

CABINET

AGENDA PACK TWO

MAYOR

Mayor John Biggs

CABINET MEMBERS

Councillor Sirajul Islam	(Statutory Deputy Mayor and Cabinet Member for Housing Management & Performance)
Councillor Shiria Khatun	(Deputy Mayor and Cabinet Member for Community Safety)
Councillor Rachael Saunders	Deputy Mayor and Cabinet Member for Education & Children's Services
Councillor Rachel Blake	(Cabinet Member for Strategic Development)
Councillor Asma Begum	(Cabinet Member for Culture)
Councillor David Edgar	(Cabinet Member for Resources)
Councillor Ayas Miah	(Cabinet Member for Environment)
Councillor Joshua Peck	(Cabinet Member for Work & Economic Growth)
Councillor Amy Whitelock Gibbs	Cabinet Member for Health & Adult Services

[The quorum for Cabinet is 3 Members]

MEETING DETAILS

Tuesday, 10 January 2017 at 5.30 p.m.
C1, 1st Floor, Town Hall, Mulberry Place, 5 Clove Crescent, London, E14 2BG

The meeting is open to the public to attend.

Further Information

The public are welcome to attend meetings of the Cabinet. Procedures relating to Public Engagement are set out in the 'Guide to Cabinet' attached to this agenda.

Contact for further enquiries:

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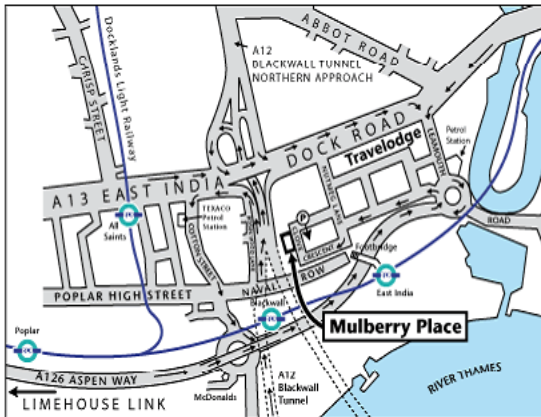
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A Guide to CABINET

Decision Making at Tower Hamlets

As Tower Hamlets operates the Directly Elected Mayor system, **Mayor John Biggs** holds Executive powers and takes decisions at Cabinet or through Individual Mayoral Decisions. The Mayor has appointed nine Councillors to advise and support him and they, with him, form the Cabinet. Their details are set out on the front of the agenda.

Which decisions are taken by Cabinet?

Executive decisions are all decisions that aren't specifically reserved for other bodies (such as Development or Licensing Committees). In particular, Executive Key Decisions are taken by the Mayor either at Cabinet or as Individual Mayoral Decisions.

The constitution describes Key Decisions as an executive decision which is likely

- a) to result in the local authority incurring expenditure which is, or the making of savings which are, significant having regard to the local authority's budget for the service or function to which the decision relates; or
- b) to be significant in terms of its effects on communities living or working in an area comprising two or more wards in the borough.

Upcoming Key Decisions are published on the website on the 'Forthcoming Decisions' page through www.towerhamlets.gov.uk/committee

Published Decisions and Call-Ins

Once the meeting decisions have been published, any 5 Councillors may submit a Call-In to the Service Head, Democratic Services requesting that a decision be reviewed. This halts the decision until it has been reconsidered.

- The decisions will be published on: **Thursday, 12 January 2017**
- The deadline for call-ins is: **Tuesday, 17 January 2017**

Any Call-Ins will be considered at the next meeting of the Overview and Scrutiny Committee. The Committee can reject the call-in or they can agree it and refer the decision back to the Mayor, with their recommendations, for his final consideration.

Public Engagement at Cabinet

The main focus of Cabinet is as a decision-making body. However there is an opportunity for the public to contribute through making submissions that specifically relate to the reports set out on the agenda.

Members of the public may make written submissions in any form (for example; Petitions, letters, written questions) to the Clerk to Cabinet (details on the front page) by 5 pm the day before the meeting.

LONDON BOROUGH OF TOWER HAMLETS

CABINET

TUESDAY, 10 JANUARY 2017

5.30 p.m.

NOTE: This is Agenda Pack Two. The first half of the agenda is listed in Agenda Pack One. Pages numbers start from 1000 to avoid duplication with Agenda Pack One.

		Pages
5.8	Youth Services Review	1000 - 1029
<p>Report Summary:</p> <ul style="list-style-type: none">• To authorise the commencement of a restructure of the youth service effective from January 2017; and• To authorise the production a Tower Hamlets Youth Strategy based upon the priorities identified through the Youth Service Review. <p>Wards: All Wards Lead Member: Deputy Mayor and Cabinet Member for Education and Children's Services</p>		
5.9	Contractual arrangements for commercial and community events	1030 - 1053
<p>Report Summary: This report sets out current management arrangements for the Victoria Park Commercial Event Concession contract and how these arrangements link into and support the council's Medium Term Financial Strategy (MTFS). Furthermore, it identifies additional management and Executive oversight measures introduced to further mitigate impacts on local residents for the 2016 event season.</p> <p>Wards: All Wards Lead Member: Cabinet Member for Culture</p>		

5 .10 1 to 1 Right to Buy Receipts Usage - Purchase of additional homes out of borough 1054 - 1081

Report Summary:

The report seeks approval in principle for a number of proposals to provide temporary accommodation by the council to meet the needs of homeless households. This includes -

1. The accelerated acquisition of new housing stock in the East London corridor and beyond to provide greater choice for people willing to move beyond Tower Hamlets borough boundaries.
2. To utilise Council surplus properties as appropriate for temporary accommodation use for up to ten years.
3. Investigating the use of off-site manufactured units for temporary accommodation.

Wards: All Wards

Lead Member: Deputy Mayor and Cabinet Member for Housing Management and Performance

Corporate Priority: Creating opportunity by supporting aspiration and tackling poverty

5 .11 Late Night Levy (Post Consultation) 1082 - 1143

Report Summary:

To agree for Full Council to consider adopting a Late Night Levy for licensed premises.

Wards: All Wards

Lead Member: Deputy Mayor and Cabinet Member for Community Safety

5 .12 List of Individual Executive Mayoral Decisions 1144 - 1155

Report Summary:

This is a noting report listing recent individual Mayoral decisions taken outside of Cabinet.

Wards: All Wards

Lead Member: Mayor

Corporate Priority: A transformed council, making best use of resources and with an outward looking culture

6. ANY OTHER UNRESTRICTED BUSINESS CONSIDERED TO BE URGENT

7. EXCLUSION OF THE PRESS AND PUBLIC

In view of the contents of the remaining items on the agenda, the Committee is recommended to adopt the following motion:

“That, under the provisions of Section 100A of the Local Government Act, 1972 as amended by the Local Government (Access to Information) Act, 1985, the Press and Public be excluded from the remainder of the meeting for the consideration of the Section Two business on the grounds that it contains information defined as Exempt in Part 1 of Schedule 12A to the Local Government, Act 1972”.

EXEMPT/CONFIDENTIAL SECTION (PINK)

The Exempt / Confidential (Pink) Committee papers in the Agenda will contain information, which is commercially, legally or personally sensitive and should not be divulged to third parties. If you do not wish to retain these papers after the meeting, please hand them to the Committee Officer present.

8. EXEMPT / CONFIDENTIAL MINUTES

Nil items.

9. OVERVIEW & SCRUTINY COMMITTEE

9.1 Chair's Advice of Key Issues or Questions in Relation to Exempt / Confidential Business

Chair of Overview and Scrutiny Committee (OSC) to report on any issues raised by the OSC in relation to exempt/confidential business to be considered.

9.2 Any Exempt / Confidential Decisions "Called in" by the Overview & Scrutiny Committee


(Under provisions of Article 6 Para 6.02 V of the Constitution).

10. EXEMPT / CONFIDENTIAL REPORTS FOR CONSIDERATION

Nil items.

11. ANY OTHER EXEMPT/ CONFIDENTIAL BUSINESS CONSIDERED TO BE URGENT

Agenda Item 5.8

<p>Cabinet Decision</p> <p>10th January 2017</p>	 <p>TOWER HAMLETS</p>
<p>Report of: Corporate Director of Children’s Services - Debbie Jones</p>	<p>Classification: Unrestricted</p>
<p>The Youth Service Review</p>	

Lead Member	Councillor Rachael Saunders, Deputy Mayor and Cabinet Member for Education and Children's Services
Originating Officer(s)	Ronke Martins-Taylor and Claire Belgard
Wards affected	All
Key Decision?	Yes
Community Plan Themes	<ul style="list-style-type: none"> • A Great Place to Live • A Safe and Supportive Community • A Healthy Community

Executive Summary

1.1 This report sets out a proposal to transform the Council's youth service with a bold ambition that a transformed youth service will become the recognised leader in providing diverse communities, across Tower Hamlets, with inspiring, positive activities and programmes for young people to use, so that, as they transition into adulthood, they are able to realise their full potential and create better futures. The youth service believes that:

- The safety of young people is its first priority
- Every young person has worth, value and potential
- The diversity of youth contributes to its success.

1.2. Cabinet is asked to agree the proposal to commence a restructure of the youth service, from January 2017. The restructure will see the creation of a new, partly internally delivered and partly externally commissioned, youth service which will improve user participation and service outcomes, by empowering the workforce to take responsibility for service delivery and, at the same time, resolving longstanding issues associated with service values and culture.

1.3. The restructure will maintain the level of delivery provided through the current interim model; and it will also provide a new vision and direction for the youth service which will form the basis of a three year strategic and operational plan.

- 1.4. The restructure will follow all due processes in relation to the Council's organisational change procedures.
- 1.5. Three reasons are given for why a restructure is being considered for the youth service:
 - Service wide performance issues have highlighted the need to deliver a better quality of service through workforce reform;
 - The current delivery model which is interim;
 - The need to ensure that long term changes are made to address the significant issues that have emerged through investigations into the service.
- 1.6. A transformed youth service will benefit the Council by enabling the delivery of statutory duties; by enabling the delivery of strategic priorities; by enabling the youth service to deliver its priorities; and by enabling the youth service to deliver core areas of its work.
- 1.7. The restructure is a critical stage in moving the service towards a three year vision to be the best youth service in London - providing young people with spaces to enjoy, support to achieve their best, and opportunities to make a difference in their community.
- 1.8. Two delivery options are presented which will enable the youth service to be transformed. The youth centre hub based delivery model provides for reduced layers of management with youth workers located in youth centre hubs and other key youth service activity, such as support for vulnerable young people and commissioning being centralised. Whilst the locality based delivery model sees all youth workers and other professionals located in youth centres enabling them work in a much more integrated fashion a local level. This latter delivery model adopts a decentralised commissioning arrangement.
- 1.9. Both delivery options will enable the youth service to deliver a proposed saving, articulated in the Medium Term Financial Strategy, of £1.8m in 2017/2018.

2. ALTERNATIVE OPTIONS

- 2.1. A number of alternative restructure options were considered to transform the youth service these are set out below:
 - 2.1.1 **Statutory minimum service delivery:** With this option the local authority would deliver the minimum required by law. This could be as little as signposting young people through a website. Tower Hamlets has a long tradition of providing support for the welfare of vulnerable young people who would benefit from positive activities including those involved in, or at risk of involvement in, youth crime and antisocial behaviour. As a result this option was not chosen.

- 2.1.2 **Maintaining the status quo:** This option would have seen the continued provision of youth services under the current interim delivery arrangements which commenced in July 2016.

The interim model has delivered an agreed level of service from 8 youth centres (at Eastside, Haileybury, Collingwood, the Linc, Columbia, Limehouse, Wapping and St Andrew's Wharf youth centres) run by youth service staff; a further 8 commissioned youth centres are offered through 5 local providers (Society Links, Newark Youth London, Poplar HARCA, the Osmani Trust, and Ocean Youth Connexions) delivered at ward level in Shadwell, Stepney Green, Poplar, Lansbury, Spitalfields and Banglatown, Mile End, Bromley North, Bow West; a £120,000 commissioned youth programme that young people were able to access for free during summer 2016; and a number of service level agreements with providers for the delivery of specialist youth activity.

The level of commissioning using the community and voluntary sector is in the region of £1,000,000 and is in line with the objective for the youth service to have a mixed economy of in-house and commissioned delivery. As a result, of the interim model there is now a network of 16 youth service run youth centres and commissioned youth providers delivering universal youth activity across the borough; in addition to the service level agreements for those young people who need of specialist youth activities.

The interim model provides a basis for the permanent model that will be implemented following restructure, with some tweaking between direct and commissioned delivery.

- 2.1.3. **The creation of a public sector mutual:** This option would have seen the creation of a youth public sector mutual or cooperative to deliver youth services on behalf of the Council. However, given the uncertain economic climate setting up a new business to deliver youth service was deemed to be a significant risk.

Ruling out a public sector mutual reduces the opportunities for access to independent income or grant funding for the youth service in the future. Some funding streams such as the National Lottery are targeted at the community and voluntary sector and local authorities are excluded from applying. This could warrant revisiting at a later date.

- 2.2. Having considered all of the above options it was felt that the proposal to restructure the youth service in order to create a mixed economy of internally delivered service and externally commissioned service was the most effective way forward.

Recommendations:

The Mayor in Cabinet is recommended to:

- Endorse the recommendations of the Youth Service Review; subject to the decision of the Councils budget proposals.

DETAILS OF THE REPORT

3. THE CASE FOR CHANGE

3.1 This report sets out a proposal to transform the Council's youth service with a bold ambition that a transformed youth service will become the recognised leader in providing diverse communities, across Tower Hamlets, with inspiring, positive activities and programmes for young people to use, so that, as they transition into adulthood, they are able to realise their full potential and create better futures. The youth service believes that:

- The safety of young people is its first priority
- Every young person has worth, value and potential
- The diversity of youth contributes to its success.

3.2. Since April 2016 the Integrated Youth and Community Service ("the youth service") has been part of the Children's Services. The youth service provides informal education opportunities and positive activities to young people aged 13 – 19 and up to age 25 if they have a disability.

3.3. As at October 2016 there were circa 171 staff, by head count, employed in the youth service which is equivalent to 93.2 full-time equivalent staff. Appendix 1 shows the structure of the service.

3.4. There are three key reasons why a restructure is being considered for the youth service and these are as follows:

- Service wide performance issues highlighted the need to deliver a better quality of service through workforce reform;
- The current delivery model which is interim;
- The need to ensure that long term changes are made to address the significant issues that have emerged through investigations into the service.

3.5. The restructure of the service also delivers a saving which will contribute to achieving budget cuts across the Council.

3.6. Each of the three key reasons will be discussed in more detail below:

A) SERVICE WIDE PERFORMANCE ISSUES

3.6.1. In recent years the youth service has suffered from poor performance according to targets for contact, participation, recorded and accredited outcomes (see appendix 2 for target definitions) which are based on the population of 13 to 19 year olds in the borough. Table 1 below shows the local performance of Tower Hamlet's youth service:

	2013/14		2014/2015			2015/2016			
	Target	Achieved		Target	Achieved		Target	Achieved	
		No.	%		No.	%		No.	%
Contacts	12,393	9,479	76.5%	13,446	8,992	66.9%	13,782	6,790	49.3%
Participants	6,866	6,167	89.8%	7,695	5,844	76.0%	7,868	4,172	53.0%
Recorded Outcome	4,120	3,998	97.0%	4,158	3,282	78.9%	5,027	2,460	49.9%
Certified Outcome	1,426	1,744	122.3%	1,595	1,716	107.6%	1,631	1,083	66.4%
Accredited Outcome	715	1,349	188.7%	851	845	99.3%	868	665	76.6%

3.6.2. Over the last 3 years the youth service has struggled to achieve its performance targets particularly for contact and participation. It can be seen that in 2015/2016 the youth service delivered considerably below targets across all target areas. It should also be noted that there was a 27.2% decline in the number of contacts by the youth service with young people between 2013/2014 and 2015/2016. Taking into account the annual budget in 2015/2016 the young service spent £1,031 per young person that it had contact with; compared to £890 per young person in 2014/2015.

3.6.3. The decline in contact numbers highlights the struggle that the service has in attracting young people to attend youth activities which indicates a poor programme offer or poor local youth work practice.

3.6.4. The need to improve performance and to implement an improved youth offer that attracts young people to use youth services is a key reason for transformation.

3.6.5. Workforce reform offers both an opportunity to deliver a better quality of service and to attract staff into newly created full-time roles. It also offers the opportunity to address long standing workforce equality issues which are believed to be directly linked to the lack of diversity in young people that the service attracts.

B) THE CURRENT DELIVERY MODEL WHICH IS INTERIM

3.6.6. The youth service has had a complex history of investigations into serious matters which have resulted in operational pressures that have impacted on service delivery from youth centres. These operational pressures resulted in the service needing to change the way activity was delivered from youth centres as young people were faced with ad hoc youth centre closures and poor programme delivery. As a result, in July 2016 the youth service began delivering a temporary interim delivery model which provided:

- 3.6.6.1. **Universal services:** Delivered from eight local authority run youth centres;
 - 3.6.6.2. **Commissioned youth activity:** Delivered by voluntary sector organisations on behalf of the youth service. In October 2016 five month contracts were awarded to five community and voluntary sector organisations. The initial contract will end on 31st March 2017 with the possibility of one further 6 month extension to 30th September 2017;
 - 3.6.6.3. **Targeted Youth Support:** This provides information and advice to vulnerable young people;
 - 3.6.6.4. **Peer Education:** This provides sexual relationship education in schools; and supports the Young Mayor and the Youth Council.
 - 3.6.6.5. **Core business support:** Including administration, apprentice/volunteer co-ordination, quality assurance, service development, training and senior management;
 - 3.6.6.6. **Service Level Agreements:** Which are maintained with organisations for the delivery of specialist youth activity in sailing, the arts, volunteering and for the provision of youth activity for young people who have special educational needs and disabilities (SEND,) or who are Lesbian, Gay, Bisexual or Transgendered (LGBT).
- 3.6.7. There is now a network of 16 youth service run youth centres and commissioned youth activity providers offering universal youth programmes across the borough; and service level agreements in place for those in need of specialist youth activities. However, the temporary nature of the current delivery model means that the youth service needs to be restructured so that newly identified service priorities can be implemented that will provide a foundation for better practice.

C) THE NEED TO ENSURE LONG TERM CHANGES ARE MADE TO ADDRESS THE SIGNIFICANT ISSUES THAT HAVE EMERGED THROUGH INVESTIGATIONS INTO THE SERVICE

- 3.6.8. The Council has made a strong commitment to take action (including legal action where necessary) against individuals who have, or are believed to have, contributed to wide scale malpractice within the youth service.
- 3.6.9. It should be noted that there is no evidence that all staff members in the youth service have been involved in this malpractice and it is clear that in some cases malpractice has been facilitated by

weak management controls and ineffective corporate processes which are a wider corporate issue.

3.6.10. Whilst individuals are being dealt with there is a fundamental issue with the underlying culture within the youth service which cannot be eradicated by removing a few individuals.

3.7. The need to resolve the issues articulated by the case for change, set out above, is pressing. The youth service now needs to undertake a complete transformative overhaul which will deliver a new service that is young people focussed, creative, partnership centred and supportive of the work of other services for children and young people in the borough.

4. THE BENEFITS OF YOUTH SERVICE TRANSFORMATION

4.2. There are four ways in which a transformed youth service will benefit the Council by:

- Facilitating the delivery of the Council's statutory duties
- Delivering the Council's strategic priorities
- Delivering youth service priorities
- Delivering core areas of youth service work

4.3. Each of the above will be discussed in more detail below:

A) DELIVERY OF STATUTORY DUTIES

4.3.1. The work of the youth service is underpinned by statutory duties set out in the Education Act 1996 and the Education and Skills Act 2008. A revised youth service structure will enable the Council to continue to fulfil its statutory duties to ensure the provision of positive activities for vulnerable young people and the provision of support to vulnerable young people whilst enabling required savings to be achieved.

B) DELIVERING THE COUNCIL'S STRATEGIC PRIORITIES

4.3.2. The delivery of a restructured and transformed youth service will enable the Council to provide the highest quality services for young people that enable it to deliver on its broader ambitions for children and young people as articulated in its strategic plans:

4.3.2.1. **Strategic Plan (2016-2019):** Priority 1 of the plan is *to create opportunity by supporting aspiration and tackling poverty thus enabling young people to realise their potential.*

4.3.2.2. **Children and Families Plan (2016 – 2018):** Has the following youth related priorities:

- 4.3.2.2.1. To provide support to vulnerable children and young people and those that have extra caring responsibilities, e.g. for a parent or relative, so that they can engage in positive activities;
- 4.3.2.2.2. To provide enjoyable, engaging, positive activities which children and young people can access after school in an informal education setting in order to support their achievement and aspirations;
- 4.3.2.2.3. To ensure that as part of the youth service review the views of children and young people are taken into account and acted upon;
- 4.3.2.2.4. To ensure that information is available on the range of positive activities, “the youth offer”, that children and young people can participate in.

C) DELIVERY OF YOUTH SERVICE PRIORITIES

- 4.3.3. In January 2016 the Council began a review of the youth service so that it could better understand user priorities. As a result consultation events were held in order to identify a clear set of priorities for the service to underpin future service delivery and transformation.
- 4.3.4. Two separate consultation exercises were conducted via surveys during March/April 2016 and October/November 2016; and a number of consultation events were held specifically for young people; and youth activity providers.
- 4.3.5. In total surveys were completed by 679 stakeholders, including 535 young people, 113 organisations and 31 parents who told us what services they wanted the youth services to deliver.
- 4.3.6. The service priorities identified through consultation are set out below :
 - 4.3.6.1. **Priority 1 - Youth participation and engagement:** The youth service will support and promote the involvement of young people, with an equal focus on vulnerable young people, in decision making, programme development and programme implementation. It will use and develop mechanisms to enhance youth voice through regular consultation; and it will promote youth inclusion, youth leadership and volunteering.
 - 4.3.6.2. **Priority 2 - Youth programmes:** The youth service will ensure the delivery of high quality universal and targeted

youth programmes that include core activities (such as sporting, leisure and outreach activities; courses/training or workshops, funding of youth led projects, and innovative projects) that young people have told us, through surveys, that they are interested in doing; and which meet and address their needs.

- 4.3.6.3. **Priority 3 - Youth centre building standards:** The youth service will maximise the use of Tower Hamlets' capital assets so that youth work is delivered in high quality buildings that contain the features that young people told us they want to see in their local youth centres.
- 4.3.6.4. **Priority 4 – Communication:** The youth service will ensure that information about the local youth offer is widely publicised through a variety of different media so that young people and their parents know about local activities that they can participate in.
- 4.3.6.5. **Priority 5 – Partnership forum:** The youth service will set up a stakeholder partnership forum so that it can work with local youth activity providers to ensure that there is a coherent approach to local service delivery for young people.
- 4.3.6.6. **Priority 6 - Commissioning:** The youth service will commission community and voluntary sector youth activity providers to deliver youth activity in situations where that sector is best placed to provide activity. The focus for commissioning will be to ensure that gaps are filled and that specialist youth activity such the provision of positive activities for lesbian, gay, bisexual and transgendered young people; or young people with special educational needs and/or a disability is catered for.

Work is also being undertaken to look at co-producing all future youth commissioning specifications and the community and voluntary sector are actively working with the Council to reflect the joint working being undertaken.

- 4.3.7. It is intended that any restructure of the youth service will give priority to the delivery of frontline youth work as it is recognised, that this is valued by young people, parents and residents.

D) DELIVERY OF CORE AREAS OF YOUTH SERVICE WORK

- 4.3.8. The proposed transformation of the youth service will be based on a functional unit model in which key elements of the youth service's work are identified as areas of activity that function both independently and co-dependently in order to create an overall

service purpose and function which is fully aligned to an agreed set of service priorities.

4.3.9. The key functional areas of work associated with the youth service are set out below:

5.2.9.1. **Integrated working:** Through an integrated approach to working a core team of workers are able to engage with young people in community based settings in places that young people are familiar with. Professionals work together with the sole aim of engaging with young people to ensure that they are able to access services that interest them and, in cases where there are vulnerabilities, to support those young people to actively address their behaviours in order to achieve improved outcomes. Implicit within the concept of integrated working is the offer of:

- **An open access universal youth offer:** which is aimed at those young people that do not need additional support but who want to access enjoyable, engaging, positive activities including informal education in order to support their achievements and aspirations.
- **Additional. targeted, support:** which is aimed at more vulnerable young people who have specific risk factors such as those who are not in education, employment or training, who are at risk of involvement in crime or antisocial behaviour or who are at risk of exclusion etc. These more vulnerable young people will benefit from additional professional support to help them to access positive activities including informal education and specialist programmes in order to support their achievements and aspiration.

5.2.9.2. For workers in the youth service the integrated way of working provides for improved information sharing between youth workers and different agencies. Integration provides for quicker access to a range of professionals from different disciplines. It will also provide access to a wider range of resources; focusing on assessment and multi-agency planning as the best tools to resolve a young person's short-term needs in a timely fashion.

4.3.10. **Commissioning third sector providers:** For 2016/2017 the youth service commissions, as part of the interim model, third sector providers to deliver specialist and universal youth activities and programmes. The commissioning relationship enables the youth service to work with providers in the youth

sector to ensure that quality provision is delivered. In addition to this consultation of the third sector has highlighted that they are keen to continue the commissioning based relationship with the Council and work is currently being undertaken to co-produce, with the third sector future commissioning specifications for youth activity.

4.3.11. **Targeted work with vulnerable young people:** The youth service has a statutory duty to provide support to vulnerable young people. As a result, any options for a potential new youth service structure must include both early intervention and targeted work.

4.3.12. **Integration with Children's Services and other agencies priorities:** The youth service is keen to work in partnership with other teams in Children's Services including the Early Help Hub and the Youth Offending Service to name but two services. In addition to this the service will work in partnership with external organisations in the police and local community groups to resolve local issues where youth is a factor.

4.4. It can be seen that significant benefits will accrue to the Council once the youth service is transformed. Benefits will also accrue to young people, key stakeholders and organisations that have an interest in working with young people.

5. THE VISION FOR A TRANSFORMED YOUTH SERVICE

5.2. The ambition and vision for the newly transformed youth service is that it should be the best youth service in London - providing young people with spaces to enjoy, support to achieve their best, and opportunities to make a difference in their community. It is intended that this vision will deliver enhanced outcomes for young people and that it will take account of the full set of priorities that have been identified through user consultation and from past operational learning.

5.3. More broadly the youth service must focus on ensuring that it has in place a clear vision for its ambition to be the best youth service in London by incorporating delivery of the following:

- A young people centred, high quality, youth offer that benefits the young people of Tower Hamlets; and promotes citizenship whilst valuing diversity, inclusion and community cohesion;
- Quality spaces and structured activities with opportunities for young people to participate, lead, achieve and progress;
- Additional support for young people who are vulnerable or excluded;
- Embedded youth leadership so that young people can influence service delivery, governance and community;

- Regular consultation with young people and other key stakeholders so that the service can respond to changing needs;
- Commissioning of local youth activity and programme providers, who know local young people best, to deliver those youth activities not directly delivered by the youth service;
- A regular assessment to enable an understanding of the impact of the youth offer on the lives of young people;
- Embedded partnership working with key external stakeholders; and integrated working with services in the Council so that resources are maximised;
- A diverse and professional workforce that is committed, young people focussed and that is able to develop and deliver high quality interventions, youth activity and programmes that put young people at the centre.

5.4. The work undertaken so far to identify youth service priorities has highlighted the need for the service to develop a strong operational platform in order to deliver better performance and improved outcomes. That strong operational platform will include:

- *Universal and a targeted services* that young people can access freely;
- *Embedded youth leadership* to influence service delivery and governance;
- *Regular consultation* with young people and other key stakeholders;
- *Commissioning* of those youth activities not directly delivered by the youth service;
- *High quality youth work practice* to support *high levels of performance*;
- A regular assessment of *the impact of the youth work* on the lives of young people;
- *Partnership* working;
- Youth activity delivered from *high quality buildings*;
- *Integrated working* with other services in the Council.

5.5. A transformed youth service will need a workforce that can ensure a robust operational delivery. The workforce will need to:

- Develop, plan and deliver quality interventions and programmes to high standards of youth work practice;
- Perform as part of teams that work together to deliver shared goals and to achieve meaningful outcomes for young people;
- Incorporate a management team and structure that fosters creativity and an outward focus that drives performance;

- Have in place a workforce strategy that embeds a culture of learning and reflection and that promotes personal development, supported by structure that offer opportunities for progression;
- Support structures that ensure activities are well planned, quality assured and evaluated and that operate to high levels of integrity and probity.

5.6. It can be seen that with a strong, young person centred, and operational vision the youth service will be well placed to provide a vibrant and sustainable offer for young people that also supports the effective engagement of key stakeholders and partners within the Council to deliver improved outcomes enabling it to become the best youth service in London.

6. THE YOUTH SERVICE BUDGET

6.2. The youth service's profiled budget spend for 2016/2017 is set out below:

Table 2	
Integrated Youth and Community Service.	Original Budget 2016/2017
	£'000
Expenditure	
Employees	3,939
Premises-Related Expenditure	78
Transport-Related Expenditure	35
Supplies & Services	413
Commissioning	942
Support Services	541
Depreciation and Impairment Losses	99
GROSS EXPENDITURE	6,047
Income	
Other Grants/Reimbursements and Contributions	(63)
Recharges	(192)
GROSS INCOME	(255)
NET EXPENDITURE/(INCOME)	5,792

6.3. The youth service was underspent at the end of the financial year 2015/2016 by £972,000. This was in line with the figure reported to Cabinet at quarter 3 of the reporting cycle. The underspend was achieved as result of management in the youth service placing restrictions on overtime, staff additional hours,

recruitment and the introduction of other financial controls. It can be seen that the youth service has the capacity to deliver savings within the context of its 2016/2017 budget which have not significantly impinged upon service delivery.

7. **BENCHMARKING THE YOUTH SERVICE'S BUDGET**

7.2. For 2016/2017 the youth service has a budget of £5,792,000. A benchmarking exercise was undertaken of other local authority youth services' funding and the information collected is contained in the table below:

Local authority	2015 13 to 19 year old estimated population¹	Full service budget 2014/2015	Full service budget 2015/2016	Full service budget 2016/2017	Cost per head of 13 to 19 estimated population
Barking & Dagenham	18,269	No information	£900,000	Not available	Not available
Camden	17,056	£5,000,000	£4,800,000	£3,400,000	£199.34
Greenwich	21,268	£2,400,000	£1,200,000	£1,200,000	£56.42
Hackney	19,240	£8,300,000	£7,600,000	£6,600,000	£343.04
Lambeth	20,338	£3,000,000	£3,000,000	£3,000,000	£147.51
Southwark	20,847	£2,900,000m	£2,500,000	£1,700,000	£81.55
Tower Hamlets	21,537	£8,000,000	£7,000,000	£6,000,000	£278.59

7.3. The funding arrangements highlight that for 2016/2017 Tower Hamlets was the second best funded youth services, after the London Borough of Hackney, in London. Whilst a number of the local authorities are reducing their youth service budgets the bench marking exercise revealed that some local authorities have already outsourced their youth services or are considering introducing youth mutual arrangements. In particular:

7.3.1. **Camden:** In April 2016 Camden Council agreed to explore the option of setting up a Youth Foundation.

7.3.2. **Royal Borough of Greenwich:** Since April 2012 the Royal Borough of Greenwich's Youth Service has been run by Charlton Athletic Community Trust (CACT). £1.1M is spent on a universal youth programme and £90k on a summer programme.

¹Source: Population Estimates Unit, ONS, Crown Copyright. ONS Mid-year Population Estimates - revised current datasets and 2011 Census-based (Jun-2016)

7.3.3. **Lambeth:** The youth service in Lambeth is commissioned on behalf of the local authority by the Young Lambeth Co-operative.

7.4. Despite the need to make savings it is anticipated that in 2017/2018 the youth service will still be well funded relative to other local authority youth services as it is anticipated that they will be making similar savings due to their own local financial challenges.

