

Cabinet AGENDA

DATE: Thursday 19 March 2020

TIME: 6.30 pm

VENUE: Committee Rooms 1 & 2, Harrow Civic Centre,
Station Road, Harrow, HA1 2XY

MEMBERSHIP

Chair: Councillor Graham Henson (Leader of the Council, Portfolio Holder for Strategy, Partnerships, Devolution and Customer Services)

Portfolio Holders:

Councillor Sue Anderson	Community Engagement and Accessibility
Councillor Simon Brown	Adults and Public Health
Councillor Keith Ferry	Deputy Leader, Regeneration, Planning and Employment
Councillor Phillip O'Dell	Housing
Councillor Varsha Parmar	Environment
Councillor Christine Robson	Young People and Schools
Councillor Krishna Suresh	Community Cohesion and Crime
Councillor Adam Swersky	Finance and Resources
Councillor Antonio Weiss	Non-Executive Cabinet Member
John Higgins	Non-Executive Voluntary Sector Representative

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

Contact: Nikoleta Nikolova, Senior Democratic and Electoral Services Officer
E-mail: nikoleta.nikolova@harrow.gov.uk

Useful Information

Meeting details:

This meeting is open to the press and public.

Directions to the Civic Centre can be found at:

www.harrow.gov.uk/contact

Filming / recording of meetings

The Council will audio record Public and Councillor Questions. The audio recording will be placed on the Council's website.

Please note that proceedings at this meeting may be photographed, recorded or filmed. If you choose to attend, you will be deemed to have consented to being photographed, recorded and/or filmed.

When present in the meeting room, silent mode should be enabled for all mobile devices.

Meeting access / special requirements.

The Civic Centre is accessible to people with special needs. There are accessible toilets and lifts to meeting rooms. If you have special requirements, please contact the officer listed on the front page of this agenda.

An induction loop system for people with hearing difficulties is available. Please ask at the Security Desk on the Middlesex Floor.

Agenda publication date: Wednesday 11 March 2020

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 Committee, Sub-Committee or Panel;
- (b) all other Members present in any part of the room or chamber.

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 in which they were received. There will be a time limit of 15 minutes for the asking and answering of public questions.

[The deadline for receipt of public questions is 3.00 pm, 16 March 2020. 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, 16 March 2020].

6. KEY DECISION SCHEDULE MARCH - MAY 2020 (Pages 7 - 14)

COMMUNITY

KEY 7. 2020-2021 SECURITY, HEALTH AND SAFETY COMPLIANCE (HOMESAFE) WORKS (Pages 15 - 26)

Report of the Divisional Director of Housing

KEY 8. IN PRINCIPLE APPROVAL FOR DISPOSAL OF SMALL HRA SITES TO COMMUNITY GROUPS FOR DEVELOPMENT OF COMMUNITY LED HOUSING (Pages 27 - 44)

Report of the Divisional Director of Housing

KEY 9. THE CLIMATE & ECOLOGICAL EMERGENCY - INTERIM STRATEGY AND ACTION PLAN (Pages 45 - 66)

Report of the Corporate Director of Community

KEY 10. ENERGY PROCUREMENT STRATEGY (Pages 67 - 88)

Report of the Corporate Director of Community

RESOURCES AND COMMERCIAL

11. COUNCIL PREPARATIONS FOR BREXIT (Pages 89 - 100)

Report of the Director of Strategy and Partnerships

KEY 12. AUTHORITY TO PROCURE AND IMPLEMENT THROUGH A DIRECT AWARD A CLOUD BASED ENTERPRISE RESOURCES PLANNING SYSTEM (Pages 101 - 116)

Report of the Corporate Director of Resources

13. ANY OTHER URGENT BUSINESS

Which cannot otherwise be dealt with.

14. 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>
15	In principle approval for disposal of small Housing Revenue Account (HRA) sites to Community groups for development of Community Led Housing – Appendix B	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).
16	Authority to procure and implement through a direct award a cloud	Information under paragraph 3 of Part I of Schedule 12A to the Local Government Act 1972, relating to the

	based Enterprise Resources Planning System – Appendix A	financial or business affairs of any particular person (including the authority holding that information).
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AGENDA - PART II

- 15. IN PRINCIPLE APPROVAL FOR DISPOSAL OF SMALL HRA SITES TO COMMUNITY GROUPS FOR DEVELOPMENT OF COMMUNITY LED HOUSING** (Pages 117 - 118)

Appendix B to the report of the Divisional Director of Housing.

- 16. AUTHORITY TO PROCURE AND IMPLEMENT THROUGH A DIRECT AWARD A CLOUD BASED ENTERPRISE RESOURCES PLANNING SYSTEM** (Pages 119 - 128)

Appendix A to the report of the Corporate Director of Resources.

* 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 16 March 2020
Publication of decisions	20 March 2020
Deadline for Call in	5.00 pm on 27 March 2020
Decisions implemented if not Called in	28 March 2020

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London Borough of Harrow

KEY DECISION SCHEDULE (MARCH 2020 - MAY 2020)

MONTH: March

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 for capital expenditure or £500,000 for revenue expenditure or, where expenditure or savings are less than the amounts specified above, they 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?RPId=249&RD=0&bcr=1> 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 Democratic Services, on 020 8424 1055 or by contacting democratic.services@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.

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
MARCH						
2020-2021 Security, Health and Safety Compliance (Homesafe) Works	Authority to go to market and procure a contract. Seek delegated authority to award the contract following the outcome of the tendering exercise.	Cabinet	19 March 2020	Cllrs Graham Henson and Phillip O'Dell Nick Powell, Divisional Director, Housing Services mark.crodden@harrow.gov.uk tel: 020 8424 1329 rukshan.kariy@harrow.gov.uk tel: 020 8424 7669	Open	Agenda report and any related appendices, Gateway 1 report
In principle approval for disposal of small Housing Revenue Account (HRA) sites to Community groups for development of Community Led Housing	Authorise the disposal of up to 6 small HRA sites at less than market value to Community Led housing projects, and delegate authority to the Corporate Director to	Cabinet	19 March 2020	Councillor Philip O'Dell Nick Powell, Divisional Director, Housing Services Sharon.Oshunbiyi@harrow.gov.uk, tel. 0208 424 1899	Part exempt	Agenda report and any related appendices Ward councillors will be consulted

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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
	authorise disposal to specific Community Led Housing groups subject to Planning and Finance approval.					
The Climate & Ecological Emergency - Interim Strategy and Action Plan	Approval of the Council's interim strategy and action plan, in response to the Climate Emergency Declaration previously referred to Cabinet in September 2019.	Cabinet	19 March 2020	Councillor Graham Henson Paul Walker, Corporate Director, Community Matthew.Adams@harrow.gov.uk, tel. 020 8863 9149	Open	Agenda report and any related appendices A programme of public engagement is planned for 2020.
Authority to procure and implement through a direct award a cloud	Authority to Directly Procure a replacement system.	Cabinet	19 March 2020	Councillor Adam Swersky Charlie Stewart, Corporate Director,	Part exempt	Agenda Report and any related appendices

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
based Enterprise Resources Planning System				Resources Chris.Martin@harrow.gov.uk, tel. 020 8424 8544		
<p>⇒ Energy Procurement Strategy - 1st October 2020-30th September 2024</p>	Approve Harrow Council entering into a Framework Agreement with LASER Energy Buying Group (LASER) headed by Kent County Council for the supply of energy to Harrow's corporate sites and schools for a period of four years starting on 1st October 2020.	Cabinet	19 March 2020	<p>Councillor Varsha Parmar; Councillor Adam Swersky</p> <p>Paul Walker, Corporate Director, Community Saeed.Atlas@harrow.gov.uk, tel. 020 8424 1030</p>	Open	Agenda Report and any related appendices
APRIL						
MAY						

HARROW COUNCIL CABINET 2019/20

CONTACT DETAILS OF PORTFOLIO HOLDERS

Portfolio	Councillor	Address	Telephone no.	Email
Leader, Strategy, Partnerships, Devolution & Customer Services	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
Deputy Leader, Regeneration, Planning & Employment	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 & Public Health	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
Community Cohesion & Crime	Krishna Suresh	Labour Group Office Room 102, PO Box 2, Civic Centre Station Road HARROW HA1 2UH	Mobile: 07967 565477 Group Office: (020) 8424 1897	Email: krishna.suresh@harrow.gov.uk

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Portfolio	Councillor	Address	Telephone no.	Email
Community Engagement & Accessibility	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	Varsha Parmar	Labour Group Office Room 102, PO Box 2, Civic Centre Station Road HARROW HA1 2UH	Mobile: 07764 681987 Group Office: (020) 8424 1897	Email: varsha.parmar@harrow.gov.uk
Finance & Resources	Adam Swersky	Labour Group Office Room 102, PO Box 2, Civic Centre Station Road HARROW HA1 2UH	Mobile: 07904 466987 Group Office: (020) 8424 1897	Email: adam.swersky@harrow.gov.uk
Housing	Phillip O'Dell	64 Marlborough Hill HARROW HA1 1TY	Tel: (020) 8861 0090 Group Office: (020) 8424 1897	Email: phillip.odell@harrow.gov.uk
Young People & Schools	Christine Robson	Labour Group Office Room 102, PO Box 2, Civic Centre Station Road HARROW HA1 2UH	Group Office: (020) 8424 1897	Email: christine.robson@harrow.gov.uk

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REPORT FOR: CABINET

Date of Meeting:	19 March 2020
Subject:	2020-2021 Security, Health and Safety Compliance (Homesafe) Works
Key Decision:	Yes
Responsible Officer:	Nick Powell, Divisional Director of Housing
Portfolio Holder:	Councillor Philip O'Dell, Portfolio Holder for Housing Councillor Adam Swersky, Portfolio Holder for Finance and Resources
Exempt:	No
Decision subject to Call-in:	Yes
Wards affected:	All
Enclosures:	None

Section 1 – Summary and Recommendations

This report asks Cabinet for authority to go to the market and procure a contractor to deliver a Security, Health & Safety (“H&S”) Compliance & Common Parts Works known as ‘Homesafe 3’. We anticipate letting a 52-week programme as part of the 2020-2021 Housing Capital Programme.

The report also seeks authority to award the contract following the outcome of the tendering process.

Recommendations:

That

1. The Divisional Director of Housing be authorised to undertake a procurement process for a contractor or contractors to deliver a variety of Security, H&S Compliance & common parts works, including fire safety works as part of general improvements to the safety of HRA dwelling stock, funded entirely from HRA Capital resources in financial years 2020 and 2021 (rolling over into year 2022).
2. The Corporate Director of Community be authorised, following consultation with the Portfolio Holder for Housing and the Portfolio Holder for Finance and Resources, together with the Director of Finance, to enter into the procurement and implementation of the contract(s) to the value specified in the capital programme.

Reason: (For recommendations)

Due to the estimated value of the contract, Cabinet approval was required to procure and enter into the contract to comply with the Council's Contract Procedure Rules.

Section 2 – Report

2 . Introduction

- 2.1 The intention is to procure and commence works in the financial year 2020-21 with related works completing in 2021-22. Cabinet approval is required to begin the process of procuring contractors for all projects with an estimated value in excess of £500,000.
- 2.2 Cabinet is asked to delegate authority to award and to arrange the execution of a contract(s) with the successful tenderer(s) to the Corporate Director of Community in consultation with the Portfolio Holder for Housing, together with the Director of Finance because of the timescales for this procurement exercise, to enable a phased start to the works up to the value of £2,400,00 over financial years 2020/21 to 2021/22 as specified in the Capital programme approved by Council 13th February 2020.

1. Options considered

- 3.1 The procurement options considered were as follows:

a) Open tender and award to one or more providers.

Engaging in an Open tender which in this instance would allow for wider competition. This would be subject to statutory consultation requirements (Section 20 of the Landlord & Tenant Act 1985 as amended by the Commonhold and Leasehold Reform Act 2002 and the Service Charges (Consultation Requirements) (England) Regulations 2003/1987) (“Section 20 consultation”) and will allow the Council to recover a proportion of the costs from Leaseholders.

b) Setting up a framework

A works contract of £2,400,000 is under the financial threshold requiring the contract opportunity to be advertised in OJEU and therefore we do not need to set up a Framework Agreement and there is no perceived commercial benefit in doing so.

c) Exploration of other frameworks

We are unlikely to save any money from calling off from an established Framework Agreement and there are unlikely to be existing Framework Agreements in place that cover all of the Council's requirements.

d) Negotiate an Extension based on the Current Homesafe-2 Contract.

This has been considered, but discounted as the option to negotiate has not been included in the current Contract and we are likely to get better commercial terms from an open tender process.

f) Do nothing

This is not an option as failure to deliver the programme could impact Health and Safety compliance and deterioration of block safety if upgrades are neglected by the Council.

- 3.2 From the options considered above, Option A is preferred as the Open Market tender will invite competitive prices, provide a quick route to market (especially as there is an urgent need to carry out the compliance works) and enable the recovery of a proportion of costs from the Leaseholders under statutory Section 20 consultations. Option A is the recommended option.
- 3.3 The 2nd phase of the Section 20 consultation process will indicate what the apportioned costs will be for each Leaseholder, and Leaseholders will have the option of a payment plan in order to spread costs to pay the service charges for the works.

2. Background

- 4.1 This project will be included within the 20/21 Housing Capital Programme. The works are essential to improve fire safety and overall stock maintenance. This forms part of a multi-faceted approach to fire safety where several projects are running simultaneously in order to improve fire safety within our assets.
- 4.2 Following the Grenfell incident of 2017, the Council's focus and approach has changed and there is an increased emphasis on prioritising health and safety related works to ensure the safety of our residents.
- 4.3 This programme is the next phase of Fire and Safety works following on from the current Security and Compliance "Homesafe 2" programme which is a 12 month programme due for completion October 2020. These works are essential to increase block security, improve fire safety and overall stock maintenance.

- 4.4 The aim of the project is to deliver replacement doors/screens to main entrance or gated entry as appropriate and communal access/exit doors, upgraded door entry systems to include key fob entry intercom panels and coloured monitor video handsets to various blocks. A key facet of this scheme is installation of individual flat front fire rated doors (FD30s) to 31 blocks / 411 flats across the London Borough of Harrow.
- 4.5 This scheme will also run in conjunction with the 3 Storey Fire Door (FD30s) replacement scheme which recently gained Cabinet approval in January 2020 and is due out to tender at the beginning of the new financial year. The end result is that the Council will be in a position where all 3 storey block front entrance doors will be changed to upgraded compliant FD30s doors.
- 4.6 Overall the result of Homesafe 3 will be improved security and safety through 24-hour block access control with camera visitor entry display and improved entrance screens and level access approach for residents and visitors with disabilities, meeting Equality Act requirements to achieve better access for all. The contract will also include the installation of landlords emergency lighting, re-wiring together with service duct compartmentalisation where required and other associated works.

5. Current Situation/ Programme

- 5.1 This report is a revised version of that approved by Cabinet 15th November 2018 for the procurement of the previous Security and Health & Safety works and Compliance 2018/19-2020/21 (Homesafe-2) 2-year programme which is currently on site covering 349 flats in 47 blocks, and this work is expected to be completed in October 2020.
- 5.2 This further programme of Health and Safety works aims to include 411 flats in 31 blocks and is expected to start at a time soon after the completion of the current Security and Compliance (Homesafe-2) programme.

6. Implications of the Recommendation

- 6.1 Approval of the recommendations will result in the completion of the required work to complete the next tranche of required fire safety and compliance works, in order to meet our landlord and statutory responsibilities.

7.0 Resources, costs

- 7.1 The contract will be procured via an Open Market tender and will be published on the London Tender's Portal. The expected external resources required for this project will be CDM Consultants, Principal Contractor and sub-contractors. The costs associated with the project will be determined by the highest scoring contractor. This will be based on monetary, quality and social value.

8.0 Staffing/workforce

- 8.1 Pre-contract: The in-house Project Manager will manage all the stages within the procurement cycle (including Leaseholders statutory notification) to ensure a quality product is delivered. The project will be subject to the Build a Better Harrow project Framework.
- 8.2 Post-Contract: The Project Manager will manage the Clerk of Works and other agencies to ensure delivery of the programme and quality of installed product and will resolve any issues that should occur as they arise.

9.0 Ward Councillors' comments

- 9.1 This programme of works affects blocks all across the Borough and it is our statutory duty to carry out the necessary works to continue to ensure the continued safety of our residents.
- 9.2 All Councillors will be informed of the works and invited to the scheduled consultation events.

10. Performance Issues

- 10.1 The successful contractor will be managed effectively from mobilisation, performance statistics will be reviewed on a monthly basis and monitored through a combination of regular site visits and formal meetings, together with monthly evaluations identifying monetary and quantitative delivery.
- 10.2 This data is also reported to Corporate Director level via the Corporate Project Monitoring process so that there is a wider awareness of the project status at any given time.
- 10.3 The Contract will provide a 12-month Defects Liability Period. The emergency lighting to block Common Parts areas will be covered by warranty for the first 5-years (4 additional years thereafter); defective products under warranty will also be included within the extended warranty. The manufacturer will need to be added to the Responsive Maintenance approved contractor list to carry out non-warranty works.
- 10.4 Going forward a service contract will need to be put in place. The emergency lighting Systems will be Cloud based, enabling remote analysis of the installations and fob management. The systems will monitor to the British Standard Testing regimes and report outcomes on a monthly and annual basis thus largely negating staff and contractor input in relation to site attendance and aims to drive down ongoing cyclical maintenance costs.
- 10.5 Alarm detection D1 LD2D systems will be the new installation standard to all housing Stock. These installations will be monitored via a cloud based system, allowing dynamic remote interrogation/reporting and real time monitoring of tampering, defaults and emergency alerts.

- 10.6 The video door entry security systems will also be cloud based, enabling remote programming of key fobs to assist in controlling block security, thus reducing the risks of fobs entering in to circulation to non-residents.
- 10.7 The implementation of cloud based safety systems is anticipated to reduce reactive maintenance resourcing, resulting from contractor attendance and staff time costs.
- 10.8 In addition we intend to form monthly project groups, inviting residents and members to support the management and monitoring of these schemes throughout their implementation.

11. Environmental Implications

- 11.1 It is the intention that the delivery of any contract will contribute to the Council’s objectives around social, economic and environmental sustainability. The Council intends to do all it can to ensure that it support Harrow’s economy by buying locally wherever practical and maximise opportunities for local people in employment and training.
- 11.2 The project will ensure that tenders provide detailed information about their contribution to the environment and sustainability. The project will require bidders to sign up to the Considerate Contractor Scheme.
- 11.3 Specific requirements on social, economic and environmental matters will vary according to the value and duration of each contract and will be part of the pre-tender procurement documentation for inclusion in the online tender portal.
- 11.4 Where practical the scheme will use products that will help reduce the Council’s carbon footprint.

12. Data Protection Implications

- 12.1 All personal data processed in connection with the project will be done in full compliance with data protection laws, including the Data Protection Act 2018 and GDPR.

13. Risk Management Implications

Risk included on Directorate risk register? Yes
 Separate risk register in place? Yes

- 13.1 A risk register specific for this procurement will be started from the outset of the process and will be maintained and reviewed by all relevant staff regularly.
- 13.2 The assigned Project Manager and Housing Asset Management team will ensure there is a risk register in place from programme brief onwards.

- 13.3 There will be particular emphasis on the fire safety integrity of Resident's individual dwelling doors. The Council will be seeking to enforce change where Leaseholder's doors don't meet current standards unless they are able to provide relevant fire safety documentation.
- 13.4 The risks relating to the delivery of this programme are included in the Housing Risk Register which contains overarching risks in relation to delivery of the Programme.
- 13.5 Specific risks will be monitored and managed on the project as it moves forward. The aim of risk management is to identify business risks and effectively manage them.
- 13.6 This project is subject to multiple access requirements to each address. Lack of access co-operation would severely impact on project performance and programme delivery, delaying the safety improvement for our residents.
- 13.6 We will continue to hold Resident Consultation meetings to explain the necessity of these works. A full time site based Resident Liaison Officer will be provided through the contract and will work collaboratively with our in-house Resident Consultation Officers to mobilise awareness amongst residents to encourage co-operation.
- 13.7 Other risks to the success of this project are:-
- Procurement risks
- a). Market saturation** – following Grenfell fire the UK is focussed on Fire Safety compliance works on a national level, resulting in the possibility of fewer than required tenders.
- b). Project commencement** – the above scenarios would add further governance input, resulting in a delayed start on site, which could cause a deferral in the next tranche being rolled out. If this were to happen we would keep all relevant Officers updated with the situation and informed of solutions.

14. Procurement Implications

- 14.1 As set out in the Options considered section above, our preferred route is Option A as the Open Tender will invite competitive prices, provide a quick route to market (especially as there is an urgent need to carry out the compliance works) and enable the recovery of a proportion of costs from the Leaseholders under statutory Section 20 consultations.
- 14.2 There are also economies of scale to be had in procuring a single contract over two years rather than two separate contracts. The

evaluation criteria will be: Price 60%, Quality 30%, and Social Value 10%.

