

CABINET

MAYOR

Mayor John Biggs

CABINET MEMBERS

Councillor Sirajul Islam	(Statutory Deputy Mayor and Cabinet Member for Housing)
Councillor Rachel Blake	(Deputy Mayor and Cabinet Member for Regeneration and Air Quality)
Councillor Asma Begum	(Deputy Mayor and Cabinet Member for Community Safety and Equalities)
Councillor Amina Ali	(Cabinet Member for Culture, Arts and Brexit)
Councillor David Edgar	(Cabinet Member for Environment)
Councillor Danny Hassell	(Cabinet Member for Children, Schools and Young People)
Councillor Denise Jones	(Cabinet Member for Adults, Health and Wellbeing)
Councillor Candida Ronald	(Cabinet Member for Resources and the Voluntary Sector)
Councillor Motin Uz-Zaman	(Cabinet Member for Work and Economic Growth)

[The quorum for Cabinet is 3 Members]

MEETING DETAILS

Wednesday, 31 October 2018 at 4.00 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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Web: <http://www.towerhamlets.gov.uk>

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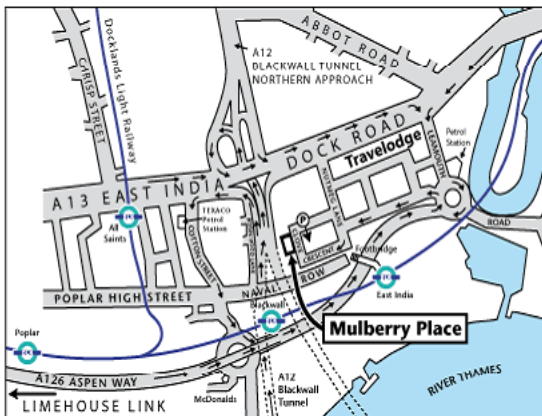
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A Guide to CABINET

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: **Friday, 2 November 2018**
- The deadline for call-ins is: **Friday, 9 November 2018**

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

WEDNESDAY, 31 OCTOBER 2018

4.00 p.m.

	Pages
1. APOLOGIES FOR ABSENCE	
To receive any apologies for absence.	
2. DECLARATIONS OF DISCLOSABLE PECUNIARY INTERESTS	13 - 16
To note any declarations of interest made by Members, including those restricting Members from voting on the questions detailed in Section 106 of the Local Government Finance Act, 1992. See attached note from the Monitoring Officer.	
3. UNRESTRICTED MINUTES	17 - 30
The unrestricted minutes of the Cabinet meeting held on Wednesday 26 September 2018 are presented for approval.	
4. ANNOUNCEMENTS (IF ANY) FROM THE MAYOR	
5. OVERVIEW & SCRUTINY COMMITTEE	
5.1 Chair's Advice of Key Issues or Questions	
Chair of Overview and Scrutiny Committee (OSC) to report on any issues raised by the OSC in relation to unrestricted business to be considered.	
5.2 Any Unrestricted Decisions "Called in" by the Overview & Scrutiny Committee	
Under provisions of Article 6 Para 6.02 V of the Constitution, the following two agenda items (5.3 and 5.4) contain reports that were called-in and have been considered by the Overview and Scrutiny Committee on Tuesday 16 October. These have now been referred back to the Mayor for consideration.	
5.3 Securing the future of early years services - phased closure of the three local authority childcare day nurseries	31 - 40
5.4 Future Management of the Integrated Community Equipment Service	41 - 44

6. UNRESTRICTED REPORTS FOR CONSIDERATION

6 .1	Local Community Fund Programme	45 - 62
	<p>Report Summary: The framework for the new voluntary and community sector (VCS) funding programme to replace the current Mainstream Grants, was agreed by the Mayor in Cabinet in March.</p> <p>Following an extensive co-production programme with the VCS the full programme has been developed. This report presents the programme themes, priorities and outcomes for consideration. It also sets out a timetable for implementation.</p> <p>Wards: All Wards Lead Member: Cabinet Member for Resources and the Voluntary Sector Corporate Priority: All Priorities</p>	
6 .2	Voluntary and Community Sector Grants Programme	63 - 92
	<p>Report Summary: This report sets out the new corporate grants programme which will complement the Community Commissioning Programme (elsewhere on the agenda) to replace the Council's current grants programmes including the current Mainstream Grants programme.</p> <p>The policy framework for the grants programme was agreed by the Mayor in Cabinet in March 2018. This report presents the programme in detail, which had been co-produced with voluntary and community sector (VCS) organisations.</p> <p>Wards: All Wards Lead Member: Cabinet Member for Resources and the Voluntary Sector Corporate Priority: All Priorities</p>	
6 .3	Tower Hamlets Safeguarding Adults Board Annual Report 2017-18	93 - 114
	<p>Report Summary: The annual report outlines the achievements of the Safeguarding Adults Board, its subgroups and partner agencies over the period 2017 to 2018.</p> <p>Wards: All Wards Lead Member: Cabinet Member for Adults, Health and Wellbeing Corporate Priority: People are aspirational, independent and have equal access to opportunities</p>	

6 .4 Tower Hamlets Safeguarding Children Board Annual Report 2017-18 115 - 154**Report Summary:**

The annual report outlines the achievements of the Local Safeguarding Children's Board, its subgroups and partner agencies over the period 2017 to 2018.

Wards: All Wards

Lead Member: Cabinet Member for Children, Schools and Young People

Corporate Priority: TH Plan 3: Strong, resilient and safe communities

6 .5 The Tower Hamlets Education Partnership annual report 155 - 194**Report Summary:**

The Tower Hamlets Education Partnership was established as a company and charity separate to the council as a mechanism to support and improve schools. The THEP's annual activity report and audited accounts are reported to Cabinet to enable appropriate governance of the organisation by the council as agreed in the seed funding agreed by Cabinet.

Wards: All Wards

Lead Member: Cabinet Member for Children, Schools and Young People

Corporate Priority: People are aspirational, independent and have equal access to opportunities

6 .6 High Street and Town Centres Strategy (2017-2022) 195 - 280**Report Summary:**

The item seeks Cabinet approval to adopt the High Street and Town Centre Strategy (2017-2022) The Strategy sets out the Council's approach to managing the Borough's town centres and destination high streets to attract investment, exploit the success of street markets, support enterprise and effectively manage the evening economy. The approach set out in the strategy seeks to improve competitiveness and create healthy, vibrant and sustainable places.

The consultation carried out on the strategy was in line with the Council's statement of Community Involvement.

Wards: All Wards

Lead Member: Deputy Mayor and Cabinet Member for Regeneration and Air Quality

Corporate Priority: A borough that our residents are proud of and love to live in

6.7	Supporting the Local Economy – Proposed Criteria for Granting Business Rates Relief	281 - 312
<p>Report Summary: The new criteria and guidance for awarding Business Rates Reliefs has been developed based on feedback on the last review of charitable and new reliefs brought in by the government. The Cabinet meeting of 25th July 2018, agreed to consult on the proposed changes to criteria and guidance. The outcome of the consultation has been taken into account in the recommendations in this report.</p> <p>Wards: All Wards Lead Member: Cabinet Member for Resources and the Voluntary Sector Corporate Priority: A dynamic outcomes-based council using digital innovation and partnership working to respond to the changing needs of our borough</p>		

6.8	Waste Management Delivery Options	(to follow)
<p>Report Summary: This report sets out options for future delivery of waste and cleansing services, once the current contract expires in March 2020. These options include either, the procurement of a new contract with an external service provider, or the creation an “in-house” service for delivery of waste, recycling and cleansing services across the borough.</p> <p>Wards: All Wards Lead Member: Cabinet Member for Environment Corporate Priority: A borough that our residents are proud of and love to live in</p>		

6.9	Additional Licensing Scheme for Houses of Multiple Occupation	313 - 468
<p>Report Summary: A report for the consideration of an additional licensing scheme for smaller houses and flats in multiple occupation within the private rented sector, across the Borough, excluding the current selective licensing area.</p> <p>Wards: All Wards Lead Member: Statutory Deputy Mayor and Cabinet Member for Housing Corporate Priority: A borough that our residents are proud of and love to live in</p>		

6 .10 Budget and Medium Term Financial Strategy 2019-22 Update **469 - 490**

Report Summary:

This report provides an update on progress with finalising the Council's budget for 2019-20 and Updating the Council's Medium Term Financial Strategy for the period 2019-20 to 2021-22, including the proposals for conducting a public consultation.

Wards: All Wards
Lead Member: Cabinet Member for Resources and the Voluntary Sector
Corporate Priority: A borough that our residents are proud of and love to live in

6 .11 Revenue and Capital Budget Monitoring Quarter 2 2018-19 **491 - 532**

Report Summary:

This report details the Quarter 2 (September 2018) monitoring position against the approved budget for the Revenue and Capital Spend for the financial year end 2017-18.

The report also seeks approval for any new capital projects that need to be progressed during 2018/19.

It also includes information on the councils progress against its saving targets and a number of general financial health indicators.

Wards: All Wards
Lead Member: Cabinet Member for Resources and the Voluntary Sector
Corporate Priority: A dynamic outcomes-based council using digital innovation and partnership working to respond to the changing needs of our borough

6 .12 Local Council Tax Reduction Scheme 2019/2020 **533 - 542**

Report Summary:

Consideration of public consultation response to the proposed changes to the Council's Local Council Tax Reduction scheme 2019/2020.

Wards: All Wards
Lead Member: Cabinet Member for Resources and the Voluntary Sector
Corporate Priority: People are aspirational, independent and have equal access to opportunities

6 .13	Neighbourhood Planning: Determination of Poplar Regen Alliance Forum Application	543 - 580
<p>Report Summary: To determine whether the community group Poplar Regen Alliance should be designated as the Neighbourhood Forum for the Poplar neighbourhood Planning Area.</p> <p>Wards: Poplar Lead Member: Deputy Mayor and Cabinet Member for Regeneration and Air Quality Corporate Priority: A borough that our residents are proud of and love to live in</p>		

6 .14	Approval to consult on a new Community Infrastructure Levy Draft Charging Schedule	581 - 754
<p>Report Summary: This item seeks approval to publicly consult on a new Community Infrastructure Levy Draft Charging Schedule.</p> <p>The Community Infrastructure Levy is a charge per square metre applied to most new development. The charge is applied to raise funding to contribute to the delivery of infrastructure to support development</p> <p>Wards: All Wards Lead Member: Deputy Mayor and Cabinet Member for Regeneration and Air Quality Corporate Priority: A borough that our residents are proud of and love to live in; People are aspirational, independent and have equal access to opportunities</p>		

6 .15	Fire Safety Scrutiny Review Report and Action Plan	755 - 818
<p>Report Summary: This report submits an action plan in response to the recommendations of the Housing Scrutiny Sub-Committee's scrutiny review of Fire Safety in high rises in Tower Hamlets.</p> <p>Wards: All Wards Lead Member: Statutory Deputy Mayor and Cabinet Member for Housing Corporate Priority: A dynamic outcomes-based council using digital innovation and partnership working to respond to the changing needs of our borough</p>		

7. ANY OTHER UNRESTRICTED BUSINESS CONSIDERED TO BE URGENT

8. EXCLUSION OF THE PRESS AND PUBLIC

Should the Mayor in Cabinet consider it necessary, it is recommended that the following motion be adopted to allow consideration of any exempt/restricted documents.

“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.

9. EXEMPT / CONFIDENTIAL MINUTES

Nil items.

10. OVERVIEW & SCRUTINY COMMITTEE

10 .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.

10 .2 Any Exempt / Confidential Decisions "Called in" by the Overview & Scrutiny Committee

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

11. EXEMPT / CONFIDENTIAL REPORTS FOR CONSIDERATION

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

Next Meeting of the Committee:

Wednesday, 28 November 2018 at 5.30 p.m. in C1, 1st Floor, Town Hall, Mulberry Place, 5 Clove Crescent, London, E14 2BG

Agenda Item 2

DECLARATIONS OF INTERESTS - NOTE FROM THE MONITORING OFFICER

This note is for guidance only. For further details please consult the Members' Code of Conduct at Part 5.1 of the Council's Constitution.

Please note that the question of whether a Member has an interest in any matter, and whether or not that interest is a Disclosable Pecuniary Interest, is for that Member to decide. Advice is available from officers as listed below but they cannot make the decision for the Member. If in doubt as to the nature of an interest it is advisable to seek advice **prior** to attending a meeting.

Interests and Disclosable Pecuniary Interests (DPIs)

You have an interest in any business of the authority where that business relates to or is likely to affect any of the persons, bodies or matters listed in section 4.1 (a) of the Code of Conduct; and might reasonably be regarded as affecting the well-being or financial position of yourself, a member of your family or a person with whom you have a close association, to a greater extent than the majority of other council tax payers, ratepayers or inhabitants of the ward affected.

You must notify the Monitoring Officer in writing of any such interest, for inclusion in the Register of Members' Interests which is available for public inspection and on the Council's Website.

Once you have recorded an interest in the Register, you are not then required to declare that interest at each meeting where the business is discussed, unless the interest is a Disclosable Pecuniary Interest (DPI).

A DPI is defined in Regulations as a pecuniary interest of any of the descriptions listed at **Appendix A** overleaf. Please note that a Member's DPIs include his/her own relevant interests and also those of his/her spouse or civil partner; or a person with whom the Member is living as husband and wife; or a person with whom the Member is living as if they were civil partners; if the Member is aware that that other person has the interest.

Effect of a Disclosable Pecuniary Interest on participation at meetings

Where you have a DPI in any business of the Council you must, unless you have obtained a dispensation from the authority's Monitoring Officer following consideration by the Dispensations Sub-Committee of the Standards Advisory Committee:-

- not seek to improperly influence a decision about that business; and
- not exercise executive functions in relation to that business.

If you are present at a meeting where that business is discussed, you must:-

- Disclose to the meeting the existence and nature of the interest at the start of the meeting or when the interest becomes apparent, if later; and
- Leave the room (including any public viewing area) for the duration of consideration and decision on the item and not seek to influence the debate or decision

When declaring a DPI, Members should specify the nature of the interest and the agenda item to which the interest relates. This procedure is designed to assist the public's understanding of the meeting and to enable a full record to be made in the minutes of the meeting.

Where you have a DPI in any business of the authority which is not included in the Member's register of interests and you attend a meeting of the authority at which the business is considered, in addition to disclosing the interest to that meeting, you must also within 28 days notify the Monitoring Officer of the interest for inclusion in the Register.

Further advice

For further advice please contact:-

Asmat Hussain, Corporate Director, Governance and Monitoring Officer. Tel 020 7364 4800

APPENDIX A: Definition of a Disclosable Pecuniary Interest

(Relevant Authorities (Disclosable Pecuniary Interests) Regulations 2012, Reg 2 and Schedule)

Subject	Prescribed description
Employment, office, trade, profession or vacation	Any employment, office, trade, profession or vocation carried on for profit or gain.
Sponsorship	<p>Any payment or provision of any other financial benefit (other than from the relevant authority) made or provided within the relevant period in respect of any expenses incurred by the Member in carrying out duties as a member, or towards the election expenses of the Member.</p> <p>This includes any payment or financial benefit from a trade union within the meaning of the Trade Union and Labour Relations (Consolidation) Act 1992.</p>
Contracts	<p>Any contract which is made between the relevant person (or a body in which the relevant person has a beneficial interest) and the relevant authority—</p> <p>(a) under which goods or services are to be provided or works are to be executed; and</p> <p>(b) which has not been fully discharged.</p>
Land	Any beneficial interest in land which is within the area of the relevant authority.
Licences	Any licence (alone or jointly with others) to occupy land in the area of the relevant authority for a month or longer.
Corporate tenancies	<p>Any tenancy where (to the Member's knowledge)—</p> <p>(a) the landlord is the relevant authority; and</p> <p>(b) the tenant is a body in which the relevant person has a beneficial interest.</p>
Securities	<p>Any beneficial interest in securities of a body where—</p> <p>(a) that body (to the Member's knowledge) has a place of business or land in the area of the relevant authority; and</p> <p>(b) either—</p> <p>(i) the total nominal value of the securities exceeds £25,000 or one hundredth of the total issued share capital of that body; or</p> <p>(ii) if the share capital of that body is of more than one class, the total nominal value of the shares of any one class in which the relevant person has a beneficial interest exceeds one hundredth of the total issued share capital of that class.</p>

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LONDON BOROUGH OF TOWER HAMLETS

MINUTES OF THE CABINET

HELD AT 6.02 P.M. ON WEDNESDAY, 26 SEPTEMBER 2018

**C1, 1ST FLOOR, TOWN HALL, MULBERRY PLACE, 5 CLOVE CRESCENT,
LONDON, E14 2BG**

Members Present:

Mayor John Biggs	
Councillor Sirajul Islam	(Statutory Deputy Mayor and Cabinet Member for Housing)
Councillor Rachel Blake	(Deputy Mayor and Cabinet Member for Regeneration and Air Quality)
Councillor Asma Begum	(Deputy Mayor and Cabinet Member for Community Safety and Equalities)
Councillor Amina Ali	(Cabinet Member for Culture, Arts and Brexit)
Councillor David Edgar	(Cabinet Member for Environment)
Councillor Danny Hassell	(Cabinet Member for Children, Schools and Young People)
Councillor Denise Jones	(Cabinet Member for Adults, Health and Wellbeing)
Councillor Candida Ronald	(Cabinet Member for Resources and the Voluntary Sector)
Councillor Motin Uz-Zaman	(Cabinet Member for Work and Economic Growth)

Other Councillors Present:

Councillor Kahar Chowdhury	
Councillor Peter Golds	
Councillor Abdal Ullah	
Councillor Andrew Wood	(Leader of the Conservative Group)

Officers Present:

Monju Ali	(Project Officer)
Mark Baigent	(Interim Divisional Director, Housing and Regeneration)
Stephen Bramah	(Deputy Head of the Mayor's office)
Richard Chilcott	(Acting Divisional Director, Property and Major Programmes)
Zena Cooke	(Corporate Director, Resources)
David Courcoux	(Head of the Mayor's Office)
Sharon Godman	(Divisional Director, Strategy, Policy and Partnerships)
Asmat Hussain	(Corporate Director, Governance and Monitoring Officer)
David Jones	(Interim Divisional Director, Adult Social Care)
Debbie Jones	(Corporate Director, Children's)
Alan McCarthy	(Asset Strategy Capital Delivery & Property Services)

Christine McInnes	(Divisional Director, Education and Partnership, Children's)
Mark Norman	(Legal Adviser & Deputy Monitoring Officer)
Denise Radley	(Corporate Director, Health, Adults & Community)
David Tolley	(Head of Environmental Health and Trading Standards)
Will Tuckley	(Chief Executive)
Richard Baldwin	(Divisional Director, Children's Social Care)
Aaron Cahill	(Project Manager - Housing Strategy)
Karen Proudfoot	(Interim Head of Communities and Enforcement)
Matthew Mannion	(Committee Services Manager, Democratic Services, Governance)
Joel West	(Senior Democratic Services Officer)

1. APOLOGIES FOR ABSENCE

Apologies for absence were received on behalf of Ann Sutcliffe (Acting Corporate Director, Place), Richard Chilcott (Acting Divisional Director, Property and Major Programmes) was substituting.

2. DECLARATIONS OF DISCLOSABLE PECUNIARY INTERESTS

Councillors Sirajul Islam and Abdul Ullah made Declarations of Disclosable Pecuniary Interests in agenda item 6.4 (Implementation of traffic management orders on HRA land) as they each rented a parking space on HRA land. They both left the room for the duration of that item.

Councillor Amina Ali noted an 'other interest' in that she was a Tower Hamlets Homes tenant but did not rent a parking space.

3. UNRESTRICTED MINUTES

RESOLVED

1. That the unrestricted minutes of the Cabinet meeting held on Wednesday 25 July 2018 be approved and signed by the Chair as a correct record of proceedings.

4. ANNOUNCEMENTS (IF ANY) FROM THE MAYOR

There were no announcements.

5. OVERVIEW & SCRUTINY COMMITTEE

5.1 Chair's Advice of Key Issues or Questions

Pre-Decision Scrutiny Questions were presented on agenda items 6.2 to 6.11 and 11.1. The questions, along with officers responses, were considered during the discussion of each individual item.

In addition Councillor Abdal Ullah, Chair of the Overview and Scrutiny Committee (OSC), provided an update on recent OSC meetings. He reported on a number of issues during a busy month including:

- Training sessions arranged for OSC Members including on how to effectively scrutinise service performance and on Chair's training.
- Training in relation to scrutinising the budget was due soon.
- Lengthy discussions with a wide ranging education focus at the most recent OSC meeting and a thank you to all those who had contributed to that discussion.
- Pre-decision scrutiny issues that had been examined including welcome discussions with officers around the proposals on traffic management orders on TRA land.

The Mayor thanked Councillor Abdal Ullah for his update.

5.2 Any Unrestricted Decisions "Called in" by the Overview & Scrutiny Committee

Nil items.

6. UNRESTRICTED REPORTS FOR CONSIDERATION

6.1 Children's Services Improvement Programme, Quarterly Progress Report (Quarter 1 2018/19)

Councillor Danny Hassell, Cabinet Member for Children's Services, introduced the report. He highlighted the good work since the previous quarterly progress report had been presented to Cabinet. He then took Members through key activities that had taken place such as the recent OFSTED visit and spoke about a number of issues that were being tackled such as on reducing staff turnover by launching the social work academy.

During discussion Members noted a number of points including:

- The need to speed up initial health assessments.
- Praise in the OFSTED report for the virtual school.
- Ways of developing the skills of social workers.

The **Mayor** welcomed the report and also welcomed the support of the Overview and Scrutiny Committee in monitoring progress. He **agreed** the recommendations set out in the report.

RESOLVED

1. To endorse the progress made in delivering the children's services improvement programme.
2. To agree the next steps in the improvement journey which will be updated on in the next report.

6.2 Securing the future of Early Years services - phased closure of the three local authority childcare day nurseries

Councillor Danny Hassell, Cabinet Member for Children's Services, introduced the report. He highlighted that the issue had been under discussion for a number of years. He took Members through the reasons for the decision and the results of the recent, extensive, consultation exercise. He highlighted the financial challenges facing the authority and how the report set out alternative options for providing services to young children through other locations and service providers. He stated that there were no easy decisions but that given the challenges the Council faced the report recommended the best available course of action.

Cabinet then heard from parents of children attending the nursery. Members heard a number of concerns raised including:

- That the current nursery provision provided excellent support for children's with additional support needs such as those with autism.
- Integrated support was available from an earlier age than with other services.
- The nurseries were not being run at capacity.
- Concerns over the consultation's reach to all communities.
- Many other providers were term-time only and many also charged significantly more than the local authority nurseries.

Councillor Andrew Wood, Leader of the Conservative Group also addressed the meeting. He agreed that change was necessary but questioned the costs set out and whether all alternative options had been looking into.

Councillor Danny Hassell took the meeting through the points raised in particular setting out other services that were available and where the Council were exploring further options such as on holiday period support. Cabinet also specifically looked at the issue of supporting vulnerable children.

The **Mayor** noted the Pre-Decision Scrutiny Questions and responses presented. He thanked everyone for the contributions and acknowledged that this was a difficult decision and it was important to be aware of the national situation and the budget pressures being placed on the Council. He therefore reluctantly **agreed** the recommendations as set out in the report.

RESOLVED

1. To note the outcome of the consultation.
2. To approve implementation of the proposal for a phased closure of the LADNs.
3. To note the intention to hold an Early Years Summit to inform and develop the role of the Council in promoting sustainable, accessible and affordable childcare.

Note – at the end of this item the meeting was adjourned for three minutes (19:19 to 19:22) to allow members of the public to leave the meeting should they wish.

6.3 Chrisp Street Regeneration Scheme: CPO Resolution, dealings with the Council land/interests and Street Market Management Arrangements

Councillor Rachel Blake, Cabinet Member for Regeneration and Air Quality, introduced the report. She thanked the officers who had been involved in the project in dealing with the large amount of engagement that had taken place. She then set out the reasons why the Council was seeking authorisation to enter into the agreements on land transfers and compulsory purchase orders.

Cabinet then heard from local business owners who were supportive of the recommendations in the report and wished for the process to happen as quickly as possible to avoid any delays to the planned regeneration scheme.

The **Mayor** welcomed the report and thanked officers for their hard work. He noted the Pre-Decision Scrutiny Questions and officer responses provided. He **agreed** the recommendations set out in the report.

RESOLVED

1. In relation to the Compulsory Purchase Order

- 1.1 To authorise the making, seeking confirmation and implementation of a CPO under section 226(1) of the Town and Country Planning Act 1990 to include all land interests within the redline boundary on the plan at Appendix 1 (including but not limited to those specific interests identified at Appendix 2 to the report) in order to facilitate the redevelopment of the Site by CSDL and HARCA, to provide new and improved housing, retail, leisure and community facilities.
- 1.2 Subject to the Council entering into the Indemnity Agreement described in recommendation 1.3, to delegate to the Acting Corporate Director of Place the power to effect the making, confirming and implementation of the CPO and take all necessary steps, including the making of any ancillary orders and the exercise of any of the Council's Planning functions, to give effect to the CPO in respect of the area shown edged red on the plan at Appendix 1 to the report.
- 1.3 To delegate to the Acting Corporate Director of Place the authority to finalise the terms of, and enter into, the Indemnity Agreement substantially in the form set out at Appendix 8 to the report to provide a framework for the respective obligations of the Council and CSDL and Poplar HARCA in the promotion and application of powers, including land transfer and the ability for the Council to recover its costs in conducting and managing the CPO, including all compensation costs to be paid;

- 1.4 To delegate to the Acting Corporate Director of Place the authority to agree the terms of and enter into any documentation required to transfer and effect the transfer of any land interests, whether freehold, leasehold or otherwise which have been compulsorily acquired by the Council to Poplar HARCA/CSDL for a nil value consideration in accordance with the Indemnity Agreement and within a timescale to be agreed between the Council and Poplar HARCA/CSDL; and
 - 1.5 To delegate to the Acting Corporate Director of Place the authority to appoint external consultants to assess and agree any compensation due to the Council and to thereafter enter into any documentation to extinguish and/or to settle compensation for any infringement by the development of property rights benefitting Council-owned properties (including Rights to Light).
 - 1.6 To delegate to the Acting Corporate Director of Place the authority to require HARCA/CSDL to provide the necessary evidence to demonstrate that the option of refurbishment and/or retention of the existing buildings have been taken into account which may not otherwise deliver the full scheme benefits described in Section 6.14 to 6.19 of the report in order to authorise the making of the Order.
- 2 In relation to the Council's land and property interests (other than those acquired pursuant to the CPO) and subject to any legislative and policy requirements,**
- 2.1 To delegate authority to the Acting Director of Place to agree the terms of and enter into any documentation required to settle any property rights / matters necessary to progress the regeneration scheme as detailed in sections 11.4 to 11.17 of the report.
- 3 In relation to the Street Market arrangements,**
- 3.1 To agree the proposed relocation of the Street Market as broadly described on the temporary relocation plan of the Street Market (Appendix 12 to the report) and in Sections 16.3 -16.4 of the report, noting the intention to ensure continuous Street Market trading both during the project delivery and after and delegate to the Acting Corporate Director of Place authority to enter into any agreements or documentation, or take any steps or other action necessary, to give effect to this.
 - 3.2 Note the proposals concerning the future management of the Site set out at Sections 16.5–16.8 of the report and in Appendix 9 to the report (Long Term Estate Management Plan), including in particular HARCA/CSDL's proposal to employ a Town Centre Manager for the scheme;
 - 3.3 To delegate to the Acting Corporate Director of Place, after consultation with the Mayor, the authority to nominate and appoint

up to two Council representatives (one Member and one Officer, or two Officers) to act as directors of the Chrisp Street Management Company, subject to being satisfied with the governing documents of the company, and to do all required, including execution of documentation, to give effect to that decision; and

- 3.4 To delegate to the Acting Corporate Director of Place authority to agree the terms of and thereafter enter into a management agreement (or variation to the existing management agreement) between the Council and Poplar HARCA and/or CSDL in respect of the market area.

6.4 Implementation of traffic management orders on HRA land

[Note – Councillors Sirajul Islam and Abdal Ullah left the meeting room for the duration of this item due to having Disclosable Pecuniary Interests in the report.]

Councillor David Edgar, Cabinet Member for Environment introduced the report. He explained the practical problems Councils were having enforcing traffic management on housing association land and how it was necessary to introduce traffic management orders to allow proper enforcement. He also highlighted a number of proposed policy changes.

The **Mayor** welcomed the report and noted the pre-decision scrutiny questions and responses. He noted that officers would need to be aware of issues around visitor parking and also explore options for health care visitors but that this general policy framework would allow for that and for local variation if that was useful. He **agreed** the recommendations as set out.

RESOLVED

- 1 To approve the Non Residential Assets Policy set out in Appendix 1 to the report which includes the following;
 - a. The introduction of a 6 or 12 month permit system operating to the proposed parking space charges set out in paragraph 3.5.2 of the report.
 - b. The withdrawal of the Any Other Vehicle Permit
 - c. Limits of parking permits on housing land to two per household
 - d. That nomination of car spaces to those living out of the borough is stopped.
 - e. That staff affected by this change will be able to apply for a space under an essential car user policy and criteria (see paragraph 3.5.2 of the report).
- 2 To approve changes outlined in the main report specifically;
 - a. The process set out in paragraph 3.5.3 of the report for managing the loss of garages and car spaces on infill sites where the development of affordable accommodation is proposed
 - b. That TMOs are used on all new car free development sites

- 3 To authorise the Divisional Director of Public Realm to undertake informal and statutory consultation under the provisions of the RTRA 84 on a phased area by area or estate by estate basis in relation to introducing controlled parking on HRA land.
- 4 To delegate to the Divisional Director of Public Realm under powers commensurate with the RTRA 84, the decision making ability to make the necessary Traffic Management Order on HRA land and to consult with the Mayor and Lead Member for Housing if any objections/representations are received during the consultation period;
- 5 To authorise the Divisional Director of Public Realm to make the appropriate contractual arrangements to enforce the TMOs by providing a contractor with the authority to issue Penalty Charge Notices on behalf of the Council;
- 6 To authorise the Acting Director of Place to establish a decision making framework against which officers will determine applications for borough residents who are not THH tenants or leaseholders during a transition phase. Permits allocated will be for one year and may be reallocated under the policy in Appendix 1 to the report, priority letting list.

6.5 Pan-London Homeless Prevention Procurement Hub ("Capital Letters")

The Mayor introduced the report on the pan-London homeless prevention procurement hub. He welcomed it as a positive response to the issue of homelessness. He noted the pre-decision scrutiny questions and officer responses and **agreed** the recommendations as set out in the report.

RESOLVED

1. To note the £38 million over three years potentially being made available by MHCLG specifically for pan-London collaboration on the procurement of accommodation for homeless households.
2. To approve the decision to join "Capital Letters", a Company Limited by Guarantee that will be established by the London boroughs, as an A member.
3. To appoint the Interim Divisional Director of Housing and Regeneration, as the Council's Company Member Representative.
4. To delegate authority to the Corporate Director, Place, to approve operational arrangements for staff secondment and procurement via the company.

6.6 61 Vallance Road - Grant of lease

The **Mayor** introduced the report and the proposals set out.

During discussion it was noted that it would be important to ensure the maximum possible benefits to local residents and to that end officers were asked to meet with the Mayor and Lead Member on how this would be ensured.

The exempt appendix and the pre-decision scrutiny questions and responses were noted.

RESOLVED

1. To grant approval for a lease to be granted to ADA on the basis of a 5 year term for an annual charge of £75k per annum inclusive of rent.
2. To delegate to the acting Corporate Director of Place, following consultation with the Corporate Director of Governance, the ability to agree the detailed terms of the lease and any other agreements.

6.7 Compulsory purchase of an empty home

The **Mayor** introduced the report. He noted that the house had been abandoned for a long period of time and so it was proposed to undertake a compulsory purchase. He noted that the Council had attempted to engage with the owner over a number of years without success.

The exempt appendices and the pre-decision scrutiny questions and responses were noted. The **Mayor agreed** the recommendations as set out.

RESOLVED

1. To approve the compulsory purchase of the property and its retention by the council for homelessness relief over a period of five years before its sale on the open market.
2. To note the specific equalities considerations as set out in Paragraph 4.1 of the report.

6.8 Spitalfields Community Governance Review

The recommendations were amended and then agreed.

The Mayor introduced the report. He set out the background for the review, which was triggered by receipt of a petition.

Cabinet then heard from an organiser for the 23 July 2018 petition and a representative from the National Association of Local Councils, who raised a number of concerns with the proposals including:

- Approval of the Terms of Reference should be delayed to allow further consideration by petitioners;
- The proposed consultation area is too wide;
- Timetable should allow more time for the first phase of consultation;
- Consultation methods should include public meetings;
- The phrasing of consultation questions could be misleading;
- Consideration should be given to a referendum.

Councillor Abdal Ullah, Chair of the Overview and Scrutiny Committee (OSC) also addressed the meeting. He asked if the name of the proposed Town Council could be amended to more closely reflect the current ward name of Spitalfields & Banglatown.

Councillor Andrew Wood, Leader of the Conservative Group also addressed the meeting. He welcomed the proposal for a Town Council in Spitalfields and urged the Mayor to recognise it as a positive step to promote local democracy.

The **Mayor** noted the Pre-Decision Scrutiny Questions and responses presented. He thanked everyone for the contributions. There was a brief discussion of the points raised by the contributors. The Mayor asked officers to explore if there may be scope to amend the review timetable to better accommodate the petitioners' request. He **agreed** the recommendations as set out in the report, with an amendment.

RESOLVED

1. To agree the proposed Terms of Reference of the Community Governance Review as set out in Appendix 1 to the report subject to any alterations to the review timetable that the Corporate Director, Governance considers appropriate.
2. To note that the Terms of Reference trigger a Community Governance Review of the Spitalfields area, based on the map submitted with the original petition.
3. To note the draft consultation brochure set out in Appendix 2 to the report, the final version of which will be included as part of the consultation documentation.

6.9 OSC Brexit Challenge Session Report - Action Plan

Councillor Amina Ali, Cabinet Member for Culture, Arts and Brexit, introduced the report on the action plan following the Overview and Scrutiny Committee's Brexit Challenge Session. She took Members through the recommendations in the action plan and some of the activities that had already taken place.

The **Mayor** welcomed the report and welcomed it as a useful springboard into the planned Brexit Commission. He noted the pre-decision scrutiny questions and responses and **agreed** the recommendation as set out.

RESOLVED

1. To agree the Action Plan document set out as Appendix 2 to the report.

6.10 Food Law Enforcement Service Plan

Councillor David Edgar, Cabinet Member for Environment, introduced the report. He explained that it provided information on important work the Council undertook to ensure food was made and sold in hygienic conditions. He noted that it was proposed for future reports that the results would be published on the website rather than presented in a report to Cabinet.

Councillor Andrew Wood, Leader of the Conservative Group, addressed Cabinet. He highlighted the importance of residents being aware of the ratings for the different premises.

The **Mayor** welcomed the report, noted the pre-decision scrutiny questions, and **agreed** the recommendations as set out.

RESOLVED

1. To approve the Tower Hamlets Food Law Enforcement Service Plan 2018//2019 and Food Sampling Policy attached at Appendix One of the report.
2. To delegate the sign off of the Food Law Enforcement Service Plan to the Corporate Director in consultation with the lead Member. The findings and recommendations within the annual review will be included in the strategic plan.
3. To agree the Food Law Enforcement Service Plan will be published on the Councils website.

6.11 Contracts Forward Plan 2018/19 – Quarter Two

Councillor Candidate Ronald, Cabinet Member for Resources, introduced the report on planned procurements. She also highlighted Appendix 3 which set out the annual procurement report for 2017/18 which set out procurement related information such as the community benefits which had been procured.

The **Mayor** welcomed the report. He noted the pre-decision scrutiny questions and officer responses and in particular noted concerns raised about the impact of filming contracts. He suggested this was an area that the Overview and Scrutiny Committee may wish to examine. He **agreed** that all contracts set out could proceed to award and agreed the recommendations on that basis.

RESOLVED

1. To note the contract summary at Appendix 1 to the report and agree that all contracts set out can proceed to contract award after tender.
2. To authorise the Divisional Director - Legal Services to execute all necessary contract documents in respect of the awards of contracts.
3. To note the procurement forward plan 2018-2022 schedule detailed in Appendix 2 to the report and identify any contracts about which further detail is required in advance of the quarterly forward plan reporting cycle.
4. To review the annual procurement report 2017-2018 set out in Appendix 3 to the report and note the achievements against the Councils Procurement Strategy.

7. ANY OTHER UNRESTRICTED BUSINESS CONSIDERED TO BE URGENT

Nil items.

8. EXCLUSION OF THE PRESS AND PUBLIC

Nil items.

9. EXEMPT / CONFIDENTIAL MINUTES

Nil items.

10. OVERVIEW & SCRUTINY COMMITTEE**10.1 Chair's Advice of Key Issues or Questions in Relation to Exempt / Confidential Business**

Nil items.

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

Nil items.

11. EXEMPT / CONFIDENTIAL REPORTS FOR CONSIDERATION**11.1 Future Management of the Integrated Community Equipment Service**

Councillor Denise Jones, Cabinet Member for Adults, Health and Wellbeing, introduced the report. She noted that the report had originally been published as exempt but was now unrestricted. She took Members through the benefits of the services to those who needed support to maximise their independence.

She explained that the proposals were to integrate with 18 other boroughs in order to provide a better to service users and that there were savings for the Council as well.

The **Mayor** noted the pre-decision scrutiny questions and officer responses, he **agreed** the recommendations set out on the basis that this proposal would provide both a saving to the Council and also an improved service to residents.

RESOLVED

1. To support awarding a contract to Medequip for the Community Equipment Service via a call-off from the framework agreement procured by Hammersmith & Fulham, for four years, from 1st April 2019 to 31st March 2023. The contract will have an option to extend for a further two years which will give the Council and the CCG further service stability. The estimated value is circa £6.1 million over the 4 year contract period and circa £9.3 million over 6 years (if the extension was utilised).
2. To delegate award of the outsourcing contract and further extension to the Corporate Director, Health, Adults & Community.
3. To note the recommendation will enable delivery of the savings target for CES of £308,000 for 2019/20 as agreed by the Cabinet in the MTFS plan.
4. To note the early surrender of the lease on the Yeo St premises (12 years unexpired) would result in the landlord paying the Council an estimated £900,000 as a surrender premium. This would be a one-off payment back to the Council, and in part be utilised to cover the one-off moving and setup costs.
5. To authorise the surrender of the lease on the Yeo St premises and delegate authority to the Corporate Director, Place to agree the terms.


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

Nil items.

The meeting ended at 9.00 p.m.

MAYOR JOHN BIGGS

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<p>Non-Executive Report of the:</p> <p>Overview and Scrutiny Committee</p> <p>16 October 2018</p>	 <p>TOWER HAMLETS</p>
<p>Report of: Cllr Abdal Ullah, Chair of the Overview and Scrutiny Committee</p>	<p>Classification: Unrestricted</p>
<p>Call-in of ‘securing the future of early years services – phased closure of the three local authority childcare day nurseries’</p>	

Executive Summary

The Decision made by the Mayor in Cabinet on Wednesday, 26 September 2018 in respect of agenda item 6.2 ‘securing the future of early years services – phased closure of the three local authority childcare day nurseries’ was “called in” under the Overview and Scrutiny Committee Procedure Rules of the Council’s Constitution by Councillors Puru Miah, Tarik Khan, Ruhul Amin, Shah Ameen and Gabriela Salva Macallan (‘Call-in Members’).

On 16 October 2018, the Overview and Scrutiny Committee (Committee) convened a meeting to consider the decision of the Mayor in Cabinet published on 28 September 2018, the subject of the ‘Call – in’. The Committee considered the following:

- Cabinet report, including the following appendices:
 - the Consultation report
 - Equality Impact Assessment
 - Submission from UNISON
- Letter addressed to Councillors of the London Borough of Tower Hamlets from Lorraine Flanagan, Head Teacher of Thomas Buxton Primary School and Chair of the LBTH Schools Forum dated 10 October 2018
- the “call in” requisition from the Call-in Members (undated)
- representations by the Call-in Members
- representations by the Lead Member for Children, Schools and Young People, Cllr Danny Hassell.
- A briefing on whether the decision is *contrary to the policy framework, or is contrary to, or not wholly in accordance with the Council’s budget*

The Committee was of the opinion that the decision would not be in accordance with the budget and policy framework and were minded to refer it to Council.

The Committee **RESOLVED** that:

1. The Decision would not be in accordance with the budget and policy framework and therefore agreed that the advice of the Monitoring Officer and S151 Officer be sought on this question.
2. If the Monitoring Officer and S151 Officer agree that the Decision is outside the budget and policy framework, the Decision be referred to full Council in accordance with paragraph 7.3 of Part 4.3 of the Constitution.
3. If the Monitoring Officer and S151 Officer do not agree that the Decision is outside the budget and policy framework, then the Decision be referred back to the Mayor in Cabinet to consider the alternative options outlined in the call-in requisition.
4. The advice from the Monitoring Officer and S151 Officer be submitted to the Overview and Scrutiny Committee.

1. THE MAYOR IN CABINET'S DECISION

- 1.1 The Mayor in Cabinet's decision, published on 28 September 2018, agreed to
 - Note the outcome of the consultation.
 - Approve implementation of the proposal for a phased closure of the Local Authority Day Nurseries.
 - Note the intention to hold an Early Years Summit to inform and develop the role of the Council in promoting sustainable, accessible and affordable childcare.
- 1.2 The phased closure proposals referred to in the Mayor in Cabinet's decision refer to Mary Sambrook not reopening, following its temporary suspension from September, John Smith closing at the end of December and Overland closing at the end of July 2019.

2. THE 'CALL IN' REQUISITION

- 2.1 The reasons for call-in are summarised below:
 - The Council's budget proposals in February 2017 proposed that the Council seek new providers for the LADNs. Other operators to run the three LADNs and alternative models could be explored, including:
 - raising the standard hourly rates, which have not been raised for ten years,
 - variable charging , including around core hours
 - income maximisation
 - recharging
 - The School Forum was presented with the high running costs of the LADNs, in 2017-18, which did not reflect the historic operational costs affected by recent significant reductions in the numbers of children attending them.
 - Concerns that the closure of LADNs would affect children with SEN and a large women BAME workforce, which is not reflected in the Equality Analysis

- There appears to be no clear replacement provision for children under 2 with SEN in the borough
- Unison's report that Children Centre staff were being used to manipulate the feedback of the Public Consultation and furthermore that the submission from Unison wasn't included in the first set of papers published for the Cabinet meeting on Wednesday 26th September 2018

2.2 For full details, please refer to the call-in requisition "reasons for call-in" section.

3. **CALL-IN MEMBERS' PRESENTATION**

3.1 The Call-in Members presented their reasons for the Call-in and highlighted concerns over due process, insufficient alternative options considered and a focus on budgetary issues.

3.2 **Due process:**

- The Call-in members noted that Mary Sambrook had stopped taking children prior to the Decision and consultation process, accordingly the numbers presented to the Schools Forum and used throughout the consultation were not accurate
- Unison claimed that senior staff put pressure on children centre staff to encourage parents to complete the survey in favour of closure of the LADNs. The Call-in members noted that on the principles of democracy, accountability and integrity, the consultation should be investigated.