7.5. It is anticipated that a transformed youth service will offer to demonstrate best value through the restructure leading to better levels of young people's participation and improved outcomes.

8. THE OPTIONS FOR A RESTRUCTURED YOUTH SERVICE

8.1. The charts in Appendix 2 show the two structure options that, subject to Cabinet agreement, staff in the youth service will be consulted on. Each structure is described in detail below:

A) THE YOUTH CENTRE HUB BASED MODEL - OPTION 1

8.1.1 This is a youth centre hub based model which is predicated on reduced layers of management with a prioritisation of professional, frontline, youth workers who are all located in youth centre hub buildings. There is focus on supporting vulnerable young people but this resource is offered from a central location rather than being based in the youth centre hub and as a resource it is controlled from the centre. Commissioned youth activity is a fundamental feature that is embedded in the model but priorities are set centrally. Central support functions underpin commissioning and quality assurance processes to ensure high quality delivery in all youth centres be they directly delivered or commissioned. The principle of integrated working is embedded in this option with some centralised functions.

8.1.2 Youth centre hubs could be organised according to specialisms with, for example, a youth centre having a specialist arts/culture, technological or sports offer; and this specialist youth centre hub based approach could incorporate the existing expertise of other youth activity providers who also have a specialist youth offer. Thus, a young person would be supported to use the resources of a particular youth centre hub if that hub delivered the specialism required. Alternatively, the youth centre hub based model could adopt a more generalist approach with all hubs having a broad universal youth offer. There are pros and cons associated with each of these youth centre hub variants and further local discussion would be needed before an agreed approach was adopted.

8.1.3 It is anticipated that the youth service restructure option 1 model would have the following employee costs, as set out below, subject to all posts being formally evaluated:

Central support (admin and management):	£481,349
Youth Centre Hubs:	£1,210,882
Partnership/Commissioning Hub:	£617,481
Total annual employee cost:	£2,309,712

B) THE LOCALITY BASED MODEL – OPTION 2:

8.1.4 The priority in this model is for *all* professional frontline workers (youth workers and other specialists who provide targeted youth support) to be based in the locality youth centre setting. There is focus on supporting vulnerable young people but this is decentralised to the locality youth centre where youth workers and other professionals would be based. Commissioned youth activity is a fundamental feature that is embedded in the model; however, the priorities around commissioning are identified at the locality level with an apportioned budget. Central support functions support commissioning and quality assurance processes to ensure high quality programme delivery from locality youth centres. The principle of integrated working is embedded in this option.

8.1.5 It is anticipated that the youth service restructure option 2 model would have the following employee costs, as set out below, subject to all posts being formally evaluated:

Central support (admin and management):	£523,913
Locality model:	£1,469,241
Partnership/Commissioning Hub:	£304,158
Total annual employee costs:	£2,297,312

8.1.6. It can be seen that the two options provide a clear opportunity for the youth service to deliver its vision for both operational delivery and a youth focused service whilst ensuring that an effective structure is in place to sustain ambition and priorities.

9 SAVINGS

9.1 Savings in 2017/2018 will be achieved through a whole service restructure and additional efficiencies. The two options for the youth service restructure are based on the following assumptions:

9.1.1 Proposed staffing levels for targeted youth support are reduced to reflect the numbers of cases that the youth service are statutorily required to provide support to with some additional capacity to support other statutory services;

- 9.1.2 Proposed staffing levels for universal services are mapped to the level required to provide safe levels across 8 directly delivered youth centres;
 - 9.1.3 Proposed staffing levels for universal services are based on a full-time workforce;
 - 9.1.4 Proposed support staff and management staffing levels are reduced in line with the overall reductions in staff levels across the youth service.
- 9.2 The structures proposed, option 1 and option 2, set out the costs associated with full year employee salaries including on-costs. However, the timetable for restructure runs into April 2017 and does not allow for any slippage to accommodate redundancy appeals or failures to agree with the Trade unions on the proposals and this is a risk to the savings being achieved.
- 9.3 Savings attributed to efficiencies are projected to be achieved through the proportionate reduction in some budgets for supplies, services, travel and activity budgets for centres. The amount reflects the underspend currently being achieved through tighter spending controls being introduced in the service.
- 9.4 Both structure options, 1 and 2, allow the youth service to offer a broadly similar delivery to the combined interim model including commissioned youth activity (with the addition of earlier opening hours facilitated by the change to a full-time universal workforce). Both structure options will offer:
- 9.4.1 Direct delivery from 8 youth hubs open from 3.30pm to 9pm six days per week, including outreach but not detached teams. It is envisaged that detached work could be commissioned or covered by the Rapid Response Team;
 - 9.4.2 A targeted service for the most vulnerable young people who are, for example, NEET, young offenders or care leavers;
 - 9.4.3 Provision of youth participation and engagement including the Youth Council and Young Mayor;
 - 9.4.4 An annual commissioning budget of £1m and dedicated commissioning and contract management staff;
 - 9.4.5 Sufficient budget to continue to provide 8 hubs with delegated budgets for activities, resources and trips;
 - 9.4.6 Sufficient budget to cover corporate recharges for support service and property;
 - 9.4.7 Flexibility of around £0.5m to cover all other contingencies.

- 9.5 The achievement of this savings target will necessitate a review of commissioning arrangements, youth centre locations and the youth offer.
- 9.6 The youth service's profiled budget spend for 2016/2017 and indicative restructure budgets which set out the savings that can be achieved are set out below:

Table 4			
Integrated Youth and Community Service.	Current Budget 2016/2017	Proposed budget for 2017/18 restructure option 1	Proposed budget for 2017/2018 restructure option 2
	£'000	£'000	£'000
Expenditure			
Employees	3,939	2,310	2,297
Premises-Related Expenditure	78	78	78
Transport-Related Expenditure	35	35	35
Supplies & Services	413	337	341
Commissioning	942	1,000	1,000
Support Services	541	388	397
Depreciation and Impairment Losses	99	99	99
GROSS EXPENDITURE	6,047	4,247	4,247
Income			
Other Grants/ Reimbursements and Contributions	(63)	(63)	(63)
Recharges	(192)	(192)	(192)
GROSS INCOME	(255)	(255)	(255)
NET EXPENDITURE/(INCOME)	5,792	3,992	3,992

- 9.7 The implementation of the option 1 or option 2 restructure models will deliver savings of £1.8 million in 2017/2018.

10 THE OPTIONS FOR ADDITIONAL SAVINGS

- 10.1 The youth service has also considered additional restructure measures that would need to be put in place if the Council were to consider further savings from the service in 2018/2019 and 2019/2020. The restructure issues that would need to be considered include the following:

- 10.1.1 **Further reductions in staffing:** The staffing levels outlined in the restructure options presented in this report represent a significant reduction in overall headcount, albeit with an increasingly full time youth work team in place. To achieve a further reduction of, for example, £300,000 would equate to a reduction of 1.5 youth centre teams. Resulting in youth centre closures. So, to deliver an additional £600,000 savings over two years would reduce the number of youth centres from 8 to 5.
- 10.1.2 **Reductions in commissioning budgets:** Reducing commissioning budgets by £600,000 over two years would significantly impact on the ability to fill gaps in direct delivery which would be compounded by that direct delivery reducing as well. Recent commissioning rounds have shown that there are fewer organisations able to deliver youth activity in some parts of the borough. It is therefore likely that a combination of reduced deliver and reduced commissioning would result in youth services being clustered in the west of the borough with very little available to the east.
- 10.1.3 **Commissioning out:** The recent commissioning round has successfully appointed organisations who are able to deliver universal youth activity broadly comparable to that run by the directly managed youth centres. This for a budget of £50,000 for part of the year or £100,000 for a full year. Although it is difficult to draw comparisons, and the commissioned services are as yet untested for quality, it would appear, on paper, that commissioned services are cheaper than direct delivery.
- 10.1.4 **Adjusting the delivery mix:** One option to achieve additional savings would be to commission out more or all of the universal delivery to the community and voluntary sector over a two year period. This option would protect the remaining youth centres and the directly employed staff but might require some transfer of buildings or staff.
- 10.1.5 **Rental income:** There is some potential for the youth service to raise revenue from renting out facilities in some buildings during the day; but again this is unlikely to be significant.

11 CONCLUSION

- 11.1 If agreed the restructure of the youth service will commence in January 2017 and will conclude in June 2017.
- 11.2 It is intended that youth service staff will be fully consulted on the restructure options and that the full priorities identified through the April and October 2016 consultation exercises will inform the new structure.

- 11.3 As part of the restructure process all youth service staff will be offered the opportunity to apply for Voluntary Redundancy/ Early Retirement
- 11.4 A full equality impact assessment will be undertaken as part of the restructure process.

12 COMMENTS OF THE CHIEF FINANCE OFFICER

- 12.1 In 2015/16 Youth Services was underspent by nearly £900k against a budget of £6.7m. For 2016/17, as part of the transformation savings, the service's budget was reduced to £5.792m. The service is expected to achieve an underspend of circa £200k for 2016/17.
- 12.2 The two restructure options in youth services lead to broadly similar savings of £1.8m against the original 2016/17 budget of £5.792m. The main element of the savings, relate to employee costs (£1.629m saving for Option 1 and £1.642m saving for Option 2).
- 12.3 The suggested savings for Option 1 and 2 represent a full year saving amount, they are therefore predicated on the chosen option being activated from 1st April 2017. Any delays will result in a corresponding slippage/reduction in the savings amounts being reported.
- 12.4 A staff restructure will result in one off redundancy costs. The structures proposed for Options 1 and 2 result in a completely new set of posts and therefore any associated one-off redundancy costs will be met corporately.
- 12.5 If either of the Options detailed in this report are actioned, there are likely to be associated security costs incurred if the 3 youth centres are closed unless they are sold or have new occupiers. These associated costs are expected to be covered by the Asset Management Team in Development & Renewal, as part of the Corporate Landlord Model.

13 LEGAL COMMENTS

- 13.1 The strategy set out in this report is consistent with a number of general duties of the Council. The Council has a duty to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness by virtue of section 3 of the Local Government Act 1999. This is known as its Best Value Duty
- 13.2 Pursuant to section 507B of the Education Act 2006 the Council has a duty to provide facilities for education and recreational leisure time activities for all 13 to 19 year olds and some 20 to 24 year olds. This duty can be achieved either by in-house provision or under contract. The Council also has a duty under section 10 of the Education and Skills Act 2008 to exercise its

functions so as to promote the effective participation of young people in its area who are under a duty to be in employment, education or training. The Council must ensure that when undertaking a restructure of Youth Services, it continues to comply with these duties.

- 13.3 Any consultation carried out for the purposes of assessing the impact of service changes should comply with the following criteria: (1) it should be at a time when proposals are still at a formative stage; (2) the Council must give sufficient reasons for any proposal to permit intelligent consideration and response; (3) adequate time must be given for consideration and response; and (4) the product of consultation must be conscientiously taken into account. The duty to act fairly applies and this may require a greater deal of specificity when consulting people who are economically disadvantaged. It may require inviting and considering views about possible alternatives.
- 13.4 Changes to the staffing structure will require consultation and compliance with the Council's Handling Organisational Change procedure. Any variation of an employment contract can only be made with the employee's consent. The Council will need to consult with staff before applying any proposed changes to contracts. Agreed variation of contract usually requires some kind of incentive for the employees to accept the new terms; either a buyout payment; payment protection or more favourable contract terms. Employers may, as a last resort, terminate a contract and re-employ someone on new terms and conditions if the contract variation cannot be agreed. If the employee refuses the new terms then a redundancy situation may arise and the employee may be entitled to a redundancy payment. Redeployment may also need to be considered for employees in such circumstances
- 13.5 An employee is dismissed if the contract under which he or she is employed is terminated with or without notice (Employment Rights Act (ERA) 1996, section 95). Dismissal by reason of redundancy occurs where the requirements of the business for employees to carry out work of a particular kind has ceased or diminished (ERA 1996, section 139(b)(i)).
- 13.6 Redundancy is a potentially fair reason for dismissal under section 98(2)(c) of the ERA 1996. However, an employee can bring a claim for unfair dismissal in circumstances where suitable alternative employment is available and is not offered by the employer.
- 13.7 The use of settlement agreements for employees whose employment is brought to an end will limit the risk to the Council of any legal proceedings being commenced by the employees. Agreements can also be used to bring to an end any internal process such as grievances by the employee. The Council will have to have regard to the suitability of such payments in circumstances where there are ongoing disciplinary/misconduct concerns and where there is the possibility of legal action being taken against the employee. Advice will need to be sought in respect of individual proposals as and when redundancy is requested or the employee's post is deleted as part of any restructure.

- 13.8 When deciding whether or not to proceed with these decisions Cabinet must also have due regard to the need to eliminate unlawful conduct under the Equality Act 2010, the need to advance equality of opportunity and the need to foster good relations between persons who share a protected characteristics and those who do not (the public sector duty). Although an equality analysis has been undertaken which considers the impact on service users, consideration also needs to be given to the impact on staff

14 . ONE TOWER HAMLETS CONSIDERATIONS

- 14.1. The continued delivery of youth services ensures that the Council has had due regard to the need to advance equality of opportunity and foster good relations between young people who share the protected characteristic associated with age.
- 14.2. A full equality impact assessment will be undertaken as part of the restructure process.

15 BEST VALUE (BV) IMPLICATIONS

- 15.1 A restructured youth service will ensure that the Council achieves best value for the provision of future services.

16 SUSTAINABLE ACTION FOR A GREENER ENVIRONMENT

- 16.1 N/a

17 RISK MANAGEMENT IMPLICATIONS

Not applicable

18 CRIME AND DISORDER REDUCTION IMPLICATIONS

- 18.1 The provision of a high quality youth service will ensure that young people at risk of involvement in anti-social behaviour or crime are provided with additional support. This will support the Council's efforts to resolve such behaviours where they occur in the community.

19 SAFEGUARDING IMPLICATIONS

- 19.1 The provision of a high quality youth offer for vulnerable young people will support the Councils efforts to ensure that young people at risk are appropriately safeguarded.

Linked Reports, Appendices and Background Documents

Linked Report

- None

Appendices

- One – Existing structure
- Two – Proposed structures
- Three - Youth services target definitions

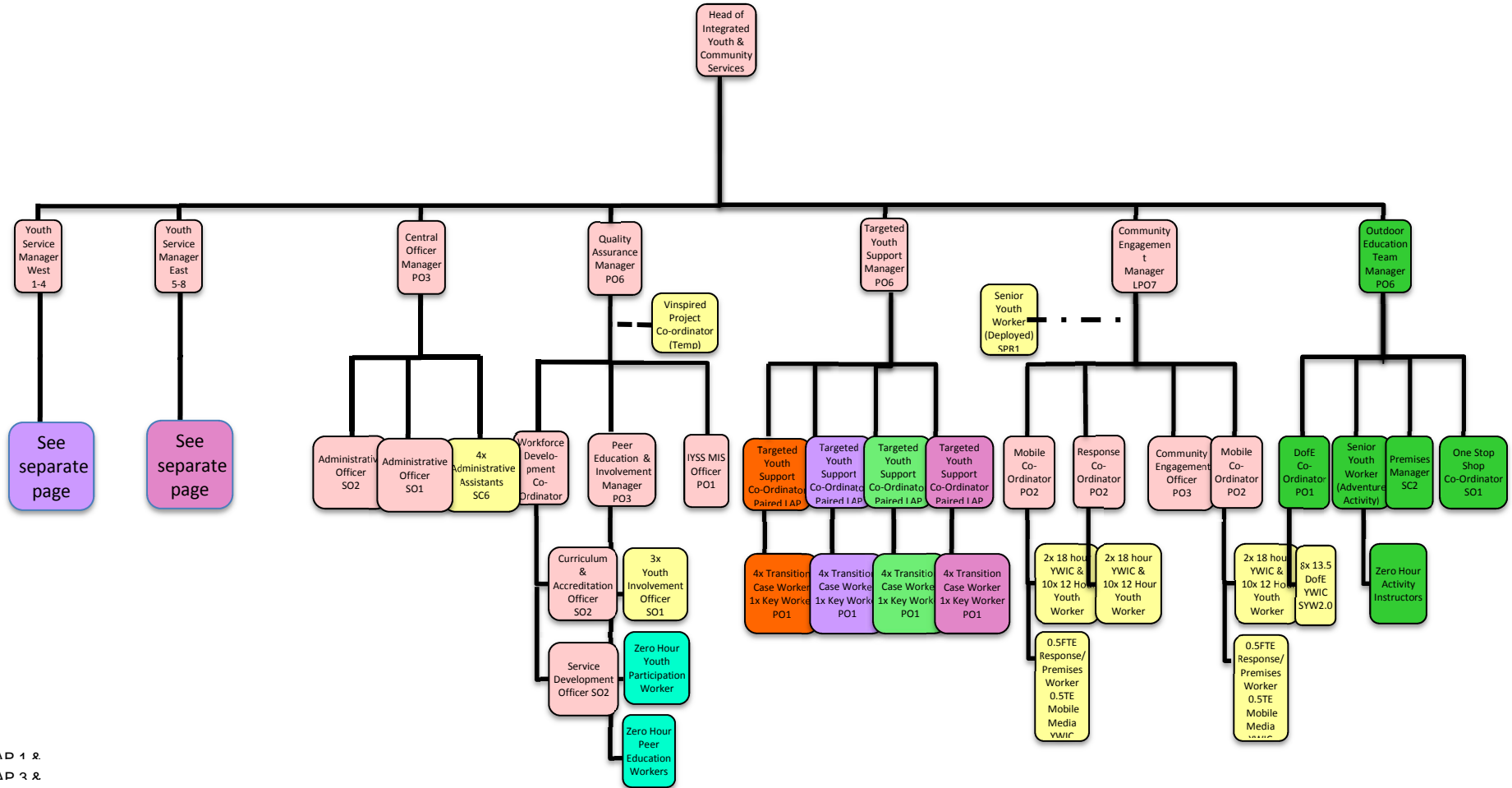
Background Documents – Local Authorities (Executive Arrangements)(Access to Information)(England) Regulations 2012

- None

Officer contact details for documents: N/a

Appendix 1: Integrated Youth and Community Current Structure

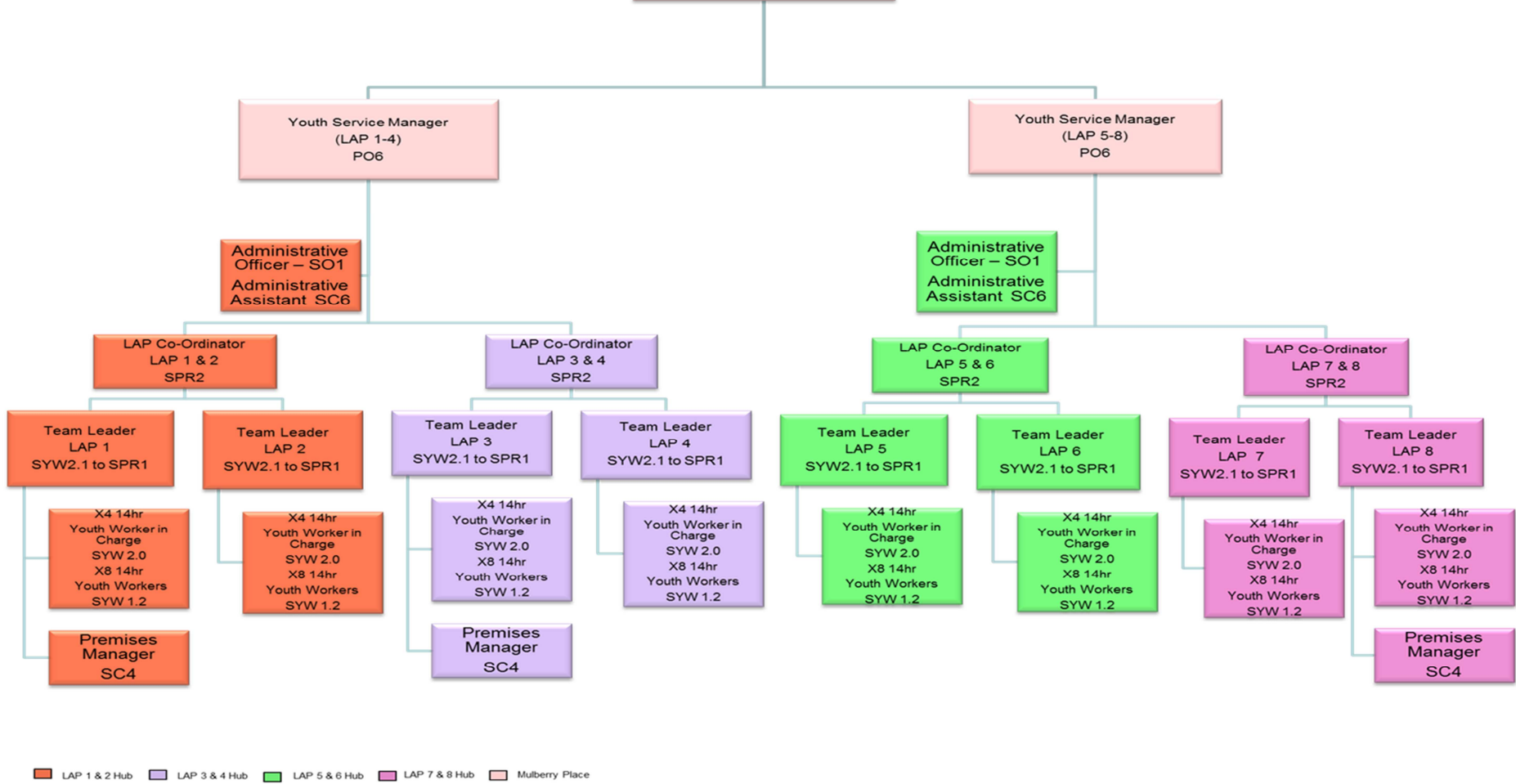
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- IAD 1 & 2
- IAD 3 & 4
- IAD 5 & 6
- IAD 7 & 8
- Mulberry
- Urban
- Borough
- Zero Hour

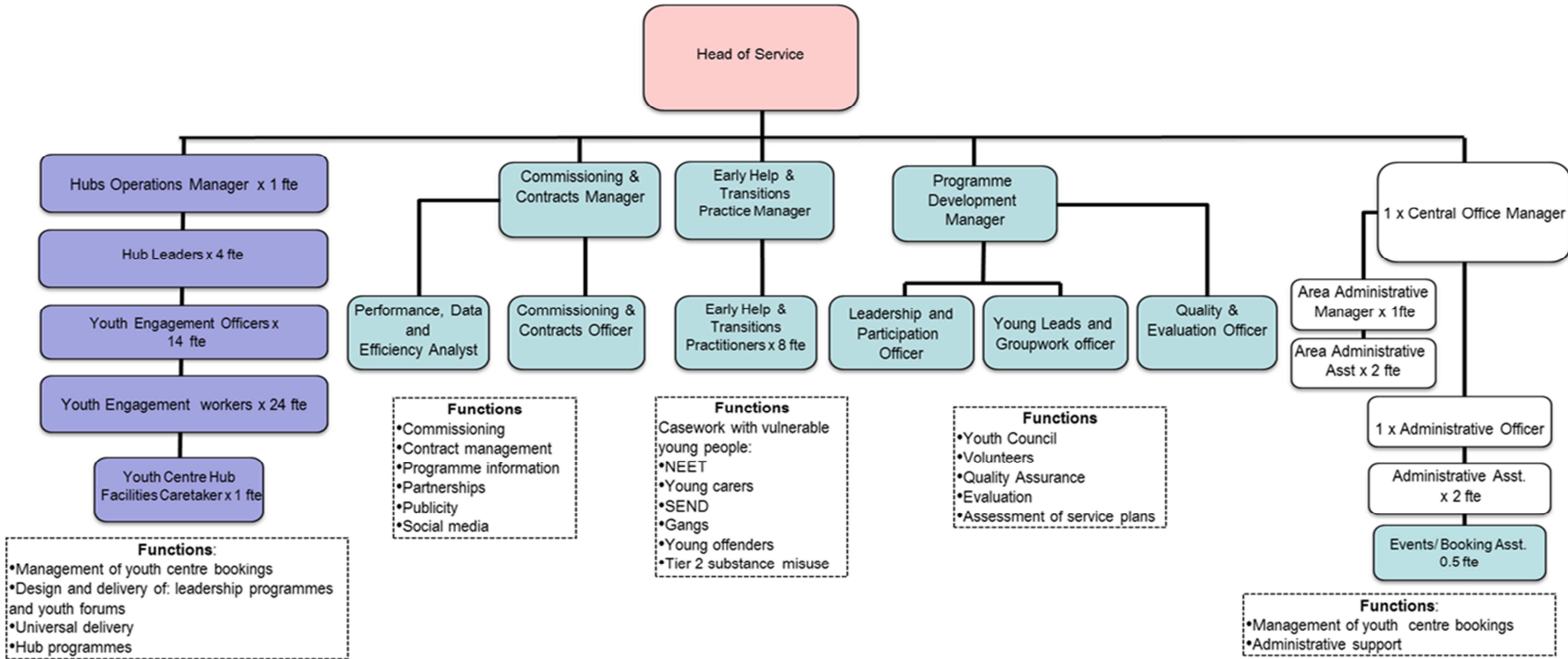
Appendix 1: Integrated Youth and Community Current

Head of Integrated Youth & Community Services Structure



Appendix 2 – proposed structure

Option 1: Draft Youth Service Structure – Hub based model



Third Sector Commissioning

Comments

1. **Functions** job descriptions define relative functional responsibilities between roles.

2. **Assumptions:**

Functions and services may be commissioned

A stable and flexible service is better delivered with a full-time frontline staff team where members have the time to attend training meeting and to complete recordings.

Salaries costs assume top of the scale and include on-costs

All posts are subject to evaluation

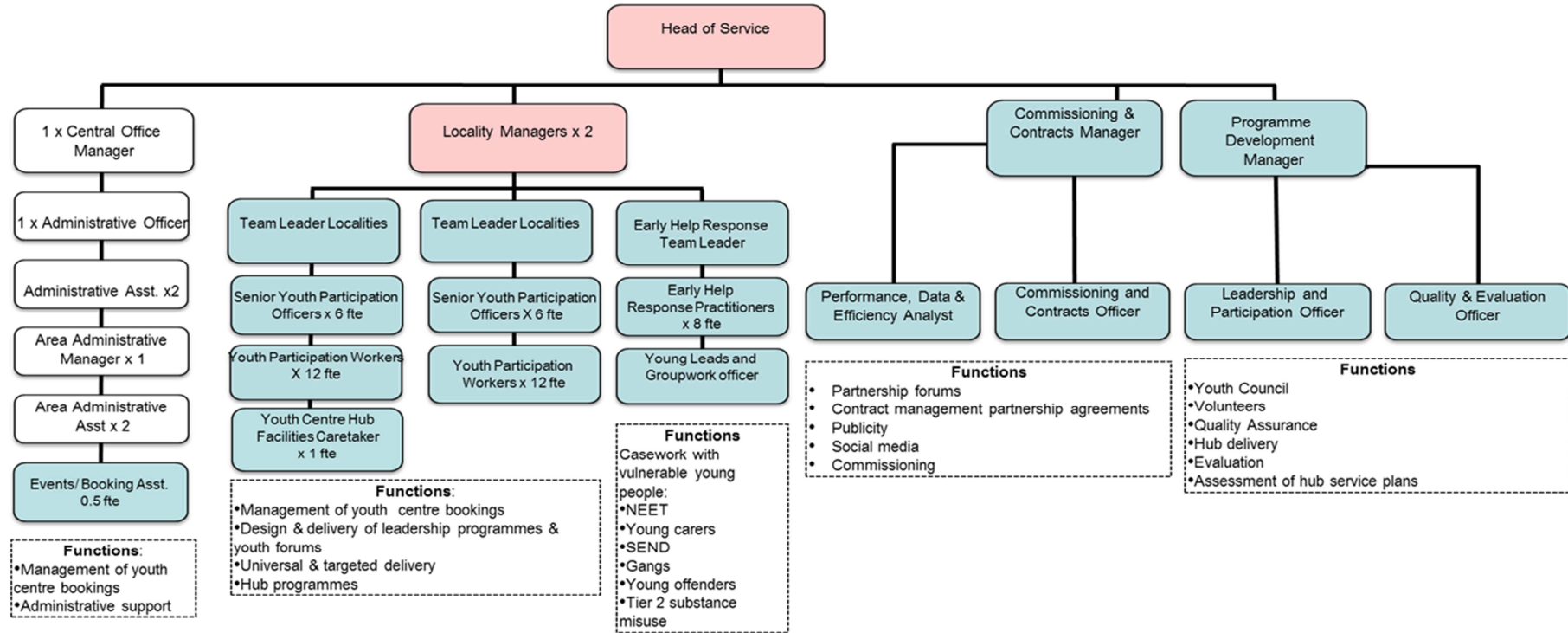
JNC green book terms and conditions for all staff

3. **Premises Management:** Confirm with Corporate Asset Management the integration that they would expect with the Premises Management staff

4. **Admin Review:** No changes are anticipated in 2017/18 to the service's administrative support structure due to the proposed Children's Services Support Service Review.

Appendix 2 – proposed structure

Option 2: Draft Youth Service Structure - Locality model



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Third Sector Commissioning

Comments

1. **Functions** job descriptions define relative functional responsibilities between roles.

2. **Assumptions:**

- Functions and services may be commissioned
- A stable and flexible service is better delivered with a full-time frontline staff team where members have the time to attend training meeting and to complete recordings.
- Salaries costs assume top of the scale and include on-costs
- All posts are subject to evaluation
- JNC green book terms and conditions for all staff

3. **Premises Management:** Confirm with Corporate Asset Management the integration that they would expect with the Premises Management staff


4. **Admin Review:** No changes are anticipated in 2017/18 to the service's administrative support structure due to the proposed Children's Services Support Service Review.

Appendix 3: Youth Service target definitions:

- a) **Contact:** A Contact is made with any young person who is registered at a youth centre and attends an additional youth activity programme session for the first time. Contact is expected to be made with 60% of 13 – 19 year old population.
- b) **Participation:** A participant is a young person who attends five additional youth activity programme sessions. Participants are expected to account for 60% of contacts.
- c) **Recorded outcome:** A recorded outcome refers to the course or one off programme of training from which the young person obtains a certificate, from which the recorded outcome is measured, in a specific area of work e.g. Arts, sports, ICT, food hygiene, mentoring or personal development. Recorded outcomes are expected to apply to 60% of participants.
- d) **Accredited outcomes:** An accredited outcome refers to the programme or course of activity undertaken by a young person that is subject to either independent internal verification, the accredited outcome, by an organisation making an award; or that is externally assessed by an awarding body. Accredited outcomes are expected to apply to 10% of participants.

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Agenda Item 5.9

<p>Cabinet</p> <p>10 January 2017</p>	 <p>TOWER HAMLETS</p>
<p>Report of: Will Tuckley, Chief Executive and Acting Corporate Director – Communities, Localities & Culture</p>	<p>Classification: Unrestricted</p>
<p>Contractual arrangements for commercial and community events</p>	

Lead Member	Councillor Asma Begum, Cabinet Member for Culture
Originating Officer(s)	Shazia Hussain - Service Head - Culture, Learning & Leisure
Wards affected	All wards
Key Decision?	Yes
Community Plan Theme	A great place to live

Whilst the majority of this report is unrestricted, by virtue of section 100A of the Local Government Act 1972 and paragraph 3 of Schedule 12A of the Local Government Act 1972 paragraphs 3.16 to 3.17 and 3.23 to 3.24 are Exempt as they contain information relating to the financial or business affairs of any particular person (including the authority handling the information). Specifically, these paragraphs give specific financial details regarding the existing contract. The Information is exempt to the extent that, in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information as it could have an adverse impact on the procurement process.

Executive Summary

This report sets out the recommended contract approaches for two separate contracts relating to the management and delivery of commercial and community events.