15. Legal Implications

- 15.1 The value of these procurements is below the financial threshold requiring a tender procedure that complies with the Public Contracts Regulations 2015 so there is no requirement to advertise in OJEU or to follow one of the prescribed procedures.
- 15.2 The procurement will also comply with the Council's Contract Procedure Rules, which required the Council to conduct a competitive tender process.
- 15.3 The Council also has a statutory duty under Section 20 of the Landlord & Tenant Act 1985 as amended by the Commonhold and Leasehold Reform Act 2002 and the Service Charges (Consultation Requirements) (England) Regulations 2003/1987) to undertake a two stage consultation with Leaseholders whose homes will be included on the programme and who will subsequently be charged a proportion of the costs incurred. Stage 1 Consultation will take place as soon as Cabinet approval is granted.
- 15.4 The form of contract will be JCT Intermediate Building Works and legal services will ensure that the contract is properly executed.

16. Financial Implications

- 16.1 The project will be funded entirely from HRA Capital resources with no impact on General Fund and no requirement for additional borrowing.
- 16.2 The programme will be contractually committed as one contract to one supplier and expected to spend £800k 2020/21 with the remaining £1.6m in 2021/22 from HRA capital programme approved by Council 13th February 2020.
- 16.3 As the project is subject to Statutory Section 20 procedures, Leaseholders benefitting from the improvements will be consulted prior to commencement of works in accordance with the statutory timescales and billed for their share of costs on completion of works.

17. Equalities implications / Public Sector Equality Duty

- 17.1 The procurement exercise is designed to deliver existing policies and strategies maintaining the current level of equality in service provision. The project will be very clear on the equalities related duties on contractors, given the wide range of needs of our customers.
- 17.2 An initial Equality Impact Assessment has been prepared for the delivery of the overall Housing Capital Programme. This identified no need for a full assessment at this stage because it did not identify any potential for unlawful conduct or disproportionate impact. All opportunities to address diversity, particularly vulnerability for all Tenants and Leaseholders will be addressed through the contract specification and ensure residents receive the same service regardless of, but taking into account specific needs. We will address these in our tendering documents and processes. The assessment will be updated as the project moves forward.

18. Council Priorities

- 18.1 Below we have identified how the decision sought will deliver on some of the Council's priorities:-

a). Building a Better Harrow

Specifications for all contracts will ensure that the successful contractor is equipped to provide a high level of customer service to all our residents. In addition every effort will be made to ensure that local businesses are encouraged to submit tenders and that added social value to support communities will be a part of the evaluation process.

b). Supporting Those Most in Need

Projects on the Housing Capital Programme are provided to some of the Council's Tenants and Leaseholders –many of whom are vulnerable. All are targeted to improve the quality of the housing stock and the environment in which our Tenants live.

We will also adapt the safety systems to be installed where possible for residents with specific needs (i.e. visual and sensory solutions on door entry/ Alarm Detection systems for the deaf and hard of hearing). For visually impaired, the product already is inclusive and addresses the need with flashing lights and braille on the control panel.

c). Delivering a Strong local Economy for All

Under Social Value requirement local resourcing of labour and material that may bring more supply chain spend into the Borough.

d). Modernising Harrow Council

Moving to a cloud operated emergency lighting, door entry and alarm detection systems enables earlier remote notification of defaults (maintaining a higher level of safety for our residents), so that they can be repaired sooner, whilst reducing internal staff resource required.

We are utilising technology and innovation to modernise how the Council works.

Section 3 - Statutory Officer Clearance

Name: Tasleem Kazmi	<input checked="" type="checkbox"/>	on behalf of the * Chief Financial Officer
Date: 10 th February 2020		
Name: Stephen Dorrian	<input checked="" type="checkbox"/>	on behalf of the * Monitoring Officer
Date: 31 st January 2020		
Name: Lisa Taylor	<input checked="" type="checkbox"/>	on behalf of the * Head of Procurement Nimesh Mehta
Date: 10 th February 2020		
Name: Paul Walker	<input checked="" type="checkbox"/>	Corporate Director
Date: 25 th February 2020		

MANDATORY	
Ward Councillors notified:	No - as impacts all ward
EqIA carried out:	YES An overarching EQIA was undertaken for the programme
EqIA cleared by:	Directorate Equality Task Group (DETG) Chair

Section 4 - Contact Details and Background Papers

Contact: Andrew Campion
Head of Asset Management
0208 424 1339
Andrew.Campion@harrow.gov.uk

Background Papers: None

Call-In Waived by the Chair of Overview and Scrutiny Committee	NO
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REPORT FOR: CABINET

Date of Meeting: 19 March 2020

Subject: In principle approval for disposal of small Housing Revenue Account (HRA) sites to Community groups for development of Community Led Housing

Key Decision: Yes

Decision is likely to be significant in terms of its effects on communities living or working in an area of two or more wards in the Borough

Responsible Officer: Nick Powell, Divisional Director of Housing

Portfolio Holder: Councillor Philip O'Dell, Portfolio Holder for Housing

Exempt: No but Appendix B is exempt - by virtue of paragraph 3 of schedule 12A of the Local Government Act 1972 (as amended) in that it contains financial information

Decision subject to Call-in: Yes

Wards affected: Edgware, Wealdstone, Harrow-on-the-Hill, Pinner South, Canons.

Enclosures: Appendix A – Proposed CLH sites
Appendix B – exempt information

Section 1 – Summary and Recommendations

This report seeks in principle approval to transfer the freehold or grant a long lease (“Dispose”) of up to 5 small vacant HRA sites at less than market value, including at nil consideration, to community groups to deliver housing via the GLA’s Community Led Housing initiative.

Recommendations:

Cabinet is requested to:

1. Note and approve the criteria for identifying suitable sites for this project set out in Section 2.1.1 – 2.1.5 below.
2. Authorise in principle the disposal of up to five small vacant HRA sites as set out in Appendix A and paragraph 2.2 (or replacement sites identified in accordance with Recommendation 4 below) at less than market value, including at nil consideration, to Community Led Housing groups to deliver housing to contribute to the GLA’s Community Led Housing target.
3. Delegate authority to the Corporate Director of Community to take all appropriate decisions and actions to dispose of, including at less than market value or nil consideration, the sites to approved Community Led Housing groups, following consultation with the Portfolio Holder for Housing (subject to planning approval and appropriate finance and legal arrangements being in place).
4. Authorise the Corporate Director of Community, following consultation with the Portfolio Holder of Housing and ward councillors, to identify further suitable HRA sites for disposal via this method if the sites identified in this report are found to be unsuitable.

Reason: (For recommendations)

To enable local community groups to meet their own housing needs and to support the GLA’s Community Led Housing agenda.

Section 2 – Report

Introductory paragraph

- 1.1 These disposals will help the Council to meet its corporate priority of Building a Better Harrow by increasing the supply of quality housing for Harrow residents by enabling the local community to meet its own housing needs.
- 1.2 This report is only seeking an ‘in principal’ decision to dispose of the sites for Community Led Housing at this stage, with delegated authority to negotiate the details of disposal. No actual disposal of land would take place until the council has given approval to the Community Led housing group project i.e. the council is satisfied that planning permission is secured, appropriate legal, financial and governance arrangements are in place and satisfactory community consultation has been carried out .
- 1.3 This report is being presented to Cabinet in March because in principle approval to disposal of these sites for Community Led Housing projects will support funding applications to the GLA’s Community Housing Fund to enable projects to be progressed.

Options considered

Option 1. Do not dispose of these sites and retain for in-house development. This option is rejected as these small sites are uneconomical/not appropriate for in-house development, due to cost of redevelopment and officer time in project management for individual sites. We have limited resources to work on these smaller sites and therefore these sites are unlikely to be developed for housing by the council.

Option 2. Do not dispose of these sites and clear the sites for an alternative use. This option is rejected as we have limited resources to clear the sites (including demolition in the case of garages) and reconfigure for an alternative use which is most likely to be for amenity land or parking.

Option 3. Dispose of the sites directly on the open market. This is rejected as sale at auction gives limited control over the quality and type of development, does not enable community groups to meet their own housing need and does not support the council’s aspiration to encourage Community Led Housing initiatives.

Option 4. Dispose of the sites to Community Led Housing groups. This is the preferred option in order to provide the community with an opportunity to meet its own housing needs (a GLA objective evidenced in their Housing Strategy and respective funding programmes), whilst being aided and supported by the Council and other strategic partners to enable their development goals to be delivered. The Council’s Housing Strategy (2019-24) supports Community Led Housing.

Background

- 2.1.1 The development opportunities within the HRA estate are regularly reviewed to identify sites for council house building. The sites include vacant land and garage sites. At the present time 78 sites have been reviewed of which 33 are considered to have some development potential ranging from sites only capable of delivering one home to others that can deliver up to thirty or more new homes. . The sites proposed for in principle disposal for community led housing use were selected based on the following criteria (Site selection took a borough wide approach of available sites and not tied to any ward area):
- 2.1.2 Sites suitable for development by the council: 22 Sites which have the potential for viable economic development by the council have been included in the council's Building Council Homes for Londoners programme, some of which have already been completed and others are either on site or schemes in design.
- 2.1.3 11 sites are identified to have some development potential subject to detailed planning and site assessment, but are not economically viable for inclusion in the council's house building programme because they are too small and are not near enough to each other to be developed together. Of these 6 sites, those with the greatest capacity for development were selected for use for Community Led Housing. In the event that further site investigations indicate that one or more of these sites cannot go forward for development, Housing will consider whether another site is available for substitution in its place, in consultation with ward councillors
- 2.1.4 Of the remaining sites with limited development potential, five small sites which only have development potential for one, or possibly two homes in some cases, were selected for disposal via the GLA's Small Sites Small Builders initiative.
- 2.1.5 There remain 11 small sites which are in the process of being reviewed for development potential and 34 small infill sites that have been excluded as having no development potential, based on Planning advice.
- 2.2 The sites proposed for in principle disposal for Community Led Housing use are:

Site description	Postcode	Ward	Site area (acres)	No of garages	No of let garages	Estimated site capacity
Garages Amy Johnson Court	HA8 5JX	Edgware	0.15	15	6	2 houses or 3 / 4 flats
Currently has Storage containers at site at The Middle Way	HA3 7EG	Wealdstone	0.19	n/a	n/a	2 single storey bungalows
Vacant decommissioned playground.	HA1 3RL	Harrow on the Hill	0.082	n/a	n/a	1 house

Hartington Close						
Lock up storage / garage at Ellement Close.	HA5 1ER	Pinner South	0.012	2	2	2 houses or 3 / 4 flats
Garages at Westbere Drive	HA7 4SQ	Canons	0.075	19	3	4 mews houses

- 2.3 The GLA's London Housing Strategy has a target for Community Led Housing, which is also defined in the London Plan. The New London Plan, soon to be published, contains targets (2019/20 -2028/29) for net housing completions on small sites (below 0.25 hectares in size). The average annual target for Harrow is 375 homes, which this project will contribute towards meeting. The GLA also has a Community Housing Fund providing revenue and capital funding to support such schemes. The GLA aims to make more small publicly-owned sites available to community groups through this funding so they can play a bigger role in building the homes they need.
- 2.4 In 2017, the Government granted a small amount of funding for local authorities to use as seed money to work on Community Led Housing projects. The Council ran workshops about Community Led Housing and invited residents and community representatives to attend. The benefits of the initiative were identified and the potential available funding was discussed.
- 2.5 This project aims to enable community groups to take the lead and use these parcels of HRA land which are uneconomical for the Council to develop, to deliver homes that meet their own housing needs, thus providing a beneficial use of the land.
- 2.6 Community-led housing can include co-operatives, co-housing, and community land trusts. Schemes might be developed by Harrow residents who:
- wish to live together as part of a specific self-defined community
 - wish to have more control over how homes are managed
 - or to ensure that the community retains a financial stake in the homes and land
- 2.7 Although the legal form and activities of each community-led housing scheme Differ, schemes that are genuinely community-led all share three common principles.
- meaningful community engagement and consent occurs throughout the development process. Communities do not necessarily have to initiate the conversation, or build homes themselves;
 - there is a presumption that the community group or organisation will take a long-term formal role in the ownership, stewardship, or management of the homes; and
 - the benefits of the scheme to the local area and/or specified community group are clearly defined and legally protected in perpetuity.

- 2.8 The following possible benefits of a CLH scheme are:
- greater diversity of housing delivery, alongside private developers or housing associations;
 - increased housing supply, subject to planning policy, or unlocking of sites that may otherwise be difficult to develop;
 - a greater sense of ownership and a more stable and supportive environment, as residents get to know each other, remain in, and care for the area, contributing to healthier and happier places;
 - increased confidence and empowerment for residents, with influence over their housing and realisation of a common endeavour;
 - a unique understanding of what works for a particular site or particular group of people.
- 2.9 Following the initial workshops and a subsequent bid process, two community groups were successful in obtaining grant funds from the Council to produce some feasibility work, looking at the supply of housing for their respective communities.
- 2.10 These two groups are currently building up their proposals for Community Led Housing schemes, based on the potential future disposal of up to 5 HRA owned small sites, identified above and in red edging in Appendix A, which the council does not intend to develop itself. Community Led Housing groups will use a combination of GLA funding and private borrowing to finance their schemes; no direct Council funding is being sought. To allow the scheme to be viable, the groups will assume the land will be made available at less than market value.
- 2.11 The GLA have established the London Community Led Housing Hub to support community projects at an early stage to develop their capacity, develop their business plans and progress their Project Plans (including detailed support and advice on their Financial, Legal, Development Planning etc. and relevant funding streams). There has been engagement between the Hub and the Housing department to further support Community Led Housing projects, although no council funding is required. In addition, groups will be supported by the Hub to put in place robust governance and constitutional arrangements. These arrangements will be reviewed by the council, as well as the GLA, prior to any disposal. The organisational structures will be required to have strong community/resident involvement. This makes for a robust community led scheme
- 2.12 Once in principle approval to dispose of these sites for Community Led Housing is in place, the GLA can provide revenue funding to the groups to take forward detailed designs and pre planning application advice in preparation for consulting with the community and then submitting planning applications. The groups can also bid for capital funding from the GLA which, together with borrowing, will fund the build programme. Community Led housing schemes would be built at no cost to the council apart from the sale of the land at less than market value
- 2.13 The table in Appendix B gives an approximate estimate of the impact on revenue and capital accounts of the four disposal options for these sites. It is not possible at

this stage to estimate the level of any potential capital receipt as this is dependent on GLA funding being made available to Community Led Housing groups for land acquisition. Valuations would be undertaken once the results of the due diligence investigations were known.

- 2.14 There are a total of 36 garages present across three of the sites (Amy Johnson Court, Westbere Drive and Ellement Close). Only 11 of them are currently occupied. There are 6 out of 15 garages occupied at Amy Johnson Court; 2 are let to people living within the estate, 1 to someone living on an adjacent street and 2 to people living in the general vicinity but not in the surrounding streets. The remaining garage is occupied by Housing Services. Of the 19 garages at Westbere Drive, two of the 3 let garages are occupied by the same person living a few roads away and the third garage is let to someone living out of the area (Burnt Oak/Edgware). The 2 garages at Ellement Close are let to someone living on the estate
- 2.15 The Disposal of the sites would be subject to the relevant community groups satisfying the Council's requirements such as consulting with the local community, securing Planning approval, Legal considerations and appropriate funding arrangements being in place.
- 2.16 Community Led Housing groups would nominate people to the new homes. The council will not receive any nominations unless they have void issues, in which case the Council could seek to negotiate to use some of the homes for its own nominees.
- 2.17 Subject to Cabinet's approval in principle to dispose of the HRA sites, the Community groups will be required to conduct early engagement with Planning to confirm capacity of the sites due to their constraints. The current estimation of capacity over all the sites, based on Planning comments, is 11 houses or 8 to 9 flats, although this is subject to pre-application advice for individual schemes when they come to the Local Planning Authority. All sites, including non-garage plots on vacant land / open space land will be assessed by Planning for their appropriateness for development during the pre-application process and views from local residents will also be sought during the consultation process.
- 2.18 Mitigation of risks to the council of a Community Led Housing group becoming insolvent or the scheme stalling after disposal has been discussed in the Risk Management section of the report below.
- 2.19 Residents living near the sites have been written to, to inform them of the proposal to seek in principle approval from Cabinet to dispose of the nearby site to Community Led Housing groups. A group would need to consult with local residents and obtain planning permission for any housing development, giving residents the opportunity to comment on any proposals for the site as part of the consultation and Planning process.

Why change is needed

- 3.1. The need for affordable housing is clearly set out in the council's Housing Strategy. Disposal of sites that the council is unable to develop, to Community Led Housing groups will enable the supply of additional housing.
- 3.2 The demand for garages has fallen from when they were initially built due to:
 - Cars being better built so able to be left on the road without issues of corroding or poor starting;
 - The relative ratio of the cost of a vehicle to a families' income meaning that they are not viewed as a luxury item to be cherished but a standard item of ownership; and
 - Vehicles becoming larger so less able to fit in older garages.

This low demand plus limited resources to maintain the garages has meant that holding the garages has become less economically viable.
- 3.3. Due to limited resources, there has not been a major investment programme for garages in recent years and currently repairs are only carried out where necessary and where economically viable. In reality this means that only limited repairs are being carried out and garages will deteriorate further as time passes.
- 3.4. The total annual income over the 3 garage sites from the 11 let garages is £8,036. The total annual rental income lost from 25 void garages over the 3 garage sites is £18,265. If the garage sites are sold, the total annual loss of income is £26,301 The cost to repair all 36 garages to bring them up to lettable standard to maintain and encourage lettings is £115,200. The cost to repair only void garages is £80,000. However, it is doubtful if there is sufficient demand to enable full letting of these garages.
- 3.5. Development of non garage sites would provide additional homes for Harrow residents and contribute to meeting the London Plan overall housing target and small sites target. It would also avoid the risk of Anti-Social Behaviour and fly tipping on the vacant land.
- 3.6 None of the five sites are suitable for development by the Council and as such are highly likely to remain undeveloped, with the accompanying risk to the Council of ongoing repair liability for existing garages. In addition, vacant plots and garage sites can attract ASB and vandalism, are subject to misuse and could attract fly tipping. Development by a Community Led Housing group would remove these risks, and improve the immediate area for residents.

Ward Councillors' comments

Ward Councillors in the following wards were consulted on this proposal by email on the 26th February 2020:.

- Edgware
- Wealdstone
- Harrow-on-the-Hill

- Pinner South
- Canons

Ward councillors raised the following issues:

- The number of homes being proposed for the garage sites in Canons Ward. The proposal is for 3 or 4 family houses to be built on the site.
- Concern were expressed that they had insufficient time to respond before the Cabinet meeting. In future, reports will be circulated to Ward Councillors at an earlier stage.

The Ward Councillor who expressed concerns about timescales has been provided with additional information relating to this report. Another ward councillor has asked for feedback on any comments received from local residents.

Ward Councillors will continue to be consulted on the proposals for the sites in their area as they are developed. This will include requiring Community Led groups to provide updates to Ward Councillors as designs progress, briefing notes on progress and notification of and invitation to resident consultations.

Performance Issues

- 5.1 Working with Community Led Housing projects illustrates the positive outcomes that can be achieved when the local authority and community groups work together towards a shared goal of providing opportunities to deliver much needed housing for local community groups.
- 5.2 Disposal of these small sites will contribute towards meeting the Council's priorities of Building a Better Harrow by increasing the supply of quality housing (Affordable Housing) and keeping Harrow clean. It will eliminate areas of potential Anti-Social Behaviour to enable Harrow to continue to be one of the safest boroughs in London.
- 5.3 Enabling the construction of new homes contributes to meeting the overall housing delivery targets and the small sites target set out for Harrow in the London Plan and would be achieved in partnership with the GLA.

Environmental Implications

- 6.1 New homes developed by or in partnership with the council will have regard for the Council's Climate Change Strategy (2019-2024) and aspiration to promote low-carbon living and minimise future energy costs for residents, together with the Council's Declaration of Climate Emergency and its aim to make the borough Carbon Neutral by 2030. In practice this will mean ensuring new homes have a fabric first approach to minimise energy requirements, installation of heating and hot water systems that maximise use of renewable energy and sustainable drainage systems. Where possible consideration will also be given to the installation of green and brown roofs and improving biodiversity through increased tree planting.