3.3 **Service for the end-user:**

- The call-in members were concerned that there was insufficient provision, particularly for SEN children, and consider Overland to effectively be a deaf unit. Concerns were raised that the closure of the LADN will mean residents losing provision for under two year olds. Overland and John Smith are linked to children's centres and provide specialised affordable quality day nurseries with wrap around care.
- The Decision does not factor in the work needed to make up other services to the standard that Overland already is at.

3.4 **Alternative options:**

- Alternative options should have been considered, such as investment and reconsidering charging, opening up the waiting lists, using spaces in better ways and looking at the voluntary sector. LADN staff have ideas and should have been engaged in the process.

3.5 Following the presentation by the Call-In members, the Committee queried the following issues:

- Noted that the charge of £4.80 was very low and had not been reviewed for over ten years. The Committee noted comments that the Council could consider alternatives rather than charge families with the full cost of £40 to be viable.

- The Committee noted that the strategic plan goals around reducing inequality and supporting a cohesive society had not been fully reflected in the Decision. The proposals have focused on cost rather than the benefits of affordable specialised care that the LADNs provide.

3 LEAD MEMBER'S PRESENTATION

3.1 The Lead Member set out the context of the Decision and highlighted considerations around equity of the Early Years provision, limited resources and alternative provisions for those currently attending Local Authority Day Nurseries.

3.2 Firstly, the Lead Member commented on budget pressures, number of children using the LADNs and costs, SEND provision including the quality of alternative provision and the consultation process. These are summarised as follows:

- **Budget pressure:** The Council would have to find £1million savings to keep the provision of LADNs. Few boroughs have this provision and those that do, such as Birmingham, are seeking to close as the provision is deemed unviable.
- **Capacity and cost:** A small number of childcare places are provided by the LADNs with high costs. At full capacity, the three LADNs could provide approx. 100 child care places. The cost per child, currently funded by the Early Years Budget, is approximately £11,000, which equates to 3 times the cost of alternative early education or childcare provision.
- **SEND provision:** The Lead Member noted that there are no children on a child protection plan and no Looked After Children currently attending the LADNs. The Lead Member also detailed the small number of children on a child in Need Plan, EHCP or with hearing impairments attending the LADNs. Alternative provisions could cater for this cohort. The head teacher at the Children's House maintained Nursery School is a trained audiologist with experience working with deaf children.
- **Consultation process:** As this was a non-statutory consultation, four weeks would have been reasonable. However, following a call-in by the Overview and Scrutiny committee, the consultation period was extended to seven weeks. The Lead Member noted Unison's letter regarding allegations of senior staff filling out feedback forms on behalf of residents and noted that this had not been corroborated and the Council had not received any complaints, and so this amounted to a rumour.

3.3 Following the presentation by the Lead Member, the Committee queried the following issues:

- Whether £1million savings are required to come from the Early Year budget and noted that there is pressure on the Early Years budget. Within that budget the discretionary elements are the LADNs and Children's Centres.
- To what extent the Council had considered the voluntary sector taking on the provision as an alternative way to provide for under two year olds. The

Committee noted the staff transfer requirements under TUPE would mean a cost of approx. 1m. Accordingly, the Lead Member noted it was unlikely that providers in the borough would be willing to take on this cost. It was also noted that staff if transferred will lose their employment rights they have with the Council as potential provider may restructure the service and put them on revised terms and conditions. Further, there is no funding from Government for under two year olds and it can be argued that childcare subsidy that is being paid to families using the LADN should be extended to all children in the borough. The Committee noted that there had been no formal consultation with the voluntary sector.

4. CONSIDERATION OF THE “CALL IN”

4.1 After hearing from the Call-in Members and the Lead Member, the Committee discussed the following issues:

- **Budget focus:** The Committee noted that the decision seemed to strongly based on budget considerations and insufficient focus on the benefits of the service provided for those children attending.
- **Alternative options:** The Committee were concerned that a series of alternative options had not been fully looked into, including partnering with voluntary organisations to continue the provision. While the Committee noted the benefit of informal discussions, the Committee commented that formal discussions with voluntary organisations should have taken place and considered as an alternative option.
- **Specialised services:** The Committee also noted that there did not appear to be comprehensive plans in place around the transition of SEN and vulnerable children and that specialised services need to be provided on more than just an adhoc basis during this period.
- **Consultation concerns:**
 - Those who responded to the consultation were not reflective of those who use the LADNs.
 - Consultation process itself had not been fair and balanced and that LADNs had been “run into the ground’ beforehand.

4.2 The Committee also commented that they did not believe the decision would not be in accordance with the budget and policy framework and requested formal advice from the S.151 and monitoring officers (Formal Advice).

4.3 The Committee **RESOLVED** that:

1. The Decision would not be in accordance with the budget and policy framework and therefore agreed that the advice of the Monitoring Officer and S151 Officer be sought on this question.
2. If the Monitoring Officer and S151 Officer agree that the Decision is outside the budget and policy framework, the Decision be referred to full Council in accordance with paragraph 7.3 of Part 4.3 of the Constitution.
3. If the Monitoring Officer and S151 Officer do not agree that the Decision is outside the budget and policy framework, then the Decision be referred back to the Mayor in Cabinet to consider the alternative options outlined in the call-in requisition.

4. The advice from the Monitoring Officer and S151 Officer be submitted to the Overview and Scrutiny Committee.

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Mayor Biggs
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18 October 2018

Dear Mayor Biggs

The Mayor in Cabinet on 26 September 2018 agreed the report entitled *Securing the future of Early Years Services - phased closure of the three local authority childcare day nurseries*. On the Friday 3 October, 5 Councillors (which is the number required in the constitution) called-in the decision.

The Call-In Members proposed an alternative course of action as follows:

“We ask that Overview & Scrutiny call for a “pause” on any decision to proceed with the closure of the LADNs.

That a fair public consultation which responds to the 2017 budget savings should include a comprehensive set of options to closure in order to provide the service that the three LADNs are currently operating.

In accordance with Section 4.3 of this authority’s constitution (Budget & Policy Framework Procedure), the Overview & Scrutiny Committee should therefore consider whether this Executive decision is “contrary to the policy framework, or is contrary to, or not wholly in accordance with the Council’s budget”.

If so, in accordance with paragraphs 7.1, 7.2 and 7.3 of section 4.3 of the constitution, the committee should “seek advice from the Monitoring Officer and/or the Finance Officer” whether there has been a departure, and reach a conclusion itself whether this matter actually should be referred to Full Council.”

For the purpose of this paper we intend to focus on the consideration that this decision was contrary to the Council’s budget and policy framework.

Part 4 Rules of Procedure in the Council’s constitution sets out Budget and Policy Framework Procedure (see 4.3 page 244) where the Framework for the decision is laid out alongside the process for developing the framework.

Under point 7 it sets out call in of decisions outside the budget or policy framework. It states *“where the OSC is of the opinion that an executive decision is, or if made would be contrary to the policy framework or contrary to or not wholly in accordance with the Council’s budget then it shall seek advice from the Monitoring Officer and/or Chief Finance Officer”*

The committee considered that the decision would be outside the budget and policy framework.

It is our advice that the decision is within the budget and policy framework and does not need to be referred to Full Council.

The decision to close the three Local Authority Day Nurseries (LADN) originated from a proposal agreed on 22 February 2017 by the Council that envisaged increasing the involvement of partners in Early Years in order to deliver a budget saving in 2018/19, which would remove the full budget provision.

When the Council sets its budget, and associated Council tax, it is in effect giving the overall financial envelope for the Council for the financial year in question. This is set out in the requisite calculations required under the relevant Local Government Finance Act 1992. In February 2017 the Council was setting the 2017/18 budget although in accordance with the principles of sound financial planning it also set out in its Medium Term Financial Strategy, approved at the same time, proposals relating to subsequent financial years’. In the case of the LADN proposals the saving related to the 2018/19 financial year.

Budget consultation takes place on a range of overall proposals including for ‘savings’ and ‘growth’ that are included to facilitate the budget consultation process but which do not in themselves obviate the need for appropriate and subsequent consultation to take place prior to any implementation.

This is because it would not be feasible to consult fully, adequately and effectively on a wide range of proposals across a number of years solely through the budget consultation process. Proposals for later years (as was the case for the LADN proposal) would expect to be less clearly defined and so would require further separate consultation on a proposed implementation approach. This must logically allow for the outcome from consultation to vary from the original proposal.

Two separate and specific consultations took place in respect of the detailed implementation proposals for this particular saving; the first reporting in February 2018 was based on the original proposal of seeking an outsourcing arrangement with a provider. The second which was agreed, proposed closure of the LADN. During this time there were no proposals which would have changed the Council’s overall budget envelope in relation to this proposal since both envisaged the cost to the Council being fully removed.

The budget framework position is, additionally in this case, complicated by the fact that an element of the funding for the service was provided through the Dedicated Schools Grant (DSG); a ring fenced grant that can only be spent on activities set out in detailed regulations. In order to spend the DSG on the LADN provision the Council has to seek the specific approval of the Schools Forum. This requirement is summarised in the 'Schools Forum powers and responsibilities' document issued by the Education and Skills Funding Agency in September 2017. It details that Central Spend (by the Council) on early years' provision is proposed by the LA but decided by the School's Forum.

The Council, as in previous years, proposed the retention of sums in respect of the LADN in 2018/19 following the initial consultation and decision in February 2018. This was on the basis that more time was needed to develop alternative proposals. However, the Schools Forum resolved only to allow funding to be made available for the period to September 2018.

The effect of the budget decisions taken by the Council and the Schools Forum are to remove all budget provision for this service and there have been no proposals to vary the budget or policy framework in that regard.

In conclusion it is the opinion of the Monitoring Officer and the Section 151 Officer that there has been no departure from the Council's Budget and Policy Framework.

Signed




Asmat Hussain
Corporate Director of Governance (Monitoring Officer)



Zena Cooke
Corporate Director of Resources (S151 Finance Officer)

cc Will Tuckley
All Councillors

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<p>Non-Executive Report of the:</p> <p>Overview and Scrutiny Committee</p> <p>16 October 2018</p>	 <p>TOWER HAMLETS</p>
<p>Report of: Cllr Abdal Ullah, Chair of the Overview and Scrutiny Committee</p>	<p>Classification: Unrestricted</p>
<p>Call-in of ‘Future Management of the Integrated Community Equipment Service’</p>	

EXECUTIVE SUMMARY

The Decision made by the Mayor in Cabinet on Wednesday, 26 September 2018 in respect of agenda item 11.1 “future management of the integrated community equipment service’ was “called in” under the Overview and Scrutiny Committee Procedure Rules of the Council’s Constitution by Councillors Marc Francis, Mohammed Pappu, Tarik Khan, Gabriela Salva Macallan and Puru Miah (‘Call-in Members’).

On 16 October 2018, the Overview and Scrutiny Committee (Committee) convened a meeting to consider the following:

- the Cabinet report
- the Mayor in Cabinet Decision published on 28 September 2018
- the “call in” requisition from the Call-in Members (undated)
- representations by the Lead Member for Adults, Health and Wellbeing, Cllr Denise Jones.
- representations by the Call-in Members

The Committee **RESOLVED** that:

The Decision be referred to the Mayor in Cabinet for reconsideration, including consideration of the alternative course of action set out in the call-in requisition.

1. THE MAYOR IN CABINET'S DECISION

1.1 The Mayor in Cabinet's decision, published on 28 September 2018, agreed to:

- Support awarding a contract to *Medequip Assistive Technology Ltd* (Medequip) for the Community Equipment Service via a call-off from the framework agreement procured by Hammersmith & Fulham, for four years, from 1st April 2019 to 31st March 2023, with an option to extend for a further two years.
- To delegate award of the outsourcing contract and further extension to the Corporate Director, Health, Adults & Community.
- To note the recommendation will enable delivery of the savings target for CES of £308,000 for 2019/20 as agreed by the Cabinet in the MTF5 plan.
- To note the early surrender of the lease on the Yeo St premises (12 years unexpired) would result in the landlord paying the Council an estimated £900,000 as a surrender premium. This would be a one-off payment back to the Council, and in part be utilised to cover the one-off moving and setup costs.
- To authorise the surrender of the lease on the Yeo St premises and delegate authority to the Corporate Director, Place to agree the terms.

2. THE 'CALL IN' REQUISITION

2.1 The alternative course of action proposed in the call-in is as follows:

- the Decision to outsource the Community Equipment Service to *Medequip Assistive Technology Ltd* via the London Community Equipment Consortium framework is withdrawn
- Officers are instructed to draw up a business plan to improve the service further and secure better Value for Money over the next two years, when the service should then be reviewed.
- Discussions are initiated with the local NHS to determine the future level of funding it will provide for community equipment
- Full details of the budget for Community Equipment Service, Telecare Alarms and Assistive Technology, and the external consultant's report (underpinning the "due diligence" work in relation to this proposal) are published.

3. CALL-IN MEMBERS' PRESENTATION

3.1 Cllr Francis presented the reasons for the Call-in, which are summarised below:

- In his view, there are concerns over outsourced services in the past failing to maintain or improve the quality of service that residents receive. This includes persistent problems with some private agencies which took over Homecare, following the decision to close the award-winning in-house Homecare Service in 2011.
- According to the Labour Local Government Trade Union Principles, an opportunity should be given to in-house services proven not to be delivering value for money to make the required improvements to avoid costly tendering and outsourcing procedures. The Community Equipment Service has not been given this opportunity with three years' worth of uncertainty and several vacant

staff posts. Despite this uncertainty, Community Equipment Service staff remain committed to their service users and deliver a good service.

- Improved technology should be tried to assist staff deliver a better service and achieve better value for money.
- Concerns that outsourcing may fail to achieve anticipated savings.
- Concerns that the decision is driven by the potential £900,000 capital receipt from relinquishing the lease of Yeo Street depot twelve years ahead of the specified period and should not be a factor in the decision.
- Whether the 'specialist consultant' reviewing the service provided an objective options appraisal.

3.2 The Committee questioned whether the Labour Local Government Trade Union Principles was Council policy and its relevance to a cross-party scrutiny committee. However, the Committee considered that a good service run in-house could potentially deliver the efficiencies needed. Further, the Committee considered that the Community Equipment Service:

- is a statutory service
- is not a failing service
- had not enjoyed the opportunity of utilising the investment in technology to improve its ordering service.

3.3 The Committee noted that most other local authorities use a consortium approach in order to secure economies of scale around the community equipment logistics operation.

4 **LEAD MEMBER'S PRESENTATION**

4.1 The Lead Member set out the context of the Decision and highlighted that service delivery had been considered at length and stemmed from a report in 2016 from the Institute of Public Care (Oxford Brookes University), which noted that the service should improve its quality, efficiency and effectiveness.

4.2 The Lead Member further noted:

- **Service:** while the quality of the service had improved, the Community and Equipment Service remained "adequate" and not "excellent".
- **Best value:** The Council is subject to a duty to achieve "best value" and believes this is best done by outsourcing to Medequip and benefiting from economies of scale. The Lead Member noted that the Labour Party Local Government Trade Union Principles referred to by the call in members above also goes on to reference the need to achieve best value.
- **Options fully considered:** Appendix 2 sets out the options that were considered, which were reviewed thoroughly.

- **Management:** through the consortium, the Council would join the management board and meet monthly to review service delivery. This gives the Council a direct role and influence in the service oversight.
- **Savings:** the Council believes this Decision would achieve efficiency savings in 18/19 and for both the Council and NHS going forward.

4.3 The Lead Member informed the Committee that the Council had initially been approached by the Landlord with regard to the lease and occupation of the building and the capital receipt was not a major factor in the proposed way forward.

4.4 The Lead Member also informed the Committee that:

- If the Council continues to occupy the building, it will incur a rent rise of £35,000, putting additional pressure on the budget.
- To take advantage of savings in rent rates, the Council has considered moving to smaller premises. The Council's asset management review advised that suitable premises are unlikely to become available in the next 12-18 months.
- The Council would face costs in investing in new equipment to meet future demands and therefore would require substantial additional investment.


4. CONSIDERATION OF THE "CALL IN"

4.1 After hearing from the Call-in Members and the Lead Member, the Committee considered the following issues:

- The Committee noted that Tower Hamlets was only one of a few boroughs where this service was not delivered by an external provider and warehouse operations were complex and not within the Council's core operations.
- However, the Committee also considered that while outsourcing could benefit from economies of scale to meet increasing demand, the Council could also look at more options to deliver efficiencies. The Committee further noted that neighbouring boroughs had taken more innovative approaches, such as a shared service type model, to offer services to other boroughs.
- The Committee noted that the Council would be involved in the management via a monthly project board. The Committee also queried whether other boroughs had flagged up problems with the quality of service from Medequip. The Call-in member commented on anecdotal evidence from the City of Westminster around the contract with Medequip and the need for more information on this.
- The Committee queried whether it had sufficient information to determine the long term costs of outsourcing.

5. RECOMMENDATIONS

5.1 The Committee **RESOLVED** that:
The Decision be referred to the Mayor in Cabinet for reconsideration, including consideration of the alternative course of action set out in the call-in requisition.

<p>Cabinet</p> <p>31 October 2018</p>	
<p>Report of: Zena Cooke, Corporate Director of Resources</p>	<p>Classification: Unrestricted</p>
<p>Local Community Fund Programme</p>	

Lead Member	John Biggs, The Mayor Councillor Candida Ronald, Cabinet Member for Resources and the Voluntary Sector
Originating Officer(s)	David Freeman Voluntary and Community Sector Strategy Manager
Wards affected	All wards
Key Decision?	No
Forward Plan Notice Published	n/a
Reason for Key Decision	n/a
Strategic Plan Priority / Outcome	All

Executive Summary

The Voluntary and Community Sector (VCS) Strategy agreed in 2016, sets out the Council’s approach to funding the VCS, which is principally focused on co-production delivering outcomes for local people and a more effective use of the limited resources available. In line with this strategic commitment, a new funding programme co-produced with the voluntary sector (currently called ‘the Local Community Fund Programme’) will succeed the Mainstream Grants programme (MSG) when it ends in September 2019.

This report presents the themes, priorities and outcomes for the proposed new programme co-produced with the VCS. It also sets out budget proposals for the proposed new programme and a timetable for implementation.

The second element of the replacement of MSG is a smaller, more focused, grants programme which will bring together current small grants schemes and some elements of MSG. The proposals for a new grants programme are detailed in a report elsewhere on this agenda.

Recommendations:

The Mayor in Cabinet is recommended to:

1. Agree the structure and outcomes framework for the proposed Local Community Fund programme as set out in the report and Appendix A:
2. Note that the new programme represents a change in the approach to move towards commissioning agreed in March 2018
3. Note the proposals for continued engagement with the voluntary and community sector in the co-design of the programme;
4. Agree the proposed budget allocation as set out in paragraph 3.41 and authorise the Chief Executive to agree funding recommendations made by the independent contractor and enter into the funding agreements and all other documentation.
5. Note the Equalities Impact Assessment / specific equalities considerations as set out in Paragraph 4

1. REASONS FOR THE DECISIONS

- 1.1 The Voluntary and Community Sector (VCS) Strategy 2016-19, sets out an approach to supporting the VCS through outcomes based funding arrangements for services developed through co-production with the sector rather than traditional grants programmes.
- 1.2 The Council's Mainstream Grants programme (MSG) ends on 30 September 2019. This report presents a programme of services from the VCS which will help achieve the VCS Strategy commitments and provide a programme of funding for the VCS to replace MSG from 1 October 2019.
- 1.3 In the light of the feedback from further consultation with VCS organisations since the report 'Community Commissioning Framework' was considered at Cabinet on 20 March 2018, consideration has been given to establishing a process which will maintain the core principles for future funding of the VCS and address the concerns which have been raised by the VCS relating to the potential barriers the commissioning process might pose to small and medium VCS organisations. This is set out in detail in para 3.10 below and the process is set out below in the section, 'Process and Procedures'.

2. ALTERNATIVE OPTIONS

- 2.1 The Council could decide to cease specific funding directed towards supporting services and activities delivered by VCS organisations. However, the Council agreed in 2016 a VCS Strategy which recognises the unique

place of the VCS in the local community continues the commitment of the Council to supporting services and activities delivered by VCS organisations.

- 2.2 The Council could decide to continue to fund VCS organisations through a traditional grants programme. If the Council decided to pursue this option it would also fail to meet the commitments made in the VCS Strategy towards developing the good practice which has contributed towards the ending of the Direction of the Council by central government.
- 2.3 The Council could use the procurement route to commission services in the proposed new funding programme. However, this approach would risk placing barriers in the process for small and medium size organisations which recent dialogue with the VCS has highlighted may have a significant impact.

3. DETAILS OF THE REPORT

- 3.1 The Council is committed to supporting a vibrant, innovative and sustainable voluntary and community sector in Tower Hamlets which is equipped to deliver activities that are flexible and responsive in meeting complex local needs. These activities will contribute towards achieving the outcomes for local residents set out in the Tower Hamlets Plan and the Council's Strategic Plan. The model of change set out in the Tower Hamlets Plan underpins the principles of new VCS funding proposals with a focus on outcomes and assets rather than prescriptive solutions, prevention through early intervention and greater integration of services.
- 3.2 The funding proposals also reflect the vision set out in the VCS Strategy committing the Council to working towards achieving, *"an independent and sustainable voluntary and community sector, working closely with the Council and partners to meet the needs of local people wherever they live in the borough"*.
- 3.3 Since 2008, in England and Wales, local authority support for small and medium size charities has fallen nationally by 44% (Lloyds Foundation report *"Small and Medium Size Charities After the Crash"*). In this context, Tower Hamlets has been one of the local authorities which have striven to maintain support for local VCS organisations and, through a focus on building the capacity of the sector, encouraged expansion and growth. The VCS Strategy sets out the total level of support to the sector through grants, rate relief and service contracts amounting to £59m, including £24m support to housing associations for services such as supported accommodation. In this context the MSG programme of £3m is a comparatively small proportion of the total financial support to the sector but it provides an important source of funding to the small and medium size VCS organisations and helps leverage other funding sources for the borough.
- 3.4 The two VCS funding programmes, Local Community Fund and VCS Grants (which is reported elsewhere on this agenda) continue the Council's commitment to local VCS organisations and present a new approach to

funding the sector focused on co-production delivering outcomes for local people and a more effective use of the limited resources available.

- 3.5 The framework rationale and approach for the proposed Local Community Fund programme which has been developed in co-production with the VCS was agreed by the Mayor in Cabinet on 20th March 2018.
- 3.6 The report in March 2018 set out the rationale for moving from a traditional grant based programme of support to the VCS towards a new funding approach which reflects the development of good practice in open and transparent funding of services from the VCS required by the Commissioners. As previously noted, this commitment to implementing change has contributed towards the lifting of the Direction by the government. In particular, the proposals for the Local Community Fund programme put in place robust governance and the separation of officer and Member responsibilities which the LGA Peer Review recognised as good practice and as a safeguard against some of the issues which gave rise to the Direction imposed by Secretary of State in 2014.
- 3.7 The report to Cabinet in March also reiterated the commitments from the VCS Strategy to ensure the unique role of VCS organisations in delivering public services is recognised and understood, that VCS organisations are equipped to participate and that the monitoring is appropriate to the levels of funding and complexity of the service.
- 3.8 The key principles of the proposed Local Community Fund programme are the same as those for the Community Commissioning programme and were set out in the report in March 2018. They are:
 - a. The programme will be a new range of services funded by the Council and co-produced with the VCS. The time available before the new programme starts allows an opportunity to ensure it takes into account good practice and learning from current MSG provision in deciding what should be funded in future.
 - b. The programme will, as far as possible, operate as a single coordinated entity, with a coherent approach to funding and common approach to the programme's outputs and outcomes across the different themes for delivery.
 - c. The programme is being developed with consideration of the new Council Grants Policy (elsewhere on this agenda) and existing strategic priorities. This maximises impact and avoids funding overlap, as well as supporting the delivery of the Tower Hamlets Plan and Strategic Plan
 - d. The proposed new programme will fit with the Council's wider Commissioning Framework and Co-production Framework recommendations, currently being developed.
 - e. The programme will adopt an outcomes based approach, allowing organisations to build on local knowledge, skills and expertise and have the flexibility to undertake the activities which have the most impact.

- f. The proposed new programme is intended to stimulate greater and more effective support in tackling local issues. This principle will inform the determination of the programme budget.
 - g. The bidding process will be transparent and fair.
- 3.9 The co-production process has continued and in June 2018 the Grants Determination (Cabinet) Sub-Committee decided to extend the current MSG programme to 30 September 2019 to allow more time for discussions to develop the shape of the final programme.
- 3.10 Since June there have been a number of discussions with the VCS about the proposals for the Community Commissioning programme including dialogue between leading Members and a range of VCS organisations. The feedback to Members and officers from the VCS has highlighted concerns about potential barriers for small and medium size local VCS organisations to getting access to the new funding programme. In particular, concerns have been expressed about the process for commissioning and whether the requirements of a commissioning process may be applied proportionately.
- 3.11 The way forward for future funding set out in the 2016 VCS Strategy describes a move away from traditional grant funding except in specific circumstances towards a funding regime which is:
 - a) Developed through co-production;
 - b) Outcomes focused;
 - c) Fair, open and transparent;
 - d) Proportionate to the levels of funding available, and
 - e) Achieves best value for local residents.
- 3.12 In the light of the feedback from this further consultation with VCS organisations consideration has been given to establishing a process which will maintain the core principles for future funding of the VCS and address the concerns which have been raised by the VCS. This process is set out below in the section, 'Process and Procedures'.

Themes, Priorities and Outcomes Framework

- 3.13 The proposed structure of the proposed new programme is summarised in Figure 1 below. It focusses on five core themes for the programme and for each of those themes a number of key priorities have been identified through the co-production work with the VCS and other partners.

Figure 1
Themes and Priorities

Theme	Priority
Inclusion, Health and Wellbeing	Increase access to Youth Services
	Provision of Early Help support to families
	Support for young carers
	Ageing well and reducing social isolation
	Residents better informed to make healthier choices
	Increased engagement in physical activity
	Residents better informed/equipped to manage health conditions
	Improved health outcomes for disabled people
	Provision of physical and health-promotion activities for older people
	People suffering with mental health issues are better supported
Digital Inclusion and Awareness	Access to ICT support and training for older people
	Children/ young people safety online
	Digital skill development for children and young people
	Improving health and wellbeing facilitated through digital platforms
Information and Advice	Provision of Social Welfare Advice
Employment and skills	Promoting ethical employer practices to focus on improving employment and progression opportunities for disadvantaged people, with an emphasis for employers on improving business productivity.
	Enterprise Support for Women
	Reducing barriers to employment for disadvantaged groups
	Employment skills for vulnerable young people who are NEET
	Employment and skills for young people at risk of achieving poor outcomes
	Support focused on increasing access to art and cultural industries
	Employment and volunteering opportunities for older people
Community safety	Reduction in the exploitation of children and young people, and vulnerable groups
	Improving the perception of young people in the community
	Services for people affected by domestic violence

- 3.14 One of the main objectives of the proposed new programme is to identify those areas where VCS organisations can best contribute towards achieving the outcomes of the Tower Hamlets Plan and the Council's Corporate Plan. The structure of the programme therefore sets out priorities identified in the co-production process where the VCS can contribute most effectively.
- 3.15 The outcomes framework sets out key high level outcomes for each priority which service specifications will be developed for. These are set out in detail in Appendix A.
- 3.16 The principle of the 'golden thread' may be applied to the proposed new programme so that each outcome can be linked back through the priority and theme to the Council's Strategic Plan priorities and the borough wide priorities set out in the Tower Hamlets Plan.
- 3.17 The programme is structured to reflect the cross cutting nature of the themes. Unlike its predecessor, MSG, the proposed new programme is not organised on a directorate basis but, instead, includes priorities for different directorates under each thematic heading. The chart at Appendix A indicates the outcomes and examples of service area which relate to each directorate.
- 3.18 The proposed new programme reflects a desire to build on the positive outputs of many service areas currently funded through MSG with new outcomes focused services. However, it also includes priorities in new service areas where VCS organisations could potentially have a significant impact. These include community safety, where VCS organisations already have a track record of success, and digital inclusion and awareness, where VCS organisations' reach into parts of the community which may not traditionally engage with mainstream services is recognised as being of particular value.
- 3.19 The framework for each of the themes will be used to develop specifications for services to deliver the outcomes identified. As detailed in below, it is intended that, as far as possible, the co-production process will continue with VCS organisations working closely with the lead officers for each theme to develop the service specifications.

Consultation

- 3.20 The new VCS funding programme has been developed in line with the emerging corporate co-production framework. This has brought together VCS organisations, service leads and partner organisations to develop the themes, priorities and outcomes framework of the programme.
- 3.21 During the development of the programme since last January there have been five co-production workshops attended by over 140 individual participants from the VCS and council services. Of these individuals, approximately 100 attended more than one event.

- 3.22 In addition to workshop sessions the Council has offered the opportunity for individual conversations through open ‘surgery’ sessions which have been attended by two organisations. There have also been four meetings with groups of organisations representing a service area.
- 3.23 Throughout the process there has been emphasis on reaching organisations and networks which may not be engaged already in co-production and funding. Accepting that there will be some duplication, it is estimated the promotion of the co-production process reached over 1,500 addresses including faith based organisations, TRAs, community based groups representing people with protected equalities characteristics and others that may not normally engage in more mainstream VCS networks.
- 3.24 The draft programme which was developed has also been discussed with service leads within the Council and agreed by directorate leadership teams.
- 3.25 The outcome of the consultation process is the programme which is presented in this report, setting out the themes, priorities and high level outcomes for the Local Community Fund. The dialogue with the VCS also provides the basis for the move towards a more accessible process and procedures for the administration of the programme than that previously anticipated in reports to Cabinet.

Process and Procedures

- 3.26 The proposed new programme will be published as a prospectus setting out the agreed themes, priorities and outcomes framework. The prospectus will include:
- a. The Local Community Fund principles and framework;
 - b. General guidance for proposals, deadlines and process;
 - c. Criteria, requirements and quality standards;
 - d. Assessment process, scoring system and weightings;
 - e. Training opportunities;
 - f. Example ‘light touch’ contract, and
 - g. Service specifications.
- 3.27 Service specifications will reflect the principles of co-production and co-design of services. They will also be designed on the principles of outcomes focus rather than the more traditional, prescriptive outputs and input models. The specifications will therefore set out:
- a. The context of the specification, theme and priority within the programme that it relates to and the high level outcomes;

- b. The detailed medium term outcomes which proposals are required to achieve;
 - c. The requirements for appropriate local focus and how organisations might be expected to achieve these, and
 - d. The requirements for co-design involving service users throughout the life of the agreement to ensure the activities continue to meet the needs of local people.
- 3.28 The requirements set out in the specifications will be proportionate to the value of the service.
- 3.29 The proposed term funding term is to 31 March 2023, a period of 42 months.
- 3.30 The Local Community Fund is also focused on co-production as a way of harnessing local knowledge and expertise of all stakeholders to design and deliver quality services that meet the priority needs of the community. Organisations will therefore have flexible agreements and, as detailed above, a requirement to involve service users and local people in service development over the life of the agreement to ensure they continue to meet priority needs.
- 3.31 It is proposed that the assessment and evaluation of the proposals submitted by VCS organisations will be managed externally through a contract with a third party provider. This contract will be managed corporately through the Strategy, Policy and Performance Division.
- 3.32 The Council will determine in consultation with the VCS the criteria, governance, management and quality standard requirements and a scoring scheme for the programme which will be published in the prospectus and which the external provider will be required to use. The Council may also specify requirements relating to its statutory equalities duties.
- 3.33 The external provider will be required to provide an objective assessment and evaluation of the proposals submitted based on the agreed process and scoring scheme. The external provider will then provide the Council with a schedule of funding recommendations based on the scoring scheme and a schedule of proposals which are not recommended with reasons.
- 3.34 It is proposed that ratification of the recommendations from the external provider be delegated to the Chief Executive. The outcome of the equality impact assessment of the final programme will be taken into consideration by the Chief Executive in making the final decisions on funding individual services.
- 3.35 The funding decisions will be reported to the Grants Determination (Cabinet) Sub Committee.
- 3.36 Monitoring and evaluation arrangements will be put in place which are proportionate but will ensure the achievement of outcomes and performance

indicators is regularly monitored and reported to Members. An annual report on support to the VCS will be presented to the Mayor in Cabinet which will include a report on the Local Community Fund programme.

Budget allocation

- 3.37 The proposed budget allocation to the Local Community Fund Programme is £2.66m. This is based on maintaining the current level of expenditure for MSG themes 1, 2 and 3. It does not include theme 4, Third Sector Organisation Development, which will form part of the new corporate grants programme budget.
- 3.38 A commitment to maintain current levels of expenditure on VCS services in a period of financial challenge for the Council reflects the value placed on projects provided by the sector as set out in the VCS Strategy and the longer term benefits to local residents of maintaining a dynamic and effective VCS. Underspend and some undercommitment in the existing MSG budget allows some savings to be made while maintaining actual expenditure. The anticipated savings amount to approximately £180,000, 6% of the current budget.
- 3.39 The proposed new programme themes include two areas, Community Safety and Digital Awareness and Inclusion, which were not explicitly included in the MSG programme. An allocation has been made to each of these themes based on a reallocation of 10% of the available budget.
- 3.40 The co-production exercise also highlighted the increasing need for information and advice and the role VCS providers can play in delivering quality services to communities through both generic services and specialist targeted activity. It is therefore proposed that the overall allocation to the Information and Advice theme is increased by 10%.
- 3.41 The proposed allocation of the £2.66m annual budget for each theme is set out below in figure 2. There may be some slight variation in the final allocations to each theme as more detailed work is taken forward to develop the individual specifications. Spend will be reported on as part of the monitoring and evaluation process for the programme.

**Figure 2
Budget Allocation**

	Inclusion, Health and Wellbeing	Employment and Skills	Community Safety	Digital Inclusion	Information and Advice	Total
	£,000	£,000	£,000	£,000	£,000	£,000
Theme Total	990	435	195	60	980	2,660

- 3.42 The cost of external assessment of the proposals made by VCS organisations will be funded separately. The cost of external assessment of the current MSG programme was approximately £24,000.

Capacity Building

- 3.43 The change to outcomes based funding will present a challenge to many local VCS organisations, particularly smaller groups which have little or no previous experience. An element of the co-production process was determining the type of support and training organisations may need and, from this a training programme has been developed. It will include:

- How to present an effective proposal
- Developing partnerships and consortia
- Outcomes based funding
- Developing co-production with users
- Technical support on the use of the on line process

- 3.44 The capacity building programme will be delivered in partnership with THCVS and other local infrastructure organisations. It will be promoted through the Council's communications channels and through THCVS and the various theme networks within the VCS. There will be particular emphasis on promotion with local organisations which may not normally engage in mainstream VCS networks.

- 3.45 The Council will not require VCS organisations to work in formal partnerships or consortia but, recognising the added value this may bring and the potential benefits to smaller organisations, these arrangements are encouraged where appropriate. Effective consortia and partnerships take time to build and there will be opportunities for organisations to come together post funding award to develop more formal partnership arrangements.

Premises issues

- 3.46 Approximately 70 Council owned premises are occupied or partially occupied by VCS organisations. There is therefore the potential for many to successfully bid for Local Community Fund. In order to ensure fairness in the process, organisations will be expected to include in their costings the cost of accommodation for the proposed services. For some this will be the full cost of premises but for the majority it is likely to be only a proportion of these costs.

- 3.47 There is a risk that, by trying to ensure fairness in the funding process, the Council may create a situation where some of the Local Community Fund budget is simply returned to the Council through rent payments. To mitigate

what would, in effect, be an unintended reduction in Council support to VCS services, a budgetary adjustment will be made to the Local Community Fund budget to ensure the net effect is neutral.

Next Steps

- 3.48 The next round of engagement with the VCS will commence in November with a series of workshops for each theme in the programme to develop the specifications for services which will contribute towards the agreed priorities and outcomes.
- 3.49 The table below sets out an indicative timescale to ensure that new services are in place by 1 October 2019.

Nov - Jan	Co-design of service specifications
Feb	Finalisation of prospectus
Mar - Apr	Programme open
May - Jun	Evaluation of proposals
July	Awards
Jul - Sept	Mobilisation

- 3.50 Awarding funding in the summer will also allow time for MSG funded services to manage the transition to the Local Community Fund. For some this may be redesigning an existing service to meet the new specification. For others it may be the orderly wind down to a different level or cessation of service. Details of how such arrangements may be implemented are set out below.

MSG Transitional Arrangements

- 3.51 There will be activities currently funded through MSG which will not be funded through the Local Community Fund. Some of these may be significant, good quality services which no longer meet highest priority needs but which are, none the less, important in their communities. The Council recognises that in any period of change it is important to ensure that this happens in a managed, orderly way and that as far as possible any adverse impact on organisations and their service users is mitigated.
- 3.52 To reduce the impact of change the Council will:
- a. Support a programme of capacity building to increase organisations' chance of bidding successfully, provided by THCVS, the Council and other providers;
 - b. Give as much notice as possible when decisions are made to give organisations the opportunity to adjust to their new funding levels;
 - c. Make available, through THCVS and other partners as appropriate, a programme of support available in advance of the end of MSG to help VCS organisations in the transition from MSG to either alternative funding or an orderly change in the level of service;

- d. Work with organisations to seek alternative provision for service users where a service is significantly reduced or comes to an end;
 - e. Introduce a VCS Grants programme and link to other funders to provide funding opportunities for organisations to meet new and emerging needs and develop new ways of tackling existing needs, and
 - f. Retain the Emergency Fund to help organisations meet the costs of transition, particularly those directly linked to lower levels of revenue funding.
- 3.53 The support offered to organisations facing significant change and possible cessation of service will be a major element of the Council's proposed mitigation of potential disproportionate negative impact on people with protected equalities characteristics.

4. EQUALITIES IMPLICATIONS

- 4.1 The proposed structure of the Local Community Fund programme provides opportunities to fund services and activities for people with protected equalities characteristics previously supported by MSG services. At this stage no disproportionate adverse impact has been identified. The cross cutting themes of the Local Community Fund should ensure that opportunities for a positive impact for people with protected equalities characteristics are maximised.
- 4.2 Until decisions are made on funding specific services it is not possible to predict precisely the impact of the change from MSG funding to the Local Community Fund. However, it is inevitable that in any change there are winners and losers. It is therefore important to have measures in place to mitigate any potential disproportionate impact. The measures planned are set out in para 3.51 above:
- 4.3 A continuous process of impact analysis will be carried out for the Local Community Fund programme funding as decisions are made.

5. OTHER STATUTORY IMPLICATIONS

5.1 Best Value

Recent legislation, particularly the Localism Act 2010, has emphasised the role of communities working in partnership with local authorities to help achieve more effective and less costly services to local people. The process of co-production of services delivered by local voluntary and community organisations is a tool now widely recognised as a means to achieving this outcome.

5.2 Risk Management

Uncertainty will have an impact on staff morale in organisations currently funded through MSG. There is therefore a risk of the loss of experienced and skilled staff who seeks alternative employment if they perceive that their future employment is insecure. Timely decision making by the Council will mitigate the potential impact of this risk, particularly ensuring that funding decisions are made in advance of MSG funded organisations issuing protective redundancy notices to staff at the end of the funding.

5.3 Crime Reduction

The specific theme relating to Crime and Disorder will ensure that through the Local Community Fund new services will be delivered to reduce crime and disorder. The priorities for the theme are:

- a) People affected by domestic violence;
- b) Exploitation of children, young people and vulnerable groups, and
- c) The perception of young people in the community.

5.4 Safeguarding

There are no specific safeguarding implications arising from this report. However, ensuring appropriate consideration is given to safeguarding will be addressed in the development of the Local Community Fund programme, both through governance requirements and in the capacity building programme for the sector proposed.

6. **COMMENTS OF THE CHIEF FINANCE OFFICER**

6.1 This report details the progress to date and next steps in developing the new local community fund programme that will replace the current mainstream grants programme. This work has been carried out through existing resources within the (Strategy, Policy, Performance) SPP team.

6.2 Details on budget allocation are provided in section 3.41 above. The current MSG budget totals £3.2m per annum. It is proposed that £2.66m of this will be channelled through the local community fund programme and potential savings of £180k are proposed, arising from resources not previously allocated and which therefore does not impact on existing approved programmes. This will be considered as part of the Council's 2019/20 budget proposals

7. **COMMENTS OF LEGAL SERVICES**

7.1 The Council has the legal power to fund organisations in the manner referred to in this report as it relates to the carrying out of various functions of the Council.

- 7.2 The Council also has the legal duty to ensure that the functions it delivers and therefore any contracts it enters into for the delivery of those functions represent Best Value having regard to the Efficiency, Effectiveness and Economy of those services.
- 7.3 The Council is legally bound by the general European principles of fairness openness and non-discrimination in the conduct of its business. The report describes that the Council is voluntarily following a number of aspects of a tendering regime in order to ensure that high levels of probity and transparency are maintained. This also has the effect that the Council will be abiding by these European principles as well as demonstrating that the Council is achieving Best Value by awarding funding to bids which under the bidding procedure are determined as being the most economically advantageous when assessed against the pre-published evaluation criteria detailed in the prospectus and or other accompanying information.
- 7.4 The bids will be evaluated by an organisation contracted to the Council for this purpose. The contractor and will be sourced using a competitive tender allowing the Council to comply with procurement and Best Value legal obligations.
- 7.5 The Executive has vested the decision making power relating to grants in the Grants Determination (Cabinet) Sub-committee. However, there is no legal definition of a grant. Therefore, the delegation to enter into the funding agreements should also be sought from the Grants Determination Sub-committee to ensure compliance with the Council's current constitution.
- 7.6 At this stage there are no specific legal equalities issues although the scheme overall has been assessed generally for equalities impacts. Also, at points throughout the scheme the Council has planned in assessments of the overall decisions made by the Chief Executive to ensure that the Council continues to abide by its Equality Act duties. However, further equalities consideration will take place when the specifications for the agreements are created.