The current *Victoria Park Commercial Events Concession Contract* has been in operation since 2014. The report outlines the management arrangements and how these arrangements link into and support the Council's Medium Term Financial Strategy (MTFS). Furthermore, it identifies additional management and Executive oversight measures introduced to further mitigate impacts on local residents for the 2016 event season. The existing contract expires at the end of 2017 and the report recommends that a new commercial event concession contract is developed and procured to enable the council to continue investment in parks, open spaces and community events as central government grant reduces further over the coming years.

Separately, the report sets out the contract approach for a new contract for

Production and Event Management Services for London Borough of Tower Hamlets Events. The Council delivers a variety of free to access community events of different scales and complexities. Events include the annual fireworks show in Victoria Park and the Boishakhi Mela. The existing contract for event management and production services has reached its value limit and a new contract is required to continue the delivery of community events.

Recommendations:

The Mayor in Cabinet is recommended to:

In relation to the *Production and Event Management Services for London Borough of Tower Hamlets Events* contract (contract reference CLC5193) :

1. Agree the procurement and subsequent awarding of a new *Production and Event Management Services for London Borough of Tower Hamlets Events* contract (for a period of two (2) years with an option to extend by one (1) year and a further one (1) year) based on the parameters set out in paragraphs □3.47 to □3.50 of this report;
2. Authorise the Service Head – Legal Services after consultation with the Corporate Director of Communities, Localities & Culture to execute and enter into all necessary agreements (For the avoidance of doubt, functions delegated by reference to job titles or posts includes an officer appointed to a named post on an acting, interim or temporary basis and functions delegated by reference to job titles or posts which have changed will continue in force and shall be exercised by officers whose duties include or most closely correspond to the duties of the post originally referred to);
3. Agree that the contract be entered onto the contract forward plan;

In relation to the *Victoria Park Commercial Events Concession Contract* (contract reference CLC5194):

4. Note the improved contract management and Cabinet oversight arrangements put in place for the current *Victoria Park Commercial Events Concession Contract* in advance of the 2016 event season;
5. Agree the procurement and subsequent awarding of a new *Victoria Park Commercial Events Concession Contract* (to take effect on 1st January 2018 for a period of four (4) years with an option to extend by one year) based on the parameters set out in paragraphs □3.42 to □3.46 of this report;
6. Agree that robust continuous improvement requirements are built into the new contract in order to provide continued focus on minimising the impact of events on local residents;
7. Authorise the Service Head – Legal Services after consultation with the Corporate Director of Communities, Localities & Culture to execute and enter into all necessary agreements (For the avoidance of doubt, functions delegated by reference to job titles or posts includes an officer appointed to a named post on an acting, interim or temporary basis and functions delegated by reference to job titles or posts which have changed will continue in force and shall be exercised by officers whose duties include

- or most closely correspond to the duties of the post originally referred to);
8. Agree that the contract be entered onto the contract forward plan;

In relation to the Tower Hamlets parks and open spaces estate:

9. Agree that officers continue to develop opportunities for commercial events activity outside the concession at all sites capable of accommodating the required infrastructure;
10. Agree that officers continue to develop opportunities for smaller scale income generating activity across the wider Tower Hamlets parks and open space portfolio.

1. REASONS FOR THE DECISIONS

- 1.1 The decisions are required as the current contracts relating to event delivery are either expiring or have reached their maximum value. In line with the Council's Constitution and Procurement Procedures, the Mayor in Cabinet is asked to agree the contract strategies for new contracts relating to commercial and community events.

2. ALTERNATIVE OPTIONS

- 2.1 The main body of this report and the recommendations set out the preferred options for future commercial and community event activity. In developing the preferred options, the following alternative options were considered.
- 2.2 In relation to the *Victoria Park Commercial Events Concession Contract*:
- 2.3 *Re-tender from 2018 with an upper audience capacity of 25,000 to 30,000*
- 2.4 A lower event capacity of 25,000 to 30,000 maximum attendances would lead to some reduction in impact on local residents. However, event impact is not directly proportionate to capacity. Some impacts increase to some extent with larger capacity crowds whilst others remain broadly the same. Event income is proportionate to attendance.
- 2.5 Traffic management and external management arrangements are a key factor in the planning for major events. Safety, security and infrastructure requirements placed upon all events above a capacity of 10,000 are broadly similar.
- 2.6 While larger crowds have an increased potential for anti-social behaviour, this risk can be managed through improved stewarding. Larger crowds also take longer to disperse and as a consequence disruption in the local area is in place longer than for lower capacity events.

- 2.7 Based on previous soft market testing, feedback during the previous tendering exercise, and knowledge of the London events market, a reduced capacity option of between 25,000 to 30,000 would limit the market of potential bidders.
- 2.8 Current MTFS savings targets would need to be reviewed or service provision in the parks service would need to be reduced. Funding to meet the requirements of the Heritage Lottery Fund Business Plan to meet £100,000 from events income per annum may need to be made available from the general fund if sufficient income cannot be generated from lower capacity events.
- 2.9 *Cease all large commercial festivals in Victoria Park*
- 2.10 This option would remove all major commercial event impact on local residents. It would also remove the guaranteed income that a concession contract provides. The income that could be generated from smaller events such as running or other small scale events, if it were decided that these were to continue, are unlikely to meet current MTFS targets and these would need to be revised downwards or service provision in the parks service would need to be reduced. Funding to meet the requirements of the Heritage Lottery Fund Business Plan to meet £100,000 from events income per annum may need to be made available from the general fund if sufficient income cannot be generated from smaller and/or fewer events. Costs to the council of managing commercial events activity may also increase as dealing with a multitude of promoters would require higher levels of contract and event management resource.
- 2.11 In relation to the *Production and Event Management Services for London Borough of Tower Hamlets Events* contract:
- 2.12 *Do nothing / do not let a new contract*
- 2.13 The current contract for production and event management services used by the Arts, Parks & Events service has reached its maximum value. Further orders cannot be placed against this contract. If a new contract is not let, each event would require individual quotations or tendering processes. Other council services delivering events are currently seeking individual quotations for event management and production services as and when they need them. This would need to continue.
- 2.14 Letting the existing contract expire without letting a new contract is not considered appropriate. Managing tenders and quotations on a case by case basis would not be consistent with efficient service delivery. Such an approach would also offer reduced buying power. A do nothing option would not meet the council's Best Value duty.

3. DETAILS OF REPORT

3.1 Background and context

3.2 Parks and open spaces are an important resource in densely populated inner-city areas such as Tower Hamlets, where residents have limited access to private gardens. Open spaces provide a place to relax, play, be physically active and meet others. They contribute to mitigating the effects of climate change, help reduce impacts of flooding, and improve air quality. They are spaces in which wildlife can flourish in urban areas.

3.3 Continued austerity measures and reducing government funding at the same time as significant cost pressures in statutory services such as social care and waste disposal means that local authorities are identifying alternative ways of paying for discretionary services such as parks, open spaces and community cultural events. Approaches taken include generating additional income from buildings within parks or charging for the use of facilities which in the past have been free. Some authorities have, for example, introduced charges for the use of some play areas.

3.4 It is recognised that large scale commercial events in parks can have an impact on residents in the vicinity of the site. At the same time, a structured and carefully managed programme of such events can make a significant contribution to the funding that is needed to deliver free to access community events and to maintain parks and open spaces which are experiencing increased use from a growing population.

3.5 As part of the budget setting process for 2011/12, Full Council approved an income target of £200,000 from commercial event activity in parks and open spaces and as part of the 2012/13 budget setting round, Full Council agreed a further increase in the target of £90,000. As part of the approval of the Heritage Lottery Fund Victoria Masterplan project £250,000 of ongoing revenue support was required. To avoid an additional call on the General Fund, £100,000 of this was required to be contributed by commercial events income with the rest being achieved via the realignment of revenue spend within the Arts, Parks and Events Service. This brings the total annual commercial events income target to £390,000. In addition to supporting continued investment in parks and open spaces, income generated from commercial event activity also supports the delivery of free to access community events such as the annual Victoria Park fireworks event, which was re-instated in 2015.

3.6 Current event activity in Tower Hamlets parks and open spaces

Park and open space events venues

3.7 Community, charity and commercial events take place across a variety of parks and open spaces in Tower Hamlets. The borough has a large number of parks and open spaces, although most, with the exception of Victoria Park

and Millwall Park, are not well suited to host commercial and community events of significant scale.

- 3.8 While there is some scope for developing wider income generating events use of parks across the borough, this would be limited to small scale corporate activity, such as brand events, experiential marketing etc. It is highly unlikely that there would be significant market interest from any major commercial events operator for parks other than Victoria Park. Major commercial and community events require infrastructure that can safely hold and disperse large numbers of people.
- 3.9 There is scope for further development of medium scale commercial and community event activity on Millwall Park, although there are limitations due to access and site constraints as a result of weight restrictions across areas of Millwall Park, due to the DLR.

The Victoria Park Commercial Events Programme

- 3.10 A major commercial events programme has been taking place in Victoria Park since 2005. Prior to 2014 large-scale commercial events operators applied on a yearly basis via an application process to the Council's Arts, Parks and Events Service and the programme was delivered by a range of different event promoters. This was less than satisfactory providing the council with less time to establish effective working relationships with the promoters who had less of a stake in developing said relationships and managing the events properly. Such an ad hoc approach also resulted in an unstable income stream, which can have a substantial impact on services in a period of continued budget pressure.
- 3.11 In view of the above, in 2013 a major commercial event concession opportunity for Victoria Park was advertised. The tender opportunity was available to one supplier or consortium for a three year period from 2014 - 2016 with the opportunity for a one year extension in 2017. Lovebox Festival Limited was the successful bidder. Since then, Lovebox Festivals Limited has become part of Live Nation, one of the largest event promoters globally.
- 3.12 The contract arrangement is for the payment of a fixed fee to the Council for each year paid annually across the life of the contract. This fee is payable in full regardless of whether the concessionaire makes full use of the annual maximum permitted event days or not.
- 3.13 The current guaranteed contractual fixed fee covers the concessionaire (and its sub-contractor) to hold seven (7) event days as set out below:
- three event days at a capacity of 30,000;
 - one event day at a capacity of 20,000;
 - one event day at a capacity of 15,000;
 - one event day at a capacity of 10,000; and
 - one event day at a capacity of 5,000

- 3.14 The contractual arrangements also allow the concessionaire to increase the capacity of events and the number of event days to the following maximum limits, subject to payment of a top-up fee per head of capacity over and above the fixed-fee capacities set out above:
- Six event days between 15,000 and 40,000 attendees
 - Four event days between 5,000 and 15,000 attendees
- 3.15 While the concessionaire has a fixed fee arrangement for seven event days per annum, to date they have only exercised their option on five of these days whilst still being required to maintain the same fixed-fee payment. If they wished, they could exercise the option on these additional days within their fixed-fee.
- 3.16 This paragraph is exempt from publication.
- 3.17 This paragraph is exempt from publication.
- 3.18 In order to deliver the events covered by the contract, the concessionaire and sub-contractors are required to obtain the necessary premises licences. There are currently two time-limited premises licences in place for Victoria Park. Both cover the period 1st May 2014 to 30th September 2017 (taking account of the one year optional extension to the contract). A range of conditions relating to crowd management, noise levels and event management are attached to the licences.
- 3.19 Other commercial activity
- 3.20 In addition to the Victoria Park Commercial Events Concession Contract there is a range of smaller commercial events, one off corporate events (such as brand promotions and corporate staff team building activities), fairgrounds and commercial and charity runs.
- 3.21 In 2015, events outside of the major events commercial concession generated £165,177 from over 30 different events, with much of this coming from running events. The majority of this activity takes place in Victoria Park, largely because it has the required space to host 5k - 10k runs and is attractive to corporate clients, due the location of the park, surrounding amenities, transport and footfall during the spring /summer months. Other events outside the concession include Oktoberfest and Winterville.
- 3.22 The majority of outdoor events activity is seasonally driven. Most of the activity takes place between May and September and the majority of interest is for weekend dates. It is therefore useful to continue to stage events such as Winterville and Oktoberfest, which fall outside of the main event season.
- 3.23 This paragraph is exempt from publication.
- 3.24 This paragraph is exempt from publication.

- 3.25 Improved contract and event management arrangements
- 3.26 Major events can have an impact on the immediate area and residents surrounding the event site as set out elsewhere in this report. It is recognised that in the initial years of the current concession, contract management arrangements required improvement.
- 3.27 In order to minimise the impact on the local area and its residents the Arts, Parks and Events Service works closely with the promoters to build in measures to reduce adverse impacts during the planning stage of the events. Decisions on improvement measures are informed by feedback received from residents, councillors and visual assessments made during the event through the multi-agency Event Liaison Team, which includes officers from the council, the Metropolitan Police and other emergency services.
- 3.28 In relation to the Lovebox weekend, for example, this has led to year on year improvements throughout the contract period, with increased spend by the concessionaire on stewarding, toilet provision and cleaning both on and off site in the streets off the main routes to and from the park.
- 3.29 A new system for monitoring the impact of noise levels and making live time adjustments have seen a dramatic impact in lowering the number of complaints. Noise complaints on event days for Lovebox peaked at 124 in 2013 (over 2 days). Since then they have dropped significantly to 19 in 2014 (over 2 days), 16 in 2015 (over 3 days) and 19 (over 3 days) in 2016.
- 3.30 In response to feedback from the 2015 event, improved Executive oversight arrangements have been put in place by the Mayor. Feedback meetings have taken place between the Mayor, councillors for wards near Victoria Park and key concessionaire personnel.
- 3.31 This has resulted in increased numbers of stewards, improved steward briefing and supervision along with new positions covering hot spots that are of particular concern for local residents and which were not previously covered. These have had a noticeable improvement on both ingress and egress. Additionally, a reworked cleaning regime has seen significant improvement of street cleanliness during and after the events.
- 3.32 In 2016 the external egress management for the Lovebox event was improved through the implementation of a dedicated Egress Manager and security / stewarding personnel. The numbers of stewards overall has increased significantly.
- 3.33 The number of security personnel deployed during Lovebox in 2015 and 2016 is indicated below:
- Ingress (arriving):
 - Security – 2015 - 24 staff / 2016 – 39 staff uplift 14
 - Volunteer stewards – 2015 – 31/ 2016 68 uplift 37

- Egress (leaving):
 - Security – 2015 - 145 staff/ 2016 – 200 staff uplift 55
 - Additional security in part covered new locations in Bethnal Green and additional barriered side streets.
- 3.34 The concessionaire has increased the provision of external toilets. In 2015 there were 3 x external toilet blocks and 1 x block in the park near the main exit as indicated below.
- 10 x cubicle units opposite Mile End Station in front of the Territorial Army Centre,
 - 3 x covered urinal units (each containing of 6 x urinals) and 6 x cubicle units opposite “The Vic Pub” on Grove Road,
 - 10 x cubicle units on Old Ford Road opposite Mace Street,
 - 10 x cubicle units inside Crown Gate East, which are highly visible to festival visitors leaving the site,
 - 12 additional cubicle units were sited on main routes in 2016.
- 3.35 Waste management arrangements externally have improved significantly in 2015. The provision has doubled in scale to include a full sweep of Old Ford Road and Grove Road throughout the day. Additionally any streets that could not be accessed after the event, due to noise disturbance, were cleaned by litter pickers from 5am the following morning. All cleaning costs are paid for by the promoter. In 2016 Haverfield Road and Clinton Road were added to the cleaning map after feedback from the Executive oversight group.
- 3.36 *Future arrangements for major commercial events in Victoria Park*
- 3.37 The market for major commercial events in London
- 3.38 The London commercial festival market has seen a growth in activity. In 2005, when Lovebox was first staged in Victoria Park, there were few other commercial events being held in park venues with the exception of Hyde Park and Clapham Common. Today, the supply of venues is becoming saturated as more and more local authorities look to find ways of generating income through use of their parks.
- 3.39 In 2016 and 2017, the London festival market is expected to grow further. Early signs indicate that the series of Barclay Summertime events in Hyde Park will continue and further events will be held in Finsbury Park (LB Haringey), Blackheath Common (LB Lewisham), Clapham Common (LB Lambeth), Brockwell Park (LB Lambeth), and Haggerston Park (LB Hackney) as well as further afield in Upminster. However, with supply of venues also growing significantly this does not necessarily mean that the council can expect to increase income from this activity.
- 3.40 Charges for venue rental are a key factor in attracting event producers but there are other factors that make Tower Hamlets a popular choice, not least the professional event management experience of hosting and managing

large events built up over many years. The East End is also seen as an area widely associated with the creative energy of London amongst the target demographic of most interest to event producers.

- 3.41 It is difficult, but not impossible, to benchmark the Council's fee charging against other Boroughs and commercial venues as they understandably are sensitive about giving this information to potential competitors. At the time of the original tendering process for Victoria Park, the Council required all bidders to commit to a minimum fee per head payable by the concessionaire and this was based on available information on what other venues were charging. Locations such as Hyde Park command the ability to charge premium fees whilst Finsbury Park, a nearby competitor, is at the lower end and below the Tower Hamlets minimum per head fee. It is proposed that this approach is repeated for the new contract.
- 3.42 A new Victoria Park Commercial Events Concession Contract
- 3.43 The commercial events programme makes a significant contribution to agreed MTFs savings. If the council wishes to generate current levels of income from events in the future then the most financially viable option would be to continue with a major commercial events programme through the provision of a concession opportunity, based on the current contract parameters in terms of event days, location, capacity and hours of operation. The contract value is expected to be £300k to £600k of income per annum, resulting in a total income value of £1.5m to £3m over the proposed contract term.
- 3.44 Given the significant contribution earned income is making to the council's budget for parks, open spaces and free to access community events, this report recommends that a new Victoria Park Commercial Events Concession Contract is offered to the market based on the parameters set out below:
- The new concession would operate from 1st January 2018 for a contractual period of four years with an option to extend by a further one year. This represents an increase of one year over the current contract term. The increased term is recommended in response to soft market testing and feedback received from potential bidders during the previous tendering process.
 - The concession would allow the concessionaire to stage up to ten large commercial event days per year in Victoria Park. Large is defined as anything over 5,000 and up to 40,000 capacity.
 - Six event days would have a capacity between 15,000 and 40,000
 - Four event days would have a capacity between 5,000 and 14,999
 - Bidders will be required to guarantee a minimum annual fee to secure the concession.

- Only one set of consecutive weekends of large commercial events per year will be permitted.
- Event finish times and days to be as follows:
 - 11pm on Fridays and Saturdays
 - 10.30pm on Sundays and Bank Holiday Mondays
 - 8pm on Monday to Thursday unless Monday is a Bank Holiday, provided those days are immediately prior to or immediately after an event weekend

Officers consider that this amendment to the event timings and days could potentially reduce impact on residents as weekday events would have an earlier finish time whilst counting towards the maximum number of event days permitted per year. Linking weekday events to weekend events also has the potential to reduce the number of event periods in any year, thereby reducing disruption from event site construction and removal.

3.45 In addition to the parameters above, the following measures will be built into the tendering process. These build on the improved Executive oversight arrangements put in place for the 2016 event seasons, with an aim to further improve the management of the events and minimise the impact of residents in the vicinity of Victoria Park.

- A requirement of a minimum of two resident consultation and engagement meetings (pre and post event) linked to each event weekend.
- A requirement to meet with the Mayor and Cabinet to enable feedback from residents and local businesses to be addressed.
- A commitment to provide adequate stewarding, barriers and temporary toilet provision at key stated locations for events over 15,000. Details of the exact locations will be included in the tendering documentation and will be informed by existing event de-brief information.
- A requirement to provide detailed stewarding plans for each event which would include positions, levels of training, command structure and clarity on how positions will be monitored during the event.
- A requirement to put in place litter collection on surrounding roads which reflect previous similar events but also have flexibility to respond to problems arising on the day. Details of the exact locations will be included in the tendering documentation and will be informed by existing event de-brief information.
- A scored section of the tender process which asks bidders to directly address how they will mitigate the impact of their proposed events on

park users and local residents during the build, take down and events days. The response to this must include detailed noise management plans and management of ASB off site.

- Additional to multi agency debriefs a separate performance review of every event day against contractual obligations set out within the terms and conditions.

3.46 In summary, the potential benefits of the recommended contracts approach are:

- a guaranteed income over the contract period providing funding to maintain the quality of the Council's parks that would otherwise not be available under current budgeting arrangements;
- a stable management relationship over the period of the contract allowing for more effective partnering arrangements regarding event planning and improvements;
- improved local impact management and resident feedback arrangements to inform detailed planning for following year's events;
- a more solid basis for medium term financial planning during a period of austerity.

3.47 *Future arrangements for community event production and event management*

3.48 A new contract for Production and Event Management Services for London Borough of Tower Hamlets Events

3.49 The community events programme celebrates the diverse cultures of Tower Hamlets and brings people from different communities together, thus contributing to the aims of One Tower Hamlets. The free to access community events programme is in part funded through income generated from the Victoria Park concession and other commercial activity across the parks and open spaces estate. The current contract for event management and event production services has reached its value limit and can no longer be used.

3.50 In order to successfully deliver the popular free public events programme for residents in the future, including the Boishakhi Mela and Victoria Park Fireworks events, it is recommended that a new contract for *Production and Event Management Services for London Borough of Tower Hamlets Events* is offered to the market on the following basis:

- The contract will be for a maximum of four years (2 years + 1 year optional extension + 1 year optional extension) and will commence in spring 2017.
- The estimated value for this contract is up to £965k over the full four years.

- Year 1 of the contract would not include services for the Boishakhi Mela as this will be awarded separately due to the timescales available for delivering the event in late spring / early summer.
- The estimated total value allows for the delivery of key Council cultural events and also for the supplier's services to be utilised by the wider council. As the Council is unable to guarantee the schedule of events across the lifespan of the contract it is recommended that an option for other Council services to use this contract to support production and event management is included within the scope of the tender. Other departments across the organisation are currently procuring such services on an ad hoc basis.
- A single contract will assist the Council to obtain best value by making the tender more commercially attractive and is considered the most effective use of resources, both in terms of staffing and asset use.

4. COMMENTS OF THE CHIEF FINANCE OFFICER

- 4.1 It is a requirement of the Council's contract Procedure Rules Paragraph 7 that "The contracting strategy and/or award of any contract for goods or services with an estimated value exceeding £250k, . . . , shall be approved by the Executive in accordance with the Procurement Procedures".
- 4.2 This report sets out the contract management arrangements in place for Commercial Events in Victoria Park. The current contract is due to end in December 2017 and therefore approval is sought for the procurement of a new commercial event concession contract to commence from 1st January 2018 for a period of four years, with the option to extend by one year. The indicative values sought for the concession contract procurement are set out in Paragraph 3.44.
- 4.3 The report also sets out the approach to the procurement of a new Production and Event Management Services contract for a period of two years with an option to extend by one year plus one. This provides a maximum period of four years at a value of up to £965k. The procuring of events management services on an ad hoc basis does not secure value for money for the Council in terms of service delivery and cost implications that a new procurement can achieve.
- 4.4 The alternative options for the concession contract mentioned in the report consider the reduction in audience numbers or the ceasing of all large commercial festivals in Victoria Park. There is the potential for these options to have an adverse result, impacting negatively on investment, maintenance and upkeep of the Park. There will also be an impact on the funding support required to meet the Heritage Lottery commitment.
- 4.5 The current parks events contract commenced in 2014 and was for 3 years with a one year optional extension. In addition to the income received from the Victoria Park commercial concession events contract additional income was

generated from the smaller commercial events and activities which contributed towards the cost of maintenance and the service being able to meet its income target of £390k in the base budget.

- 4.6 In 2015/16 income totalling £165k was achieved from the smaller commercial events and activities which contributed towards the cost of maintenance and management of the parks and opens spaces. This income is not guaranteed and cannot be relied upon as an annual source of funding
- 4.7 The extent to which sufficient resources can continue to be identified to fund future events and investment in parks will need to be considered in the light of available resources, and the impact on the council's Medium Term Financial Strategy (MTFS) process.
- 4.8 The scope of this report is limited to consideration of opportunities presented by a single concession contract around the Council's park(s). As part of developing the MTFS for 2017 onwards, there will need to be a much broader consideration of the Council's approach to developing and managing commercial opportunities aligned to an Income Generation Strategy.

5. LEGAL COMMENTS

- 5.1 It is a requirement of the Council's constitution that "The contracting strategy and/or award of any contract for goods or services with an estimated value exceeding £250,000, and any contract for capital works with an estimated value exceeding £5,000,000, shall be approved by Cabinet in accordance with the Procurement Procedures".
- 5.2 This report is seeking agreement to the procurement and subsequent awarding of a new *Production and Event Management Services for London Borough of Tower Hamlets Events* contract (for a period of two (2) years with an option to extend by one (1) year and a further one (1) year) based on the parameters set out in paragraphs 3.47 to 3.50 of this report.
- 5.3 Further this report is seeking agreement to the procurement and subsequent awarding of a new commercial event concession contract for Victoria Park (to take effect on 1st January 2018 for a period of four (4) years with an option to extend by one year) based on the parameters set out in paragraphs 3.43 and 3.47 of this report. A concession contract is one where the contractor can exploit something belonging to the council for its own direct financial gain. For example, keeping in the whole or in part the money from sales of tickets for an event.
- 5.4 The tendering of Concession contracts are subject to European Law following the implementation of the Concession Contracts Regulations 2016. However, these regulations only apply where the value of the contract exceeds £4,104,394. Where these regulations do apply then the council would have to advertise the procurement in Europe; abide by some minimum timescales (a

tender of at least 30 days as an example); and ensure the award criteria meet a minimum standard of non-discrimination, openness and transparency.

- 5.5 It is notable however, that where the tender is below the threshold mentioned in paragraph 5.3 the council is still subject to the general duty principles of fairness openness and transparency as the council is a public contracting authority and subject to the treaty on the Operation of The European Union.
- 5.6 However it is formed, the contract must also ensure that any funds expended under it is spent under terms that enable the proper monitoring of outcomes to demonstrate that the money achieves the appropriate outcomes for which it is spent and therefore, demonstrates the achievement of Best Value.
- 5.7 The Council has a duty to achieve Best Value in respect of its expenditures. This is by virtue of Section 3 of the Local Government Act 1999. It satisfies this duty by subjecting its expenditure to competition in accordance with its constitution. Therefore, a competitive tender must be undertaken in respect of expenditure for these services beyond that for which the council already has a contract
- 5.8 The Council must also ensure that it fully understands the impact on persons with a protected characteristic that the changes in this report may represent for the purposes of the Equality Act 2010. It may therefore need to undertake desktop evaluations and where appropriate carry out equality consultations with effected residents. Any change of venues of any particular long standing event is also likely to trigger the necessity for consultation and engagement with the Council's Planning function. Also in the event of significant change in the overall strategy for the delivery of Best Value in respect of the Council's function of delivering events then this could also trigger the need for consultation under section 3(2) of the Local Government Act 1999.
- 5.9 Finally, these events will require a Premises Licence pursuant to the Licensing Act 2003. Applications for such Licences are considered by the council as Licensing Authority and bidders will need to be advised that they will have to apply for a Premises Licence.

6. ONE TOWER HAMLETS CONSIDERATIONS

- 6.1 Events income contributes significantly to the maintenance and provision of parks and open spaces across the borough and the delivery of free to access community cultural events. Parks and open spaces and events are open to all residents from all backgrounds and protected characteristics. Generating income from a Victoria Park Commercial Event Concession enables the council to continue investing in parks and open spaces and free community events at a time of reducing budgets, thereby benefitting all residents.
- 6.2 Major events have localised, time limited impacts. These are not considered to be affecting any particular protected characteristic disproportionately. Localised impacts are minimised through contractual requirements to

continuously improve event management arrangements and by limiting the number of event days in line with the parameters set out in this report.

- 6.3 Community events contribute to the aspirations of One Tower Hamlets by celebrating the diverse communities of the borough and bringing together people from different backgrounds.

7. BEST VALUE (BV) IMPLICATIONS

- 7.1 The existing Victoria Park Commercial Event Concession contains arrangements for continually improving the management of events in Victoria Park and for reducing negative impacts resulting from events. It is recommended that a future commercial events concession contains enhanced arrangements building on these. A more ad hoc approach to attracting events to Victoria Park is considered less likely to secure continuous improvement as promoters would not be in an ongoing contractual relationship with the council.
- 7.2 A single event concession for Victoria Park focussed on a smaller number of large events is considered the most effective use of resources, both in terms of staffing and asset use. The approach allows for more effective contract management arrangements, which could not be achieved with a multitude of contracts for smaller events. Furthermore, the focus on a smaller number of large events also makes effective use of Victoria Park as an asset while minimising impact on park users and nearby residents.
- 7.3 This report recommends that a competitive bidding opportunity for a major commercial event concession be put to the market. The contract parameters set out in this report are considered to provide a commercially attractive proposition to the market whilst limiting the impact on park users and local residents.
- 7.4 In addition, the report seeks approval to offer to the market a contract for event production and management services to support the delivery of the council's free to access community cultural events programme. A call off contract, covering event management and production services for the whole of the council is recommended. At present services other than the Arts, Parks & Events service, obtain quotations for such services on an ad hoc basis. Moving to a single contract which can be accessed by teams across the council demonstrates continuous improvement in line with the council's Best Value duty.

8. SUSTAINABLE ACTION FOR A GREENER ENVIRONMENT

- 8.1 Events income contributes significantly to the council's budget for maintaining and improving parks and open spaces. Open spaces provide effective mitigation for flooding and air quality issues. It is acknowledged that events can have short term impacts on the park in which they take place. These impacts are minimised through contractual arrangements and licensing conditions. Event organisers are required to make good any localised damage

caused. It is considered that the benefit of continued investment in the green infrastructure of the borough in a time of reducing budgets outweighs the short term site specific impacts.

9. RISK MANAGEMENT IMPLICATIONS

- 9.1 The recommendations of this report seek to mitigate budgetary risks to the council's agreed MTFs by securing guaranteed events income for a number of years. This approach will provide a more stable and predictable environment for year on year budgeting.
- 9.2 Risks associated with the approach are similar to those for all major procurement exercises and include lack of interest from the market and challenges from unsuccessful bidders. These risks will be mitigated by appropriate market engagement, the development of a commercially attractive concession offer, and close working with the council's procurement and legal services.

10. CRIME AND DISORDER REDUCTION IMPLICATIONS

- 10.1 The current Victoria Park Commercial Events Concession contains provision for continuous improvement to event management arrangements in order to minimise any potential negative impact from major events. This has resulted in a reduction of adverse impacts over the life of the contract. It is proposed that a new concession for Victoria Park builds on these arrangements.
- 10.2 All major events, commercial and free to access, are subject to multi-agency planning, including the relevant emergency services. In addition to the contractual requirements, the premises licensing process provides for further mitigation through licensing conditions.

11. SAFEGUARDING IMPLICATIONS

- 11.1 There are no specific safeguarding implications.

