provision of 144 hours a week of IDVA support;
- 18 hours per week for MARAC Co-ordination
- Refuge staff: support worker (33.3 hours per week)
- Floating Support staff (55 hours per week)
- Project Management – Floating Support (4 hours per week)
- Project Management-Refuge Service (6 hours per week)

20 IDVAs will be fully qualified (either on appointment or within six months of the contract implementation date). The Service will address any child protection issues arising from a victim's circumstances and adopt Local Safeguarding Board Procedures and standards in relation to child protection issues.

21. The Provider will complete DASH risk assessments for all appropriate victims which can be used by partner agencies to ensure effective safety planning for victims and utilise the Empowerment Outcome Star to demonstrate improvements in client perception of safety. The Provider will also support the MARAC framework through referrals and the co-ordination of and lead on the organisation of MARAC meetings. The results of these assessments will form part of the management and performance information required to be supplied by the provider. The provider will also participate in MARAC self Assessments and help in developing and implementing actions arising from the findings of such reviews. The provider will maintain and supply records of the occupancy of the Refuge, the length of stay and the form of accommodation taken up by residents when they leave and of all client' comments and complaints. These will be shared with the Commissioner.

22 The Provider will ensure that people at risk of becoming victims of domestic abuse, including those from hard to reach or minority communities, are given appropriate advice and that pro-active support is available to victims of domestic violence to safeguard them, reduce repeat victimisation and ensure that they are aware of their rights. The Provider will signpost appropriate support to victims of domestic violence to safeguard them, reduce repeat victimisation and ensure that they are aware of their rights.

23 For residents of the Refuge, the Provider will deliver help in finding other accommodation and setting up and maintaining that home or tenancy, which will also include providing transitional support and assistance to users that have moved on to other accommodation for a period of up to 6 weeks. The Provider will also deliver the Refuge Service and, where necessary, the Floating Support Service 7 days a week, 52 weeks of the year, with flexible arrangements in place that allows greater access to meet the needs of the service users, including an emergency out of hours service.

24. The Provider will ensure that arrangements are in place for continuous professional development for all staff associated with the contracted services and ensure compliance with health and safety, staff welfare and other relevant employment legislation.

25 **Outcomes.** The Provider will deliver sensitive, non-judgemental and non-oppressive support to those who have experienced domestic violence. The Provider will use the Empowerment Outcome Star tool to measure client progress towards independence and choice in the following areas: Safety, Support Networks; and Empowerment and Self Esteem. All clients supported will be accurately assessed and supported with safety plans. Clients will be supported through the criminal justice system.

26 The Provider will deliver emotional and practical support to women and children fleeing domestic violence and ensure that clients are safer and better resourced to remain safe. This support will encourage clients to retain/regain their sense of autonomy and control and develop and/or maintain strong and resilient support networks so that clients believe they can live free from violence. Clients will develop increased resilience and the resources to prevent further experience of violence.

27 Clients in the refuge and those accessing floating support will have improved mental, emotional and physical health and the opportunity to maintain these improvements. By the time that clients are no longer supported, they will have increased financial stability and independence and more stable accommodation, increased access to education and employment opportunities hopes and goals for the future. Children will be safer and better equipped to remain safe and adult clients will be better equipped for parenting.

Invitation To Tender

1. **Tender Requirements.** These are pre-requisite criteria for providers wishing to bid for this tender and must be clearly evidenced. If the bid fails any of these criteria, due to missing evidence or evidence that does not support the criteria, the bid will not be considered further.

- All organisations involved in submitting the bid must be independent and their objectives must be for public benefit and not for profit;
- All services must be free at the point of delivery;
- A primary purpose of the provider(s) must be to address violence against women and girls with expertise on domestic violence;

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- The organisation(s) delivering service must have an evidenced track record of delivering advocacy support to meet the needs of survivors of domestic violence;
- At least one provider involved in submitting a bid for the service must be an active member of a national professional, specialist VAWG body and should provide evidence of utilising the national accredited quality service standards for working with BME (black and minority ethnic) women and girls;
- The provider(s) must have the ability to put in place mechanisms and systems for recording data in line with the service requirements and agree to share data with the Council and other partners;
- The provider(s) must have proven ability to work in partnership with existing local partners and services to ensure that delivery enhances and improves existing service provision locally; and
- The provider(s) must demonstrate commitment to equal opportunities and understanding of equality issues. All providers and services must be compliant with the public sector equality duty set out in section 149(1) of the Equality Act 2010. This requires MOPAC (and its providers and services) to have due regard to the need to eliminate discrimination, advance equality of opportunity and foster good relations by reference to people with protected characteristics.