Linked Reports, Appendices and Background Documents

Linked Report

- Cabinet 20 March 2018 'Community Commissioning Programme Framework Report'

Appendices

- Appendix A – Local Community Fund Programme Outcome Framework

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

- NONE

Officer contact details for documents: N/A

Theme	Priority	Outcomes	Directorate	Examples of activity
Inclusion, Health and Wellbeing	Increase access to Youth Services	<ul style="list-style-type: none"> Increased usage of youth services by girls and young women (Youth and Commissioning) 	Children	<ul style="list-style-type: none"> Activities to increase engagement with youth services for girls and young women (Youth and Commissioning)
	Provision of Early Help support to families	<ul style="list-style-type: none"> Improvement in Early Help Assessment outcomes (Youth and Commissioning) 	Children	<ul style="list-style-type: none"> Support for families who require specialist early help support (Youth and Commissioning)
	Support for young carers	<ul style="list-style-type: none"> Improved health and wellbeing for young carers (Children's Social Care) 	Children	<ul style="list-style-type: none"> Support provision for young carers (Children's Social Care) Peer support (Children's Social Care)
	Ageing well and reducing social isolation	<ul style="list-style-type: none"> Older people feel they are able to continue making a positive contribution to their communities (Ageing Well) Tower Hamlets becomes a recognised dementia-friendly community (Ageing Well) More older people with dementia 'live well' (Ageing Well) Fewer older people feel lonely, less often (Ageing Well) More older people access services that provide support in their local neighbourhoods (Ageing Well) Increase engagement in meaningful relationships in care homes (Public Health) Increased meaningful intergenerational contact (Public Health) People over 50 feel a greater connection to their community (Ideas Store) 	HAC/ Resources/ Children	<ul style="list-style-type: none"> Intensive support to provide volunteering opportunities to older people (Ageing Well) Formation of a Tower Hamlets Dementia Action Alliance Ageing Well) Befriending services for older people (Ageing Well) Older People's Peer Support Groups (Ageing Well) Older People's Lunch Club services (Ageing Well) Intergenerational programme for older adults and children (Public Health) Provision of events, programmes that support interaction and integration (Ideas Store) Cross generational projects targeted at services supporting people with dementia and those suffering from social isolation (Ageing Well/Public Health/VCS)
	Residents better informed to make healthier choices	<ul style="list-style-type: none"> Increased engagement with community farms and community projects (Sports, Culture and Leisure) Positive impact on health and wellbeing (Sports, Culture and Leisure) Reduce social isolation (Sports, Culture and Leisure) 	Children	<ul style="list-style-type: none"> Promotion of healthy outdoor activity and interaction with animals and plants through supporting local urban farms and growing schemes (Sports, Culture and Leisure)
	Increased engagement in physical activity	<ul style="list-style-type: none"> Increasing physical activity in the highlighted under-represented groups and improving health outcomes (Sports, Culture and Leisure) Increase the proportion of children and young people that achieve the weekly minimum level of physical activity and develop an active lifestyle as a habit (Sports, Culture and Leisure) The sport and physical activity sector deliver interventions that meets the needs of local residents (Sports, Culture and Leisure) Improved cohesion through participation in sport and physical activity (Sports, Culture and Leisure) Improved mental health and reduced social isolation through participation in sport and physical activity (Sports, Culture and Leisure) Improve the quality of the local physical activity and sport offer, offering opportunities for participation for the inactive and less active across a wide variety of disciplines (Sports, Culture and Leisure) 	Children	<ul style="list-style-type: none"> Local groups self-organising to deliver physical activity to meet their own needs; and the VCS, residents, and the Council working together to design the borough's physical activity and sports offer (Sports, Culture and Leisure) Sport activities which encourage people from different groups to come together (Sports, Culture and Leisure)
	Residents better informed/equipped to manage health conditions	<ul style="list-style-type: none"> Improved personal management of conditions Improved knowledge, skills and confidence to manage personal health and care Improved physical functioning and ability to self-care Improved quality of life 	HAC	<ul style="list-style-type: none"> Independent Holistic Care and Support planning/ Peer coaching focused on Multi-disciplinary teams Facilitated peer support One-to-one support to help residents live healthier lifestyles and change behaviours
	Improved health outcomes for disabled people	<ul style="list-style-type: none"> Adults with complex needs have better health outcomes (Mental Health) The life expectancy for people with learning disability will steadily improve (Mental Health) 	HAC	<ul style="list-style-type: none"> Improved support provision for people with learning disabilities (Mental Health) Specialist provision for residents with disabilities (VCS)
	Provision of physical and health-promotion activities for older people	<ul style="list-style-type: none"> Older people are healthier and more active (Ageing Well) 	HAC	<ul style="list-style-type: none"> Tai Chi recognised by Public Health England as cost-effective method to combat falls (Ageing Well) Canoeing as intergenerational project, using Tower Hamlets' canal assets (Ageing Well)
	People suffering with mental health issues are better supported	<ul style="list-style-type: none"> Increase in number of residents suffering with mental health being supported by a peer (Mental Health) Increase in self-referrals to relevant support services (Mental Health/Ideas Store) Residents are informed of where to access help in a crisis (Public Health) 	HAC/ Resources	<ul style="list-style-type: none"> Support recovery in the community and prevent relapse Peer support for people with mental health diagnoses (Mental Health) Suicide prevention activities (Public Health/VCS) Programmes that support mental wellbeing through arts and literature (Ideas Store) Training for front-line VCS staff in mental health first aid and suicide prevention. (Public Health)

Digital Inclusion and Awareness	Access to ICT support and training for older people	<ul style="list-style-type: none"> Older people feel more informed and digitally included (Ageing Well) 	HAC	<ul style="list-style-type: none"> ICT support services for older people, including training/phone-in/drop-in assistance (Ageing Well) Digital buddying (VCS)
	Children/ young people safety online	<ul style="list-style-type: none"> Children/young people and families are aware of potential dangers online and implement suitable prevention measures 	Children	<ul style="list-style-type: none"> Children/young people and families taught how to be safe online
	Digital skill development for children and young people	<ul style="list-style-type: none"> Increased awareness of careers in the digital sector Children and young people have the opportunity to develop the skills for the digital sector 	Children	<ul style="list-style-type: none"> Partnership working with schools 'Hackathon' events
	Improving health and wellbeing facilitated through digital platforms	<ul style="list-style-type: none"> Increase in self-management/self-reliance/ confidence/ health literacy (Public Health) 	HAC	<ul style="list-style-type: none"> Activities to support community groups to become digitally enabled (Public Health/VCS) Development and access to digital platforms supporting improved health and wellbeing (Public Health)

Theme	Priority	Outcomes	Directorate	Examples of activity
Information and Advice	Provision of Social Welfare Advice	<ul style="list-style-type: none"> Increased access to social welfare advice and income from benefits (Resources) Improved personal budgeting, financial stability and reduction in personal debt (Resources) Reduction in the number of people negatively impacted by welfare reforms and housing repossessions (Resources) Individuals are more informed about their legal rights and housing options (Resources) Increased employment security (Resources) Increase proportion of older people maximise their income (Ageing Well) Increased engagement of older people with social welfare advice services (Ageing Well) 	Resources/HAC	<ul style="list-style-type: none"> Provision of benefits and welfare advice services (Ageing Well) Personal budgeting Specialist advice to address debts Activities to support the development, quality and integration of social welfare advice services Housing advice Advice provision covering: Immigration and asylum, Employment rights, Education Rights, Homelessness, Housing disrepair, Welfare benefit for disabled people, Domestic Violence, Tenants' rights, and Specialist rights and representation.

Employment and skills	Promoting ethical employer practices to focus on improving employment and progression opportunities for disadvantaged people, with an emphasis for employers on improving business productivity.	<ul style="list-style-type: none"> Businesses/employers experience enhanced productivity (Economic Development) Improved employee retention (Economic Development) Increased employee progression (Economic Development) Better employee-employer relations (Economic Development) Employers better informed of how to support their employees (Economic Development) Employees feel more comfortable and better supported in the work place (Mental Health) Increased take-up of relevant support services (Economic Development) Package of support measures developed for businesses and employees (Economic Development) 	Place/HAC	<ul style="list-style-type: none"> Activities focused on improving communication, increasing confidence, employers making reasonable adjustments, and mediation between employer and employee (Economic Development) Activities focused on improving access and sign-posting to relevant services for support in the work place; including for mental health, disabilities, learning difficulties, health, other flexible working needs (Economic Development/Mental Health) Business/employer ethical working policies developed and embedded (Economic Development) Ambassadors from business and business support organisations recruited to promote programme (Economic Development) Strategic indicators developed to test programme (Economic Development)
	Enterprise Support for Women	(No.) of Women owned start ups	Place	<ul style="list-style-type: none"> Publicity and recruitment campaign to target audience (Economic Development) Business development courses specifically for women. Course content including: business planning, defining your market, market research and analysis, marketing strategies, tax requirements, legal structures, pricing, cash flow forecasting, profit and loss forecasting (Economic Development) Supporting access to sector business networks (Economic Development)
	Reducing barriers to employment for disadvantaged groups	New priority - outcomes to be developed	Place	<ul style="list-style-type: none"> Activities focused on supporting disadvantaged groups find employment, including: ex-offenders and homeless people, the long-term unemployed and economically inactive.
	Employment skills for vulnerable young people who are NEET	<ul style="list-style-type: none"> Increase in the number of vulnerable young people engaging and accessing provision (Youth and Commissioning) Reduction in the percentage of young people who are NEET (Youth and Commissioning) 	Children	<ul style="list-style-type: none"> Employment skills provision for vulnerable young people who are NEET (Youth and Commissioning)
	Employment and skills for young people at risk of achieving poor outcomes	<ul style="list-style-type: none"> Increase in educational attainment - post 16 (Education and Partnerships) Increase in attainment for young people at risk of not reaching their full potential – e.g. white working class (Education and Partnerships) 	Children	<ul style="list-style-type: none"> Support to improve levels of attainment (Education and Partnerships) Support to post 16 pupils with SEND (Education and Partnerships) Access to supported internship (Education and Partnerships)
	Support focused on increasing access to art and cultural industries	<ul style="list-style-type: none"> Higher numbers participating in arts activities and schemes that lead to training and employment in the creative sectors (Sports, Culture and Leisure) 	Children	<ul style="list-style-type: none"> Mixed arts provision for young people and disadvantaged groups (e.g. BAME groups) Provision of activities focused on skills development for cultural industries (Sports, Culture and Leisure)
	Employment and volunteering opportunities for older people	<ul style="list-style-type: none"> Increase in the proportion of older people who feel they are able to continue making a positive contribution in our communities through volunteering (Ageing Well/VCS) Older people develop employability skills (Ageing Well/VCS) Older people have more confidence to look for opportunities (Ageing Well/VCS) 	Resources/HAC	Provision of activities to support development of employability skills, self-confidence and job seeking (Resources)

Community safety	Reduction in the exploitation of children and young people, and vulnerable groups	<ul style="list-style-type: none"> Increase the extent to which young people feel safe (Children's Social Care) Reduction in the number of children and young people, and vulnerable groups being exploited. (Children's Social Care) 	Children	<ul style="list-style-type: none"> Activities focused on prevention and entry into gangs (Children's Social Care) Work with schools (Children's Social Care) Partnership working (Children's Social Care)
	Improving the perception of young people in the community	New priority - outcomes to be developed	Children	
	Services for people affected by domestic violence	<ul style="list-style-type: none"> Increase the extent to which young people affected by DVSA feel safe (Children's Social Care) Increase the extent to which families affected by domestic violence feel safe (Children's Social Care) 	Children	<ul style="list-style-type: none"> Activities focused on supporting children affected by domestic violence (Children's Social Care) Activities focused on supporting families affected by domestic violence (Children's Social Care) Activities focused on supporting people affected by domestic violence (Children's Social Care)

Cabinet 31 October 2018	 TOWER HAMLETS
Report of: Zena Cooke, Corporate Director of Resources	Classification: Unrestricted
Voluntary and Community Sector Grants Programme	

Lead Member	John Biggs, The Mayor Councillor Candida Ronald, Cabinet Member for Resources and the Voluntary Sector
Originating Officer(s)	David Freeman Voluntary and Community Sector Strategy Manager
Wards affected	All wards
Key Decision?	No
Forward Plan Notice Published	28 September 2018
Reason for Key Decision	n/a
Strategic Plan Priority / Outcome	All

Executive Summary

This report sets out the new corporate grants programme which will complement the Community Commissioning Programme (elsewhere on the agenda) to replace the Council's current grants programmes including the current Mainstream Grants programme.

The policy framework for the grants programme was agreed by the Mayor in Cabinet in March 2018. This report presents the programme in detail, which had been co-produced with voluntary and community sector (VCS) organisations.

Recommendations:

The Mayor in Cabinet is recommended to:

1. Agree the VCS Grants Programme as set out in the report and the draft prospectus at Appendix A
2. Agree the proposal set out in paras 3.14 to 3.21 to retain the administration of the Capacity Building theme in house and seek a third party provider to administer the remaining themes as a small grants programme
3. Note the specific equalities considerations as set out in Paragraph 4

1. REASONS FOR THE DECISIONS

- 1.1 The Voluntary and Community Sector (VCS) Strategy 2016-19, sets out an approach to supporting the VCS, based on the co-production of services commissioned with the VCS rather than traditional grants programmes.
- 1.2 The VCS Strategy acknowledges there remains a role for grants and makes a commitment to continue to provide grants in limited and very specific circumstances. This report brings forward proposals for a VCS Grants Programme which would help achieve this commitment.

2. ALTERNATIVE OPTIONS

- 2.1 The Council could decide not to go ahead with the proposed grants programme and cease giving grants. However, this would go against the commitments made in the VCS Strategy and also by the Mayor in agreeing the Grants Policy Framework in March 2018. Without a grants programme the Council would rely solely on commissioned contracts as a means of supporting voluntary and community organisations in the borough, potentially limiting the funding opportunities that would be attractive to many smaller and less well established organisations and community groups.
- 2.2 The Council could just retain the existing small grants funds but, as they are focussed on specific service areas, many smaller voluntary and community sector organisations would continue to be excluded from Council support.

3. DETAILS OF THE REPORT

Background

- 3.1 In March 2018, the Mayor in Cabinet agreed a new voluntary and community sector (VCS) grants policy framework to form the basis of a new grants programme to sit alongside the new Community Commissioning programme as part of the VCS funding arrangements. These arrangements will succeed the current Mainstream Grants Programme, scheduled to come to an end on 30 September 2019, and other, smaller, grants programmes including the Events Fund and Ageing Well Fund.
- 3.2 The future direction of travel for the Council's support for the VCS was set out in the VCS Strategy agreed in 2016. The VCS Strategy determined that future VCS funding would be predominantly through commissioned contracts but that there was a place for grants in limited circumstances where grants could be shown to be a more appropriate funding mechanism. The VCS Grants Policy Framework agreed in March set out the key characteristics of grants to assist in determining whether an activity would be better suited to funding through a grant rather than commissioning.

3.3 The VCS Policy Framework also defined six initial themes where activities would be suited to funding through grants. It also set out principles for eligibility criteria, funding levels and other elements of the future grants programme. The agreed VCS Policy Framework is attached at Appendix 1

Proposals

3.4 A new voluntary and community sector grants programme is proposed with six individual funding themes reflecting different areas of VCS activity which meet the Council's criteria for funding through grants rather than commissioned contracts as set out in the attached policy framework document.

3.5 This programme has been developed through a process of co-production with VCS organisations as described below in paragraph 3.12.

3.6 The grants programme will support VCS activities which can demonstrate they meet clear priorities and outcomes set out for each funding theme that link to the priorities and outcomes of the Tower Hamlets Plan and the Council's Strategic Plan. The priorities and outcomes for each theme have been developed to ensure funding is targeted towards activities that VCS organisations are best placed to deliver in the community.

3.7 The detail of the programme is set out in the draft prospectus set out at appendix A. This prospectus sets out:

- The purpose of the programme and what the Council is seeking to achieve through it;
- The cross cutting themes relating to community cohesion and equality which will apply to the whole programme;
- Common criteria which apply to all funding themes, and
- Detailed schemes for each of the six funding themes

3.8 The new programme will be launched early in the New Year and publicised through the various established VCS networks as well as through the Council's normal communications channels. In addition there will be specific campaigns to target smaller community groups and organisations that may not have previously sought funding from the Council or which may be outside the more established funding networks. This might include TRAs and informal resident's' groups, groups supported by other housing providers and local community centres, and groups linked to sports and arts networks which are looking to develop wider community activities.

3.9 Training and support will be offered to prospective applicants. Training on the application process may be offered in house but support in developing the

content of applications will be provided by external organisations such as Tower Hamlets Council for Voluntary Service.

- 3.10 As noted in the report to Cabinet on 20 March 2018 setting out the proposed policy framework for the new grants programme, capacity building and infrastructure support, currently funded through MSG, should remain an activity which is supported through grants rather than through Community Commissioning. Capacity building is therefore a discreet theme in the grants programme as set out in the attached prospectus at appendix A. It is suggested that this theme is launched in advance of the main programme. The reasons for this are:
- To ensure there are support services in place before the end of MSG to support organisations which have not sought or been successful in gaining funding through the new Community Commissioning Programme as they seek to make any necessary adjustments, and
 - To allow local infrastructure organisations to submit their own future funding bids at an early stage so that they can then focus resources on supporting other organisations through the Community Commissioning process.
- 3.11 Appropriate processes and procedures are already in place proportionate to the likely levels of funding for infrastructure support and capacity building services. The recommendations of this report therefore propose that applications for this theme are invited from Monday 12th November.

Consultation

- 3.12 The grants programme has been developed through a process of co-production with voluntary and community organisations through:
- Six workshop sessions;
 - Two on line surveys;
 - Two one to one surgery sessions;
 - Discussions at three VCS network groups, and
 - Individual conversations with VCS organisations.
- 3.13 The co-production process has been conducted in co-operation with THCVS. Details of the events and feedback from the process can be found on the THCVS website at <https://www.thcvs.org.uk/help-create-councils-new-grants-policy>.

Implementation Proposals

- 3.14 As detailed above, it is proposed that the Capacity Building Theme is launched in advance of the rest of the programme with funding commencing from 1 October 2019. This theme sits alongside the Council's strategic VCS policy functions and will therefore be administered centrally within the Council.

3.15 The five other themes all focus on providing small grants to achieve their respective outcomes. While the Council may decide to administer the programme itself there are some benefits both for the Council and for the VCS in considering engaging a third party already engaged in grant giving to administer the Council's programme.

3.16 For VCS organisations the main benefits may include:

- A range of funding programmes available from one point of access enabling organisations to find the most appropriate programme or combination of programmes to meet their needs;
- Common application processes, normally proportionate to the level of funding requested;
- Dedicated support staff available to assist with applications, and
- Access to non-financial resources.

3.17 For the Council the main benefits may include:

- Greater value for money through the added value provided by complementary funding programmes;
- Wider reach to smaller community organisations that do not normally engage with the Council;
- Lower administrative costs through economies of scale

3.18 There are successful models such as the longstanding partnership between Lambeth Council and the London Community Foundation. Other local authorities such as Redbridge have also successfully engaged with community foundations to administer their grants programmes.

3.19 It is therefore proposed that the Council seeks a third party provider to administer the small grants element of the new programme, initially £200,000 per annum, retaining only the Capacity Building theme which will be larger grants tied in closely to the Council's strategic objectives in supporting the wider VCS.

Governance and Reporting Requirements

3.20 In order to provide good governance, openness and transparency the Council would require of a potential third party provider;

- a. A recognised quality assurance standard;
- b. Open, fair, transparent and accessible procedures;
- c. Proportionate monitoring and evaluation of grants made
- d. Funding conditions which include minimum standards and include safeguarding, data protection and other statutory requirements;
- e. Council representation on the grant decision making committee or equivalent;
- f. Regular reporting of decisions made with reasons, and

g. An annual report and evaluation of the programme

- 3.21 It is proposed that the third party provider is engaged for an initial period of two years. The Council may then review the outcome of the arrangements and decide whether the administration of funding should remain through a third party or returned to in house management.
- 3.22 The new grants programme will replace exiting grants programmes from 1 October 2019. MSG and the existing small grants funds, the Events Fund and Ageing Well grants, will therefore continue to until 30 September 2019. There will be a period of overlap where activities funded through the existing small grants schemes continue after the new programme is live. No new activities will be funded through the Events Fund and Ageing Well grants after 1 October 2019.

Budget

- 3.23 Existing small grants budgets will be included in the new grants programme. These include the Events Fund and Ageing Well grants. The current Emergency Fund – funds to support existing funded organisations in urgent need of one off support – and Innovation Fund – funds to support crowd funding initiatives – will not be included in the budget. Both of these funds are one off revenue budgets which have stablished processes and procedures and will continue to be administered in house.
- 3.24 The grants programme will also include areas of work currently funded by the MSG budget. These areas of work are third sector development and community cohesion.

Table 1 below sets out the budgets which will make up the new grants programme budget..

Table 1

Budget (18/19)	Directorate	£,000s
Third Sector Development	Resources (MSG)	260
Community Cohesion	Governance	105
Events Fund	Children's	53
Ageing Well Grants	HAC	20
Total		438

- 3.25 This budget may be subject to change as the budget making for 2019/20 proceeds. Where decisions are made in the future to fund activities through grants rather than commissioned contracts or new grant schemes are developed, these will be incorporated into this Grants Programme and the funding included in the programme budget.

- 3.26 £260,000 will be retained to fund the Capacity Building theme as discussed in paragraphs 3.14 and 3.19 above.
- 3.27 £178,000 will be passed to the third party provider to fund the five small grants themes. Allocations have not been made to individual themes within the programme in order to retain flexibility and allow funds to move between themes during the year should the need arise. However, indicative allocations may be agreed to provide a balanced programme.
- 3.28 The cost of the administrative fees charged by the third party provider, estimated at 10-12% of the fund value, will be funded separately.

4. EQUALITIES IMPLICATIONS

- 4.1 The proposed structure of the grants programme provides opportunities to fund services and activities for people with protected equalities characteristics previously supported by MSG services. At this stage no disproportionate negative impact has been identified. The cross cutting theme of community cohesion should ensure that, as individual applications are assessed, opportunities for a positive impact for people with protected equalities characteristics are maximised.
- 4.2 Until decisions are made on funding specific services it is not possible to predict precisely the impact of the change from MSG funding to Community Commissioning and the new grants programme. However, it is inevitable that in any change there are winners and losers. It is therefore important to have measures in place to mitigate any potential disproportionate negative impact. The measures planned are:
- a) A programme of support for VCS organisations available in advance of the end of MSG to help organisations in the transition from MSG to either alternative funding or an orderly change in the level of service delivered;
 - b) Potential funding through the new grants programme, and
 - c) Potential support from the Council's Emergency Fund.
- 4.3 A continuous process of impact analysis will be carried out as funding decisions are made.

5. OTHER STATUTORY IMPLICATIONS

5.1 Best Value

Recent legislation, particularly the Localism Act 2010, has emphasised the role of communities working in partnership with local authorities to help achieve more effective and less costly services to local people. The process of co-production of services delivered by local voluntary and community

organisations is a tool now widely recognised as a means to achieving this outcome

5.2 Crime Reduction

There are no specific implications for crime and disorder reduction arising from this report. However, it is anticipated that there may be organisations supported by the Council through the new funding programmes whose activities will contribute towards crime and disorder reduction.

5.3 Safeguarding

There are no specific safeguarding implications arising from this report. However, ensuring appropriate consideration is given to safeguarding will be addressed in the development of the VCS Grants Programme, both through governance requirements and in the capacity building programme for the sector proposed.

6. COMMENTS OF THE CHIEF FINANCE OFFICER

6.1 The grants programme being proposed in this report will be funded through existing budgets that are detailed in section 3.16 and 3.17 above.

6.2 Details on how the programme will be managed and administered will need to be finalised and funding for this will need to be agreed.

7. COMMENTS OF LEGAL SERVICES

7.1 The Council has the legal powers to implement this scheme and to make individual grants under it.

7.2 However, the decision making ability in respect of any subsequent grant had been vested in the Grants Determination Sub-Committee by virtue of directions of the Secretary of State. However, at the current point these directions have just been agreed to be removed. Therefore, the decision to give any grant to a particular organisation may be subject to some sort of further approval the format of which is to be determined.

7.3 The overall scheme and the revised VCS policy is a matter for and falls under the decision making power of the Executive generally and therefore, is properly a matter to be decided by the Mayor in Cabinet

7.4 The Council is legally obliged to ensure that any grants it makes represent Best Value with reference to economy, efficiency and effectiveness.

7.5 The Council is also legally obliged to treat all applicants in an open, fair and transparent way.

- 7.6 The scheme as set down indicates that there will be an application procedure in respect of each of the 6 themes with clearly determined evaluation criteria which will be applied to all applicants in the same way. Therefore, the scheme complies with these duties.
- 7.7 The scheme will be subject to the same levels of equality analysis as are present with the existing MSG which will satisfy the Council's legal obligations under the Equality Act 2010
-

Linked Reports, Appendices and Background Documents

Linked Report

- Cabinet 20 March 2018 'Corporate Voluntary and Community Sector Grants Policy'

Appendices

- Appendix 1 - VCS Grants Programme 2019-23
- Appendix 2 - Voluntary and Community Sector organisations as defined by the VCS Strategy 2016-19

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

- None.

Officer contact details for documents:

N/A

London Borough of Tower Hamlets

VCS Grants Programme 2019-23



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Introduction

The VCS Strategy agreed by the Council in 2016 sets out the unique strengths of the VCS and the need for the Council to continue to support, empower and build the future capacity of the VCS for the sector to be able to continue respond to complex issues spanning a range of areas including welfare, unemployment and housing.

While the future direction for supporting VCS activities will be through co-produced, commissioned services funded through contracts, the Strategy states there continues to be a role for supporting the VCS through grants in limited and specific circumstances. The purpose of this policy framework document is to set out the circumstances where the Council will consider support for VCS activity through grants and underpins the development of a new corporate VCS grants programme.

This policy framework has been co-produced with the VCS and represents a shared vision of the future of grants from the Council. This document states what the Council and the VCS are seeking to achieve through the corporate grants programme, the initial grant themes, principles of eligibility and funding, decision making and accountability. The more detailed scheme and outcomes for each grant theme will be developed through a further co-production process with the VCS.

Objectives

The Council's principal objective in developing a new corporate grants programme is to harness the distinctive characteristics of grants to promote sustainable and resilient communities and help enable the VCS continue to make its unique contribution towards achieving the outcomes for the community set out in the Tower Hamlets Plan.

The Council will assess to what extent it is achieving the objective of the corporate grants programme through an annual appraisal, drawing on the monitoring and evaluation of individual projects, which will be made public, and a full review and refresh in four years' time.

Characteristics of Grants

Grants are essentially responsive, dependent on the community generating and bringing forward ideas and proposals for activities to achieve positive outcomes rather than responding to a more prescriptive tendering process. It is the responsive nature of grants which sets it apart as the most appropriate mechanism for funding some types of activity. The Council is committed to a process of co-production for services delivered by the VCS whether funded through grants or contracts. The increasing involvement of the sector and service users in the design and delivery of services to some extent blurs what was the clear distinction between grants and contracts. However, the Council accepts an important distinction remains.

Supporting VCS activity through grants has a number of other characteristics which distinguish it from contractual funding mechanisms. These can be summarised as:

- **Empowerment** provides the financial means for communities to do things for themselves
- **Innovation** responsive to new and emerging needs
- **Flexibility** can adjust to meet changing needs
- **Reach** can be accessible to groups which would not otherwise be able to get funding through contractual arrangements
- **Risk** shares the risk of new innovation between the provider and the funder
- **Cost effective** can lever in other resources to support community activity

In deciding whether a grant or a contract is the most appropriate method of supporting an area of VCS activity, the Council must decide how important the distinct characteristics of grants are to the successful achievement of the desired outcomes.

Grant themes

The grants programme will be delivered through a number of different grant themes. The VCS Strategy and the co-production work which has developed this policy framework have determined an initial set of grant themes set out below where the distinct characteristics of grants are important to achieving the desired outcomes. However, the purpose of this programme is to facilitate all grant making from the Council to the VCS. Where new grant themes are set up, including those where the Council is acting as an agent for external funds from, for instance, national government, it is intended that they will be administered through the corporate grants programme.

The initial grant themes are:

- **Innovation** to encourage innovation or pilot something new, especially where there is a gap;
- **Prevention** to promote grass roots activity to reduce the need for statutory services;
- **Neighbourhood action** to promote local neighbourhood initiatives
- **Community cohesion** to develop community resilience, promote cultural opportunities and reduce social isolation;
- **Capacity building** to enable smaller organisations to become more sustainable, where appropriate providing core funding to lever in other resources, and

- **Partnership working** making the sector more effective through closer partnership working within the sector and across sectors.

In addition, there will be two cross cutting themes which all projects funded through the corporate grants programme will be assessed against. These are:

- **Community cohesion** developing community resilience, promoting cultural opportunities and reducing social isolation in the context of the theme, and
- **Equality and diversity** demonstrating how people with protected equalities characteristics will be included

Principles - Eligibility

The programme has common eligibility criteria for all grant themes. Some grant themes may need to include additional criteria

Not for Profit The grants programme will only support activities run by groups which can demonstrate they are set up as not for profit groups. The types of organisation which the Council considers to be not for profit is set out in the VCS Strategy and included in this policy framework at appendix B. Individuals will not be eligible.

Locally based The grants programme is intended to support the local VCS and community activity. The eligibility criteria for all grant themes reflect this principle. Organisations based outside the borough are not excluded from eligibility but they must show very clear connections to Tower Hamlets either through existing activity or local leadership of the proposed project. Applications will be encouraged from organisations based across the borough.

Good governance Organisations will be expected to achieve an acceptable level of governance with appropriate policies for the activities they propose to undertake. The acceptable level will be proportionate to the size of organisation and type of activity. The Council will accept applications from organisations in the process of developing appropriate policies but funding will not be paid until they are in place.

Proposals from un-constituted groups will be accepted but these should be supported by an organisation with appropriate levels of governance which will act as the 'accountable body' for any funds awarded.

Size Some grant themes may give priority to smaller groups but the programme will be open to all not for profit organisations

Principles – Funding

Individual limits The programme will not prescribe a limit to individual grants subject to the budget available. However, it may be appropriate because of the nature of the grant theme or external funder requirements to limit the maximum level of individual grants in some themes. In the initial grant themes the maximum individual award will be £5,000 except capacity building and community cohesion.

Funding period The programme may provide grants which are one off project funding or revenue funding for a stated period subject to annual review if more than a year. The normal period for revenue funding would be a maximum of two years. Each grant theme will define an appropriate funding period for the type of activity it is supporting.

Other resources One of the principal characteristics of grants is that they unlock other resources either in cash or in kind. All grants themes will therefore require that a quantifiable contribution is made to the proposed activity either in cash or in kind. However, prescribed levels of match funding will not be required.

Other funding The grants programme will not exclude organisations which already receive support from the Council or other public bodies. However, where appropriate, some grants themes, such as Innovation, may give priority to groups which are not already funded.

Decision Making and Accountability

The distinctive characteristics of grants include being responsive and flexible. In order to achieve this, the Council will establish robust processes to ensure that decision making is proportionate and appropriate to the levels of funding and type of activity to be funded.

London Borough of Tower Hamlets

VCS Grants Programme 2019-23

Draft Schemes



LB Tower Hamlets VCS Grants Programme

Innovation Theme

To encourage innovation or pilot something new, especially where there is a gap.

This theme will focus on start up or seed corn projects that may be scaled up or provide a model which can be replicated. It will also encourage developing new ways of engaging diverse communities.

Projects funded under this scheme do not have to be entirely new or innovative overall. However, they should be a different way of doing things for your organisation trying out new approaches, methods or working with new client groups.

Rationale for grant funding

Empowerment	responsive to new and emerging needs
Innovation	provides the financial means for communities to do things for themselves
Flexibility	can adjust to meet changing needs
Reach	can be accessible to groups which would not otherwise be able to get funding through contractual arrangements
Risk	shares the risk of new innovation between the provider and the funder
Cost effective	can lever in other resources to support community activity

Meets all six criteria for grants, in particular:

- **Innovation**
- **Flexibility**

Tower Hamlets Plan and Strategic Plan Priorities

C1	Strong, resilient and safe communities	
C2	Better health and wellbeing	
C3	Good jobs and employment	
C4	A better deal for young people – aspiration, education and skills	
S1	People are aspirational, independent and have equal access to opportunities	
S2	A borough that our residents are proud of and love to live in	
S3	A dynamic outcomes-based Council using digital innovation and partnership working to respond to the changing needs of our borough	

Theme priorities

1. New ways of working with young people and helping them make their voices heard (C4)
2. Better family support networks and good parenting (C2)
3. Business start-up (C3)
4. Isolation in ageing communities (C2)
5. Peer group support (S3)
6. Young people mentoring (C4)
7. Community involvement events and community champions (C1)

Theme outcomes

1. **Greater reach.** Extend the reach of the grants programme to community groups and organisations working in priority areas of activity which do not already receive public funds
2. **Reduce gaps** in service in priority areas of activity to meet unmet needs
3. **Sharing practice and expertise.** Increasing joint working and sharing good practice to develop new and innovative solutions

Examples of projects and activities

- Installing a composting toilet on an allotment site to make this activity more accessible to older and less mobile people
- Guided riding project to encourage greater participation in cycle riding
- Trialling extended opening hours for a youth club so that young dads can stay on or drop in for tailored support sessions

Eligibility

1. This theme will give priority to organisations with a turnover of less than £30,000 per annum and projects submitted by larger organisations which demonstrate strong involvement of local people such as projects where an established organisation is supporting a new or un-constituted group.
2. Priority will be given to new groups and groups which have not previously been funded by the Council.

Levels of Funding Available

1. Up to £1,000 – one off
2. Over £1,000 up to £5,000 – up to one year with potential extension for second year

Monitoring arrangements

1. Up to £1,000 – end of project report
2. Over £1,000 up to £5,000 – Six month progress report and annual/end of project report and visit.

LB Tower Hamlets VCS Grants Programme

Prevention Theme

Promoting grass roots activity to reduce the need for statutory services.

This theme has a particular focus on activity organised at a local level which addresses issues that affect residents and communities before they become serious problems. Activities supported in this theme should aim to build on the skills, experience and other resources that already exist in local communities to make them more resilient and less likely to need to rely on statutory services to meet their needs.

Rationale for grant funding

Empowerment	responsive to new and emerging needs
Innovation	provides the financial means for communities to do things for themselves
Flexibility	can adjust to meet changing needs
Reach	can be accessible to groups which would not otherwise be able to get funding through contractual arrangements
Risk	shares the risk of new innovation between the provider and the funder
Cost effective	can lever in other resources to support community activity

Meets all six criteria for grants, in particular:

- **Innovation**
- **Flexibility**
- **Reach**

Tower Hamlets Plan and Strategic Plan Priorities

C1	Strong, resilient and safe communities	
C2	Better health and wellbeing	
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Theme priorities

1. Helping people care for one another's health and wellbeing (C2)
2. Helping older people maintain physical health (C2)
3. Social prescribing (particularly mental health) (C2)
4. Supporting individuals and families affected by welfare reforms (S1)
5. Reducing extremist behaviour (C1)
6. Youth mentoring (C4)
7. More activities or awareness of what is youth (C4)

Theme outcomes
<ol style="list-style-type: none"> 1. Reduce the demand for public services 2. Improved health and wellbeing. Increase the proportion of people who feel their health and welfare needs can be met within the community
Examples of projects and activities
<ul style="list-style-type: none"> • Peer group support for fathers to improve parenting skills and enhance relationships with children • Gateway advice service organised by and for a particular community • Chair aerobics classes for older people
Eligibility
<ol style="list-style-type: none"> 1. This theme will give priority to organisations with a turnover of less than £30,000 per annum and projects submitted by larger organisations which demonstrate strong involvement of local people such as projects where an established organisation is supporting a new or un-constituted group.
Levels of Funding Available
<ol style="list-style-type: none"> 1. Up to £1,000 – one off 2. Over £1,000 up to £5,000 – up to one year with potential extension for second year
Monitoring arrangements
<ol style="list-style-type: none"> 1. Up to £1,000 – end of project report 2. Over £1,000 up to £5,000 – Six month progress report and annual/end of project report and visit.

LB Tower Hamlets VCS Grants Programme

Neighbourhood Action Theme

Promoting local neighbourhood initiatives.

This theme focuses on supporting local people to get together, get organised and get things done in their local neighbourhoods. This may be physical such as some sort of neighbourhood improvement or it may be to promote the interests of the local neighbourhood through a campaign on a specific issue of local concern or group to promote the interests of the local area.

Projects seeking funds in this theme will focus on a geographic locality, will be inclusive and open to anyone in that area and managed by local people. In this theme the Council is particularly keen to hear from local groups which may not be fully constituted yet but either intend to become formal organisations or are working in partnership with an established voluntary organisation.

Rationale for grant funding

Empowerment	responsive to new and emerging needs
Innovation	provides the financial means for communities to do things for themselves
Flexibility	can adjust to meet changing needs
Reach	can be accessible to groups which would not otherwise be able to get funding through contractual arrangements
Risk	shares the risk of new innovation between the provider and the funder
Cost effective	can lever in other resources to support community activity

Meets all six criteria for grants, in particular:

- **Empowerment**
- **Innovation**
- **Reach**

Tower Hamlets Plan and Strategic Plan Priorities

C1	Strong, resilient and safe communities	
C2	Better health and wellbeing	
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Theme priorities

1. Supporting neighbourhood events (S2)
2. Creating social spaces for a cross section of the community (C1)
3. Local 'Clean ups' and environmental improvements (S2)
4. Alternatives to crime reduction and reducing ASB (C1)
5. Promoting local opportunities for volunteering and community action (C1)

Theme outcomes

1. Increased resident voice and participation Increase the proportion of local residents who feel their views are heard by policy makers
2. More active citizens Increase the proportion of local residents who participate in local community activities
3. Increased neighbourhood resilience
4. Improved safety/sense of security Increase the proportion of local residents who feel their community is a safe and secure place to live

Examples of projects and activities

- Restoration of a local amenity by community
- Food growing and skills sharing project on 'landlocked' unused plot
- Project to increase public participation in the development of a new community facility
- Speed dating in local areas to encourage volunteering
- Community notice boards up to date as well as on line

Eligibility

1. This theme will give priority to organisations with a turnover of less than £30,000 per annum and projects submitted by larger organisations which demonstrate strong involvement of local people such as projects where an established organisation is supporting a new or un-constituted group.
2. Priority will be given to new groups and groups which have not previously been funded by the Council.

Levels of Funding Available

1. Up to £1,000 – one off
2. Over £1,000 up to £5,000 – up to one year with potential extension for second year

Monitoring arrangements

1. Up to £1,000 – end of project report
2. Over £1,000 up to £5,000 – Six month progress report and annual/end of project report and visit.

LB Tower Hamlets VCS Grants Programme

Community Cohesion Theme

Developing community resilience, promoting cultural opportunities and reducing social isolation.

This theme provides funding for projects and activities which will help make Tower Hamlets a place where people feel they belong, where diversity and difference is appreciated, where there are strong relationships between people and those from different backgrounds have similar opportunities.

Rationale for grant funding

Empowerment	responsive to new and emerging needs
Innovation	provides the financial means for communities to do things for themselves
Flexibility	can adjust to meet changing needs
Reach	can be accessible to groups which would not otherwise be able to get funding through contractual arrangements
Risk	shares the risk of new innovation between the provider and the funder
Cost effective	can lever in other resources to support community activity

Meets all six criteria for grants, in particular:

- **Innovation**
- **Reach**

Tower Hamlets Plan and Strategic Plan Priorities

C1	Strong, resilient and safe communities	
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Theme priorities

1. Encouraging local pride and belonging (S2)
2. Encouraging volunteering through celebrating the history and culture of the borough (S2)
3. Families and isolated adults sharing experience (C2)
4. Providing opportunities for different communities and groups to come together (C1)
5. Raising awareness and encouraging reporting of hate crime (C1)
6. Intergenerational activity(C1)
7. Events (S2)
8. New ways of engaging with diverse communities (C1)

Theme outcomes (from Community Cohesion outcomes framework)

1. **Increased participation.** Finding and taking up more opportunities to play a role in the community and volunteering
2. **More social connections.** Diverse people come together overcoming divisions, eg intergenerational, racial, gender and sexual orientation.
3. **Better understanding of each other.** Improved understanding and tolerance of difference, acknowledging shared value
4. **Increased knowledge and skills,** eg equalities, rights, language, communication and leadership.

Examples of projects and activities

- Food festival
- Intergenerational project supporting young people working with older people to improve their ICT skills
- Photography project to document and celebrate the history and cultural of a community
- Regular monthly 'open door' community events

Eligibility

There are no special restrictions on eligibility for this theme.

Levels of Funding Available

1. Up to £1,000 – one off
2. Over £1,000 up to £5,000 – up to one year with potential extension for second year
3. Over £5,000 to £20,000 – up to two years with potential extension for third year

Monitoring arrangements

1. Up to £1,000 – end of project report
2. Over £1,000 up to £5,000 – Six month progress report and annual/end of project report and visit.
3. Over £5,000 to £20,000 – Six month progress report and project visit

LB Tower Hamlets VCS Grants Programme

Partnership Theme

Making the sector more effective through closer partnership working within the sector and across sectors.

This theme provides funding for organisations to come together to form networks and partnership arrangements which will,

1. Help give VCS organisations a stronger voice in borough wide discussions with other sectors particularly through the Tower Hamlets Partnership, the local strategic partnership which brings together the public, voluntary and private sectors to achieve the objectives of the Tower Hamlets Plan, and/or
2. Bring organisations together where they share a common purpose or deliver complementary services to share best practice or contribute in other ways to increase the effectiveness and impact of each other's work in the community.

Rationale for grant funding

Empowerment	responsive to new and emerging needs
Innovation	provides the financial means for communities to do things for themselves
Flexibility	can adjust to meet changing needs
Reach	can be accessible to groups which would not otherwise be able to get funding through contractual arrangements
Risk	shares the risk of new innovation between the provider and the funder
Cost effective	can lever in other resources to support community activity

Meets all six criteria for grants, in particular:

- **Reach**
- **Cost effective**

Tower Hamlets Plan and Strategic Plan Priorities

C1	Strong, resilient and safe communities	
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S3	A dynamic outcomes-based Council using digital innovation and partnership working to respond to the changing needs of our borough	

Theme priorities

1. Improving effectiveness through peer group support, mentoring and networking (All)
2. Cross sector working - supporting the local strategic partnership (S1)
3. Partnerships in back office support and procurement (S3)

Theme outcomes

1. Greater meaningful engagement with strategic structures and LSP
2. Reduction of duplication of service
3. Consolidation within the sector to reduce costs and improve sustainability
4. Improved cooperation within the sector and between sectors
5. Successful and sustainable partnerships (and other collaborative arrangements) between a range of organisations

Examples of projects and activities

- Support for a network of community organisations to work with the local strategic partnership
- Creation and adoption of partnership related agreements
- Mediation and facilitation for partnership meetings and/or disputes
- Set up costs for a peer group support network to share best practice and improve effectiveness across a specific service area
- 'Speed dating' to improve co-operation between providers

Eligibility

1. There are no special restrictions on eligibility for this theme.

Levels of Funding Available

1. Up to £1,000 – one off
2. Over £1,000 up to £5,000 – up to one year with potential extension for second year

Monitoring

1. Up to £1,000 – end of project report
2. Over £1,000 up to £5,000 – Six month progress report and annual/end of project report and visit.

LB Tower Hamlets VCS Grants Programme

Capacity Building Theme

To enable smaller organisations to become more sustainable, where appropriate providing core funding to lever in other resources, and to support infrastructure organisations.

Projects supported through this theme will focus on building the capacity of local voluntary and community sector organisations. Capacity building could mean programmes of support (for example training and other workforce development activity, organisational advice or consultancy) delivered by local infrastructure organisations or support to individual organisations for projects to help them to develop their own capacity.

This theme may also include support for core costs where there is a clear and evidence based case to demonstrate core funding from the Council may generate significant external funding or other support for an organisation's work where, without core funding from the Council, these additional resources would not be available. 'Core costs' in this context could be running costs, such as staff salaries or premises costs, or one off costs, such as ICT or other equipment, or a mixture of the two.