Linked Reports, Appendices and Background Documents

Linked Report

- None

Appendices

- Appendix 1: Exempt paragraphs
- Appendix 2: Equalities Impact Assessment

Background Documents – Local Authorities (Executive Arrangements)(Access to Information)(England) Regulations 2012

- None

Officer contact details for documents:
N/A

EQUALITY ANALYSIS QUALITY ASSURANCE CHECKLIST

Name of 'proposal' and how has it been implemented (proposal can be a policy, service, function, strategy, project, procedure, restructure/savings proposal)	Contractual arrangements for commercial and community events
Directorate / Service	Communities, Localities & Culture / Arts, Parks & Events
Lead Officer	Stephen Murray
Signed Off By (inc date)	Shazia Hussain
Summary – to be completed at the end of completing the QA (using Appendix A)	<div style="display: flex; align-items: flex-start;"> <div style="width: 20px; height: 20px; background-color: #90EE90; margin-right: 10px;"></div> <div> <p>Proceed with implementation</p> <p>As a result of performing the QA checklist, the proposal does not appear to have any adverse effects on people who share <i>Protected Characteristics</i> and no further actions are recommended at this stage. There is some limited impact on residents around the event site as well as parks users. This impact is on all users and residents and there are effective impact mitigation measures in place. The new contract is proposed to be let within the same parameters as the existing contract. There is no change in policy or approach.</p> </div> </div>

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Stage	Checklist Area / Question	Yes / No /	Comment (If the answer is no/unsure, please ask the question to the SPP Service Manager or
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		Unsure	nominated equality lead to clarify)
1	Overview of Proposal		
a	Are the outcomes of the proposals clear?	Yes	The proposals are set out clearly in the associated Cabinet report.
b	Is it clear who will be or is likely to be affected by what is being proposed (inc service users and staff)? Is there information about the equality profile of those affected?	Yes	<p>If agreed, a new contract for Victoria Park will be let on the basis of the parameters set out in the report. This suggests that the impact on of the contract on the service users and the local residents will remain broadly unchanged.</p> <p>The report highlights that the number of complaints has decreased since the introduction of the Executive oversight measures in 2015. The most recent Annual Residents' Survey 2015-16 shows more respondents (69%) rated the parks and open spaces service as good, very good or excellent than the previous years (64% in 2014-15; 61% in 2013-14; 60% between 2010-11 and 2012-13).</p> <p>Parks users and nearby residents may be affected by the events on a small number of days as there will be some disruption. However, as the disruption has been limited to parts of sites and a small number of days, it is not considered that any impact of an ongoing events programme would have a disproportionate impact on specific protected characteristics.</p> <p>Income from commercial events provides a significant contribution to the parks maintenance budget. A reduction or termination of the events programme would lead to a reduction in the budget (unless general fund was reinstated) and could have an impact on parks users across the borough.</p>
2	Monitoring / Collecting Evidence / Data and Consultation		
a	Is there reliable qualitative and quantitative data to support claims made about impacts?	Yes	Complaints data and Annual Residents' Surveys are reviewed and considered.


			<p>The income makes a significant contribution to the parks budget as part of MTFS savings. The budget reduction is quantified. All park users would be affected equally. The Annual Residents' Survey 2015-16 shows that 69% of the respondents rated the parks and open spaces service as good, very good or excellent. This was an improvement from 64% in 2014-15, 61% in 2013-14 and 60% from 2010-11 till 2012-13.</p> <p>While the disruption is limited to parts of sites and a small number of days, the closure of part of parks for short periods of time during events will impact on the users of those specific sites. No detailed user data is available. However, in line with catchment area analysis it is likely that users predominantly live within 400 metres of the site.</p>
	Is there sufficient evidence of local/regional/national research that can inform the analysis?	Yes	<p>Information on the London events market is contained in the report, including limited (as commercially sensitive) benchmarking data.</p> <p>The Annual Residents' Survey, financial information including the budget and the data on the residents from the Census 2011 are also available. The information on complaints also informs the report.</p>
b	Has a reasonable attempt been made to ensure relevant knowledge and expertise (people, teams and partners) have been involved in the analysis?	Yes	<p>The report contains information on summary information on complaints and ASB activity associated with commercial events. The report outlines how the events are managed through a partnership approach to reducing negative impact.</p> <p>All plans and contract arrangements are scrutinised during the planning stage and monitored during the event operations, including the show build, event days and show breakdown including clean up.</p>
c	Is there clear evidence of consultation with stakeholders and users from groups affected by the proposal?	Yes	<p>Public meetings have been held in the area most closely linked to the commercial events programme (Bow/Victoria Park). Regular meetings take place with the Friends of Victoria Park group and other parks user groups.</p>

3	Assessing Impact and Analysis		
a	Are there clear links between the sources of evidence (information, data etc) and the interpretation of impact amongst the nine protected characteristics?	Yes	As set out above, the impact of the current level of events is limited to parts of sites (meaning users are still able to access the remainder of the site) and small numbers of days. It is proposed that a new contract will continue to be based on the existing parameters. Detailed parks user data is not available against protected characteristics as parks by their very nature are free to access so capturing such data is not feasible. The annual residents' survey, which includes the satisfaction rate for the parks and open spaces service, provides some breakdown for some characteristics. However, sample sizes of the equality strands are small and not statistically reliable.
b	Is there a clear understanding of the way in which proposals applied in the same way can have unequal impact on different groups?	Yes	The closure of parts of sites impacts on all user groups. It is proposed that a new contract will continue to be based on the existing parameters.
4	Mitigation and Improvement Action Plan		
a	Is there an agreed action plan?	Yes	Any future events programme (if agreed) would continue with existing arrangements to reduce the impact on parks users and local residents.
b	Have alternative options been explored	Yes	The report sets out the alternative options considered.
5	Quality Assurance and Monitoring		
a	Are there arrangements in place to review or audit the implementation of the proposal?	Yes	Event review group including the contractors and partners is in place for the current programme and would, if the programme is renewed, remain in place. The Executive oversight measures will continue to review feedback after events.
b	Is it clear how the progress will be monitored to track impact across the protected characteristics??	Yes	Complaints and Annual Residents' Survey data will continue to be monitored. The Executive oversight measures will also continue reviewing feedback after events. Impact is considered minimal and the same for all protected

			characteristics. As user data is not available other than through catchment area analysis (Census) there is no robust and statistically reliable mechanism to monitor impact consistently. However, in light of the minimal impact detailed monitoring would not be proportionate to the level of impact.
6	Reporting Outcomes and Action Plan		
a	Does the executive summary contain sufficient information on the key findings arising from the assessment?	Yes	

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Agenda Item 5.10

Cabinet Decision 10 January 2017	 TOWER HAMLETS
Report of: Aman Dalvi, Corporate Director, Development & Renewal	Classification: Unrestricted
'One for One' Right to Buy Receipts Usage - Purchase of Additional Homes Out of Borough	

Lead Member	Councillor Sirajul Islam, Cabinet Member for Housing Management & Performance
Originating Officers	Mark Baigent, Interim Service Head - Sustainability, Strategy, Regeneration and Housing Options John Coker , Acting Divisional Manager – Housing and Regeneration
Wards affected	All
Community Plan Theme	One Tower Hamlets
Key Decision?	Yes

Executive Summary

The report seeks approval in principle for a number of proposals to provide temporary accommodation by the council to meet the needs of homeless households. This includes -

- The accelerated acquisition of new housing stock in the East London corridor and beyond to provide greater choice for people willing to move beyond Tower Hamlets borough boundaries.
- To utilise Council surplus properties as appropriate for temporary accommodation use for up to ten years.
- Investigating the use of off-site manufactured units for temporary accommodation.

Internal modelling has been undertaken assessing the implications of purchasing two bedroom flats out of borough. The capital acquisition costs are estimated at approximately £300,000 per unit, equating to £30 million for the proposed 100 units. Financing the maximum 30% of these costs from retained Right to Buy capital receipts (£9 million) will mean that capital resources of £21 million will be required. The modelling assumes that the Council will borrow these resources

within the General Fund, although alternative capital resources could be used if available.

It is proposed that 100 properties are purchased and that a target total revenue saving of £500,000 is included at this stage. External valuers, Roughton International Limited (RIL), were commissioned to investigate this proposal, including study of an exemplar borough. Allowing for the time that will be required to acquire suitable properties, it is proposed that the saving is profiled as £200,000 in 2017-18 and £300,000 in 2018-19.

An additional capital estimate of £2.25m is proposed to deliver a further programme of 50 units that utilise surplus council properties for temporary accommodation for up to ten years. These properties will be funded from both the Housing Revenue Account and the General Fund as appropriate.

Recommendations

The Mayor in Cabinet is recommended to:-

1. Note the current position with regard to the Council's housing provision and anticipated housing demand as set out in paragraph 3 and Appendix A below.
2. Authorise the Corporate Director, Development & Renewal, to purchase housing stock either within or outside the borough as outlined below, including properties with a purchase value exceeding £250k and to procure services and works to bring the properties up to the required standards for letting where necessary.
3. Authorise the Director, Development & Renewal, to procure services and works and to let contracts in the delivery of the new homes in as far as required to fulfil the recommendations detailed below.
4. Adopt a capital estimate of £30million for the purchase of up to a maximum of 100 properties out of borough, subject to these satisfying conditions of affordability, suitability, and good quality management.
5. Allocate £9m retained Right to Buy Receipts to fund 30% of the capital costs and £21m to finance the residual 70% of the capital costs from Council capital resources, including undertaking prudential borrowing within the General Fund as necessary.
6. Authorise the Corporate Director, Development & Renewal, to utilise surplus Council properties for temporary housing, and to procure services and works for conversion of those units as appropriate.
7. Adopt a capital estimate of £2.25million to create up to 50 units of temporary accommodation from surplus council properties.

8. Authorise the Corporate Director, Development & Renewal, to investigate the use of Off-Site Manufacturing for temporary accommodation supply.
9. Require the Corporate Director, Development & Renewal, to consult the Mayor regarding any purchase beyond a 60 minute journey time from the Borough or within any District outside London, other than those immediately bordering another London Borough.
10. Require the Corporate Director, Development & Renewal to consult the Corporate Director, Resources regarding any purchase that would result in the portfolio average breakeven period exceeding 10 years or the net yield achieving less than 10%.

REASONS FOR THE DECISIONS

- 1.1 Tower Hamlets, similarly to many other local authorities, is facing unprecedented challenges in housing the rising number of households seeking housing assistance. The number of homeless households accepted has increased significantly over the last four years resulting in 2,055 families housed in temporary accommodation (TA) by the borough. Nearly 60% of accepted homelessness cases are now becoming homeless as a result of losing their private sector tenancy, this is due to a combination factors which include rising rents and lowered income as a result of welfare reform measures. With further welfare reform measures still to come, the pressures are expected to continue for the foreseeable future.
- 1.2 One of the highest expenses of local authority statutory homelessness functions is procuring and managing TA. The increase in homelessness has led to an associated increase in the use and cost of emergency accommodation. Emergency accommodation is nightly paid accommodation held under licence and forms an increasingly high proportion of the TA portfolio as moves into permanent private sector accommodation and longer-term TA alternatives (PSL) within subsidy cap have become less attractive to landlords.
- 1.3 There is therefore an urgent need to accelerate the supply of TA for those in housing need and for the Council to adopt an acquisition strategy designed to increase choice and affordability.
- 1.4 It is proposed that the Council adopts a number of strategies that will improve the supply of TA. The purchase of properties both within and outside the borough for use as TA in order to mitigate the current difficulties met in securing suitable supply at a reasonable cost to the Authority is one measure. This will provide a longer term solution to the need to utilise external sources of supply and will provide the Council with an asset which will provide an improved quality of accommodation for clients.
- 1.5 Provided that the properties purchased are not currently used as social housing, the Council will be able to finance 30% of the capital costs from the significant level of uncommitted retained Right to Buy receipts that it currently

holds. This will reduce the risk of having to pay these resources to the Government with substantial interest penalties. (Authorities must utilise the receipts to finance new social housing supply within a three year period from the financial quarter that the receipt is generated).

- 1.6 Internal modelling has been undertaken assessing the implications of purchasing two bedroom flats. The capital acquisition costs are estimated at approximately £300,000 per unit, equating to £30 million for the proposed 100 units. Financing the maximum 30% of these costs from retained capital receipts (£9 million) will mean that capital resources of £21 million will be required. The modelling assumes that the Council will borrow these resources within the General Fund, although alternative capital resources could be used if available.
- 1.7 It is anticipated that annual revenue expenditure of approximately £12,700 will be incurred to manage and maintain each property and service the debt charges. Annual rental income will equate to £11,300 (based on Government Homeless Subsidy Eligibility levels) meaning that the initial net cost of the initiative is £1,400 per property acquired.
- 1.8 These costs need to be considered in the context that having the property will mean that an alternative source of TA provision is not required. The cost of a bed and breakfast placement currently equates to £9,000 per annum, Nightly lets cost £6,500 per annum and a Private Licensed Accommodation placement is £3,500 per year. These costs all exceed those involved in the proposed initiative and therefore a budgetary saving should result. In addition the authority will own an asset in the long term which will reduce the need to source alternative TA at a time when limited supply and high demand mean that costs demanded for placements are increasing.
- 1.9 It is proposed that 100 properties are purchased and that a target total revenue saving of £500,000 is included at this stage. Allowing for the time that will be required to acquire suitable properties, it is proposed that the saving is profiled as £200,000 in 2017-18 and £300,000 in 2018-19.
- 1.10 The borough has a number of properties that are now surplus to use; these now present an opportunity for review and consideration for TA usage. Furthermore illegal occupation and anti-social behaviour present significant risk to the properties.
- 1.11 This report proposes a phased programme to convert such properties to TA for up to a ten year period, the use of the asset to be reviewed on completion of that period.

1. ALTERNATIVE OPTIONS

- 2.1 At present the Council is obtaining 5-10 self-contained units of privately rented accommodation per week. If the Council does not expand its range of procurement it will continue to struggle to provide suitable accommodation for

families in accordance with the statutory requirements. The Council is already utilising all available options to ensure it meets its statutory duty regarding homeless accommodation, this includes:

1. Preventing homelessness so that people do not enter the TA system in the first place
 2. Nightly lets
 3. Bed and breakfast accommodation
 4. Out of borough block leases
 5. Moving households to less expensive alternative types of TA
- 2.2 In addition the Mayor has expressed a desire to use 1-4-1 RtB receipts for capital projects rather than return them to the Treasury, Cabinet reports in July and October 2015 outlined projects to utilise the receipts, and further reports in February and July 2016 committed further capital estimates to this end, these options are
- council new build programme
 - grant programme for Registered Providers
 - section 106 opportunities on market led schemes
 - purchase of former RtB properties
- 2.3 The acquisition of new out of borough housing stock, will form part of a further intervention approach to accelerate the movement of homeless households from expensive emergency accommodation into less costly, alternative forms of TA.

2. BACKGROUND

- 3.1 Numbers in TA have increased by just over 100 since April 2016, although a reduction of 54 was achieved in 2015/16, with Tower Hamlets the only borough in East London to reduce its numbers in TA.
- 3.2 There is however ongoing significant pressure on TA, placements in TA have increased steadily by over 300 from 2012-2016 to 2,132.
- 3.3 The number of households in TA increases when the Council accepts a full homelessness duty as the demand for permanent accommodation still falls behind supply by the Council or Registered Providers.
- 3.4 The recent Spending Review and Autumn Statement have refocused the funding of new housing upon home ownership, rather than social or affordable rented homes. Changes to the government's Right to Buy (RtB) scheme in 2011, have resulted in a high volume of sales over the last few years. The sale of high value void council properties, recently introduced through the Housing and Planning Act, will result in further losses to the council's housing stock. This means households living in TA are less likely to be offered a social housing tenancy, leaving the private rented sector as the main option. Further welfare reform measures being delivered over the course of the next five

years are expected to compound these issues, making it increasingly difficult for households to be able to afford London's rental costs.

- 3.5 A detailed background to Homelessness applications in the borough is provided in Appendix A.
- 3.6 The high cost of accommodating homeless households in the private sector must be mitigated now, before the advent of universal credit which will further worsen the position.
- 3.7 There are financial advantages to using our own housing stock. At present the Council is using 160 properties, mainly from regeneration schemes as TA. This enables these properties to continue to generate HRA income – 125% of the social rent is paid in recognition of the higher costs of using these properties, and they also generate a General Fund income to cover the management costs of using the properties, with rents capped at the TA subsidy level. These properties are let on non-secure tenancies, and prevent revenue expenditure being paid to third parties. While agreement has been given to permit the use of up to 100 social housing voids per annum as TA, this is not a productive use of general needs stock as it reduces the quantum of properties available for letting to families in housing need, of which homeless households constitute 16%.
- 3.8 As well as a financial problem there are also significant service delivery issues and adverse impacts on homeless applicants. The quality of some B&B accommodation is questionable and there are issues of accommodating families in the same establishments as vulnerable and sometime challenging adults.
- 3.9 Private leased and nightly let accommodation also present challenges in maintaining acceptable quality. Furthermore, the difficulties with procurement have resulted in an increasingly dispersed TA portfolio which presents significant management problems, undermines efficiency and increases costs.

4. Purchase of Properties outside the Borough

- 4.1 The purchase of TA outside the borough represents a new approach by the Council. The Council currently provides TA outside of the borough, totalling 1004 units for the March 2016 statutory return (P1E); these are mainly in the form of PSL, B&B, hostels, and annexes, including the Council's recently brokered 71 unit lease for a development in Merton.
- 4.2 The purchase of properties out of borough intended for TA has been seen as necessary by some boroughs with high property values such as Westminster City Council and RB Kensington and Chelsea, however the recent direction of government policy such as the accumulation of one for one receipts, increasing pressure on homeless accommodation and the potential contraction of affordable housing through extended right to buy to housing associations and the sale of high value voids has lead other London boroughs

to consider this approach. RIL's investigation notes the Inside Housing article (June 2016) reporting seven London councils purchasing up to 168 properties in the last three years, with Brent Council planning to buy 300 properties over the next two years. The article notes that Enfield Council has bought 180 properties through its company in the last two years.

Table 1

Council	No of properties	Location
Bexley	1	Crayford
Croydon	13	Crawley, Downham , Merstham
Ealing	26	Slough, Hillingdon, Staines
Harrow	23	Aylesbury, Watford, Ealing, Garston
RB Kensington & Chelsea	1	Romford
Wandsworth	23	Croydon, Mole Valley, Crawley, Epsom, Reigate, Kingston, Chessington
Westminster	81	Barking, Redbridge, Haringey, Romford, Chadwell Heath, Greenwich, East Ham, Enfield

4.3 The aim of the project is to develop or acquire units of TA and manage them ourselves. Noted benefits of this approach will be -

- To improve quality
- To improve continuity i.e. to avoid current situations where landlords often withdraw their properties
- To reduce costs, rents can be set at a level to cover costs but avoid rents above HB subsidy rate
- To assist in providing accommodation for the most vulnerable families who are impacted by the reduction in Universal Credit

4.4 This report proposes that this initiative:-

- Pilots a scheme in the East London corridor and beyond of up to 100 units
- Properties are to be located within a 90 minute travel time to Tower Hamlets
- Targets properties that provide good value for money
- The programme targets bulk purchases of either new build or portfolios in order to achieve economies of scale where available.
- Provides a reasonable volume to ensure effective housing management efficiencies

Assumptions/Dependencies/Constraints

1. Rent levels will cover the majority of costs including capital financing charges
2. Properties are likely to be out of Borough in cheaper areas
3. The Procurement Strategy will concentrate on purchasing clusters of properties to improve management outcomes
4. Property expertise required
5. Retained Right to Buy receipts can be used for the purchase of properties for use as TA but not Bed and Breakfast. They cannot be used to purchase existing social housing units.

Delivering the programme – out of borough purchases

- 4.5 In order to execute the programme effectively the Council will make investigations to identify a number of opportunities both within and out of borough to purchase new build housing that is either built, or in a position where building start on site is imminent. Office to residential conversions will also be considered.
- 4.6 The council will seek to purchase individual units, pursuing a number of options including properties for sale on the open market, properties for sale from existing council leaseholders, or portfolios of properties from landlords looking to sell.
- 4.7 An initial analysis of the residential market by RIL in an exemplar borough suitably located (Borough A) indicates that better value for money can be obtained by the purchase of property in Borough A as compared to an equivalent property purchase in Tower Hamlets (Table 2 below).
- 4.8 Prices are affected by location, condition and property type, this investigation highlighting that the Borough A residential market has more traditional houses in the larger property size which impacts on values conversely for this intended programme, this is highlighted in Table 2 below. The programme will target 1bed, 2bed and 3bed properties in order to develop a range of options.
- 4.9 It is important to note that whilst RIL note that Borough A provides opportunities of good value for such a programme, it cautions that the borough has been subject to significant property value increase, as much as 44% in some areas in the last 12 months. It is therefore recommended that any agreed programme must be executed swiftly to maximise value.
- 4.10 Table 2 shows that there is sufficient scope in the price range to deliver a programme which meets the objectives of the Council.

Table 2

	1B Price Range (£k)	2B Price Range (£k)	3B Price Range (£k) *
LBTH	£210 to £285	£240 to £575	£270 to £450
Borough A	£130 to £250	£180 to £355	£270 to £450

* Borough A has a higher number of 3 bed properties at the lower end of the range.

RIL further note that the average property value in Borough A is circa £271,000.

Proposed Acquisition Criteria 100 out of borough units

4.11 The acquisition strategy for TA will be based on the following set criteria:

- locations within 90 minutes from Tower Hamlets
- housing market growth over past 3 years
- an active local economy
- rents not likely to breach HB caps
- Suitability in terms of property sizes
- demonstrable savings against TA costs

4.12 A budget of up to a maximum of £30 million (100 units) is proposed for the programme to cover the purchase price, all professional fees and project management costs, associated taxes and up to £10,000 of improvement works.

4.13 Officers will manage the programme utilising Prince 2 methodology reporting through the established capital programme governance to the Corporate Director Development & Renewal.

Tower Hamlets Surplus and Incidental Property Conversions.

4.14 The borough has a number of properties that become available for a variety of reasons - these may be former community buildings that no longer have a required community useage, former office buildings surplus to use, former tied accommodation that has become vacant or surplus to use or in fact buildings with expired or near expiry commercial leases that now present an opportunity.

4.15 These properties often become illegally occupied resulting in significant cost and resource pressures on the Council, not only in management expense, processing and executing repossession, but also anti-social behaviour on the site.

4.16 This report proposes a phased programme to convert these properties to TA for up to a ten year period, the use of the asset to be reviewed on completion of that period.

- 4.17 This proposal offers better more efficient use of these assets, resolving the issues noted in paragraph 4.15 above, and generating an income for either the General Fund or Housing Revenue Account as appropriate.
- 4.18 Each opportunity would be assessed against a viable business plan.
- 4.19 A budget of up to a maximum of £2.25 million (50 units) is proposed for this programme to cover all professional fees and project management and works costs.

Delivering the programme - Surplus and Incidental Property Conversions

- 4.20 The Council will review its identified surplus vacant properties (this would include properties with intended vacancies also) and bring forward such properties that may suit this programme. These properties may be in the General Fund or the Housing Revenue Account.
- 4.21 This report proposes a programme of 50 units of TA, covering a range of units from studio accommodation, 1bed, 2bed and 3 bed properties in order to develop a range of options and maximise business plans. The unit mix will be determined by the development opportunity available.
- 4.22 It is highly likely that a planning consent will be required for these units as they may require a change of use from the current consented useage. An appropriate communications programme for the intended useage may also be required in delivering the units.
- 4.23 The business plan for each property would include -
- Requisite planning consent
 - Rents not likely to breach HB caps
 - Suitability in terms of property sizes
 - Demonstrable savings against TA costs
 - 10 year business plan
- 4.24 Officers will manage the programme utilising Prince 2 methodology reporting through the established capital programme governance to the Corporate Director Development & Renewal.

Temporary Accommodation through Off-Site Manufacture (OSM).

- 4.25 As a member of the East London Housing Partnership (ELHP) the borough was party to a study conducted by Arcadis. The commissioned study explored the potential role that modern methods of construction, referred to as off-site manufacture (OSM), could play in supporting members of ELHP in the provision of TA. The specific application of OSM that was assessed in the report was relocatable, pre-fabricated units deployed on short-life sites.

- 4.26 The use of short-life sites has advantages with respect to planning and flexibility with respect to the long-term use of public land.
- 4.27 The principle behind the temporary housing solution is the adoption of offsite methods of construction to accelerate speed of construction and to use demountable components that can be disassembled and reused in other locations. The principle is well-proven in connection with accommodation provided for construction projects but has not been applied widely elsewhere.
- 4.28 Appendix B details critical factors regarding OSM market, including its key characteristics, and industry capacity.
- 4.29 It is recommended that the Corporate Director Development & Renewal be authorised to undertake further viability testing of this model and report back to Cabinet in 2017.

5. COMMENTS OF THE CHIEF FINANCE OFFICER

- 5.1 As a result of the combination of the increasing numbers of applications to the homelessness section, the scarcity of available temporary accommodation and the high levels of rent charged to the council, significant service delivery and budgetary pressures are being faced, particularly in respect of the increasing need to utilise bed and breakfast accommodation and to procure an increasing number of properties outside Tower Hamlets.
- 5.2 Although the Homeless Service operates with a net 2016-17 budget of £1.9 million, the gross budget is £35.4 million, with the major cost element being the £29.8 million budget for the rent payable to landlords for the supply of temporary accommodation. The main source of income derives from the rents and charges that are levied to customers.
- 5.3 Around 87% of the rental income is however met through benefits payments, so the financial implications within the service budget cannot be looked at in isolation. Although the Council has a statutory duty to pay benefits, the level of subsidy that is recouped from the DWP is capped i.e. the statutory benefits that the Council must pay on these properties will exceed the sum recoverable from the DWP. The high rent levels charged by suppliers of temporary accommodation are leading to budgetary pressures within the Housing Benefits budget due to this variance between the statutory benefits paid out and the Government subsidy received.
- 5.4 The charges that the council pays for the provision of Private Licensed Accommodation (PLA) were amended in October 2016 which should increase the availability of temporary accommodation in the short term, however this report outlines a number of proposals that will increase the supply of temporary accommodation in the longer term. The proposals are all aimed at increasing available stock under the council's ownership and therefore reducing the need to procure temporary accommodation from third parties. The financial implications of each proposal are set out below.

5.5 Purchase of Properties outside the Borough (paragraphs 4.1 to 4.13)

- 5.5.1 It is proposed that the council acquires 100 properties outside the borough for use as temporary accommodation. This will necessitate a significant capital investment, however the council is currently holding substantial levels of Right to Buy receipts (approximately £69 million) which must be used for the supply of new housing. Tight time constraints apply to the use of these resources (they must be spent within three years of receipt) and if they are not utilised they must be paid to the Government with significant interest penalties falling on the council. It is important therefore that delivery mechanisms continue to be developed to ensure that these resources are not lost to the council.
- 5.5.2 Specific regulations apply as to the use of the retained receipts but provided that the properties purchased are not currently used as social housing, the Council will be able to finance 30% of the capital costs from this source.
- 5.5.3 An initial financial assessment has been undertaken of the proposed project, based on the acquisition of two bedroom properties. The summary analysis is shown below.

Net Cost of Purchasing a Two Bedroom Property

	£
<u>Capital:</u>	
Total Capital Acquisition Cost:	302,000
<u>Capital Financing:</u>	
Retained RTB Receipts (30%)	90,600
Borrowing (70%)	211,400
<u>Annual Revenue Costs:</u>	
Maintenance	1,000
Management / Service Charges	750
Interest Charges	5,708
Minimum Revenue Provision	<u>5,285</u>
Total Cost	12,743

Rental Income to the Authority

Annual Rental Income: **(11,260)**

Net Annual Revenue Cost to the Authority

	£
Cost to the Authority	12,743
Rental Income to the Authority	<u>(11,260)</u>
Net Annual Revenue Cost to the Authority	<u>1,483</u>

- 5.5.4 The net annual revenue cost to the council of purchasing one unit has been assessed as £1,483, however, this needs to be considered in the context of the costs of using alternative accommodation. As outlined in Table 5 in Appendix 1, the net cost to the council of a bed and breakfast placement equates to £9,000 per annum. Similarly, the use of a nightly let costs £6,500 per year with a Private Licensed Accommodation (PLA) Unit equating to £3,500.
- 5.5.5 If compared to the cost of a nightly let, the saving of this initiative to the council would be approximately £5,000 per unit (i.e. the nightly let cost of £6,500 less the net cost to the council of purchasing and managing its own unit of £1,483).
- 5.5.6 Based on the purchase of 100 units that is proposed in this report, a saving of £500,000 per annum is therefore anticipated, and a corresponding invest to save proposal has been submitted as part of the 2017-18 budget process. Due to the timescales involved in procuring the properties, the proposed saving has been profiled as £200,000 in 2018-19 and a further £300,000 in 2019-20 (paragraph 1.10). Savings will materialise through the avoidance of costs, either against budget or by providing mitigation against a budgetary pressure.
- 5.5.7 It should be stressed that there is currently uncertainty regarding several aspects of Government legislation in relation to homelessness. Increasing obligations for the council are proposed under the Homelessness Reduction Bill, and Welfare Reform changes, including the introduction of Universal Credit, will impact on future demand and cost to the Council and are likely to provide additional budgetary pressures. The proposal in this report should provide better quality units for use as temporary accommodation and the council will be investing in an asset for its longer term use.
- 5.5.8 If approved, this scheme must be included within the council's Medium Term Financial Strategy and the supporting Capital Strategy, and also incorporated into the 2017-18 capital programme which is due to be considered by Council in February 2017.
- 5.6 Tower Hamlets Surplus and Incidental Property Conversions (paragraphs 4.14 to 4.24)
- 5.6.1 It is proposed that various council owned surplus vacant properties are converted for use as short term temporary accommodation units. A capital budget of £2.25 million is proposed for the conversion works.
- 5.6.2 The vacant properties could currently be held within the General Fund or Housing Revenue Account. Assessment of funding will be necessary in each separate case to ensure that appropriate mechanisms are used to maintain the Housing Revenue Account ringfence and that the HRA is not subsidising General Fund costs or vice-versa.

- 5.6.3 As is the case with the purchase of properties outside the borough, if approved, this scheme must be included within the council's Medium Term Financial Strategy and supporting Capital Strategy, and incorporated into the 2017-18 capital programme which is due to be considered by Council in February 2017.
- 5.7 Temporary Accommodation through Off-Site Manufacture (paragraphs 4.25 to 4.29)
- 5.7.1 The borough has been involved in a study into the use of off-site manufacture of housing units as part of its membership of the East London Housing Partnership.
- 5.7.2 This report seeks approval for the council to undertake a further viability assessment into this method of delivery. This will incorporate a detailed financial assessment of the implications and will be reported to Cabinet in due course. The costs of the viability assessment will be met from existing budgetary provision.
- 5.8 Given that there are significant financial uncertainties with the savings and investment elements required from these schemes and the need for the Business Cases to be able to demonstrate, for prudential borrowing purposes, that there is an overall saving to the General Fund, the Chief Financial Officer should be consulted as set out in recommendation 10 before any decisions are taken to complete a purchase that would result in the portfolio average breakeven period exceeding 10 years or the net yield achieving less than 10%.

6. LEGAL COMMENTS

- 6.1 The report details proposals to increase the supply of temporary accommodation to address the needs of homeless households. The report seeks approval for the acquisition of properties outside the borough, conversion of surplus Council owned properties for use as temporary accommodation for up to ten years and investigation of the use of off-site manufacturing for temporary accommodation. The schemes would be financed from within the HRA and General fund as outlined in the report. The Council's powers are outlined below.
- 6.2 The Council has a statutory duty to provide temporary accommodation for households who satisfy the eligibility criteria set out in Part VII of the Housing Act 1996 (as amended). When discharging a housing duty to secure accommodation, the Homelessness (Suitability of Accommodation) Order 1996 specifies that the accommodation must be suitable, which includes taking into account whether or not the accommodation is affordable. This requires the financial resources available to the person which includes the cost of the accommodation. The duty to provide suitable accommodation is a continuing obligation and the Council must keep this under review.