Data Protection Implications

None

Risk Management Implications

Risk included on Directorate risk register? No

Separate risk register in place? No

The key risks are as follows:	
Risk	Mitigation
<i>New homes not easy to let</i>	The business case from a Community Led Housing group will need to cover lettings arrangements. This is not a risk for the council to manage, however may provide an opportunity to the council to receive nominations to any underused units.
<i>Existing residents object to the proposals</i>	Community Led Housing projects will seek pre-application planning advice and consult with local residents through the planning process.
CLH project becomes insolvent during construction and their lenders step in	<p>If development is unable to continue during the construction period, the Council will have reserved rights that will protect its position. These may include the right to get/buy the site back (if desired), and either complete the development itself or find another developer. Alternatively, the agreement to dispose of the site may only require the Council to complete the freehold transfer/grant of a lease after the development has been completed.</p> <p>The Council may also seek to place a restrictive use covenant in the lease, requiring the use to be in line with 100% affordable housing. This may mitigate against the site being sold for any other purposes in the event that a Lender wishes to sell the site.</p>
The quality of completed homes is poor because the council is not designing, specifying or contract managing delivery of the new home	The proposals will be designed in accordance with the London Plan and Harrow planning policy as is required as part of the GLA funding and broader requirements to comply with legislation. Proposals will be reviewed and monitored by all relevant stakeholders and authorities to ensure compliance.
The total construction cost is not affordable	Community Led Housing schemes will be required to provide robust financial modelling for their schemes along with their plans prior to any land disposal.

to the CLH project	
Grant is not made available for the schemes to build their new homes	<p>Community Led Housing schemes will be responsible to confirm and agree Grant availability with the GLA before final Agreements are signed.</p> <p>If grant funding is not available or reduced for the scheme, the scheme financial modelling will be re-worked by the Community group to see how this impacts on the viability of the scheme.</p>
In the case where a CLH group disbands, who will govern the scheme?	<p>A group can seek consent from the Council to transfer governance of the scheme to a comparable alternative third sector organisation to manage the scheme under exactly the same terms previously agreed with the Council.</p> <p>A group can take on new members to ensure there is continuity.</p>
The developments stalls after disposal	<p>There is a risk that the development does not occur after the transfer of the property. Officers will ensure there has been sufficient due diligence on the deliverability of schemes including planning pre-applications and site surveys, before disposing of the freehold or entering into conditional lease agreements, where the long lease will be granted subject to planning permission and development finance being in place. The leases will include a provision for the council to take the sites back if material development has not occurred within an agreed time period. Alternatively, the Council initially may only grant permission to develop the sites and only complete the transfer/grant a lease of the sites after the development has been completed.</p>

Procurement Implications

There are no procurement issues associated with this proposal for land disposal.

Legal Implications

S.32 Housing Act 1985 (the Act) gives local authorities power to Dispose of land held for the purposes of Part II of the Act (housing land) with the consent of the Secretary of State. The General Housing Consent 2013 issued by the Secretary of State gives consent to local authorities to Dispose of housing land for a consideration equal to its market value and to Dispose of vacant land. Although the General Housing Consent does not place conditions on the Disposal of vacant housing land, any Disposal of land at less than market

value needs to be for a purpose which is likely to help secure the promotion or improvement of the economic, social or environmental well-being of a local authority's area and that the undervalue should not exceed £2,000,000 (two million pounds). The Council's Constitution requires that any Disposal of land for less than best consideration be authorised by the Cabinet. Any Disposal of land by the Council at less than market value should also comply with state aid rules. In addition, if any of the sites consists or forms part of an open space, the Council will need to advertise and consider any objections to the Disposal.

Financial Implications

- Based on current estimates and assumptions it is not cost effective or in the Council's interest to repair the garages to a standard which would make them lettable as the rental income is unlikely to outweigh the benefit to the Council of higher housing supply from Community Led organisations.
- Disposal at less than market value is permitted, as confirmed in Legal implications, if it is demonstrated this will secure best advantage for the Council; this is considered the case given the investment requirements and relatively low rental yields should the land and garages be retained by the Council.
- Disposal proceeds are not subject to pooling and the capital receipt can be retained in the HRA to fund capital expenditure thereby reducing the requirement to borrow;
- Disposal of sites will be exempt from VAT unless the Council exercises option to tax in which case purchaser will have to pay 20% VAT;
- The Council will exercise option to tax if it incurs significant pre-disposal expenditure on which it needs to recover VAT;
- No incremental revenue savings anticipated as a result of disposal of sites.

Equalities implications / Public Sector Equality Duty

There is no requirement for an EqIA relating to this land disposal proposal.

Council Priorities

Please identify how the decision sought delivers these priorities.

1. Building a Better Harrow – provision of additional housing will Increase the supply of quality housing for Harrow residents and help to keep Harrow clean

2. Protecting Vital Public Services – redevelopment of underused garage sites will contribute to ensuring that Harrow continues to be one of the safest boroughs in London

Section 3 - Statutory Officer Clearance

Name: Tasleem Kazmi	<input checked="" type="checkbox"/>	on behalf of the * Chief Financial Officer
Date: 10/02/2020		
Name: Esayas Kifle	<input checked="" type="checkbox"/>	on behalf of the * Monitoring Officer
Date: 10/02/2020		
Name: Lisa Taylor	<input checked="" type="checkbox"/>	on behalf of the * Head of Procurement
Date: 05/02/2020		
Name: Paul Walker	<input checked="" type="checkbox"/>	Corporate Director
Date: 09/03/2020		
MANDATORY		
Ward Councillors notified:		Yes
EqlA carried out:		NO
EqlA cleared by:		There is no requirement for an EqlA relating to this land disposal proposal.

Section 4 - Contact Details and Background Papers

Contact: Sharon Oshunbiyi, Project Manager Enabling. Tel: 0208 424 1899
ext: 2899. Sharon.oshunbiyi@harrow.gov.uk

Background papers: None

Call-In Waived by the Chair of Overview and Scrutiny Committee	NO
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Appendix A - Proposed CLH sites

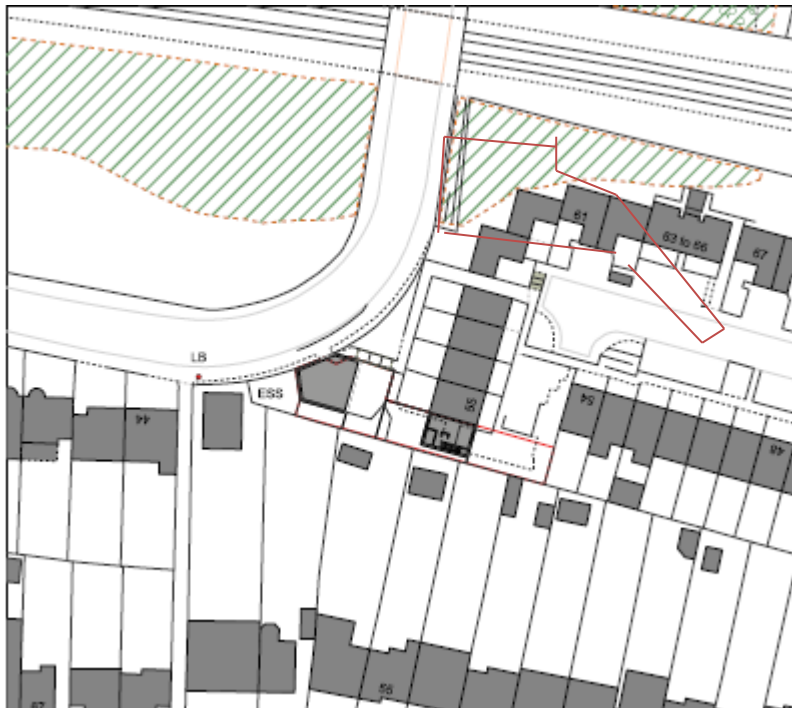
Amy Johnson Court, Edgware HA8 5JX



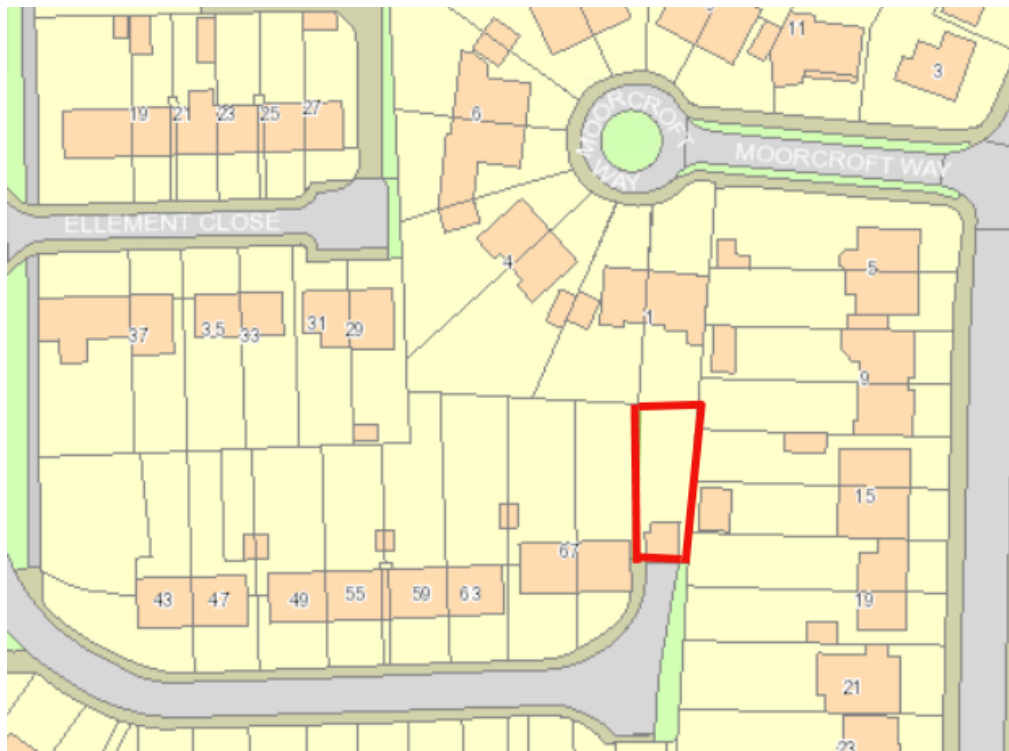
The Middle Way, Wealdstone HA3 7EG



Hartington Close, Sudbury Hill HA1 3RL



Ellement Close, Pinner HA5 1ER



Westbere Drive Garages, HA7 4RQ



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REPORT FOR: CABINET

Date of Meeting:	19 th March 2020
Subject:	The Climate and Ecological Emergency – Interim Strategy and Action Plan
Key Decision:	Yes The impact is significant in terms of its effects on communities living or working in all wards
Responsible Officer:	Paul Walker, Corporate Director - Community
Portfolio Holder:	Councillor Graham Henson, Leader and Portfolio Holder for Strategy, Partnerships, Devolution & Customer Services
Exempt:	No
Decision subject to Call-in:	Yes
Wards affected:	All
Enclosures:	Appendix: Interim Strategy and Action Plan

Section 1 – Summary and Recommendations

This report sets out for approval the Council’s Interim Strategy and Action Plan prepared in response to the Council’s Climate Emergency Declaration, which was previously referred to Cabinet in September 2019.

Recommendations:

Cabinet is requested to:

1. Approve the Interim Strategy and Action Plan appended to this report, noting that those projects requiring additional resources are subject to an approved business case prior to commencement.
2. Note the initial resourcing requirements set out at paragraph 4.10 of the report.
3. Note the wider ecological implications of the human-induced changes that are occurring to our climate.
4. Note the scale and pace of transformation needed across both the organisation and the borough as a whole in order to address the 2030 target date for carbon neutrality.
5. Note that whilst the Council will provide local leadership, moving towards carbon neutrality for the borough as a whole involves major systems change and requires the combined action of national, regional, and local government, together with widespread engagement and action from those living and working in our borough.
6. Delegate authority to the Corporate Director – Community, following consultation with the Leader of the Council, to agree a process for priority allocation of Carbon Offset Funds to contribute towards carbon reduction initiatives.

Reason: (For recommendations):

To enable further work to be progressed in response to the previously declared Climate Emergency.

Section 2 – Report

1. Introduction

- 1.1 On 18th July 2019 at full Council debated a motion to declare a Climate Emergency and to resolve to '*Aim to make the London Borough of Harrow carbon neutral by 2030, taking into account both production and consumption of emissions*'. The motion was approved for referral to the Executive and subsequently agreed at the meeting of Cabinet on 12th September 2019.
- 1.2 The terms of the agreed motion included a requirement to create officer and member working groups to urgently review and make

recommendations for actions that the council can take in order to achieve the 2030 target.

- 1.3 This report explains the work to date and sets out a proposed strategic framework and initial actions to begin to transition both the council as an organisation and the borough to a carbon neutral position.

2. Options considered

- 2.1 Do nothing: the current approach to climate change and environmental sustainability will not be sufficient to address the commitment previously made by the council to aim to achieve carbon neutrality by 2030.
- 2.2 Agree the Interim Strategy and Action Plan: this provides an initial framework in order to take forward this agenda and to undertake further work to establish pathways to carbon neutrality by 2030, both as an organisation and on a borough-wide basis.

3. Background

The Carbon Cycle and Human-induced Climate Change

- 3.1 Carbon is sometimes described as the backbone of life on earth. Every living organism has carbon atoms incorporated in their cells and, through a natural process known as the carbon cycle, those stores of carbon are recycled between living organisms and the environment.
- 3.2 The carbon cycle has both fast and slow elements, the latter operating over timescales of millions of years. In the fast carbon cycle that is most relevant for our purposes:
 - Carbon enters the atmosphere as carbon dioxide (CO₂) from aerobic respiration (the breathing of animals) and combustion (naturally occurring forest fires).
 - CO₂ is absorbed by land and marine plants to make glucose in photosynthesis, at the same time producing the oxygen that is required by animal life, including humans.
 - Animals feed on the plants passing the carbon compounds along the food chain. Most of the carbon they consume is exhaled as CO₂ as they respire. The animals and plants eventually die.
 - Decomposers break down the dead organisms and through respiration return most of the remaining carbon in their bodies to the atmosphere as carbon dioxide. However, in some conditions, decomposition is blocked. The plant and animal material is converted to carbon stores. This includes, over periods of millions of years, the creation of fossil reservoirs of oil, coal and gas.

- 3.3 In a healthy planetary system without undue human interference, and over shorter human-scale timespans, the process operates to maintain the amount of CO₂ in the atmosphere at a broadly constant level.
- 3.4 However, the rapid burning of fossil fuels - the concentrated reserves of carbon laid down by the processes of life operating over long geological timespans - is resulting in a net increase in CO₂ in the atmosphere. In short, the carbon cycle is being thrown out of balance as a result of our current dependence upon fossil fuels. This imbalance is being exacerbated by deforestation and other land use practices that reduce the ability of the earth to absorb atmospheric CO₂.
- 3.5 CO₂ is one of a number of greenhouse gases (GHGs) that also include methane. Together these GHGs operate to trap heat in the atmosphere. This is an essential thermostatic function of our planetary system, for without this warming effect much of the sun's heat would radiate out into space leaving the earth too cold for life. Too great a concentration of greenhouse gases, though, has the opposite result, leading to global heating and potentially dramatic changes to the earth's climate and associated impacts upon ecosystems.
- 3.6 The Intergovernmental Panel on Climate Change (IPCC) is reporting that global atmospheric heating over pre-industrial levels currently stands at around 1°C. This relatively low figure is because over 90% of the additional heating effect caused by human activity has so far been absorbed by the world's oceans, along with a significant proportion of the additional CO₂ emissions. This is however not without consequences. The IPCC has recently found (in the autumn of 2019) that the warming of the oceans and acidification (caused by excess CO₂ absorption), are already affecting the distribution and abundance of marine life in coastal areas, in the open ocean and at the sea floor.

The Climate & Ecological Emergency

- 3.7 The Paris Agreement on Climate Change was adopted at a meeting of 195 nations in December 2015. This included the aim of 'holding the increase in the global average temperature to well below 2°C above pre-industrial levels and pursuing efforts to limit the temperature increase to 1.5°C above pre-industrial levels.'
- 3.8 In October 2018 the IPCC published a special report, further to the Paris Agreement, finding that globally actions to limit global greenhouse gas emissions to meet the 1.5°C target were not happening fast enough and that 'rapid and far-reaching' transitions were required across land use, energy use, industry, buildings and cities. The IPCC report warned that failure to act could result in 'tipping points' being reached in our planet's natural systems. These were likely to result in a destabilisation of our climate and long lasting and irreversible changes including the loss of key ecosystems upon which millions of people depend. This included, for example, the estimated loss of over 99% of the world's coral reefs under a scenario of a 2°C or greater temperature rise.

- 3.9 Since then, the school strikes inspired by Greta Thunberg and a range of campaigns, including the activities of the group Extinction Rebellion and the high profile interventions of Sir David Attenborough, have served to push climate change and ecological issues further up the public agenda. The Mayor of London formally declared a climate emergency in December 2018, as did central government in May 2019. At the time of writing the majority of Britain's local authorities, estimated to represent over 80% of the country's population, have declared climate emergency. Many authorities like Harrow have declared an ambition to become carbon neutral by 2030, with some like Nottingham aiming for sooner dates (2028).
- 3.10 There is now an overwhelming scientific consensus regarding the need to take urgent action to address the climate and ecological emergency. In November 2019, 11,000 scientists from 153 nations warned in a joint statement in the journal *BioScience*, 'We declare clearly and unequivocally that planet earth is facing a climate emergency . . . An immense increase in scale of endeavours to conserve our biosphere is needed to avoid untold suffering due to the climate crisis . . . To secure a sustainable future, we must change how we live. [This] entails major transformations in the ways our global society functions and interacts with natural ecosystems'.
- 3.11 Most recently, in January 2020, the World Economic Forum's Global Risks Report found that the top five risks facing the world's business leaders are now all linked to climate and environmental issues, including increases in extreme weather and natural disasters, and major irreversible biodiversity loss resulting in severely depleted resources for humankind.

The Benefits of a Low Carbon Transition

- 3.12 The situation is serious and there is an urgent imperative to act in order to help mitigate worsening social, environmental and economic outcomes of climate change. However, it is increasingly clear that doing so also offers the opportunity for radical and positive change across a wide range of areas that matter most to people in their day to day lives, including cleaner air, greener spaces, warmer homes, healthier travel and a thriving economy. In Harrow, for example, moving away from combustion vehicles and encouraging active transport along healthy, liveable streets has the potential to significantly improve public health outcomes. This should reduce the current costs of NHS treatment and free up funding to be spent on additional low carbon measures including home energy efficiency measures and local renewable generation, in turn positively impacting issues such as fuel poverty. Similarly, reducing waste and growing a local green economy in repair and re-use of goods would result in more wealth being retained in the borough and create new local opportunities for skilled, meaningful work that directly benefits local communities and contributes to low carbon outcomes.

Carbon Neutrality, Sequestration and Offsetting

- 3.13 Achieving **carbon neutrality** for an organisation or geographic area, refers to reducing the carbon emissions associated with the human activity taking place there (principally those arising from the burning of fossil fuels) and then taking actions to balance out the remaining carbon emissions that are attributable to the organisation or area. This balancing exercise is achieved by (i) absorbing, or **sequestering**, CO₂ from the atmosphere and / or (ii) investing in initiatives which result in an equivalent reduction of carbon emissions elsewhere (typically this takes the form of funding additional renewable energy generation capacity).
- 3.14 Increased rates of sequestration can be achieved through an overall increase in tree cover and other plant life, and changes in land management and agricultural practice to preserve and enhance both the quantity and health of the earth's soils, which are themselves a major store of carbon.

If undertaken carefully using the correct mix of species, sequestration planting initiatives also have significant potential to prevent flood risks and enhance biodiversity, helping to restore the damaged and degraded ecosystems upon which we all depend for clean air, water and food. It is important to be clear that there is not enough land in Harrow, by some order of magnitude, to sequester all of the borough's current carbon emissions. Nevertheless given Harrow's good overall proportion of open space land, and its extensive network of private gardens, an assessment of sequestration and ecological benefits that can be achieved through well considered planting initiatives is proposed as a key future work stream.

- 3.15 Carbon neutrality can technically be achieved by an organisation continuing its business as usual but paying to **offset** its emissions by funding sequestration or carbon reduction initiatives elsewhere. However, such an approach on its own does not achieve the widespread, systems level social and economic change that is required to meet the challenge of the climate emergency. Instead, the first priority at an organisational level should be to reduce and remove fossil fuel based emissions at source, working towards ultimately transitioning to **zero carbon** emission solutions in relation to key areas such as its energy and transport requirements. Where the availability of technological solutions on an economic basis and / or the state national infrastructure at the time prevents further reductions in emissions, an organisation may then choose to adopt offsetting measures in order to achieve an overall carbon neutral position.