2. **Governance and reporting arrangement.** As commissioner of the service, the Council is responsible for contract management to ensure effective delivery and value for money. The Council's DSV Strategy Group will offer overall oversight and decision making with regard to the service and the provider will be expected to attend its quarterly meetings. The provider will also be expected to attend the Domestic Violence Forum which also meets quarterly.

3. **Performance monitoring.** To satisfy the governance structure and payment processes, it is proposed that the successful provider develop a performance framework. Data from this monitoring process will be required from the provider every quarter. This performance information is to include evidence that the service outputs and outcomes as detailed in the successful bid are being achieved. Further details of this will be agreed prior to contract start and will be included as part of the grant agreement issued to providers. At the end of each twelve month period the Council may request additional information/data to surmise progress at year end.

4. The provider(s) of the Supported Housing Services will be acting as a managing agent for Network Stadium Housing Association and therefore must be able to satisfy their vetting criteria. This is attached as appendix1

5. The following information must also be provided in the bid. Please ensure that your bid responds to each sub-heading separately and is set out accordingly.

- A single named lead contact;
- An outline timetable showing how and when the specification requirements will be delivered;
- A risk register for the delivery of the services outlined;

- Proposed methodology for performance management, monitoring and data collection
- Details of relevant experience supporting the criteria;
- Proposed methodology for achieving the service outcomes listed above
- Details of equal opportunities policies for all providers involved in the bid;
- Completed Diversity Monitoring form;
- Two relevant references from previous work undertaken (by the lead provider if the bid is from a consortium) ;
- Two sets of audited accounts (of lead provider if the bid is from a consortium);
- Consortium/partnership arrangements (only if the bid submitted is from more than one provider). Please provide an outline of the partnership, who takes lead responsibility and how performance and quality are assured;
- Any match funding or other possible funding streams you may have access to for supporting this work.

6. **Evaluation and scoring.** The award of the contract will be subject to a competitive tender process and evaluated by a panel against the requirements outlined in this document. Each evaluation outcome will be scored on a scale from non-compliant to outstanding. After each panel member has awarded a score, these will be discussed by the panel and a consensus reached. Those tenders which score 3 or above for all responses to the award criteria, the evaluation will proceed. Those in which one or more criteria scores 2 or less will not proceed.

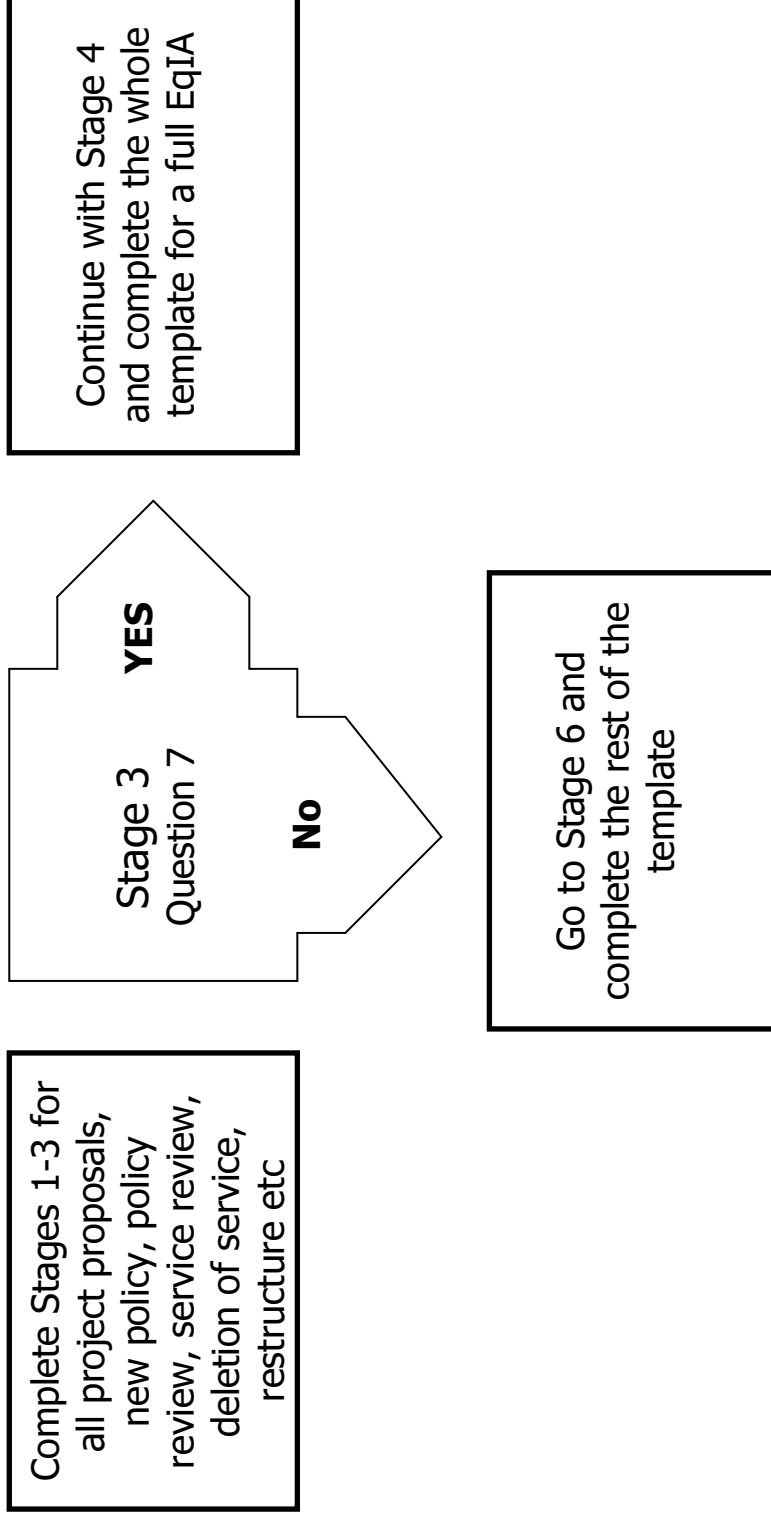
7. The evaluation criteria are:

Criteria	Evidence	Outcome	Weighting
Quality of the proposed service	Please describe how you intend to deliver the services as prescribed in the specification	Effective provision of IDVA Services	10%
		Effective Co-ordination of the MARAC	5%
		Effective management of the Refuge and support for the residents there	10%
		Effective management of Floating Support services	10%
		Co-ordination of all these services with the existing pattern of services in Harrow	5%
		Effective support systems to ensure the provision of independence and choice resulting in a reduction of further harm and an increase in safety, support networks, empowerment and self-esteem.	10%

Relevant expertise and experience	Please demonstrate your organisation's experience in relation to the following areas of expertise	Expertise in and experience in the provision of supported housing to women and girls experiencing domestic violence	15%
		Expertise in and experience in the violence against women and girls sector and of domestic violence.	15%
Value for money in relation to quality of service provided	Please demonstrate your organisations commitment to service improvement and value for money	Ability to effectively integrate with and work in partnership with local partners, local services and referral pathways	5%
		Evaluation of price in light of the service proposed. Deliver best value taking account of price and quality	10%
		Provision of added value. Harrow Council welcomes any additional value through 'in kind' match, funding or other ways that victims will receive added value	5%

Equality Impact Assessment Template

The Council has revised and simplified its Equality Impact Assessment process. There is now just one Template. Project Managers will need to complete **Stages 1-3** to determine whether a full EqIA is required and the need to complete the whole template.



Equality Impact Assessment (EqIA) Template

In order to carry out this assessment, it is important that you have completed the EqIA E-learning Module and read the Corporate Guidelines on EqIAs. Please refer to these to assist you in completing this assessment.

It will also help you to look at the EqIA Template with Guidance Notes to assist you in completing the EqIA.

Type of Project / Proposal:	Tick ✓	Type of Decision:	Tick ✓
Transformation	✓	Cabinet	
Capital		Portfolio Holder	
Service Plan		Corporate Strategic Board	
Other		Other	
Title of Project: Re-commission services to address Domestic and Sexual Violence			
Directorate/Service responsible: Resources/Strategic Commissioning			
Name and job title of lead officer: Mike Howes, Senior Policy officer			
Name & contact details of the other persons involved in the assessment:			
Date of assessment: 30 th March 2015			