- 6.3 The Homelessness Code of Guidance 2006 provides that if accommodation is not affordable the property would be unsuitable unless the rent is subsidised by the Housing Authority which can be delivered by housing benefit top-up or reducing the rent paid to an affordable level, both of which constitute a cost to the general fund; or by the award of a discretionary housing payment (DHP). The Council has awarded Discretionary Housing Payments to households in temporary accommodation who are subject to the overall benefit cap.
- 6.4 Section 208(1) of the 1996 Act provides that so far as reasonable practicable a local housing authority shall in discharging their housing functions under Part VII of the 1996 Act secure that accommodation is available for the occupation of the applicant in their district. Section 208(2) further states that if they secure that accommodation is available for the occupation of the applicant outside their district they shall give notice to the local housing authority in whose district the accommodation is situated. In determining the suitability of the accommodation the local authority must take into account the considerations set out in the Homelessness (Suitability of Accommodation) (England) Order 2012. These include the location of the accommodation, whether it is outside the district of the local authority and the distance of the accommodation from the district.
- 6.5 The Homelessness (Suitability of Accommodation) (England) Order 2003 states that B&B accommodation is not to be regarded as suitable for an applicant with family commitments i.e applicants who are pregnant or with whom a pregnant woman or dependent children reside or might reasonably be expected to live. Where only B&B accommodation is available for occupation by an applicant with family commitments the applicant should not occupy the B&B accommodation for a period, which exceeds 6 weeks.
- 6.6 The Homelessness Reduction Bill, which was presented to Parliament in June 2016 had its second reading on 28 October 2016 and is likely to increase the Council's obligations. The objective of the Bill is to enable and encourage local authorities to intervene at an earlier stage to prevent homelessness; and to improve the provision of support to anyone who is eligible and homeless, regardless of priority need or intentional homelessness. When further Welfare Reform changes, including the introduction of Universal Credit, come into force it this may increase demand for housing assistance by those affected by the reduction in their entitlement to certain state benefits.
- 6.7 Local authorities have powers pursuant to section 120 Local Government Act 1972 to acquire land for the purposes of exercising their statutory housing functions. Section 12 of the 1972 Act gives local authorities powers to invest for any purpose relevant to its functions. The Council in exercising such powers must do so in a fiduciary manner.
- 6.8 Furthermore, section 9(1) Housing Act 1985 enables local housing authorities to acquire houses or convert buildings into houses for the provision of housing accommodation. Section 14 of the 1985 Act enables local housing authorities to exercise such powers granted pursuant to section 9 of the 1985 Act outside

their district in order to meet their statutory obligation to provide housing accommodation.

- 6.9 The proposal to use surplus land for temporary accommodation may require the council to use its powers to appropriate land under S.122 of the Local Government Act 1972. This enables land that is currently in Council ownership but held for a purpose for which it is no longer required, to be appropriated for another purpose, , subject to the rights of any other persons in, over or in respect of the land concerned.
- 6.10 Consideration should be given to costs and resourcing implications for management of the properties acquired outside the borough.
- 6.11 The Council is obliged as a best value authority under section 3 of the Local Government Act 1999 to “make arrangements to secure continuous improvement in the way in which its functions are exercised having regard to a combination of economy, efficiency and effectiveness’. Best value is in part a financial consideration in terms of value for money, not only the price that is paid when purchasing properties but consideration of savings from not paying, for example, the costs of bed and breakfast placement. The fulfilment of this duty is further addressed in paragraph 8 below.
- 6.12 It will be necessary for these schemes, if approved, to be included within the Council’s Medium Term Financial Strategy and the supporting Capital Strategy, and also incorporated into the 2017-18 capital programme. These are due to be considered by Council in February 2017.

Contracts and Procurement

- 6.13 It is noted that an indicative figure of £2.5m has been provided at paragraph 4.19 of this report for ‘professional fees, project management (Services) and works costs (Works) that will be required in relation to the acquisition of properties and refurbishment of Council owned properties.
- 6.14 The Council has power to enter into contracts for a third party to deliver the Works and Services which arises by virtue of section 111 of the Local Government Act 1972, providing the power enabling the Council to do anything which is calculated to facilitate, or is conducive or incidental to, the discharge of any of its functions. Under section 1 of the Localism Act 2011, the Council has the power ‘to do anything that an individual may do’ ‘for the benefit of the authority, its area or persons resident or present in its area’. The Council may be satisfied that it has the enabling power(s) to initiate procurement exercises for the Works and Services and award any subsequent contracts pursuant to those tendering activities.
- 6.15 For the purposes of the Works and Services, it would be anticipated that there may need to be a range of tendering activity to meet the requirements as a whole. The total value of the anticipated Works would likely be under the £4,104,394 threshold contained in the Public Procurement Regulations 2015 (Regulations) and therefore strict compliance with it will not be required.

However, the Council would be required in any event, to demonstrate compliance with the principles of equal treatment, transparency and non-discrimination as required by the Treaty of the Functioning of the European Union (“TFEU”). With regards the requirement for Services, it would likely exceed the £164,176 threshold contained in the Regulations and as such, the Council would be required to comply with the Regulations fully. As noted above in paragraph 6.11, the Council has a best value duty which applies in respect of competitive tendering. Compliance by the Council with the Regulations, TFEU together with its own standing orders in respect of tendering (Procurement Procedures) for the Works and Services should assist in satisfying these obligations.

- 6.16 Executive approval for the Works will not be required given that the figures should be below the Regulations’ threshold and the Procurement Procedures and the Corporate Director may authorise any tendering activity and awarding Works contracts. With regards the Services it is not possible to determine the precise impacts of the Regulations and which process under the Procurement Procedures should be followed together with what further approvals may be required given that those requirements are to be confirmed. In light of this, when the financial and tendering models for the Services are established in detail, further advice from Legal Services must be sought. If the figures in relation to the Works exceeds the Regulations’ threshold stated above, Legal Services should be advised accordingly. At that time, due regard may also need to be given to the Equality Act 2010 and Public Services (Social Value) Act 2012 respectively.

Capital Estimates

- 6.17 Pursuant to the Council’s Constitution, full Council is responsible for the adoption of its budget and policy framework and which includes the allocation of financial resources to different services and projects, proposed contingency funds, setting the council tax and decisions relating to the control of the Council’s borrowing requirement, the control of its capital expenditure and the setting of virement limits.
- 6.18 The Mayor as the Executive has responsibility for preparing the draft plan or strategy for submission to the full Council and once a budget or a policy framework document has been agreed, it is the responsibility of the Mayor, the Executive and officers to implement it.
- 6.19 Subject to rules relating to virements, the Mayor, Executive, Committees of the Executive and any officers or joint arrangements can only take decisions which are in line with the budget and policy framework. If any of these bodies or persons wishes to make a decision which is contrary to the policy framework, or contrary to or not wholly in accordance with the budget approved by the Council, then that decision may only be taken by the Council.
- 6.20 Provided therefore that the decisions to be taken are in line with the budget and policy framework agreed by full Council then the proposed recommendations are ones that The Mayor as the Executive can agree.

- 6.21 The Council is required when exercising its functions to comply with the duty set out in section 149 of the Equality Act 2010, namely to have due regard to the need to eliminate unlawful discrimination, advance equality of opportunity between those who share a protected characteristic and those who do not, and foster good relations between those who share a protected characteristic and those who do not. How this duty is met is addressed in the paragraph below headed 'One Tower Hamlets Considerations'.

7. ONE TOWER HAMLETS CONSIDERATIONS

- 7.1 When exercising its functions, including housing functions , the Council has a duty under section 149 of the Equality Act 2010 to have due regard to the need to eliminate unlawful discrimination and advance equality of opportunity and foster good relations between those who share a protected characteristic and those who do not. This proposal involves the Council's exercise of its powers to acquire property by way of a lease for the purposes of providing for homeless persons. The allocation and use of those units for those households with family commitments will be determined in accordance with the statutory requirements to provide such accommodation, based on a number of relevant factors including priority need and suitability of accommodation. This service will, in accordance with the legal requirements, largely be of benefit to children. The majority of affected households are not currently accommodated within Tower Hamlets. This proposal presents an opportunity to provide good quality, suitable homes within easy reach of the Borough.

8. BEST VALUE (BV) IMPLICATIONS

- 8.1 The Council is required to consider the value for money implications of its decisions and to secure best value in the provision of all its services. It is important that, in considering the application of funding, Members satisfy themselves that resources are allocated in accordance with priorities and that full value is achieved.
- 8.2 This report is concerned with achieving best value with the application of Right to Buy Receipts to schemes resulting in effective use of the funding resource. The strategies and schemes considered will deliver value for money in meeting the Council's duty as a local housing authority.

9. SUSTAINABLE ACTION FOR A GREENER ENVIRONMENT

- 9.1 There are no specific implications arising from the recommendations in this report.

10. RISK MANAGEMENT IMPLICATIONS

- 10.1 There are risks to the Council that in the longer term it will not be able to let all of the units in a timely fashion. However in the unlikely event that such a situation arises the Council would offer them to other London Authorities.
- 10.2 At present the Council has sufficient families which could be placed from B&B to utilise the units and it does not reasonably envisage a situation where it would be unable to use all of the properties. There is an added risk presented by welfare reform and the proposal to reduce the benefit cap by a further £3,000 which may mean the Council needing to subsidise the rents for families who are not in work. However this is a risk that applies to all non-working families in TA.

11. CRIME AND DISORDER REDUCTION IMPLICATIONS

- 11.1 There are no significant implications arising from these specific recommendations.

12. SAFEGUARDING STATEMENT

- 12.1 There are serious safeguarding concerns with children being placed for extended periods in hotel accommodation. Shared hotel accommodation is not suitable for families with children, and may only be used in an emergency, subject to a maximum of six weeks in accordance with the 2003 Suitability of Accommodation Order. This was in recognition of the harm to children's development if spending lengthy periods in cramped, overcrowded accommodation with insufficient space to play and study. Further concerns arise from the need to share cooking, bathroom and toilet facilities with other households, including in some cases, vulnerable single adults.

Linked Reports, Appendices and Background Documents

Linked Report

Appendices

- Appendix A – Housing Need Background in Tower Hamlets
- Appendix B – Temporary Accommodation through Off-Site Manufacture (OSM).

Background Documents – Local Authorities (Executive Arrangements)(Access to Information)(England) Regulations 2012

- None

Officer contact details for documents:

- n/a

Originating Officers and Contact Details

Name	Title	Contact for information
John Coker	Acting Divisional Manager – Housing & Regeneration	020 7364 3782

APPENDIX A

Housing Need Background in Tower Hamlets

- 1.1 The September 2016 Housing Strategy Cabinet Report notes the following pressures on Housing in Tower Hamlets –
- Housing need – nearly 20,000 households on the Common Housing Register with over 50% in high priority need
 - Over 2,000 households accepted as homeless are in temporary accommodation with over 1,000 currently placed in accommodation outside Tower Hamlets
 - Projected housing need - evidence from both the GLA London and LBTH Strategic Housing Market Assessments estimate that LBTH will require an additional 58,000 homes by 2035
 - Population growth - Population expected to increase from 254,000 in 2011 to 370,000 by 2035
 - The shortage of affordable homes has led to an extremely heated housing market. The private rented sector has doubled in size over the past 10 years but rents are beyond the reach of households on average incomes are well above Local Housing Allowances
 - The Private Rented Sector is now the biggest single tenure at 39% of homes in the borough
 - Private market sales start at a minimum of £300,000 for an ex local authority right to buy flat and so even the lowest level of home ownership is beyond the means of average income households

Pressures on Temporary Accommodation

- 1.2 The number of households in temporary accommodation increases when the Council accepts a full homelessness duty to more applicants than have been re-housed via a permanent offer of accommodation.
- 1.3 Numbers in temporary accommodation have increased by just over 100 since April 2016, although a reduction of 54 was achieved in 2015/16, with Tower Hamlets the only borough in East London to reduce its numbers in temporary accommodation.
- 1.4 Table 1 below gives annual snapshots of placements by tenure over the last four years:

Table 1.

Tenure	Sep-2012	Sep-2013	Sep-2014	Sep-2015	Sep-2016
Hotels	100	235	175	267	170
Nightly Lets	-	-	185	421	618
Private Licensed Accommodation	1,481	1,491	1,297	1,055	954
Non Secure Tenancies (Council)	104	133	140	143	160
Non Secure Tenancies (RSLs)	59	81	90	104	141
Assured Shorthold Tenancies	85	89	86	60	89
TOTAL	1,829	2,029	1,973	2,050	2,132

- 1.5 The number of homelessness applications reduced when Tower Hamlets amended its Lettings Policy in 2010 which removed perverse incentives for people in housing need to apply to the Council as homeless.
- 1.6 The impact of this policy change on homelessness demand is illustrated in table 2 below, bearing in mind the policy was implemented in October 2010. These figures should be seen in the context of a 20% increase in the number of homeless acceptances in East London in the last 12 months.
- 1.7 The use of Bed and Breakfast for families with dependent children is only permitted in an emergency and for a maximum of 6 weeks. The '6-week rule' does not apply to emergency accommodation owned or managed by the Council or Registered Providers.

Table 2.

Year (Calendar Year)	Homeless Applications	Homeless Acceptances	Lets to Homeless Households (Financial Year)
2009	1,011	784	
2010	911	575	
2011	685	418	377
2012	681	417	324
2013	822	524	322
2014	744	512	265
2015	733	568	459
2016 (to June)	299	249	122 (to August 2016)

- 1.8 The number of units of Private Licensed Accommodation (PLA) temporary accommodation has fallen because as private rents have increased landlords have become more reluctant to let their properties to the Council as we cannot match their desired rent levels. Temporary accommodation subsidy has remained unchanged at 90% of LHA + £40 per week since 2011. This formula was achieved by asking the providers to accept a rent reduction in 2010, which meant they received no rent increase until the Council awarded an increase of £10 per week in 2014. This increase was not sufficient to stem the loss of PLAs and a further increase of £30 per week was applied in 2015.
- 1.9 This resulted in only 114 new PLA properties being procured compared to 56 the year before and the rate of voids being offered for re-letting increasing from around 10% to 36%.
- 1.10 Private sector rents in East London increased by 18% in the 12 months to September.
- 1.11 LBTH has therefore been forced to use so called 'nightly lets' – self-contained accommodation let on a nightly basis - which are more expensive.
- 1.12 The level of churn in self-contained temporary accommodation is over 50% per annum. At present around 60% of all PLA voids are not offered back to the service for re-letting, which means that unless there is a substantial and rapid reduction in the number of homeless households in temporary accommodation there will be an increased demand for nightly lets. The Council needs to procure around 500 self-contained private rented sector properties a year to replace the stock lost through churn.
- 1.13 This shortage of temporary accommodation led to a large increase in families in bed and breakfast accommodation; and we have been in breach of the law because families have been in B&B for more than 6 weeks. In the past few months we have focused on dealing with this problem and have managed to eliminate this unlawful status.
- 1.14 An analysis of Bed and Breakfast Accommodation Usage (April 2013 to September 2016) is shown below.

Table 3.

Date	Number of families placed in Bed & Breakfast Accommodation	Number >6 Weeks
8 April 2013	101	48
7 April 2014	112	46
7 April 2015	208	147
6 July 2015	243	166
4 April 2016	51	12
30 September 2016	29	0

- 1.15 The costs of temporary accommodation have risen significantly, putting a burden on both the Housing Benefit service and General Fund budgets, as well as increasing the demand for Discretionary Housing Payments. Table 4 illustrates the funding position, giving the total cost to the Authority of providing temporary accommodation:

Table 4.

2012/13	£4.1 million
2013/14	£7.3 million
2014/15	£6.5 million
2015/16	£7.9 million

- 1.16 There is a difference in the average annual cost to the Council of different types of temporary accommodation, Bed and Breakfast being the most expensive for families followed by nightly lets and then Private Licensed Accommodation (PLA):

Table 5.

Bed and Breakfast	£9,000
Nightly Paid Accommodation	£6,500
Private Licensed Accommodation	£3,500

- 1.17 The costs of accommodating homeless households in the private sector are unsustainable, and will become even higher when the overall benefit cap is reduced and Universal Credit rolled out.
- 1.18 There are financial advantages to using our own housing stock. At present the Council is using 160 properties, mainly from regeneration schemes as temporary accommodation. This enables these properties to continue to generate HRA income – 125% of the social rent is paid in recognition of the higher costs of using these properties, and they also generate a General Fund income to cover the management costs of using the properties, with rents capped at the temporary accommodation subsidy level. These properties are let on non-secure tenancies, and prevent revenue expenditure being paid to third parties. While agreement has been given to permit the use of up to 100 social housing voids per annum as temporary accommodation, this is not a productive use of general needs stock as it reduces the quantum of properties available for letting to families in housing need, of which homeless households constitute 16%.
- 1.19 As well as a financial problem there are also significant service delivery issues and adverse impacts on homeless applicants. The quality of some B&B accommodation is questionable and there are issues of accommodating families in the same establishments as vulnerable and sometime challenging adults.

- 1.20 The Council is unable to inspect all private leased and nightly let accommodation before families move into them. As the accommodation procured is at the lower end of the rental market it is difficult to maintain acceptable quality. Furthermore, the difficulties with procurement have resulted in an increasingly dispersed TA portfolio which presents significant management problems, undermines efficiency and increases costs.

APPENDIX B

Temporary Accommodation through Off-Site Manufacture (OSM).

1. As a member of the East London Housing Partnership (ELHP) the borough was party to a study conducted by Arcadis. The commissioned study explored the potential role that modern methods of construction, referred to as off-site manufacture (OSM), could play in supporting members of ELHP in the provision of TA. The specific application of OSM that assessed in the report was relocatable, pre-fabricated units deployed on short-life sites.
2. The use of short-life sites has advantages with respect to planning and flexibility with respect to the long-term use of public land.
3. The principle behind the temporary housing solution is the adoption of offsite methods of construction to accelerate speed of construction and to use demountable components that can be disassembled and reused in other locations. The principle is well-proven in connection with accommodation provided for construction projects but has not been applied widely elsewhere.
4. Offsite manufacture (OSM) is a well-established but niche construction technique in the UK. Currently, OSM is typically used in sufficient volume in the delivery of student and military accommodation to deliver mature, value for money solutions. According to Government data, OSM accounts for 7% of the UK new build housing market, equivalent to £1.5 billion per annum, which delivers approximately 10-15,000 homes per annum. Most of this OSM is based on simple timber frame solutions.
5. The recent increased interest in OSM has partly been driven by the skills shortage and labour cost issues within the UK construction sector, which has been a major constraint to solving the country's housing crisis. In early 2016, the GLA Conservative Group published a report called 'Pop-Up Housing' promoting the use of modern methods of construction (MMC) developments in order to reduce rent levels in London by a third. It focused on using innovative methods to tackling London's housing shortages. The GLA have also part-funded two MMC schemes: YMCA North East London's MyPad development (30 units) and YMCA London South West's Y:Cube scheme (36 units) through the Building the Pipeline programme. Both schemes are used to accommodate residents of the YMCA hostel once they have moved on.
6. Funding for MMC developments is available as part of the GLA's 2011-15 and 2015-18 affordable housing programmes in line with Policy 7 of the current London Housing Strategy, with funding mechanisms offered on a flexible basis.
7. The OSM industry has the potential to alleviate some of the problems faced in the construction industry without impacting on inflation. This demand – focused on transferring construction activity away from site - is encouraging the development of solutions with greater levels of pre-fabrication which will be more suitable for temporary, relocatable solutions.

8. Key characteristics of OSM that are relevant to Tower Hamlets considerations include:


Factory build solutions	Involving assembly under controlled conditions, providing better quality control and a safer, more attractive working environment for operatives. Automation of manufacturing processes is not always necessary, and in many OSM plants, many on-site processes are replicated in the factory. The pre-manufacture of units will be important to accelerate delivery on site
Building performance	Performance is typically better than in-situ construction. Higher levels of thermal performance are easier to achieve at a lower cost premium. This is important to provide a high quality environment with low running costs
Compression of the construction programme	Ability to compress the construction programme. Modules are typically manufactured in parallel to the foundations and site works. Pre-installed building services additionally reduce time and labour on site. Using OSM, project start to completion times have been cut by up to 50%. This will help make best use of the temporary sites that are available
Reduced site work	Factory production significantly reduces site work and associated disruption. Typically site labour requirements are 20% of a conventional build. Locating work in a controlled environment improves overall health and safety performance and site security. Faster overall construction, including the elimination of days lost to inclement weather reduces disruption to neighbours and will accelerate completion.
Reduced traffic movements	A study undertaken by WRAP and ARUP found the reduction in traffic movements to be 82% on modular projects compared to traditional construction – this will be important in congested urban environments where construction disruption may be a planning consideration
Reduced waste	Waste is reduced, partly due to secure storage in suitable conditions as well as the ability to pre-order custom sized materials such as wall-board.
Quality	Quality is also promoted by better programming of trades, reducing the risk of damage to completed work, resulting in less snagging and delivery of a higher quality finish.

9. Based on recent research, Arcadis has identified that the UK OSM market is still largely dominated by SME businesses, however, recent high profile initiatives in OSM led by Legal & General (L&G) and Laing O'Rourke may introduce more capacity into the market. For example, L&G have been collaborating with 24/7 Living. These investments are clearly focused at

housing delivery at a strategic level – in the case of Laing O’Rourke with L&Q’s large scale programme. Arcadis assess that east London’s requirement is most likely to be delivered by a medium-scale provider, who could use a partnership to support investment and expansion.

10. Arcadis have estimated the cost of delivery of an OSM solution at circa £2,250m², therefore a potential 50 unit scheme would have an estimated cost of £9.2m (£184k per unit).
11. It is recommended that the Corporate Director Development & Renewal be authorised to undertake further viability testing of this model and report back to Cabinet in 2017.

Agenda Item 5.11

Cabinet 10 January 2017	 TOWER HAMLETS
Report of: Will Tuckley, Chief Executive and Acting Corporate Director, Communities, Localities, Culture	Classification: Unrestricted
Late Night Levy Consideration – post consultation	

Lead Member	Councillor Shiria Khatun, Deputy Mayor and Cabinet Member for Community Safety
Originating Officer(s)	Andy Bamber – Service Head David Tolley – Head of Environmental Health and Trading Standards
Wards affected	All wards
Key Decision?	Yes
Community Plan Theme	A Safe and Cohesive Community

Executive Summary

To consider whether a Late Night Levy (LNL) should be applied to those premises in the Borough that sell alcohol between a nominated period between midnight and 6.00am.

Members previously requested that the Environmental Health and Trading Standards Service should consult on the adoption of the LNL.

The consultation sought views on the following matters:

- If a levy should be introduced
- The commencement time that the levy shall be applied between midnight and 6.00am
- Views of the Mayor's Office for Policing and Crime (MOPAC) for the introduction of a levy and seek agreement that the levy will be allocated within the Community Safety Partnership.
- To consult on any exemptions or reductions that may be applied to businesses.

Consultation was carried out by engaging with the public and businesses and variety of other groups, this report considers the consultation responses.

Recommendations:

The Mayor in Cabinet is recommended to:

1. Recommend to Full Council the adoption of the Late Night Levy
2. Recommend to Full Council that if the decision is to adopt the levy the commencement period should be the 1st October 2017.
3. Recommend to Full Council that the commencement time should be from midnight
4. Recommend to Full Council that the income from the levy, less collection costs, should be allocated through the Community Safety Partnership.
5. Recommend to Full Council that Members of the Best Bar None Scheme receive a 30% reduction from the levy.
6. Recommend to Full Council that the following premises would be exempt from the levy:
 - Premises with overnight accommodation
 - Theatres and Cinemas
 - Bingo Halls
 - Community Amateur Sports Clubs
 - Community premises
 - Premises opening past midnight for New Years Eve only
7. Recommend to Full Council that the following licenced premises would not be exempt from the levy, as :
 - Country Village Pubs
 - Premises in Business Improvement Districts
 - Premises that receive a small business rate relief

1. REASONS FOR THE DECISIONS

- 1.1 The Council can agree to impose an additional financial levy on licensed premises that retail alcohol within the Borough, in order to make a contribution to the cost of managing the night time economy.
- 1.2 The income raised by the levy will be used to compliment the Councils Anti-Social Behaviour Strategy and is intended to be managed through the Community Safety Partnership.
- 1.3 If a levy is determined to be adopted the proposal will need to be agreed at full Council.

2. ALTERNATIVE OPTIONS

- 2.1 The Cabinet can determine to not to introduce a levy.

3. DETAILS OF REPORT

- 3.1 The Police Reform and Social Responsibility Act 2011 has introduced the provision for Councils to impose a late night levy for the sale of alcohol within their area.
- 3.2 The Regulations governing the introduction of the levy set the amount of levy that can be imposed in relation to the rateable value of the property; how the levy should be divided amongst the Metropolitan Police and Council; and the type of activities that the levy can be spent on within the Council. The levy is set by Government depending on the rateable value of the property that is licenced to retail alcohol. The levy is collected at the same time as the licence fee.
- 3.3 The levy enables the Council to raise a contribution from late opening alcohol suppliers towards managing the night-time economy. It is a provision which the Council has the power to adopt, but the levy must cover the whole of the licensing authorities' area (i.e. the whole borough). The Council can also choose the period during which the levy applies every night, between midnight and 6.00am, but it must be the same for every day. There is also a possibility for specific exemptions and reductions to be granted with regards to the levy payment.
- 3.4 The aim of the levy is to empower Councils to charge businesses that supply alcohol late into the night, for the extra costs that the night-time economy generates for police and Councils (as licensing authorities). The Government consider it is right for businesses which profit by selling alcohol in the night time economy to contribute towards the costs of managing the night-time economy.
- 3.5 If the Council chooses to introduce the levy in their area, all licensed premises which are authorised to sell alcohol within the levy period will be able to make

a free minor variation to their licence before the levy is introduced, so as to avoid the levy.

- 3.6 The Metropolitan Police would receive approximately 70% of the net levy revenue. The net levy revenue amount would be less deduction by the Council for such items as the collection of payments, procedure for implementation of the levy and publication of its statutory statement. MOPAC agreed to have their allocation spent within the Borough through the current partnership arrangements.
- 3.7 The Council must allocate their proportion of the net levy amount on the following activities:
 - Reduction or prevention of crime and disorder
 - Promotion of public safety
 - Reduction or prevention of public nuisance
 - Cleaning of any relevant highway or relevant land in its area
- 3.8 The estimate from the income of the LNL is detailed in Appendix 1, it must be noted that this is an estimate only and is dependent on the exemptions and reductions that may be granted. The provision of free minor variations during the lead to the introduction of the levy would have an impact on the estimate presented in this Appendix 1. As of May 2016 there are 386 licences that could be affected, pending applications for minor variations, the exemptions agreed and licence holders joining the Best Bar None scheme.
- 3.9 The increase in annual fee for the licence holder is shown in Appendix 2. It must be noted that the annual fee, without the levy component is set by Government depending on the rateable value of the property.
- 3.10 Other London Borough's such as Camden and Islington have also introduced a Late Night Levy and Hackney is has undertaken a consultation for their proposal to introduce a levy in August/September 2016.
- 3.11 Initial reports from Islington, who introduced the levy in November 2014, are that it has had a positive impact on reducing incidents related to late night drinking and thus improved the night time economy.
- 3.12 The Council as the Licensing Authority must consider the desirability of introducing a levy in relation to the costs of policing and other arrangements for the reduction or prevention of crime and disorder.
- 3.13 The introduction of the levy will contribute to the Council's overall strategy in reducing anti-social behaviour within the Borough and will enable further projects to be undertaken to reduce impacts on residents and to ensure that visitors to the Borough have an enhanced safe experience.
- 3.14 The Metropolitan Police and the Council would have to determine how they would wish to spend their allocation and detail the additional work that would

be carried out to police the night time economy. Projects that could be funded through the Partnership include:

- Taxi Marshalls
- Street Pastors
- Street Cleaning
- Enforcement Initiatives – Night time enforcement officers
- Personal Safety Initiatives
- Health Care Facilities
- Additional Police or private security
- Financial support could be provided to assist schemes that promote improved management of licenced premises, such as Best Bar None or Pub watch

3.15 Based on the current number of premises opening between midnight and 6am, and using midnight as the point the levy commences, the additional income would be in the region of £350,000. This figure will vary if premises apply to reduce their operating hours. The Council is able to deduct the costs of applying and collecting the levy and it is estimated that this will be in the region of £50,000.

Considerations

3.16 There are potential operational and efficiency benefits for the local community extending to the Ambulance Service, local accident and emergency provision in hospitals, the Courts and wider justice system and the Local Economy resulting from a more effectively managed night time economy brought about by the additional resource generated by the scheme.

3.17 The legislation dictates how a levy is to be introduced and notices to be displayed at the appropriate time. Thereafter, on an annual basis, a Council as the Licensing Authority must publish before the beginning of the year a statement of its estimate of the amount of deductions permitted under regulation to be made in respect of the year. At the end of the year, a statement of the net amount of levy payments for the year showing actual deductions will need to be published.

3.18 The estimated proportion of the net levy must be paid to the Metropolitan Police at the start of the levy year.

3.19 As the levy does not apply to Temporary Event Notifications, it is possible that licence holders will apply for (TENS), rather than pay the additional charge for the levy. This potentially reduces the regulatory control Licensing Officers would have over the premises as premises licence conditions are not automatically transferred to the TENS. Under this regime a premises can have 12 events or 21 days-worth of TENS within a rolling twelve months, involving less than 500 persons.

3.20 The Council is not committed to adopting the Late Night Levy after undertaking a consultation. It is committed to making a determination though.

However, if it does it would have to provide clear justified reasons why it feels that a levy is required. Any decision of this nature undertaken by the Council is open for Judicial Review. The recorded crime data would support the justification for the levy.

Consultation

- 3.21 The main method of consultation was to direct residents and businesses to complete an online survey which was accessed via the Council's website, Appendix 3. The consultation ran from 15th February to 15th May 2016.
- 3.22 A total of 157 responses were received from the on line survey, 70% being members of the public, 26% being Licensed Premises (including some only licensed for Late Night Refreshments), and the remainder from non-licensed businesses.
- 3.23 As well as the online survey, the Council also received responses via email, letters and through two public meetings as a result of directly writing to licensees and interested groups, Appendix 4. These responses were from licensees, residents and residents' associations, trade organisations, solicitors and national companies.
- 3.24 This brings the total responses received to 172. Appendix 5 summarises the responses from letters, emails etc. and the comments raised and list of attendees at the two public meetings.
- 3.25 The online consultation showed that 62% of those who completed the survey were in favour of the Council's proposal to introduce the Levy. Comparing this to the other results summarised in Appendix 5 where most responders were not being favour of the proposal. Most of the respondents were Licensees, Trade Associations or companies with Licensed Premises in the borough.
- 3.26 A graphical breakdown of all the results from the online survey can be found in Appendix 6.

Statutory Exemptions Proposed

- 3.27 Chart D in appendix 6 shows the results relating to proposed statutory exemptions. Most of the proposed exemptions were agreed with; however 4 of these were disagreed with in the consultation. These were:
- Exemption for Bingo Hall,
There are currently none of these within the borough.
 - Exemption for Country Village Pubs
There are currently none of these within the borough.
(The definition of a country pub is that are solely designated in rural settlements with a population less than 3000)
 - Exemptions for Business Improvement Districts BIDs

There are currently none of these within the borough. BIDSs are district led partnerships created through ballots process via businesses within the district and operate via a levy charge. There are currently none within the borough and Councils can veto BID proposals made by residents/businesses if they are likely to conflict to a significant extent with an existing policy.

- Best Bar None (BBN) awarded premises provide 30% reduction. This is a voluntary scheme aimed to raise standards in Licensing and Health and Safety. It is likely that the offer of a financial reduction may drive businesses to join these schemes thus increasing participation. Not giving this exemption is likely to have a detrimental effect on these voluntary schemes.

Where the money raised should be spent?

- 3.28 Chart E in Appendix 6 identified that the majority of respondents to the online survey wanted the revenue raised by the levy to be spent on prevention of crime and disorder.
- 3.29 In terms of the other responses received 1 out of the 15 (this includes the public meeting as one response) agreed the revenue should be invested in prevention of crime and disorder and cleaning of relevant highways and land.

Additional Comments Raised

- 3.30 A number of additional comments were raised during the consultation from both members of the public, licensee, companies, and trade associations etc. These are listed in Appendix 7.
- 3.31 The majority of comments made were that the Late Night Levy (LNL) would be detrimental to small businesses within the borough and detrimental to the late night economy. A number also stated the Levy charge should be higher as it was felt that it could not be enough to cover adequately addressing issues caused by the late night drinking. Some also felt that the levy should start earlier than 00:00 hours.

Metropolitan Police

- 3.32 The Chief Inspector for Tower Hamlets supports the Council's proposal stating that if introduced, this would enable the Community Safety Partnership Board to consider and fund initiatives offering addition support to address the increased enforcement requirements that are generated by the night time economy.

MOPAC

- 3.33 MOPAC have agreed to this arrangement because both Islington and Camden, who have introduced a Late Night Levy, has similar agreement in place.