Rationale for grant funding

Empowerment	responsive to new and emerging needs
Innovation	provides the financial means for communities to do things for themselves
Flexibility	can adjust to meet changing needs
Reach	can be accessible to groups which would not otherwise be able to get funding through contractual arrangements
Risk	shares the risk of new innovation between the provider and the funder
Cost effective	can lever in other resources to support community activity

Meets all six criteria for grants, in particular:

- **Reach**
- **Cost effective**

Tower Hamlets Plan and Strategic Plan Priorities

C1	Strong, resilient and safe communities	
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Theme priorities

1. Supporting core costs to facilitate/access other resources (All)
2. Skills exchange and accessible training (All)

3. Making organisations commissioning ready (All)
4. Fundraising support for smaller, volunteer led organisations without staff (All)
5. Developing quality assurance (All)
6. Managing assets for community benefit (C1)
7. Developing resilience and supporting organisations through periods of transition.

Theme outcomes

1. Broader pool of organisations accessing public service contracts
2. Increased proportion of organisations achieving recognised quality assurance standards
3. VCS more resilient with more sustainable funding base
4. Organisations support each other

Examples of projects and activities

- Programme of support for local community groups to develop quality assurance
- Feasibility study of bringing disused grade II listed building back into use as a community building

Eligibility

2. There are no special restrictions on eligibility for this theme.

Levels of Funding Available

3. Up to £1,000 – one off
4. Over £1,000 up to £5,000 – up to one year with potential extension for second year
5. Over £5,000 – up to two years with potential extension for third year


Monitoring arrangements

3. Up to £1,000 – end of project report
4. Over £1,000 up to £5,000 – Six month progress report and annual/end of project report and visit.
5. Over £5,000 – Six month progress report and project visit

Voluntary and Community Sector organisations as defined by the VCS Strategy 2016-19 are

- Registered charities
- Community groups
- Community associations
- Tenants and residents groups
- Green Spaces Friends Groups
- Co-operatives and social enterprises
- School/parent groups
- Faith organisations
- Sports, environmental, arts and heritage organisations
- Grant making trusts
- Housing associations
- Non-constituted groups of residents working together to make a difference in their local communities

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Cabinet 31 October 2018	 TOWER HAMLETS
Report of: Denise Radley – Corporate Director Health, Adults and Community Directorate	Classification: Unrestricted
Safeguarding Adults Board Annual Report 2017-18	

Lead Member	CIlr Denise Jones, Cabinet Member for Adults Health and Wellbeing
Originating Officer(s)	Joanne Starkie (Head of Strategy and Policy – Health, Adults and Communities)
Wards affected	All wards
Key Decision?	No
Forward Plan Notice Published	n/a
Reason for Key Decision	n/a
Strategic Plan Priority / Outcome	Priority 1: People are aspirational, independent and have equal access to opportunities

Executive Summary

Every year, the Safeguarding Adults Board publishes an Annual Report to set out progress, achievements and learning over the previous year. The attached Annual Report for 2017-18 is presented to MAB for sign-off. It will then proceed to Cabinet in late October. Once agreed, the Annual Report will be published on the council website and promoted as part of National Safeguarding Week in November 2018.

Recommendations:

The Mayor in Cabinet is recommended to:

1. Agree the Safeguarding Adults Board Annual Report 2017-18

1. REASONS FOR THE DECISIONS

- 1.1 It is a statutory requirement to publish a Safeguarding Adults Board annual report. 2014 Care Act statutory guidance states that one of the three core duties of a Safeguarding Adults Board is:

“It must publish an annual report detailing what the SAB has done during the year to achieve its main objective and implement its strategic plan, and what each member has done to implement the strategy as well as detailing the findings of any safeguarding adults reviews and subsequent action¹”.

- 1.2 The content of the Annual Report has been developed and agreed by the Tower Hamlets Safeguarding Adults Board.

2. ALTERNATIVE OPTIONS

- 2.1 The content and format of the Safeguarding Annual Report can be revised in line with feedback.

3. DETAILS OF THE REPORT

- 3.1 The Safeguarding Annual Report sets out the progress, achievements and learning over the previous year. It begins with an “infographic” summary of activity, performance and priorities. It goes on to describe:
- Local demographics in order to provide context and background
 - Performance data for 2017-18
 - Key achievements from partners over the previous year
 - Progress against last years’ priorities
 - Information on Safeguarding Adult Reviews carried out in 2017-18
 - Priorities for 2018-19
 - Background information on the structure and membership of the Board.

4. EQUALITIES IMPLICATIONS

- 4.1 The Annual Report includes a detailed analysis of 2017-18 referrals according to gender, ethnic background, age and disability on page 6. Compared to the borough profile, there is an overrepresentation of women, people over the age of 65, people of a white ethnic background and people with physical support needs. The profile of people being referred is more in line with the profile of adult social care users.

¹ Section 14.136 <https://www.gov.uk/government/publications/care-act-statutory-guidance/care-and-support-statutory-guidance#safeguarding-1>

5. OTHER STATUTORY IMPLICATIONS

- 5.1 Safeguarding has an important interface with crime and disorder. Effective safeguarding means that vulnerable adults are safe from harm caused by crime, for example abuse, violence, radicalisation and exploitation. The report sets out the partnership links with that of the Community Safety Partnership.
- 5.2 The Chair of the Safeguarding Adults Board escalates risks causing serious partnership concern or interagency working difficulties to the chief executive or senior officer of the relevant agency.

6. COMMENTS OF THE CHIEF FINANCE OFFICER

- 6.1 The gross expenditure budget for the administration of the Safeguarding Adults Board in 2017-18 was £51k. There are no direct financial implications arising from the Annual Report.

7. COMMENTS OF LEGAL SERVICES

- 7.1 The Care Act 2014 places the Council's duties in respect of safeguarding adults with care needs who are at risk of abuse or neglect on a statutory basis. The requirements in respect of establishing a Safeguarding Adults Board (SAB) are set out in Sections 43-45 and Schedule 2 of the 2014 Act. As with all of the Council's duties under the Act, the duty to promote wellbeing applies to the Council's safeguarding duties.
- 7.2 The Care and Support Statutory Guidance sets out further detail in respect of the requirement to publish the SAB strategic plan and annual reports, at paragraphs 14.155-14.161 of the Guidance. The 2017-18 annual report complies with those requirements.

Appendices

Appendix I: Safeguarding Adults Board Annual Report 2017-18

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

- NONE

Officer contact details for documents:

Joanne Starkie – Head of Strategy and Policy, Health Adults and Communities
joanne.starkie@towerhamlets.gov.uk / 020 7364 0534

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Safeguarding Adults Board

Making Safeguarding Personal



Page 95



Annual Report 2017-18

Safeguarding is everyone's responsibility



INVESTORS IN PEOPLE | Silver



METROPOLITAN POLICE

TOTAL POLICING



Tower Hamlets
Clinical Commissioning Group

KEEPING ADULTS SAFE IN TOWER HAMLETS 2017-18

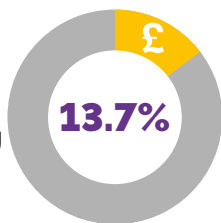
The SAB is a multi-agency board that oversees safeguarding arrangements for adults in the borough.



POPULATION

304,900

We have the fastest growing population in the country



49.7% of older people live below the poverty line

13.7% of families have a household income of less than £15K

HEALTH



78.1 years – life expectancy for a man versus 79.6 years national average



82.5 years – life expectancy for a woman versus 83.2 years national average



Severe mental illness is the **fifth** highest in London

ACHIEVEMENTS IN 2017-18

A Keeping Safe in Tower Hamlets event for people with a learning disability in July 2017 raised awareness of safeguarding.

More than 80,000 households in London had a Home Fire Safety visit – a key way of protecting vulnerable people safe from the risk of fire.

63.5% of adult social care users said in February 2018 that they felt as safe as they wanted to, compared to 63% the year before.

New processes have been put in place to hear the views and experiences of people experiencing a safeguarding investigation.

SAFEGUARDING ENQUIRIES

699 safeguarding enquiries were conducted by adult social care teams to establish whether abuse has occurred

In **62%** of cases risks to the person were reduced and in **30%** of cases the risk was completely removed

61% of safeguarding issues occur in the adult's own home

13% of safeguarding issues occurred in care homes



The most common types of abuse investigated were:

32% neglect

22% financial abuse

18% physical abuse

SAFEGUARDING ADULTS BOARD

Making Safeguarding Personal



6 key principles of safeguarding:

Empowerment

Prevention

Proportionality

Protection

Partnership

Accountability

“Going through the safeguarding process has made me feel stronger and I know now that I am not as vulnerable as people make me out to be.”

Safeguarding adults is everyone's responsibility

PRIORITIES FOR 2018-19

We will focus awareness-raising activity on financial scamming and modern slavery.

We will learn from Safeguarding Adult Reviews at a national and regional level to understand local implications.

Minimise repeat safeguarding issues.

We will learn from health reviews (LeDeRs) in relation to the death of individuals with a learning disability.

We will continue to focus on making safeguarding personal.

We will continue to ensure effective holding to account of agencies.

Foreword Independent Chair Christabel Shawcross



I am pleased to present the Tower Hamlets Safeguarding Adults Report for 2017-2018 to set out our achievements and what more needs to be done. We succeeded in achieving a number of ambitions over the last year. We raised awareness of under-reported hate crime in partnership with the Community Safety Partnership. A highly successful 'Keeping Safe' event for more than 70 people with learning disabilities took place in summer 2017, learning in an interactive way how to keep safe and report abuse.

A learning event organised by our lead GP, was attended by over 100 health and social care staff, focusing on self-neglect and hoarding, modern slavery and human trafficking. The feedback from frontline staff

was really positive, and it was clear that staff want more learning on these issues. This is a key priority for us in 2018, and across the partnership staff training on safeguarding remains a high priority.

Adult social care undertook qualitative audits last year. From this, they recognised the need to deepen understanding of Making Safeguarding Personal across all agencies, and a learning workshop on this issue was subsequently held for the Board. Our performance dashboard was improved this year, although changes in key personnel meant this happened later than we would have liked.

A key challenge for Safeguarding Adult Boards is to consider when multi-agency work appears not to be working. The Safeguarding Adult Reviews (SARS) we commissioned over the last year look at the unexpected deaths of those with learning disabilities, financial abuse, and cases where people have taken their own lives. At a regional level, the Board learnt from the London Review of SARS. Many reflect local learning on the sharing of information, mental capacity assessments, professional

curiosity and tenacity. In recognition of the highly challenging environment for staff and communities, a community multi-agency High Risk Panel has been formed in adult social to prevent escalation of safeguarding risks.

A key concern for SABs in ensuring residents are safeguarded is the commissioning of local services. The new commissioning of domiciliary care in Tower Hamlets is intended to improve quality and will be a priority in 2018 for the Board to review. Tower Hamlets has a small number of care homes: The Board was pleased to have one rated 'excellent' by the Care Quality Commission. Another was rated inadequate, and good work was done with the provider to improve this.

A priority for this year will be to focus more on preventing abuse, as well as ensuring protection is proportionate and appropriate. We want to be ambitious and will be ensuring multi-agency approaches are promoted to ensure frontline staff are equipped to respond and reduce abuse.

If you are concerned about an adult being abused or neglected, call the safeguarding adults hotline on 020 7364 6085.

Joint foreword by Mayor of Tower Hamlets, John Biggs and Councillor Denise Jones, Cabinet Member for Health and Adult Services



We are pleased to endorse the Safeguarding Adults Board Annual Report for 2017-18.

The report reflects the ongoing commitment of partner agencies and the staff within them to prevent adult abuse and neglect as much as possible, and to tackle it swiftly and effectively when it occurs.

This report describes the activity and achievements of the Safeguarding Adults Board over the previous year. The achievements are presented under our six main priorities for safeguarding: Empowerment, prevention, protection, partnership and accountability. Much has been done under these areas. For example, under “prevention”, a focus on the experience of people with a learning

disability led to a successful awareness-raising event attended by over 70 people and a significant increase in the number of people with a learning disability getting annual health checks. Under “protection”, new multi-disciplinary panels have been set up in adult social care to look at high-risk safeguarding cases. This work will continue to be developed going forward, and Safeguarding Adult Board priorities for the coming year will continue to focus on empowerment, prevention, protection, partnership and accountability.

This Annual Report also sets out the Safeguarding Adult Review activity carried out over 2017-18. These reviews are to ensure lessons are learned in cases where

an adult has died or experienced significant harm or neglect. Over 2017-18, five of these reviews started or were ongoing and one was published. You can find published reviews [here](#), or by searching “Tower Hamlets Safeguarding Adult Review”.

The final part of this Annual Report sets out the structure of the Safeguarding Adults Board, setting out how the work is done and how the Board fits into the wider strategic picture in the borough. This vital area of work continues to be a priority for services in Tower Hamlets, and I hope you enjoy reading about how this commitment has been put into practice over the last year.

Local Demographics

The estimated resident population of Tower Hamlets is

304,900



Over recent years, the borough has seen some of the fastest population growth in the country.

Tower Hamlets is the **10th most deprived** borough in the country.



Lowest disability-free life expectancy rates in London



Highest rate of social care need among older residents in England: **12,235 users per 100,000 population**



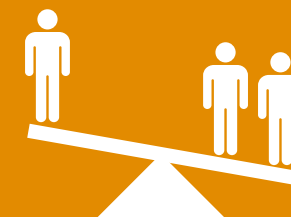
The profile of the borough is one of increasing diversity, with



43% of the population born outside of the UK.

There are sizeable Bangladeshi (**32%**) and White British communities (**31%**) and an increasing number of smaller ethnic groups in the resident population.

Reducing inequalities in health and wellbeing experienced by many Tower Hamlets residents is one of the biggest challenges facing the borough. Although life expectancy has risen over the last decade, it continues to be lower than the London and national averages, and significant health inequalities persist.



Safeguarding adults performance data

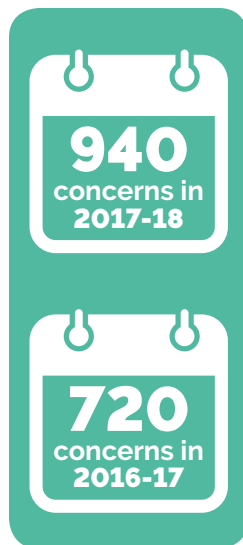
This section of the report presents information for 2017-18 in relation to safeguarding adults. It gives an overview of the number of safeguarding concerns that have been received, and the number and type of enquiries (i.e. investigations) that have been concluded. The council, in its lead role for safeguarding, has an overview of all safeguarding concerns received within the area. As such, data from the council’s system has been used to inform this section.

Number of safeguarding concerns

In 2017-18, 940 concerns were recorded in Tower Hamlets.

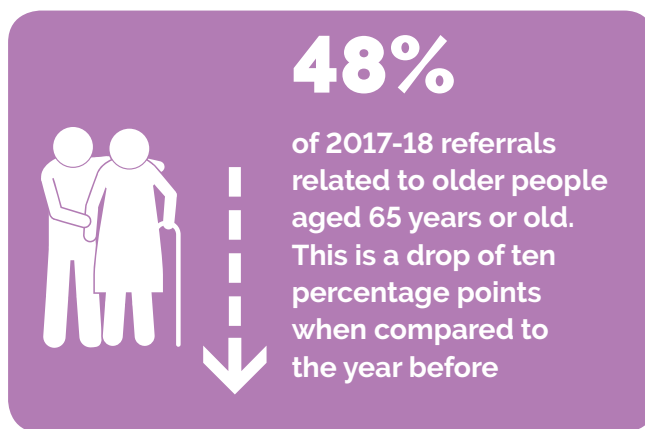
This represents a 31% per cent increase on the number of concerns received the year before.

Whilst this increase may appear to be negative, we think it reflects an increased awareness of adult abuse and neglect amongst residents and staff. The figure is also likely to be impacted by the high rate of population growth in the borough.



are female is 48%, suggesting an over representation of women in referrals.

- 48% of 2017-18 referrals related to older people aged 65 years or old. This is a drop of ten percentage points when compared to the year before, and it is different to the age profile of adult social care users, 62% of whom are over 65.



Who is being referred?

- 55% of 2017-18 referrals related to women, which is up three percentage points from last year. The proportion of the borough’s adult population who

- 54% of 2017-18 referrals related to people from a ‘white’ ethnic background, which is in line with previous years. This figure is higher when compared against

the overall profile of the borough (45% ‘white’ in the last Census). However, the proportion of people from a ‘white’ ethnic background is higher for residents aged 65 years or older, and as previously noted, a significant proportion of safeguarding referrals come from this group.

- 52% of 2017-18 safeguarding concerns related to people who need physical support, down from 59% last year. 17% related to people with a learning disability, which is similar to last year. 19% related to individuals with a mental health issue – up from 13% last year.



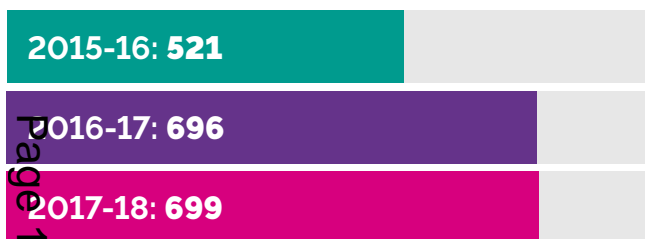
Safeguarding adults performance data

Safeguarding adults enquiries

Safeguarding adults enquiries are concerns received that have proceeded to a safeguarding investigation.

699 safeguarding adults enquiries were undertaken and concluded in 2017-18; similar to the figure of 696 the year before.

Number of safeguarding enquiries



Where the abuse takes place

Based on concluded safeguarding investigations, the majority of safeguarding issues take place in the alleged victim's own home. The figure is 61% in Tower Hamlets – up from 58% last year and 54% the year before. 13% of enquiries related to people in care homes, which is similar to previous years. The low proportion of enquiries from care homes has historically been much lower than the national average, which we think reflects the small number of homes in the borough.

Types of abuse

Neglect was the largest single type of abuse investigated in Tower Hamlets in 2017-18 at 32%. Whilst this marks a decrease of 4 percentage points compared to last year, it is worth noting that self-neglect has increased this year from 3% to 7%. Financial abuse accounted for 22% of investigations, up from 20% last year. Physical abuse accounted for 18%, down from 20% last year.



Safeguarding inquiries outcomes - managing risk

Safeguarding can be a complex process with a number of factors that will render a person or situation being at risk. Where risk cannot be completely removed, strategies are in place to monitor and inform the individual of what services are available to support them

In 63% of safeguarding enquiries the risk to the individual was reduced. In 28% of cases it was removed. It remained in 8% of cases. These figures are similar to last year.

Deprivation of Liberty Safeguards performance data

The Deprivation of Liberty Safeguards is an amendment to the Mental Capacity Act 2005 (amended in 2007). The Mental Capacity Act allows restraint and restrictions to be used but only if they are in a person's best interests and they lack capacity to make decisions about their care or treatment. The Deprivation of Liberty Safeguards (DoLS) can only be used if the person will be deprived of their liberty in a care home or hospital. In other settings the Court of Protection can authorise a deprivation of liberty.

We think the closure of a service in the borough had a short-term impact on DoLS activity last year. This year, we are putting a particular focus on community-based DoLS as we know that this area requires attention.

	2017/18	2016/17
Total DoLS requests received	*741	**1076
DoLS Authorised	191	660
DoLS Not Authorised	40	106
DoLS Withdrawn	341	247

* there were 610 applications from individuals

** this figure includes 63 DoLS cases pending authorisation

Funding arrangements for SAB

Funding of Tower Hamlets Safeguarding Adults Board is received both in monetary terms and in kind. It is acknowledged that every organisation faces financial challenges each year; therefore it is with appreciation that partner members give their time and resources to support the functioning of the board.

The following table sets out the budget for 2017/18.

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	Staffing	£37,000
	Safeguarding adult reviews	£14,000
	Total	£51,000

 **Contributions from partner agencies**
£12,800



Training - Adults Safeguarding

Tower Hamlets provides a range of safeguarding adults training for staff at all levels. It ranges from basic awareness-raising training to training for managers of staff undertaking investigations. Bespoke training is provided on topics including domestic abuse, hoarding, human trafficking and female genital mutilation. Partner agencies also provide a range of training for their staff.

Safeguarding adults basic awareness e-learning is a web based training portal and is available to all Tower Hamlets staff and those working in the private, independent sectors, carers and volunteers working with adults. Training is provided free of cost to the recipient.

“
A high number of safeguarding concerns relate to adult social care users. In a survey carried out in February 2018, 63.5% of respondents said they felt as safe as they wanted to, compared to 63% the year before. 86% said that care and support helps them to feel safe.
”

“
The service user found that the discussion and actions agreed at the safeguarding planning meeting made her feel as though that other people cared and she now knew where she could get help from.
”



Tower Hamlets Safeguarding Adults Board Achievements over 2017-18

The priorities for 2017-18 came from the SAB annual workshop in May 2017 where partner agencies agreed the priorities for the forthcoming year. Each priority was built into the business plan relating to the six principles of safeguarding. The importance of supporting people in a personalised way runs throughout these principles. This is monitored by SAB and work undertaken via the sub groups. Each partner agency has worked to ensure their organisation continues to provide a service and that the workforce receives safeguarding training and understand how to recognise abuse respond to it. Here is a summary of work carried out.

EMPOWERMENT

Our Goals

People being supported and encouraged to make their own decisions and give informed consent.

Outcomes for Adults in Tower Hamlets

"I am asked what I want as the outcomes from the safeguarding process and these directly inform what happens."

What we achieved

East London NHS Foundation Trust: "We have developed 'Making Safeguarding Personal' evaluation forms with service users, for service users"

Providence Row Housing Association: "We have recruited peer mentors, and have included safeguarding within their role"

Tower Hamlets Clinical Commissioning Group: "We have explored the issue of empowerment with health colleagues, following recent work on a serious incident"

National Probation Service: "We are piloting new tools for working with adults with a learning disability"

Adult Social Care: "We are looking at person-centred working and use of advocates as areas for development, following an audit of safeguarding cases"

Metropolitan Police: "We have reinforced the expectation that officers take the wishes of vulnerable victims into account in training. We have carried out a survey to understand gaps in knowledge"

PREVENTION

Our Goals

It is better to take action before harm occurs.

Outcomes for Adults in Tower Hamlets

"I receive clear and simple information about what abuse is, how to recognise the signs and what I can do to seek help."

What we achieved

Tower Hamlets Clinical Commissioning Group and primary care: "The proportion of adults with a learning disability having an annual health check has increased from 36% to 74%"

Toynbee Hall: "68 of our 70 staff and 40 volunteers have undertaken safeguarding training. We delivered 19 safeguarding awareness training sessions to around 200 attendees"

East London NHS Foundation Trust: "Over 90% of our staff have attended "level 1" safeguarding training, and over 80% have attended basic Prevent training"

National Probation Service: "There is mandatory safeguarding e-learning which all staff are expected to attend and classroom training for practitioners and first line managers."

London Fire Brigade: "We have an agreed Memorandum of Understanding between ourselves and the council to develop preventative work. We carry out more than 80,000 Home Fire Safety Visits across London each year. We have developed a safeguarding training package for all personnel"

Tower Hamlets Safeguarding Adults Board Achievements over 2017-2018

PROPORTIONALITY

Our Goals

The least intrusive response appropriate to the risk presented.

Outcomes for Adults in Tower Hamlets

"I am sure that professionals will work in my best interests as I see them, and professionals will only get involved as much as needed."

What we achieved

East London NHS Foundation Trust: "We have developed evaluation forms for service users, which will enable the service to respond to people's experience of the safeguarding process"

Providence Row Housing Association: "We have embedded our programme of person-centred support and care planning"

National Probation Service: "We are developing a new safeguarding action plan and are reviewing our policy, practice guidance and process map"

East London NHS Foundation Trust: "We have revised our Safeguarding Adults Policy in line with the 2014 Care Act and Pan-London procedures"

London Fire Brigade: "We have reviewed our internal safeguarding policy and updated this in line with the Care Act and Pan-London procedures"

PROTECTION

Our Goals

Support and representation for those in greatest need.

Outcomes for Adults in Tower Hamlets

"I get help and support to report abuse and neglect. I get help so that I am able to take part in the safeguarding process to the extent to which I want."

What we achieved

Adult Social Care: "We have started a High Risk Transition Panel and a High Risk Panel to consider and support agencies to manage risk when service users are transitioning between services, and when there is a high-risk safeguarding case"

East London NHS Foundation Trust: "Safeguarding is always part of staff monthly supervision discussions. Our Director produces quarterly reports on safeguarding concerns and reviews"

Providence Row Housing Association: "We have expanded the membership of our staff 'Safeguarding Good Practice' group: we have included the Peer Mentoring Coordinator, who is a former service user, and plan to include service users within the group"

National Probation Service: "We are producing a new risk register"

Metropolitan Police: "Tower Hamlets Police now host a dedicated Domestic Violence Protection Order case worker who provides support to vulnerable victims and helps officers in obtaining these orders against perpetrators"

Tower Hamlets Safeguarding Adults Board Achievements over 2017-2018

PARTNERSHIP

Our Goals

Local solutions through services working with their communities. Communities have a part to play in preventing, detecting and reporting neglect and abuse.

Outcomes for Adults in Tower Hamlets

"I am confident that professionals will work together, with me and my network, to get the best result for me. I know that staff treat any personal and sensitive information in confidence, only sharing what is helpful and necessary."

What we achieved

London Fire Brigade: "As a result of a recommendation from a Safeguarding Adult Review the Brigade are delivering a project with London Ambulance Service to provide home fire safety visits to high risk hoarders"

Toynbee Hall: "We have delivered four safeguarding training sessions to partner organisations"

Tower Hamlets Clinical Commissioning Group: "The newly appointed a Joint Senior Strategic Safeguarding Adults sits on a number of multi-disciplinary groups, enabling better partnership working"

Providence Row Housing Association: "We took part in an event with housing providers to understand how we compared and share best practice"

Metropolitan Police: "We maintained our commitment to the One Stop Shop at Whitechapel Idea Store where members of the public can raise concerns about domestic abuse and get guidance in confidence"

ACCOUNTABILITY

Our Goals

Accountability and transparency in delivering safeguarding.

Outcomes for Adults in Tower Hamlets

"I understand the role of everyone involved in my life and so do they."

What we achieved

Adult Social Care: "We have carried out a programme of in-depth qualitative auditing of safeguarding cases and audited work around Deprivation of Liberty Safeguards. Learning from these audits is being taken forward"

London Fire Brigade: "Safeguarding concerns are audited by our safeguarding lead on a daily basis. The Brigade has undertaken a two-part safeguarding auditing process by MOPAC"

Providence Row Housing Association: "We completed our own internal audit of safeguarding. We are an active member of the London-wide Housing Care and Support Group in safeguarding"

Tower Hamlets Clinical Commissioning Group: "We hold bi-monthly Safeguarding Adults Committee meetings to provide assurance that the CCG has discharged its statutory duty to safeguard adults across commissioned health services"

East London Foundation Trust: "We commissioned an independent review of safeguarding services. The review highlighted the need to provide additional resource for the service. The findings are now being considered and taken forward"

Metropolitan Police: "We have developed a safeguarding dashboard and have a central auditing framework"

Summary of achievements by the Safeguarding Adults Board and partner agencies

Last year's priorities

What we have done

Professionals to take a person centred and holistic approach to safeguarding

We provided training to staff and have better understood our approach through auditing and service user feedback

Ensure there is advocacy for people who lack mental capacity or have difficulty in decision-making

Advocacy was provided by an advocate, friend or family member in 95% of investigations where a person lacked mental capacity

Minimise repeat safeguarding issues

183 people had a repeat safeguarding concern in 2017-18, which represents 19.1% of all individuals - similar to the year before

Carry out robust risk assessments involving adults, their families and carers

Starting in adult social care, we are revamping forms so that risk is documented at the start of the process

Improve data analysis to measure outcomes

Performance information is received from key agencies and will continue to be developed

Increase engagement with adults

A successful Keeping Safe event to engage with adults with a learning disability took place in July 2017

Effectively hold agencies to account

The Board has sought and gained assurance that there are robust systems in place to monitor the quality of home care and care homes

Safeguarding Adults Review

Section 44 of the Care Act 2014 places a duty on Safeguarding Adults Boards to arrange a Safeguarding Adults Review (SAR), in cases where an adult has died or experienced significant harm or neglect.

Over 2017-18, five SARs started or were ongoing and one SAR was published.

On conclusion of the SAR, an action plan will be drawn up to ensure the recommendations of the findings are implemented.

The executive summary of each SAR will be available on the council webpage and a full report is available on request from the Safeguarding Adults Board Coordinator.

The purpose of the SAR is to:

- Establish what lessons are to be learnt from a particular case in which professionals and organisations work together to safeguard and promote the welfare of adults at risk.
- Identify what is expected to change as a result, to improve practice.
- Improve intra-agency working to better safeguard adults at risk.
- Review the effectiveness of procedures, both multi-agency and those of individual organisations.

In 2017-18, one Safeguarding Adult Review was published

The Safeguarding Adults Board completed a review of Mrs Q in July 2017. The review investigated the events leading to Mrs Q being left without personal care services for several days. The review found that if there had been better communication between agencies, this would not have occurred. Working practices and operational procedures of key staff were reviewed as a result and in-depth learning events took place. Recommendations were agreed and are being put into place. The review and findings were also described in last year's Annual Report, and full details of the SAR can be found on our website using the following link or by searching "Tower Hamlets Safeguarding Adult Review":

https://www.towerhamlets.gov.uk/lgnl/health_social_care/safeguarding_adults/Safeguarding_Adults_Review.aspx

In 2017-18, five Safeguarding Adults Reviews commenced or were ongoing

Two of these involve people taking their own lives. Two of these relate to the unexpected death of individuals with a learning disability. The fifth involves financial abuse of an individual with a learning disability. These Safeguarding Adults Reviews have been or are expected to be completed and published in 2018-19.

To view the current set of published Safeguarding Adult Reviews, please visit our website by using the following link or by searching "Tower Hamlets Safeguarding Adult Review":

https://www.towerhamlets.gov.uk/lgnl/health_social_care/safeguarding_adults/Safeguarding_Adults_Review.aspx

Our Priorities for 2018-19

Our priorities over 2017-18 reflect the priorities in our 2015-19 strategy. As we approach 2019 we will start work on our next Safeguarding Adults Strategy, focusing in on what our priorities need to be to prevent and tackle adult abuse over the next five years.



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Other areas for development and implementation

We will continue to monitor and act on any emerging areas of concern, including financial scamming, modern slavery and other forms of exploitation. We will also continue to focus on areas that require attention, such as ensuring that staff are taking a person-centred and personalised approach to safeguarding.

Tower Hamlets Safeguarding Adults Board Governance and Accountability arrangements

The Care Act 2014, requires all local authorities to set up a Safeguarding Adults Board (SAB) with other statutory partners: the Police and Clinical Commissioning Group (CCG). Tower Hamlets Safeguarding Adults Board continues to work with partners to embed the requirements of the overarching Care Act to:

- Assure that local safeguarding arrangements are in place as defined by the Act
- Prevent abuse and neglect where possible
- Provide timely and proportionate responses when abuse or neglect is likely or has occurred.

The legal framework for the Care Act 2014 is supported by statutory guidance which provides information and guidance on how the Care Act works in practice. The guidance has statutory status which means there is a legal duty to have regard to it when working with adults with care and support needs and carers.

The SAB takes the lead for adult safeguarding across Tower Hamlets to oversee and co-ordinate the effectiveness of the safeguarding work of its members and partner organisations.

The SAB concerns itself with a range of matters which can contribute to the prevention of abuse and neglect such as:

- Safety of patients in local health services
- Quality of local care and support services
- Effectiveness of prisons in safeguarding offenders and approved premises
- Awareness and responsiveness of further education services

Safeguarding Adults Boards have three core duties, they must:

- Develop and publish an Annual Strategic Plan setting out how they will meet their strategic objectives and how their members and partner agencies will contribute.
- Publish an annual report detailing how effective their work has been.
- Arrange safeguarding audit reviews for any cases which meet the criteria for such enquires, detailing the findings of any safeguarding adult review and subsequent action, (in accordance with Section 44 of the Act).

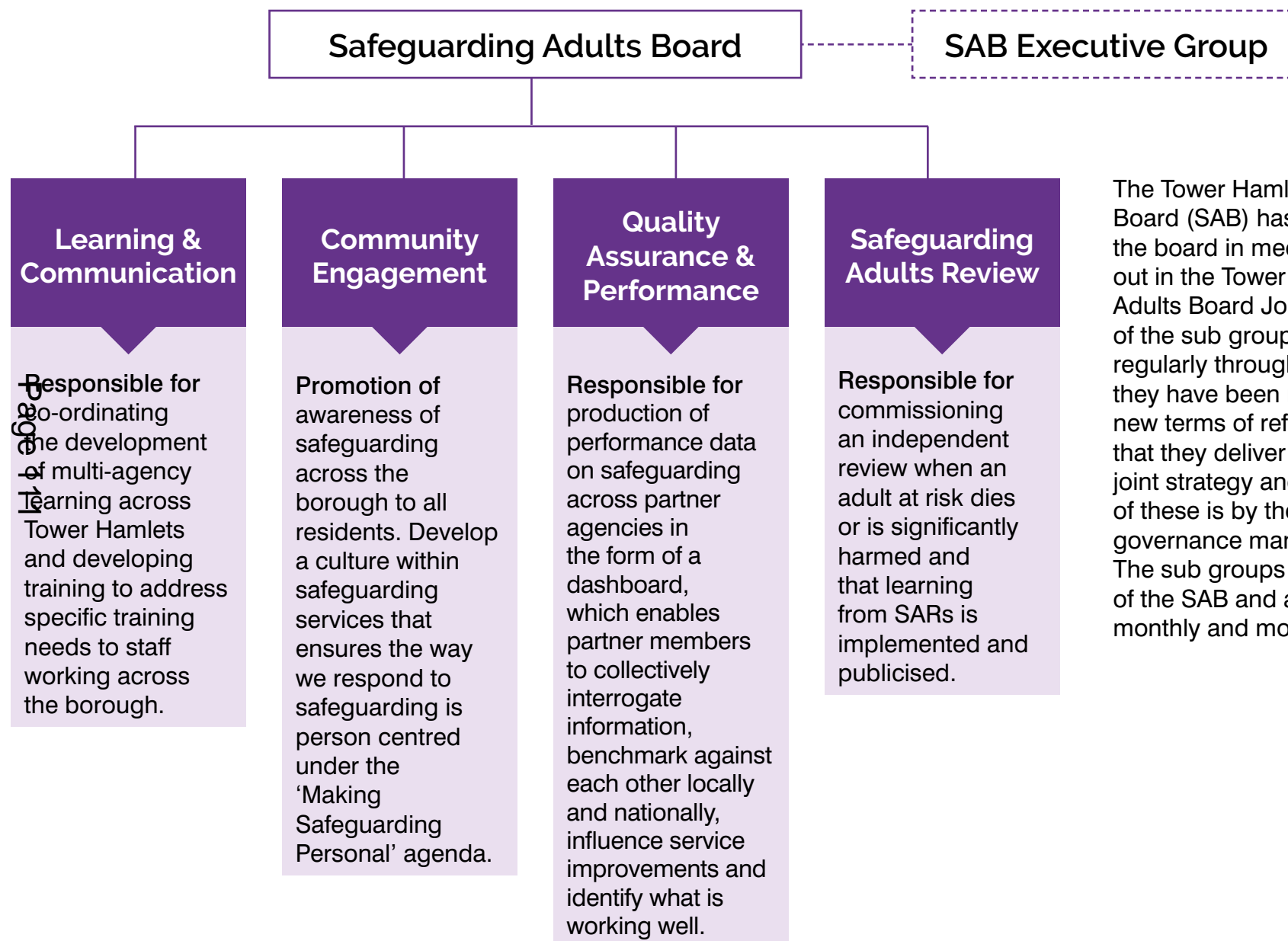


Tower Hamlets Safeguarding Adults Board partner members



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Safeguarding Adults Board Structure



The Tower Hamlets Safeguarding Adults Board (SAB) has four sub groups that assist the board in meeting its obligations as set out in the Tower Hamlets Safeguarding Adults Board Joint Strategy 2015-19. Some of the sub groups have not been held regularly throughout the year, and as a result they have been revised and redesigned with new terms of reference with the expectation that they deliver specific key aspects of the joint strategy and business plan. Monitoring of these is by the joint strategy and governance manger who reports to the SAB. The sub groups are chaired by members of the SAB and are expected to meet bi-monthly and more frequently where required.

These are the strategic boards linked to the Safeguarding Adults Board

The Health and Wellbeing Board

Having a Health and Wellbeing Board is a statutory requirement for local authorities. The board brings together the NHS, the local authority and Health Watch to jointly plan how best to meet local health and care needs, to improve the health and wellbeing of the local population, reduce health inequalities and commission services accordingly.

Local Safeguarding Children Board

The Local Safeguarding Children Board is a statutory requirement set out in the Children's Act 2004 which gives duties to ensure that all agencies work together for the welfare of children. There has been more focus on the two boards to work more closely together and this has resulted in shared areas being developed to improve responses to both children and adults safeguarding.

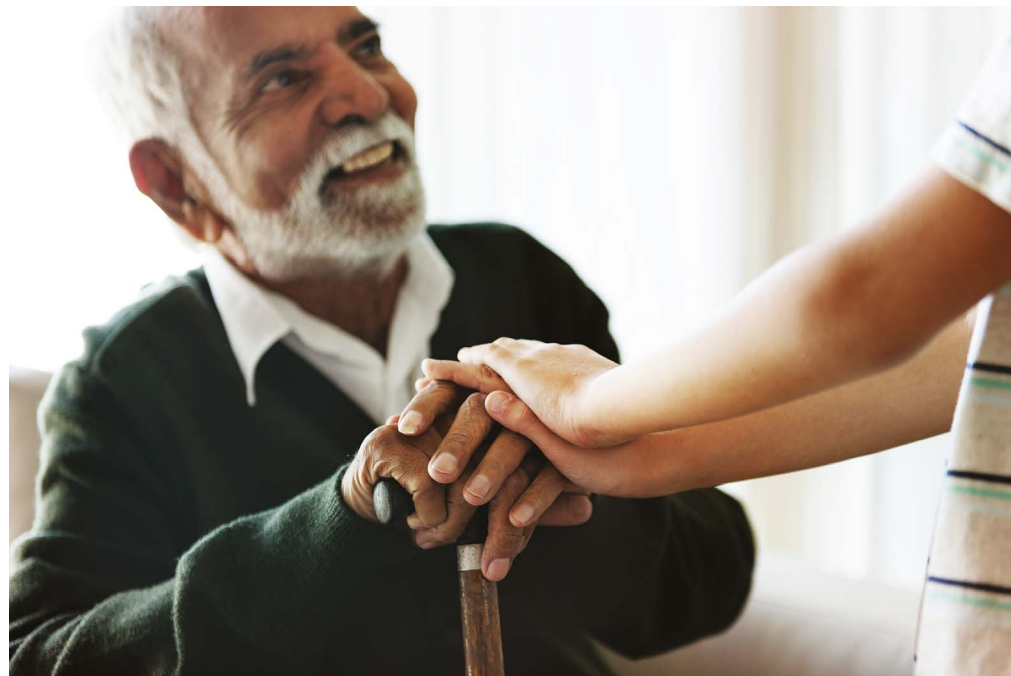
Community Safety Partnership Board

The Community Safety Partnership Board is required by law to conduct and consult on an annual strategic assessment of crime, disorder, anti-social behaviour, substance misuse and re-offending within the borough and the findings are then used to produce the partnership's Community Safety Plan.

Learning Disability Partnership Board

Mental Health Partnership Board

These two boards lead on work to drive strategic improvements for adults with a learning disability or mental health issue in Tower Hamlets. The views and experiences of adults with a learning disability or mental health issue are fed into the work of the board.



Prevent Board

The Prevent Board is a multi-agency board that meets regularly to work together to prevent and respond to radicalisation. The Counter Terrorism & Security Act 2015 places a legal duty on NHS Trusts and Foundation Trusts to consider the Prevent Strategy when delivering their services. The Counter-Terrorism and Security Act 2015 contains a duty on specified authorities to have due regard to the need to prevent people from being drawn into terrorism. This is also known as the Prevent duty.

Cabinet 31 October 2018	 TOWER HAMLETS
Report of: Debbie Jones, Corporate Director for Children's Services	Classification: Unrestricted
Tower Hamlets Safeguarding Children Board Annual Report 2017-18	

Lead Member	Councillor Danny Hassell, Cabinet Member for Children, Schools and Young People
Originating Officer(s)	Monawara Bakht, Safeguarding Children Strategy and Governance Manager
Wards affected	All wards
Key Decision?	No
Forward Plan Notice Published	24 September 2018
Reason for Key Decision	N/A
Strategic Plan Priority / Outcome	Children and young people are protected so they get the best start in life and can realise their potential

Executive Summary

This report and its appendix set out the annual report of Tower Hamlets' Local Safeguarding Children Board (LSCB), which is a statutory requirement under the Children Act 2004 and Working Together to Safeguard Children Guidance 2018.

The annual report sets out the Board's current governance arrangement, key safeguarding information, progress made following Ofsted's Inspection of Children's Social Care and the separate Review of the LSCB in February 2017 and examples of partnership work and achievements.

Recommendations:

The Mayor in Cabinet is recommended to:

1. Note content of the LSCB Annual Report 2017-18
2. Note the specific equalities considerations as set out in Paragraph 4.1

1. REASONS FOR THE DECISIONS

- 1.1 The Local Safeguarding Children Board (LSCB) is required to publish an annual report on the effectiveness of child safeguarding arrangements and promoting the welfare of children in its locality, to ensure the annual report is available within the professional and public domain. The LSCB annual report, which fulfils this responsibility, is appended to this paper.
- 1.2 The content of the Annual Report has been developed and agreed by the Tower Hamlets Local Safeguarding Children's Board.

2. ALTERNATIVE OPTIONS

- 2.1 There are no alternative options. It is a statutory requirement for the LSCB to report to the leader of the council (Mayor) along with the Chief Executive, the Borough Commander, the Crime and Policing Commissioner and Chair of the Health and Wellbeing Board on an annual basis. Although the content and format of the Annual Report can be revised in line with feedback

3. DETAILS OF THE REPORT

- 3.1 Working Together to Safeguard Children Guidance 2018 requires LSCBs to ensure that local children are safe, and that agencies work together to promote children's welfare:
- 3.2 *"The chair of the LSBC must publish an annual report on the effectiveness of child safeguarding and promoting the welfare of children in the local area. The annual report should be published in relation to the preceding financial year*

The report should be submitted to the Chief Executive, Leader of the Council, the local Police and Crime Commissioner, and the chair of the Health and Wellbeing Board who should note its findings and inform the Independent LSCB Chair of actions they intend to take in relation to the findings and priorities"

- 3.3 Since the Ofsted inspection, there has been a focus on improvement with a view to a much improved position within Children's Social Care at the time of the next inspection. There has been a strong focus on improvements to the front door and recent Ofsted monitoring visits have confirmed that the process in these areas are much safer and more effective. Subsequent Ofsted visits have focused on the response to the most vulnerable children as well as those in our care.
- 3.4 Performance management arrangements have been significantly improved. A significant data cleansing exercise was undertaken by Children's Services which has enabled access to real time, child level data. This data is also much more reliable which ensures that it is used to manage performance and address any deterioration or interagency working difficulties as quickly as possible.