Stage 1: Overview

<p>1. What are you trying to do? (Explain proposals e.g. introduction of a new service or policy, policy review, changing criteria, reduction/removal of service, restructure, deletion of posts etc)</p>	<p>Re-commission services to address Domestic and Sexual Violence.</p> <p>The recommissioning proposal brings together services previously commissioned by Housing using Supporting People funding and Strategic Commissioning using mainstream Council funds. The intention behind the recommissioning is to reduce duplication and need for co-ordination between providers and to reduce overheads.</p> <p>In addition, the services supported by mainstream Council funding have not been subject to competitive tender for some years.</p> <p>None of the existing staff are in the Council's employ and the proposal is to continue services at the same level or, in some cases, expand them.</p>
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	Residents/Service Users Staff Gender Reassignment Race Sexual Orientation	Partners Age Marriage and Civil Partnership Religion or Belief Other	Stakeholders Disability Pregnancy and Maternity Sex
<p>2. Who are the main people/Protected Characteristics that may be affected by your proposals? (✓ all that apply)</p>	<p>✓</p>	<p>✓</p>	<p>✓</p>
<p>3. Is the responsibility shared with another directorate, authority or organisation? If so:</p> <ul style="list-style-type: none"> Who are the partners? Who has the overall responsibility? How have they been involved in the assessment? 	<p>The responsibility for supporting victims of domestic and sexual violence is shared with Children and Families, Community Health and Well-being, Environment and Enterprise, Harrow Police, Harrow Community Rehabilitation Company, Harrow CCG; Central and North West London mental Health Trust; London North West Healthcare NHS Trust and voluntary and community sector organisations.</p>		
<p>Stage 2: Evidence / Data Collation</p>			
<p>4. What evidence/data have you reviewed to assess the potential impact of your proposals? Include the actual data, statistics reviewed in the section below. This can include census data, borough profile, profile of service users, workforce profiles, results from consultations and the involvement tracker, customer satisfaction surveys, focus groups, research interviews, staff surveys; complaints etc. Where possible include data on the nine Protected Characteristics.</p>	<p>(Where you have gaps (data is not available/being collated), you may need to include this as an action to address in your Improvement Action Plan at Stage 7)</p>		
<p>Age (including carers of young/older people)</p>	<p>See Domestic and Sexual Violence Strategy attached</p>		
<p>Disability (including carers of disabled people)</p>	<p>See Domestic and Sexual Violence Strategy attached</p>		
<p>Gender Reassignment</p>	<p>See Domestic and Sexual Violence Strategy attached</p>		
<p>Marriage/Civil Partnership</p>	<p>See Domestic and Sexual Violence Strategy attached</p>		
<p>Pregnancy and Maternity</p>	<p>See Domestic and Sexual Violence Strategy attached</p>		

Race	See Domestic and Sexual Violence Strategy attached		
Religion and Belief	See Domestic and Sexual Violence Strategy attached		
Sex/Gender	See Domestic and Sexual Violence Strategy attached		
Sexual Orientation	See Domestic and Sexual Violence Strategy attached		
Socio Economic			
5. What consultation have you undertaken on your proposals?			
Who was consulted?	What consultation methods were used?	What do the results show about the impact on different groups / Protected Characteristics?	What actions have you taken to address the findings of the consultation? (This may include further consultation with the affected groups, revising your proposals).
Harrow Domestic and Sexual Violence Strategy Group which comprises the Portfolio Holder and Cabinet Assistant, Harrow Police, Children and Families, Communities, Health and Wellbeing, Health and Public Health, Community Rehabilitation Company and Voluntary and Community Sector Organisations	Meetings over a period of a year to develop the strategy and then the re-commissioning proposals.	The proposal reflects the comments of the Strategy Group and the priorities within the Domestic and Sexual Violence Strategy.	Developed the proposal to reflect the comments received.
6. What other (local, regional, national research, reports, media) data sources that you have used to inform this		See Domestic and Sexual Violence Strategy attached	

assessment?

List the Title of reports / documents and websites here.

Stage 3: Assessing Potential Disproportionate Impact

7. Based on the evidence you have considered so far, is there a risk that your proposals could potentially have a disproportionate adverse impact on any of the Protected Characteristics?

	Age (including carers)	Disability (including carers)	Gender Reassignment	Marriage and Civil Partnership	Pregnancy and Maternity	Race	Religion and Belief	Sex	Sexual Orientation
Yes									
No	X	X	X	X	X	X	X	X	X

YES - If there is a risk of disproportionate adverse Impact on any **ONE** of the Protected Characteristics, continue with the rest of the template.

- **Best Practice:** You may want to consider setting up a Working Group (including colleagues, partners, stakeholders, voluntary community sector organisations, service users and Unions) to develop the rest of the EqIA
- It will be useful to also collate further evidence (additional data, consultation with the relevant communities, stakeholder groups and service users directly affected by your proposals) to further assess the potential disproportionate impact identified and how this can be mitigated.

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NO - If you have ticked 'No' to all of the above, then go to **Stage 6**

- Although the assessment may not have identified potential disproportionate impact, you may have identified actions which can be taken to advance equality of opportunity to make your proposals more inclusive. These actions should form your Improvement Action Plan at Stage 7

Stage 4: Collating Additional data / Evidence

8. What additional data/evidence have you considered in relation to your proposals as a result of the analysis at Stage 3?