Emissions Data

- 3.16 The internationally adopted Greenhouse Gas Protocol provides a high level framework of three 'scopes' for categorising the sources of an area's GHG emissions:

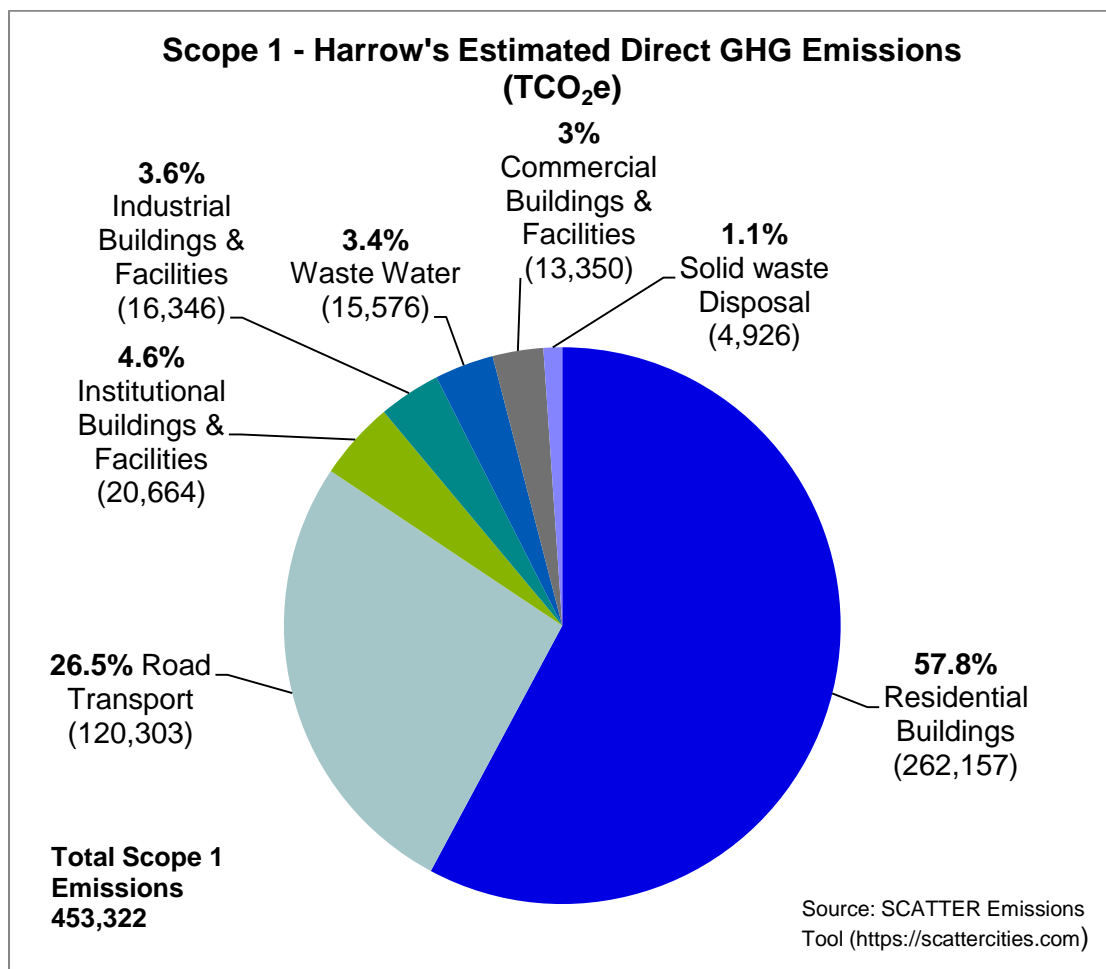
Scope 1: direct emissions produced by sources in the area (eg road transport and gas heating);

Scope 2: indirect emissions from the generation of purchased energy used in the area (ie electricity);

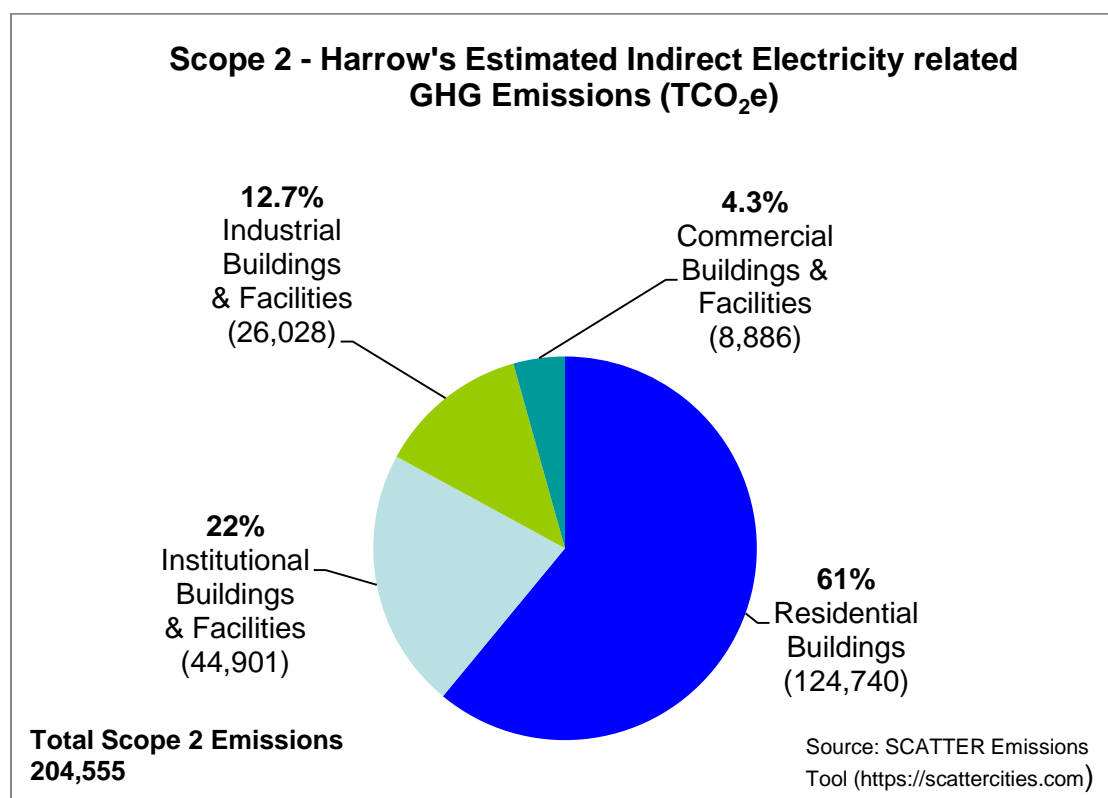
Scope 3: indirect emissions, not included in Scope 2, that are generated outside the area but as a result of activity taking place within the area (eg embedded carbon emissions in goods and services consumed and international transport. These are also commonly referred to as consumption emissions).

The Borough's Scope 1 and Scope 2 Emissions

3.17 The following charts illustrate the borough's estimated Scope 1 and Scope 2 emissions. They are based upon the SCATTER assessment tool for local authority emissions, developed by Manchester and Nottingham in collaboration with research and consultancy partners, and use national data applied to Harrow according to its population and estimates of the different types of land use in the borough. As such the figures are approximations only, but they do nevertheless serve to highlight the main sources of emissions for planning purposes. Figures are given in T CO₂e (tonnes of CO₂ equivalent per annum).



- 3.18 The Scope 1 data indicates that approaching 60% of the borough’s direct emissions are attributable to residential buildings. This will be overwhelmingly comprised of their gas heating and cooking requirements. The other main source, over one quarter of total emissions, is road transport, caused by combustion vehicles operating in our borough. The figure for waste is relatively low because this measure does not take into account the embedded Scope 3 consumption related emissions of the goods being disposed of (ie the CO₂ produced in the making and transporting the items– please see further below). Figures for non-residential buildings, whilst significant in their own right and again primarily related to gas usage, are a lower proportion of the whole, reflecting the overall apportionment of building uses in Harrow.
- 3.19 Actions to address the borough’s directly produced emissions include: installing heating efficiency measures such as roof and wall insulation, and connecting properties to district heating systems; investing in alternatives to gas heating, such as ground source and air source heat pump technologies; and reducing car journeys by prioritising active and public transport, combined with electrification of the remaining vehicles.



- 3.20 Scope 2 emissions reflect the fact that nationally our electricity is generated from a mix of sources. Whilst the share of renewable generation is increasing, principally as a result of large scale wind installations, the national grid is not yet decarbonised and still relies for a significant proportion of its generation capacity upon fossil fuels, now mainly produced by gas turbines. People in Harrow can nevertheless reduce their amount of electricity related emissions in a number of ways: firstly, by using electricity more efficiently, upgrading inefficient

equipment and adopting better energy usage habits; secondly, by switching to renewable energy suppliers that invest in new renewable generation capacity nationally; and thirdly by meeting more of our electricity demand locally from renewable sources such as solar.

- 3.21 Taken together, the scale of the borough's Scope 1 and Scope 2 current emissions (at over 650,000 tonnes of CO₂e), show the level and pace of change that will be required across the borough in order to transition to a carbon neutral position. The next phase of work will be to map carbon reduction pathways to 2030 for both the organisation and the borough as a whole, which will help determine any shortfall in achieving that position and inform future local decision making.

Scope 3 Consumption Emissions

- 3.22 Whilst Scope 1 and 2 emissions pertaining to an organisation and, to a lesser degree of accuracy, an area can be calculated, there is currently no easy means of ascertaining all Scope 3 consumption emissions.
- 3.23 The SCATTER assessment tool estimates Harrow's aviation based consumption emissions at 132,000 t CO₂e per year. This figure is based upon national data applied uniformly on a per capita basis and may underestimate the volume of air travel attributable to those living and working in our multi-cultural borough. However, the figure is in any event greater than the total estimated on road transport emissions in the borough (see above).
- 3.24 It is understood that the GLA has commissioned work to look further at London's consumption emissions, due to be published later this year, and this should help to provide a clearer overall position. In the meantime, it is highly likely that due to UK society's high levels of consumption and the volume of imported goods (including food) and services, the borough's Scope 3 emissions will exceed its combined Scope 1 and 2 emissions by some margin. This in turn indicates that taking meaningful and informed actions to change the way that we collectively consume goods and services (such as moving towards low meat diets and buying more locally grown and seasonal food), and limiting the amount of waste we produce, will have significant beneficial impacts on the overall emissions position.

Harrow Council's Emission Reductions and Work to Date

- 3.25 Between 2012 and 2019 the Council has managed to decrease the core CO₂ emissions attributable to its direct gas, fleet transport and electricity usage from 26,446 t CO₂ pa (tonnes of CO₂ per annum) to 18,517 t CO₂ pa, a fall of around 30%.
- 3.26 Recent savings measures have included:
- A programme of large-scale solar installations in schools, including works in 2019 at Kenmore Park Primary School, Glebe Primary School, Shaftesbury High School and Park High School. The two high school systems each generate around 44,000 Kwh, enough

electricity to power the needs of around 12 average houses, and each save an estimated 24,000kg of CO₂ per year.

- Improvements to the efficiency and performance of the borough's street lighting. The Council has invested up to £3m per annum over the last 4 years to support the upgrading of both lamps and lamp columns. Approximately 9200 street lights have so far been converted to energy efficient LEDs with an annual saving of up to 20% in electricity consumption.
- Renewal of the Council's vehicle fleet during 2019 at a cost of £14 million to include Ultra Low Emission Zone (ULEZ) compliant low emission vehicles meeting the latest EURO 6 efficiency standards. 16 vans and one car are also fully electric. At the time of renewal, the heavier refuse vehicles and minibuses were not available as fully proven electric versions, but it is anticipated that this position will have changed by the end of the existing contract period, enabling significant further decarbonisation of the fleet.

3.27 Since the previous referral to cabinet, the Council has formed officer and member working groups who have met through the autumn and winter period, in order to help shape an interim strategic framework and identify initial actions to address the challenge ahead. That framework and action plan is annexed to this report and explained further below. In February, a programme of staff engagement sessions was undertaken to raise awareness of the climate emergency and its implications within the organisation, along with a presentations and discussion at the Harrow Business and Voluntary Sector Forums. We have also convened a working group with other London boroughs who are members of the West London Waste Authority to begin to co-ordinate activity with neighbouring authorities, and have had a series of meetings with the GLA to explore opportunities for future collaboration on carbon reduction initiatives. For the spring, a meeting of key borough partners is proposed with a view to taking forward a new Harrow Climate & Sustainability Partnership, and a wider community event is also being planned.

3.28 The Council has an existing Climate Change Strategy, which was adopted in January 2019 for the period through to 2024. This is however predicated on a 2050 target for carbon reductions and will be revised and integrated into the emerging new strategic framework to address the Climate and Ecological Emergency (set out below) and the significantly more challenging 2030 target for carbon neutrality. The development of a new 2030 Climate Strategy, closely aligned to the proposed ten-year Borough Plan, is a priority action for the coming year.

Harrow's Proposed Strategic Framework

3.29 Following discussions at the officer and member working groups, and having reviewed a range of different approaches taken by other authorities, a strategic framework for responding to the climate

emergency in Harrow is proposed organised around seven key thematic areas. Taken together these aim to provide a holistic approach that seeks to address the major causes of CO₂ emissions whilst also taking action to move towards a more sustainable borough and improve wellbeing and equality outcomes:

Clean Energy Used Efficiently

This theme covers actions to begin transitioning to 100% low carbon and renewable energy solutions, whilst maximising energy efficiency and conservation measures. This includes helping to ensure the borough's long term access to secure and affordable energy supplies through an increase in local energy generation.

Zero Emission Transport

This theme aims to move towards decarbonisation of public and private transport, maximising the use of active and public transport options, and significantly improving air quality across the borough.

A Waste-Free Borough

Actions to ensure that all waste is minimised, recycled and re-used as part of a circular economy, transitioning away from traditional linear 'take-make-waste' economic approaches.

Healthy Places for Us and the Rest of Nature

Ensuring land use in the borough balances the needs of people and the rest of nature. This theme includes both sustainable development - particularly much needed new affordable housing designed to be carbon neutral in operation - whilst also restoring biodiversity and carefully managing other key natural resources such as water, increasing local food production and optimising land use for sequestration.

Good Governance for Long Term Sustainability

Taking steps to embed long-term environmental and community sustainability at the heart of local decision making, including in the financial planning process.

Ecoliterate and Engaged Communities

Ecoliteracy involves building an understanding of, and connection with, the natural systems of which we are part and upon which we all depend. This theme includes increasing levels of engagement across our borough and providing practical support and encouragement for our staff, members, partners and the public to take informed actions to address the climate and ecological challenges.

A Socially Just Transition

Ensuring a just transition to a sustainable and equitable low carbon future for all, particularly to ensure the vulnerable in our communities are supported and protected during this period of major social and economic transformation.

- 3.30 A range of initial actions have been identified across these themes which appear in the accompanying action plan. The plan focusses firstly on those actions which are directly within the council's own control or serve to reduce the organisation's own carbon footprint, and secondly on more borough-wide actions where the council can play a leadership role but which require the co-operation of others in order to effect change. There are of course also areas of cross over, such as waste management which is a significant operational area and residual cost for Harrow as an organisation, but where concerted action to reduce demand and minimise waste at source requires wide action and engagement from residents and business. Priorities for the coming year include establishing good data and carbon reduction pathways, a programme of awareness raising activities for both staff and the public, and ensuring that the council's own ongoing and proposed construction activities (a range of housing projects, a new depot and likely new civic centre) aim to contribute towards carbon neutrality.

4. Implications of the Recommendations

Environmental Implications

- 4.1 Environmental implications are integral to the subject matter of this report.

Risk Management Implications

- 4.2 Risk included on Directorate risk register? No
Separate risk register in place? No
- 4.3 A failure to act on climate change and reduce CO₂ emissions will lead to worsening environmental, social and economic outcomes in Harrow and more widely in the UK and beyond. A work stream to examine the specific risks and develop a Climate Adaptation Plan for Harrow is proposed for the coming year and will form part of the proposed 2030 Climate Strategy.

Procurement Implications

- 4.4 Responsible and sustainable procurement is integral to the delivery of the recommendations of this report. The Council has a considerable procurement spend and a very large third party supply chain delivering works, goods and services.

Any procurement of works or services required pursuant to the action plan will be undertaken in accordance with the Council's Contract

Procedure Rules and, as applicable, The Public Contracts Regulations 2015.

Legal Implications

- 4.5 The Climate Change Act 2008 (as amended) imposes a duty on the Secretary of State to ensure that by 2050 net carbon dioxide and other GHG emissions are reduced by at least 100% when compared to 1990 levels. In other words, the UK has committed to reach a net zero carbon position by 2050.
- 4.6 Although local authorities need to comply with a range of environmental and planning legislation, which together contribute to meeting the government's national target, there is no specific legal obligation placed upon them to set a local target for GHG reductions.

Financial & Resourcing Implications

- 4.7 Whilst good progress has been made over recent months establishing officer and member working groups and beginning to develop relationships with key borough and London-wide partners, there is currently no dedicated co-ordination section for a climate emergency response in the Council, and limited delivery capacity in key operational areas beyond maintaining a business as usual approach.
- 4.8 In the medium term, as carbon reduction pathways are developed and resourcing needs identified, there will need to be a work stream to begin a process of long term budgeting over a 10 year period, to include in depth exploration of future funding strategies and opportunities.
- 4.9 In the shorter term, over the next 12 months, there is still a significant programme of work to be undertaken. To help co-ordinate this activity and bring forward a ten year plan it is proposed to second an officer at head of service level, to take on a Climate Strategy and Natural Resources co-ordination and partnership role. They would be supported by the existing energy team, recognising the central importance of energy to the borough's ambitions to achieve carbon neutrality. The remit would include developing this agenda with officers across other key operational service areas, to include Waste, Housing, Transport, Greenspace Management, Regeneration Delivery, Economic Development, Procurement, Schools, Public Health, Policy and Communications.
- 4.10 An operational revenue budget of £150,000 is required for 20/21, which will come from a one off capacity building reserve. This is to fund staff costs, necessary project support and professional consultancy advice in order to establish carbon reduction pathways and inform future decision making.
- 4.11 The initial actions to be brought forward can be undertaken within existing approved work programmes, using existing departmental resources or through the additional capacity building revenue funding

referred to above. As initial feasibility work identifies projects to take forward, a business case must be developed which identifies all resourcing implications (capital and revenue) which must be approved prior to commencement of the scheme.

Carbon Offset Fund

- 4.12 Under the current London Plan, all major residential developments (i.e. 10 or more dwellings) are expected to achieve net zero carbon development. As a minimum there needs to be at least a 35% reduction in CO₂ emissions (relative to the Building Regulations) achieved through on-site measures as part of the actual development (for example, energy efficient lights, triple glazing, low carbon heating systems, solar PV panels etc), and any remaining emissions must be offset either by the developer directly using other land or through a monetary contribution payable to the Council so as to achieve net zero carbon development. Contributions are secured by way of planning obligations contained in Section 106 Agreements.
- 4.13 At present receipts are modest (c £24,000) due to the time-lag in between the grant of planning permission and when payment of the contribution is due but are expected to grow as more developments are commenced / completed and thereby trigger contractual payments, to include at least an additional £90,000 during 20/21.
- 4.14 The Fund must be spent by the local authority on carbon emission reduction initiatives in the Borough. To facilitate delivery of some initial projects in 20/21, it is proposed that the Corporate Director – Community agrees a process for priority allocation of Carbon Offset Funds.

Equalities implications / Public Sector Equality Duty

- 4.15 Achieving good equality outcomes is explicitly acknowledged in the draft strategic framework presented with this report, through the theme committing to actions to ensure a socially just transition to a low carbon society. A full Equalities Impact Assessment will accompany the development of the renewed borough-wide 2030 Climate Strategy.

Council Priorities

- 4.16 Improving the Environment and Addressing Climate Change is a key priority of the Council's proposed new Borough Plan for the period 2020-2030, which was approved for public consultation by Cabinet in February 2020. A co-ordinated and holistic response to the Climate & Ecological Emergency, as envisaged by the emerging strategic framework set out in this report, also has significant potential to drive positive change across the other priority areas in the Borough Plan. This includes better public health outcomes, a stronger green local economy and addressing inequality in Harrow.