- 3.5 The content of this report is structured as follows:
- 3.6 Executive Summary consolidates the borough profile, performance information and priorities.
- 3.7 A description of the current legislative and local governance framework of Tower Hamlets LSCB is set out in section 1.
- 3.8 Local statistical and safeguarding information providing context for safeguarding work in the borough is contained in section 2.
- 3.9 Section 3 sets out the improvements and progress made by the LSCB and Children's Social Care in response to the Ofsted Inspection and Review. Some of the key improvements are in relation to the development and launch of an early help strategic sub-group which will be a crucial in supporting the development and implementation of the new Early Help Strategy. Another key development has been the launch of the multi-agency Exploitation Team, which brings together staff from Children's Social Care and the Police to provide a coordinated response to children who are at risk of all forms of exploitation.
- 3.10 Priorities for 2018-19 are set out in section 4 and they continue to be linked to the improvement journey of Tower Hamlets Children's Social Care and the LSCB. The four priorities are:
- Learning through an enhanced quality assurance framework that identifies our safeguarding areas for improvement (continuing priority)
 - Sustain situational awareness during LSCB transition to a new multi-agency safeguarding partnership arrangement (continuing priority)
 - An improved early help service is available to children and young people and results in positive outcomes
 - Vulnerable children who go missing or who are at risk of child sexual, criminal, ideological exploitation and serious youth violence are protected by effective multi-agency arrangements.
- 3.11 The LSCB is in its penultimate year. In June 2019, the LSCB is required to publish its new safeguarding arrangements setting out how the tri-partnership (LA, Police and CCG) will:
- Work together as a strategic body to safeguard children
 - Work with other relevant agencies a
 - Share joint responsibility for resourcing the local arrangements
- 3.12 As per the 2018 update of Working Together, Local Safeguarding Children Boards will cease to exist and be replaced by alternative safeguarding partners arrangements. The partners (Local Authority, Police and CCG) must make arrangements to work with relevant agencies to safeguard and protect the welfare of children in the area. An external consultant has been commissioned to undertake a review and support with the decision as to the model to replace the current LSCB.

- 3.13 The LSCB must publish their agreed arrangements by the 29th June 2019 and go live by the 29th September 2019.

4. EQUALITIES IMPLICATIONS

- 4.1 The LSCB Priorities are designed to ensure that all children have access to early help support and statutory intervention when required to keep them safe from harm, at home and in the community, and to tackle the challenges they face individually or as a family unit to help them grow in to healthy adults.

5. OTHER STATUTORY IMPLICATIONS

- 5.1 This section of the report is used to highlight further specific statutory implications that are either not covered in the main body of the report or are required to be highlighted to ensure decision makers give them proper consideration. Examples of other implications may be:

- Best Value Implications,
- Consultations,
- Environmental (including air quality),
- Risk Management,
- Crime Reduction,
- Safeguarding.

5.2 Safeguarding

- 5.3 Safeguarding has an important interface with crime and disorder. Effective safeguarding means that children and young people are safe from harm caused by crime, for example abuse, violence, radicalisation and exploitation. The report sets out the partnership links with that of the Community Safety Partnership through the vulnerable young people and exploitation work strand.

5.4 Risk Management

The LSCB maintains a Risk and Issues Register, capturing risks identified by a partner agency or the LSCB Independent Chair. The LSCB chair and Executive Board members monitor the risks, mitigation and remedial actions.

- 5.5 The LSCB chair escalates risks causing serious partnership concern or interagency working difficulties to the chief executive or senior officer of the relevant agency. The LSCB chair updates the council's chief executive of the LSCB risk register at quarterly one-to-one meetings.

6. COMMENTS OF THE CHIEF FINANCE OFFICER

- 6.1 The 'inadequate' rating of Children Services by Ofsted meant LSCB partner agencies worked towards an improvement plan which resulted in cost increases from the previous year. The total expenditure in 2016-17 was circa. £99K whilst in 2017-18, it was £167K.
- 6.2 By June 2019, LSCB will cease to exist and will be replaced by 'Safeguarding Partners'. Joint resourcing responsibilities of the new partnership will fall on Tower Hamlets Council (LBTH), Tower Hamlets Clinical Commissioning Group (THCCG), and the Police.
- 6.3 Funding discussion between the three organisations should happen prior to June 2019. Currently, LBTH is the largest financial contributor responsible for about ninety percent of LSCB's annual budget.

7. COMMENTS OF LEGAL SERVICES

- 7.1 The Council has established the LSCB in accordance with its current obligation under section 13 of the Children Act 2004. Section 14A of the Children Act 2004 requires the LSCB Chair to publish an annual report on the effectiveness of child safeguarding and promoting the welfare of children in the local area. The annual report should be published in relation to the preceding financial year and should fit with local agencies' planning, commissioning and budget cycles. The report should be submitted to the Chief Executive, Mayor, the local Police and Crime Commissioner and the Chair of the Health and Wellbeing Board.
- 7.2 The annual report should provide a rigorous and transparent assessment of the performance and effectiveness of local services. It should identify areas of weakness, the causes of those weaknesses and the action being taken to address them as well as other proposals for action. It is therefore appropriate that the report addresses the concerns raised in respect of the LSCB in the Ofsted Review and action plan to improve child safeguarding practice. The report should include lessons from reviews undertaken within the reporting period. The appended report complies with these requirements.
- 7.3 The Children and Social Work Act 2017 comes into force in June 2019. This will make replace the LSCB with a Safeguarding Partnership, comprised of the Council, Police and Clinical Commissioning Group. By 29 June 2019, the Safeguarding Partners must agree and publish their local multi-agency safeguarding partnership arrangements, which must then be implemented within 3 months. The work to be carried out to prepare for this transition is set out in the body of the report.

Linked Reports, Appendices and Background Documents

Linked Report

- None

Appendices

- Tower Hamlets Safeguarding Children Board Annual Report 2017-18

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

- None

Officer contact details for documents:

- N/A

Tower Hamlets
Safeguarding
Children
Board



Keeping children safe in
Tower Hamlets



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Tower Hamlets LSCB
Annual Report 2017-18



Safeguarding is everyone's responsibility



INVESTORS
IN PEOPLE | Silver



METROPOLITAN
POLICE

TOTAL POLICING



Tower Hamlets
Clinical Commissioning Group

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Chair's Foreword



Thank you for taking the time to read this year's annual report from the Tower Hamlets Local Safeguarding Children Board (THLSCB).

Last year Tower Hamlets' Children's Services were graded as 'inadequate' by Ofsted; the government inspectorate. As a result, all of the agencies engaged in safeguarding children in Tower Hamlets have been working on an improvement plan.

Since the initial inspection there have been three further Ofsted monitoring visits; the latest report is on the LSCB website (May 2018). Ofsted have reported a steady but significant improvement in children's services over this period. Whilst there is still considerable work to be undertaken, the quality of safeguarding is now reaching an acceptable standard and the aim will be to be graded by Ofsted as 'good' by this time next year.

Of course, protecting our children and young people is not just the job of children's services. All of the partners who form the board have been working together to improve services.

A good example of this work involves the formation of a multi-agency Exploitation Team. This team is co-located and deals with all aspects of exploitation that our young people may be exposed to. It focusses on protecting our most vulnerable young people. In particular: those that go missing regularly; are at risk of becoming part of a gang; being subject to radicalisation; or being sexually exploited. This team has already been able to demonstrate considerable success in supporting those young people and dealing with offenders.

The continued rise in serious youth violence will be a priority for all partners over the next year. There has been significant work across a range of agencies but this has not been sufficient to see a reduction in the levels of violence. This is a problem for all of us from parents through to teachers, youth workers, health professionals and the police. The voluntary sector has been particularly important in providing support. The board will continue to work with all of those that can help in this area and push agencies to invest in resources that are proven to be effective.

This will be the last annual report produced by the LSCB. The Children and Social Work Act 2017 is changing the way in which partners

work together. By June next year the board will have gone and will be replaced by the 'Safeguarding Partners' who will be the Local Authority, Clinical Commissioning Group and the Police. They are required to publish 'Safeguarding Arrangements' which will lay out the way in which they will work together to safeguard our children. They will also be required to produce an annual report and there will be independent oversight of their work.

Lastly, I would like to thank all of those that are engaged in safeguarding our children. Professionals that I meet are passionate and committed to their work and this gives me considerable hope for the future. Without those that work in the voluntary sector those professionals would be unable to effectively protect our children so I would like to specifically thank them for all their work.

I am glad to be able to report this year that children's safeguarding services have improved this year and I am confident they will continue to do so.

Stephen Ashley

Independent Chair
Tower Hamlets Safeguarding Children Board

KEEPING CHILDREN SAFE IN TOWER HAMLETS 2017-18

The Local Safeguarding Children Board is here to help keep children and young people free from abuse or neglect.



POPULATION

300,943

Fastest growing local authority in the UK – first time it has exceeded **300,000** since World War II

32% Bangladeshi and **31%** White British make up our top two groups

2.4% of White Other (Eastern/Western Europeans) is the third largest and fastest growing ethnic minority group



20% of our population are under 16

26.6% of households have dependent children

43% children continue to live in poverty, the highest in London

EDUCATION

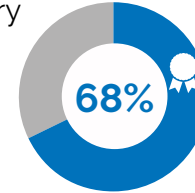


9 in 10 pupils attending school are from an ethnic minority group



35% were eligible for free school meals making it the highest in the country

68% achieved a good level of development at age 5



68% achieve expected KS2 standard in reading, writing and maths at the end of primary school - above the national average of 62%

47.2 is average attainment 8 score in 2017 – above national average of 46.4

VULNERABLE CHILDREN



Most children grow up safe, happy and well. However, a small number of children and young people face some serious challenges in their lives.

37 young people were referred to multi-agency sexual exploitation panel

420 incidents of children missing from care

140 incidents of children missing from home

21 potential victims of trafficking were identified

21 child deaths reported this year of which the majority were expected (life limiting illness) and under the age of 1

CHILDREN PROTECTED

1,283 child protection investigations were carried out

292 children were subject to a child protection plan at the end of March 2018 under the following categories:

Sexual Abuse - 18

Emotional Abuse - 114

Neglect - 83

Physical Abuse - 70

Multiple Abuse - 7



Children living with domestic abuse continue to be the most common reason why children become subject to child protection plans under the category of emotional abuse.

5 children remained subject to child protection plans lasting 2 years due to neglect at home

CHILDREN LOOKED AFTER

290 children were looked after by the local authority

39 were under 5

42 were aged 5 to 9

110 were aged 10 to 15

99 were aged 16 to 17

7 children live in private fostering



LAC average attainment 8 score was **22.1** above national average score of **19.3**

KEEPING CHILDREN SAFE IN TOWER HAMLETS 2017-18

The Local Safeguarding Children Board is here to help keep children and young people free from abuse or neglect.



ACTIVITY OVER THE LAST YEAR

EARLY HELP SUPPORT WITH PARENTS/CARERS

187 parent/carers attended the Annual Parent Conference on 'keeping our children safe and well'



557 parent/carers accessed advice/information to support their child's school transition

128,342 unique visits to the Local Offer website

27 Parent Ambassadors were trained and actively delivering healthy eating sessions in schools

8,598 contacts made with the Family Information Service

265 plus members on the Parent and Carer Council regularly contribute to help shape council services for families

PRIORITIES FOR 2018-2019

It is critical that the future priorities for the LSCB focus on those areas that will directly impact on frontline practice and the support given to families and children.

RATIONALE FOR CONTINUING PRIORITIES:

Targeted ambition for children and young people aims to address the areas for improvement which were identified during the Ofsted Inspection. We know we have gaps in our knowledge and strategic oversight for children receiving the right type of help at the right time.

CONTINUING PRIORITIES:

Priority 1

Learning through an enhanced Performance and Quality Assurance Framework that identifies our safeguarding areas for improvement

Priority 2

Sustain Situational Awareness during LSCB transition to a new Multi-agency Safeguarding Partnership Arrangement

NEW PRIORITIES:

Priority 3

An improved Early Help Service is available to children and young people and results in positive outcomes

Priority 4

Vulnerable Children who go missing or at risk of child sexual, criminal, ideological exploitation and serious youth violence are protected by effective multi-agency arrangements

Section One

Introduction

Legislation¹ requires LSCBs to ensure that local children are safe, and that agencies work together to promote children's welfare. The LSCB has a duty² to prepare an annual report on its findings of safeguarding arrangements in its area:

"The chair of the LSBC must publish an annual report on the effectiveness of child safeguarding and promoting the welfare of children in the local area. The annual report should be published in relation to the preceding financial year

The report should be submitted to the Chief Executive, Leader of the Council, the local Police and Crime Commissioner, and the chair of the Health and Wellbeing Board who should note its findings and inform the Independent LSCB Chair of actions they intend to take in relation to the findings and priorities"

The annual report is published on the LSCB Website.

The content of this report is structured as follows:

Executive Summary	Consolidates our borough profile and performance information to provide a snapshot summary of this report.
Section 1	Describes the legislative and local governance framework of Tower Hamlets LSCB.
Section 2	Provides local statistical and safeguarding information providing context for our work in the borough.
Section 3	Sets out the improvements and progress made by the LSCB and Children's Social Care in response to the Ofsted Inspection and Review.
Section 4	Signposts our direction of travel for the coming year. Priorities for 2018-19 continue to be linked to the improvement journey of Tower Hamlets Children's Social Care and the LSCB as it evolves.

¹ Children Act 2004 | ² Working Together to Safeguard Children 2015

Governance

Legal Context

In April 2006, Tower Hamlets LSCB was established in response to statutory requirements under the Children Act 2004. It set out the core objectives as:

- To co-ordinate what is done by each person or body represented on the board for the purposes of safeguarding and promoting the welfare of children in the area of the authority.
- To ensure the effectiveness of what is done by each person or body for that purpose.

In April 2017, the Children and Social Work Act received Royal Assent, which abolished LSCBs and all sections of the Children Act 2004 that relate to it. This meant that relevant statutory guidance, policies and procedures have had to be revised to reflect the changes.

Following a period of consultation in October 2017, the DfE published the revised Working Together to Safeguard Children Guidance 2018, which sets out what organisations and agencies which have functions relating to children must and should do to safeguard and promote the welfare of all children and young people under the age of 18 in England.

In addition, further statutory guidance was made available to support the transitional arrangements for LSCBs, setting out the changes needed to support the new system of multi-agency safeguarding arrangements established by the Children and Social Work Act 2017.

LSCBs will be replaced by 'Safeguarding Partners' who are made up of the Local Authority, Clinical Commissioning Group (Health) and the Police.

By 29 June 2019, the Safeguarding Partners must agree and publish their local multi-agency safeguarding partnership arrangement that make clear how they will:

- Work together to co-ordinate their safeguarding services; act as a strategic leadership group in supporting and engaging others; and implement local and national learning including from serious child safeguarding incidents
- Work with any relevant agencies they consider appropriate should work with them to safeguard and promote the welfare of children in their area.
- Share joint responsibility for supporting the local safeguarding arrangements.

Following publication of their arrangements, safeguarding partners have up to three months to implement the arrangements. The implementation date should be made clear in the published arrangements. The DfE has made it explicit that all new local arrangements must be implemented by 29 September 2019 at which point the LSCB for the local area will cease to exist.

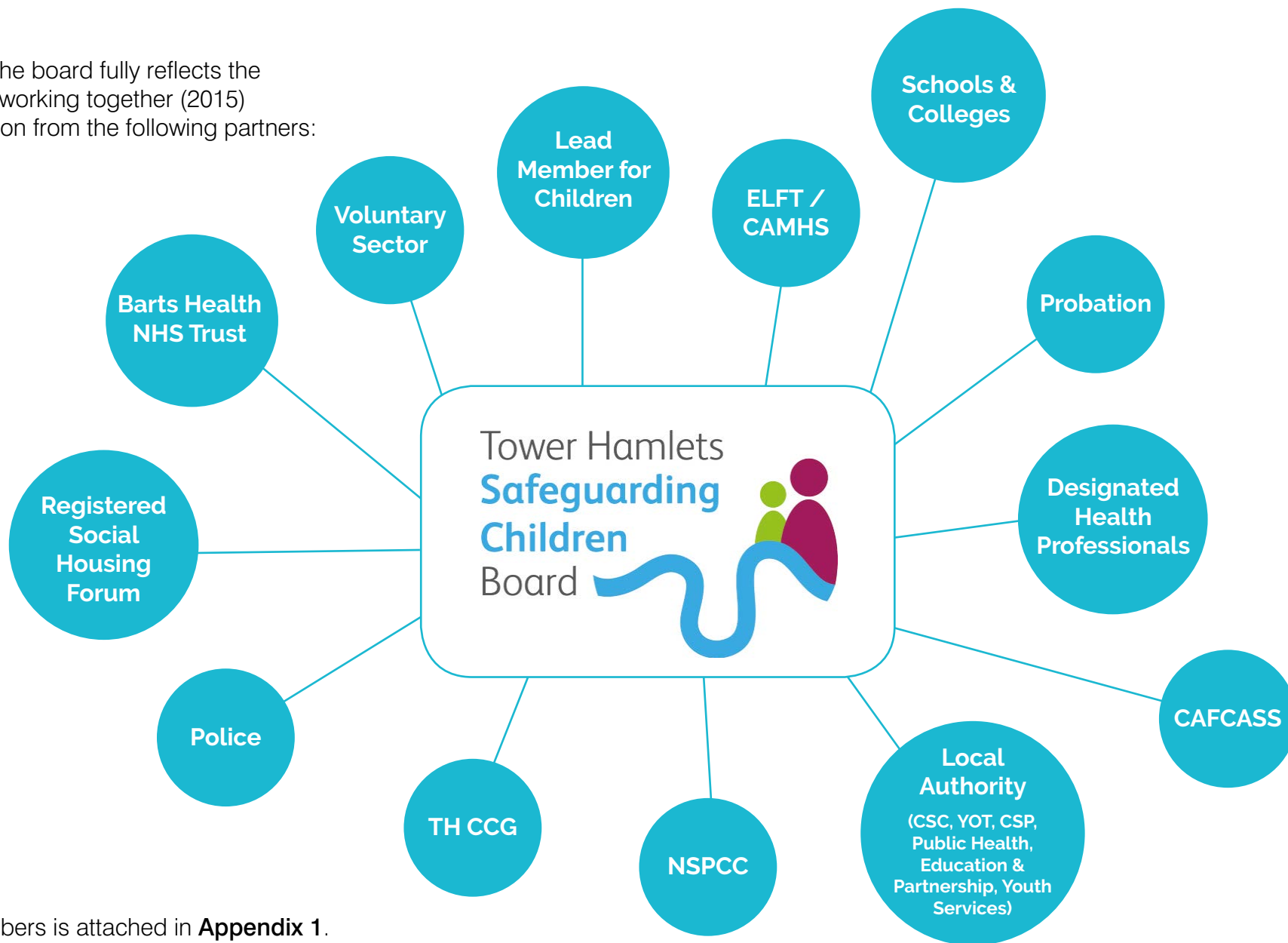
Chairing and Support

The LSCB is chaired independently by Stephen Ashley who was appointed in November 2016 and reports directly to the Chief Executive of the Local Authority.

The LSCB Business Unit consists of full-time manager, board coordinator, performance analyst (temporary arrangement) and child death single point of contact officers. Barts Health NHS Trust funds the latter. Additional support is also provided by the strategy, policy and performance function in the council.

Membership

Membership of the board fully reflects the requirements of working together (2015) with representation from the following partners:



A full list of members is attached in **Appendix 1**.

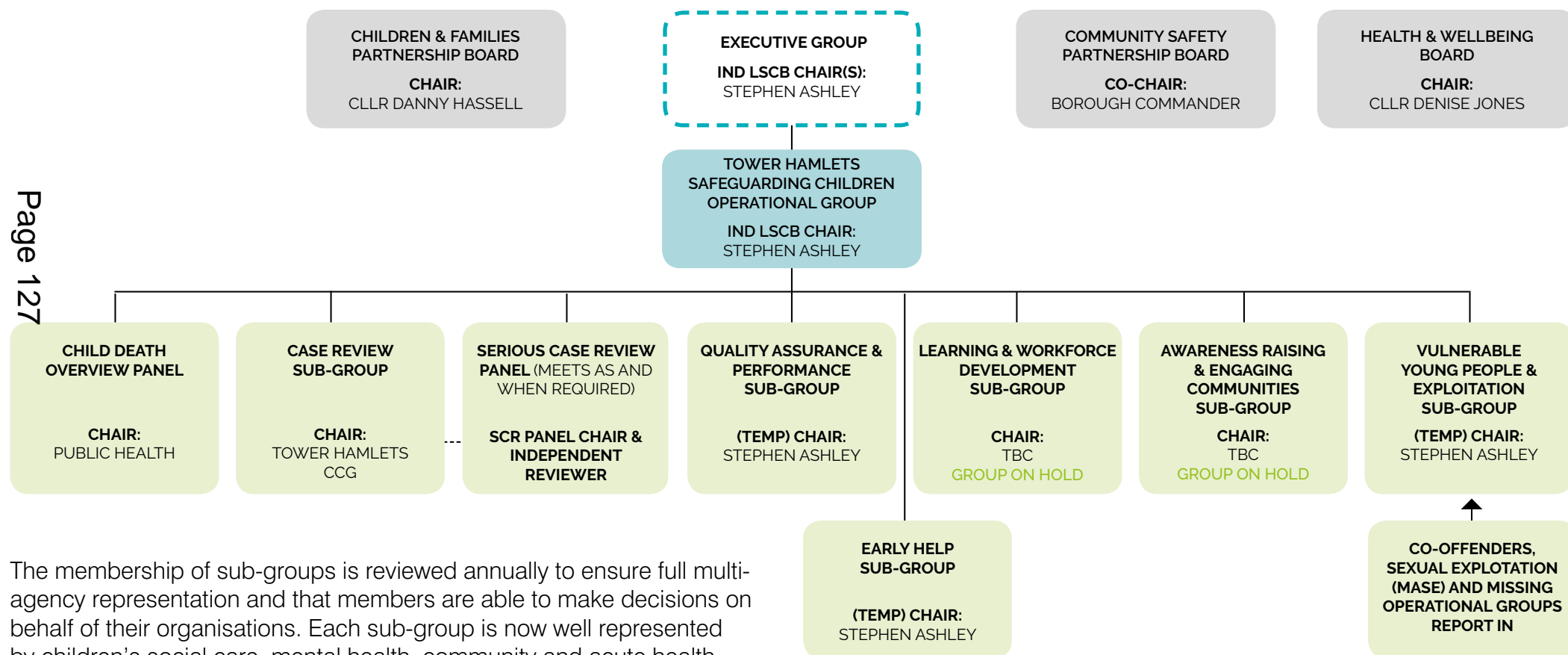
Structure

The Operational Group meets every two months. Attendance at the LSCB meetings has been less consistent compared to last year with a number of agency representatives being replaced. The LSCB no longer has lay members.

The Executive Board also meets bi-monthly.

The LSCB has seven subgroups delivering the key functions of the LSCB, two new subgroups were introduced part way through the year whilst a further two had ceased to operate. The new safeguarding partnership arrangement will redefine the future structure and subgroup areas.

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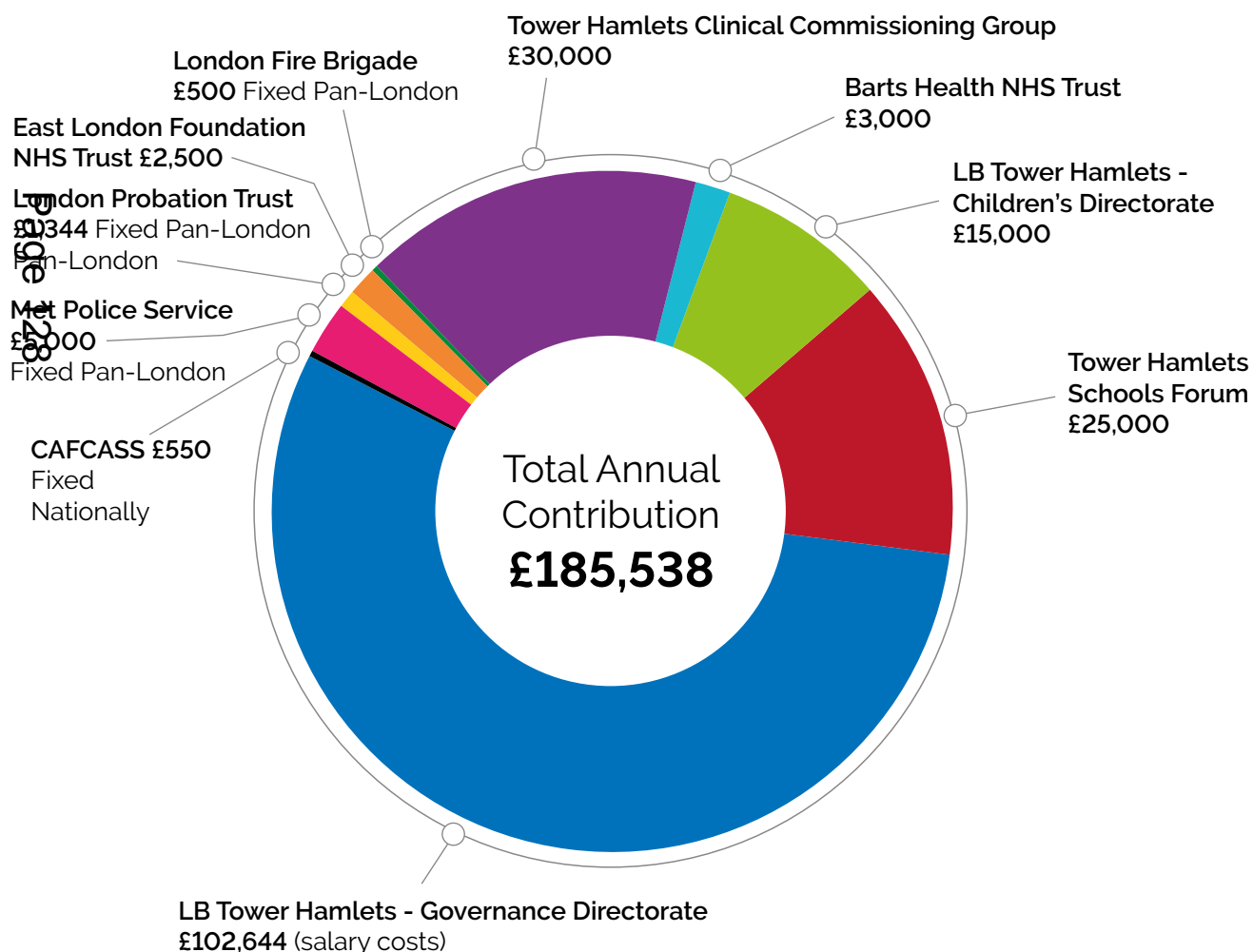


The membership of sub-groups is reviewed annually to ensure full multi-agency representation and that members are able to make decisions on behalf of their organisations. Each sub-group is now well represented by children’s social care, mental health, community and acute health services, police, education and the voluntary sector.

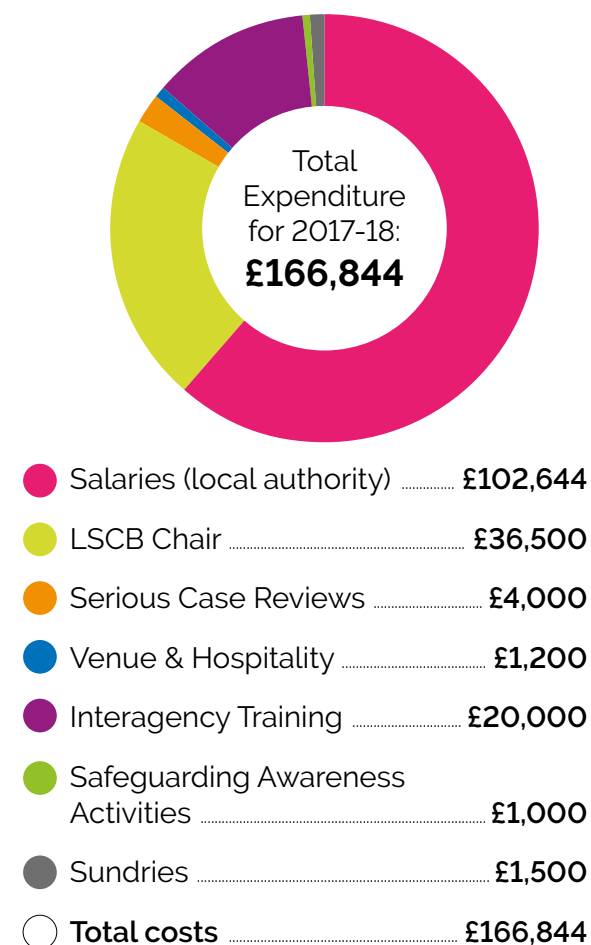
Budget

The LSCB budget consists of contributions from a number of key statutory partners and is managed by the London Borough of Tower Hamlets (LBTH).

The following table shows contributions to the LSCB for 2017-18:



Total Expenditure for 2017-18:



The largest financial contributor continues to be the Local Authority funding just over two-thirds of the overall LSCB budget.


Unforeseen overspend is largely dependent on the number of serious case and other independent reviews conducted in the year.

Safeguarding is everyone's responsibility

Section Two

Local background and safeguarding context in Tower Hamlets

Population



Based on revised mid-year population estimates published by the Office of National Statistics (ONS) in March 2018, Tower Hamlets borough's population:


Reached **300,943** in June 2016

This is the first time the area's population has exceeded **300,000** since World War II



Doubled in the past **30 years**, making it the **fastest growing Local Authority in the UK.**

Local population growth rate (**40%**) has doubled that of London (**16%**) and four times that of England (**8%**)




Between June 2015-2016, the borough gained **9,600** additional residents

Drivers for this are twofold: natural and migration changes. More birth than deaths and international immigration has increased our growth.




Gender of our residents comprises of **52.2% male** and **47.8% female**


Making it the fourth highest proportion of male residents in the UK, more than London as a whole (**49.8%**) and England (**49.4%**). There are 13,300 more males than females.



Has a relatively young population, placed fourth youngest in the UK with a median age range of **30.6**



Our proportion of under-16s at 20% is similar to that of London and England (**20%** and **19%** respectively)



Conversely, Tower Hamlets has proportionally one of the **fewest older residents** compared with other areas

9% are over **60** compared to London (**16%**) and England (**23%**)

Diversity

The most recent Census in 2011 shows that Tower Hamlets has one of the most diverse populations in the country, home to many communities. Our ethno-demographic profile remains relatively unchanged since we last reported in 2016-17; the next census is due in 2021.

Bangladeshi's remain the largest ethnic minority group at 32%, the largest in the country, followed by **White British at 31%**; this group has decreased from 42.9% since the 2001 census.



The third largest ethnic group is other white (12.4%) consisting largely of eastern and western Europeans, Australians and Americans. This is the fastest growing ethnic group and has almost doubled between the 2001 and 2011 Census.

Households have grown by **28.9%** since 2001 with an extra **22,727**, the highest growth seen within London.



A breakdown of households comprises of single person (34.6%), married or civil partner couples (23.7%), cohabiting couples (9.5%), lone parents (10.6%), other households with more than one family residing together (19.6%) and households with full time students (1.9%).

The 2011 Census found **9%** of our residents aged 16 plus, a total of **18,311** adults, had low levels of English proficiency in England.



It is substantially higher than the average across London (4%) and England (2%). Only Newham was placed higher than Tower Hamlets.

At least **90 different languages** being used in the borough



66% of our residents use English as their main language and **18%** use Bengali, making it the fourth most linguistically diverse area in England and Wales.

There are **26,916 (26.6%)** households with dependent children.



This is lower than London (30.9%) and England (29.1%). Of this, half live with two parents (49.1%) and a quarter (27.2%) live within a lone parent household.

Diversity - School Population

While two thirds of the borough's population are from an ethnic minority group (i.e. non-White British), nine in 10 pupils attending school in Tower Hamlets are from an ethnic minority group. The majority of pupils are from a Bangladeshi Background (63%).

In the Spring School Census 2018³, the Department for Education (DfE) now collects information on a pupil's country of birth. However, it should be cautioned that data was missing for a significant proportion of pupils. In 25% of all records the country of birth is missing. This can be in part due to voluntary information provided by parents in fear of how the information could be misused for other purposes i.e. enforcing immigration regulations.

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Tower Hamlets Pupil Population by country of birth – Spring 2018

	No of pupils	% of pupils
Born in the UK	30,721	90.9
Not Born in the UK	3,074	9.1
Africa	208	0.6
The Americas & the Caribbean	98	0.3
Asia	1,107	3.3
Bangladesh	900	2.7
Other Asian Countries	207	0.6
Europe	1,597	4.7
Italy	980	2.9
Spain	123	0.4
Other EU countries	418	1.2
Other non-EU countries	76	0.2
Middle East	49	0.1
Oceania/Australasia	15	0.0
Missing Data	11,040	-
Total	44,836	100

³ Source: Tower Hamlets School Census, spring 2018. Notes: Figures include pupils of all age groups: nursery, primary, secondary and post-16. Figures exclude dual registered pupils. Percentages are based on valid data only (excluding records with missing data).

People and Place

Healthy life expectancy is considerably lower than the London and national averages at 61.3 years for men and 55.6 years for women, a difference of 2.2 years for men and 8.8 years for women between the London average and Tower Hamlets. The life expectancy gap between Tower Hamlets and London as a whole is 1.7 years for men and 1.8 years for women. The population is young, ethnically diverse, and mobile. There is widespread deprivation, and many residents will be adversely affected by changes to the welfare system.



Quality is poor across the borough, particularly around the main thoroughfares. There is a lack of open and green space. There is insufficient housing for the needs of the population.

Pregnancy and Being Born in Tower Hamlets

More babies are born with low birth weight than the national average. One in 10 pregnancies is complicated by diabetes. There are relatively few teenage pregnancies. Infant mortality is significantly higher than the London average.



Growing up in Tower Hamlets – Early Years

A greater number of children are growing up in low income families in Tower Hamlets than elsewhere in London, and Tower Hamlets has the second highest proportion of children living in poverty than anywhere else in London. Around a fifth of reception age children are overweight or obese. The percentage of children achieving a good level of development at the end of reception (age 4-5) is lower than the average for London or England. There are high levels of dental decay at 4-5 years old. The rate of hospital admissions of 0-4 year olds for unintentional and deliberate injuries in children is significantly lower (77/10,000) than London rates (94.8/10,000).

Growing up in Tower Hamlets – Children and Young People

30.6% of young people under 20 are growing up in low income families in Tower Hamlets compared to 19.2% in London and 16.6% in England. Around two fifths of children are overweight or obese at the end of primary school.



The proportion of young people not in education, employment, or training locally is higher than in London but lower than in England. Tower Hamlets has amongst the highest rates of first time entry to the youth justice system in the country (653.2/100,000).

Being an adult in Tower Hamlets

There are generally high mortality rates from cardiovascular disease, respiratory disease, and cancers and obesity, smoking, alcohol and drug use, and infectious diseases are all significant problems in the borough.



Older People in Tower Hamlets

More older people have a long-term limiting illness than the national average. Half of all older people live in poverty, and more live alone than in the UK as a whole.

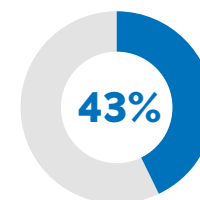
The relationship between the LSCB and health partners, both commissioning and providers, is critical if we are to have an impact on improving the lives of vulnerable children and young people.



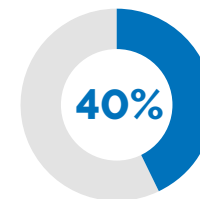
Child Poverty

From the latest available population estimates, there were an estimated 73,675 children and young people aged 0 to 19 living in Tower Hamlets, representing approximately 25% of the total population. The young population in the borough is projected to rise in line with the general population growth.

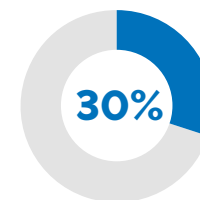
- The latest available child poverty data dated 2017⁴ shows that 43% of children and young people in the borough live in poverty. This is the highest child poverty rate in London, despite recent falls in line with the rest of the capital. In the same year, 40% of pupils were eligible for free school meals in state-funded secondary schools, which is the highest level in the country. This level of disadvantage is likely to have lifelong negative effects on the health and wellbeing of children.
- Almost a third 30.6% of all children aged 0-19 live in households reliant on Child Tax Credit with income less than the median income; or are in receipt of out-of-work benefits.
- The rate of homelessness acceptances currently 3.6 per 1,000 households has been falling where the London average has been around the 5.0 per 1,000 households mark for the last four years. Similarly, the rate of people in temporary accommodation has been falling and is currently 17.0 per 1,000 households. This is higher than the London average at 15.1 per 1,000 households, and has been rising over the last four years.



43% of children and young people in the borough live in poverty



40% of pupils were eligible for free school meals in state-funded secondary schools



30.6% of all children aged 0-19 live in households reliant on Child Tax Credit with income less than the median income.

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⁴ 2017 London's Poverty Profile, <https://www.trustforlondon.org.uk/data/boroughs/tower-hamlets-poverty-and-inequality-indicators/>

Education and Employment

In 2017, 68% of children achieved a good level of development at the age of five compared to a national average of 71%. Despite steady improvement over the last four years, this indicates that the issues highlighted above, in relation to child poverty, are continuing to impact on children in the early years.

Despite this disadvantage, at school, children do well. In 2017, 68% of children achieved the expected Key Stage 2 level in reading, writing & maths by the end of primary school. This figure was above the national average of 62%. In 2017 GCSE results revealed that the average Attainment 8 Score was 47.2 in Tower Hamlets which was above the average figure of 46.4 for state funded schools in England.

At the age of 16, the proportion of young people who are not in education, employment or training is relatively high, although this figure drops to below the London average for those aged 18.

Level 3 (A-Level or equivalent) results are below the London and national average, although the gap continues to reduce each year.

Children in need of help and protection

To fulfil its statutory function under Regulation 5⁵ an LSCB should use data and, as a minimum, assess the effectiveness of the help provided to children and families, including early help. Based on our local safeguarding data for 2017-18.

There were **5,176 total referrals to children's social care in 2017-18** of which **763** were repeat referrals. This has increased compared to the previous year **2,626** referrals of which **328** were repeats

1,290 contacts were progressed to early help teams/hub representing 9.7% which is an increase on only 2.5% in 2016-17.

1,283 child protection investigations (s47) were undertaken.

169 allegations (88%) against adults working with children were resolved within the 30 day DfE target in the period 1st September 2016 to 31st August 2017. Of these, **18** were subject to child protection plans for two years or more. The main reason was neglect.



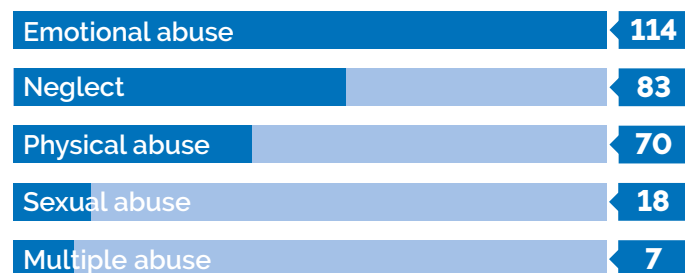
As of March 2018, **292 children were subject to a child protection plan.**

Of these, **30 were subject to child protection plans for two years or more.** The main reason was for neglect.

27 Children were on a child protection plan for a second or subsequent time, within 2 years of the previous plan.

⁵ LSCB Regulation 2006

Category of Abuse



Emotional abuse continues to be the most common reason for children becoming subject to a child protection plan. These are mainly children who have experienced living with domestic abuse at home.

290 children were looked after by the Local Authority at the end of March 2018

Children Looked After by age

Age at 31 March	Boys	Girls
Under 1:	8	7
1 - 4:	9	15
5 - 9:	21	21
10 - 15:	57	53
16 - 17:	58	41
TOTAL	153	137
Total of Children Looked After at the end of March 2018:	290	

113 children were subject to a court application (including care and supervision orders)

135 out of 212 children looked after continuously for more than one year, received their annual health and dental check

89 out of 219 young care leavers are not in employment, education or training. This is based on the group of young people (aged 19-24) who were looked after at age 16

7 children live in private fostering arrangement

37 young people were referred to the multi-agency sexual exploitation panel and are mainly young girls at an average age of 14

560 return home interviews were undertaken children missing from home or care of which:

Missing children from care 420

Children from care return home interviews conducted **259**

Children from care return home interviews declined **161**

Missing from home 140

Missing from home return interviews conducted **105**

Missing from home return interviews declined **35**

Young people who are missing are sometimes trafficked internally for the purposes of criminal and sexual exploitation. The National Referral Mechanism (NRM) is a framework for identifying victims of human trafficking or modern slavery and ensuring they receive the appropriate support. The Modern Slavery Human Trafficking Unit (National Crime Agency) collates data nationally. This information contributes to building a clearer picture about the scope of human trafficking and modern slavery victims in the UK.

21 “potential victims of trafficking” were referred to the National Crime Agency

28 child deaths were reported in the year of which 10 were unexpected deaths

The child death overview panel reviewed 21 child deaths of which, 13 were recorded as expected deaths (life limiting illness) and **8 were unexpected deaths**. 19 of the 21 child deaths were under the age of 12 months. The number of neo-natal deaths and those under the age of 1, were the biggest group

680 professionals received safeguarding training provided by the LSCB in 2017/18 compared to 639 in 2016/17 which is a 6% increase

Early Help Support with Parents/Carers

The Local Authority's Parental Engagement Service provide a range of support to parents in schools and other settings such as parenting programmes, awareness events, survey, information and advice.

6449 families engaged in level 1 services
5804 families engaged in level 2 services
590 families engaged in level 3 services
69 families engaged in level 4 services

- Level 1 ▶ Needs met through Universal Services
- Level 2 ▶ Needs met through Early Help Targeted Services
- Level 3 ▶ Threshold met for Statutory Child in Need Intervention
- Level 4 ▶ Threshold met for Statutory Child Protection Intervention

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2279 families attended parenting courses in 2017/18 which was a 64% increase on 2016/17

27.6% of Supporting Stronger Families (SSF) who had an intervention were turned around, which is an increase compared to the **11.6%** in the previous year

187 parents/carers attended the Annual Parent Conference

882 Early Help Assessments and 905 Early Help Reviews, a decline of 10.6% in the previous year

94% of parents responded that they were satisfied with Children Centre services (**1426** respondents to the Annual Children Centre Survey)

557 parents/carers accessed information and advice sessions to support school transition

128,342 unique visits to the Local Offer website

8,598 calls/drop-ins made to the Family Information Service

27 Healthy Families Parent Ambassadors are trained and active – delivering healthy eating sessions for parents in schools

Annual Parent Carer Survey indicated that a quarter (26%) report that their children have been bullied in the past year and nearly six in ten (58%) say they often worry about their children's health and well-being

There are more than **265** active members on the Parent & Carer Council who regularly contribute to the borough wide forum and help shape council services for families



Section 11 (Children Act 2004)

Section 11 of the Children Act places a statutory requirement on key organisations to ensure arrangements are in place to discharge their duty to safeguard and promote the welfare of children. A biennial self-assessment is usually undertaken by the LSCB partners to assess the effectiveness of the local safeguarding arrangements at a strategic and operational level. The next section 11-audit exercise was due to take place at the end of 2017, however a decision was taken to put this on hold to allow the LSCB partners to focus on supporting the post inspection improvement work.