(include this evidence, including any data, statistics, titles of documents and website links here)

9. What further consultation have you undertaken on your proposals as a result of your analysis at Stage 3?

Who was consulted?	What consultation methods were used?	What do the results show about the impact on different groups / Protected Characteristics?	What actions have you taken to address the findings of the consultation? (This may include further consultation with the affected groups, revising your proposals).

Stage 5: Assessing Impact and Analysis

10. What does your evidence tell you about the impact on different groups? Consider whether the evidence shows potential for differential impact, if so state whether this is an adverse or positive impact? How likely is this to happen? How you will mitigate/remove any adverse impact?

Protected Characteristic	Adverse	Positive	Explain what this impact is, how likely it is to happen and the extent of impact if it was to occur. Note – Positive impact can also be used to demonstrate how your proposals meet the aims of the PSED Stage 9	What measures can you take to mitigate the impact or advance equality of opportunity? E.g. further consultation, research, implement equality monitoring etc (Also Include these in the Improvement Action Plan at Stage 7)
Age (including carers of young/older people)	✓	✓		
Disability (including carers of disabled)				

people)									
Gender Reassignment									
Marriage and Civil Partnership									
Pregnancy and Maternity									
Race									
Religion or Belief									
Sex									
Sexual orientation									
11. Cumulative Impact – Considering what else is happening within the								Yes	No

<p>Council and Harrow as a whole, could your proposals have a cumulative impact on a particular Protected Characteristic?</p> <p>If yes, which Protected Characteristics could be affected and what is the potential impact?</p>											
<p>11a. Any Other Impact – Considering what else is happening within the Council and Harrow as a whole (for example national/local policy, austerity, welfare reform, unemployment levels, community tensions, levels of crime) could your proposals have an impact on individuals/service users socio economic, health or an impact on community cohesion?</p> <p>If yes, what is the potential impact and how likely is to happen?</p>	Yes	No									
<p>12. Is there any evidence or concern that the potential adverse impact identified may result in a Protected Characteristic being disadvantaged? (Please refer to the Corporate Guidelines for guidance on the definitions of discrimination, harassment and victimisation and other prohibited conduct under the Equality Act) available on Harrow HUB/Equalities and Diversity/Policies and Legislation</p>	Yes	No	Age (including carers)	Disability (including carers)	Gender Reassignment	Marriage and Civil Partnership	Pregnancy and Maternity	Race	Religion and Belief	Sex	Sexual Orientation
<p>200</p>											
<p>If you have answered "yes" to any of the above, set out what justification there may be for this in Q13a below - link this to the aims of the proposal and whether the disadvantage is proportionate to the need to meet these aims. (You are encouraged to seek legal advice, if you are concerned that the proposal may breach the equality legislation or you are unsure whether there is objective justification for the proposal)</p>											
<p>If the analysis shows the potential for serious adverse impact or disadvantage (or potential discrimination) but you have identified a potential justification for this, this information must be presented to the decision maker for a final decision to be made on whether the disadvantage is proportionate to achieve the aims of the proposal.</p>											
<ul style="list-style-type: none"> ▪ If there are adverse effects that are not justified and cannot be mitigated, you should not proceed with the proposal. (select outcome 4) ▪ If the analysis shows unlawful conduct under the equalities legislation, you should not proceed with the proposal. (select outcome 4) 											
<p>Stage 6: Decision</p>											
<p>13. Please indicate which of the following statements best describes the outcome of your EqIA (✓ tick one box only)</p>											
<p>Outcome 1 – No change required: the EqIA has not identified any potential for unlawful conduct or disproportionate impact and</p>										✓	

all opportunities to advance equality are being addressed.	
Outcome 2 – Minor adjustments to remove/mitigate adverse impact or advance equality have been identified by the EqIA. <i>List the actions you propose to take to address this in the Improvement Action Plan at Stage 7</i>	
Outcome 3 – Continue with proposals despite having identified potential for adverse impact or missed opportunities to advance equality. In this case, the justification needs to be included in the EqIA and should be in line with the PSED to have 'due regard'. In some cases, compelling reasons will be needed. You should also consider whether there are sufficient plans to reduce the adverse impact and/or plans to monitor the impact. (Explain this in 13a below)	
Outcome 4 – Stop and rethink: when there is potential for serious adverse impact or disadvantage to one or more protected groups. (You are encouraged to seek Legal Advice about the potential for unlawful conduct under equalities legislation)	
13a. If your EqIA is assessed as outcome 3 or you have ticked 'yes' in Q12 , explain your justification with full reasoning to continue with your proposals.	