Section 3 - Statutory Officer Clearance

Name:	Jessie Man	<input checked="" type="checkbox"/>	on behalf of the * Chief Financial Officer
Date:	28 th February 2020		
Name:	Jessica Farmer	<input checked="" type="checkbox"/>	on behalf of the * Monitoring Officer
Date:	6 th March 2020		
Name:	Nimesh Mehta	<input checked="" type="checkbox"/>	Head of Procurement
Date:	18 th February 2020		

Name:	Paul Walker	<input checked="" type="checkbox"/>	Corporate Director
Date:	28 th February 2020		

Ward Councillors notified:	NO
EqIA carried out:	NO

Section 4 - Contact Details and Background Papers

Contact: Matthew Adams, Principal Lawyer & Climate Emergency Co-ordinating Officer, 0208 424 1403, matthew.adams@harrow.gov.uk

Background Papers: None

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

NO

THE CLIMATE AND ECOLOGICAL EMERGENCY –HARROW’S INTERIM STRATEGY AND ACTIONS

7 Themes to work towards Carbon Neutrality as an organisation and a borough by 2030

<i>Theme</i>	<i>Strategic Aims for 2030</i>	<i>Priority Action Areas for the Organisation 2020/21</i>	<i>Additional Borough-wide Action Areas</i>
CLEAN ENERGY USED EFFICIENTLY	<p>To transition our borough to 100% renewable and low carbon energy solutions</p> <p>To maximise energy efficiency and conservation measures across our borough’s buildings</p> <p>To ensure our borough’s long term access to secure and affordable energy supplies through a significant increase in local energy generation, to include council owned and operated renewable energy generation infrastructure</p>	<p><u>Existing Council Corporate Buildings, Schools and Infrastructure</u></p> <ol style="list-style-type: none"> 1. Develop a business case to install a solar array on the new depot roof, at a cost of circa £150,000, and assess whether heat pump technology could supply its heating requirements, rather than gas boilers 2. Continue programme to replace existing inefficient light fittings and bulbs with LEDs in Harrow schools, corporate buildings, parks and leisure centres 3. Continue the conversion of the Borough’s street lighting to LED / low energy technologies 4. Consult upon selective night time switch off / dimming of street lighting 5. Complete installation of Automatic Meter Read (AMR) in all remaining schools and corporate buildings 6. Plan for replacement of fluorescent lighting in all remaining unconverted Harrow buildings 7. Cost priority capital projects across the corporate buildings and school estate, to develop a pathway (including financing options) to achieve efficient 100% renewable and low carbon energy use by the council by 2030 8. Consider, as part of planned maintenance and renewal activity across the council’s estate, (i) the replacement of gas boilers with heat pumps; and (ii) to ensure that rooves are suitable for solar installation 9. Re-procure the corporate buildings and schools energy supply contract 10. Reduce the evening hours of operation of the Civic Centre boilers 11. Develop and implement a policy for council staff and members around best practice energy use and conservation whilst on the civic and school estate <p><u>Existing Housing Stock</u></p> <ol style="list-style-type: none"> 12. Promote uptake of affordable green energy tariffs amongst tenants and leaseholders (eg London Power) 13. Undertake a pilot project to retrofit a small number of council homes (eg a terrace of older houses) to highlight best practice in energy conservation 14. Undertake feasibility work to assess the cost of retrofitting the borough’s suitable housing stock with energy conservation and generation measures, to include financing options <p><u>New Development</u></p> <ol style="list-style-type: none"> 15. Explore the feasibility of a municipally owned and operated heat network 	<ol style="list-style-type: none"> 1. Promote the benefits of retrofitting privately owned housing and commercial property with energy conservation and generation measures, identifying and focussing upon worst performing stock first 2. Continue to ensure that the planning framework facilitates decentralised renewable energy generation initiatives, including consideration as part of the emerging new local development framework whether any sites in the borough are suitable locations for renewable generation at scale 3. Consider implementing a local, municipally owned and operated heat network serving parts of the borough 4. Ensure all major new development prioritises connection to a local heat network (if available) or as a minimum safeguards connection to a future network. 5. Lobby government for changes to national policy in key areas, to include building energy standards and funding initiatives to support retrofitting of domestic properties

		<p>linking key council development sites</p> <p>16. Plan for how the Council’s major development schemes – including those within the Harrow Strategic Development Partnership and Grange Farm – can be delivered on a 100% district energy/ renewable energy basis, so that they are carbon neutral in operation</p> <p>17. Explore delivery of new affordable housing development on suitable council estates in a way that includes retrofitting the existing buildings, such that all existing and new homes are carbon neutral in operation</p>	
ZERO-EMISSION TRANSPORT	<p>To decarbonise all council operated vehicles and to support significant decarbonisation of public and private transport in our borough</p> <p>To maximise the use of active and public transport options across our borough</p> <p>To significantly improve air quality in our borough</p>	<ol style="list-style-type: none"> 1. Ensure strategic development of an electric vehicle charging network at council sites, to support working towards further decarbonisation of the council vehicle fleet at the next contract renewal date in 2027 2. Promote changes in staff transport habits to decrease car use, including car sharing initiatives and cycling / e-bikes 3. Ensure that sustainable transport options are prioritised when developing the council’s own land (including via HSDP and at Grange Farm), to include robust transport assessments 4. Establish the total carbon footprint of council related transport, to include work related use of private vehicles by staff and members, and consider mitigations including electric pool cars where necessary 	<ol style="list-style-type: none"> 1. Introduce emissions based parking permit charges to incentivise zero / low emission vehicles 2. Implement a trial of anti-idling policies in selected locations in the borough, backed up with enforcement activity 3. Consider a trial of ‘School Streets’ at appropriate sites (temporary closure of school roads to non -residents at drop off / pick up times) 4. In the intensification area of Wealdstone, and with a view to using the learning to implement more borough-wide approaches, to: <ul style="list-style-type: none"> (a) develop a co-ordinated freight delivery plan for Wealdstone Town Centre (b) deliver a Liveable Neighbourhoods project encouraging sustainable transport initiatives, to include improvements to bus capacity 5. Engage with TfL regarding the implementation of low / zero emission buses across the Harrow network 6. Support further London wide expansion of TfL’s Ultra Low Emission Zone (ULEZ) 7. Consider the impact of any future expansion of Heathrow on the borough’s road transport and public transport system, air quality and Scope 3 emissions, and investigate offsetting funding opportunities 8. Ensure new developments prioritise green and affordable mobility solutions, to include development of new walking and cycling routes across Harrow, partly funded by developer contributions 9. Trial the first electric-only street in Harrow and

			<p>explore the potential of further pedestrianisation of suitable areas in the borough</p> <p>10. Develop a strategic position on future electrification of vehicular transport in the borough, identifying the role that the council should play in that transition</p>
A WASTE-FREE BOROUGH	<p>To ensure all waste is minimised, recycled and re-used as part of a circular economy approach</p>	<ol style="list-style-type: none"> 1. Phase out single use plastics across the civic and school estate during 2020, including via the Harrow catering supply chain 2. Develop best in class waste management and recycling practice within the Council’s civic buildings, to include minimisation of food waste 3. Work with WLWA partners to establish good data and develop targets and actions in order to progressively reduce the carbon footprint of the Council’s waste management operations towards net zero by 2030, focussing on minimisation of waste at source 4. Develop a sustainable procurement policy to drive low carbon outcomes through our supply chain, with a priority focus on construction activity 	<ol style="list-style-type: none"> 1. Work with local businesses to support changes in consumer habits and grow a green local economy 2. Engage with residents to responsibly minimise waste entering the Council’s waste management system, for example reviewing bin sizes and encouraging and promoting the use of reusable nappies (the average child goes through 5,000 nappy changes) 3. Promote the benefits of textile recycling and re-use and provide residents with good information regarding opportunities to reduce, reuse and recycle waste generally.
HEALTHY PLACES FOR US AND THE REST OF NATURE	<p>To ensure land and other natural resource use in our borough better balances the needs of people and the rest of nature</p> <p>To ensure that new developments are carbon neutral and designed and implemented to ensure long term environmental and community sustainability</p> <p>To ensure the protection and restoration of biodiversity and ecosystems in our borough</p> <p>To optimise tree / hedge planting and other natural carbon sequestration measures in our borough</p> <p>To provide public access to high quality and ecologically diverse green spaces</p> <p>To increase levels of local food</p>	<ol style="list-style-type: none"> 1. Ensure that all new council development being brought forward is carbon neutral in accordance with the proposed London Plan, focussing upon further reductions in on-site emissions beyond the minimum requirement of 35% 2. Audit public owned land to identify suitable sites for planting initiatives, in a way that maximises carbon sequestration, biodiversity gain, local food production and community engagement (eg Forest Gardens, Community Growing projects) 3. Ensure that all new corporate buildings are actively designed to support the health and well-being of users, utilising biophilic design principles and providing access to high quality green space where possible 	<ol style="list-style-type: none"> 1. Align the new emerging local development framework to support delivery of the council’s climate emergency response, to include greater emphasis on the importance a natural capital approach and enhancing biodiversity 2. Develop proposals to implement biodiversity net gain as a requirement for all new developments 3. Ensure that new third party development is carbon neutral, collecting appropriate offset payments via the planning framework and developing spend protocols for carbon reduction initiatives in the borough 4. Engage with park user groups and look for opportunities to collaborate further on this agenda 5. Promote ‘Plant a tree’ initiatives and other projects (eg wildlife and forest gardens) to enable residents, through the borough’s extensive network of private gardens, to increase tree cover, improve and enhance Harrow’s biodiversity, and meet more food demand through local production

	production		
GOOD GOVERNANCE FOR LONG TERM SUSTAINABILITY	<p>To embed long-term environmental and community sustainability at the heart of local decision making</p> <p>To protect and enhance the well-being of future generations whilst meeting the essential needs of the present</p>	<ol style="list-style-type: none"> 1. In 2020, to develop a 10 year overarching strategic policy framework integrating the climate emergency response with the Borough Plan / Vision, the organisational transformation agenda and the emerging new Local Development Framework 2. Develop a more comprehensive data set (including estimated scope 3 emissions) and reporting methodology in order to establish measurable carbon reduction pathways to 2030 and financing options 3. Consider how existing council plans and policies can be aligned to take into account carbon reduction pathways to 2030 4. Recommend the appointment of a portfolio holder for the climate and ecological emergency 5. Consider new governance processes to ensure that the climate and ecological impacts of council actions are considered at the point of decision 6. Review the level of investment in fossil fuels by the Pension Fund and across other Council investments 7. Explore alternative financing solutions for capital infrastructure projects (eg social impact bonds, retargeted borough and neighbourhood CIL, draw downs from the Mayor's Energy Efficiency Fund) 8. Ensure that the council is in a position to take advantage of grant funding opportunities (inter alia from central government, the GLA) to support the transition to a low carbon future 9. Develop a resilience and adaptation plan to run alongside this strategy, in order to plan for climate change impacts 	<ol style="list-style-type: none"> 1. Encourage school governing bodies and other key local partners to endorse the Council's climate emergency declaration and develop their own action plans 2. Encourage community and voluntary sector groups to develop their energy efficiency proposals and look to crowdfund these during 2020
ECOLITERATE AND ENGAGED COMMUNITIES	To support and encourage our staff, members, partners and the public to take informed actions to address the climate and ecological challenges	<ol style="list-style-type: none"> 1. Develop and implement comprehensive, compulsory ecoliteracy (including carbon literacy) training for all staff 2. Develop advice and guidance on the practical and meaningful actions that all staff and members can take across the key areas of energy, transport, food, consumption / waste and to promote a deeper understanding of the natural world 3. Provide specific support and training for council commissioners of goods and services on how to drive low carbon outcomes through our supply chain 	<ol style="list-style-type: none"> 1. Promote a change in food consumption habits towards low meat diets 2. Promote alternatives to car ownership 3. Inform residents about energy efficient retrofits (improving take up of available grants) and, through Council sponsored pilot projects, to demonstrate net zero standard alternatives for new builds and low carbon retrofits 4. Develop a Citizens' Engagement programme, to include Citizens' events on the Climate Emergency in 2020 and celebration of Earth Day on 22nd April 5. Work with schools to further embed the sustainability and ecoliteracy agenda into the curriculum, including effective engagement with governing bodies

			<p>6. Establish a Harrow Climate and Sustainability Partnership across key stakeholders in the borough</p> <p>7. Work with children and young people to support and empower them to help lead a Harrow wide response to the Climate & Ecological Emergency</p>
A SOCIALLY JUST TRANSITION	<p>To ensure a just transition to a sustainable and equitable low carbon future for all, thereby actively reducing inequality in our borough</p> <p>To ensure that the most vulnerable in our communities are supported and protected during this period of major social and economic transformation</p>	<ol style="list-style-type: none"> 1. Support council tenants to implement basic energy conservation measures in their homes to reduce utility costs and ill health 2. Inform and advise tenants on grants available to mitigate fuel poverty such as Warm Home Discount, Cold Weather Payment, and Winter Fuel Payment 	<ol style="list-style-type: none"> 1. Prioritise the development of green, low cost mobility solutions for all 2. Consider how the development of municipally owned local heat and power generation could positively impact fuel poverty in the borough

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REPORT FOR: CABINET

Date of Meeting:	19 March 2020
Subject:	Energy Procurement Strategy
Key Decision:	Yes – as the procurement of energy involves annual expenditure in excess of £500,000 revenue
Responsible Officer:	Paul Walker Corporate Director - Community
Portfolio Holder:	Councillor Varsha Parmar, Portfolio Holder for Environment and Councillor Adam Swersky, Portfolio Holder for Finance and Resources
Exempt:	No
Decision subject to Call-in:	Yes
Wards affected:	All
Enclosures:	Equalities Impact Assessment

Section 1 – Summary and Recommendations

This report sets out the energy procurement options and strategy for the period 2020 to 2024 and seeks approval from Cabinet to call-off from a new framework contract.

Recommendations:

Cabinet is requested to:

1. Approve Harrow Council entering into a Framework Agreement with LASER Energy Buying Group (LASER) headed by Kent County Council for the supply of energy to Harrow's corporate sites and schools for a period of four years starting on 1st October 2020.
2. Agree the proposed purchase of electricity on the basis of a green 100% renewable tariff.
3. Delegate authority to the Corporate Director, Community Directorate following consultation with the Portfolio Holder for Environment and Portfolio Holder for Finance and Resources, to enter into the LASER Energy Buying Group Framework for the provision of gas and electricity.

Reason: (For recommendations)

- To procure energy at competitive rates for the Council's 573 corporate sites and schools through an efficient and government approved process.
- The purpose of green electricity will contribute to decarbonisation of the grid and reductions in the carbon dioxide emissions attributable to the Council's energy usage, in response to the previously declared climate emergency.
- The Council's current energy supply contract is due to expire on the 30 September 2020 and a new contract is needed to ensure continuity of supply. In order to guarantee that the Council can participate in future procurements of energy beyond the current period of the contract a firm commitment to using Laser's framework agreement 2020 – 2024 must be made by 31st March 2020. This will enable the Council to take advantage of wholesale price fluctuations while the wholesale energy market is favourable.

Section 2 – Report

1. Introduction

- 1.1. The Council's existing energy contract covers energy provision until the end of September 2020. Currently a portion of the Council's energy is purchased in advance of the usage period. In order to ensure continuity of this advance purchase, the new contract needs to be in place from 1st October 2020.
- 1.2. Gas and electricity market prices are highly volatile and a long purchase window allows effective monitoring of the wholesale energy market prices and procurement at the best possible rates. Early contract agreement enables the energy supplier to commence purchasing energy on our behalf and respond to market price changes, taking advantage of potential favourable buying opportunities.

2. Background

- 2.1. Harrow Council's energy bills for corporate buildings, state schools, academies, street lighting and housing landlord's supplies are currently approximately £6m per annum.
- 2.2. The Council procures the vast majority of its energy requirements centrally under a framework agreement managed by LASER a public sector energy buying group (a Central Purchasing Organisation), which has considerable buying power, spending over £450 million a year.
- 2.3. Under the current framework agreement gas is supplied by Total Gas and Power (TGP) and electricity for metered and unmetered sites by Npower.
- 2.4. The Council has two gas and four electricity contracts powering 118 gas and 453 electricity sites as summarised in the table below.

The Council's current energy contracts include:

- a. Electricity (Half Hourly, Non-Half Hourly and Unmetered)
- b. Natural Gas
- c. Operation and Management of Meters over 100 KW (MOP) and P272
- d. Automatic meter reading (AMR)
- e. Data Collection services including AMR equipment and smart meters

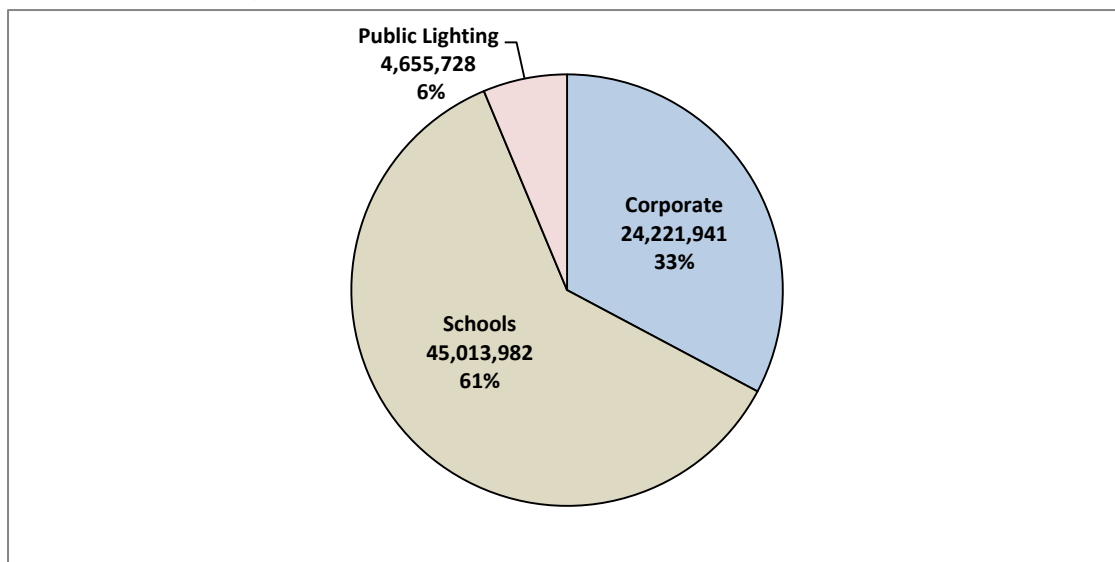
Summary of Harrow's energy cost, consumption and CO₂ emission (2018/19)

Key Information	Gas	Electricity	Street Lighting	Total : Gas + Electricity
Total number of sites	118	453	15,000 ¹	
Total annual cost (£)	£1,727,140	£3,451,348	£858,000	£6,036,488
Total annual consumption (kWh)	48,173,366	21,062,557	4,655,728	73,891,651
Total CO ₂ emissions (kg)	8,845,594	5,916,051	1,307802	16,069,447

Note 1: Of the above 320 sites including 286 housing landlord and 34 public realm (parks) do not consume gas.

¹ : Approximate number of existing street lighting in Harrow.

The following chart demonstrates distribution of Harrow's energy usage across the borough (KWh)



3. Procurement Framework Option Appraisal

3.1 There are 4 options considered for the future purchase of energy:

- Do nothing
- Procure our own energy by direct tender
- Procure through an Energy Buying Broker
- Procure via Central Purchasing Bodies (CPB)

Option 1 – Do nothing

The Council and participating schools would be exposed to 'out of contract' unit rates, which normally are higher than agreed prices.

The Council needs to ensure continuation of its energy supply and achieve the best value and most competitive prices. For the above reasons this is not a viable option.

Option 2 - Procure our own energy by direct tender

This option has not been considered as the Council's existing resources are insufficient to deal directly with the requirements of 579 corporate sites and schools requiring management of a large number of energy invoice queries, metering, invoice validation, addressing payment issues, monitoring market trends and new regulations and other relevant support.

This option is possible, but it would involve the Council issuing a standalone OJEU tender to secure its own energy independent of a Central Purchasing Body (CPB) or any other intermediary.

Option 3 - Procure energy from a selected energy broker

There is a regulatory requirement to tender for the energy supply contract. This can lead to a time consuming and costly procurement exercise with no guarantee of meeting the government procurement recommendations.

This option is not recommended by the government, has high price risk and requires a specialist energy tendering exercise. This option is not recommended.

Option 4 - Procure energy by use of Central Purchasing Bodies (CPBs)²

A CPB is operated by another public sector contracting authority or by an 'agent' that has been appointed to act on behalf of a public sector contracting authority. Due to a number of advantages of using a CPB, the vast majority of local authorities and central government departments purchase their energy supplies through CPBs.

3.2. Preferred option for the future purchase of energy

Option 4 is recommended for the following reasons:

- The Council can participate in the framework and utilise the flexible supply contracts put in place by the CPB without any requirement to tender.
- The Council can achieve better prices through bulk purchasing and economies of scale that could be achieved by purchasing energy together with other public bodies.
- More effective risk management at times of high price volatility.
- Further savings could be expected from lower transaction costs, improved capacity, lower energy supplier management fees, advanced monitoring tools, trading skills and expertise of CPBs.

3.3. Recommended Energy Buying Company (CPB)

The next stage is to select a CPB that can meet our energy procurement objectives in an efficient and productive way.

A number of CPB's energy purchasing frameworks have been investigated to assess their capacity, experience of central purchasing, expertise in delivering effective price risk management and value for money energy supply contracts consistently over a period of the contract term.

² - The Public Contracts Regulations 2015 define a Central Purchasing Body (CPB) as a contracting authority which provides centralised purchasing activities

The options considered were:

- a) To extend the Laser Flexible Framework.
- b) To use Crown Commercial Services (CCS) flexible framework.
- c) To join London Energy Project (LEP)³ energy services

Laser and CCS are recognised as the two best performing CPBs in relation to energy procurement. Both companies have a good energy purchasing record, supportive customer services and have extensive experience in powering public sector. Regarding their price comparison, there is no reliable evidence to indicate that one of CPBs has achieved a better energy buying performance than the other.

LEP, who set up energy procurement services for its members in 2018, has recently announced that they do not intend to extend their energy procurement services beyond 31st March 2020 for various internal reasons.