Incidents

- 3.34 Since the consultation, the statistics of incidents linked to licensed premises within the borough between the hours of 00:00 and 06:00 have been updated. Maps a to f in Appendix 8 show that for 2015/16 the number of incidents reported to police and Council had increased since 2014/15.

Premises to be affected

- 3.35 Appendix 9 shows a table of the estimated number of premises type/usage that are likely to be affected by the introduction of a late night levy. The total number of premises will vary in relation to the estimated income due to the time frame of running the reports.

Late Night Levy Proposal

- 3.36 If the levy was to be adopted by the Council the following would be recommended to Members.
- The levy commences at midnight for all premises that retail alcohol
 - Members of Business-led schemes to receive a 30% reduction – Best Bar None only
 - The following licenced premises not to be exempt
 - Country Village Pubs
 - Business Improvement Districts
 - Small Business Rate Relief premises not to receive a reduction
 - The following activities would be exempt from the levy
 - Premises with overnight accommodation
 - Theatres and cinemas
 - Bingo Halls
 - Community Amateur Sports Clubs
 - Community Premises
 - New Year's Eve premises only
- 3.37 An Equalities Impact Assessment has been carried out and is detailed at Appendix 10.

4. COMMENTS OF THE CHIEF FINANCE OFFICER

- 4.1 The report considers the consultation undertaken by the Council to the adoption of powers under the Police Reform and Social Responsibility Act 2011 for the introduction of a late night levy, and determines how the additional income is to be utilised.

- 4.2 If a late night levy is introduced the fee will be set by the Government and the amount payable will be determined by the rateable value of the property where the alcohol is sold. The Council as the licensing authority must pay at least 70 per cent of the net levy revenue to the police. The Council as the licensing authority can choose to amend the portion of the net levy revenue that will be given to the police in future levy years. This decision must be subject to consultation in the same way as a decision to introduce the levy.
- 4.3 The Council as the licensing authority will be able to retain up to 30 per cent of the net levy revenue to fund services it provides to tackle late night alcohol-related crime and disorder and services connected to the management of the night-time economy. Specifically, these activities must have regard to the connection with the supply of alcohol during the late night supply period and related to arrangements for:
- the reduction of crime and disorder;
 - the promotion of public safety;
 - the reduction or prevention of public nuisance; or
 - the cleaning of any relevant highway or relevant land in the Council area.
- 4.4 Income of up to £350,000 is expected to be generated from the Levy based on the current operating hours of the premises selling alcohol between midnight and 6am. The cost to the Council is expected to be £50,000 which will be revenue neutral, i.e. the cost of any additional services including any potential reduction in the levy offered to businesses, will be met from the Levy and will not impact the General Fund.
- 4.5 In order to ensure that the income generated from the Late Night Levy is used to support community safety objectives, it is proposed that a pooled budget administered by the Council be established and allocated to the Community Safety Partnership for that purpose.

5. LEGAL COMMENTS

- 5.1 The late night levy (“the levy”) is a power, conferred on licensing authorities by provision in Chapter 2 of Part 2 of the Police Reform and Social Responsibility Act 2011. This power allows licensing authorities to charge a levy to persons who are licensed to sell alcohol late at night in the authority’s area, as a means of raising a contribution towards the costs of policing the late-night economy.
- 5.2 The levy must cover the whole of the licensing authority’s area. However, the Council will also choose the period during which the levy applies every night, between midnight and 6am, and decide what exemptions and reductions should apply from a list set out in regulations.
- 5.3 If the Council chooses to introduce the levy in its area, then all licensed premises which are authorised to supply alcohol in the levy period will be

affected although the Council does have the discretion to offer an exemption from the levy. All other relevant premises that do not wish to operate in the levy period will be able to make a free minor variation to their licence before the levy is introduced.

- 5.4 The Council also has the discretion to offer a 30% reduction from the levy to premises that are either a member of a relevant best practice scheme or in receipt of Small Business Rate Relief and have a rateable value of less than £12,000. The report proposes the reduction for Best Bar None awarded premises but no reduction for premises in receipt of Small Business Rate Relief. In considering such reduction, the best practice scheme must meet the criteria specified in the Late Night Levy (Expenses, Exemptions and Reductions) Regulations 2012 as follows:
- A clear rationale as to why the scheme's objectives and activities will, or are likely to, result in a reduction of alcohol-related crime and disorder;
 - A requirement for active participation in the scheme by members; and
 - A mechanism to identify and remove in a timely manner those members who do not participate appropriately.
- 5.5 With regard to the levy revenue, the police will receive 70% of the net levy revenue. The Council can retain up to 30% of the net levy revenue to fund other activities besides policing and the split proposed is 70%/30%.
- 5.6 There are restrictions on the types of services that licensing authorities can fund with the levy revenue to ensure that levy is spent on tackling alcohol-related crime and disorder and services connected to the management of the night-time economy. The Council can deduct permitted administration, collection and enforcement costs from the gross levy revenue.
- 5.7 As to consultation, the Council firstly has to discuss the need for a levy with Mayor's Office for Policing and Crime (MOPAC) and the relevant chief officer of police and which has been undertaken. The Licensing Authority then decided to move to the next stage in the process and which was to consult on its proposal to introduce a late night levy. The consultation document is required to state the Council's intention to introduce a levy, its proposed design (including the late night supply period and proposed exemption and/or reduction categories) and the services that the licensing authority intends to fund with its share of the levy revenue.
- 5.8 The consultation must comply with the following common law criteria:
- (a) it should be at a time when proposals are still at a formative stage;
 - (b) the Council must give sufficient reasons for any proposal to permit intelligent consideration and response;
 - (c) adequate time must be given for consideration and response; and
 - (d) the product of consultation must be conscientiously taken into account.

- 5.9 Consultation has been carried out as referred to in paragraphs 3.22 through to 3.34 of the report and the responses set out in Appendices 5 to 7 to the report and paragraphs (a) to (c) above has been complied with. Cabinet must now take full and proper account of the consultation responses in deciding whether to recommend to full Council the introduction of the levy and if so, the design of that levy.
- 5.10 If the Council decides to adopt the levy it must notify the Chief Officer of Police and all holders of licences which permit the supply of alcohol within the late night supply period. The Home Office Amended Guidance on the Late Night Levy recommends that the start date of the levy is set no less than three (3) months after the notifications are sent. This will allow sufficient time for holders with a relevant late night authorisation to make a free variation to their licence to reduce their licensed hours to avoid operating within the late night supply period and thus avoid paying the levy. The date proposed being 1st October 2017 will comply with this Guidance.
- 5.11 Pursuant to Local Authorities (Functions and Responsibilities) (England) Regulations 2000, powers and functions relating to late night levy requirements cannot be the responsibility of the Executive. This is therefore a function of full Council unless it has been delegated by it. This function has not been delegated and therefore the final decision about the introduction of the levy will be for full Council. Therefore, the Mayor in Cabinet can only recommend adopting the levy to Full Council. The Levy however, does not fall within the Council's Budget and Policy Framework Procedure Rules and it is not a matter that is specified budget and policy framework as set out in Part 2, Article 4 of the Constitution.
- 5.12 When making decisions, the Council must have due regard to the need to eliminate unlawful conduct under the Equality Act 2010, the need to advance equality of opportunity and the need to foster good relations between persons who share a protected characteristic and those who do not (the public sector equality duty). A proportionate level of equality analysis is required to discharge the duty and a detailed equality impact assessment is in Appendix 6.

6. ONE TOWER HAMLETS CONSIDERATIONS

- 6.1 The Equalities Impact Assessment has been reviewed in respect of this policy and no adverse issues have been identified.

7. BEST VALUE (BV) IMPLICATIONS

- 7.1 The adoption of levy will enable the Council to impose an additional fee on those that contribute to some of the costs of managing the night time economy.

8. SUSTAINABLE ACTION FOR A GREENER ENVIRONMENT

8.1 There are no environmental impacts with regards to this scheme.

9. RISK MANAGEMENT IMPLICATIONS

9.1 There are no risk management issues with the scheme.

10. CRIME AND DISORDER REDUCTION IMPLICATIONS

10.1 One of the key licensing objectives is to prevent licensed premises from being a source of crime and disorder. The adoption of the levy and assists with crime and disorder reduction by providing funding for joint projects through the Community Safety Partnership.

11. SAFEGUARDING IMPLICATIONS

11.1 The adoption of the levy may provide additional funding for safe guarding projects such as underage drinking, supporting the Community Alcohol Partnership and Best Bar None schemes.

Linked Reports, Appendices and Background Documents

Linked Report

None

Appendices

Appendix One: Estimated Income

Appendix Two: Increased fee estimate

Appendix Three: Consultation document

Appendix Four: Consultees

Appendix Five: Written responses

Appendix Six: On line survey responses

Appendix Seven: Additional Comments

Appendix Eight: Hot Spot Maps

Appendix Nine: Estimate of numbers of premises type affected by the levy

Appendix Ten: Equalities Assessment

Background Documents – Local Authorities (Executive Arrangements)(Access to Information)(England) Regulations 2012

None

Officer contact details for documents:

N/A

Appendix 1 : Estimated Income

Late Night Levy income: Estimated Number of premises (levy charge)

Operating Hours	Band A Levy charge (£299)	Band B Levy charge (£768)	Band C Levy charge (£1259)	Band D Levy charge (£1365)	Band D Multiplier Levy charge (£2730)	Band E Levy charge (£1493)	Band E Multiplier Levy charge (£4440)
Midnight – 1.00am	13 (£3,887)	105 (£80,640)	33 (£41,547)	4 (£5,460)	-	20 (£29,860)	2 (£8,880)
1.00am - 2.00am	8 (£2,392)	77 (£59,136)	20 (£25,180)	1 (£1,365)	-	9 (£13,437)	-
2.00am - 3.00am	1 (£299)	19 (£14,592)	8 (£10,072)		-	3 (£4,479)	-
3.00am - 4.00am	3 (£897)	9 (£6,912)	2 (£2,518)	-	-	-	-
4.00am – 5.00am	-	3 (£2,304)	2 (£2,518)	-	-	-	-
5.00am – 6.00am	-	-	1 (£1,259)	-	-	-	-
24 hours	16 (£4,784)	11 (£8,448)	4 (£5,036)	1 (£1,365)	-	11 (£16,423)	-

The multiplier applies to premises in rateable value Band D and E that primarily or exclusively sell alcohol

Total Levy income: dependent of commencement of levy hour

Commencement of Levy period	Estimated levy income (£) per Hour slot (incl. 24 hours premises)
Midnight – 6.00am	£353,391
1.00am - 6.00am	£183,117
2.00am -6.00am	£81607
3.00am -6.00am	£52,464
4.00am – 6.00am	£42,137
5.00am – 6.00am	£37,315

Appendix 2

Increase of licence fee per rateable band

Rateable Band	Annual Fee (£)	Levy Charge (£)	Total Annual Fee with Levy charge (£)	Number of premises affected if levy commences at midnight
A	100	299	399	41
B	190	768	958	224
C	315	1,259	1,574	70
D	450	1,365	1,815	6
D with multiplier	900	2,730	3,630	0
E	635	1,493	2,128	43
E with multiplier	1,905	4,440	6,345	2

Total Number of Premises 386

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Appendix 3
Late Night Levy – proposed consultation

Guidance on the consultation and your responses to this licensing review

The consultation covers the introduction of a late night levy
At the end of each section, there are questions on which we are seeking your comments
The closing date for responses will be the 15th May 2016

How to respond

There are a number of ways you can respond the consultation –
Responses can be made either:

By email to: licensing@towerhamlets.gov.uk

By post to: Environmental Health & Trading Standards,
London Borough of Tower Hamlets
Town Hall
Clove Crescent
London
E14 1BY

Or by completing the online form which can be found at: XXXXXXXXXXXX

Freedom of information statement

Information provided in response to this consultation, including personal information, may be subject to publication or disclosure in accordance with the access to information regimes (such as the Freedom of Information Act 2000 and the Data Protection Act 1998 (DPA)). If you want information that you provide to be treated as confidential, please explain to us why you regard the information as confidential. If we receive a request for disclosure of the information we will take full account of your explanation, but we cannot give an assurance that confidentiality can be maintained in all circumstances. We will process your personal data in accordance with the DPA and in most circumstances this will mean that your personal data will not be disclosed to third parties.

Late night Levy

Background Information

The purpose of the Levy is to assist Councils and the police manage and improve the night time economy. The money can be used for a range of things and can be given to other agencies where they can assist in the reduction of crime and disorder or improve the night time economy.

This is a discretionary power for Councils to require a fee from premises that sell alcohol between midnight and 6am. The council can decide what times the levy will operate (e.g. the levy could be imposed on premises that operate between midnight and 6am).

If introduced, the levy will apply to any licensed premises that sells alcohol that operates within the set times of the levy. The Council does not have the power to limit the levy to certain parts of the Borough.

It would apply to alcohol sales on or off premises.

The Council must consider the desirability of introducing a levy in relation to the costs of policing and other arrangements for the reduction of prevention of crime and disorder, in connection with the supply of alcohol consumption between midnight and 6am.

How can the money be used?

The net levy revenue must be split between the Council (30%) and the Mayor's Office for Policing and Crime, however, it is proposed that the levy is allocated to Tower Hamlets through the current Community Safety Partnership.

How much will licensees pay?

The levy is dependent on the rateable value of the premises and the levy amounts are set by the Government.

Table 1: Cost of Levy to each Rateable value

Rateable Value	Annual Levy	Cost per week
Band A Nil - £4,300	£299	£5.75
Band B £4,301-£33,000	£768	£14.76
Band C £33,001-£87,000	£1,259	£24.21
Band D £87,001-£125,000	£1,365 * (£2,730)	£26.25 (£52.50)
Band E £125,001 and above	£1,493 * (£4,440)	£28.71 (£85.38)

*Those that are band D or E where the main use is the sale for consumption on the premises will pay an additional fee.

Most premises in Tower Hamlets are rated as band B or C.

Every licensed premise, with the ability to open between the times set by the Council, will have to pay the levy. The Council has discretion to either exempt or allow a reduction in the amount of levy in some specific cases. This consultation lists all the possible exemptions and reductions and explains the current proposal and whether they will be used.

How much money will the late night levy raise?

The final amount is difficult to estimate but will depend on:

- What time the levy will start (midnight or 1am or later?)
- How many premises will be open during the late night period
- Which exemptions and reductions will be applied by the council

Due to the number of potential exemptions or reductions and the trade amending their operating hours, it is difficult to provide an exact income if the levy is introduced. Theoretically it may range from £20,000 to £450,000 per year subject to all of these variables.

Will there be a transition period and when will it start?

The levy must be approved by the Council who will agree when it should start and any transition periods.

Any licensee who wishes to amend their license and reduce the operating hours to before the time set for the levy can do so via a free minor variation. We propose a 3 month period for these free variations will be provided.

How will the levy be collected?

The Council will collect the levy at the same time as the licence annual fee

What happens if a licence doesn't pay?

The money can be recovered as a civil debt, but it would also result in the premises licence being suspended; this scenario would mean that the business could not operate until the levy has been paid.

Will the need for the levy be reviewed?

All aspects of the levy will be reconsidered at least every five years to ensure that the policies are still appropriate

LATE NIGHT LEVY CONSULTATION

USE OF THE LEVY MONEY

The Council can recover all costs associated with the administration of the levy system. These are the costs that the Council incurs with the introduction or variation, administration, collection and enforcement of the levy.

The amount left over (the net levy revenue) must be split between the Council and the Mayor's Office of Policing and Crime (MOPAC) but MOPAC must receive at least 70%.

The Council is restricted as to what it can use the funds for; it must be used to fund services that it provides to tackle late night alcohol-related crime and disorder and services connected to the management of the night-time economy.

Proposal

It is proposed that the net amount collected is initially allocated on the 70/30 split, but it is to be held in a central trading account. The allocation of this funding is then managed by the Community Safety Partnership. This team has responsibility for liaison with the both public and voluntary sector on community safety issues, which will provide transparency and will allow greater flexibility in the use of the funds from year to year.

How will the money be spent?

We wish to seek views on the use of levy funds. Possible ideas that could be considered by the Partnership include:

- Taxi Marshalls
- Street Pastors
- Street Cleaning
- Enforcement Initiatives – Night time enforcement officers
- Personal Safety Initiatives
- Health Care Facilities
- Additional Police or private security
- Financial support could be provided to assist schemes that promote improved management of licenced premises, such as Best Bar None or Pub watch

THE LATE NIGHT SUPPLY PERIOD

The late night supply period must begin at or after midnight, and end at or before 6am. Only premises that are authorised to sell or supply alcohol within that period are subject to the levy. Within those parameters, the council has the discretion to actually set the period, but it must be the same every day.

Proposal

The Council proposes to set the late-night supply period to run from midnight to 6am. It is considered that all premises opening during this impact on the need for additional resources to address the consequences of the late night economy and so should contribute to the costs incurred by the Police and the Council.

EXEMPTIONS FROM THE LEVY

There may be some premises which the Council feels should not have to pay the levy. The categories of premises that can be exempt are set in regulations.

The following premises may be allowed an exemption:

Premises with overnight accommodation

This exemption does not apply if alcohol is served during the late night supply period to members of the public who are not staying overnight

Proposal

EXEMPT: It is not considered that these premises contribute significantly to the detrimental effects of the late night economy.

Theatres and cinemas

This exemption applies if alcohol is served during the late night supply period only for consumption on the premises to ticket holders, participants in the production or invited guests to private events; they must be bona-fide theatres or cinemas and the sale of alcohol must not be their primary purpose.

Proposal

EXEMPT: It is not considered that these premises will contribute significantly to the detrimental effects of the late night economy

Bingo Halls

These premises must have licenses under the Gambling Act 2005 and the playing of bingo must be the primary activity.

Proposal

EXEMPT: It is not considered that these premises will contribute significantly to the detrimental effects of the late night economy.

Community Amateur Sports Club

These are clubs registered as Community Amateur Sports Clubs that are entitled to various tax concessions including relief from business rates.

Proposal

EXEMPT: The type of premises covered by CASC range from table tennis, cricket to rugby. Overall it is not considered that these premises will contribute significantly to the problems of the late night economy and their exemption will have minimal impact on the levy.

Community Premises

These are premises that form part of the church hall, chapel hall, village hall, parish hall, community hall or other similar buildings.

Proposal

EXEMPT: It is not considered that these premises will contribute significantly to the detrimental effects of the late night economy.

Country Village Pubs

These pubs are solely designated in rural settlements, with a population less than 3000

Proposal

NOT TO BE EXEMPT: Currently, we do not believe there are any such premises within Tower Hamlets

Business Improvement Districts (BIDS)

These premises are within a BID, which are subject to the BID levy and where the purpose for which the BID arrangements were established, included purposes which are likely to result in the reduction or prevention of crime and disorder in relation to the supply of alcohol between midnight and 6am

Proposal

NOT EXEMPT: There are currently no BID in Tower Hamlets

New Year's Eve

Relating to premises which are authorised to sell alcohol between midnight and 6am, ONLY on New Year's Day.

Proposal

EXEMPT: The operation of licensed premises beyond midnight on only one day in each year will have minimal impact on the overall operation and costs of the late night economy. If there is no exemption, licensed premises will need to apply for a temporary event notice, which will not attract any levy and will add administrative burdens on businesses and the Council to process these applications.

Reductions from the levy

The council can allow a 30% reduction of the levy for two types of premises; there can only be one reduction even for premises that fall within both categories.

Small business rate relief

A reduction can be granted in respect of premises that only supply alcohol for consumption on the premises, where the rateable value is £12000 or less, and which receive Small Business Rate Relief.

Proposal

NOT TO PROVIDE A REDUCTION: These premises receive business rate relief to assist in their viability; however, if they operate in the late night period, there is no reason to suggest that they are less likely than similar businesses to contribute to the detrimental effects of the late night economy. Due to their size they are more likely to be liable to the lower levy amounts.

Members of business-led best practice schemes

A reduction can be granted in respect of premises that participate in business led best practice schemes, such as The Best Bar None scheme. In this way, the levy can be used to promote and support participation in such schemes. The scheme has to comply with benchmarks specified in regulations and statutory guidance.

Proposal

CONDITIONAL REDUCTION: for The Best Bar None scheme, that raise standards will be beneficial to the management of the late nigh economy. It is essential that any scheme has robust and stringent standards with disciplinary mechanisms to remove non-compliant businesses.

HOW AND WHEN WOULD WE INTRODUCE THE LATE NIGHT LEVY?

It is proposed that licenses are given 3 months to apply for their free minor variation to reduce licensed hours to avoid late night levy.

In order to allow for the consultation, adoption and transition process to be followed it is considered that the earliest date for implementation would be XXXXXX

Consultation Form

**We would like your views on the following
The late night levy consultation**

Do you believe it is appropriate for the council to introduce the levy?	Yes <input type="checkbox"/>	No <input type="checkbox"/>
Do you agree with premises that obtain the Best Bar None Award	Yes <input type="checkbox"/>	No <input type="checkbox"/>

being given a 30% reduction on the levy?		
Do you agree the Levy should start at midnight?	Yes <input type="checkbox"/>	No <input type="checkbox"/>

Do you agree with the proposed exemption and reductions?

Premises with overnight accommodation? Proposal: EXEMPT	Yes <input type="checkbox"/>	No <input type="checkbox"/>
Theatre and cinemas Proposals: EXEMPT	Yes <input type="checkbox"/>	No <input type="checkbox"/>
Bingo Halls Proposal: EXEMPT	Yes <input type="checkbox"/>	No <input type="checkbox"/>
Community Amateur Sports Club Proposal: EXEMPT	Yes <input type="checkbox"/>	No <input type="checkbox"/>
Community Premises Proposal: EXEMPT	Yes <input type="checkbox"/>	No <input type="checkbox"/>
Country Village Pubs Proposal: NOT TO BE EXEMPT	Yes <input type="checkbox"/>	No <input type="checkbox"/>
Business Improvement Districts (BIDs) Proposal: NOT EXEMPT	Yes <input type="checkbox"/>	No <input type="checkbox"/>
New Year's Eve Proposal: EXEMPT	Yes <input type="checkbox"/>	No <input type="checkbox"/>
Small Business Rate Relief Proposal: NOT TO PROVIDE A REDUCTION	Yes <input type="checkbox"/>	No <input type="checkbox"/>
Members of Business-led Best Practice Schemes Proposal: CONDITIONAL REDUCTION FOR BEST BAR NONE SCHEME	Yes <input type="checkbox"/>	No <input type="checkbox"/>

Do you have any comments or suggestions not already covered?

How do you propose the levy is target on the following areas?

- Reduction or prevention of crime and disorder Yes No
- Promotion of public safety Yes No
- Reduction or prevention of public nuisance Yes No
- Cleaning of any relevant highway or relevant land Yes No

Are you:

- A licensed business with a licence to all alcohol from midnight – 6am
- A licensed business with a licence that does not permit the sale of alcohol
- A non-licenced business
- A member of the public
- Other

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Appendix 4

Groups Consulted

1. Best Bar None
2. Her Majesty's Revenue and Customs (HMRC)
3. Institute of Licensing (IoL)
4. Met Police
5. MOPAC
6. Public Health England
7. All Licensees of Premises Licensed for on and off sales of alcohol
8. London Borough of Hackney Licensing Team
9. London Borough of Southwark Licensing Team
10. City of London Licensing Team
11. London Borough of Lewisham Licensing Team
12. Royal Borough of Greenwich Licensing Team
13. London Borough of Newham Licensing Team
14. Spitalfields Society
15. St George's Residents Association
16. Spitalfields Regeneration (SPIRE)
17. Members of the Public

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Appendix 5

Late Night Levy Consultation – Summary of Responses Received via Letter/Email/Public Meeting

Do you believe it is appropriate for the Council to introduce the Levy?

Companies

- JD Weatherspoon: No
- Punch Taverns: No

Trade Associations

- Association of Licensing Multiple Retailers: No

Premises Licence Holders

- Premises Licence Holder: No
- The Pride of Spitalfields: No
- Carpenters Arms: No
- H. Forman & Son: No

Pub Watch

- Bethnal Green: No

Local Residents

- Resident: Yes
- SPIRE Residents Association: Yes
Recent SPIRE member's survey showed 93% in support of the introduction of some form of Late Night Levy.
- Resident: Yes
- St George Residents Association: Yes

Exemptions and Reductions

Premises with overnight accommodation:

Companies

- JD Weatherspoon: No
- Punch Taverns: Yes

Theatres and Cinemas:

Companies

- JD Weatherspoon: No
- Punch Taverns: Yes

Bingo Halls:

Companies

- JD Weatherspoon: No
- Punch Taverns: Yes

Community Amateur Sports Club:

Companies

- JD Weatherspoon: No
- Punch Taverns: No

Community Premises:

Companies

- JD Weatherspoon: No
- Punch Taverns: No

Country Village Pubs (Not Applicable to LBTH):

Companies

- JD Weatherspoon: No
- Punch Taverns: No

Business Improvement Districts (Currently none in LBTH):

Companies:

- Punch Taverns: Yes

Trade Associations

- Association of Licensing Multiple Retailers: Yes

New Year's Eve:

Companies

- JD Weatherspoon: Yes
- Punch Taverns: Yes

Small Business Rate Relief (not to provide a reduction):

Companies

- JD Weatherspoon: No
- Punch Taverns: No

Members of Business-led Best Practice (BBN) Schemes (conditional reduction for Best Bar None):

Companies

- JD Weatherspoon: Yes
- Punch Taverns: Qualified agreement (BBN Not appropriate)

Trade Associations

Association of Licensing Multiple Retailers: Yes

What areas should the levy income be spent on?

Reduction or prevention of crime and disorder:

Companies

- Punch Taverns: Additional policing during payment period

Promotion of public safety:Companies

- Punch Taverns: Query whether this is possible under Late Night Levy Legislation

Reduction or prevention of public nuisance:Companies

- Punch Taverns: Query whether this is possible under Late Night Levy Legislation

Cleaning of any relevant highway/land:Companies

- Punch Taverns: Yes

Public Consultation Meetings**Summary of Points Raised:**

- Where a premises closes at 00:30 or 01:00 hours etc. paying a blanket fee, where they may not contribute to issues of the late night economy as much as ones open until 02:00 or 03:00 hours.
- Late Night Refreshment Licensed premises not included and they could cause just as much issues with the night time economy as alcohol licensed premises.
- Premises closing before the Late Night Levy (LNL) time (before 00:00 hours) could still effect the late night economy but do not fall into the scope of the LNL.
- Is the money projected to be raised going to be enough to tackle the problem.
- Do we have assurances the MOPAC will put the money going to the Police back into the borough and dealing with late night economy?
- Small vs Big Businesses – bigger ones can absorb the cost whereas there is a risk that smaller ones could go under.
- Painting all businesses with same brush instead of charging ones that cause issues.
- Why don't we just put a levy on all Licence holders pay so the cost is shared amongst all?
- 24 hours opening - less of an argument.

Public Meetings Attendance:

Meeting 1:

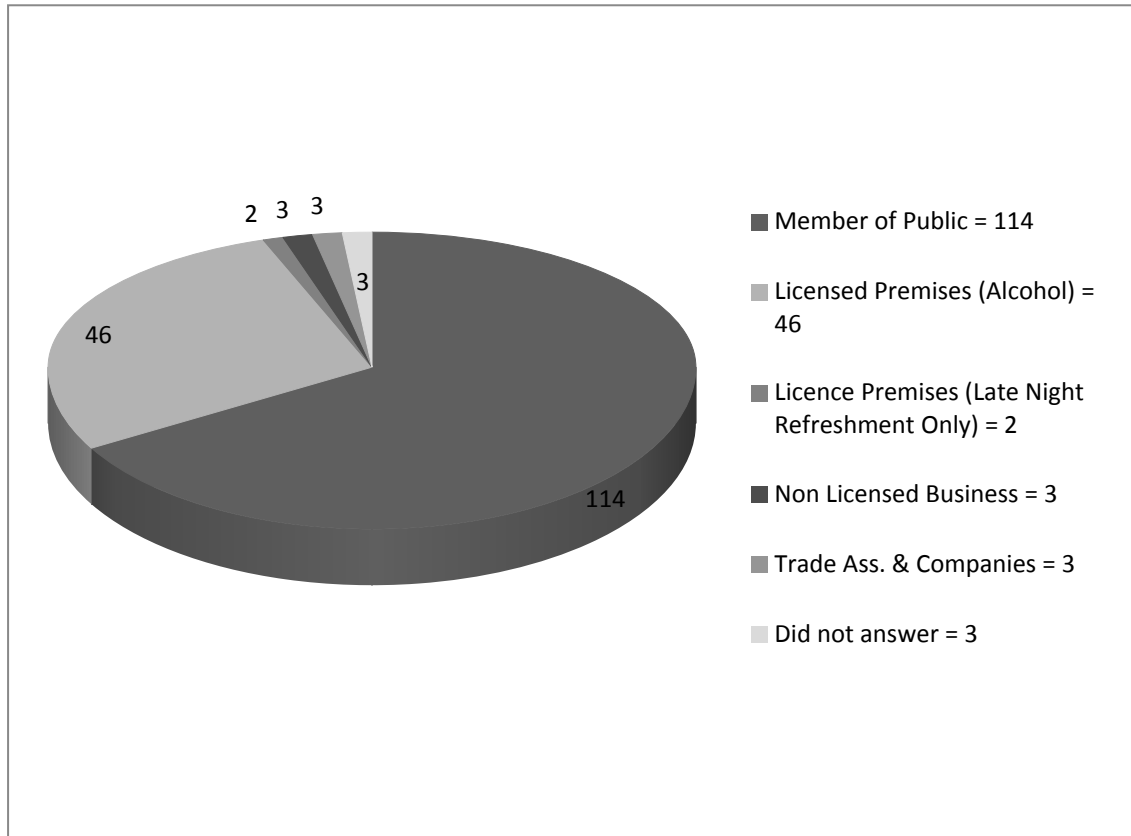
1. Shivone Ltd
2. Queen Mary University
3. The Sun Tavern,
4. The Mare
5. Docklands Sailing Centre
6. Eastend News
7. Troxy
8. Urban Bar

Meeting 2

1. My Local
2. Resident
3. Licensee
4. Licensee
5. Licence Holder
6. DPS
7. Licence Holder
8. Licence Holder
9. Licence Holder
10. Town Hall Hotel
11. Greenlight Youth Centre
12. All Seasons Food & Wine Ltd
13. All Seasons Food & Wine Ltd

Appendix 6: On Line Responses

The Chart A below gives a graphical breakdown of the responses received from the on line survey. The key is in ascending order of high to low.



Do you believe it is appropriate for the Council to introduce the Levy?

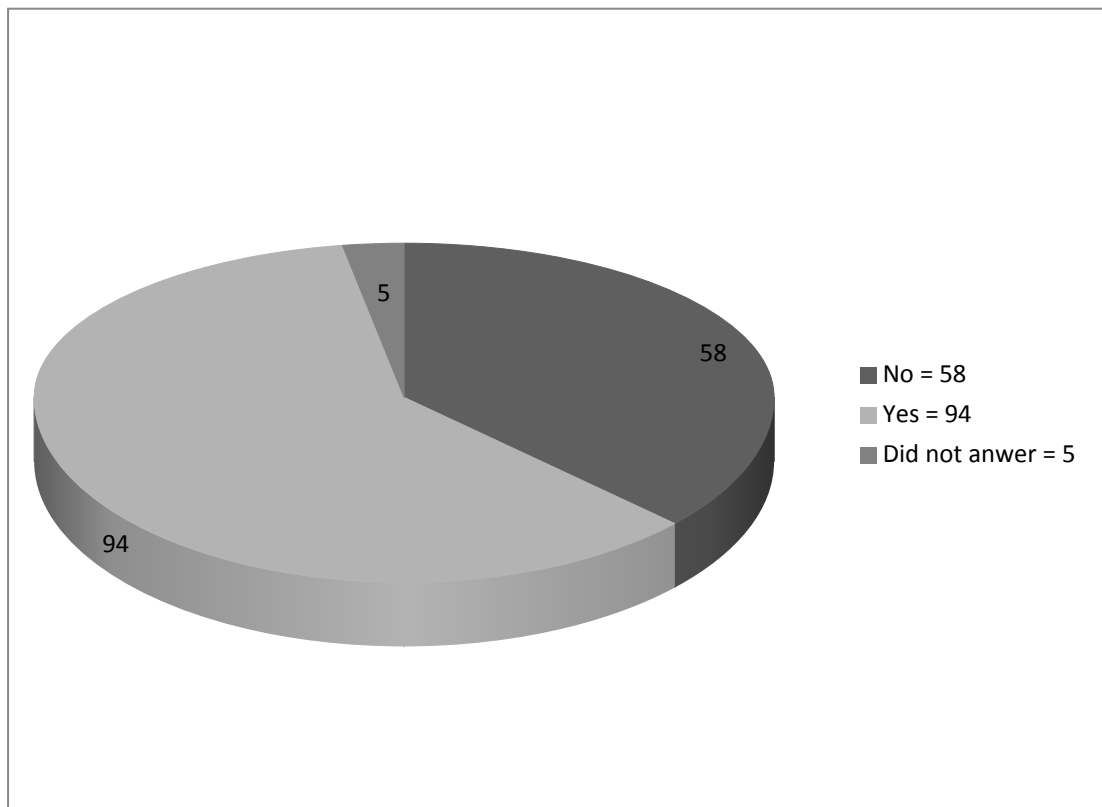


Chart B above shows how many respondents were in favour of the Council introducing the levy.