Stage 7: Improvement Action Plan

14. List below any actions you plan to take as a result of this Impact Assessment. This should include any actions identified throughout the EqIA.					
Area of potential adverse impact e.g. Race, Disability	Action required to mitigate	How will you know this is achieved? E.g. Performance Measure / Target	Target Date	Lead Officer	Date Action included in Service / Team Plan
Services for male and female victim are often provided separately. The capacity of these services reflects the balance of the sex of known victims. If the balance changes, services may not provide equal access.	Continue to monitor the sex of victims coming to our attention and amend the balance of services provided accordingly	Monitor the sex of known victims,	Quarterly	Mike Howes	Domestic Violence Action Plan

Stage 8 - Monitoring

The full impact of the proposals may only be known after they have been implemented. It is therefore important to ensure effective monitoring measures are in place to assess the impact.

15. How will you monitor the impact of the proposals once they have been implemented? What monitoring measures need to be introduced to ensure effective monitoring of your proposals? How often will you do this? *(Also Include in Improvement Action Plan at Stage 7)*

See 14 above

16. How will the results of any monitoring be analysed, reported and publicised? *(Also Include in Improvement Action Plan at Stage 7)*

Monitoring will be reported to the Domestic and Sexual Violence Strategy Group

17. Have you received any complaints or compliments about the proposals being assessed? If so, provide details.

No

Stage 9: Public Sector Equality Duty

18. How do your proposals contribute towards the Public Sector Equality Duty (PSED) which requires the Council to have due regard to eliminate discrimination, harassment and victimisation, advance equality of opportunity and foster good relations between different groups.

(Include all the positive actions of your proposals, for example literature will be available in large print, Braille and community languages, flexible working hours for parents/carers, IT equipment will be DDA compliant etc)

Eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Equality Act 2010

Advance equality of opportunity between people from different groups

Foster good relations between people from different groups

Stage 10 - Organisational sign Off (to be completed by Chair of Departmental Equalities Task Group)

The completed EqIA needs to be sent to the chair of your Departmental Equalities Task Group (DETG) to be signed off.

<p>19. Which group or committee considered, reviewed and agreed the EqIA and the Improvement Action Plan?</p>			
<p>Signed: (Lead officer completing EqIA)</p>		<p>Signed: (Chair of DETG)</p>	<p>Alex Dewsnap</p>
<p>Date:</p>		<p>Date:</p>	<p>17 May 2015</p>
<p>Date EqIA presented at the EqIA Quality Assurance Group</p>	<p>1 June 2015</p>	<p>Signature of DETG Chair</p>	

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Date of Meeting:	17 June 2015
Subject:	Review of the Council Tax Support (CTS) Scheme for 2016/17 Financial Year
Key Decision:	Yes
Responsible Officer:	Tom Whiting, Corporate Director of Resources
Portfolio Holder:	Councillor Sachin Shah, Portfolio for Finance and Major Contracts
Exempt:	No
Decision subject to Call-in:	No, as the decision is reserved to Council
Wards affected:	All
Enclosures:	Appendix 1 – Current Scheme Rules/Parameters

Section 1 – Summary and Recommendations

This report informs Members of the requirement to consider a review of the localised Council Tax Support Scheme which was introduced on 1/4/2013. Paragraph 5 of Schedule 1A to the Local Government Finance Act 1992, as amended by schedule 4 of the Local Government Act 2012, requires the council to consider whether, for 2016-17, the scheme is to be revised or replaced.

Recommendations:

Cabinet is requested to make the following decision:

1. Note that the CTS scheme meets the Council's statutory duties and requires no changes.

Cabinet is requested to recommend the following decision to full Council:

2. After considering whether to review the local scheme, that there is no need to review, and to continue with the existing CTS scheme, as previously adopted by Full Council, for the 2016/17 financial year.

Reason: (For recommendations)

The current CTS scheme was based upon retaining the initial provisions for two consecutive financial years, 2013/14 & 2014/15, so long as key conditions remained unchanged. Thereafter, the scheme was to be reviewed annually.

There have been no significant fundamental changes, either in caseload, demographics or the economy, which would require the Council to consider reviewing or replacing the scheme as determined by Full Council.

Section 2 – Report

Introductory paragraph

- 2.1 From April 2013, Council Tax Benefit (CTB) was “localised”. There is no longer a nationally governed CTB scheme (except for pensioners). Councils now determine their own local “Council Tax Reduction Scheme” and CTB has been replaced by “Council Tax Support” (CTS).
- 2.2 Pensioners (those who have attained the qualifying age for state pension credit) are protected under the arrangements. CTS for them is still controlled nationally. This means CTS can still cover up to 100% of their Council Tax bill.
- 2.3 Full Council determined on the 21 January 2013 to introduce a CTS scheme. The scheme set out the reductions which were to apply in Harrow to specified classes of persons whom the authority considered to be in financial need. The scheme took effect for the financial year commencing 1 April 2013, with some changes phased in from 1 April 2014.
- 2.4 In June 2014, at the review of the scheme for 2015/16 financial year, Cabinet agreed to consultation on various draft scheme models. Cabinet subsequently decided not to change the scheme for the financial year 2015/16, and the Council agreed to continue with the existing scheme at the full Council meeting held on 22/01/2015.
- 2.5 The Council must consider whether to revise or replace its Council Tax Support scheme each financial year. As such it is necessary for Cabinet to consider whether the scheme requires reviewing for the 2016/17 financial year and this report requests that Members consider reviewing the scheme.