Our assessment of energy CPBs considered their ability to meet the Council's business requirements, priorities and expectations in the best possible way.

Laser's energy purchasing framework provides 'Fully Managed services' to their customers where CCS can only offer 'procurement only energy purchasing option' to the public sector.

Laser's 'Fully Managed Service' is an additional support service, which deals with complex energy billing and metering queries. In addition Laser reviews all accounts across the 'fully managed portfolio' to identify opportunities to reduce delivered energy costs for example, through reducing the amount paid in regulated network charges; examining Available Capacity settings across the half hourly portfolio (save KVA charges).

These additional services for Harrow's large sites and Schools are key priorities for Harrow Council who are committed to providing a high standard energy service.

Based on the above analysis and for the following reasons, we recommend Laser as the Council's next CPB.

- Laser's current flexible framework (2016-20) and procurement activities have in total reduced the Council's energy spend by £452,400 per annum.⁴
- Laser's new framework offers some more benefits including 20% lower supplier management fees compared to the current framework. This will provide the Council with an approximate total financial saving of £12,000 per annum.
- Laser as a Local Authority Group has two decades of experience of working with a large number of local authorities and as such are well placed to understand our needs and limitations.

³ . LEP is a shared service between 36 (primarily London based) authorities, supported by a Delivery Team that acts as an intelligent client function to deliver a coordinated Work Programme. London Borough of Haringey is LEP's host authority

⁴ - Source: Laser's performance report

- Laser offers added value benefits including: energy efficiency, renewable, data collection, metering services, energy price forecasts, management information and enhanced KPIs.
- Harrow's Energy Team has benefited from Laser's support in resolving a number of complex queries in the areas of invoice management, metering, change of tenancy, renewals, transfers and consolidated billing in the required format for our accounts system.
- Laser purchases energy on behalf of 130 local authorities and 70 wider public sector bodies with a combined energy spends of over £450 million a year.

4. Determining the most suitable procurement Model

4.1. Each energy buyer has a range of options to consider on behalf of their customers. The most typical flexible purchasing approaches are:

- a) Fixed-Term Fixed-Price (FTFP)
- b) Flexible Procurement Basket Options

4.1.1 Option 1 - Fixed-Term Fixed-Price (FTFP) contract arrangement

Fixed energy tariffs provide a locked-in unit price for gas and electricity for a designated term of one year or more.

Benefits of FTFP:

- This model of purchasing offers straight forward pricing and provides budgetary certainty throughout the duration of contract.
- Helps to avoid potential market volatility during the contract period.

Disadvantages of FTFP:

- A fixed term contract is a short-term strategy and could be highly risky.
- The main risk is volatility beyond the purchasing point, when the prices could become relatively high and unfavourable just as the contract renewal date approaches.
- If wholesale energy market prices fall further the buyer could be locked out, thus missing the opportunity to benefit from falling prices.

A FTFP is a short-term strategy and is not recommended.

4.1.2. Option 2 - Flexible Procurement & Basket Options

A wholesale flexible procurement arrangement unlike FTFP, enable the buyer to purchase blocks of energy at varying times both before and within the contracted supply period.

Using Flexible procurement options means that energy purchases are hedged over a long period of time and over multiple purchases rather than on one specific day.

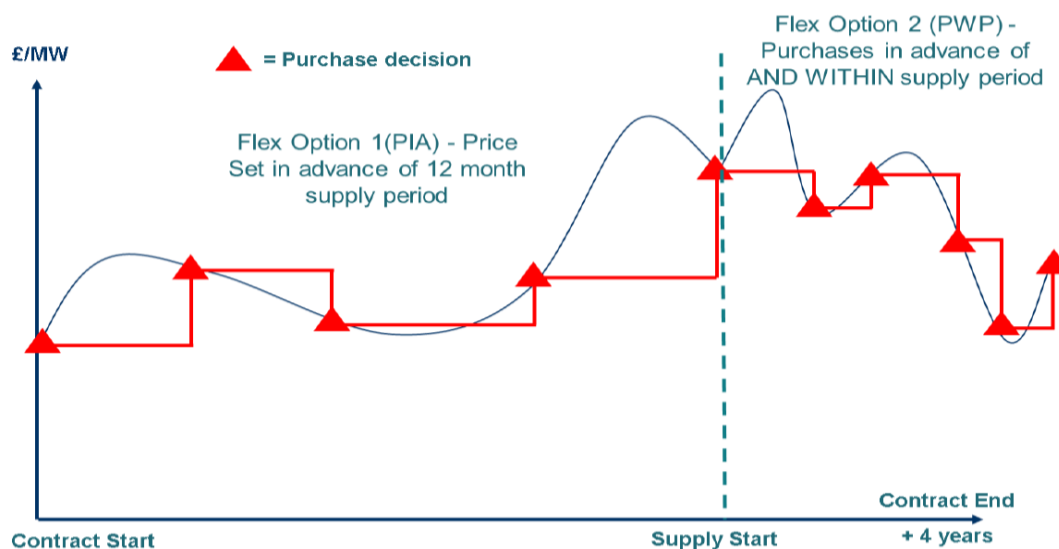
Benefits of Flexible Procurement:

- The main benefits of this purchasing model are the ability to minimise the risk in rising markets and assessing when markets will become stable or remain volatile.
- This arrangement helps buyers spread market price risk and avoid buying during periods of peak market pricing.
- If energy markets go down during the contract period then we can expect to be paying less for our energy in response to the market movement.
- It provides a potential to save and track the market movement.

Disadvantages of Flexible Procurement:

- Minimum market rate will never be achieved.
- Length of contract (normally minimum of 4 years)
- Less budgeting consistency as actual energy charges may not be known until after that energy has been used.

Timing of Flexible Purchases (for illustration purposes only)

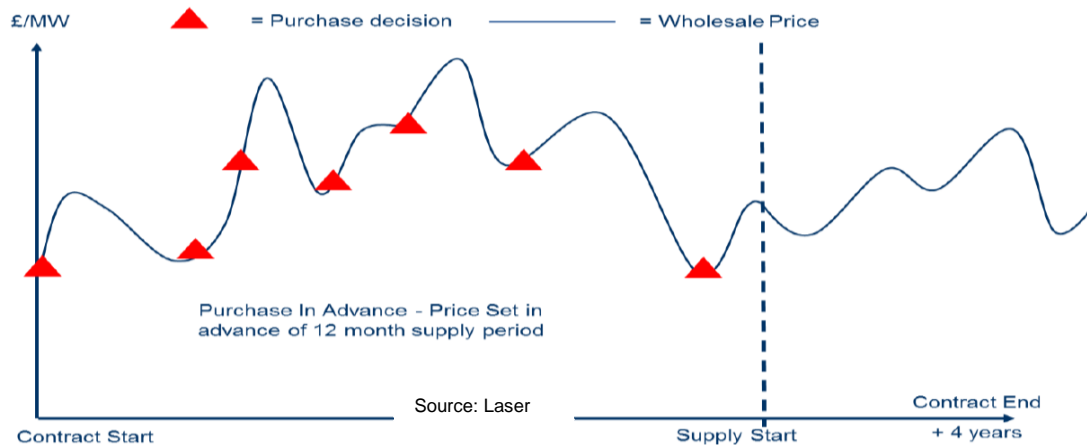


4.2 The following options represent typical Flexible Purchasing approaches, which need to be considered, based on our organisational priorities and in response to the changes in the energy supply market and its volatility.

a) Flexible purchase in advance (PIA)

All required volume purchased in multiple trades in advance for each 12 months supply period.

Purchase In Advance (PIA)



b) Flexible purchase within period (PWP)

A proportion of the required energy volume is progressively purchased prior to each 6 month supply period and the remainder is purchased within the supply period. A reference price will be set to apply on invoices for each 6 month supply period. At the end of each 6 months, once all energy requirements have been purchased, reconciliation takes place between the reference price applied to invoices and the final (achieved) purchase price, which typically returns a credit figure.

Purchase Within Period (PWP)



We will be able to switch all or part of our energy portfolio onto the alternative basket options during the term of the new contract by providing LASER with at least 6 months notice, prior to each 1st October contract anniversary.

4.3 Recommended procurement option:

Based on the above analysis, it is recommended to purchase energy using Flexible Procurement option for the corporate sites and Harrow Schools.

5. Renewable energy option

5.1. Purchasing green electricity as a counter measure to the climate emergency can be an attractive option but it has both advantages and disadvantages which need to be taken on board prior to making a decision.

Advantages: Purchase of electricity on a carbon neutral basis contributes to the decarbonisation of the grid and about 7,224 tonnes of CO2 emissions attributable to our total annual electricity consumption can be offset. This will help to meet part of the Council's targets for being carbon neutral by 2030.

Disadvantages: A strong rise in demand for green backed electricity from renewable sources by businesses, local councils and government departments to meet green targets, has caused their prices to rise. Anecdotally current estimates range from 0.050p/kWh to 0.100p/kWh for REGO's⁵

The above additional premium charges will increase our total annual electricity expenditure to approximately £12,859 - £25,718 for the corporate sites, street lighting and Schools. However the average additional premium charge will be less than 0.45% of the Council's total annual electricity expenditure.

5.2 Recommendation:

On the basis of the above analysis, our recommendation is to purchase green electricity for the Council's corporate sites, street lighting and Harrow schools for the contract term of 2020 – 2024.

The cost and benefits of purchasing green electricity for the Council's corporate sites will be assessed periodically as circumstances change with the government policy, legislation or incentives from year to year.

Delegated Authority

If Cabinet agree to delegate the award of the call-off to Community Directorate, then the authorising officer would have the scope to review the strategic approach, conduct contract evaluations and award contracts, with

⁵-The **Renewable** Energy Guarantees of Origin (**REGO**) scheme provides transparency to consumers about the proportion of electricity that suppliers source from **renewable** generation.

formal approvals from Senior Management and following consultation with the PH Finance & Resources and the Portfolio Holder for Environment.

Operating in this way would provide the authorising officer with flexibility for continuous review and operation of energy supply contracts and he can make a quick decision in response to the market opportunities without a lengthy approvals process.

Risk Management Implications

Unlike the Fixed Term Fixed Price (FTFP) option, the Flexible Procurement arrangement provides a layered risk approach to the purchase of utilities and protects the Council from market volatility.

Legal Implications

- Kent County Council is a Central Purchasing Body and the Contracting Authority for the LASER frameworks. As such, customers do not need to run an OJEU process to utilise the LASER frameworks.
- The Public Contract Regulations 2015 ('PCRs') allows the Council, as part of the local authority grouping, to call-off from this Framework Agreement. The current Laser Framework Agreement ends on 30 September 2020. They have completed a tendering exercise to enable LASER to implement a new purchased energy service from 1 October 2020 for four years.
- Due to the complexity of Framework Agreement, the Council's legal officers will review the documentation to ensure that it complies with all relevant legal requirements.

Leaseholders

The Council will need to serve Notice on all leaseholders:

"In accordance with Section 20 of the Landlord and Tenant Act 1985 as amended by the Commonhold and Leasehold Reform Act 2002 (the "Act"), landlords are required to give notice to leaseholders and recognised tenants associations of their intention to enter into agreements described in the Act as "qualifying long term agreements". These are agreements entered into by or on behalf of a landlord for a term of more than 12 months where any one leaseholder will be responsible for paying £100.00 or more in any one year."

There are 2 compulsory notices that must be served and a third if the Council does not accept the lowest tender. Each Notice must be served 30 days apart so it should be allowed ideally 6 months but a minimum of 5 months for this process to take place. If the Council does not serve this Notice it cannot legally recover the full cost of providing communal electricity to leaseholders on the Council's estates and this will mean a deficit to the Housing Revenue Account.

Financial Implications

The annual expenditure on electricity and gas procured via the contract is approximately £6m covering corporate buildings, street lighting, schools and academies. 2018/19 actual costs for corporate buildings and street lighting were £1.1m and £0.9m respectively. Consumptions for HRA properties are funded from the HRA budget (2018/19 costs: £570,000). The remainder of the expenditure relates to schools' consumptions which are funded from school budgets.

2019/20 energy costs for corporate buildings and street lighting are estimated at £2.2m. The cost of energy inflation is being met corporately. The volatility of energy prices presents a financial risk to the Council and schools. The proposal to purchase green electricity as detailed in Section 5 of the report will also result in a marginal increase in costs. In the medium term, the cost pressure will be managed as part of the annual budget setting process.

Due to volatility of the energy wholesale market and managing the risk of energy price rise, developing a periodic enhanced KPIs and energy price prediction plan would be essential. Laser covers these services for their customers.

Utilising flexible energy procurement model since its adoption by the Council in 2008 has allowed the Council to take advantage of price changes in the volatile wholesale energy market, and therefore minimises the cost impact of energy inflation.

Environment implications

Electricity and gas purchasing has a significant environmental impact globally and locally. The impact of electricity mainly generated by the power stations occurs during the generation stage. For gas, the main impact is at the usage (burning) stage, contributing directly to carbon emissions locally. The local air quality can be improved by reducing the gas demand.

Harrow's annual carbon reduction target until 18th July 2019 when the Council has declared a climate emergency was 4% a year. The new target will be reviewed and set by Harrow's new climate change steering group based on the Council's new carbon reduction commitment with the aim to make Harrow a carbon neutral borough by 2030. This will have an impact on the amount of energy we need to purchase and this will need to be reflected in the new contract.

Green electricity generated from renewable or low carbon sources will be available from the suppliers on Laser frameworks which has been addressed in section 5 of the report.

Equalities implications / Public Sector Equality Duty

- There are no equalities implications
- An Equality Impact Report is not required for this decision as it is a report which seeks to make an appointment to an outside body.

Social value:

- All publicly funded schools in Harrow including academies and voluntary aided schools are able to purchase energy through the Council's framework arrangements with Laser.
- The proposal will support and encourage closer engagement and collaboration opportunities from on-going and unavoidable energy utility costs incurred by the Council alongside the Council's priorities.

Council Priorities

Making a difference for communities: Harrow's central energy purchasing policy allows Harrow state schools and housing leaseholders to benefit from lower gas and electricity prices.

Section 3 - Statutory Officer Clearance

Name: Jessie Man	<input checked="" type="checkbox"/>	on behalf of the * Chief Financial Officer
Date: 11 February 2020		

Name: Nimesh Mehta	<input checked="" type="checkbox"/>	Head of Procurement
Date: 31 January 2020		

Name: Sarah Inverary	<input checked="" type="checkbox"/>	on behalf of the * The Legal Team
Date: 5 March 2020		

Name: Paul Walker	<input checked="" type="checkbox"/>	Corporate Director
Date: 10 March 2020		

Ward Councillors notified:	YES
EqIA carried out:	Yes
EqIA cleared by:	David Corby

Section 4 - Contact Details and Background Papers

Contact: Saeed Atlas (Corporate Energy Manager)
Telephone: Ext: 2030, Email: saeed.atlas@harrow.gov.uk

Background Papers: None

Call-In Waived by the Chair of Overview and Scrutiny Committee	NO
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You will need to produce an Equality Impact Assessment (EqIA) if:

- You are developing a new policy, strategy, or service
- You are making changes that will affect front-line services
- You are reducing budgets, which may affect front-line services
- You are changing the way services are funded and this may impact the quality of the service and who can access it
- You are making a decision that could have a different impact on different groups of people
- You are making staff redundant or changing their roles

Guidance notes on how to complete an EqIA and sign off process are available on the Hub under Equality and Diversity.

You must read the [guidance notes](#) and ensure you have followed all stages of the EqIA approval process.

Section 2 of the template requires you to undertake an assessment of the impact of your proposals on groups with protected characteristics.

Borough profile data and other sources of statistical information on each group can be found on the Harrow hub, within the section entitled:

Equality Impact Assessment - [Borough profile data](#) and other sources of information to help you complete your EqIA template.

Equality Impact Assessment (EqIA)		
Type of Decision:	<input checked="" type="radio"/> Cabinet <input type="radio"/> Portfolio holder <input type="radio"/> Other (state)	
Title of Proposal	Harrow Energy Procurement Strategy 2020-24	Date EqIA created February 2020
Value of savings to be made (if applicable):	N/A	
Name and job title of completing/lead Officer	Saeed Atlas – Corporate Energy Manager	
Directorate/ Service responsible	Community Directorate - Paul Walker, Corporate Director Community	
Organisational approval		
EqIA approved by Directorate Equalities Lead		Dave Corby <input checked="" type="checkbox"/> Tick this box to indicate that you have approved this EqIA Date of approval 14/02/2020

1. Summary of proposal, impact on groups with protected characteristics and mitigating actions (to be completed after you have completed sections 2 - 5)	
a) What is your proposal?	<p>The Council's existing energy contract covers energy provision until the end of September 2020. Harrow Council's energy bills for corporate buildings, state schools, academies, street lighting and housing landlord's supplies are currently approximately £6m per annum.</p> <p>Currently a portion of the Council's energy is purchased in advance of the usage period. In order to ensure continuity of this advanced purchase, the new contract needs to be in place from 1st October 2020. Gas and electricity market prices are highly volatile and a long purchase window allows effective monitoring of the wholesale energy market prices and procurement at the best possible rates. Early contract agreement enables the energy supplier to commence purchasing energy on our behalf and respond to market price changes, taking advantage of potential favourable buying opportunities.</p> <p>This energy procurement strategy describes the scope of the new procurement for 2020-24, the council's business requirement and summarises the council's ongoing review of the energy market place. It also covers procurement options appraisal, choice of procurement route, and the procurement program. Other more project-based issues are also covered where they are likely to impact on the procurement, such as risks, budget, and dependencies etc. The purpose of this is to ensure the successful management and delivery of the new contract throughout its lifetime.</p>
b) Summarise the impact of your proposal on groups with protected characteristics	<p>The proposal has no impact on groups with protected characteristics.</p>
c) Summarise any potential negative impact(s) identified and mitigating actions	<p>The proposals for purchasing the council's energy supplies do not result in any disproportionate disadvantage to any specific group.</p>

2. Assessing impact					
You are required to undertake a detailed analysis of the impact of your proposals on groups with protected characteristics. You should refer to borough profile data , equalities data , service user information, consultation responses and any other relevant data/evidence to help you assess and explain what impact (if any) your proposal(s) will have on each group. Where there are gaps in data, you should state this in the boxes below and what action (if any), you will take to address this in the future.		What does the evidence tell you about the impact your proposal may have on groups with protected characteristics? Click the relevant box to indicate whether your proposal will have a positive impact, negative (minor, major), or no impact			
Protected characteristic	For each protected characteristic, explain in detail what the evidence is suggesting and the impact of your proposal (if any). Click the appropriate box on the right to indicate the outcome of your analysis.	Positive impact	Negative impact		No impact
			Minor	Major	
Age	Although Schools and young children are a considerable proportion of the beneficiaries of this contract agreement, there is no data to suggest that this characteristic will be disproportionately affected by the contract.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Disability	The proposal has no impact on groups with protected characteristics.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Gender reassignment	There is no data to suggest that this characteristic will be disproportionately affected by the contract	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Marriage and Civil Partnership	There is no data to suggest that this characteristic will be disproportionately affected by the contract	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Pregnancy and Maternity	There is no data to suggest that this characteristic will be disproportionately affected by the contract	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Race/ Ethnicity	There is no data to suggest that this characteristic will be disproportionately affected by the contract	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Religion or belief	There is no data to suggest that this characteristic will be disproportionately affected by the contract	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Sex	There is no data to suggest that this characteristic will be disproportionately affected by the contract	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Sexual Orientation	Vitality Profiles, GLA Datasets, Local Economic Assessment reviewed no data to determine impact. Although improving infrastructure; housing, transport, schools, creating jobs and improving access to employment, skills development, and business start-up will be of universal benefit	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

2.1 Cumulative impact – considering what else is happening within the Council and Harrow as a whole, could your proposals have a cumulative impact on groups with protected characteristics?

Yes No

If you clicked the Yes box, which groups with protected characteristics could be affected and what is the potential impact? Include details in the space below
N/A

3. Actions to mitigate/remove negative impact

Only complete this section if your assessment (in section 2) suggests that your proposals may have a negative impact on groups with protected characteristics. If you have not identified any negative impacts, please complete sections 4 and 5.

In the table below, please state what these potential negative impact (s) are, mitigating actions and steps taken to ensure that these measures will address and remove any negative impacts identified and by when. Please also state how you will monitor the impact of your proposal once implemented.

State what the negative impact(s) are for each group, identified in section 2. In addition, you should also consider and state potential risks associated with your proposal.	Measures to mitigate negative impact (provide details, including details of and additional consultation undertaken/to be carried out in the future). If you are unable to identify measures to mitigate impact, please state so and provide a brief explanation.	What action (s) will you take to assess whether these measures have addressed and removed any negative impacts identified in your analysis? Please provide details. If you have previously stated that you are unable to identify measures to mitigate impact please state below.	Deadline date	Lead Officer
N/A	N/A	N/A		

4. Public Sector Equality Duty

How does your proposal meet the Public Sector Equality Duty (PSED) to:

1. Eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Equality Act 2010
2. Advance equality of opportunity between people from different groups
3. Foster good relations between people from different groups

No negative impacts have been identified.