Safeguarding is everyone's responsibility

Section Three

Improvements made since Ofsted's Review of the LSCB

In February/March 2017, Ofsted undertook a **Review of the Effectiveness of the LSCB** in conjunction with the Children's Social Care Inspection of services for children in need of help and protection; children looked after and care leavers. Ofsted judged Tower Hamlets LSCB to be **'inadequate'** as it found that we were not effectively discharging all of our statutory functions. In addition, Ofsted also cited:

- The board was excessively large therefore limiting meaningful debate and effective decision-making
- The lead member had not exercised their responsibility as a participating observer, weakening scrutiny of the board
- The board had not ensured timely oversight of key practice areas
- Insufficient monitoring of the quality of front line practice meant the board was not aware of the failings of children's social care to protect children

Tower Hamlets LSCB accepted the judgement and recommendations made by Ofsted and has implemented changes in response to the five recommendations:

Ofsted Recommendation	Progress Update
<p>Urgently review monitoring and governance arrangements to ensure the board is fulfilling its statutory functions</p>	<p>The LSCB Chair undertook a review of the governance arrangement and strengthened the scrutiny and challenge function of the LSCB from practice through to strategic oversight.</p> <p>The new structure consists of an Executive Board that reflects the three Safeguarding Partners model. An Operational Group that:</p> <ul style="list-style-type: none"> • Resolves multiagency performance and audit issues • Provides situational awareness of the safeguarding environment, sharing intelligence and resolving obstacles • Ensures safeguarding messages reach professionals and the public • Interfaces with other partnership forums to enhance safeguarding children's work across the wider spectrum

Improvements made since the Ofsted's Review of the LSCB

Tower Hamlets LSCB accepted the judgement and recommendations made by Ofsted and has implemented changes in response to the five recommendations:

Ofsted Recommendation	Progress Update
<p>Prioritise multi-agency monitoring of frontline practice to ensure that the board has effective awareness of the quality of practice and its impact on outcomes for vulnerable children</p>	<p>The LSCB was realigned with the Local Authority's Children's Services Improvement Board. This has allowed direct sight of frontline practice, monitoring outcomes from quality assurance activities. The LSCB was able to assure itself that improvements being reported for children were corroborated by partner agency experience and in turn the reliability of performance information.</p> <p>The LSCB has developed a new child-level performance dataset to provide a detailed understanding of frontline practice. However, the ability to triangulate the core safeguarding data provided by CSC has been inhibited by the lack of relevant partner information. The LSCB recognises it needs to identify a solution that goes beyond looking at quarterly performance data retrospectively. This approach does not provide a current assessment of safeguarding performance. Further work is being undertaken to ensure the LSCB is able to monitor and act on 'live' information.</p>
<p>Ensure the business management capacity of the board is sufficient to meet the need</p>	<p>This will be reviewed as part of the transition work from the LSCB to the new safeguarding partnership arrangement. Additional resource has been allocated around multi-agency performance development.</p>
<p>Ensure the board prioritises the response of the partnership to the issues of youth violence and gang activity and their relationship to child sexual exploitation, including the development of a comprehensive problem profile</p>	<p>The LSCB has established a strategic Vulnerable Young People and Exploitation subgroup that brings together information from frontline practice in the areas of child, criminal and ideological exploitation that also includes children who go missing and those involved in county lines. An exploitation analyst has been employed by the local authority who is working towards developing a local problem profile and systems to drill down to specific cohorts of children e.g. those involved in criminal exploitation or gangs and attending non-mainstream education settings.</p> <p>The establishment of a joint Exploitation Team between the local authority and the police has seen significant improvement in the identification of children at risk of exploitation and disruption activities. The work of the co-located team has also provided substantial intelligence to inform our local knowledge-bank.</p>
<p>Ensure the effectiveness of multi-agency training is monitored and evaluated, including training for staff in recognising and assessing risks to sexually exploited children</p>	<p>This area continues to remain a challenge for the LSCB. The responsibility for multi-agency training evaluation sits with the local authority's workforce development team and the quality of support to the LSCB partnership is dependent on their capacity and available resources.</p>

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What we have done over the past year

Held the annual Safeguarding Month in November 2017 to raise awareness of:

- Child sexual exploitation including promoting a video developed by the Youth Council on 'Keeping Safe when using Social Media'
- Understanding the risks presented by vulnerable young people and how best to support them
- Support available for parents and carers through provision of information stalls at various locations around the borough

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Operation Makesafe, a police led initiative targeting taxi firms, hotel and other business premises to help staff to recognise child sexual exploitation and how to report concerns

Relaunched revised Multi-agency Safeguarding Threshold Guidance

and trained approximately 650 frontline staff across the children's workforce.

Set up an Early Help Strategic Subgroup

to ensure support is provided to children and young people as soon as need emerges. This group maintains an overview that the Threshold Guidance is embedded and used appropriately to access early help and statutory intervention at the right time.

Set up a joint Exploitation Team bringing together police and children services staff to respond to children who go missing or are at risk of exploitation. This team has already demonstrated positive outcomes for vulnerable young people through this shared approach to tackling concerns of exploitation:

- Arrests have been made for human trafficking, inciting sexual activity and grooming
- Located a number of high-risk missing children
- Issued several exploitation warnings to potential offenders preventing them from continuing contact with children
- Implemented Operation Care Watch which identifies hotels that allow room-bookings for young people and adults. This has led to a number of premises receiving education on child sexual exploitation and preventative action they can take.

Undertaken two new serious case reviews

which will be published in autumn 2018 and participated in a SCR initiated by another borough on safeguarding children who are taken out of school during term time and removed from the UK.

Promoted the Escalation Policy in conjunction with an updated case review protocol. This has led to an increased number of children's cases being considered for a multiagency review. In total, the LSCB has agreed to undertake two local learning reviews in addition to the existing serious case reviews.

Focused on improving attendance and contribution

from multi-agency professionals (health and police) at statutory meetings. This is paying dividends with improved systems in place and better engagement ensuring decisions about children is collaborative.

Agency Recruitment Policies reviewed

indicating overall compliance with DBS (police-checks) although regularity of re-checks is disparate. Majority of agencies are checking their existing staff every three years as a minimum requirement. Good practice suggests this should be done on an annual basis.

What we have done over the past year

Reviewed our training offer and introduced new courses, including a rolling programme of the Multi-agency Threshold Guidance to reach new staff to the borough.

Undertaken an audit to understand why there appears to be low referrals from health visiting service to CSC. The findings suggested further work is done to ensure the Early Help System is better understood and used to support children.

Increased the number of trained health safeguarding supervisors and improved supervision compliance.

Launched the Joint Working Procedure between Adult Mental Health and the local authority.

Delivered 'Empowering Young Minds Project' to improve health staff competency with families around the emotional health of young people.

Anti-knife crime projects (Spectre) rolled out by the borough police in particular during school holidays. Enforcement officers are more visible in the community.

Merged the gangs and high-risk panels to ensure the police, CSC, health and education consider and put in place a multi-agency response for the cohort of young people involved in criminal activity. Many are victims of serious youth violence who move on to become perpetrators. Our most challenging group is 16-17 year olds who are also in the transitional phase to adult services where there is limited support currently available to them. Further early intervention work is required to disrupt and break the cycle of violence in addition to statutory response including working with parents in the community.

Undertaken a mapping exercise to understand if there are links between serious youth violence and children and young people who attend pupil referral units. We found no correlation but further work will be undertaken to cross reference with data held across the partnership.

Reviewed licensing requirements and where safeguarding issues emerge actions are taken appropriately and effectively.

Increased the number of trained health safeguarding supervisors and improved supervision compliance.



Children's Social Care's response to Ofsted Inspection Findings

The Ofsted inspection report was published on 7 April 2017. This report examined Children's Services and the effectiveness of the LSCB and rated both as **'inadequate'**. The inspection findings and recommendations were accepted in full, and as a result a number of changes have been made to improve outcomes for children and families in Tower Hamlets and ensure that they are safe and able to achieve to their full potential. This section covers the period April 2017 – July 2018 to ensure that the most up to date information is available.

A number of common themes emerged from the inspection. These included:

Compliance

There was a lack of compliance with both statutory and internal processes.

Drift and delay

Cases were often left open for long periods without significant change being achieved. Children were not seen as regularly as they should have been and it became increasingly difficult to effect change.

Unreliable data

The use of "workarounds" in different areas of the system meant that it was nearly impossible to accurately understand what the data was showing. The data would often indicate strong performance in areas where closer examination showed a very different picture.

As a result of the inspection, an improvement plan was developed which is overseen by an independently chaired Improvement Board. This board, chaired by Sir Alan Wood CBE is attended by the senior corporate and political leadership including the Chair of the LSCB. The improvement plan was provided to Ofsted in advance of being submitted to the DfE, who considered that it addressed all of the recommendations contained within the inspection report.

The improvement plan covers all of the recommendations from the Ofsted inspection, and is based around four broad themes.

- leadership, management and governance
- a robust model of social work practice
- a sufficient and skilled workforce
- quality assurance and audit

Children's Social Care's response to Ofsted Inspection Findings

Leadership, management and governance – some key achievements

- Senior corporate and political leaders are much more engaged with the issues surrounding Children's Services and have prioritised and actively driven forward the improvement agenda.
- A new team of permanent service managers are in post taking over from a team of interim managers. Monthly reports are provided to the Corporate Leadership Team and Operational Group with quarterly reporting at Cabinet level.
- Increased use of child level performance data by operational managers including regular performance surgeries ensure any deterioration in performance is quickly identified and addressed. This use of performance data has assisted in driving forward practice, and ensuring improvements in the timeliness of interventions with families.
- All social work staff have completed a "Back to Basics" training course
- The workforce has begun to implement the new model of social work "Restorative Practice". Social workers are currently receiving training with plans to roll this out to the wider partnership.
- The recent appointment of a permanent divisional director, who will lead the council on phase two of the improvement journey.

A robust model of social work practice – some key achievements

- Child Protection Chairs and Independent Reviewing Officers are providing more robust oversight in respect to vulnerable children. This includes raising alerts to team and service managers where appropriate.
- We regularly achieve 100% compliance of Initial Child Protection Conferences within 15 days of the initiation of a s.47 investigation.
- The Pre-Proceedings process is completed within 12 weeks in all but exceptional cases. This is a significant improvement on the situation at the time of the inspection where these cases would often drift for long periods of time.
- A new threshold document was launched with over 650 attendees from across the partnership attended training.
- The vast majority of contacts and MASH episodes are completed within 24 hours with clear rationale provided for those where this is not possible.
- Multi-agency attendance at strategy meetings has improved with the support of the LSCB Chair.
- Management oversight is clearly and consistently recorded on all cases at least every eight weeks and usually more frequently. Children's Social Care has consistently achieved over 90% performance in this area with a focus on any team that does not achieve this.
- Robust arrangements are in place for the most vulnerable children including those who regularly go missing, are victims of sexual or criminal exploitation or involved in gang activity. The new multi-agency Exploitation Team has been launched, initially staffed by police officers and children's social care staff but with plans for wider partnerships. LSCB partner agencies have commented that this joint, co-located approach has significantly assisted the quality of the responses to vulnerable young people.
- The response to children who go missing have significantly improved with Return Home Interviews taking place out of hours where necessary.

Children's Social Care's response to Ofsted Inspection Findings

A sufficient and skilled workforce

- Arrangements for children who are privately fostered have been reviewed and assurance sought that these are fully compliant with current legislation.
- The LSCB recognises and supports the work being undertaken by the council to develop a Social Work Academy. This initiative is innovative and ground breaking and represents a clear long term commitment to ensure practitioners working with vulnerable children have the appropriate skills and support to provide high quality work.

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Quality Assurance and audit

- New quality assurance framework is now embedded in practice.
- Practice weeks have taken place with senior political and corporate leadership involved in frontline practice.
- Audits of case files are now undertaken on a regular basis, and the themes from audits are routinely reviewed by senior managers. The audits are shared with Ofsted at the monitoring visits. This process of both internal and external critical challenge has been and will remain a key element of the continued improvement journey.

Ofsted monitoring visits – what they said

When a Children's Service department is judged to be inadequate, Ofsted visit regularly to monitor progress and ensure that there remains a strong focus on the improvement journey. So far, Ofsted have visited on four occasions: August and December 2017, May 2018 and most recently in August 2018. The initial visit highlighted that there were early signs of progress, more so than would have been expected at such an early stage, however it was essential that these changes were embedded and sustained. Subsequent visits have confirmed that changes have been maintained although it is acknowledged that there is still work to be done.

There is no complacency and the expectation is that the second year of the improvement journey will be as difficult if not more so. The pace of change has been rapid and Ofsted have commented that they will need to be convinced that these changes are embedded and will be sustained over the long term.

The Department for Education appointed Lincolnshire County Council (LCC) as "Intervention Advisor". This support focused on distinct areas such as Early Help, Looked After Children and Legal process. Following the third positive monitoring visit, the DfE agreed with the joint recommendation by LBTH and LCC that this work should come to an end. However, both the Council and the LSCB recognise the value of maintaining improvement partnerships that continue to assist with the developing requirements of the improvement journey. Therefore the council in consultation with the DfE has recently agreed partnerships with Leeds and Islington Councils that will provide support for phase two of the improvement journey which will focus on development of front-line managers, the promotion and development of practice and support on the continued development of our "Restorative Practice" model.

Section Four

Priorities for 2018-2019

It is critical that the future priorities for the LSCB focuses on those areas that will directly impact on frontline practice and the support given to families and children. It will need to be easily adaptable to the new statutory arrangements as we move forward:

<p>Continuing PRIORITY 1</p> <p>Learning through an enhanced Performance and Quality Assurance framework that identifies our safeguarding areas for improvement</p>	<p>Continuing PRIORITY 2</p> <p>Sustain Situational Awareness during LSCB transition to a new multi-agency Safeguarding Partnership Arrangement</p>	<p>PRIORITY 3</p> <p>An improved Early Help Service is available to children and young people and result in positive outcomes</p>	<p>PRIORITY 4</p> <p>Vulnerable children who go missing or are at risk of child sexual, criminal, ideological exploitation and serious youth violence are protected by effective multi-agency arrangements</p>
<p>We will develop a focused analysis of live child protection intelligence to identify emerging safeguarding issues</p>	<p>We will create systems leadership to drive safeguarding strategy and practice across the three Safeguarding Partners – Local Authority, Health and Police</p>	<p>We will monitor the implementation of the Early Help Strategy and its impact to ensure children are being safeguarded through the early help process using outcome based accountability framework</p>	<p>We will have strategic oversight of the issues affecting vulnerable young children and develop a multiagency response to emerging trends and problems.</p>
<p>We will promote a culture of constructive challenge so there is effective inter-agency scrutiny</p>	<p>We will improve our scrutiny role through improved governance to ensure risks and blockages are identified and resolved during the transitional phase</p>	<p>We will review how well the Threshold Guidance is embedded in practice across organisations through quality assurance and performance monitoring</p>	<p>We will monitor the impact the multiagency exploitation team has had on protecting at risk children through its specialist case work intervention</p>
<p>We will monitor the quality of front line practice through case audits and thematic deep-dive</p>	<p>We will review all multi-agency policies/protocols to reflect the changes in legislation</p>	<p>We will continue providing learning opportunities on the Threshold Guidance to ensure the multiagency workforce is equipped to recognise when there is a need for early intervention</p>	<p>We will know who our most concerning children at risk are and ensure a coordinated response is provided to safeguard and protect them from significant harm</p>
		<p>We will continue to promote and support the development of the Early Help Hub to ensure that all partners are able to contribute to early interventions and prevent escalation of concerns.</p>	<p>The LSCB will continue to monitor and support the multi-agency work being provided through the new Exploitation team.</p>

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Section Five

Appendices

Appendix 1 – Membership List

Name	Job title
Alex Nelson	Voluntary Sector Children & Youth Forum Coordinator
Alexandra Law	Nursery School Heads Forum Representative (Harry Roberts Nursery)
Alice Smith	CAFCASS Rep
Ann Corbet	Service Head - Safer Communities – LBTH
Christine McInnes	Divisional Director, Education and Partnerships - LBTH
Claire Belgard	Interim Service Head – Youth & Community Service – LBTH
Clare Hughes	Lead Named Nurse for Safeguarding Children - BHT
Debbie Jones	Corporate Director, Children's Services – LBTH
Rebecca Scott / Emma Tukmachi (Drs)	GP Representative Tower Hamlets CCG
Hanspeter Dorner	East London Foundation Trust, CAMHS
Jan Pearson	Associate Director for Safeguarding Children - ELFT
DI Jason Keen	Met Police – Child Abuse Investigation Team
Lynn Torpey	Designated Nurse for Safeguarding Children & LAC

Name	Job title
Julia Hale (Dr)	Designated Doctor, Barts Health NHS Trust
Layla Richards	Head of Children's Services Strategy and Policy - LBTH
Lucy Marks	Chief Executive, Compass Wellbeing CIC
Judy Cole	Primary School Heads Forum Rep
Nancy Meehan	Divisional Director – CSC, LBTH
Nick Steward	Director of Student Services Tower Hamlets College
Pauke Arrindell	Voluntary Sector Rep Home Start
Lucie Butler	Director of Midwifery & Nursing (RLH), Barts Health NHS Trust
Stuart Webber	Head of Safeguarding Hackney, City of London and Tower Hamlets - National Probation Service
DCI Ingrid Cruickshank	Met Police Tower Hamlets
Stephen Ashley	Independent LSCB Chair
Tom Strannix	Voluntary Sector Representative – Manager, Place2Be
Tracey Upex	Deputy Borough Director – Tower Hamlets, ELFT

Appendix 2 – LSCB Performance Data 2017-18

The early 2017 inspection of children’s social care identified a number of issues with recording practice and compliance that undermined the accuracy of the data being used to inform decision-making. The data quality issues have been significantly improved so the underlying data is now more reliable. This ensures that social care managers and staff are able to access up to date, child level data in real time and are able to identify and address any deterioration quickly. In 2017/18, a revised child-centred performance management process has been put in place, which focuses on the needs of the child and demands a much higher level of compliance with all recording standards.

Children in Need

There was a higher rate of referrals into children’s social care services per 10,000 of the children & young people population than the national and statistical neighbour group averages. Extensive work has gone into the threshold document which has increased the referrals into the “front door” and necessary training of staff and partners has taken place to help ensure the right cases are being referred. This is similarly reflected in higher rates of assessments completed compared to statistical neighbours.

Source	Description	2013/ 2014	2014/ 2015	2015/ 2016	2016/ 2017	2017/ 2018	England Average	Statistical Neighbours
LOCAL1	Referral rate per 10,000 of the children & young people (C&YP) population	431.7	443.8	512.8	309.9	770.4	548.2	621.5
APA SS6	Percentage of Referrals that were repeat referrals	10.6%	10.0%	8.8%	13.7%	14.7%	21.9%	16.6%
N07	Rate of assessments per 10,000 of the C&YP population	410.8	331.8	336.0	326.3	738.4	515	573
N14	Assessments completed within 45 days or less from point of referral (CIN Census methodology)	75.8%	85.1%	87.1%	75.6%	74.1%	82.9%	78.1%

Child Protection

There were high rates of activity in relation to formal child protection enquiries (section 47s) and initial child protection case conferences but rates of children subject to a child protection plan were in line with national and statistical neighbour averages. The proportion of child protection plans lasting over two years has been stable over the last three years and there is a comparatively lower proportion of 'repeat' child protection plans (where children become subject to child protection plans for a second or subsequent time) when compared to national and statistical neighbour averages.

Performance in relation to timeliness of Initial Child Protection Conferences has improved since the previous year and is below national average but above statistical neighbour average. The proportion of children visited in line with the timescales set out in their plan has vastly improved, and the proportion of children receiving a timely review of their child protection plan increased and is now in line with statistical neighbour average and well above national average.

Source	Description	2013/ 2014	2014/ 2015	2015/ 2016	2016/ 2017	2017/ 2018	England Average	Statistical Neighbours
	Rate of Children Subject of a Child Protection Plan per 10,000 at 31 March	55.6	50.9	45.9	56.7	43.5	43.3	42.9
N08	Section 47 (child protection) enquiries rate per 10,000 C&YP population	167.0	162.1	191.7	161.9	191.0	157.4	184.3
N13	Initial Child Protection Case Conferences – rate per 10,000 C&YP population	57.4	62.4	56.9	66.8	75	65.3	70.9
N15	Initial Child Protection Case Conferences convened within 15 days from point Child Protection Strategy meeting held	52.2%	58.2%	69.5%	63.0%	69.0%	77.3%	66.2%
N17 (Formerly NI 64)	Percentage of Child Protection Plans lasting two years or more at 31 March and for child protection plans which have ended during the year.	7.1%	11.4%	7.0%	5.6%	6.0%	3.4%	4.6%
N18	Percentage of children becoming the subject of Child Protection Plan for a second or subsequent time	17.9%	15.2%	19.3%	12.2%	6.5%	18.7%	15.5%
N20 (6 months Rolling Year)	Percentage of cases where the lead social worker has seen the child in accordance with timescales specified in the CPP.	65.4%	54.5%	51.0%	69.9%	94.9%	N/A	N/A
NI 67	Percentage of Child Protection Reviews carried out within statutory timescale	97.6%	95.3%	99.5%	91.2%	96.3%	92.2%	96.0%
APA SS13	Percentage of children with CP plans who are not allocated to a Social Worker	0.3%	0.0%	1.0%	0.0%	0.0%	N/A	N/A
LOCAL2	Percentage of LADO cases resolved in 30 days or less	69.6%	69.0%	67.0%	64.9%	88.0%	N/A	N/A

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Looked After Children

The number of looked after children per 10,000 of children & young people population, at 42.5, was below the England and statistical neighbour averages. Long term placement stability, an important factor in maintaining good levels of wellbeing, is below comparator group performance and has decreased over the last five years. Short term placement stability was worse than comparator groups and is at a higher level than over the previous four years.

An improved focus and better recording of children missing from care data has driven the increase in the percentage of children who went missing from care at some point during the year. This is reflected nationally and in the statistical neighbour group averages. There was increased participation, and the timeliness of Children Looked After reviews is better than the previous year. There were variable outcomes for Children Looked After regarding immunisations, health and dental checks when compared to the previous year and were below comparator group averages.

Source	Description	2013/ 2014	2014/ 2015	2015/ 2016	2016/ 2017	2017/ 2018	England Average	Statistical Neighbours
	Rate of Looked After Children per 10,000 as at 31st March	53.0	44.0	47.0	50.0	42.5	60.0	62.9
LACP01 (Formerly NI 62)	Percentage of CLA with three or more placements	11.0%	12.0%	8%	13%	13%	10%	11.4%
LACP02 (Formerly NI 63)	CLA under 16, looked after for 2.5 years or more and in the same placement for 2 years	79.0%	78%	75%	73%	62%	70%	69.9%
LACP04	The percentage of children looked after who went missing from care during the year as a percentage of all children looked after during the year (new definition)	-	5.1%	15%	15%	17%	10%	10.8%
PAF C63	CLA who participated in their review	88.6%	92.4%	89.4%	86%	93%	N/A	N/A
NI 66	CLA cases which were reviewed within required timescales	89.9%	85.5%	65.0%	54.1%	81.1%	N/A	N/A
APA SS(LAC)5	Percentage of CLA with a named Social Worker	98.2%	99.3%	98.3%	99.1%	100%	N/A	N/A
PAF C19	Percentage of health assessments completed for Children who have been looked after continuously for at least 12 months as at 31st March	-	-	85%	86%	83%	89%	95%
PAF C19	Percentage of dental assessments completed for Children who have been looked after continuously for at least 12 months as at 31st March	-	-	80%	66%	81%	83%	91%
PAF C19	Percentage of CLA > 12 months who had an annual Health and Dental check	91.5%	89.8%	83%	59%	82%	86.4%	90.7%
PAF C19	Percentage of CLA > 12 months whose Immunisations were up to date	78.5%	88.2%	77%	70%	60%	84%	93%

Care Proceedings

Timeliness of care proceedings has declined over the last year with the latest average of 35 weeks. This is above the England and statistical neighbour averages; and short of the 26 week national target.

Source	Description	2013/ 2014	2014/ 2015	2015/ 2016	2016/ 2017	2017/ 2018	England Average	Statistical Neighbours
A08	Average length of care proceedings locally (weeks)	42	35	29	29	35	31	30.7

Leaving Care

Outcomes for children leaving care remain positive compared to England and statistical neighbour group, with more care leavers entering employment, education or training, and living in suitable accommodation.

Source	Description	2013/ 2014	2014/ 2015	2015/ 2016	2016/ 2017	2017/ 2018	England Average	Statistical Neighbours
LACLC02 (Formerly NI 148)	The proportion of care leavers in education, employment or training (aged 19-21)	-	-	61%	58%	59%	50%	51.3%
LACLC03 (Formerly NI 147)	The proportion of care leavers in suitable accommodation (aged 19-21)	-	-	83%	82%	84%	84%	79.3%

Appendix 3 – LSCB Operational Board – Agency Representative Attendances for 2017-18

Agency represented	Date of meeting			
	21.06.17	13.09.17	22.11.17	26.02.18
LSCB – Independent Chair				
LSCB Lead – Governance Manager				
LSCB Performance Analyst	/	/		
LSCB Co-Ordinator (minute taker)				
Children's Social Care - LBTH	A		A	
Public Health - LBTH		A		
Youth & Community Services - LBTH		A		
Youth Justice and Family Interventions - LBTH		A		A
Youth and Commissioning - LBTH	/	/		
Education & Partnership - LBTH		D	D	D
Community Safety - LBTH		A		D
Strategy Policy & Performance - LBTH	A			
Primary School Head Forum				
CAFCASS		A		A
Barts Health Trust				
Lay Member		/	/	/
ELFT		A		
ELFT - CAMHS				A
ELFT – Specialist Services			D	
Tower Hamlets CCG				
Tower Hamlets Housing Forum				A

Agency represented	Date of meeting			
	21.06.17	13.09.17	22.11.17	26.02.18
NSPCC		A	/	/
Compass Wellbeing				D
National Probation Service			A	
Voluntary Sector Rep	A			
MET Police	A			
MET Police - CAIT	A			
Tower Hamlets College/New City College	A			

Key	
Attended	
Deputy attended	D
Apologies given	A
Did not attend – no apologies	
Not a member of the Board at date of meeting	/

Appendix 4 - Glossary

BHT	Barts Health Trust
CA04	Children Act 2004
CAF	Common Assessment Framework
CAG	Clinical Academic Group
CAIT	Child Abuse Investigation Team
CAMHS	Child and Adolescent Mental Health Service
CCG	Clinical Commissioning Group
C&F ACT 2014	Children & Families Act 2014
C&	Child & Adolescent Mental Health Project
CLA	Children Looked After
CME	Children Missing from Education
CPS	Crown Prosecution Service
CSC	Children's Social Care
CSE	Child Sexual Exploitation
CSP	Community Safety Partnership
CQC	Care Quality Commission
DCOS	Disabled Children Outreach Service
DHR	Domestic Homicide Review
DV&HCT	Domestic Violence and Hate Crime Team
ED	Emergency Department (A&E)

ELFT	East London Foundation NHS Trust
FGM	Female Genital Mutilation
FNP	Family Nurse Partnership
IPST	Integrated Pathways & Support Team
LAC	Looked After Child
LADO	Local Authority Designated Officer
LCS	Leaving Care Services
LSCB	Local Safeguarding Children Board
MARAC	Multi-Agency Risk Assessment Conference
MASE	Multi-Agency Sexual Exploitation (Panel)
MASH	Multi-Agency Safeguarding Hub
MPS	Metropolitan Police Service
NICE	National Institute for health and Care Excellence
NSPCC	National Society for the Prevention of Cruelty to Children
NTDA	National Trust Development Agency
PFSS	Parent and Family Support Service
PVE	Preventing Violent Extremism
RLH	Royal London Hospital


SAB	Safeguarding Adults Board
SCR	Serious Case Review
SEND	Special Education Needs and Disabilities
SI	Serious Incident
SIP	Social Inclusion Panel
SoS	Signs of Safety
TH	Tower Hamlets
THSCB	Tower Hamlets Safeguarding Children Board
VAWG	Violence Against Women and Girls
WT15	Working Together 2015

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Tower Hamlets
**Safeguarding
Children**
Board



<p>Cabinet</p> <p>31 October 2018</p>	
<p>Report of: Debbie Jones , Corporate Director, Children’s Services</p>	<p>Classification: Unrestricted</p>
<p>The Tower Hamlets Education Partnership annual report</p>	

Lead Member	Danny Hassell, Cabinet Member for Children, Schools & Young People
Originating Officer(s)	Christine McInnes, Divisional Director, Education & Partnerships
Wards affected	All
Key Decision?	No
Forward Plan Notice Published	Yes
Reason for Key Decision	n/a
Strategic Plan Priority / Outcome	People are aspirational, independent and have equal access to opportunities;

Executive Summary

The Tower Hamlets Education Partnership was established as a company and charity separate to the council as a mechanism to support and improve schools. The appendix to this brief covering report is the THEP’s annual activity report and audited accounts to enable appropriate governance of the organisation by the council. There will be a second annual report which focuses on the validated school results for 2017-18 which will come to Cabinet in February 2019.

Recommendations:

The Mayor in Cabinet is recommended to:

1. Note the activity of the THEP over the academic year 2017-18
2. Accept the audited accounts for THEP
3. Endorse the role of THEP in delivering council priorities from 2019 when the Council’s seed funding ceases.

1. REASONS FOR THE DECISIONS

- 1.1 Cabinet has agreed that it would receive annual reports on the activities of the Tower Hamlets Education Partnership. This is the first such report and it provides an over view of activities and the audited accounts. The second

annual report will include the school results with a commentary.]

2. ALTERNATIVE OPTIONS

2.1 None

. DETAILS OF THE REPORT

- 3.1. Longstanding collaboration between schools and the local authority has been strength of education in Tower Hamlets. Schools established the Tower Hamlets Education Partnership (THEP) to promote and extend joint working so that the successful collaboration could be developed further for the good of children and young people.
- 3.2. The Council agreed to provide three years of seed funding to establish THEP and 2018-19 is the final year of that funding. From September 2017, additional council funding was agreed through a commissioning exercise so that there was sufficient capacity for THEP to actively support school improvement whilst establishing its value with schools. This amounted to £120k in the financial year 2016-17 and £285k in the financial year 2017-18. Schools currently pay a modest subscription based on pupil numbers which supplements the council finding and income generated through the selling of services to schools.
- 3.3. Whilst council's retain the statutory responsibility to monitor schools and intervene in maintained schools causing concern, the bulk of the government funding for this work (Education Support Grant) has been removed from council budgets and a proportion of the funding was redirected through the relatively new mechanism of the Regional Schools Commissioners. Teaching School Alliances could bid for funding for funding to support individual schools of concern and other organisations such as THEP could bid for wider ranging projects for example to raise standards in mathematics. When THEP was established, the intention was that bids to this funding source would play a part in sustaining the THEP and indeed a successful bid was made to support work in one school of concern. A bid to improve standards however was not successful in part because Tower Hamlets schools have relatively high standards and bids from lower performing geographic areas were prioritised.

4. **Activity**

- 4.1 The vibrant programme of support and challenge which has been developed over the past year and the level of engagement by schools is remarkable. Although it is difficult to establish a direct correlation between this and school standards, the work of the THEP is all drawn from evidence based practice and within a context of the increasing expectations of schools and reductions in funding we are confident it will play an important role in **at least** maintaining standards of achievement, but ideally improving them.

4.2 Working with the Teaching School Alliance, a successful bid was made to the Regional Schools Commissioner for additional funding to support one secondary school which was in difficulty. Due to internal school leadership issues which have resulted in the LA issuing a Warning Notice, this was not particularly successful. As a consequence an executive headteacher is now working in the school and leading an intensive intervention programme. Unfortunately the government has changed its education policy with no warning or formal policy announcement over the summer months which means that there is no school improvement funding available through the RSC.

5. **The future**

5.1. THEP has established a well-regarded multi-faceted programme which headteachers, school staff and other key stakeholder have confidence is supporting schools appropriately to enable them to maximise pupils' life chances. There is a very high level of engagement both with regards to participation, but also with regard to school leaders and staff contributing to the programme delivery at no cost. THEP is already playing an important role in the retention of high quality staff and in the future will no doubt also positively impact on local recruitment. In this financial year, the council's contribution to THEP is circa £600K.

5.2. The key risk going forward is financial. As the seed funding comes to an end, THEP is planning to increase the cost to schools, however this is within the context of reducing school budgets. The changing demographic in the borough and the number of surplus places in some primary schools alongside reductions in school budgets has left some small schools on a financial knife edge. The sustainability of schools is being addressed through the primary place review, but until proposed changes to school organisation can be confirmed and implemented some schools will struggle to fund their own professional development and school improvement.

5.3. A growth bid for £250K has been submitted by officers for consideration within the Tower Hamlets budget planning process for the financial year 2019-20 to support THEP going forward.

5.4. The unannounced cessation of the funding through the RSC has worrying implications as THEP and the council were planning to fund the estimated £250k costs of the recovery plan for the secondary school causing concern referenced above through this source. We are not prepared to withdraw the support because of the serious implications for pupils attending the school and officers are working closely to identify how this budget pressure can be met.

6. **Conclusion**

6.1 The appendix will show that THEP is a highly successful enterprise and that it is playing an increasingly important role in supporting schools to ensure that they can maximise the life chances for pupils.

- 6.2 In view of the changing government policy in relation to school budgets and school improvement consideration will need to be given about the expectations of THEP going forward and the possible implications for school standards.

7. EQUALITIES IMPLICATIONS

- 7.1. The key equality implications are concerned with the ability of all children and young people to access effective and high quality education provision to enhance their life chances. Targeted work takes place to address areas of poor performance and with target groups who are under-attaining in relation to national averages, such as with children on free school meals.

8. OTHER STATUTORY IMPLICATIONS

- 8.1 The THEP provides good value for money for the Council through delivering statutory school improvement services through a lean and flexible structure. It's effective operation reduces the risk of school standards deteriorating and thus providing poor opportunities for children and young people. Effective schools make a key contribution to keeping children and young people safe and to crime reduction.

9. COMMENTS OF THE CHIEF FINANCE OFFICER

- 9.1 THEP's latest audited financial accounts indicates a stable financial position but this needs to be seen in the context of the three years seed funding provided by the Council which ends on 31st March 2019.
- 9.2 A growth bid of £250K has been developed to support THEP for a further year in 2019/20 and approval of this proposal remains subject to the Council's budget setting processes. During this period, trustees will also need to consider sustainable forms of funding for THEP.

10. COMMENTS OF LEGAL SERVICES

- 10.1 The Council has the power to do anything incidental to the carrying out of any of its functions. The Council therefore has the power to appoint contractors to support the carrying out of it's education related functions and to support schools.
- 10.2 Ordinarily the Council would subject such a contract to a competitive procurement exercise. However, the Council exercises sufficient control over the THEP such that the Council may commission services directly from the THEP without competition in satisfaction of Regulation 12 of the Public Contracts Regulations 2015. This means that they may continue to do so in the future notwithstanding any decision relating to funding.

- 10.3 This means that the Council can continue to purchase services from the THEP should it be required to deliver against the Council's priorities.
- 10.4 However, the Council still needs to ensure that any money spent with or utilised by the THEP represents Best Value notwithstanding the fact that the Council is not obliged to subject to spend to competitive tendering. Therefore, an agreement should be in place which allows for the Council to control quality of delivery and utilisation of any funds.
- 10.5 In the event that the Council decides to make a grant of seed money rather than commissioning services this would be properly a matter for approval by the Grants Determination Sub-committee rather than the Mayor in Cabinet. However, the allocation of funds and the overall strategy are properly matters for consideration and decision by the Mayor in Cabinet
- 10.6 Any equalities issues will be considered at the point of commissioning further services from the THEP.
-

Linked Reports, Appendices and Background Documents

Linked Report

- NONE

Appendices

- Appendix 1 THEP Annual report
- Appendix 2 Audited accounts

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

- None

Officer contact details for documents:

N/A

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Tower Hamlets Education Partnership Annual Report

Period from 1st September 2017 to 31 July 2018

Ms Tracy Smith – Executive Director

Mr Rob Crothers – Chair of Board

Signed _____

Signed _____

Date _____

Date _____

Foreword

It has been an exceptional year for THE Partnership. The organisation has developed ever stronger foundations, with a clear focus on school improvement and supporting our schools' aspirations to be even better. Our member schools have been actively engaged in our development and fully involved in the innovative projects and professional learning on offer, with many making noteworthy contributions to supporting these projects.

I would like to thank all of our schools for their commitment and support and my fellow trustees who have overseen and steered THE Partnership's direction and development. Their support has been invaluable. Finally, I would particularly like to thank Tracy and her team for their hard work, dedication and leadership over this last year. Through their efforts, THE Partnership is in a very strong position to continue to build a very successful future.

Robert Crothers
Chair

At 3pm on the 21st June at Bonner School, 60 school leaders were engaged in an initial coaching conversation about leadership. The noise in the room was almost deafening and at the same time exhilarating, encapsulating and exemplifying all that we aimed to achieve this year; the development of a learning community, based on trust and a commitment to the Tower Hamlets community.

Tower Hamlets has a rich history with many teachers and leaders having served the LA for a significant number of years and so there is a real sense of place and belonging.

However, there is also a need for greater collaboration and trust in the face of changing educational landscapes and increasing pressure on school budgets.

One of the key aims of The Partnership is to encourage that trust and collaboration. We have made it a priority to establish positive relationships with the schools in our Partnership, as well as those who are currently not members. I have visited 70 schools this year to meet with Headteachers and to get a sense of their schools and their priorities. These conversations have enabled us to create a membership offer that meets their needs but also which offers things that add value beyond that. As a result, schools and colleagues have supported the work we have been doing and are not only engaging with the programmes and events, but are also committing to help lead The Partnership and shape the agenda going forward.

‘The excitement is back in Tower Hamlets. We lost it for a number of years, so it feels great again to work here. We know there is a fantastic support network there for us should we need it’.
Primary Headteacher

The fact that 30 headteachers are giving of their time to support future leaders by coaching them for a year and offering a shadowing experience in their own school is testament to that (and we had more offers for help than

we needed); we also have a commitment from colleagues to work with us to design a peer review model and several schools are leading subject, curriculum and professional learning networks. There is a real sense of schools and Teaching School Alliances working together with THEP to grow the organisation, take responsibility for the direction and success of what we do and engage fully in the notion of school led improvement.

‘Brought heads and schools together –provided a positive, thought provoking and well lead partnership; supported and encouraged heads and schools to collaborate; created a valuable forum where heads feel they have a voice; provided quality professional development’

Secondary Headteacher

We have aimed to create a sense of excitement about learning, teaching and leadership. We know that what happens in the classroom has the biggest effect on outcomes (EEF Key Lessons Learned), that leadership is second only to teaching (Seven Strong Claims about Successful School Leadership; NCSL) and that sharing effective practice between schools and building capacity and effective mechanisms for doing so are key to closing achievement gaps (EEF Key Lessons Learned). This has been the focus of our work and will continue to be so.

Through our subject networks, grammar research project, peer review and leadership programmes, we are focusing on the things that matter.

The Grammar Research project and the bid to the Strategic School Improvement Fund for a KS4/KS5 Maths project are a statement of intent; our outcomes in these areas are positive but we want to raise the bar and improve both pedagogy and standards.

'I feel much stronger going forward knowing that we are going to collaborate and learn how to get it right together.'

Middle Leader

We are developing our professional learning programme which supports and challenges at all stages of a teacher's development, under the umbrella of 'Teach Tower Hamlets'. This will bring together all the professional learning opportunities across our Teaching School Alliances, clusters of schools and through THEP into a more coherent whole so that we are learning from and with each other, harnessing and sharing the excellent practice that we know exists in our schools and promoting to the wider education community to attract the best teachers and leaders to work in Tower Hamlets.

'I have found the support through the leadership consultants invaluable. I appreciate having an honest, supportive and challenging point of view from colleagues with great expertise and experience.'

Secondary Headteacher

Our focus on exceptional leadership development programmes will help us to grow the next generation of leaders, some of whom may become system leaders with roles that go beyond the traditional Headteacher role. We have developed networks for new and emerging system leaders to ensure we are 'growing our own' and investing in the staff who will continue to lead The Partnership as part of the school led system. It has been a priority to invest in

supporting, challenging and developing our Headteachers and we have done this through the Leadership Consultancy offer, where the more traditional SIP role has been tweaked to allow Heads to co-construct agendas and focus on the issues they know need to be addressed.

This is supported through the work of the Challenge Group and School Review Group who carry out the desk top analysis and risk assessments of schools and ensure that schools that need support are identified and appropriate intervention brokered. Our close working relationship with

'The Future Heads Programme is exciting and is a great strategic opportunity to sustain the strong school leadership force already in the Borough. Well done and thank you, what a great year.'

Primary Headteacher

the Local Authority, particularly in relation to those schools that require more intensive support, has been invaluable and we have established clear systems and structures to ensure that we are sharing information and working collaboratively to support school improvement.

Schools in Tower Hamlets have achieved great success: 100% of our Nursery, Primary and Special schools and the vast majority of our Secondary schools are rated 'good' or 'outstanding' by OFSTED. There are now only 2 schools in the LA that are not rated good or outstanding and the percentage of schools with a judgement of 'outstanding' continues to increase. These achievements reflect the passionate ambition of school leaders who are committed to working collaboratively to improve the outcomes for, and the life chances of, our children and young people.

The real sense of community and belonging to Tower Hamlets is something we are championing. In the changing landscape of education in which we find ourselves, powerful, collaborative leadership is needed more than ever, and we are committed to providing strong, value-led leadership to help drive the agenda with school leaders. Our aim this year was to build a learning community to ensure the best outcomes for children and the best professional experience for staff; we are at the beginning of the journey but have achieved much. We know that there are huge challenges and areas we need to address but are confident that together we can make a difference through building social and professional capital and the right balance of challenge and support.