Do you agree the Levy should start at midnight?

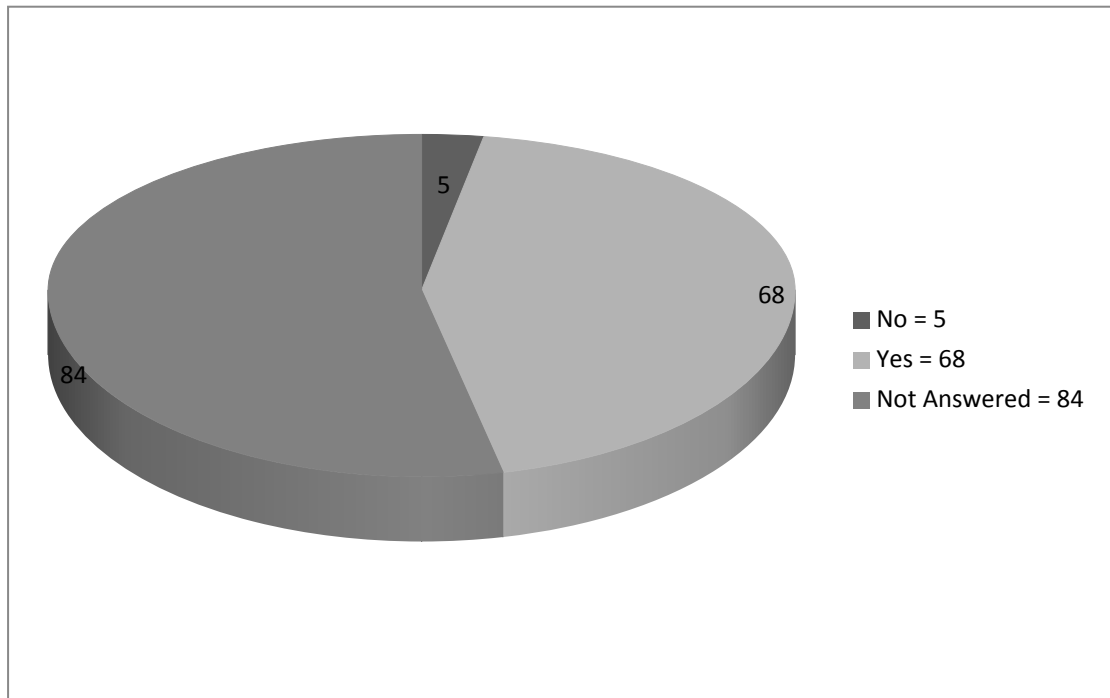
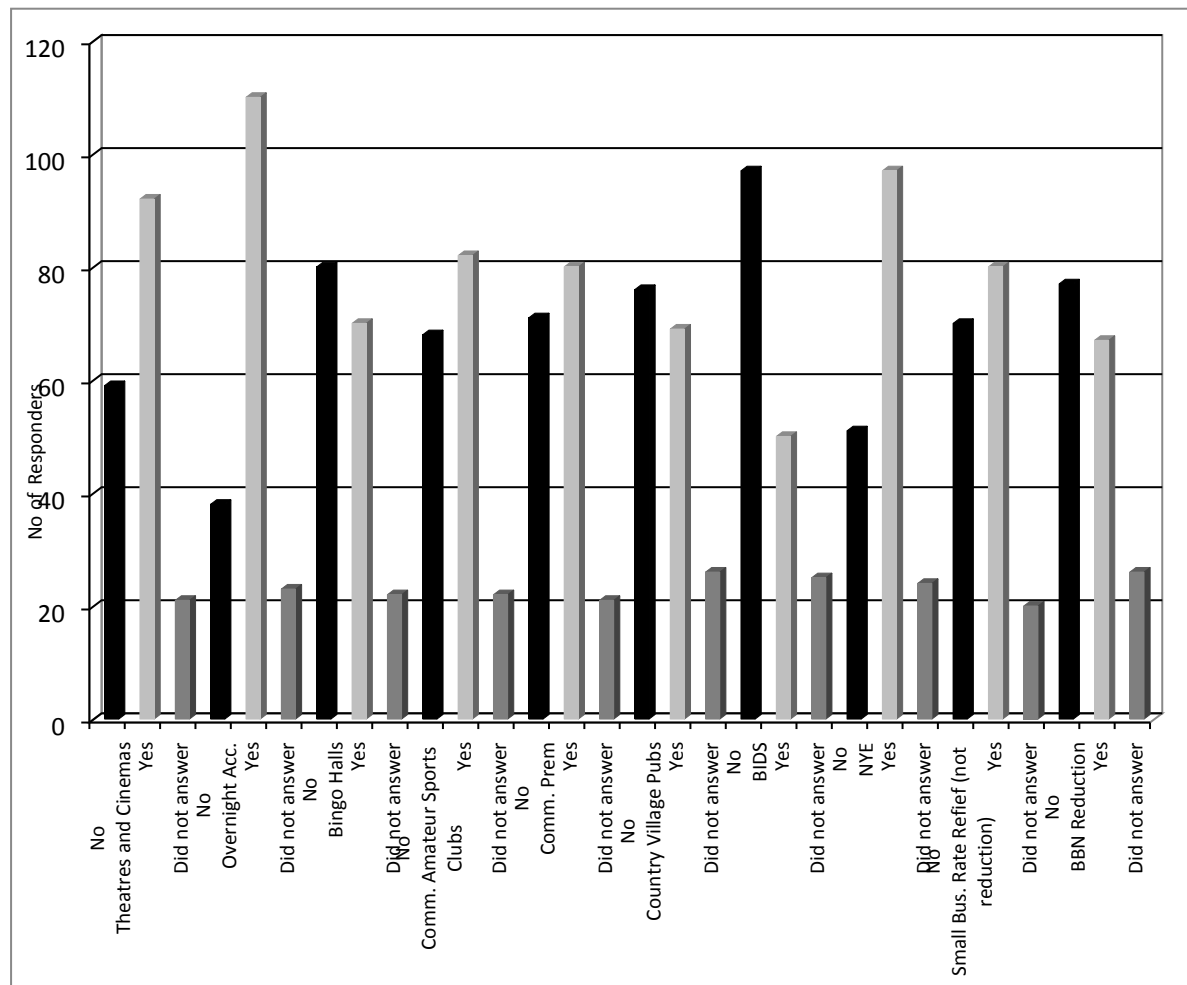


Chart C above shows a large proportion of respondents did not answer this question in the survey. However of 73 that did answer the majority were in favour of the Levy starting at midnight. The key is in descending order of low to high.

Do you agree with the proposed exemption/non reductions?



From Chart D above it is clear that most were in favour of the proposed exemptions/reductions/no reductions. However four of these clearly disagreed with, although as can be seen the difference between yes and no on the chart is slim between some of these results.

What should the revenue be spent on?

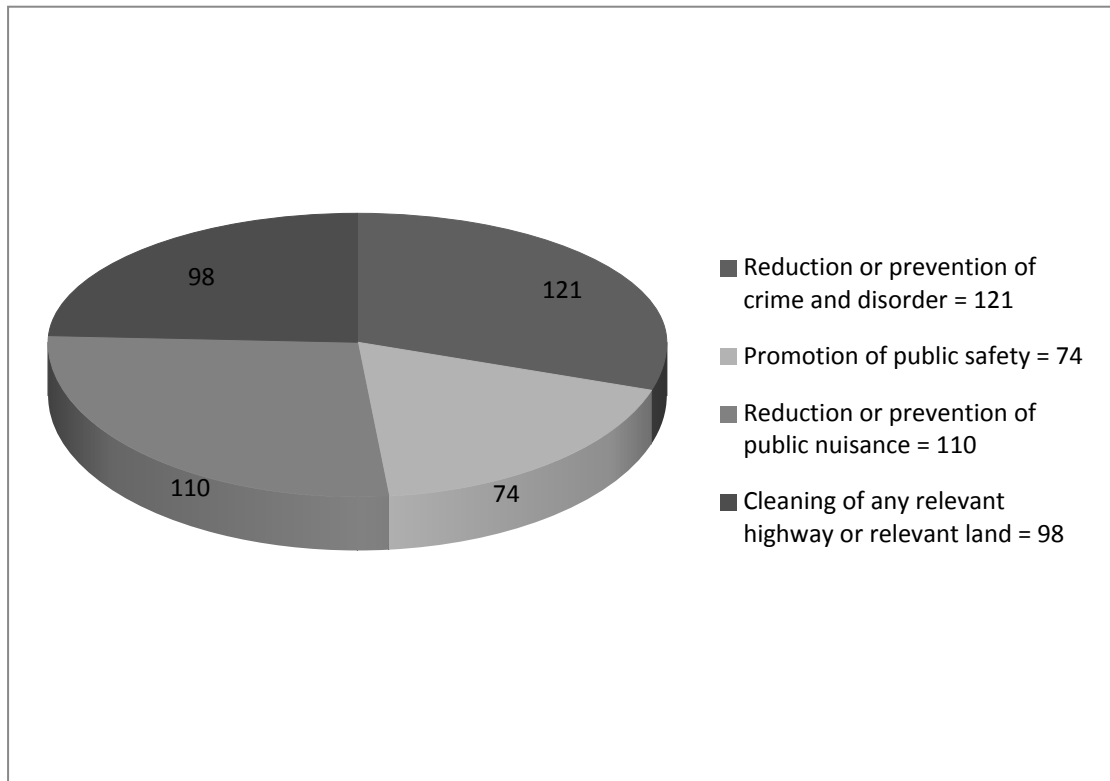


Chart E above shows the number of respondents who wanted the money raised by the levy (should it be introduced) spent in these areas.

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Appendix 7

Additional Comments Received

These have all been summarised and listed below in descending order to reflect the number of respondents who expressed these comments from the on line survey and letters. They listed in order of frequency of being raised

1. Detrimental effect on small businesses.
2. Too many taxes/Blanket Tax (targeting all businesses not just bad ones.
3. Detrimental effect on Late Night Economy.
4. Late Night Levy (LNL) charge should be higher.

5. LNL should be use to increase cleaning.
LNL should be used to tackle Nuisance.

6. LNL should start earlier (23:00 hours).
Late Night Refreshment Licensed Premises are not covered by LNL but cause just as many problems.
LNL to start later (01:00 hours).

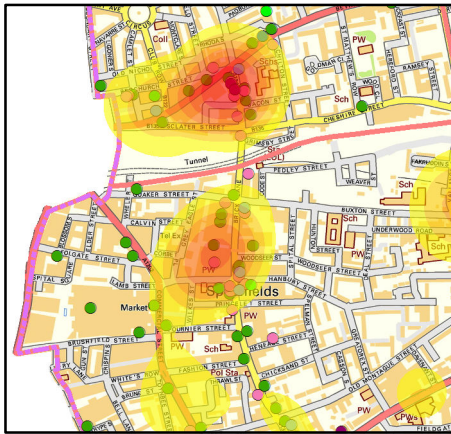
7. No or less exemptions.
LNL should be used to provide more Public Toilet Facilities.
LNL should be used to tackle Antisocial Behaviour (ASB).
LNL likely to lead to increase unemployment due to business closing/reducing staff.
LNL good as reduces costs to tax payers.
Increase ASB as more people street same time (no staggered drinking hours).

8. NHS costs not covered in LNL.
Phased charge, the later the premises opens the higher the charge.

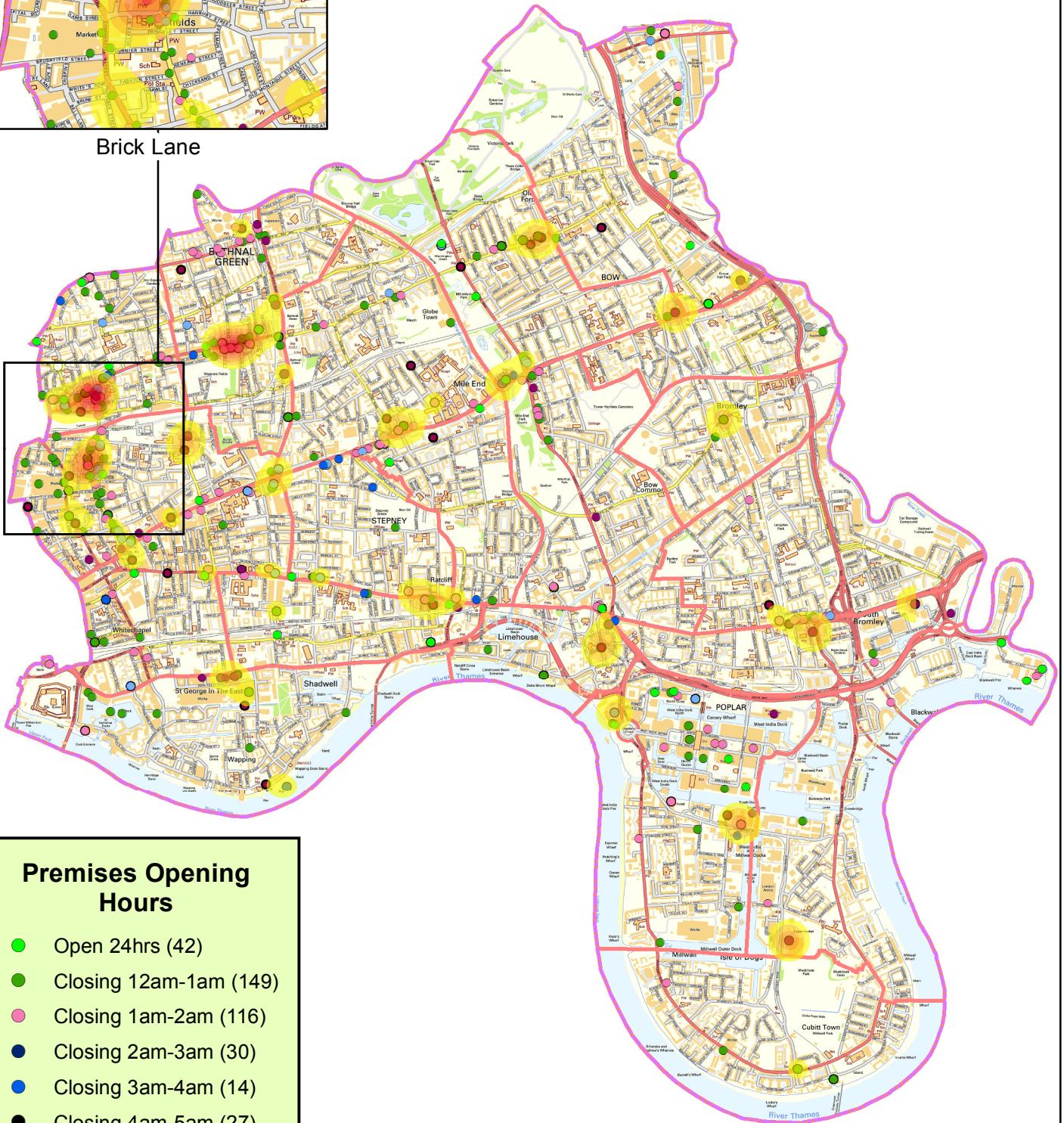
9. LNL payers should have say over how the revenue is spend.
Increase Council Tax instead.

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Apr 15 to Mar 16 ASB/Crime hotspot map for licensed premises between 12am and 1am



Brick Lane



Premises Opening Hours

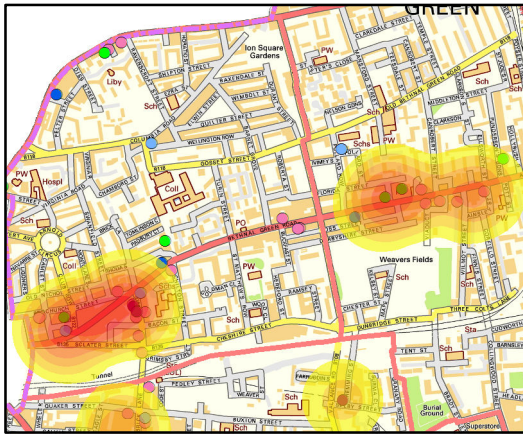
- Open 24hrs (42)
- Closing 12am-1am (149)
- Closing 1am-2am (116)
- Closing 2am-3am (30)
- Closing 3am-4am (14)
- Closing 4am-5am (27)
- Closing 5am-6am (1)

- Ward Boundary
- Borough Boundary

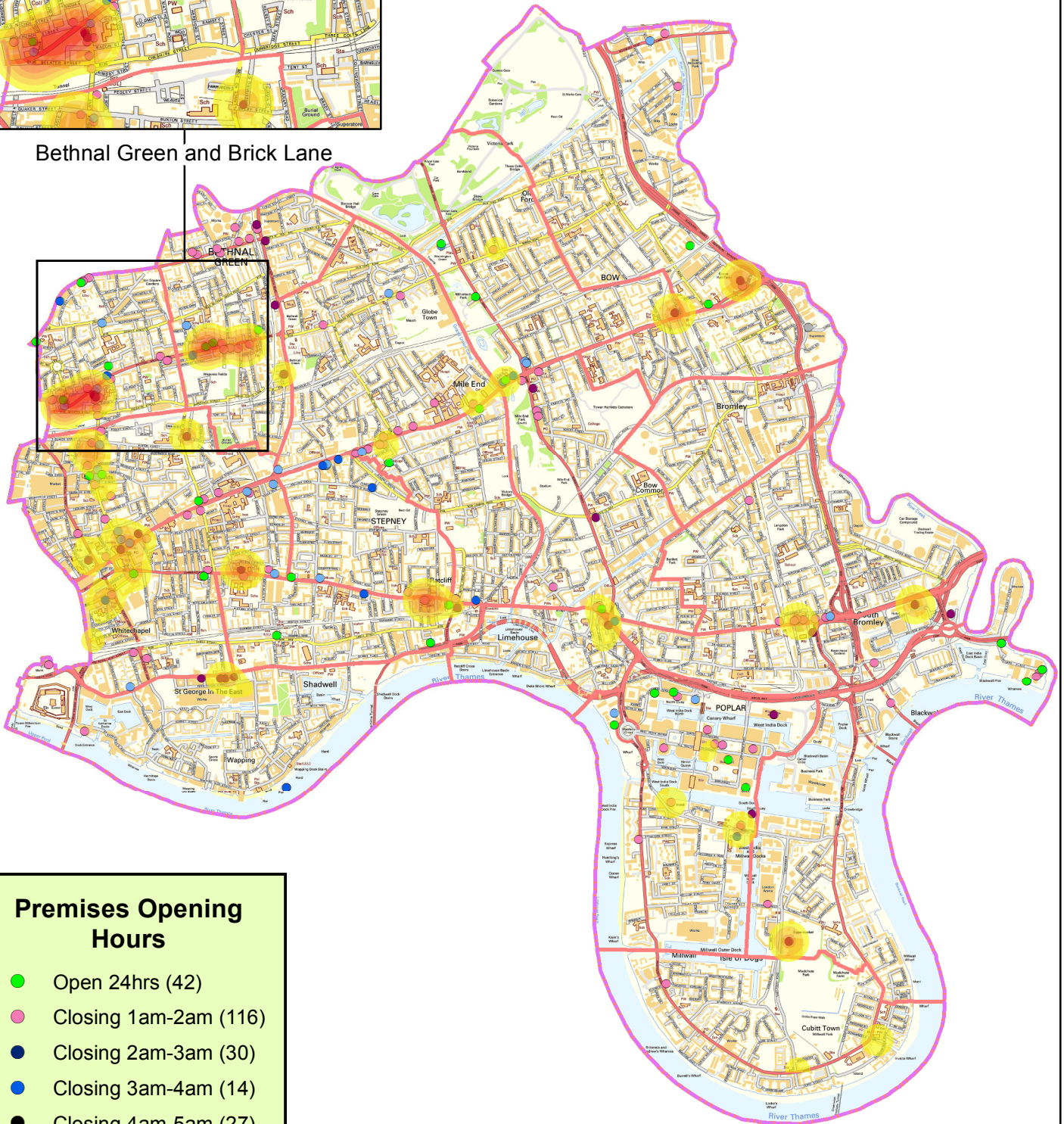
Between April 2015 and March 2016 there were 202 incidents reported to the Council or Police relating to a licensed premises between the hours of 12am to 1am.

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Apr 15 to Mar 16 ASB/Crime hotspot map for licensed premises between 1am and 2am



Bethnal Green and Brick Lane



Premises Opening Hours

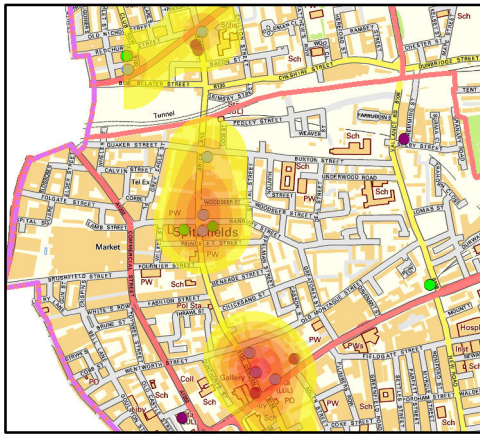
- Open 24hrs (42)
- Closing 1am-2am (116)
- Closing 2am-3am (30)
- Closing 3am-4am (14)
- Closing 4am-5am (27)
- Closing 5am-6am (1)
- Ward Boundary
- Borough Boundary

Between April 2015 and March 2016 there were 251 incidents reported to the Council or Police relating to a licensed premises between the hours of 1am to 2am.

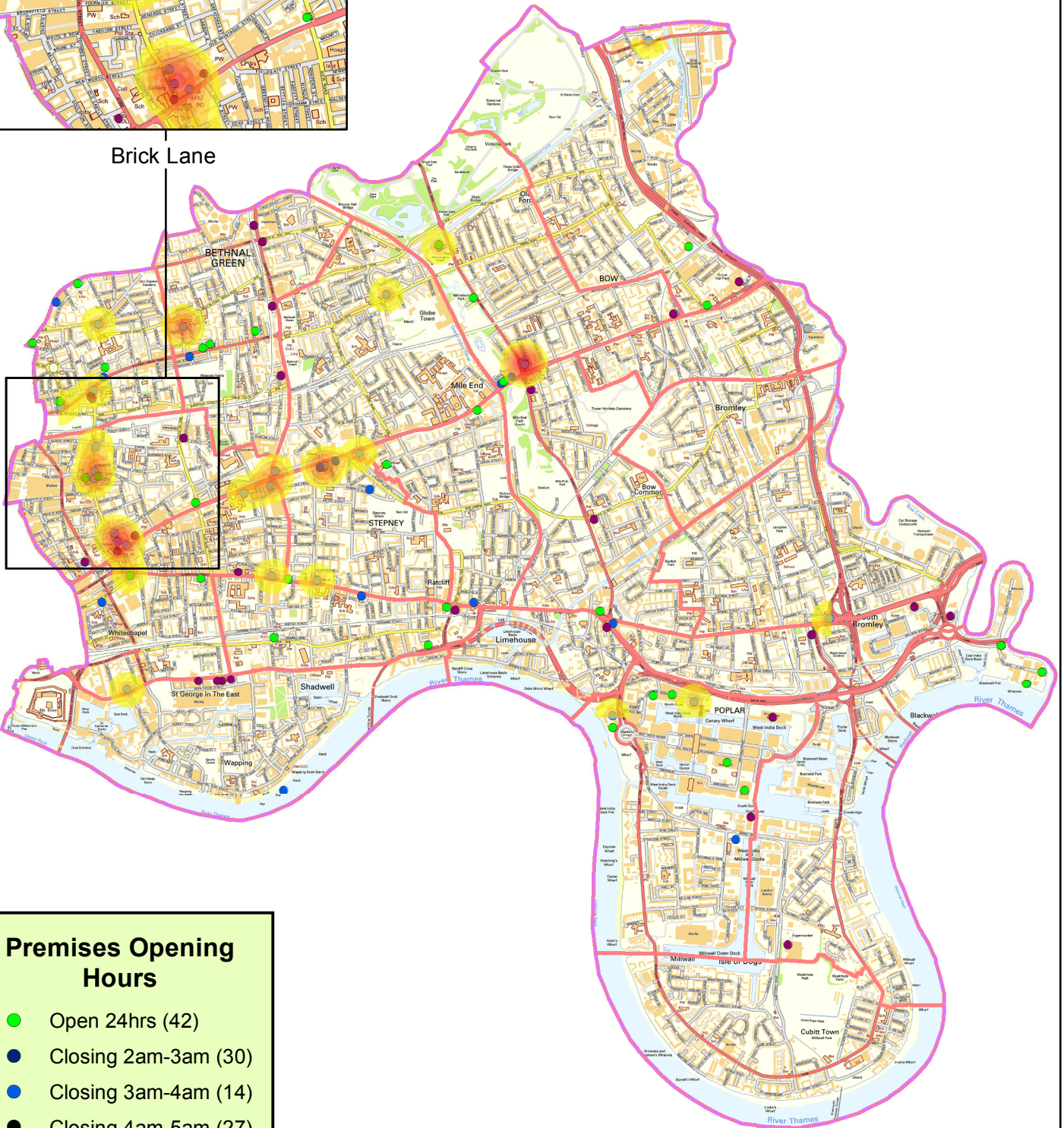
17% of all calls between this time period relate to licenced premises located on Bethnal Green Road.

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Apr 15 to Mar 16 ASB/Crime hotspot map for licensed premises between 2am and 3am



Brick Lane



Premises Opening Hours

- Open 24hrs (42)
- Closing 2am-3am (30)
- Closing 3am-4am (14)
- Closing 4am-5am (27)
- Closing 5am-6am (1)

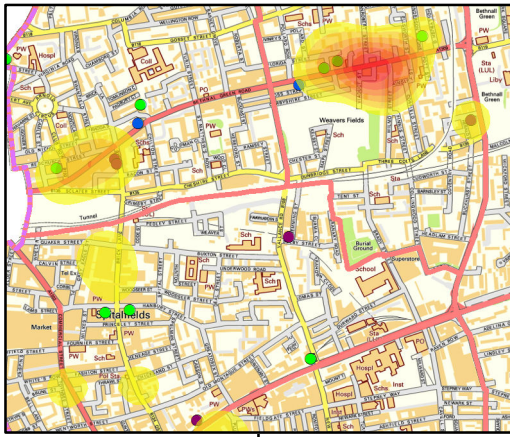
- Ward Boundary
- Borough Boundary

Between April 2015 and March 2016 there were 180 incidents reported to the Council or Police relating to a licensed premises between the hours of 2am to 3am.

22.8% of all calls between this time period relate to licenced premises on Brick Lane (12.2%) and Bethnal Green Road (10.6%).

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Apr 15 to Mar 16 ASB/Crime hotspot map for licensed premises between 3am and 4am



Brick Lane and Bethnal Green



Premises Opening Hours

- Open 24hrs (42)
- Closing 3am-4am (14)
- Closing 4am-5am (27)
- Closing 5am-6am (1)

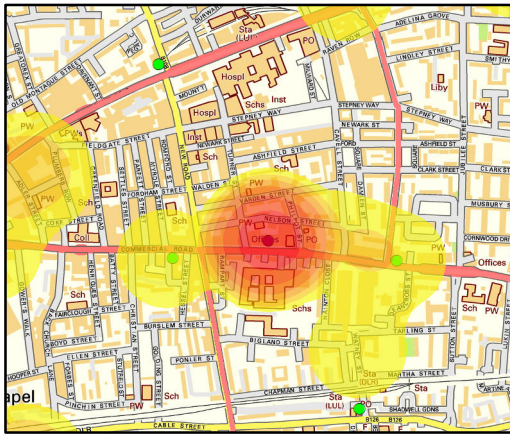
- Ward Boundary
- Borough Boundary

Between April 2015 and March 2016 there were 149 incidents reported to the Council or Police relating to a licensed premises between the hours of 3am to 4am.

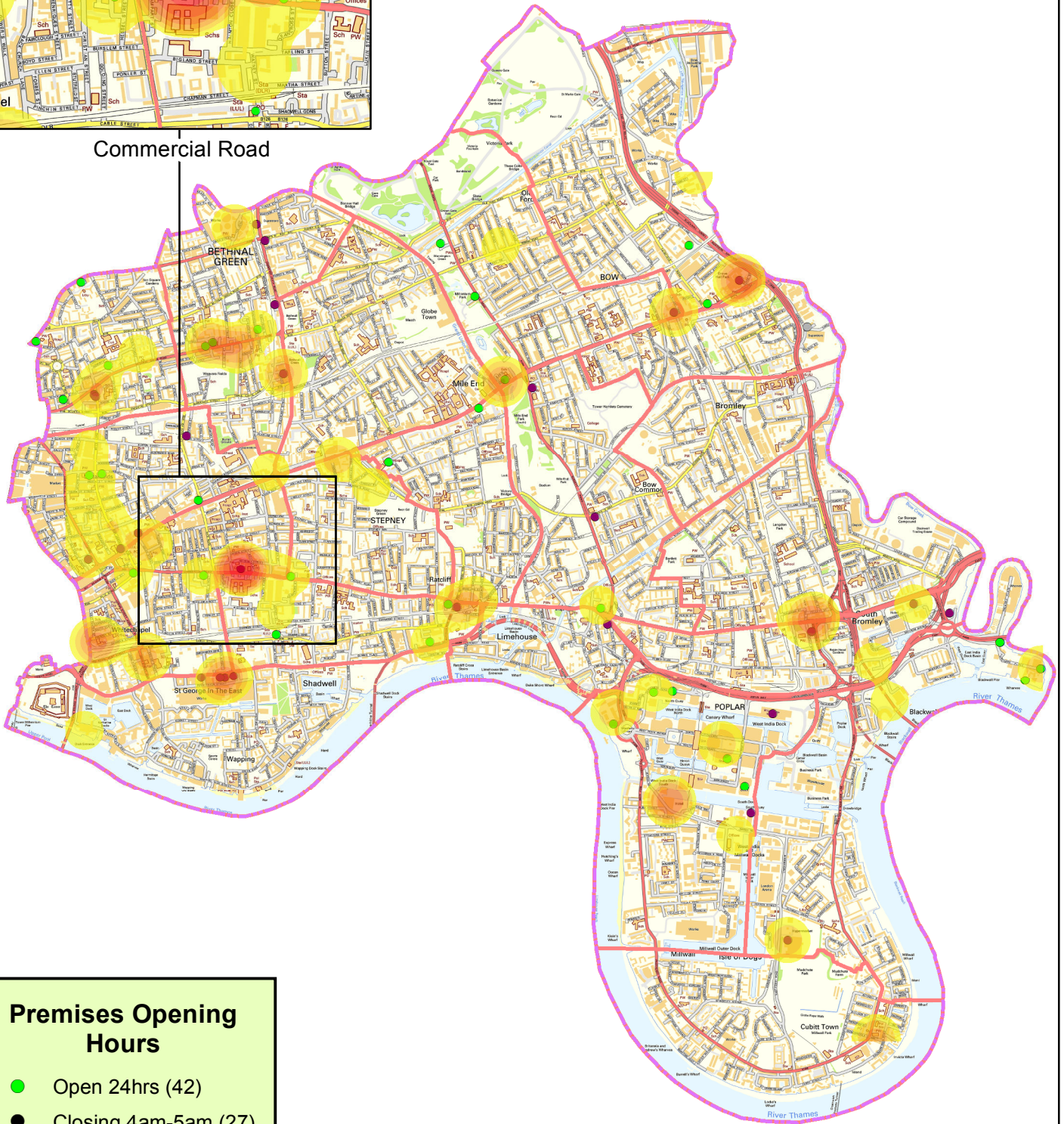
20.8% of all calls between this time period relate to licenced premises on Brick Lane (5.4%) and Bethnal Green Road (15.4%).