There will be a minor benefit to schools and young from this contract agreement

5. Outcome of the Equality Impact Assessment (EqIA) click the box that applies

Outcome 1

No change required: the EqIA has not identified any potential for disproportionate impact and all opportunities to advance equality of opportunity are being addressed

Outcome 2

Adjustments to remove/mitigate negative impacts identified by the assessment, or to better advance equality, as stated in section 3&4

Outcome 3

This EqIA has identified missed opportunities to advance equality and/or foster good relations. However, it is still reasonable to continue with the activity. Outline the reasons for this and the information used to reach this decision in the space below.

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REPORT FOR: CABINET

Date of Meeting:	19 March 2020
Subject:	Council Preparations for Brexit
Key Decision:	No
Responsible Officer:	Alex Dewsnap, Director of Strategy and Partnerships
Portfolio Holder:	Councillor Graham Henson, Leader and Portfolio Holder for Strategy, Partnerships, Devolution & Customer Services.
Exempt:	No
Decision subject to Call-in:	Yes
Wards affected:	All Wards
Enclosures:	None

Section 1 – Summary and Recommendations

This report sets out the work that the Council has undertaken to date and plans to carry out in the future in response to the UK's departure from the European Union, which took place on the 31st January 2020.

Recommendations:

Cabinet is requested to:

- a) Note the activity which has been undertaken to date and the

- planned actions; and
- b) Agree that the areas currently being funded from monies received from Government to support Brexit locally remain the priority areas for this funding to be spent on throughout 2020.

Reason (For recommendations):

The Council has a duty under the Civil Contingencies Act 2004 to put in place adequate resilience arrangements in the borough. As the impact of the UKs' exit from the European Union on the 31st January 2020 still has a number of potential scenarios following the end of the Transition Period in December 2020, it is important that the Council plans accordingly.

Section 2 – Report

Introduction

1. Cabinet received a report in October 2019 setting out the Council's preparations for the UK's departure from the European Union (EU), which at that stage were based upon both 'deal' and 'no deal' options. As the UK has now formally left the EU on the 31st January 2020 with a deal and entered into a Transition Period until December 2020, this report highlights the continued work the Council is undertaking to prepare for the end of the Transition Period, and in particular the work to support Settled Status.
2. The report in October delegated to the Chief Executive, in consultation with the Leader, the ability to make any urgent or immediate decision on activity if the UK left the EU with 'No Deal' on the 31st October 2019 or any other future date. Given the Transition Period ends in December 2020, at which it is assumed that a number of arrangements are in place covering trade, laws, movement of people etc, there is still a risk that some of these arrangements may not be fully in place at the time the Transition Period formally ends. Therefore it is sensible to retain the delegation that Cabinet agreed on the 10th October 2019 and align it to any need for urgent or immediate decisions in the run up to or following the end of the Transition Period on the 31st December 2020.

The National Context

3. Following the General Election on 12th December 2019, and the Conservative majority Government formed as a result, the date for leaving the European Union was confirmed as the 31st January 2020. On the 23rd January 2020, the European Union (Withdrawal Agreement) Bill 2019-20 received Royal Assent to become the European Union (Withdrawal Agreement) Act 2020 (EUA). The UK therefore left the European Union on the 31st January and entered into the Transition Period, which is due to end on the 31st December 2020.

The Harrow Context

4. This report sets out to create an understanding of the risks, issues and opportunities that the UK's exiting of the EU may have upon the borough. As before, the Council's contingency planning has tried to take account of all scenarios post December 2020, but principally the most important consideration for the Council is with regard to Settled Status, both in terms of ensuring that those Harrow residents who are affected by this are fully aware of what they need to do should they wish to remain in the UK, but also for the Council to consider any changes we may need to make to policies and procedures to ensure we have fully taken account of the changes Settled Status means for anyone in receipt of Council services.
5. The Council's contingency planning arrangements have used the criteria developed by the Ministry of Housing, Communities and Local Government (MHCLG) in partnership with London Councils and the London Resilience Forum (which is made up of London Local Authorities, Emergency Services, Central and Regional Government bodies) in 2018. These criteria have been used to understand the distinction between the activity which is being led on at a regional level (such as medicine supply) and that activity where local leadership is required. This paper focuses on the local arrangements.
6. The planning criteria which have been advised by MHCLG, London Councils and the London Resilience Forum for Local Authorities are as follows:
 - a) Our Communities (EU & EEA) & Settled Status
 - b) Community Cohesion
 - c) Workforce:
 - i. Workforce – Impact of Settled Status
 - ii. Workforce – Recruitment & Retention (eg Dom Care)
 - d) Workforce of Partners
 - e) Impact (direct or indirect) of Border Areas
 - f) Legislation & Regulatory Powers to Deliver Our Services
 - g) Impact on procurement/supply chain
 - h) Local Business Preparedness
 - i) Data Handling & Processing Arrangements
 - j) Reliance/exposure on EU funding
7. Since January 2019, the Council has completed a monthly assessment against these areas, with the latest assessment and actions set out below against each of the headings.

Our Communities (EU & EEA) & Settled Status

8. Harrow has a significant EU & EEA population and the full impact of settled status is not yet completely known, (including the impact of longer term being without status), However, according to the Home Offices' most recent update, as of 31 December 2019 there were 30,630 Settled Status applications from Harrow, of which approximately 18,000 were recorded from Romanian nationals. This gives us roughly a 10,000 increase in

applications from August 2019 where there were 19,910 applications and an 8,000 increase of Romanian national applications from 10,000 (again as of August 2019).

9. In terms of actions the Council and other agencies have been taking we have been promoting Harrow Law Centre awareness sessions for residents who may be effected/may have queries and have also been using the Controlling Migration Fund to create contacts and build networks to support the Council and its relationship specifically with residents from Eastern Europe. In January 2020 the Council held a community event with the Romanian Embassy in Burnt Oak Broadway, targeted at residents from the Eastern European community and Settled Status was a topic of discussion, with support signposted.
10. We have appointed a fixed term resource to help get the message out about Settled Status to our wider community by engaging with residents and community leaders (including shops and cafes) in areas where we know there are a high number of EU or EEA residents living, particularly in the East of the Borough. We have briefed Council Officers on Settled Status and in particular those services such as Childrens and Adults who have a responsibility for the Settled Status Applications of those in our care. We are also match-funding Citizens Advice and Harrow Law Centre to support Harrow residents on Settled Status (see Finance section) although this funding ends on 31st March 2020. We are also working with the other infrastructure organisations in the voluntary sector, i.e. Voluntary Action Harrow, Young Harrow Foundation, the Voluntary Sector Forum and Harrow Community Action to support messaging and engagement to other community groups who can support the message out on Settled Status to EU and EEA residents.
11. As the date for which applications for Settled Status to have been completed is June 2021, it is also important that the Council starts to consider any implications for residents accessing services post June 2021 where they do not have Settled Status. Although no guidance has been received as yet on what Councils should do, it is clear already that certain functions require proof of residency in order to access services, e.g. tenancies. Therefore it is important that the Council starts to consider what the implications for residents accessing services might be if they require Settled Status and do not have it. For children, safeguarding legislation means that this is not relevant as the Council has a duty to support regardless of nationality. However, for adults, this is not the case, and further work is required to understand how Councils in general should approach this challenge across all non-universal services.
12. On the basis that the impact on access to Council services is a Local Government issue, rather than just a Harrow Council issue, we are asking London Councils and the Local Government Association to consider the impact of Settled Status in this regard before the Council starts work on any policy changes locally.
13. We have assessed the overall risk of this criteria as Amber.

Community Cohesion

14. There is concern around the potential for polarisation in the community to be caused in part as a result of the Brexit process. There is also concern about the current climate in which there is potential for a rise in hate crimes. However, to date these concerns have not arisen, and the actual date of leaving the European Union did not create any issues in Harrow from the perspective of Community Cohesion. We have in place measures to ensure engagement with local communities, however the council recognise that hate crimes tend to be significantly under-reported. There are also in addition limited “Go To” points for Eastern European nationals in the borough. We have consequently put in place clear signposting to government advice on settled status. Council services have also been briefed on the impact on services of settled status (as set out above). In the 2019 Residents Survey a score above 75% was achieved when asking residents about their feelings towards neighbours. We have assessed the overall risk of this criteria as Amber.

Workforce – Impact of Settled Status

15. We have not yet got all the data on our staff and applicability of Settled Status to them. SAP does not record nationality. However in the People Directorate we have audited staff lists and people affected have been advised to apply for settled status and are doing so. Our latest data is that out of 2100 total council staff we do not hold relevant nationality data on 685 staff and for schools the equivalent figures are 3500 and 991. Overall taking the Council and schools combined there are some 343 staff who we definitely know need to apply for Settled Status should they wish to stay in the UK after June 2021. We have held a number of sessions for staff on Settled Status during December 2019, January and February 2020 to raise awareness and provide advice, both to support them in their interactions with residents and service users (particularly Adults and Childrens Services) but also to support their own circumstances, as a large number of attendees have been staff who were EU/EEA nationals). We have assessed the overall risk of this criteria as Red principally due to the fact that the Council does not have nationality details on 685 staff.

Workforce – Recruitment & Retention

16. In Childrens Services there is a risk of not being able to recruit from EU countries that would indeed be limiting to the service and their operations (esp. under the £26k salary mark). This indicates an amber status for the service. In Adult Services research with provider organisations indicates that they will not have a problem across all sectors in the short term (most have contingency plans in place) but may have a medium term issue in the residential care sector only with the domiciliary care sector indicated as more resilient. In Housing whilst they have no significant concerns, a concern relates to labour/skills shortages of contractors in the maintenance and development of the homes within Housing Services. The WLA are communicating with providers as a group in a hope to receive a clearer and more detailed response when asking about their

Brexit preparedness. We have assessed the overall risk of this criteria as AMBER.

Workforce of Partners

17. The risk to the Council is indirect and our ability to manage the risk is dependent on information being provided to us as the Council does not hold/collect this information (on nationality) on partners. Partners means other public sector or similar organisations we work with including the voluntary sector, adults/children's care home providers, the NHS and Police. The WLA is looking at some of the jointly commissioned services and possible impact. It is indicated (incl. feedback from the Borough Resilience Forum) that this risk is AMBER for the short-term though could increase in significance in the longer term, particularly in relation to Adults Social Care costs.

Impact (direct or indirect) of Border Areas

18. Harrow does not have any physical border areas within the borough, so there are no direct impacts envisaged at this stage. However, Harrow does have some indirect border areas that could affect the borough, eg the Eurostar terminal at KC St Pancras is on the Metropolitan Line that passes through Harrow. Also, Heathrow Airport is located in the London Borough of Hillingdon. Depending on how the Transition Period ends there could be a knock on effect on Harrow, with increased traffic in these areas and surrounding arterial routes such as the M25/M40/ M1. We have assessed the overall risk of this criteria as Amber due to the unknown situation regarding border controls, but recognising that our own contingency plans do not explicitly have to deal with such a risk.

Legislation & Regulatory Powers to Deliver Our Services

19. The situation is being monitored by the relevant regulators (e.g. Food Standards Agency) who will advise us and we are currently in communication with the main statutory bodies (FSA, HSE, DEFRA) to understand the situation with regards the legislation we enforce locally. Health and Safety and related enforcement is largely unaffected, as most is UK legislation. Food Safety / Standards are linked to EU legislation and there may be changes to these on the basis of a desire from the UK Government to reduce alignment with current EU rules when the Transition Period ends. London and National discussions are taking place. Waste and Environmental Legislation is predominantly EU based, however there is a Brexit task force made up of key stakeholders within the waste and environment sector that have advised that initially EU legislation would be adopted. The real impact around waste would be the impact on the ports and exporting waste for disposal / recovery. This is being mitigated via our disposal outlets as best as possible. We have assessed the overall risk of this criteria as Amber.

Impact on procurement/supply chain

20. Locally this risk is considered green but we are reluctant to change it from Amber because of London wide risks, the unknown strategic positioning of organisations in our supply chain and also because of the political uncertainty around Brexit. Through our procurement programme we have not experienced a situation where Brexit risk has been built into tender responses. Bidders have not asked explicit questions about potential risks. However there is still a degree of wider risk and the unknown that guides the AMBER RAG status for the impact of Brexit on supply chain. With a large regeneration programme we also need to be diligent of the resource risks to the construction industry's reliance on foreign labour in London – 45% from abroad (27% from the EU); Imports: 68% of imported materials are from the EU. Supply chain import costs could increase if the pound weakens. We have assessed the overall risk of this criteria as Amber.

Local Business Preparedness

21. The Large Employer Network members have acknowledged the continuing uncertainty of the Brexit situation and its effects on business although no adverse effects are being reported. Via our grass-roots contacts, both formal and informal, a “business as usual” attitude is in place whilst the issue is still unresolved. Economic Development provides Brexit- information via the monthly local business newsletter and will resume running Brexit-related events in 2020. We are also intending to implement some signposting on the council's website to the .Gov documents around supporting the preparation of businesses. We have assessed the overall risk of this criteria as Amber.

Data Handling & Processing Arrangements

22. Minor potential impact in holding data in EU servers but can be mitigated with European Commission standard contractual clauses if the UK does not receive an adequacy statement. In the case of a no deal there will be no standing down of good governance relating to the processing of data. If a deal is reached after the Transition Period ends it is expected that the Data Protection Act 2018 will receive minor amendments to remove EU references but nothing that would adversely affect council business. We have assessed the overall risk of this criteria as Amber/Green.

Reliance/exposure on EU funding

23. There is a Government guarantee in place to cover European Social Fund Projects (2014-2020) so we have assessed the overall risk of this to be Green.

Options considered

24. As the exiting of the European Union (EU) by the UK is a national policy which has now been executed, there are no other options for the Council to consider other than preparing for the potential eventualities that exiting

from the EU creates. Therefore this paper covers only these eventualities and the Council's preparation for them.

Risk Management Implications

25. The Council reviews the risks of Brexit on a monthly basis through the cross-council Brexit Steering Group. As the UK has now left the European Union with a Deal, the risk of a 'No Deal Brexit' does not exist in that form anymore. However, there still remains a risk that at the end of the Transition Period in December 2020 the UK will not have all of the new arrangements in place covering its new relationship with European Union. The impact of what this might look like is currently unknown, so mitigations will have to be considered as more information is known throughout the year on this.
26. The Council can however impact on the awareness of Settled Status within its communities so the mitigation being pursued is to avoid a large number of residents not applying for Settled Status who wish to remain in the UK, by the end date of June 2021 (for those people who have resided in the UK before December 2020).

Procurement Implications

27. There are no direct procurement implications from Brexit, other than those outlined in the Supply Chain section above.

Legal Implications

28. There are no direct legal implications which would affect only Harrow Council as opposed to Local Authorities in general as a result of Brexit. Therefore the legal issues are being dealt with at a regional and national level.
29. On 23rd January 2020, the European Union (Withdrawal Agreement) Bill 2019-20 **received** Royal Assent to become the European Union (Withdrawal Agreement) Act 2020 (EUA).
30. Many new Statutory Instruments were previously prepared for a 'no deal' scenario, generally providing for the continuation of existing EU rules but allowing for enforcement and oversight by UK rather than EU institutions. The EUA now envisages that these statutory instruments will be brought into effect at the end of the Transition Period unless the government brings forward replacement legislation in the meantime, to take effect from the start of 2021. .

Financial Implications

31. In the latter part of 2018/19 additional funding of £40m was provided by the Government to local authorities to support Brexit work, and whilst much of this was focused on specific areas such as Kent and other port authorities where greatest impact is expected to be felt, money is also

provided to other councils to support their planning (which for Harrow came in two tranches of £105k, one in 2018/19 and one in 2019/20). A further £20m was allocated in July 2019 to Councils, so in effect Harrow has received £315k in total.

32. Consideration has been given to how the money provided to Harrow can be best utilised and the following are the initial spend areas which were reported to Cabinet in October. Further funding requirements can be built into future proposals on the basis that there are ring fenced funds available as set out above. Given the Council's current financial challenges, the following spend has only used one of the tranches of funding received. This will still enable the Council to be supporting activity into the Summer of 2020. If there is a need to spend additional monies this will then be drawn down from the additional monies received in July 2019.

Requirement	Purpose	Cost
Additional Policy Officer support (9 month role)	Support across the settled status community engagement work.	£39k
Civica admin resource (circa 1 month)	To ensure we know the nationality of all our staff and how many are EU or EEA citizens.	£5k
Funding enhancements for CAB and Law Centre	Support on settled status, community engagement and communications (including more Law Centre engagement sessions with greater support in the promoting these) as well as creating additional capacity.	£51k
Communications	Enhanced communications (internal and external) to ensure a clear message and support people in understanding what Brexit means for them / what they need to do.	£10k

Equalities implications / Public Sector Equality Duty

33. An EQIA has not been carried out at a local level.

Council Priorities

34. The Council agreed a new set of Corporate Priorities on 27th February 2020. Principally, this report most supports the overarching ambition to Tackle Inequality and Disadvantage and the priority to Celebrate our Communities and Cohesion, because of the targeted work on Settled

Status which is seen as the primary risk for the Borough following the UK's departure from the European Union.

Section 3 - Statutory Officer Clearance

Name: Sharon Daniels	<input checked="" type="checkbox"/>	on behalf of the Chief Financial Officer
Date: 9 th February 2020		
Name: Matthew Adams	<input checked="" type="checkbox"/>	on behalf of the Monitoring Officer
Date: 11 th February 2020		
Name: Nimesh Mehta	<input checked="" type="checkbox"/>	Head of Procurement
Date: 5 th February 2020		

Name: Sean Harriss	<input checked="" type="checkbox"/>	Chief Executive
Date: 11 th March 2020		

MANDATORY	
Ward Councillors notified:	No – All Wards Affected
EqIA carried out:	No
EqIA cleared by:	

Section 4 - Contact Details and Background Papers

Contact: Alex Dewsnap, Director of Strategy and Partnerships,
Ext 8250, alex.dewsnap@harrow.gov.uk

Background Papers: None

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

NO

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REPORT FOR: CABINET

Date of Meeting: 19 March 2020

Subject: Authority to procure and implement through a direct award a cloud based Enterprise Resources Planning System

Key Decision: Yes

The proposed project involves revenue and capital expenditure in excess of £500k.

Responsible Officer: Charlie Stewart
Corporate Director of Resources

Portfolio Holder: Councillor Adam Swersky, Portfolio Holder for Finance and Resources

Exempt: No, except for Appendix 1 which is exempt on the grounds that it contains “exempt information” under paragraph 3 of Part I of Schedule 12A to the Local Government Act 1972 (as amended) in that 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: No

Wards affected: All

Enclosures: Appendix 1 – Commercial and Business details (exempt)

Section 1 – Summary and Recommendations

The purpose of this report is to seek Cabinet approval to procure a replacement Enterprise Resource Planning (ERP) System which supports the Council's HR, Finance, Payroll and Procurement & Supplier Management functions.

Recommendations:

Cabinet is requested to grant approval to :

1. Procure MS Dynamics as our cloud based ERP system via a compliant direct contract award to Microsoft under the Kent Commercial Services 4 Professional Services Framework
2. Procure the associated HR system required for the MS Dynamics ERP system from Loki Systems via a compliant direct award under the Kent Commercial Services 4 Professional Services Framework
3. Procure PWC, an experienced and expert ERP implementation partner, to support the implementation and successful transition from our current SAP system to the new ERP system via a compliant direct contract award under the Management Consultancy Framework 2 or Crown Commercial Services G-Cloud Digital Marketplace Framework.
4. Delegate Authority to the Corporate Director of Resources following consultation with the Portfolio Holder for Finance and Resources to award the above contracts.
5. Add a capital budget of £1.65m into the 2020/21 Capital Programme for the ERP Replacement project as set out in the financial implications section and detailed in Appendix 1.

Reason: (For recommendations)

SAP, the current supplier of our ERP system, is withdrawing commercial and technical support for the version in use by the Council. A major functional update is required for HMRC compliance in March 2021 which would require a costly upgrade to the current system. The benefits of doing this upgrade were not seen as adding value for money so last year Cabinet agreed to procure a new system and a market analysis of possible solutions was carried out. This included reviewing a proposal by Microsoft and PwC that the Council becomes the first local authority to introduce Microsoft (MS) Dynamics.

The market analysis showed that there were at least two software suppliers who could meet most of our high level requirements. However only MS Dynamics would meet our longer term strategic needs.

Its introduction would allow us to develop a single IT platform, based in the cloud that forms the core of all our operations. This would deliver significant benefits including allowing us to join up our IT systems and greatly improve our data, and how we can use it to plan and continuously improve. We will also be able to consolidate and extend the use of all our Microsoft products (including Windows 10/365) to reduce costs, improve technical support and develop better business resilience.

There are therefore major benefits in procuring MS Dynamics as our SAP replacement system which will provide much greater economic and organisational value than introducing other systems.