‘Tackled some key issues like workload / CPD / curriculum – all of which give confidence to Heads and also stop the feeling that Heads are working in isolation.’ Primary Headteacher

‘Brought everyone together – re-built bridges; run some really useful INSET with prestigious speakers – made me feel challenged; Set up sustainable CPD & subject networks; acted as a very good voice for schools; created a sense of momentum and a vision for education in TH.’ Secondary Headteacher

‘You have gone from 20mph to 120mph! The THEP offer has expanded to cover more aspects of professional development and developments in leadership training are particularly exciting. The dynamic style and leadership energy of the new CEO builds on the strong foundations set in the early days. We are now clearer about the form and function of the organisation helped by the tangible offer showing value for money (SLA contributions)’. Primary Headteacher

Key Performance Indicators May 2018

Membership

	2018 – 2019	2017 – 2018	Notes
Nursery	6/6	6/6	
Primary	66/71	67/71	71 schools in total in the LA SPWT Primary included as a separate school this year Blue Gate counts as 2 Cubbit Town counts as 2 1 school less than last year (Old Palace) Schools not in THEP: Paradigm Trust, St Edmunds, Old Palace
	Total 67/71	68/71	Includes 1 out of borough school Sir John Cass (City of London)
Secondary	18/21	17/21	Green Springs have joined Schools not in THEP: Mulberry UTC, Bishop Challoner (boys and girls)
Special	5/6	5/6	
Total	96 schools		

Associate membership

Associate Membership	21 (6 still to renew)
New members	Institute of Imagination

Membership Participation & Engagement

Activity/Event	No of schools	
	2018 - 2019	2017 - 2018
PEP Packages	Bronze 36 (+2)	Bronze 33
	Silver 14	Silver 16
	Gold 6	Gold 10
	Nursery 5	Nursery 6
	Total: 63 Schools	Total: 65 Schools
	Total income: £327,600	Total income: £368,600
	Extra income: £1250	Extra income: £4500
	Total income: £328,850	Total income: £373,100
	NON-SLA - 11 Schools	NON-SLA - 9 Schools
	Networks	
Primary Subject Networks	EAL, English, Maths, MFL, RE, Science	
Secondary Subject Networks	English, Geography, History, Maths, Media Studies, MFL, PE, RE, Science	

Cross Phase Subject Network	History/Geography
Leadership Networks	Post 16 Forum, CPD Leaders, Subject Network Leaders
Projects	
Peer Review	56 – 36 (SSAT), 17 (EDT), 3 (Challenge Partners)
Peer Review Strategy Group	13 schools
Creative Grammar	10 schools
Workload Working Group	9 schools
Winchester Heritage Project	5 schools
Open City Project	10 schools
Conferences	
Primary Curriculum Conference	70 delegates
Secondary Curriculum Conference	8 schools
Leadership Programmes	
New HT Induction	6 Headteachers
Middle Leader	18 delegates (3 schools)
Leadership Forum	40 schools
Heads Up	6 schools
Future HT programme	30 delegates; 30 HT Coaches
Chair of Governors Forum	19 schools
Leadership Consultancy	15 schools (secondary)

Ofsted

29 schools have had Ofsted; 1 school has also had a themed visit on curriculum (primary):

	No of Ofsted
Nursery	2
Primary	21
Secondary	4
Special	1
AP	1

All primary schools are now good or outstanding; 2 schools moved out of RI this year (Bigland Green from RI to outstanding and Shapla from RI to Good). There are now 2 secondary schools with a judgement of RI (Wapping High School moved from RI to Good).

2017 – 2018 changes in Ofsted outcomes:

	Primary	Secondary
RI to Good	1 Shapla	1 Wapping
RI to O/S	1 Bigland Green	
Good to O/S	2 Globe, Mowlem	

September 2016 – July 2017

	THEP Membership	Outstanding		Good		RI		Good & O/S	
		Nos	%	Nos	%	Nos	%		
Nursery	6	6	100%	-	-	-	-	100%	
Primary	66	20	30%	44	67%	2	3%	97%	
Secondary	18	4	27%	8	53%	3	20%	80%	3 with no grade
Special	5	4	80%	1	20%			100%	

September 2017 – July 2018

	THEP Membership	Outstanding		Good		RI		Good & O/S	
		Nos	%	Nos	%	Nos	%		
Nursery	6	6	100%	-	-	-	-	100%	
Primary	66	23	35%	43	65%	-	-	100%	
Secondary	18	4	27%	9	60%	2	13%	87%	3 with no grade
Special	5	4	80%	1	20%			100%	

September 2017 – July 2018 (Inc. national comparisons 2017 data)

	THEP Membership	Outstanding		Nat	Good		Nat	RI		Nat	Good & O/S	Nat
		Nos	%		Nos	%		Nos	%			
Nursery	6	6	100%	63%	0	-	37%	0	-	0%	100%	94%
Primary	66	23	35%	19%	43	65%	72%	0	-	8%	100%	90%
Secondary	18	4	27%	23%	9	60%	56%	2	13%	6%	87%	79%
Special	5	4	80%	38%	1	20%	55%	0	-	5%	100%	89%

Of the 2 RI schools, 1 is a free/academy, 1 is a LA school

Visits to Schools

Nursery	Alice Model, Children's House, Columbia, Harry Roberts, Rachel Keeling
Primary	Bangabandhu, Ben Jonson, Bigland Green, Bonner, Chisenhale, Clara Grant, Cyril Jackson, Elizabeth Selby Infants', Globe, Halley, Harbinger, John Scurr, Kobi Nazrul, Lansbury Lawrence, Lawdale, Malmesbury, Manorfield, Marion Richardson, Mayflower, Mowlem, Old Palace, Olga, Osmani, Redlands, St Anne's, St Lukes, St Matthias, St Paul's Whitechapel CE, St Paul's with St Luke's, St Saviours, Seven Mills, Sir William Burrough, Smithy Street, Stebon, The Stepney Greencoat CE, Thomas Buxton, Virginia, Wellington, William Davies, Woolmore Sir John Cass Primary (City)
Secondary	Bishop Challoner, Bow, Central Foundation, City Gateway, George Green's, Green Springs, Langdon Park, London East AP, London Enterprise Academy, Morpeth, Mulberry, Mulberry UTC, Oaklands, Raines, St Paul's Way, Sir John Cass, Stepney Green, Swanlea, Wapping
Special	Beatrice Tate, Cherry Trees, Ian Mikardo, Phoenix, Stephen Hawking

Visits with Associate Members

Bow Arts, HEC Global Learning Centre, LBTH Parent and Family Support Service, Spitalfields Music, The Virtual School for Looked After Children, Tower Hamlets Arts and Music Education Service (THAMES), V&A Museum of Childhood

Other

I have presented at the Hillingdon Secondary Headteachers' Conference and the SSAT School Improvement Conference about my work leading THEP.

I have become part of a network for London partnership leads (Association of London Partnerships) convened by Christine Gilbert, the aim of which is to share and support each other.

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**Tower Hamlets Education
Partnership**

**Annual Report and
Financial Statements**

Period from 10 January 2017 to
31 March 2018

Charity Registration Number
1173381 (England and Wales)

Company Limited by Guarantee
Registration Number
10556338 (England and Wales)

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Financial Statements

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Legal and administrative information

Trustees	Robert Crothers (Chair) Shahanaz Begum Aziz Choudhury Sir Kevan Collins Christine Gilbert, CBE Debbie Jones Michael Keating Sir Alasdair Macdonald Stephen Purse
Executive Director	Tracy Smith
Registered office	The Professional Development Centre 229 Bethnal Green Road London E2 6AB
Charity registration Number	1173381 (England and Wales)
Company registration number	10556338 (England and Wales)
Auditor	Buzzacott LLP 130 Wood Street London EC2V 6DL
Principal bankers	National Westminster Bank Stratford Broadway Gratley House 1-11 Broadway Stratford E15 4DX

Trustees' report Period to 31 March 2018

The trustees, who are also the directors for the purposes of company law, present their statutory report together with the financial statements of the Tower Hamlets Education Partnership ("THE Partnership" or the "charitable company") for the period from the date of incorporation, 10 January 2017, to 31 March 2018.

The report has been prepared in accordance with Part 8 of the Charities Act 2011 and constitutes a directors' report which has been prepared to meet the requirements of the Companies Act 2006.

The financial statements have been prepared in accordance with the accounting policies set out on pages 16 to 18 and comply with THE Partnership's memorandum and articles of association, applicable laws and the requirements of Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), effective from accounting periods commencing 1 January 2015 or later.

OBJECTIVES AND ACTIVITIES

Principal aims

The principal activity of THE Partnership in the period under review was the advancement of education for the public benefit in and through member schools and other educational settings and initiatives in the United Kingdom, with an initial focus on the London borough of Tower Hamlets.

Review of activities

Vision

Our vision is that all children and young people in Tower Hamlets will experience the best possible educational opportunities, outcomes and life chances.

Objectives

To realise this vision, we will build on the existing culture of collaborative working between our schools and other educational settings enabling them to deliver the best possible education for the public benefit.

Review of the year

We are grateful for the tremendous support that we have received from our target community. We had 94 member schools by 31 March 2018, which includes almost all schools in Tower Hamlets.

Schools in Tower Hamlets have achieved great success: 100% of our Nursery, Primary and Special schools and the vast majority of our Secondary schools are rated 'good' or 'outstanding' by OFSTED. The percentage of schools with a judgement of 'outstanding' continues to increase. An excellent education opens up opportunities to improve social mobility.

These achievements reflect the passionate ambition of school leaders who are committed to working collaboratively to improve the outcomes for, and the life chances of, our children and young people.

The real sense of community and belonging to Tower Hamlets is something we are championing. In the changing landscape of education in which we find ourselves, powerful, collaborative leadership is needed more than ever, and we are committed to providing strong, value-led leadership to help drive the agenda with school leaders.

Our aim during the period was to build a learning community to ensure the best outcomes for children and the best professional experience for staff; we are at the beginning of the journey but have achieved much during the period and have exciting plans for our further development.

We continue to work in close partnership with the Local Authority, particularly in relation to those schools that require more intensive support and we have established clear systems and structures to ensure that we are sharing information and working collaboratively to support school improvement.

We have established our core offer of providing challenge and support through our Leadership Consultants. Through working in partnership with schools to broker and lead school-to-school support, our subject networks are providing the space for leaders to share knowledge and expertise, and to drive the improvement agendas in their schools. This includes supporting colleagues through our Headteacher Induction and Middle Leader programmes. We are keen to develop the research focus of our work and have started this with the Primary Grammar Project; in addition, we have been promoting opportunities for schools to engage with a range of projects, from Open City to research relating to citizenship with the Institute of Education.

Achievements 2017/18

Subject Networks

Primary

EAL English Maths
MFL RE Science

Secondary

English Geography History Maths
Media Studies MFL PE
Post 16 Forum RE Science

"I feel much stronger going forward knowing that we are going to collaborate and learn how to get it right together."

Teach Tower Hamlets

Developing a coherent professional learning offer

"We are moving together with an exciting vision for Teach Tower Hamlets."

Leadership Development

New HT Induction
LEAD Middle Leaders
Heads Up
Leadership Forum

"Thanks so much for the Leadership Meeting – I feel excited by the potential."

THEP Communication

New Website Design
Website Members Area
Monthly Newsletter
Twitter Handle

Challenge & Support

Leadership Consultants
Peer Review
Data Packs

"I have found the support through the leadership consultants invaluable. I appreciate having an honest, supportive and challenging point of view from colleagues with great expertise and experience."

Research/Projects

Creative Grammar
SSIF: KS4 Maths
KS2 Maths: reasoning & problem solving
Workload

STRUCTURE, GOVERNANCE AND MANAGEMENT

THE Partnership was incorporated on 10 January 2017 as a company limited by guarantee, company registration number 10556338 (England and Wales), in accordance with the requirements of the School Companies Regulations 2002. It was registered as a charity on 13 June 2017, charity registration number 1173381 (England and Wales). In the event of winding up, each of the members is liable to contribute towards the assets of the charitable company up to the amount of £25.

The trustees approve the strategy and the budget for each financial year. Management of the day-to-day operations is delegated to the Executive Director, subject to appropriate financial limits. The trustees monitor the activities of THE Partnership at board meetings which take place approximately six times per year; the Chair meets more regularly with the Executive Director to review progress. A Finance sub-committee meets on an ad hoc basis to review financial matters.

Trustees

The following trustees were in office throughout the period, and up to the date of signature of the financial statements, except where shown. All trustees were appointed upon incorporation, unless otherwise stated:

Trustees	Appointment/resignation date
Robert Crothers (Chair)	
Shahanaz Begum	Appointed 17 April 2017
Aziz Choudhury	
Sir Kevan Collins	
Christine Gilbert, CBE	
Debbie Jones	Appointed 18 January 2018
Michael Keating	
Sir Alasdair Macdonald	
Stephen Purse	
Catherine Smith	Resigned 31 August 2017

Recruitment and appointment

The initial trustees have been selected to include an appropriate mix of educational and business skills and representation of the local community. The trustees intend to review the board structure during the current financial year and establish a suitable approach for the appointment of future trustees.

Induction and training

The initial trustees have been provided with guidance on their responsibilities as trustees and a briefing on the activities of THE Partnership. The review of the board structure referred to above will include consideration of the future induction and training procedures for trustees.

Key management personnel

The key management personnel of the charitable company comprise the trustees and the Executive Director. The salary of the Executive Director is reviewed on an annual basis, taking into account external benchmarks and the terms of her contract, and is approved by the trustees.

Catherine Smith served as Executive Director and as a trustee from 10 January 2017 to 31 August 2017. The current Executive Director is not a trustee.

No remuneration was paid to any trustee in connection with his or her services as a trustee.

Public benefit

The trustees have noted the Charity Commission guidance on the public benefit requirement under the Charities Act 2011 and are confident that the activities of THE Partnership comply with this requirement

The trustees will ensure that, in administering the charitable company, they will continue to pay due regard to the Charity Commission guidance on public benefit.

Trustees' responsibilities

The trustees (who are also directors of Tower Hamlets Education Partnership for the purposes of company law) are responsible for preparing the trustees' report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the charitable company and of the income and expenditure of the charitable company for that period.

In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

Trustees' report Period to 31 March 2018

The trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Each of the trustees confirms that:

- so far as each trustee is aware, there is no relevant audit information of which the charitable company's auditor is unaware; and
- each trustee has taken all the steps that he or she ought to have taken as a trustee in order to be aware of any relevant audit information and to establish that the charitable company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

The trustees are responsible for the maintenance and integrity of financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

FINANCIAL REVIEW

Financial report

A summary of the period's results can be found on page 13 of the financial statements.

Total income for the period amounted to £954,681 and expenditure amounted to £541,338, resulting in a surplus for the period of £413,343.

We are grateful to the London Borough of Tower Hamlets for its commitment to provide £900,000 over the first three years of our operation. The first two instalments, totalling £600,000, were received during the period ended 31 March 2018. The final instalment of this initial funding, amounting to £300,000, is expected to be received during the financial year ending 31 March 2019.

Total reserves at 31 March 2018 amounted to £413,343 and our cash balance was £388,898. The trustees consider that this is sufficient to cover the current commitments and continuing activities.

Reserves policy and financial position

Reserves policy

The trustees have considered the need for free reserves, being those unrestricted funds not invested in fixed assets, designated for specific purposes or otherwise committed. Such reserves are necessary to cover any temporary shortfalls in income due to timing differences between income and expenditure and to allow for unforeseen emergencies until specific action plans are implemented. This is the first accounting period and the trustees

will aim to retain free reserves over time to cover a minimum of three months' average expenditure on core expenditure. At 31 March 2018 the free reserves amounted to £413,343, which exceeds the target when compared to the expenditure in the period then ended. The trustees consider this appropriate in light of the planned expansion of activities. In assessing the current position, the trustees have considered the seed funding commitment from the London Borough of Tower Hamlets.

Financial position

The balance sheet shows total net assets of £413,343, all of which relates to unrestricted funds. The trustees consider that this is sufficient to cover commitments and to finance the continued running of activities in accordance with the reserves policy set out above.

Risk management

The trustees have assessed the major risks to which the charitable company is exposed. The trustees believe that they have established effective systems to mitigate those risks by monitoring reserve levels, by ensuring that there are adequate controls over key financial systems and by periodically reassessing the operational and business risks.

The trustees have identified the key risks as set out below.

Reputational risk

This includes the effect of failure to meet financial obligations, loss of charity status, failure to deliver services which have been promised, failure to deliver services of an adequate quality, poor complaint handling, poor communications and negative comments by third parties.

The actions to mitigate these risks include regular monitoring reviews and frequent contact with those to whom we provide services.

Engagement risk

This includes lack of support from our members and lack of knowledge or recognition by our members and the public of the positive effects of the work that we do.

The actions to mitigate these risks include regular consultations with our members and others who benefit from our work.

Financial risk

This includes failure to meet the budget approved by the trustees, failure to deliver services within the expected costs, failure to sell services and the loss of key staff.

The actions to mitigate these risks include regular monitoring of the budget by the trustees, having a flexible cost base which can be adjusted in line with demand, structured feedback to staff and benchmarking of remuneration.

Future plans

We will continue to support Peer Review into a second year as we believe that this provides the structure for schools to move theory into practice in relation to the self-improving school-led system, developing social and professional capital, challenge and support.

Trustees' report Period to 31 March 2018

We will also be offering a comprehensive leadership suite of professional learning opportunities which will support and challenge at all stages of a teacher's development. Our focus on exceptional leadership development programmes will help us grow the next generation of Tower Hamlets' leaders.

Approved by the trustees and signed on their behalf by:

Robert Crothers
Trustee

Approved by the trustees on:

Independent auditor's report to the members of Tower Hamlets Education Partnership

Opinion

We have audited the financial statements of Tower Hamlets Education Partnership (the 'charitable company') for the period from 10 January 2017 to 31 March 2018 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2018 and of its income and expenditure for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or

Independent auditor's report Period to 31 March 2018

- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the trustees' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the trustees' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to take the small companies' exemptions from the requirement to prepare a strategic report.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Hugh Swainson, Senior Statutory Auditor
for and on behalf of Buzacott LLP, Statutory Auditor
130 Wood Street
London
EC2V 6DL

Statement of financial activities Period to 31 March 2018

	Notes	2018 Total funds £
Income from:		
Charitable activities	1	<u>954,681</u>
Total income		<u>954,681</u>
Expenditure on:		
Charitable activities	2	<u>541,338</u>
Total expenditure		<u>541,338</u>
Net income and net movement in funds		413,343
Reconciliation of funds		
Fund balances at 10 January 2017		<u>—</u>
Fund balances at 31 March 2018		<u>413,343</u>

All of the charitable company's activities derived from continuing operations.

All income and expenditure related to unrestricted funds for the above financial period.

There is no difference between the net movement in funds above and the historical cost equivalent.

Balance sheet As at 31 March 2018

	Notes	2018 £	2018 £
Current assets			
Debtors	8	388,904	
Cash at bank and in hand		<u>388,898</u>	
		777,802	
Creditors: amounts falling due within one year	9	<u>(364,459)</u>	
Net current assets			413,343
Total net assets			<u>413,343</u>
The funds of the charity:			
Unrestricted funds			
. General fund			<u>413,343</u>
			<u>413,343</u>

Approved by the trustees of Tower Hamlets Education Partnership, Company Registration No. 10556338 (England and Wales) and signed on their behalf by:

Trustee

Approved on:

Statement of cash flows Period to 31 March 2018

	Notes	2018 £
Cash flows from operating activities:		
Net cash provided by operating activities	A	388,898
Change in cash and cash equivalents in the year		388,898
Cash and cash equivalents at 10 January 2017	B	—
Cash and cash equivalents at 31 March 2018	B	388,398

Notes to the statement of cash flows for the period to 31 March 2018

A Reconciliation of net movement in funds to net cash provided by operating activities

	2018 £
Net movement in funds (as per the statement of financial activities)	413,343
Adjustments for:	
Increase in debtors	(388,904)
Increase in creditors	364,459
Net cash provided by operating activities	388,898

B Analysis of cash and cash equivalents

	2018 £
Total cash and cash equivalents: Cash at bank and in hand	388,898

Principal accounting policies Period to 31 March 2018

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are laid out below.

Basis of preparation

These financial statements have been prepared for the period to 31 March 2018.

The financial statements have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant accounting policies below or the notes to these financial statements.

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) (Charities SORP FRS 102) issued on 16 July 2014, the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The charitable company constitutes a public benefit entity as defined by FRS 102.

The financial statements are presented in sterling and are rounded to the nearest pound.

Critical accounting estimates and areas of judgement

Preparation of the financial statements requires the trustees and management to make significant judgements and estimates.

The items in the financial statements where these judgements and estimates have been made include:

- ◆ estimating accrued expenditure; and
- ◆ determining the apportionment of expenditure between governance and other support costs and between support costs and the various categories of expenditure.

Assessment of going concern

The trustees have assessed whether the use of the going concern assumption is appropriate in preparing these financial statements. The trustees have made this assessment in respect to a period of one year from the date of approval of these financial statements.

The trustees of the charitable company have concluded that there are no material uncertainties related to events or conditions that may cast significant doubt on the ability of the charitable company to continue as a going concern. The trustees are of the opinion that the charitable company will have sufficient resources to meet its liabilities as they fall due. The most significant areas of judgement that affect items in the financial statements are detailed above.

Income recognition

Income is recognised in the year in which the charitable company is entitled to receipt, it is probable the charitable company will receive the income, and the amount can be measured with reasonable certainty. Income is deferred only when the charitable company has to fulfil conditions before becoming entitled to it or where the donor or funder has specified that the income is to be expended in a future accounting period.

Income comprises seed funding, membership fees, fees for work commissioned by third parties and income from training and events.

Seed funding is receivable annually and is recognised in the financial year to which it relates.

The membership period is coterminous with the year end. Any membership fees relating to the following year received in advance of the year end are deferred to the following year.

Fees from work commissioned by third parties and income from training and events are recognised to the extent that it is probable that the economic benefits will flow to the charitable company and the revenue can be reliably measured.

Income relating to the Primary Education and Partnerships team and the related cost of that team are not recognised within these financial statements. The charitable company manages this activity, but the risks and rewards of carrying out the activity, including the employment of the relevant staff, were retained within The London Borough of Tower Hamlets during the period.

Expenditure and the basis of apportioning costs

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charitable company to make a payment to a third party, it is probable that a transfer of economic benefits will be required in settlement, and the amount of the obligation can be measured reliably.

All expenditure is accounted for on an accruals basis. Expenditure comprises direct costs and support costs. All expenses, including support costs, are allocated or apportioned to the applicable expenditure headings. The classification between activities is as follows:

- ◆ Expenditure on charitable activities includes expenditure associated with the primary charitable purposes as described in the trustees' report. Such costs include staff costs; office costs and an allocation of support costs.
- ◆ Start up costs include expenditure associated with the set up and formation of the charitable company. This also includes costs initially incurred by Bow School prior to the incorporation of the charitable company which have subsequently been recharged.

Support costs represent indirect charitable expenditure. In order to carry out the primary purposes of the charitable company it is necessary to provide support in the form of financial procedures, IT, provision of office services and equipment and a suitable working environment. They include governance costs which are the costs associated with the governance of the charitable company and the costs associated with the strategic, as

Principal accounting policies Period to 31 March 2018

opposed to day to day, management of the charitable company's activities. Support costs are allocated to expenditure on charitable activities.

Debtors

Debtors are recognised at their settlement amount, less any provision for non-recoverability. Prepayments are valued at the amount prepaid.

Cash at bank and in hand

Cash at bank and in hand represents such accounts and instruments that are available on demand or have a maturity of less than three months from the date of acquisition.

Creditors

Creditors are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Creditors are recognised at the amount the charitable company anticipates it will pay to settle the debt.

Pension costs

The pension costs represents payments in respect of individuals seconded to the charitable company. These costs are charged to the Statement of Financial Activities in the period to which they relate. The charitable company has no obligations other than to pay the pension contributions applicable to the periods during which the relevant individuals are seconded to it.

Leased assets

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged on a straight-line basis over the lease term.

Fund structure

The general fund comprises those monies which are freely available for application towards meeting the charitable objectives of the charitable company at the discretion of the trustees.

1 Income from charitable activities: School improvements

	2018 £
Seed funding from London Borough of Tower Hamlets	600,000
Membership fees	194,200
Training and events	14,881
Commission for school improvement from London Borough of Tower Hamlets	145,600
	954,681

2 Expenditure on charitable activities: School improvements

	Direct £	Support £	2018 £
Recurring costs			
Educational consultants	58,030	—	58,030
Educational materials and data	75,933	—	75,933
Staff and related costs	170,023	58,276	228,299
Other support costs	—	56,337	56,337
Total recurring costs	303,986	114,613	418,599
Start up costs			
Staff and related costs	49,484	—	49,484
Educational consultants	73,255	—	73,255
Total start up costs	122,739	—	122,739
Total expenditure	426,725	114,613	541,338

3 Support costs

	2018 £
Premises costs	10,280
Staff and related costs	58,276
IT costs	18,159
Other expenses	20,148
Governance	
. Audit and accountancy fees	7,750
	114,613

4 Net income

This is stated after charging:

	2018 £
Staff costs (note 5)	275,720
Auditor's remuneration:	
. Statutory audit	6,500
. Other services: Accounts preparation	1,250

5 Staff costs

No individuals were directly employed by the charitable company during the period. Staff costs below represents the costs of individuals seconded to the charitable company during the period:

	2018
	£
Wages and salaries	206,132
Social security costs	31,480
Pension costs	38,108
	275,720

The average number of staff during the period, calculated on a headcount and full time equivalent basis was as follows:

	2018	2018
	FTE	Headcount
Seconded staff	2.0	2.5

The number of staff who earned £60,000 or more during the period (including taxable benefits but excluding employer pension contributions) during the period was as follows:

	2018
	Number
£70,001 - £80,000	2

Employer pension contributions in respect of the above higher earners during the period amounted to £34,207.

The key management personnel of the charitable company in charge of directing and controlling, running and operating the charitable company on a day to day basis comprise the trustees and the Executive Directors. The total remuneration (including taxable benefits, employer's national insurance contributions and employers pension contributions) of the key management personnel for the period was £207,567.

6 Transactions with trustees

The previous Executive Director was also a trustee of the charitable company for the period from 10 January 2017 to 31 August 2017. During the period ended 31 March 2018, she received remuneration of £79,416 in her capacity as Executive Director. This includes costs incurred before the incorporation of the charitable company that were subsequently recharged.

No trustees were remunerated for services provided as trustees.

During the period no trustees were reimbursed expenses.

6 Transactions with trustees (continued)

Owing to the nature of the charitable company's operations and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which a trustee may have an interest. Membership subscriptions and services paid by member schools in which a member of the board of trustees has an interest are on an arm's length basis.

One trustee is also the Director of Children's Services of the London Borough of Tower Hamlets. She was appointed as a trustee of the charitable company on 18 January 2018. In her role with the London Borough of Tower Hamlets she has the ability to influence transactions between the London Borough of Tower Hamlets and the charitable company, subject to such further review and approval as the London Borough of Tower Hamlets may require. In view of the potential conflict of interest (which has been considered and authorised by the other trustees in accordance with the Companies Act 2006), the other trustees of the charitable company review and approve transactions with the London Borough of Tower Hamlets. Transactions with the London Borough of Tower Hamlets during the period were as follows:

	2018 £
Income:	
Seed funding	600,000
Commission for school improvement	145,600
Expenditure:	
Staff and related costs	277,783
Educational consultants	73,255
Premises and other expenses	11,840
Accounting support	10,000
Amount receivable at 31 March 2018	174,720

7 Taxation

The charitable company is a registered charity and therefore is not liable for income tax or corporation tax on income derived from its charitable activities, as it falls within the various exemptions available to registered charities.

8 Debtors

	2018 £
Membership fees in advance	214,184
Other debtors: Local authority commission funding	174,720
	388,904

9 Creditors: amounts falling due within one year

	2018 £
Trade creditors	96,631
Accruals	20,000
Deferred income	199,445
VAT payable	48,383
	<u>364,459</u>

Deferred income consists of membership fees invoiced in advance for the 2018/19 financial year.

10 Lease commitments

At 31 March 2018 the charitable company had total commitments under non-cancellable operating leases as follows:

	Land and buildings £
Amounts due:	
. within one year	12,600
. between one and five years	5,250
	<u>17,850</u>

<p>Cabinet</p> <p>31 October 2018</p>	 <p>TOWER HAMLETS</p>
<p>Report of: Ann Sutcliffe, Acting Corporate Director, Place</p>	<p>Classification: Unrestricted</p>
<p>High Streets & Town Centres Strategy 2017 - 2022</p>	

Lead Member	Councillor Uz-Zaman, Cabinet Member for Work & Economic Growth
Originating Officer(s)	Fiona Crehan, High Streets & Town Centres Manager
Wards affected	All wards
Key Decision?	Yes
Forward Plan Notice Published	27 th September 2018
Reason for Key Decision	Implementing the strategy will impact on multiple wards and require the commitment of expenditure.
Strategic Plan Priority / Outcome	Priority 1 – People access a range of education, training and employment opportunities (Implement a programme of improvement initiatives to High Streets & Town Centres, including the role out of Wifi)

Executive Summary

This report seeks approval for the adoption of the High Streets & Town Centres Strategy (2017–2022).

The strategy sets out the Council’s approach to improving the performance and competitiveness of Tower Hamlets key high streets and town centres.

The strategy summarises characteristics of key local high streets and uses a set of 20 Performance Indicators (PIs), which are ranked, to give a baseline for their performance.

A draft strategy was sent to Cabinet in March 2017 and a consultation process was approved.

At that time the development of a Markets Strategy was planned by the Market Services team, the content of which would cross refer to the Town Centres strategy.

Following the consultation process the High Streets & Town Centres strategy 2017-2022 integrated the profile of local street markets with the profile of each key high street to provide an overall pen portrait of each place.

The completed strategy also has a dedicated section on the approach to improving our street markets and aspects of street market operation are featured in each of the

5 key priorities.

Senior officers, in consultation with Cllr Motin Uz-Zaman Cabinet Member for Work & Economic Growth, reviewed the strategy and agreed that a separate Market Strategy was now no longer required.

A High Streets & Town Centres Working Group has been set-up with officers from a range of services to enable joint working , maximise synergy and make the most of available funds and oversee the implementation of the strategy

The High Streets & Town Centres team (HS&TC) team will carry out an annual review of the PIs for each key high street in order to monitor the impact of improvements and track improvements in the ranking of each indicator.

Recommendations:

The Mayor in Cabinet is recommended to:

1. Approve the final the High Streets & Town Centres Strategy (2017-2022) and the priorities set out in the document.
2. Note the rankings given to performance indicators across key high streets as set out in Appendix 1 of the strategy.
3. To note the specific equalities considerations as set out in paragraph 4.1

1. REASONS FOR THE DECISIONS

- 1.1 Approving the strategy will enable the implementation of priorities to improve the performance of key local high streets and address weaknesses.

2. ALTERNATIVE OPTIONS

- 2.1 The development of a High Streets & Town Centre Strategy is a key objective in the Forward Plan for 2018/19.
- 2.2 No alternative option has therefore been considered.

3. DETAILS OF THE REPORT

- 3.1 The purpose of the High Streets & Town Centre Strategy is to set out the Council's approach to improving the competitiveness of key local high streets and town centres aims to create vibrant, dynamic and sustainable places by:
 - attracting investment into the borough;
 - exploiting the success of the borough's street markets;

- supporting enterprise;
 - managing the night time economy; and
 - reducing vacant units.
- 3.2 The High Streets & Town Centres team worked with consultants (ATCM and The Retail group) developed the strategy, drawing on a range of data and information and reviewing characteristics of each key local high street.
- 3.3 Analysis of the characteristics of each key high street highlighted areas of improvement needed to improve their performance.
- 3.4 The draft of the strategy was approved for consultation by Cabinet in March 2017.
- 3.5 Consultation was undertaken with teams across the Council, local stakeholders with an interest in our high streets and with community groups, residents and businesses in their respective town centre or high street.
- 3.6 Using these local networks, the strategy was distributed to 1,339 different businesses, organisations and residents and generated 40 responses.
- 3.7 Responses received were supportive of the direction and approach set out in the strategy and the rankings given to performance indicators.
- 3.8 Responses included suggestions for how different issues on the local high streets could be addressed, including improvements to the management and look of the local street markets.
- 3.9 These comments were used to finalise the strategy and its priorities:
- Priority 1: Improve the retail offer on the high street;
 - Priority 2: Develop and support local partnerships;
 - Priority 3: Improve management of the public realm;
 - Priority 4: Improve the management of street markets and
 - Priority 5: Reduce anti-social behaviour on the high street.
- 3.10 The implementation of the strategy will be led by the High Streets & Town Centres team working with services across the Council and also with local place-based partnerships and local stakeholders.
- 3.11 The High Streets & Town Centres Working Group, with officers from services across the Council with an interest in high streets, will oversee the implementation of the strategy and review the rankings for performance indicators each year to track progress and improvements.

4. EQUALITIES IMPLICATIONS

- 4.1 The implementation of priorities set out in the strategy will positively impact on the quality of life of residents living in Tower Hamlets, particularly people living near our key high streets.

4.2 The implementation of the strategy will maximise economic benefits arising from local growth and in general improve outcomes for people from protected groups by supporting our independent businesses many of which are owned by people from BAME backgrounds and by providing low cost opportunities to start businesses, assisting people from disadvantaged backgrounds.

4.3

4.4 An Equalities Analysis has been completed and attached as an Appendix to this report.

5. **OTHER STATUTORY IMPLICATIONS**

5.1 **Crime Reduction**

Anti-Social Behaviour (ASB) and Crime are particular challenges for our town centres, with aggressive begging, alcohol and drunkenness issues, drug dealing, drug use and assaults of particular concerns.

There is also a link between ASB concerns and the borough's night-time economy, particularly in the west of the borough.

Reducing ASB is one of the priorities of the strategy and a PI is being monitored as the strategy is implemented. This will involve joint working with services promoting responsible alcohol consumption and responsible management of licensed premises, supporting the implementation of the emerging CCTV Strategy and Waste Strategy and the Council's review of enforcement services.

The HS&TC team will work with the Community Safety team and Crime & ASB Operations Group to help improve reporting of crime on our key high streets and town centres.

5.3 **Environmental (including Air Quality)**

Public realm improvements are a key priority in the strategy and include promoting green travel including: way finding, walking routes and quiet routes between high streets, installing electric vehicle charging points and accommodating cycle storage and car hire/ share solutions.

Implementing the strategy will link with the Council's strategies including: Air Quality, Public Health & Well-being.

5.4 **Risk Management**

The following risks have been identified, and mitigation strategies prepared:

Risk	Mitigation
Stakeholders are not supportive of the proposed strategy / do not sufficiently engage	<p>Consultation undertaken on draft strategy to allow for comment on proposed strategy.</p> <p>Partnerships created in a number of town centres where appropriate (e.g. Brick Lane Regeneration Partnership; Roman Road Regeneration Partnership).</p> <p>Regular communications with stakeholders to continue throughout delivery of the strategy.</p>

Lack of co-operation from key landholders	Initial engagement has taken place with landholders in key areas e.g. QMU in Roman Road / TfL on sites across the borough. Sites with potential issues with key landholders will be flagged in individual programme PIDs and mitigation measures outlined.
Unable to secure necessary consents e.g. planning for shopfront improvements	Pre-engagement with LBTH Planning team regarding shopfront improvement programmes to pre-empt any issues that may arise.
Unable to secure necessary funding	Programmes will seek funding from a wide range of internal and external sources to ensure that as much work as possible outlined in the strategy is able to be funded.

6. COMMENTS OF THE CHIEF FINANCE OFFICER

- 6.1 Following the completion of a public consultation process, this report seeks the approval by the Mayor in Cabinet for the Council to adopt the High Streets and Town Centres Strategy (2017-2022).
- 6.2 Along with the appointment of a Town Centre Team (completed in June 2016) and the development of Area Profiles (considered by Cabinet in December 2016), the delivery of a High Streets and Town Centre Strategy is one of the major deliverables within the 'Thriving High Streets' project that was approved by the Greater London Authority (GLA). This project is fully funded from within the £7.021 million that the Council was awarded to finance Local Enterprise Partnership (LEP) priorities within the borough. The Strategy has been developed by the Council's Growth and Economic Development service with support from external consultants (see paragraph 3.2) at a cost of approximately £50,000.
- 6.3 In conjunction with other Council strategies, the High Streets and Town Centre Strategy will assist in the prioritisation of activities within programmes which are designed to encourage local enterprise, support local businesses and improve employment opportunities for residents. Included within the GLA funding is a specific allocation for a 'Thriving High Streets' pilot programme which has a total budget allocation of £2.29 million. £1.0 million of this is earmarked for capital projects and is incorporated within the Council's approved capital programme.

7. COMMENTS OF LEGAL SERVICES

- 7.1 Section 1 of the Localism Act 2011 gives the Council a general power of competence to adopt this Strategy. The Strategy does not form part of the Council's policy framework and can thus be agreed by Cabinet.

Linked Reports, Appendices and Background Documents

Linked Report - NONE

Appendices

- Appendix 1 - High Streets & Town Centre Strategy
- Appendix 2 - High Streets & Town Centres – Ranking definitions for Performance Indicators
- Appendix 3 - Equalities Analysis

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

- NONE

Officer contact details for documents:

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Tower Hamlets High Streets & Town Centres Strategy 2017 - 2022

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Foreword by Mayor John Biggs

Tower Hamlets is a great place to do business. We have some of London's highest profile businesses located in the City Fringe and Canary Wharf, over 16,000 small businesses and a business start-up rate twice that of London and one of the highest in the UK.

Our high streets and town centres include some of London's destination high streets that attract people across London and tourists into the borough including Columbia Road Flower Market, Brick Lane's curry houses, Bethnal Green's craft beer pubs and night life, Whitechapel's growing transport and civic hub and the rich East End history linked to Chrisp Street and Roman Road.

But our high streets are so much more than just retail centres; they are places for people to meet and destinations for new business opportunities. Also high streets have been under some pressure in recent years due to property rental and business rates increases and the continuing growth of online retail platforms.

We must ensure that our high streets maintain their resilience in a time of economic change due to Brexit and in response to the needs of our growing local population.

I want Tower Hamlets to be the most enterprising, creative and vibrant place in London, providing opportunity for everyone to meet, socialise and prosper. We will work with local businesses and residents to strengthen our high streets and support the mainly independent retailers who trade here.

This High Streets & Town Centre Strategy is ambitious and aims to develop ways to improve economic, social and environmental characteristics of our high streets, promote the resilience of businesses and market traders and make our high streets prosperous, safe, clean and popular destinations for residents and visitors.

We as local people should promote our high street. I look forward to working with local businesses and residents to make this vision for our high streets a reality.



Councillor John Biggs, Mayor of Tower Hamlets

Introduction from Cabinet Member for Economic Growth & Skills

I am pleased to introduce Tower Hamlets High Streets & Town Centres Strategy 2017-2022 and share with you the Council's approach to improving the performance and competitiveness of our key local high streets.

The draft strategy was consulted on during to 2017/18 and the feedback, comments and ideas shared by Council colleagues, local retailers and market traders, stakeholders, high street partnerships and residents have helped inform this final document.

I believe this strategy puts the Council, our retailers, and traders, in the best position to respond to the many changes faced by high street businesses and market traders today, including the rise in online shopping, competition from larger retail centres and the need to adapt to changing customer tastes, wants and needs.

The strategy provides a clear direction for how the Council will improve the management of our high streets and make the most of opportunities arising from the significant growth in our resident population and the growth of commercial floor space, particular in Canary Wharf, Whitechapel, and Aldgate, which along with Crossrail, the Council's new Civic Centre in Whitechapel and growing visitor numbers is generating more people coming into the borough to work.

These areas of growth are creating new business opportunities for local high street businesses, including traders on our local street markets.

The Council is committed to helping local businesses to adapt and make the most of these changes and also work with local partnerships to maximise opportunities to support local enterprise growth and create new jobs.



Councillor Motin Uz-Zaman,
Cabinet Member for Economic Growth & Skills

1. Executive summary

The High Streets & Town Centres Strategy sets out Tower Hamlets Council's approach to improving the competitiveness of our key local high streets and working with local partnerships to achieve the overall visions for the strategy.

Vision for our High Streets –

By 2022 Tower Hamlets' competitive and dynamic high streets and town centres will be at the heart of the community. They will celebrate our East End heritage, support local economic growth and enhance the health and well-being of people who live in, work in and visit our borough.

Our approach to creating healthy, vibrant and sustainable places on our key local high streets will involve:

- attracting investment into the borough,
- exploiting the success of the borough's street markets,
- supporting enterprise,
- managing the Night Time Economy,
- reducing vacant units

The development of the strategy was led by the Council's High Streets & Town Centres (HS&TC) team with support from consultants, the Association of Town Centre Management (ATCM) and the Retail Group, and joint working with teams across the Council and local stakeholders and partnerships.

Consultants reviewed characteristics of key local high streets using a set of 20 Performance Indicators (PIs), giving each a ranking to provide a baseline against which to measure the impact of improvements as the strategy is implemented.

The review process also considered characteristics of the Night Time Economy (NTE) in Tower Hamlets and how the Late Night Levy, the Council's Best Bar None scheme and improvements to how enforcement is managed can promote a safer night-time economy.

This review process highlighted common areas of improvement needed across key local high streets, which are summarised under five priorities:

- Priority 1: Improve the retail offer on the high street;
- Priority 2: Develop and support local partnerships;
- Priority 3: Improve management of the public realm;
- Priority 4: Improve the management of street markets; and
- Priority 5: Reduce anti-social behaviour on the high street.

The High Streets & Town Centres Strategy sits within a hierarchy of Council strategy documents and supports the delivery of wider priorities and outcomes including: the Community Plan, the Strategic Plan; the Local Plan, the Community Engagement Strategy, the Green Grid and associated Public Health strategies, and the Draft Waste Strategy.

The review of our key local high streets highlighted characteristics that are particular to Tower Hamlets. 90-100% of high streets businesses are independent businesses and there is a limited presence of national supermarkets and retailers on our high streets.

Tower Hamlets key local high streets includes 9 designated district town centres and 2 destination high streets, which also host 9 street markets. Of these 9 street markets, 7 supplement the retail offer in shops and 2 are key footfall drivers supporting the visitor economy on their high street.

There are improvements needed to our key high streets, including to the overall appeal, operation and offer on our streets markets.

Taking an evidence-based approach to informing the offer on our high streets, including on our street markets, will ensure our high street offer meets current and future customer needs and enterprise growth is also supported.

~~Also~~ Combining the physical high street offer with an online presence will enable businesses including market traders to reach more customers and support place promotion, which in turn will encourage footfall.

Supporting local partnerships, including current and new residents and business networks, will help identify opportunities to meet local needs, promote health & wellbeing and pride in local places and foster a sense of community.

The strategy sets out how the Council will work with current and emerging local high street partnerships to develop detailed actions plans, taking into account the different needs of residents, retailers, market traders and visitors, and implement improvements.

The implementation of the strategy from 2017-2022 will be managed by the Council's High Street & Town Centres team working with a range of Council Services responsible for aspects of our high streets, and also with local partnerships and stakeholders.

Each year the HS&TC team will review the performance indicators and use evidence to track and monitor improvements in the ranking of each indicator.

2. Challenges and opportunities for high streets & town centres

Our high streets face challenges including changes in shopping patterns, competition from destinations such as Westfield Stratford City and Canary Wharf, and the growth in online retail.

A number of high profile research reports, such as the Portas Review and the Grimsey Review, describe a range of challenges facing high streets across the UK, and highlight that their ability to adapt is essential to their survival.

National challenges notwithstanding, there are some local changes that will create new opportunities for our high street businesses and market traders.

Local growth characteristics

Tower Hamlets' population has grown significantly in recent years, and is expected to grow by another 17%, to 371,000 by 2029. Many new housing developments in Tower Hamlets are located near our key local high streets: Whitechapel, Brick Lane, Middlesex Street, Bethnal Green and Crisp Street, and will increase the customer base in these areas.

Tower Hamlets has 200K jobs (5% of London's total employment) with a concentration of jobs in Canary Wharf. Development planned in Canary Wharf and in Aldgate and Whitechapel, will offer new job opportunities for local residents and also bring more people into the borough to work.

In Whitechapel the opening of Crossrail in 2019, together with the relocation of the Town Hall in 2022, will substantially increase footfall on the high street.