Council Tax Support Scheme Review

- 2.6 Harrow Council has a CTS scheme in place which sets out the reductions which are to apply in its area to specified classes of persons whom the authority considers to be in financial need.
- 2.7 Legislation requires the authority to consider whether, for 2016-17, the scheme is to be revised or replaced. The Council must consider whether the scheme requires changing and must do this in time to ensure it has sufficient time to consult and determine the scheme prior to the deadline set out in the legislation.
- 2.8 Modelling the current CTS caseload commitments and estimating 2016/17 expenditure, would suggest future expenditure in the region of £14m to £14.5 in the next financial year (dependant on any council tax inflation).
- 2.9 This is in line with budgeted expenditure. Additionally, Council Tax collection rates in 2014/15 for CTS recipients reached 89% in year which were also above the 70% profile anticipated, resulting in overall collection rates for Council Tax of 97.3% in year. Overall Council Tax collection rates were higher in 2014/15 than the 97% achieved in year for 2013/14. It would appear that collection rates are settling down as claimants get used to having to pay some Council Tax.
- 2.10 Statutory provisions require Harrow to consider annually whether it should change the scheme, and if so, in what way. The process to create a revised scheme would involve complex decisions and judgements regarding which groups of claimants would face changes in support. This would also require extensive consultation and approval of the changes before 31/01/2016, including consultation with the GLA, a publication of the draft scheme incorporating the changes and consultation with such persons as may be affected by the operation of the scheme. Having approved the scheme already in place, Cabinet is now being requested to consider reviewing its scheme.
- 2.11 Having reviewed the operation of the scheme, it is considered that the existing scheme, agreed by Full Council on 21st January 2013 and again on 22/01/2015, meets the Council's statutory requirements. It is therefore recommended that the scheme is not revised or replaced as no changes are required. It is therefore further recommended that the Council continue with the current scheme in place.
- 2.12 This view has been reached on the basis that currently (as @ May 2015) CTS expenditure for 2015/16 is approximately £14.2m. This is within the budgeted expenditure range for the parameter configuration for 2015/16 .

Conclusion / Recommendation

- 2.13 The expenditure estimate assumes no increase in caseload and assumes no disproportionate increase in persons of pension credit age that would be protected from the effects of the scheme; although there

is risk here as Harrow has proportionally less pensioners claiming CTS than the national average.

- 2.14 The cost of the CTS scheme could still be subject to fluctuations taking into account the uncertainty regarding claimant numbers.
- 2.15 In conclusion, there are currently no fundamental reasons to change the existing scheme. Case load is currently static or decreasing, (notwithstanding the above comments), Council Tax collection rates are high and holding, and whilst there is a risk of pensioner numbers increasing and therefore increasing expenditure, this risk is felt to be low. As financial forecasts are similar to target expenditure, this report recommends that the CTS scheme continues in its current format.

Legal Implications

- 2.16 Paragraph 5 of Schedule 1A to the Local Government Finance Act 1992, as inserted by Schedule 4 to the Local Government Finance Act 2012, requires the authority to consider whether, for each financial year, the CTS scheme is to be revised or replaced. Where the scheme is to be revised or replaced the procedural requirements in paragraph 3 of that schedule apply. Any revision/replacement must be determined by 31 of January in the preceding year to the year which the changes are to apply. The council must therefore consider whether the scheme requires revision or replacement and if so, consult with the GLA, publish a draft scheme and then consult with such persons as may be affected by the operation of that scheme prior to determining the scheme before 31st January.
- 2.17 This report recommends that the scheme is not revised or replaced.

Financial Implications

- 2.18 The local CTS funding is not ring fenced and it is entirely for Harrow, as a Local Authority, to determine how much it is prepared to spend in light of the Council's overall financial position.
- 2.19 For 2015/16, estimated expenditure is largely in line with budget provision of between £14m to £14.5m. If the scheme was to award higher support amounts this would increase expenditure and would have a detrimental impact on the Collection Fund which would have to be addressed in the following years budget setting process. On the other hand, if the scheme was to award lower amounts, a positive impact would feed into the follows year's budget setting process.