To reduce risk and deliver value for money, based on current Gartner research, the Council wishes to implement a Microsoft ERP replacement using PwC – the only global gold partner with relevant solution experience.

Section 2 – Report

Background

Most of our HR, Finance and procurement functions are run on our SAP system. It is the core of how we run the backbone of our internal processes and is therefore critical to the day-to-day functioning of the Council. Additionally, the information and insights that should be able to be drawn from such a system are key to financial and HR strategic planning.

Our current SAP system is 15 years old and this age causes two key issues:

1. **System Viability.** From January 2025, SAP is withdrawing commercial and technical support for the version in use by the Council. Elements of the Council's SAP system are already in extended support with some modules being unsupported by the vendor since January 2020. Sopra Steria/Edenhouse manages the current SAP environment, but their contract expires at the end of October 2020 and new arrangements will need to be put in place. A major functional update is required for HMRC compliance in March 2021, which will necessitate a costly upgrade to implement the required changes and bring other modules back into support. If by March 2021 the Council has not moved off the system, the risks become extremely high and mitigation extremely difficult.
2. **Modern Ways of Working.** Systems such as SAP have seen significant technical advancement since our current system was purchased. We therefore are not benefiting from these technologies which both improve speed, efficiency and quality while also providing much advanced information and insights. It should be noted that by also moving to the cloud (SaaS) our future system will be updated on a regular basis with future technology advancements, rather than being locked into those available at the time of purchase.

Last year (May 2019) Cabinet agreed to procure a new system and a market analysis of possible solutions was carried out. Two main organisations in this sector, Oracle and Unit4/Agylis, emerged from the market analysis; both are currently in use by other Councils. Additionally, Microsoft (and PwC) proposed that the Council becomes the first local authority to introduce Microsoft (MS) Dynamics as its ERP system. MS Dynamics is used in central government and in the private sector globally. Microsoft is investing heavily in its development and its market share (for finance and HR) is growing fast. However, they do not currently have a Local Authority offer and, with PwC as their implementation partner, have asked if we would develop the 'Council' MS Dynamics system with them.

The market analysis of all three software systems included checking that they could meet our high level requirements, discussing with the suppliers the functionality and wider benefits the systems could provide, and reviewing the technical 'fit' with our other systems and future needs.

Although all three systems were considered suitable to meet our basic needs, Microsoft also emerged as being able to meet the requirements of the Council's Modernisation transformation providing the benefits as outlined below.

If we purchase MS Dynamics, then our three core systems (MS Dynamics, MS 365/10 and MS Azure cloud platform) will all be built on the same technical architecture; thus providing the best possible chance of seamless integration and the ability to develop and use the same management reporting and technical tools across all.

Microsoft would look to extend their current stable of systems to bring in LA specific service needs (ie planning) either by developing a system themselves or by working in partnership with major provider(s).

As Gartner advise that Microsoft is the market leaders in integrating different systems, this approach gives us (and any LA) the best chance of joining up our data. Gartner also advise that Microsoft are the leader in providing reporting tools to extract, analyse and present data, and in innovation (ie AI, Bots, automation and assistive technology). Therefore, not only can we join up data, but we will have the best technology to use it.

Continuous Improvement

Becoming a Microsoft House would provide two key benefits to our transformation journey and, as important, drive continuous improvement:

Joining up our systems and their data will allow us to develop a single version of the truth for key data types (such as customer) and allow us to link data much more easily. Microsoft's market leading power tools will then allow easy manipulation and visualisation of that data so that better decisions can be made that allow us to balance factors across services. Through this 'balancing' we can optimise outputs and understand better their effect on outcomes, thus helping us to produce more effective service models. For example, we could more easily link housing data with social care data to get a richer picture of people, families and communities.

Currently we have little ability to develop our systems ourselves leading to long, costly and limited change and technology advancement. Microsoft systems are leaders in allowing organisations to self-develop their systems while retaining the benefits of cloud technology.

- Power Apps would allow our developers to, in hours, produce 'apps' linked to the MS suite of systems.
- Power BI would allow us to unify data easily across all systems, manipulate it and create simple to use visual and interactive dashboards.
- Power Automate would allow us to automate workflow connected to apps and AI.
- Power Virtual apps would allow us to develop Artificial Intelligence such as Bots.

Microsoft is investing continuously in this innovation. It is what drives their market share and what makes them Gartner's innovation leader. Specifically, they are working on assisted technology in Social Care, housing and homelessness challenges which they would like to explore with us.

Many other new systems will also provide some of these abilities. However, being the market leader in innovation tools, Microsoft are the only systems' provider to deliver the full suite of AI built into its system. As a Microsoft House we could use these tools across all our systems (as we would have a unifying MS platform), and it would provide a single developer tool-set (so we don't have to employ different types of developers and can more easily grow our own skilled staff).

To make use of this major benefit, we will have to build 'developer' capacity into our ICT team. This is something the new Director of ICT is working on as we re-structure the team within the new ICT model post Sopra.

Standard Look and Feel

Using Microsoft across our core systems will allow us to develop standard user interfaces which people will get to know. This will reduce the frustration of having to work with different interfaces and allow future developments to be easier to embed and deploy. Single log on will also be possible in time.

Single Cloud Platform

Moving systems to the cloud does provide greater flexibility and mobility. However, it does mean that data is held on different platforms; whereas previously it would all be held in an organisation's own servers. If we purchase MS Dynamics, it is placed in their Azure cloud platform alongside MS 365/10. The related critical data, so central to our operations, will therefore be immediately seamlessly linked. As we develop ourselves into a Microsoft House, more systems can be hosted through Azure ensuing we can use its inbuilt integration functionality. Azure is the preferred cloud platform for many providers, however, not for all at the moment so this benefit would only grow over time.

Strategy development

Both Microsoft and PwC have offered free strategic advice as part of the partnership; we would learn from each other. It is to their benefit to ensure we continue to innovate and bring that innovation to the market. This advice would be on our IT architecture, use and development of innovative technology and strategic direction for change. They will also support leadership understanding of future technologies (the art of the possible).

Social Impact Benefits

Microsoft (and PwC) is fully committed to providing Harrow with social benefits. As a starter, Microsoft wish to discuss supporting Harrow's future generations, through programs such as our Enterprise Skills Initiative, DigiGirlz, SteamKidz, EduConnect. Both Microsoft and PwC have made a commitment that, as this would be a longer-term partnership than that developed through a one-off contract, these benefits would be bigger than normally provided.

Microsoft is also a firm believer in corporate responsibility with a CEO who takes personal interest in socially orientated projects. They are working for a sustainable future and have recently announcing their 'carbon negative' goals. Similarly, PwC have a commitment to social values.

Licencing

Managing systems licences is an often forgotten activity which can have major financial and legal risks. Harrow, like most LAs, has experienced these issues over many years.

Firstly, understanding usage against the various types and contract conditions is usually complex. Wrong estimations lead to unplanned financial liabilities and often legal challenges when suppliers audit an organisation.

Secondly, organisations purchase licences which they then don't exploit. They don't use much of the functionality that they have purchased (SharePoint is but one example for us).

Having all our core (and potentially other) systems under one supplier will greatly reduce our workload and risk in licence management.

Business Resilience

The Microsoft platforms are market leaders in security and resilience. This will provide us with much better business continuity and reduced risk of data breaches.

Timescale and next steps for benefits

It should be noted that although some of the benefits outlined in this section will be available immediately, many will take time to introduce. We will need, for example, to build our own IT developer capacity to take full advantage of Microsoft's innovative platforms.

Benefits from using Microsoft and PwC

Details of other benefits being delivered by an ongoing relationship with Microsoft and PwC are outlined in Appendix 1.

Commitment to Working Together

Commitment to developing MS Dynamics together has been very visible. We have had significant involvement of PwC partners and from Microsoft's senior team including their Dynamics Global Corporate Vice President, Hayden Stafford, and Microsoft UK CEO Cindy Rose.

There is an obvious desire from both Microsoft and PwC that the introduction of MS Dynamics succeeds in order that they can develop their presence in the local authority market place and to show their 'social' value. They need Harrow as their reference site.

Options Considered

Two other options have been considered: remaining on the current system and going back out to the market for procurement.

The option to remain on the legacy system until vendor support runs out in 2025 was considered and rejected in the previous Cabinet paper (which agreed to procure a new system) because remaining on the legacy system after December 2020 has the following disadvantages:

- The Council will have to proceed with maintaining the legacy system at costs of £2m with no perceived benefits to the Council other than keeping the system in support;
- Future needs to enable agile, mobile working and improved analytics will not be met until 2025;
- Continued inconvenience for users of the system who find it dated, clunky and unintuitive;
- The Council will incur further costs associated with moving the system into a new data centre when a move from the current Civic Centre takes place (costs are unknown).

The option to go back out to the market for procurement is also not recommended as the Council would not benefit from the wider transformation benefits that MS Dynamics would bring to organisation. Additionally our implementation risks would be much higher (as outlined above). It would also take several months to complete a procurement exercise and bring in another supplier. This would increase the risks of not implementing by the critical March 2021 date, with potential additional significant cost to the Council.

Staffing/workforce

Where possible the plan is to resource the project with existing staff and backfill their posts. It was felt this is the best strategy as it provides development opportunities to staff and ensures knowledge is retained in-house. The current system is supported by 3rd party ICT partners whose resources work off site on multiple accounts and current advice is that TUPE would not apply to any staff.

Data Protection Implications

There is no change to how the Council uses personal data however the data will be moved from on-premise to a cloud application. The business requirements for the new system will include compliance with GDPR and this will be thoroughly assessed and tested during the tender and user acceptance process.

The Council's Data Protection Officer is involved in the project and the data protection impact assessment has been completed.

Ward Councillors' comments

Not applicable

Risk Management Implications

Risk included on Directorate risk register? Yes
Separate risk register in place? Yes

Risks

There are several key risks inherent in any IT system implementation. These are magnified several times by the size and complexity of a SAP replacement:

- Change involved both in fitting a system to the organisation's needs and in changing people's ways of working through training and gaining buy-in.
- Keeping the project on track which is often de-railed by scope-creep, changes in an organisation's priorities (such as moving staff off the project to other tasks) and procrastination in decision making.
- Discovery during the project of key interfaces or technical issues that require significant work to resolve.
- MS Dynamics new to LA market - the gap.

Risk: MS Dynamics, Microsoft's solution for us, is used globally by different organisations, but is not used in LAs. We would be its first adopter and therefore there is a risk it cannot fulfil our/councils' requirements.

Mitigation: PwC/MS have undertaken a deep review of our detailed requirements and their own review of our technical requirements. They ascertain (and we agree) that MS Dynamics can fulfil our critical and essential requirements; commercial terms will ensure that any issues found during the project, that are to do with our listed requirements, will be at their risk to correct.

Our assessment is that the risk mitigations provide considerable assurance that the 'gap' risk is very low and, further, that the risk of additional cost through unforeseen requirement issues arising is also low.

Change management, especially from an old system.

Risk: Change management, to ensure we stay on track and to ensure we train and embed the new ways of working, is always a significant risk for a large

system introduction. Implementations mostly fail as organisation see the project as just swapping one IT system for another rather than view it holistically as a fundamental change in the way the organisation works. This risk is especially high for us as our current ways-of-working are set on a very old SAP system. The gap between the way we currently work and any new technology is therefore significantly greater than for those organisations who have to continually update their software. For a MS Dynamics introduction, Gartner have advised that the use of small systems integrators has caused organisations to face greater change management problems than for the introduction of other systems. They therefore advise using a large integrator (such as PwC). PwC need the Council to adopt their best practice product where possible rather than re-configuring to the Council's specification. There is a risk this may make the product less flexible and not meet the Council's requirements.

Mitigation: For any system we will purchase we will have to enforce rigorously 'adopt not adapt. We will need to adopt the best practice processes embedded in the software rather than try and adapt it to our current ways-of-working. This is a standard need for any cloud technology. It does help the adoption of best practice and help challenge the way we currently work. This sounds easy, but in practice, as the system rolls-out, there will be major objections to this practice. To ensure we stay on track we will need excellent project management and direct technical support. It should be noted that our very limited change management and technical capacity makes us especially vulnerable to this risk. Whichever system we introduce, we will need to significantly bolster our currently planned change-management support to the project.

Our assessment is that the mitigations offered by both PwC and Microsoft reduce the change risk well below the level would face if we went elsewhere. It should be noted that this risk reduction does not mean it will be all plain-sailing. There will be major ups and downs, but we will have the tools to early identify and handle the problems.

Commitment.

Risk: There is a risk that if the introduction of MS Dynamics is not providing the returns wished by Microsoft or PwC, they will withdraw leaving us with either a partly introduced MS Dynamics of, afterwards, no way to gain the wider benefits of being a Microsoft House.

Mitigations: The commercial terms mitigate against the risk of either Microsoft or PwC withdrawing from the introduction of MS Dynamics or its support up to the time that we have a guaranteed, stable system we can look after by ourselves with normal supplier support.

Both Microsoft and PwC have also committed to the longer term relationship at the highest level. The PwC and Microsoft partners have been deeply involved in the development of the working relationship from the start.

PwC commitment at Partner level has also been visible through the considerable investment they have done to understand robustly our requirements and our IT architecture.

Interfaces and IT architecture complexity

Risk: Recent investigations into our IT architecture, undertaken as part of our move to the new ICT model, have highlighted the complexities of our ICT architecture. This complexity drives cost risks for interfaces and requires us to make key decisions for the future that may cost more now, but deliver better service later.

Mitigation: Through reviews of our technical architecture we now better understand the risk areas and can map a way forward. One key first step would be to replace our JBOSS middleware which ideally would be done by the use of tools embedded in MS Dynamics. We will also look to simplify our complex web of systems and databases which again would be ideally done through consolidating our core systems under Microsoft software.

Historic Data

Risk: The team wished that all historic data was placed in the 'live' system in order that direct and swift access was available. This is an unusual requirement as there are significant challenges to bringing in old (bad) data to a new live environment; it hugely increases costs, has data protection implications and is likely to will slow down the system. The first London Borough that went live on Oracle Cloud found these issues, which created a lot of delays and extra costs.

Mitigation: The usual approach is to bring in one or two years of cleaned data and older data which are regularly accessed. All other data is stored, after cleaning, in a data-lake where retrieval is through reports extracting it as required. This is a key adopt not adapt issue which we will need to manage as we will with all cloud implications. We will also need to design our data-lake which would be made easier as part of general transition to a Microsoft cloud environment.

Corporate Estates

Risk: Some SAP functionality is currently used to support Corporate Estates work. The suppliers who replied to the market test indicated that they could configure their systems to cover this work. MS Dynamics does not have a separate Corporate Estate package, but indications are that it too can cover the functionality required. However, this is will not be confirmed until detailed work is done during the programme which risks that not all the functionality can be covered. This risk will be similar for other systems.

Mitigation: PwC and Microsoft will do immediately a high-level review of requirements to investigate what functionality is critical and if there are any gaps that MS Dynamics cannot meet. We will also undertake a wider review of the requirements of Corporate Estates to see if a longer term, more strategic technical solution would add more value. This will be the subject of a separate business case.

Implementation

This paper outlines the high risks involved in implementing a SAP replacement especially in our circumstances. The MS Dynamics/PwC solution will greatly reduce that risk beyond that we could obtain elsewhere through fixing of price, focus on change management, buy-in at the highest levels and need for joint working to succeed. MS Dynamics can provide us with significant technological benefits over the coming Modernisation transformation.

Loki

Risk: MS Dynamics embeds a system developed by a company called Loki Systems to provide its HR functionality. PwC can not, for USA legal reasons, directly contract with Loki so we would need to raise a separate implementation contract with them (also through government frameworks).

Further delay

Any further project delays mean that the Council will remain on an unsupported system for a longer period of time. Plans are in place if we do not decide to implement MS Dynamics, but the risk will be greater. However, if the decision on which system to implement is delayed it is highly likely that the council will not have moved off SAP by March 2021 when risks become extremely high and mitigation extremely difficult. The only real mitigation would then be to pay SAP to upgrade our current system to the minimal needed. This will cost £2m for the upgrade and likely several more million for the change

Contracting

Further to the decision granted by Cabinet at the meeting on 30th May 2019, the key risk to the Council is ensuring the chosen Microsoft SaaS solution is procured and implemented in the most cost effective and risk mitigated way.

The mitigation to this is to complete separate direct award procurements to Microsoft, PwC and Loki Systems. This assures the Council of a continued commitment from Microsoft, while acquiring the professional services of their only global partner for the implementation of the replacement system.

Legacy System Support

There is a risk that the end of the ICT Partnership at the end of October 2020 will impact the migration and support of the legacy system.

The mitigation of this risk is to arrange commercial terms with the existing partner for the support of migration activity and ensure continued support for the legacy system and migration activity with the new supplier(s) from November 2020 (these to be procured as part of the ICT re-commissioning project).

Procurement Implications

The direct awards recommended in this report will be made in compliance with the Public Contracts Regulations 2015 and comply with the Contract Procedure Rules of the Council which enable the Council to use lawfully accessible Framework Agreements under paragraphs 4.4 and 7.7.

Separate direct awards will enable the Council to maintain a long term and ongoing relationship with Microsoft – necessary to fulfil our strategy to become a ‘Microsoft house’ – while employing the services of their only gold partner PWC for the duration of the ERP implementation project.

The direct award to Microsoft and Loki Systems is through the Kent Commercial Services 4 Professional Services Framework. This will be through a reseller (which is normal for these services). This framework is fully compliant with the Public Contracts Regulations 2015 and gives direct award capability.

The direct award to PWC is through the Digital Market Place G-Cloud Framework OR the Crown Commercial Services Management Consultancy Framework 2 (MCF2). Both these procurement vehicles permit direct awards.

Legal Implications

The new Enterprise Resource Planning System must be procured in accordance with the Public Contracts Regulations 2015 (PCR) as its overall value exceeds the financial threshold above which a competitive tendering exercise is required under the PCR.

The relevant Framework Agreements have been lawfully procured, the Council is designated as a potential contracting body under the Agreements so can lawfully access them, the services that the Council requires are in scope under the Agreements in terms of specification requirements and value, and the Council can lawfully make direct contract awards under the Agreements.

Paragraphs 4.4 and 7.7 of the Council’s Contract Procedure Rules permit the Council to call off services from lawfully established external Framework Agreements with the approval of the Head of Procurement.

The services contracts and the significant commercial benefits offered by PwC, Microsoft and Loki should be set out in a binding legal framework approved by Legal Services.

Financial Implications

The Capital costs of implementation of the new ERP system (which covers PWC, LOKI and Harrow costs) is £6.150m. The £6.150m implementation cost is to be funded as follows:

£4m existing Capital budget ERP replacement.

£0.5m existing IT Capital budget to cover middleware build costs.

This leaves a balance of £1.65m which is the additional sum that needs to be added to the Capital programme in 2020/21.

Of the £1.65m, £0.2m is to be funding by a revenue contribution from the Transformation reserve.

This leaves a balance of £1.45m which needs to be funded from the revenue savings in relation to Microsoft licencing costs which have come in under the current budget of £803k. The increase in Capital Financing costs required to fund the £1.45m addition will therefore be offset by savings in IT licencing costs. The addition to the Capital Programme is therefore cost neutral to the Council's revenue budget. Further detail is set out in confidential Appendix 1.

Equalities implications / Public Sector Equality Duty

There are no Equality implications to this decision as follows.

- You are developing a new policy, strategy, or service - No
- You are making changes that will affect front-line services - No
- You are reducing budgets, which may affect front-line services - No
- You are changing the way services are funded and this may impact the quality of the service and who can access it - No
- You are making a decision that could have a different impact on different groups of people - No
- You are making staff redundant or changing their roles - No

Council Priorities

The Council's vision:

Working Together to Make a Difference for Harrow

The proposal meets the Council priorities and the Harrow ambition plan in terms of 'Be More Business Like and Business Friendly' by implementing a new and improved cloud bases system which meets all our statutory, legislative requirements and business needs.

Section 3 - Statutory Officer Clearance

Name: Sharon Daniels	<input checked="" type="checkbox"/>	on behalf of the * Chief Financial Officer
Date: 02/03/2020		
Name: Stephen Dorrian	<input checked="" type="checkbox"/>	on behalf of the * Monitoring Officer
Date: 24/2/2020		
Name: Nimesh Mehta	<input checked="" type="checkbox"/>	Head of Procurement
Date: 24/2/2020		
Name: Charlie Stewart	<input checked="" type="checkbox"/>	Corporate Director
Date: 27/2/2020		

MANDATORY	
Ward Councillors notified:	No
EqIA carried out:	No
EqIA cleared by:	There are no equality implications identified as per the EQIA section of the report.

Section 4 - Contact Details and Background Papers

Contact:

Chris Martin, ERP Project Manager,
Direct Telephone No. 020 8424 8544
Email: Chris.Martin@harrow.gov.uk.

Background Papers:

[ERP Replacement report to Cabinet 30 May 2019](#)

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

YES

A waiver to the Call-In is
required for this procurement in
the best interest of the council

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