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Apr 15 to Mar 16 ASB/Crime hotspot map for licensed premises between 4am and 5am



Commercial Road



Premises Opening Hours

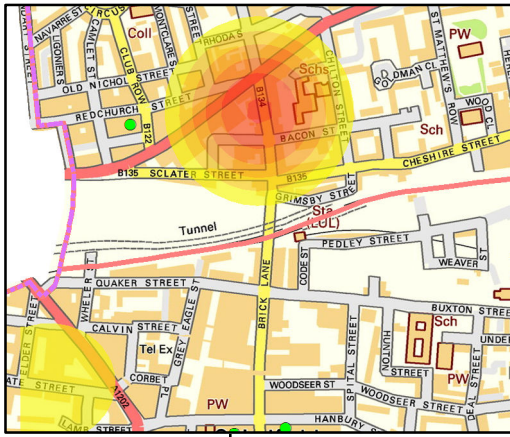
- Open 24hrs (42)
- Closing 4am-5am (27)
- Closing 5am-6am (1)
- Ward Boundary
- Borough Boundary

Between April 2015 and March 2016 there were 116 incidents reported to the Council or Police relating to a licensed premises between the hours of 4am to 5am.

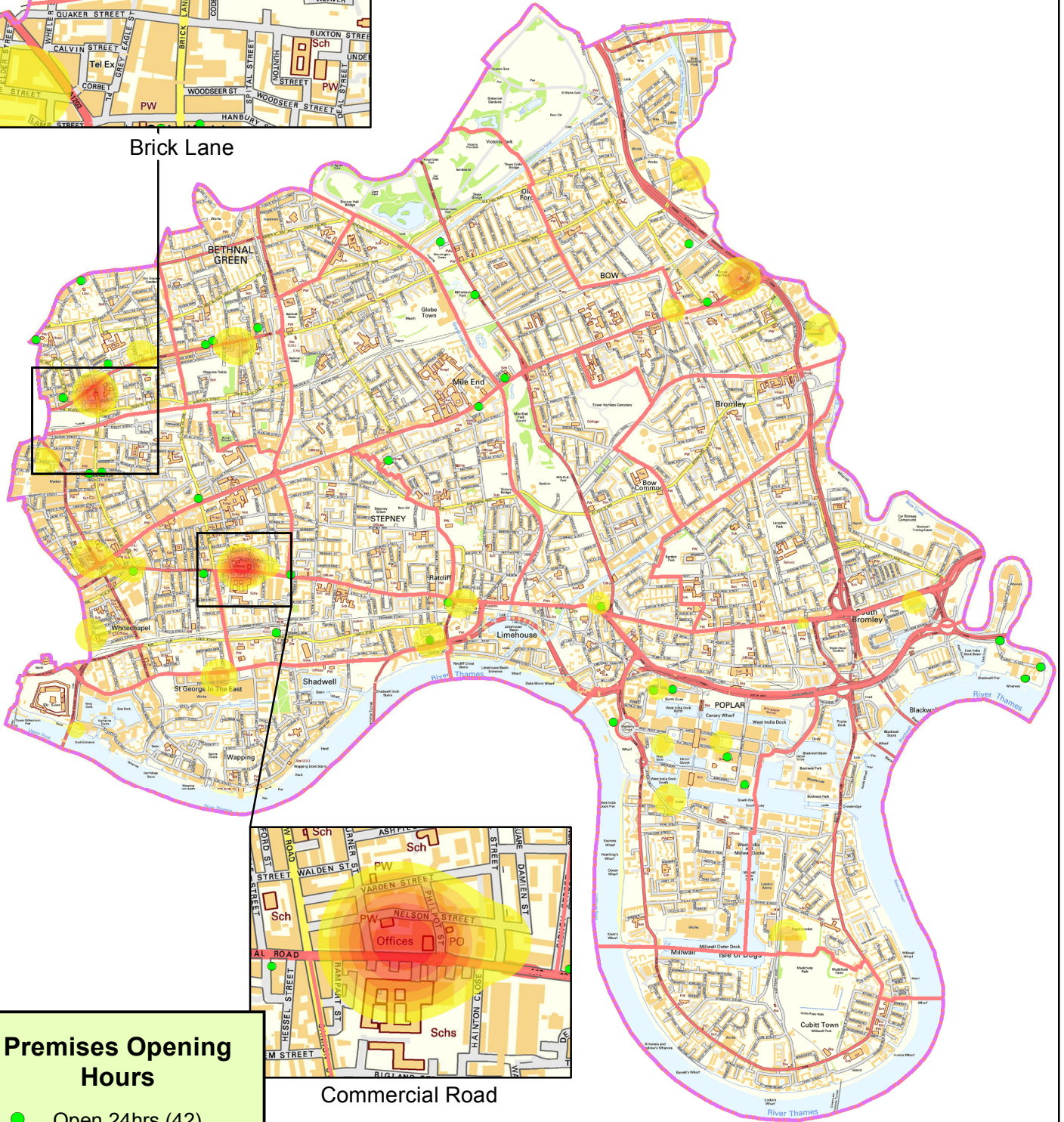
17.2% of all calls between this time period relate to licenced premises on Commercial Road.

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Apr 15 to Mar 16 ASB/Crime hotspot map for licensed premises between 5am and 6am



Brick Lane



Commercial Road

Premises Opening Hours

- Open 24hrs (42)
- Closing 5am-6am (1)
- Ward Boundary
- Borough Boundary

Between April 2015 and March 2016 there were 102 incidents reported to the Council or Police relating to a licensed premises between the hours of 5am to 6am.

23.5% of all calls between this time period relate to licenced premises on Brick Lane (0.8%) and Commercial Road (13.7%).

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Appendix 9 excluding 24 hour premises Timeband by usage

Count of timeband	band						EM Band E (with multiplier)	Grand Total
	A Band A	B Band B	C Band C	D Band D	E Band E			
Arena/Theatre/Cinema								
1am - 2am		1					1	
2am - 3am		1					1	
3am - 4am			1				1	
Arena/Theatre/Cinema Total		2	1				3	
Art Gallery/Arts Venue/Museum/								
1am - 2am		1			1		2	
6am - 7am		1					1	
Midnight - 1am		2					2	
Art Gallery/Arts Venue/Museum/ Total		4			1		5	
Auction/Sale Rooms/Internet sale								
24 hours		1					1	
Auction/Sale Rooms/Internet sale Total		1					1	
Bowling Alley								
Midnight - 1am		1					1	
Bowling Alley Total		1					1	
Brewery								
Midnight - 1am			1				1	
Brewery Total			1				1	
Church Hall / Community Centre								
Midnight - 1am	1						1	
Church Hall / Community Centre Total	1						1	
Community/Charity Organisation								
Midnight - 1am			1				1	
Community/Charity Organisation Total			1				1	
Conference/function rooms								
1am - 2am					1		1	

Midnight - 1am					2		2
Conference/function rooms Total					3		3
Disco/Night Club/Comedy Club							
3am - 4am		1	1				2
4am - 5am		1					1
5am - 6am			1				1
Disco/Night Club/Comedy Club Total		2	2				4
Finance Service Industry offic							
24 hours					1		1
Finance Service Industry offic Total					1		1
Fish Products Manufacturer							
Midnight - 1am			1				1
Fish Products Manufacturer Total			1				1
Hospitality							
Midnight - 1am			1				1
Hospitality Total			1				1
Hostel - purpose built							
1am - 2am	1						1
Hostel - purpose built Total	1						1
Hotel							
1am - 2am			4		1		5
24 hours			1	1	7		9
2am - 3am					2		2
Midnight - 1am					4		4
Hotel Total			5	1	14		20
Indoor market/Pop up market							
4am - 5am		1					1
Indoor market/Pop up market Total		1					1
Members/Social Club							
2am - 3am			2				2
Midnight - 1am			1				1
Members/Social Club Total			3				3
Mini-Market/Grocer							

1am - 2am		12	1				13
24 hours	1	5	2				8
3am - 4am	1						1
Midnight - 1am	1	13	1				15
Mini-Market/Grocer Total	3	30	4				37
Newsagent/Sweet Shop/Tobacconist							
Midnight - 1am		4					4
Newsagent/Sweet Shop/Tobacconist Total		4					4
Off Licence/Wine Merchants							
1am - 2am	1	2					3
24 hours		3					3
2am - 3am		1					1
3am - 4am		1					1
Midnight - 1am		2					2
Off Licence/Wine Merchants Total	1	9					10
Outside Caterer							
6am - 7am		1					1
Outside Caterer Total		1					1
Premise for hire - various events							
1am - 2am		1	3				4
7am - 8am			1				1
Midnight - 1am	1		2		2		5
Premise for hire - various events Total	1	1	6		2		10
Public House/Wine Bar-catering							
1am - 2am		13	4	1	2		20
24 hours		2					2
2am - 3am	1	7	2		1		11
4am - 5am			1				1
Midnight - 1am		31	13	4	3	1	52
Public House/Wine Bar-catering Total	1	53	20	5	6	1	86
Public House/Wine Bar-no catering							
1am - 2am		1					1
2am - 3am			1				1

4am - 5am			1				1
Midnight - 1am	1	3					4
Public House/Wine Bar-no catering Total	1	4	2				7
Restaurant/Cafe							
1am - 2am	2	12	6		4		24
2am - 3am		3	3				6
4am - 5am		1					1
6am - 7am		1					1
Midnight - 1am	3	21	7		7	1	39
Restaurant/Cafe Total	5	38	16		11	1	71
Serviced apartments							
24 hours			1				1
Serviced apartments Total			1				1
Ship/boat							
1am - 2am	4						4
24 hours	14						14
3am - 4am	1						1
Midnight - 1am	2						2
Ship/boat Total	21						21
Shopping Area Common Parts							
Midnight - 1am					1		1
Shopping Area Common Parts Total					1		1
Solicitors/Legal Adviser/Immig							
24 hours					1		1
Solicitors/Legal Adviser/Immig Total					1		1
Sports Club							
Midnight - 1am			1				1
Sports Club Total			1				1
Student Hall of Residence							
Midnight - 1am		1					1
Student Hall of Residence Total		1					1
Supermarket / Hypermarket							
1am - 2am		1					1

24 hours					2		2
Midnight - 1am			1		1		2
Supermarket / Hypermarket Total		1	1		3		5
Takeaway Food							
1am - 2am		1					1
2am - 3am		1					1
Midnight - 1am		1	1				2
Takeaway Food Total		3	1				4
Youth Club							
Midnight - 1am		1					1
Youth Club Total		1					1
Grand Total	35	157	67	6	43	2	310

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Appendix Eight: EQUALITY ANALYSIS QUALITY ASSURANCE CHECKLIST

Name of 'proposal' and how has it been implemented (proposal can be a policy, service, function, strategy, project, procedure, restructure/savings proposal)	Late Night Levy (LNL)
Directorate / Service	CLC/ Environmental Health and Trading Standards
Lead Officer	David Tolley, Head of Environmental Health and Trading Standards
Signed Off By (inc date)	
Summary – to be completed at the end of completing the QA (using Appendix A) (Please provide a summary of the findings of the Quality Assurance checklist. What has happened as a result of the QA? For example, based on the QA a Full EA will be undertaken or, based on the QA a Full EA will not be undertaken as due regard to the nine protected groups is embedded in the proposal and the proposal has low relevance to equalities)	<div style="display: flex; align-items: center; margin-bottom: 10px;"> <div style="width: 20px; height: 20px; background-color: #008000; margin-right: 10px;"></div> <div>Proceed with implementation</div> </div> <p>As a result of performing the QA checklist, the policy, project or function does not appear to have any adverse effects on people who share <i>Protected Characteristics</i> and no further actions are recommended at this stage.</p> <p>This proposal is to ask Cabinet to consider whether a Late Night Levy (LNL) should be adopted in the Borough.</p>

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Stage	Checklist Area / Question	Yes / No / Unsure	Comment (If the answer is no/unsure, please ask the question to the SPP Service Manager or nominated equality lead to clarify)
1	Overview of Proposal		
a	Are the outcomes of the proposals clear?	Yes	The Council can agree to impose an additional financial levy on licensed premises that retail alcohol within the Borough, to

pay for managing the night time economy. This report asks for consider whether a Late Night Levy (LNL) should be applied to those premises in the Borough that sell alcohol between a selected period of midnight and 6.00am, and make recommendations.

- When the levy shall be applied between midnight and 6.00am
- To consult with the Mayor's Office for Policing and Crime (MOPAC) for the introduction of a levy on how the levy will be allocated
- To consider any exemptions or reductions that may be applied to businesses
- To consider how the extra income for the LNL will be allocated within the Licensing Team.

The aim of LNL is to empower local authorities to charge businesses that supply alcohol late into the night for the extra enforcement costs that the night-time economy generates for police and licensing authorities. The levy fee is set by Government and is determined by the rateable value of the property where the alcohol sales take place. The fee is split between the Metropolitan Police and Local Authority on a 70:30 basis. This levy enables the Local Authority to raise a contribution from late opening alcohol suppliers towards policing the night-time economy.

The local authority must allocate their proportion of the net levy amount on the following activities:

- Reduction or prevention of crime and disorder
- Promotion of public safety
- Reduction or prevention of public nuisance
- Cleaning of any relevant highway or relevant land in its area.


			<p>If the local authority chooses to introduce the levy in their area, all licensed premises which are authorised to sell alcohol within the levy period will be able to make a free minor variation to their licence before the levy is introduced, so as to avoid the levy.</p>
b	<p>Is it clear who will be or is likely to be affected by what is being proposed (inc service users and staff)? Is there information about the equality profile of those affected?</p>	Yes	<p><u>Improvement of safety and public realm</u> LNL is to enable the Council to better respond to the safety and street-cleaning requirements generated by the night-time economy. The levy must cover the whole of the licensing authorities' area. If this is introduced, responding to the requirements generated by the night-time economy will be better resourced and the neighbourhoods will be safer and cleaner. This will benefit residents, especially those who live in the vicinity of the areas having strong night-time economy. Data of the 2011 Census and other ONS data provide the equalities profile of the residents.</p> <p>There is no data on protected characteristics of customers who buy alcohol during the midnight and 6am. However, some data (e.g. London ambulance alcohol-related calls and enforcement data on street drinking perpetrators) may inform the impact of this proposal on customers.</p> <p><u>Licensed premises</u> All licensed premises that are permitted alcohol for the times when the levy will apply (between midnight and 6am) will be charged for late night opening. These licensed premises will be allowed to make a free minor variation to their licence and avoid the levy, before the levy is introduced.</p> <p>The majority of the license holders are companies, who may be owned by people in different equality strands from those who operate the business premises in the Borough. The</p>

			technical implications in developing an equalities strand of the Council's business database has been reviewed by D&R that have corporate lead responsibility for Business related data.
2	Monitoring / Collecting Evidence / Data and Consultation		
a	Is there reliable qualitative and quantitative data to support claims made about impacts?	Yes	As above, the data for ASB, crime and alcohol related calls will be analysed. The consultation responses will be reviewed and are part of the report.
	Is there sufficient evidence of local/regional/national research that can inform the analysis?	Yes	Appendix One identifies the number of premises that would be affected by the proposal and estimates the total levy income depending on commencement of levy hour. The impact of the night-time economy on the community has been widely researched. For example, GLA and Camden Council published 'Camden Town Night Time Economy Research' in 2004. Locally, the service has researched and analysed the issue for a number of years. For example, the Cumulative Impact Policy – Brick Lane Area report submitted to Council in July 2013 includes the impact of the night-time economy on the community.
b	Has a reasonable attempt been made to ensure relevant knowledge and expertise (people, teams and partners) have been involved in the analysis?	Yes	Yes, through the consultation process
c	Is there clear evidence of consultation with stakeholders and users from groups affected by the proposal?	Yes	Consultation is required to be held prior to the introduction of the levy.
3	Assessing Impact and Analysis		
a	Are there clear links between the sources of evidence (information, data etc) and the interpretation of impact amongst the nine protected characteristics?	Yes	As above, performance indicator data including London ambulance alcohol-related calls, the enforcement data on street drinking perpetrators may inform the impact of this proposal.

b	Is there a clear understanding of the way in which proposals applied in the same way can have unequal impact on different groups?	Yes	As above, the majority of the license holders are companies, who may be owned by people in different equality strands from those who operate the business premises in the Borough. Although the technical implications in developing an equalities strand of the Council's business database has been reviewed by D&R, a consultation process may identify unequal impact on different groups of affected businesses.
4	Mitigation and Improvement Action Plan		
a	Is there an agreed action plan?	Yes	This proposal will be submitted to the Cabinet, and then to full Council if the proposal is to be adopted.
b	Have alternative options been explored	Yes	'Do nothing' option has been considered.
5	Quality Assurance and Monitoring		
a	Are there arrangements in place to review or audit the implementation of the proposal?	Yes	If Cabinet agree this proposal, it will be considered by full Council.
b	Is it clear how the progress will be monitored to track impact across the protected characteristics??	Yes	If this proposal is agreed and implemented, relevant performance indicators will be monitored to identify the impact of this proposal.
6	Reporting Outcomes and Action Plan		
a	Does the executive summary contain sufficient information on the key findings arising from the assessment?	Yes	

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Agenda Item 5.12

Cabinet 10 January 2017	 TOWER HAMLETS
Report of: Matthew Mannion, Committee Services Manager	Classification: Unrestricted
Mayor's Individual Executive Decisions – List of Recently Published Decisions	

Lead Member	Mayor John Biggs
Originating Officer(s)	Matthew Mannion, Committee Services Manager
Wards affected	All wards
Key Decision?	No
Community Plan Theme	All

Executive Summary

The Council's Constitution provides for the Mayor to take Executive decisions either at meetings of Cabinet or outside of the meetings as Individual Mayoral Decisions.

These individual decisions are published on the Council's website but to aid transparency, this noting report lists recent individual decisions that have been taken.

Recommendations:

The Mayor in Cabinet is recommended to:

1. Note the Individual Mayoral Decisions set out in the Appendices.

1. REASONS FOR THE DECISIONS

- 1.1 This is a noting report to aid transparency.
- 1.2 The reasons each decision were taken are set out in their specific reports.

2. ALTERNATIVE OPTIONS

- 2.1 The alternative option would be to not produce this report, but that would not aid transparency of decision making.

3. DETAILS OF REPORT

- 3.1 The Council's Constitution (Part 4.4 Executive Procedure Rules) sets out that "decisions on executive functions are taken by the Mayor, either at the Cabinet meeting or separately". Decisions taken outside of Cabinet are known as Individual Mayoral Decisions.
- 3.2 The majority of decisions are taken at Cabinet meetings but on occasion, due to the nature of the decision (for example, the urgency required), decisions are taken individually by the Mayor outside of the Cabinet meetings.
- 3.3 Any individual decisions taken must follow standard procedures including, for Key Decisions, advance publication of a notice to take the decision on the website. The sign-off sheets containing an introduction to the decisions and the decisions taken along with the full decision reports are published on the website once the decision has been taken and are available on the Tower Hamlets website through www.towerhamlets.gov.uk/committee.
- 3.4 If a specific decision report is Exempt/Confidential under the Access to Information Procedure Rules (Part 4.2 of the Constitution) then notice that the decision has been taken will still be published along with the reason why the report is exempt but the report itself will not be published. In other cases only part of the report may be exempt.
- 3.5 In line with the Constitution, all Individual Mayoral Decisions are subject to the Call-In procedure (Part 4.5 Overview and Scrutiny Procedure Rules). Councillors may call-in the decision within 5 working days of the decision being published on the website.
- 3.6 Each individual decision is given a unique reference number which is recorded on the relevant sign-off sheet and agenda front sheet. Numbers from 101 upwards relate to individual decisions taken by Mayor John Biggs.
- 3.7 The Mayor has requested that, to aid transparency, a noting report be presented at each Cabinet meeting listing recent Individual Mayoral Decisions. The sign-off sheets for each decision are also appended to this report for information.

3.8 The list of decisions to report to this Cabinet meeting are:

List of Individual Mayoral Decisions taken since the last report

Decision Number	Date of Decision*	Report Title	Sign off Sheet
139	1 December 2016	Draped Seated Woman – process for relocation to Tower Hamlets	Appendix 1
140	5 December 2016	New Grants Procedure	Appendix 2
141	8 December 2016	Microsoft Enterprise License	Appendix 3
142	19 December 2016	Approval of leases for Ben Jonson Road Shops	Exempt report

* The date of the decision refers to the date of publication on the Council's website.

4. COMMENTS OF THE CHIEF FINANCE OFFICER

4.1 This is a noting report. The comments of the Chief Financial Officer in relation to each individual decision have been incorporated into each respective report.

5. LEGAL COMMENTS

5.1 This is a noting report. Legal comments in relation to each individual decision have been incorporated into each respective report.

5.2 The decision making processes set out in the Constitution and outlined above are in accordance with the legislation governing local authority decision making including the Local Government Act 2000 (as amended) and The Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012.

6. ONE TOWER HAMLETS CONSIDERATIONS

6.1 None directly related to this report.

7. BEST VALUE (BV) IMPLICATIONS

7.1. None directly related to this report.

8. SUSTAINABLE ACTION FOR A GREENER ENVIRONMENT

8.1 None directly related to this report.

9. RISK MANAGEMENT IMPLICATIONS

9.1 None directly related to this report.

10. CRIME AND DISORDER REDUCTION IMPLICATIONS

10.1 None directly related to this report.

11. SAFEGUARDING IMPLICATIONS

11.1 None directly related to this report.

Linked Reports, Appendices and Background Documents

Linked Report

- None

Appendices


- As listed under Paragraph 3.8

Background Documents – Local Authorities (Executive Arrangements)(Access to Information)(England) Regulations 2012

- None

Officer contact details for documents:

- Matthew Mannion, Committee Services Manager, 020 7364 4651

Individual Mayoral Decision Proforma Decision Log No: 139	 TOWER HAMLETS
Report of: Will Tuckley, Acting Corporate Director - Communities, Localities & Culture	Classification: Unrestricted
Draped Seated Woman - process for relocation to Tower Hamlets	

Is this a Key Decision?	Yes
Decision Notice Publication Date:	2 nd November 2016
General Exception or Urgency Notice published?	Not required
Restrictions:	n/a
Reason for seeking an Individual Mayoral Decision:	In order to formally commence the process of returning the Henry Moore sculpture Draped Seated Woman to London immediately.

EXECUTIVE SUMMARY

This report sets out the recommended approach to implementing the Mayor's manifesto pledge to bring the Henry Moore sculpture "Draped Seated Woman" (locally known as "Old Flo") back to Tower Hamlets. Following the election, the Mayor set up a cross-party working group, chaired by the Cabinet Member for Culture. The working group assessed the different options available to the Mayor. The report seeks formal approval for officers to progress the implementation of the preferred option.

Full details of the decision sought, including setting out the reasons for the recommendations and/or all the options put forward; other options considered; background information; the comments of the Chief Finance Officer; the concurrent report of the Head of Legal Services; implications for One Tower Hamlets; Risk Assessment; Background Documents; and other relevant matters are set out in the attached report.

DECISION

Recommendations:

The Mayor is recommended to:

1. Authorise the procurement of a contract for *Hosting of Draped Seated Woman (Old Flo) by Henry Moore* in line with the contract approach set out in this report for a term of five years;
2. Note that following completion of the procurement process, a contract award report will be brought to Cabinet.

APPROVALS


1. (If applicable) Corporate Director proposing the decision or his/her deputy

I approve the attached report and proposed decision above for submission to the Mayor.

Signed  Date 30/11/16

2. Chief Finance Officer or his/her deputy

I have been consulted on the content of the attached report which includes my comments.

Signed  Date 30/11/16

3. Monitoring Officer or his/her deputy

I have been consulted on the content of the attached report which includes my comments.

(For Key Decision only – delete as applicable)

I confirm that this decision:-


(a) has been published in advance on the Council's Forward Plan OR
~~(b) is urgent and subject to the 'General Exception' or 'Special Urgency' provision at paragraph 18 or 19 respectively of the Access to Information Procedure Rules.~~

Signed  Date 30/11/16

4. Mayor

I agree the decision proposed in the recommendations above for the reasons set out in paragraph 1.1 in the attached report.

Signed  Date 01/12/16

Individual Mayoral Decision Proforma Decision Log No: 140	 TOWER HAMLETS
Report of: Graham White, Acting Corporate Director, Law Probity and Governance and Deputy Monitoring Officer	Classification: Unrestricted
New Grants Procedure	

Is this a Key Decision?	No
Decision Notice Publication Date:	Not required
General Exception or Urgency Notice published?	Not required
Restrictions:	None
Reason for seeking an Individual Mayoral Decision:	This is the Mayor's decision to amend his Executive Scheme of Delegation

EXECUTIVE SUMMARY

The Council's Constitution provides that all executive functions of the Council except those reserved to DCLG Commissioners by the Directions of 17 December 2014 are vested in the Mayor. One of those functions reserved to DCLG relates to grants. As the potential withdrawal of the Directions in respect of grants is predicated on decisions in relation to grants being taken by the Mayor in a public meeting then this is achieved by the Mayor setting up a Sub-Committee of Cabinet, namely the Grants Determination Sub-Committee. The Membership of this Sub-Committee is the Mayor and three (3) other Executive Members (to be appointed) or their nominees. The quorum of this Sub-Committee is three (3) and specific Terms of Reference agreed.

Full details of the decision sought, including setting out the reasons for the recommendations and/or all the options put forward; other options considered; background information; the comments of the Chief Finance Officer; the concurrent report of the Head of Legal Services; implications for One Tower Hamlets; Risk Assessment; Background Documents; and other relevant matters are set out in the attached report.

DECISION

1. The Mayor appoints a Grants Determination Sub-Committee and the Mayor has delegated the functions of this Sub-Committee to be carried out by the Sub-Committee collectively;
2. The Mayor updates his Executive Scheme of Delegation, namely paragraph 6.2 to note that the Mayor has appointed a Grants Determination Sub-Committee (see Appendix 1 of the attached report);
3. The Mayor agrees the Terms of Reference for the Grants Determination Sub-Committee as contained in Appendix 2 of the attached report; and
4. The Mayor gives formal notification to the Monitoring Officer of the above changes and requests that the Monitoring Officer reports this to full Council advising as to any Constitutional changes that may be required.

APPROVALS

1. **(If applicable) Corporate Director proposing the decision or his/her deputy**

I approve the attached report and proposed decision above for submission to the Mayor.

Signed  Date 30/11/16

2. **Chief Finance Officer or his/her deputy**

I have been consulted on the content of the attached report which includes my comments.

Signed  Date 30/11/16

3. **Monitoring Officer or his/her deputy**


I have been consulted on the content of the attached report which includes my comments.

Signed  Date 1/12/16

4. **Mayor**

I agree the decision proposed in paragraph above for the reasons set out in paragraph 1 in the attached report.

Signed  Date 1/12/16

Individual Mayoral Decision Decision Log No: <u> 141 </u>	 TOWER HAMLETS
Report of: Zena Cooke, Director of Resources	Classification: Unrestricted
Microsoft Enterprise Licensing – Renewal of Contract R4176	

Is this a Key Decision?	Yes
Decision Notice Publication Date:	7 th December 2016
General Exception or Urgency Notice published?	Yes. Due to the reasons set out in the report, the decision has had to be taken under urgency provisions. The Chair of Overview and Scrutiny has been consulted and agreed to preclude the report from the Council's Call-In provisions.
Restrictions:	None

EXECUTIVE SUMMARY

The Council's framework agreement from Crown Commercial Services (CCS) called PSA09 for its Microsoft Enterprise Agreement (EA) is due to expire on 31st March 2017. The Council cannot renew this and would need to have a new agreement in place after this date, following a procurement process. The current agreement allows the Council to use Microsoft software for its Outlook email, servers and desktops and the Council has also procured Visio and Project licences.

Timescale, Recent Price Hike and Urgency

Whilst the current agreement ends on 31st March 2017, following Brexit Microsoft announced a price increase of between 15% to 22% for its agreement. However, if the Council can renew its EA before the end of 2016 (i.e. by 9th December 2016), it will insulate itself from this price rise.

Recommendations

The Mayor is recommended to:

Delegate to the Corporate Director of Resources the authority to award the contract for a term of 36 months to the most competitive supplier on Kent County Council's Pro 5 Framework Software Products and Associated Services Y17003 following competition run by procurement.

Full Details of the Decision Sought, Including Reasons and Options

Quotes from Kent's framework suppliers and Agilisys on an indicative specification offer best value compared to the CCS Framework. Award of contracts needs to be done in the week commencing 5th December 2016 and an order will need to be raised for renewal before 9th December to avoid the up to 22% price increase.

In addition to running a competition on the Pro 5 framework on an indicative specification, the Council sought prices from Crown Commercial Services.

Prices from CCS framework were at least £75K more expensive over 3 years than the lower bidder on the Kent framework. With reseller margins on the CCS framework, the actual difference would be even greater than £75k, hence the CCS option would not be best value.

The Agilisys quote would attract up to a 5% margin. Whilst the Agilisys quote on the indicative specification was more expensive than Kent's framework, Agilisys will be given another opportunity to quote at the same time as Kent framework bidders on a revised specification and asked to specify their margins to allow a like for like comparison.

Chief Finance Officer Comments

The estimated annual cost of £550k can be funded through existing provision for software licences within centrally held ICT budgets. The potential exposure to the risk associated with the impending price increases is estimated to be between £100k-£123k.

Legal Comments

The Council has power to enter into a contract for the provision of this product which arises by virtue of section 111 of the Local Government Act 1972, providing the power enabling the Council to do anything which is calculated to facilitate, or is conducive or incidental to, the discharge of any of its functions. The Council has the enabling power(s) to initiate a procurement exercise for the Services and award any subsequent contracts pursuant to that competition.

The estimated value of the contract is circa £1.650 million (£550k per annum) making this an executive decision requiring Mayoral approval giving the relevant Corporate Director the delegated authority to award the contract.

DECISION

Award the contract for a term of 36 months to the most competitive supplier on Kent County Council's Pro 5 Framework following competition run by procurement.

APPROVALS

1. (If applicable) Corporate Director proposing the decision or his/her deputy

I approve the attached report and proposed decision above for submission to the Mayor.

Signed  Date 7/12/16

2. Chief Finance Officer or his/her deputy

I have been consulted on the content of the attached report which includes my comments.

Signed  Date 7/12/16

3. Monitoring Officer or his/her deputy

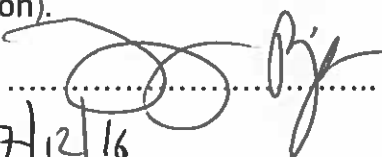
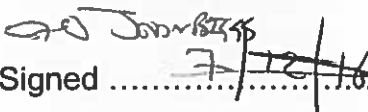
I have been consulted on the content of the attached report which includes my comments.

I confirm that this decision is urgent and subject to the 'General Exception' or 'Special Urgency' provision at paragraph 18 or 19 respectively of the Access to Information Procedure Rules.

Signed  Date 07/12/16

4. Mayor

I agree the decision proposed above for the reasons set out in paragraphs 2.1, 3 and 4 in the attached report (Individual Mayoral Decision).

Name  Signed  Date 7/12/16

Name Signed

Date

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