Equalities implications / Public Sector Equality Duty

- 2.20 Retaining the existing CTS scheme is supported by the original EqIA undertaken for the scheme and carried out at the time of consultation. This highlighted the impacts on residents and on which mitigation packages were developed and implemented. The existing scheme also supports the most vulnerable members of our community as it contain more generous provisions for protecting disabled residents (which is applied to any applicant in receipt of Disability Living Allowance or Personal Independence Payment – PIP).

2.21 When making policy decisions, the Council must take account of the equality duty and in particular any potential impact on protected groups. Due regard should therefore be had to the Public Sector Equality Duty when giving consideration to a review of the scheme and the recommendations in this report. The Council's original completed equality impact assessment still applies and members should consider its contents in making their decision.

Corporate Priorities

2.22 The Harrow Council Tax Support Scheme reflects the aims of our corporate priorities thus ensuring we concentrate on supporting those who are financially vulnerable.

Section 3 - Statutory Officer Clearance

Name: Dawn Calvert	<input checked="" type="checkbox"/>	on behalf of the Chief Financial Officer
Date: 11 May 2015		
Name: Sarah Wilson	<input checked="" type="checkbox"/>	on behalf of the Monitoring Officer
Date: 11 May 2015		

Ward Councillors notified:	NO , as it impacts on all Wards
EqIA carried out:	NO
EqIA cleared by:	N/A
	N/A as EqIA, cleared at the time of original scheme implementation, still applies

Section 4 - Contact Details and Background Papers

Contact:

Fern Silverio (Head of Service – Collections & Housing Benefits),
Tel: 020-8736-6818 / email: fern.silverio@harrow.gov.uk

Background Papers:

Appendix 1 – Current Scheme Rules/Parameters

Full CTS current scheme available @
http://www.harrow.gov.uk/info/200206/council_tax_support/1258/council_tax_support_scheme_review

**Call-In Waived by the
Chairman of Overview
and Scrutiny
Committee**

NOT APPLICABLE

*[Call-in does not apply as the
decision is reserved to Council]*

Appendix 1 - Current Scheme Rules/Parameters

Liability cap- (this is the percentage liability used in calculation of CTS) is:

- 86% for working age customers who fall into the vulnerable group (see below)
- 70% for all working age customers who do not fall into the vulnerable group
- 100% for all pensioners

- 30% taper- For every £1 that the customer receives over their applicable amount, they will have to put 30p towards the council tax bill
- £2 minimum weekly Council Tax support award-this means that anyone who is entitled to less than £2.00 in CTS will not receive any support
- No tariff income-this means that nothing is added to the weekly income if customer has capital over £6,000 (16,000 capital limit still applies)

Vulnerable group- a working age customer falls into the vulnerable group if

- A household with an applicant, a partner or a dependent child receiving
 - Disability Living Allowance (any component)
 - Employment Support Allowance (Support group),
 - Incapacity Benefit,
 - Mobility Supplement,
 - Severe Disablement Allowance,
 - Personal Independence Payment or Armed Forces Independence Payment (AFIP)
 - or has an invalid vehicle supplied by the National Health Service or gets Department of Work and Pensions payments for car running costs;
- or a disability banding reduction has been granted for the property;
- or the applicant or partner is registered blind ;
- or the applicant or partner receives a War Pension

Non dependant deductions (weekly reduction in CTS based on the income of other adult occupants of the household)- see table below;

Non Dep Deductions

Non Dep Income	Housing Benefit	CTS Pensioner	CTS Working age
○ Aged under 25 and on IS or JSA(IB) or ESA(IR) assessment phase	Nil	Nil	£3.30
○ Aged 25 or over and on IS/JSA(IB),	£14.55	Nil	£3.30
○ Aged 18 or over and not in remunerative work	£14.55	£3.74	£6.60
○ In receipt of main phase ESA(IR)	£14.55	Nil	£3.30
○ In receipt or ESA (C)	£14.55	£3.74	£3.30
○ In receipt of JSA (C)	£14.55	£3.74	£6.60
○ In receipt of Pension Credit	Nil	Nil	£3.30
○ gross income less than £129.00	£14.55	£3.74	£6.60
○ gross income not less than £129.00 but less than £189.00	£33.40	£3.74	£6.60
○ gross income not less than £189.00 but less than £246.00	£44.85	£7.52	£13.10
○ gross income not less than £246.00 but less than £328.00	£75.05	£7.52	£13.10
○ gross income not less than £328.00 but less than £408.00	£85.45	£9.49	£16.50
○ gross income not less than £408.00	£93.80	£11.36	£19.80

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