Tower Hamlets is home to the Tower of London, which attracts over 2.8M visitors per year, while Whitechapel Gallery, the V&A Children's Museum in Bethnal Green and Truman Brewery in Brick Lane also draw increasing numbers of people. These destinations, along with new hotels and AirBnB trends in the borough, the 2nd highest concentration in London after Westminster, are strong indications of a growing local visitor economy.

Opportunities to adapt the high street offer

Tower Hamlets high street retail offer has some unique characteristics, including a high percentage of independent retailers relatively few chains and a distinct street market offer.

Another characteristic of our high streets is the declining occupancy rates on some of our street markets; reflecting a static offer that has failed to respond to changing shopping tastes and also newer residents and visitors.

Interviews and surveys were carried out with existing and potential customers around Petticoat Lane Market, as part of the process of developing improvement plans for this destination high street.

The result of this work highlights unmet customer needs and opportunities for traders and retailers to adapt their offer to attract more office workers in the Aldgate area and also meet the needs of local residents.

This evidence-based approach, and sharing market intelligence with businesses, will inform the development of improvement plans for each of our key high streets and also help curate the offer on each street market.

Joint working with Queen Mary University in Mile End and working with the local community will create a new route between their campus and Roman Road West town centre via Meath Gardens; enabling the relaunch of the market on the square and for local shops to reach more customers.

Also engagement with Cass University, workspace providers and other stakeholders, highlights interest among local designer/makers in having a presence on street markets to test trade, start-up and grow their business.

Sharing this market information with local entrepreneurs, including market traders, helps them consider how to adapt their offer, improve their competitiveness and in-turn help our high street adapt.

Making the most of digital tools

Modern businesses use online platforms to publicise their offer and engage with customers enabling them to like, share and recommend their products or services. However, many high street businesses in Tower Hamlets do not have an online presence. The highest percentage of businesses with a website is about 50%, on Brick Lane, up to 30% of other high streets businesses and <10% of market traders.

Click-and-collect, online booking and ordering deliveries are key to how people buy today. Platforms such as eBay, Just Eat and Treatwell generate sales for high street businesses. However, Tower Hamlets online retail presence is low: in 2017 only 20% of local food businesses were on Just Eat.

The Council aims to create a free public space Wi-Fi network to help improve digital access and the competitiveness of local high streets. The Council is also launching an electronic system to take market pitch fee payments and track occupancy, helping improve the management of our street markets.

Tackling crime and ASB

Anti-social Behaviour (ASB) and crime are challenges for our town centres, with aggressive begging, alcohol issues, drug dealing and assault being particular concerns. A significant amount of ASB is driven by the borough's night-time economy, particularly in the west of the borough.

There is a CCTV strategy in development and a review of how enforcement is managed by the Council to improve how crime and ASB is managed.

3. Linking with the Council's corporate strategies

The High Streets & Town Centres Strategy (2017-2022) sits within a hierarchy of strategy documents and follows a 'golden thread' set out in these documents.

The following information summarises the links between the priorities set out in the corporate family of strategic documents and priorities set out in the High Street & Town Centres Strategy:

The Council's **Community Plan** provides the long-term vision for the borough, articulating local aspirations and needs. The Community Plan sets out a vision for Tower Hamlets Town Centres -

'By 2025 Tower Hamlets will be refocusing on its Town Centres, ensuring they are places at the heart of civic life, which are vibrant, inclusive and accessible. The role of each town centre will differ, in order to serve all members of the community, according to character and function. Each Town Centre will form part of a rejuvenated, interconnected network of hubs for shopping, leisure, civic and associated housing uses'.

The Community Plan recognises that Tower Hamlets is a 'community of communities' and reflects the aspiration of 'One Tower Hamlets', to reduce inequality and poverty, strengthen cohesion, ensure that communities live well together and recognises that the whole community has a part to play in making this a reality.

The Community Plan highlights that vibrant Town Centres are a key priority and that concerns regarding access, service provision and issues of social cohesion should be addressed. The High Street & Town Centres Strategy 2017-2022 expands on these priorities and actions to support social inclusion.

The Strategic Plan (2018-2021) sets out corporate priorities and outcomes to be achieved by the Council, with measures to monitor and track outcomes. The following priorities will be supported in the High Streets & Town Centres Strategy.

Priority 1 – People are aspirational, independent and have equal access to opportunities.

Priority 2 – A borough that our residents are proud of and love to live in.

Priority 3 – A dynamic outcomes-based Council using digital innovation and partnership working to respond to the changing needs of the borough.

The Tower Hamlets Local Plan has been developed in conjunction with the National Planning Policy Framework (NPPF) (2012) and the London Plan (2016). The plan, which is due to be adopted in 2019, contains a number of themes and planning policies that feed into the High Streets & Town Centres Strategy including:

- Enhancing the vitality and viability of our High Streets & Town Centres through the protection of our local retail offer, while also promoting their diversification as hubs for leisure, social and community activities, as well as night time economy uses;
- Provide opportunity for employment growth in High Streets & Town Centres;
- Encourage street markets and promote their role as 'drivers of local enterprise, character and footfall'
- Promote active lifestyles and healthy food choices.
- Town Centres also provide opportunities for supporting temporary / meanwhile uses that help to activate and revitalise vacant high street units.

Under the Local Plan there are service level plans and strategies, which link with into the aims of the strategy. These include:

- **The Community Engagement Strategy (2018-2021)** aims to support strong, active and inclusive communities who can influence and shape the borough where they live and work. Involving local people in decisions about their local high streets, and encourage the use of local enterprise.
- **Green Grid Strategy** and associated **Public Health strategies**, encourage healthy activities and the promotion of walking / cycling and use of public transport, all of which can be encouraged within the borough's town centres. and
- **Draft Waste Strategy (2018-2030)**, considers improvements to waste collection and commercial waste recycling rate including in our Town Centres.

Other service level plans include the emerging **Anti-Defacement Strategy** and the **Air Quality Action Plan**, both of which will make recommendations which will affect our High Streets & Town Centres.

These documents are influenced by the Mayoral Priorities as outlined in his manifesto. The manifesto includes a commitment to continue the programme of investment in street markets, which will form a key part of the overall strategy for High Streets & Town Centres.

4. Methodology to inform the development of the strategy

The development of the High Streets & Town Centres Strategy was led by the Council's High Streets & Town Centres (HS&TC) team, with support from consultants the Association of Town Centre Management (ATCM) and The Retail Group and a range of Council services and local stakeholders.

In addition, consultants Steer are completing a public realm improvement feasibility study for Middlesex Street, a partnership project with the City of London. The review of this destination high street will inform the action plan to improve the public realm and the operation and performance of Petticoat Lane Market.

The methodology used to develop the strategy included desk research, a review of Council strategies and evidence (i.e. the emerging Local Plan and the 2016 Town Centre Retail Capacity Study), site visits to key high streets, on street surveys and footfall counts and analysis of street market performance information.

Location reviews were completed for the 9 District Town Centres and two destination high streets, considering the retail offer, trading appeal, health and vitality, role and function of each high street and environmental characteristics. The Retail Group carried out a survey in the 9 district town centres with around 400 businesses, including market traders, responding. A consumer survey was also carried out in key town centres and consultation activities carried out in Middlesex Street and Columbia Road to capture customer experience and inform improvements plans for each high street. Area Profiles were prepared with the Council Strategy & Policy team for the 9 District Town Centres with information on: catchment area, customer profiles, regeneration activity, food hygiene ratings, transport and other local information.

Local stakeholders engaged residents, businesses, market traders and community groups to help develop the strategy. They recruited residents to be market researchers completing footfall counts and on-street surveys with customers in each key high street. They also hosted meetings with businesses, residents and market traders:

- Oxford House for Bethnal Green;
- PoplarHARCA for Chrisp Street;
- Roman Road Trust and the Friends of Meath Gardens for Roman Road East and Roman Road West;
- Neighbourhood forums in Crossharbour, Bow East and Spitalfields;
- The Aldgate Partnership and City of London for Middlesex Street;
- Tower Hamlets Homes for Watney Market; and
- Market reps from 9 markets.

Officers in teams across the council took part in discussions to help identify priorities, develop the approach in the strategy and review the draft document.

5. Proposed Strategy for High Streets & Town Centres

5.1 Introduction

This section of the strategy summarises key findings from data and research carried out by consultants, the Association of Town and City Management (ATCM) and the Retail Group, joint working with teams across the Council and consultation with businesses, market traders, residents and stakeholders.

The review of key high streets considered opportunities to:

- Increase footfall
- Improve the customer experience and promote civic pride
- Attract retailers and reduce vacant units, including on street markets
- Increase local employment and support enterprise
- Improve the appeal of our high streets, including our street markets
- Improve the Evening and Night Time Economy
- Improve the management of key high streets

The review identified priorities to be addressed in the implementation of the strategy:

- Priority 1: Improve the retail offer on the high street
- Priority 2: Develop and support local partnerships
- Priority 3: Improve management of the public realm
- Priority 4: Improve the management of street markets
- Priority 5: Reduce anti-social behaviour on the high street

Implementation these priorities will require joint working with a range of Council teams, existing and emerging partnerships and stakeholders. The Council's role in implementing these priorities is to:

Activate	Deliver funded current and future funded programmes to improve the performance of local key high streets.
Facilitate	Work with stakeholders and local partnerships to develop, plan and implement tailored actions for key high streets.
Stimulate	Work with third parties to act, invest and support actions to improve the performance of local high streets, including stimulating inward investment.
Educate	Share good practice, data and research across a range of areas including health & well-being and develop an evidence base to direct actions and improve performance.

5.2 Priorities of the High Streets & Town Centre Strategy:

Priority 1: Improve the retail offer on the high street

Characteristics of Tower Hamlets key local high streets include a low vacancy rate in retail units, a high % of independent businesses and, on some high streets, small shop units of little interest to most national multiple operators.

These characteristics suggest that unless there is a major redevelopment, such as is anticipated in Crossharbour and planned in Chrisp Street town centres, there is limited scope to change the retail offer in shops.

There are locations where there are some long-term vacant units on the high street, including the southern half of Brick Lane and in Roman Road West. There is evidence that landlords and letting agents are not effectively marketing their vacancies, including workspace in upper floors. In some cases property may be being held empty in the hope of securing permission for conversion to residential use which commands higher returns.

Proactive engagement with landlords and agents will support the implementation of Local Plan policies that seek to protect retail units on the high street and also gather useful market intelligence.

Sharing market information with workspace providers and entrepreneurs and brokering introductions with landlords will help reduce vacancies and support enterprise growth in the borough.

Some of our local street markets play an important role in supplementing what is available in shops, providing food (including fresh fruit and vegetables), clothes and homewares at affordable prices to low income households.

Watney Market, Roman Road West and Chrisp Street serve mostly local residents while Middlesex Street, Brick Lane and Whitechapel also attract visitors and people working in the area.

Market research with different customer groups will be an important tool when considering how to diversify and balance the offer and ensure that shop and market offers are complementary rather than directly competitive.

There are examples of retailers offering high standards of retail display and window displays that appeal to customers. However, many retailers, including market traders, would benefit from improving their displays to help attract more customers and improve the look of the high street.

Retailers and market traders are participating in the Council's campaigns: Buy Well, Food for Health or Best Bar None. A number of businesses on our high streets are considered as 'unhealthy' as they serve high fat foods or promote gambling activities.

The Council is limiting these kinds of businesses through planning policy. The Council is encouraging food serving businesses to offer healthy dishes on their menu and runs Food for Health awards among participating businesses.

Priority 2: Develop and support local partnerships

The Council will work with existing and emerging place-based partnerships to develop and support delivery of actions to improve the performance and competitiveness of key local high streets and town centres.

Place-based partnerships will bring together people who live, work and have an interest in key high streets to help: understand issues and concerns, develop solutions, promote participation and celebrate local heritage, culture and the diverse offer of Tower Hamlets high streets.

Partnership will also support delivery of regeneration and place promotion activities, plan events that bring the community together and generate footfall.

Local partnerships focused on high streets are at different stages of development with residents, businesses, some market traders and community groups, including tenant and resident associations, taking part.

The number of market traders taking part in place-based partnerships is limited. The Council will work with traders to agree how market trader reps are nominated, ensuring good representation and effective sharing of information with the wider network of market traders.

As regeneration programmes progress on our key high streets they will create opportunities for supporting enterprise, including on our street markets, and unlocking workspace. The Council's joint working with place-based partnerships, local community engagement contacts and other stakeholders will help publicise these opportunities widely and reach local residents who could benefit.

The following information summarises current place-based partnerships.

Brick Lane has an active partnership including: Brick Lane Restaurateurs Association, Spitalfields Neighbourhood Forum, Truman Brewery, a market trader rep, a range of residents associations and community groups. As part of the delivery of the Brick Lane Regeneration programme in 2017, children in local primary schools took part in activities in school to help create the new design for lamp columns on their high street.

Oxford House is co-ordinating the partnership in Bethnal Green with businesses and market traders and leads place promotion in the high street. Businesses are working with the Council to develop ways to improve the street market and improve the visibility of shops on market days.

Roman Road Trust is leading engagement with residents and businesses in Roman Road East and works with the Roman Road Neighbourhood Forum. The Forum includes local residents, businesses and market traders and focuses on influencing planning policy in their area including the high street. The Trust has worked with the Council to identify new market traders and pilot the Yard Market in Roman Road car park in 2016 and identified potential trades that could help revitalise the street market.

The Friends of Meath Gardens, working with the Roman Road Trust, focus on Roman Road West town centre, including Meath Gardens, with local residents, businesses, a market trader and residents groups taking part. FofMG led a petition with over 15K signatures to open-up a railway arch and link Queen Mary University campus and the town centre via Meath Gardens. This work is a key element of local regeneration plans to improve footfall on the high street, revitalise the market in the square and support local business.

PoplarHARCA is taking forward plans to redevelop Chrisp Street, including managing engagement with residents, market traders and businesses. PoplarHARCA is developing a programme of events and other activities to animate and promote the town centre, generate footfall and support local businesses as the development progresses. This includes joint working with the Council on improvements to the street market and activating workspace.

Columbia Road has a very active business association that promotes the high street and is involved in consultation led by the Council's Market Services team on improvements to Columbia Road Flower Market.

The Council is working with the City of London to develop regeneration plans for Middlesex Street, including improvements to Petticoat Lane and markets in each local authority. This work is also supported by the Aldgate Partnership. The partnership in this key destination high street is developing, building on engagement carried out to inform the regeneration plans.

The Council's High Streets & Town Centres team are working with Public Health to develop the Watney Market Partnership, with Tower Hamlets Homes and local businesses, market traders and residents represented. THH are keen to see the completion of security improvements to Watney Market service yards. Market Services are supporting engagement with market traders to agree security protocols and how traders will access the yard.

There is some partnership working in Whitechapel, including local community groups taking part in consultation activities to inform regeneration projects. The Aldgate Partnership has some organisations in Whitechapel taking part in their partnership. There is some work needed with market traders to agree how they are involved in developing improvements plans for street market.

The emerging Crossharbour Neighbourhood Forum is the partnership with a focus on Crossharbour and will have an interest in the development of the Asda store site.

Priority 3: Improve the management of the public realm

There are many demands on the public realm in our high streets and town centres, often with different people's needs competing for limited space.

Tower Hamlets population growth is increasing the volume of waste to be collected in the borough and business waste collections are often delayed. Waste left on our high streets can be an obstacle for pedestrians and lead to waste oil and other spills, increasing the need for street cleansing.

This is a particular challenge on Brick Lane, where pavements are narrow and there is a concentration of restaurants, cafes and other businesses generating waste. The Night Time Economy in Brick Lane also generates street cleansing issues, with people urinating in the street.

All key high streets, with the exception of Crossharbour and Canary Wharf, have waste management issues and street cleansing could be improved.

Improvements to our high streets include working with businesses and market traders to develop ways to implement the Council's waste strategy and improve the borough's recycling rate. Emerging solutions include:

- On Brick Lane a free waste cooking oil collection service is being promoted among restaurants with a storage container in Truman Brewery.
- The Aldgate Partnership is helping to identify where their members have capacity to host waste and recycling containers to support street cleansing.
- Middlesex Street has some privately owned yards where waste is stored which may also help manage waste and recycling on the street market.
- Watney Market service yards improvements will include containers for waste recycling and help improve recycling on the market.

Public realm improvements will improve the appeal of local high streets, promote footfall, support the visitor economy and support local businesses.

Improvements on our key high streets will implement recommendations in Council strategies to help improve air quality, promote green transport and encourage active lifestyles and health & well-being among our residents.

Improvements will also support Council campaigns to promote digital access through a free public space Wi-Fi network and support the Council's 'Love Your Neighbourhood' campaign, including the 'Love Clean Streets' theme, encouraging people to help improve the area they live or work in.

Design solutions for our key local high streets will integrate equipment and storage to support street cleansing and recycling.

They will also include planting, seating and access to drinking water and public toilets creating a family friendly environment that also respects the needs of local residents.

In addition, way-finding totems, signage and an art trail planned for the Brick Lane area, will support interpretation and appreciation of local heritage, culture, architectural and social history characteristics that celebrate Tower Hamlets East End heritage.

Priority 4: Improve the management of street markets;

The size of shop-units on many of our high streets are too small for national multiple retailers and for some time street markets in Tower Hamlets have not only added to the character but also the retail offer on the local high street.

Tower Hamlets has nine street markets managed by the Council, with seven located in designated town centres and two on destination high streets.

Most of our street markets serve residents and people working near high streets with regular street markets. Some market traders take part in the Healthy Start Voucher scheme to enable families to access fresh fruit & vegetables at affordable prices. This voucher offer could be promoted further to support Public Health programmes.

While street markets in Brick Lane and Columbia Road particularly attract tourists and people living in London looking for a day out experience.

The occupancy rate in six of nine of the Council's street markets is declining and often falls below 50%. This decline is mainly due to the static nature of the street market offer, which has not changed for several decades despite changes in customer needs and tastes. Local street markets have a number of weaknesses to be addressed in order to improve their performance.

The following table summarises key weaknesses of local street markets.

Table 1: Key characteristics of local street markets

Areas of weakness to be addressed on each market	Whitechapel	Brick Lane	Bethnal Green	Roman Road East	Chrisp Street	Watney Market	Roman Road West	Petticoat Lane	Columbia Road
Curate the market offer	✓		✓	✓	✓	✓	✓	✓	
Improve trader standards	✓	✓	✓	✓		✓	✓	✓	
Improve market layout	✓	✓	✓				✓	✓	✓
Improve waste management & recycling	✓	✓	✓	✓	✓	✓	✓	✓	✓

Street markets in Tower Hamlets still have a role to place in the retail offer on our high streets. Improving the overall performance of our street markets will require a comprehensive overhaul of the market operation and management.

Implementing improvements to our street markets will require investment in equipment, facilities and carrying out a market trader recruitment campaign. Generating buy-in from market traders will be essential to implementing the improvement programme including:

- i. Design layout of each street market:
 - Design layout of each market
 - Engage traders, local businesses and community in design process
 - Integrate signage and wayfinding into market layout
 - Culture trails include street markets
 - Offer pitch spaces to shops
 - Locate products to minimise issues for residents (food smells)
 - Integrate electric power points and lighting in layout
 - Set clear design standards for market stalls and canopies
 - Identify design/makers sections of markets
 - Wi-Fi available on street markets
- ii. Equipment to maintain good quality public realm:
 - Waste management and recycling containers
 - Waste oil container and collection arrangements
 - Food waste collection and disposal to prevent pest issues
- iii. Capture intelligence on customers' needs:
 - Work with stakeholders and partnerships to survey customers
 - Carry out regular market surveys to inform improvements
 - Consult on specialist / seasonal sections of markets
- iv. Recruit market traders:
 - Publicise market trader opportunities
 - Work with local community groups to publicise recruitment
 - Share customer intelligence to identify right mix of products
 - Support job creation and enable local residents to share in the borough's growth & prosperity
 - Enable test trading to help develop a business idea
- v. Supporting local entrepreneurship
 - Induction for traders including trading standards
 - Skills survey to identify trader training needs
 - Deliver training in social media and marketing
 - Support youth enterprise initiatives
 - Food Hygiene training
 - Digital skills training including the Fusion system
 - Cashless payment systems and e-commerce platforms

- vi. Legislation & policies in place
 - Prepare policies on market management including fees and charges
 - Consider legislation under which street markets are managed.
 - Consult on options Food Act V Local Authority Act
 - Enforce market regulations

- vii. Promote footfall to street markets
 - Street entertainment as part of public realm and street scene
 - Busker zones (advice from GLA's Busk in London)
 - Family friendly programme
 - Utilise social media, area Wi-Fi, market branding and marketing

- viii. Working partnership
 - Work with businesses in shops
 - Improve relationship between business and traders

Priority 5: Reduce Anti-Social Behaviour (ASB) on the high street

ASB includes incidences of street drinking, low level drug taking and tagging and graffiti. All high streets have an under reporting of crime. New residents shared that they are unsure how to report incidents and issues they experience.

There is a need to promote responsible alcohol consumption for reasons of health and to prevent ASB.

Areas where this is particularly an issue are Brick Lane, Spitalfields, Whitechapel and Bethnal Green where licensed premises are concentrated. This is linked to the issue of alcohol licensing and cumulative impact zones.

The Council's CCTV strategy is in development and will identify where CCTV coverage is needed to support crime detection and enable prosecution.

The Council's review of enforcement services will include plans to improve the managements of key high streets and town centres including street markets in these locations.

The introduction of a Neighbourhood Manager with a pilot in the Bethnal Green, Brick Lane and Whitechapel area will improve communication and reporting levels between the Council, residents and businesses and inform resource planning to prevent and deal with issues.

Projects will also look to incorporate 'design out crime' measures where appropriate.

6. Tracking and monitoring improvement plans

The High Streets & Town Centres Strategy sets out the Council's approach to improving the performance and competitiveness of our key local high streets.

A review was carried out on key local high streets, as part of the process of developing this strategy. The review considered characteristics of each high street using 20 town centre performance indicators developed by the Association of Town Centre Management (ATCM).

The ATCM and Retail Group worked with Council officers to develop definitions for four rankings against each of the 20 performance indicators: 'Very Good', 'Good', 'Needs Attention' and 'Opportunity for Improvement'.

The ranking given to each performance indicator provides a baseline, against which the impact of improvement plans for each key high street will be measured.

Improvement plans for each key high street, including the street market, will be developed with local businesses, market traders residents and stakeholders for:

- Whitechapel
- Brick Lane
- Bethnal Green
- Roman Road East
- Chrisp Street
- Watney Market
- Roman Road West
- Middlesex Street
- Columbia Road

Actions for the borough's major centre, Canary Wharf, will be dealt with through the planning process as investment proposals come forward from Canary Wharf Group. Also improvements to Crossharbour will be developed through the development process and emerging plans for the Asda site.

Implementing the High Streets & Town Centres Strategy is led by the High Street & Town Centres (HS&TC) team, working with a range of teams across the Council with responsibility for aspects of local high streets.

The delivery of tailored action plans for key local high streets may be subject to securing funding and joint working with stakeholders.

Joint working with Public Health will link actions on high streets to Green Grid and Public Health programmes. While joint working with Community Safety will help promote the use of appropriate reporting tools and address Crime & ASB issues. The HS&TC team will also work with stakeholders PoplarHARCA and Tower Hamlets Homes to maximise benefits for residents and support local regeneration.

A High Streets & Town Centres Working Group, with officers from Council services with an interest in supporting delivery of the strategy, will oversee delivery of the action plans and high street programmes.

The HS&TC team will review the PIs annually and share this with the working group.

7. Reviewing Canary Wharf – a Major Centre

Canary Wharf on the Isle of Dogs is one of the world's most sought after office and retail spaces with over 112K workers, 37 office buildings and three shopping centres with over 300 shops, cafes, restaurants and bars.

Canary Wharf Group, along with its development and business services functions, manage the estate, traffic management, security, health & safety, business continuity, public spaces, arts & events and the East Wintergarden venue.

While Canary Wharf is designated as a Major Centre, it is currently fulfilling the role of a Metropolitan Centre and will be re-designated during the local plan period.

Canary Wharf has a global profile and is one of the two financial districts in London. In Tower Hamlets it sits alongside the economic areas of Aldgate and City Fringe.

The residential population of Canary Wharf is currently small, but is growing as new housing developments get underway. This centre has the highest footfall and trade during the week due to its working population rather than Tower Hamlets residents. There are key developments in Canary Wharf: Wood Wharf, Riverside South and Crossrail with proposals to provide a mix of large floor plate offices and housing.

Canary Wharf has a higher than average level of restaurants and cafes, with the greatest concentration of licensed premises and a strong national multiple presence in its retail offer. It has a low level of convenience stores compared to the national average and below average level of hair and beauty stores. There is a churn in tenants in Canary Wharf's retail units, but generally units are vacant for short periods of time and vacancy rates are only 0.60%.

Canary Wharf has excellent transport links served by the Jubilee Line, Docklands Light Railway (DLR) and bus links. The largest concentrations of pedestrians are around the stations and in the three major shopping centres within Canary Wharf.

The centre has a high environmental quality and unique style of modern architecture. The draft Local Plan suggests that wayfinding is an issue to be addressed between Canary Wharf's internal shopping centres, which are mainly underground. There are a number of public open spaces, including Jubilee Park, Cabot Square and the new rooftop garden on Crossrail Place.

A survey of users of this major town centre identified they like its proximity to home, the good range of non-food shops and the attractiveness of its environment. They would like to see more high street shops and more markets and events.

Key weaknesses identified with regard to Canary Wharf include:

- The linkages to surrounding residential areas are poor.
- Canary Wharf is mainly an office location and as such is busy during the week and quieter at the weekends.
- There are fewer independent retailers in Canary Wharf.

8.0 Summary of review of high streets & town centres

8.1 Review of the retail offer in key high streets-

This section of the strategy summarises findings from a review of the borough's key high streets and town centres, which was carried out in 2016/17 and uses six performance indicators headings to highlight opportunities for improvements:

1. Retail offer, including the street market offer
2. Environment and customer experience
3. Night-Time Economy
4. Working with Council services and local partnerships

	Finding and Issues	Whitechapel	Brick Lane	Bethnal Green	Roman Road East	Chrisp Street	Watney Market	Roman Road West	Crossharbour	Bromley-by-bow	Columbia Road	Middlesex Street
Retail Offer	Improvements needed to shop fronts/ signage/ visual displays	✓	✓	✓	✓	✓	✓	✓				✓
	Dominated by small shop units				✓	✓	✓	✓			✓	
	High % <3* food hygiene rating	✓	✓	✓	✓	✓	✓	✓				✓
	Active Night Time Economy	✓	✓	✓	✓		✓	✓				
	High number of vacant units		✓		✓	✓		✓				
	High % convenience /service	✓	✓	✓	✓	✓	✓	✓	✓	✓		
	Dominated by independents	✓	✓		✓	✓	✓	✓			✓	✓
Street Markets	High vacancies rates		✓	✓	✓	✓	✓	✓	n/a	n/a		✓
	View of shops blocked by market canopies	✓	✓	✓	✓		✓		n/a	n/a		✓
	Need to curate the market offer	✓	✓	✓	✓	✓	✓	✓	n/a	n/a		✓
	Poor quality canopies/frames	✓	✓	✓	✓	✓	✓	✓	n/a	n/a		✓

Table 2: Summary of characteristics of key high streets

8.1.1 Review of businesses in Whitechapel town centre:

There are 122 businesses in the Whitechapel District Centre, with 15 (12%) selling convenience goods, 37 (30.33%) comparison goods, 9 (7.38%) general retail, 14 (11.48%) finance and 36 (29.51%) leisure businesses. There are 8 vacant units, 6.75% compared to a national average of 11.17%. The percentage of comparison retailers is below the UK average (32.43%) with 40% selling women's and men's fashion & accessories and other goods: books, hardware, household goods, sports, camping and electronic goods.

Most of these businesses are small independents targeting a mainly Asian customer-base. JD Sports is the only national clothing retailer in Whitechapel.

Whitechapel's convenience goods provision at 12.30% is higher than the UK average of 8.42%, and includes a Sainsbury's superstore with 4,800sqms. Sainsbury has plans for a new store with 5,766sqm net space, with smaller ancillary retail units and 600 new residential units above the store.

Convenience stores, including national retailer Budgens and independent bakers, deli, confectioners and general stores, along with retail services with a dry cleaners, health & beauty, opticians, post office and travel agent serving day-to-day needs of residents, people working in the area and visitors.

Whitechapel's leisure businesses make up 29.51% of businesses, compared to a UK average of 22.7%, including amusement arcades and bookmakers. The provision of financial and professional services is just above the UK average with 8 retail banks and estate agent businesses in the town centre.

Shop unit sizes are typically <235sqm, the largest in Tower Hamlets, meeting multiple retailers minimum requirements of 150-200sqm of trading space.

There are 41 businesses on the high street and 9 market traders with <3* Food Hygiene rating.

Characteristics of Whitechapel Street Market

Whitechapel street market is managed by the Council, has capacity for 116 stalls and operates Monday-Wednesday and Saturdays from 07.00 to 18.00. The occupancy rate on the market is typically 80-100%. The main products sold on the market include 28% Asian clothing, 20% ladies wear and 18% fruit & vegetables.

Key footfall drivers in Whitechapel include Whitechapel Station, Royal London Hospital, Queen Mary University and the IDEA Store with 600K visitors/year and Whitechapel Gallery with 450K visitors/year.

While Whitechapel station is one of the busiest stations in the borough with 14M exits & entries per year and there is high footfall passing Whitechapel Market, the % of people stopping to buy is very low. However, although the market starts at 7am Monday-Saturday there are no traders offering beverages etc to offer breakfast to customers.

Consultation with businesses highlighted 72% of market traders said trading was down compared to the previous year compared to 55% of retailers, and 10% of market traders saying trade was up compared to 15% of retailers.

Opportunities to increase footfall on the high street

Since 2011, 1,383 new housing units were built within 800 metres of Whitechapel District Centre. There are a further 3,614 units planned on 8 sites, with 1,356 units in Bishopsgate Goods Yard, 625 units in Raven Row and 559 units in the Sainsbury development.

The Council's new Town Hall on Whitechapel Road opposite the market, the Crossrail development at Whitechapel station, which will increase passenger numbers by 50-60%, Queen Mary University's expansion plans and new hotels and office space in nearby Aldgate economic growth area will increase footfall in the area and generate more customers for local businesses.

8.1.2 Review of Brick Lane Town Centre:

There are 339 businesses in Brick Lane town centre with 32 (9.44%) selling convenience goods, 96 (28.32%) comparison goods, 25 (7.37%) general retailers, 77 cafes & restaurants (22.7%), 22 (6.49%) Finance & Professional, 7 (2.06%) Drinking Establishments, 6 (1.77%) hot food takeaways and 40 (11.80%) are other retail businesses. There are 34 (10.03%) vacant units and no national multiples along Brick Lane.

The percentage of comparison retailers in Brick Lane is below the UK average of 32.21%, the offer is varied and attracts people into Brick Lane. Most of the comparison retailers sell fashion goods with 9 selling leather and vintage goods, 7 art galleries, 3 record and 4 textile shops. The majority are located along Brick Lane with some in secondary streets.

The % of convenience retailers compares to the UK average of 8.51%, with mainly independent retailers and sweetshops offering Asian products. There are no national retailers. The size of units is only suitable for top-up shopping.

Brick Lane has 77 café & restaurants, particularly from Hanbury Street to Fashion Street. There is a low provision of hot food takeaways. There are 2 public houses and 6 bars on Brick Lane and most licensed premises are restaurants. Although Brick Lane has been known for its curry houses, the dining out offer has been diversifying in recent years and broadening the range on offer on the high street.

Retail service provision is lower than the UK average of 14.30%, with 60% of businesses in health & beauty, travel, wedding services and optician. Other uses on Brick Lane include B1 offices, B8 stores, a school, bowling alley, betting office and health centre. These uses suggest that Brick Lane is catering mainly for local residents in terms of civic and community uses.

Shop unit sizes are typically <159sqm, which meets the minimum requirements of multiple retailers requiring at least 150-200sqm of trading space.

There are 40 businesses on the high street and 20 takeaway food traders in Truman Brewery and Brick Lane market with <3* Food Hygiene rating.

Brick Lane Street Market review

Brick Lane market is managed by the Council, along Brick Lane from Quaker Street to Bethnal Green Road, Sclater Street and Cheshire Street. The market has capacity for 248 stalls, operates on Sundays only from 08.00-15.00 and typically has an occupancy rate of 46%. Market traders sell: clothing, jewellery, household goods, antiques, bric-a-brac and bicycles and a good variety of non-food goods provision.

Truman Brewery attracts about 25K visitors on Sundays to Truman Markets, particularly from outside the area and visitors to London, including to:

- Up Market (vintage clothing, crafts and food);
- Vintage Clothing Market;
- Backyard Market (arts and crafts);
- the Tea Rooms (antiques and homeware); and
- Boiler House Food Hall selling a variety of food from across the world.

The Old Truman Brewery acts as a hub for indoor and outdoor events in Brick Lane, many of which concentrate on arts, fashion and other creative fields, and has spaces for hire for exhibitions and trade shows.

Brick Lane is a very busy weekend, weekday evenings and Sunday daytime destination, with the highest footfall on the northern half of the street.

Opportunities to increase footfall on the high street

The 2011 census shows 46,030 people living in 18,440 households within 800metres of Brick Lane town centre, making it the 4th most densely populated town centre in Tower Hamlets. Since 2011, new developments within this radius from the town centre show 1,193 units in 5 sites, with 360 units by Bethnal Green Road and 4,643 units planned in 11 sites.

There are plans for the development of hotels, offices and retail space in the Aldgate economic growth area, which together with transport improvements in Whitechapel and new residents moving into the area, will grow the potential customer-base during the week.

The Council's regeneration programme for Brick Lane including way-finding, will attract more visitors to Brick Lane and support local enterprises.

8.1.3 Review of Bethnal Green town centre

There are 156 businesses in Bethnal Green town centre: 17 (10.9%) selling convenience goods, 46 (29.49%) comparison goods, 22 (14.1%) retailers, 9 (5.77%) cafes & restaurants, 17 (10.90%) finance & professional, 8 (5.13%) drinking establishments, 8 (5.13%) hot food and takeaway and 26 (16.67%) other retailers. There are 3 vacant (1.92%) units in Bethnal Green.

The percentage of comparison businesses compares to the national average of 32.21%. Most of the fashion offer in shops focuses on sari and other Asian fabrics.

National multiples include Iceland, Boots, Tesco's, Sainsbury's, Greggs, Nando's, KFC, McDonalds and Subway.

The percentage of convenience retailers is 10.90% compared to 8.51% UK average. Retail businesses include health & beauty, optician and dry cleaners, 17 financial & professional services and 10 estate agents.

There are 9 restaurant and cafés, 8 drinking establishments and 8 hot food takeaways. Local pubs are known for their stylish contemporary interiors and craft beer and food offer with many active in pub watch and other schemes.

There are 26 businesses in the category 'other' with 23.08 % D1 (non-residential institutions), a dental surgery, place of worship, community centre and GP surgery and 6 betting shops and a laundrette in the centre.

Shop unit sizes are typically 125sqm, which does not meet the minimum requirements of multiple retailers requiring 150-200sqm of trading space.

There are 10 businesses on the high street and 0 market traders with <3* Food Hygiene rating.

Review of Bethnal Green market

Bethnal Green market has capacity for 104 stalls, operating Monday to Saturday from 08.00 to 18.00. Market occupancy rates are typically 62-85% during the week and 29% on Saturday. Market traders sell daily convenience goods, fruit & vegetables, Asian and other clothing & accessories and serve a mainly local customer base. The market does not offer products to meet the breakfast market when footfall is high.

Opportunities to increase footfall on the high street

The 2011 census shows 50,571K people living in 19,936 households, within 800 metres of Bethnal Green town centre. Also between 2011-2016 new housing developments within this radius in the past 5 years created 912 new units, with a further 2,369 units planned.

New residents moving into the area offers market traders and high streets businesses the opportunity to reach more customers.

Also footfall during the week is highest near the tube station before 10am and after 15.00 when many businesses are not open or starting to close. More visitors to the V&A Children's Museum, with 450K visitors/ year, could be attracted into the town centre.

8.1.4 Review of Roman Road East town centre:

There are 248 businesses located in Roman Road East District Centre, 29 (11.69%) sell convenience goods, 54 (21.77%) comparison goods, 32 (12.9%) retailers services, 22 (8.87%) cafes and restaurants, 15 (6.05%) hot food and takeaway, 3 (1.21%) drinking establishments, 23 (9.27%) finance and professional services and 40 (16.13%) are other businesses. There were 14 vacant units (5.6%) in 2016.

The percentage of comparison business in Roman Road East town centre is below the UK average of 32.21% and is mainly independent businesses. The percentage of convenience retailers is higher than the UK average (8.51%) and includes national multiples: Percy Ingle, Iceland, Greggs, Spar, Tesco Metro, Pound land and Superdrug.

Over half of the retail services businesses are in health & beauty, a dry cleaners and photography studio. The financial & professional service businesses compare to 10.74% UK average, with 10 estate agents.

The businesses in the category 'other' include: a dental surgery, place of worship, community centre, a GP surgery, 4 betting shops and a laundrette, a Post Office and the Idea Store.

Shop unit sizes are typically small <100sqm, while multiple retailers typically at least 150-200sqm of trading space.

The Idea Store Bow, with 265,427 visitors/year, along with the Council's offices in John Onslow House and the Street Market are key footfall generators.

In a survey carried in October 2016 56% of businesses reported turnover was down, 23% said it was the same and 21% said it was up compared to the previous trading year.

There are 14 businesses and 0 market traders with <3* Food Hygiene rating.

Review of Roman Road East market

Roman Road market has capacity for 280 pitches, operating on Tuesday, Thursday and Saturday from 08.00 to 18.00.

The market occupancy rate is 49-70% during the week and 79% on Saturday. Market traders sell mainly clothing, particularly ladies wear.

Opportunities to increase footfall on the high street

The 2011 census shows that, within 800 metres around the town centre, there are 44,977 people living in 17,000 households. Since 2011 there have been 1,462 new housing units completed in 7 sites, with 208 units in the Tesco Metro site and a further 252 new units in St Clements Hospital site and 2 further sites due for development in the next few years.

8.1.5 Review of Chrisp Street town centre:

There are 149 businesses in Chrisp Street town centre with: 21 (14.09%) selling convenience goods, 27 (18.12%) comparison goods, 24 (16.11%) retailer services, 12 (8.05%) cafes & restaurants, 7 (4.70%) finance and professional services, 3 (2.01%) drinking establishments, 31 (20.81%) other and 14 (9.40%) hot food and takeaway businesses. There are 10 (6.7%) vacant units in Chrisp Street, compared with a UK average of 11.17%.

The comparison retailer provision is significantly below the UK average of 32.21% and includes: a florists, household goods, clothing, furniture, chemists and jewellers. The centre has an above average provision of convenience goods compared to a UK average of 8.51%. There are some national multiple retailers including: the Co-op, Boots, Shoe Zone, Percy Ingle and Greggs.

Retail service businesses include: health & beauty, an opticians and dry cleaners. Financial and professional service is significantly below the 10.74% UK average.

The category of 'other' includes D1 (non-residential institutions) with a dental surgery, place of worship, community centre and GP surgery.

There are 12 restaurants & cafés in the town centre comparable with the UK average of 8.70%. The provision of hot food takeaways is higher than the UK average of 5.66%. There are 14 businesses have <3* Food Hygiene Rating.

Shop unit sizes vary and include units which multiple retailers require at typically 150-200sqm of trading space.

Chrisp Street Exchange was set-up in 2016 and is run by London Small Business Centre provide space to support start-up and growing businesses.

Chrisp Street Market

Chrisp Street market is located in the square in the town centre, which is part of the estate managed by PoplarHARCA. The market has capacity for 100

stalls, operates Monday to Saturday from 8.00-18.00. The occupancy rate for the market is typically 74% on weekdays and 24% on Saturdays.

The majority of customers using the town centre and street market live in the area and walk to get to the town centre. The market stalls are metal frame structure with poor quality canopies and are owned and maintained by an independent business.

Traders mainly sell ladies wear, non-prepared food and household goods serving a mainly local customer base. The fruit and vegetable operators are key anchors for the market; they look poor and are often surrounded by waste and litter.

Chrisp Street town centre appeals to a local consumer base that walk to the centre on a frequent basis to buy day-to-day retail goods and services.

Chrisp Street Idea Store, which had 370K visitors /year, and along with the Post Office and Street Market are key footfall generators in the town centre.

In a survey carried out by consultants 46% of businesses reported turnover was down, 38% said it was the same and 16% said it was up compared to the previous trading year.

Opportunities to increase footfall on the high street

The 2011 census showed 32,554 people living in 13,427 households within 800M of Chrisp Street town centre. Since 2011 there have been 3,231 new housing units within the 800 metre catchment of Chrisp Street District Centre, with the largest completing 570 new housing units, with 11,188 new units in this area, including 3,200 in the Isle of Dogs.

PoplarHARCA in partnership with the London College of Fashion secured £1.7M from the LEP, adding to £2,130,456 match funding, to convert 81 underused garages and surrounding land into a new fashion hub and help provide skills and training in the local community. This work will activate underused spaces and generate more customers for the market and shops.

PoplarHARCA is planning a redevelopment of Chrisp Street to create will take 8 years to complete. The market will still operate during the development and will be moved around the Chrisp Street centre as the regeneration programme progresses. It is a priority for PoplarHARCA to work with the Council's Market Team to work together to promote Chrisp Street market and town centre to drive footfall and support businesses during the development phase.

8.1.6 Review of Watney Market town centre

Watney Market District Centre has 115 businesses: 36 (31.30%) comparison, 26 (22.61%) convenience businesses, 8 (6.96%) retail services, 7 (6.09%)

cafes & restaurants 2 (1.74%) finance and professional, 2 drinking establishments, 10 (8.70%) hot food and takeaway businesses and 15 (13.34%) other businesses. In July 2016 there were 9 vacant units, 8% compared to a UK average of 11.17%.

Businesses on the Commercial Road in Watney Market town centre include: retailers selling daily goods and clothing targeting a mainly Asian customers. Anchor stores include national retailers Iceland and Peacocks, located on the central pedestrianized area of Watney Market, with two rows of shops facing onto the street market along the centre.

Businesses sell: school wear, hardware, convenience goods including an Asian supermarket, bakery, pharmacy and a variety of service providers. The quality and prices are low and mainly target a low income customers-base.

The southern-end of Watney Market town centre takes in Chapman Street where wholesalers are located in railway archways, serving a mainly wholesale food and convenience operators with deliveries

Two thirds of businesses surveyed in late 2016 reported declining turnover trends, with 25% reporting an increase on their last financial year.

There are mainly independent retailers in the shops around the market, with products sold in both shops and market stalls aimed at mainly Bangladeshi customers. There is a Santander on Watney Street and Lloyds bank on Commercial Road.

Shop unit sizes are typically small <114sqm, while multiple retailers typically at least 150-200sqm of trading space.

There are 33 businesses with <3* Food Hygiene rating: 16 cafes & restaurants, 10 are retailers and 4 in distribution/transport. Restaurants include: Efes and Lahore Kebab on Commercial Street and a Wimpy by the market.

Review of Watney Market street market

Watney Market has capacity for 60 stalls, operating Monday to Saturday from 08.30 to 18.00. Most traders sell: ladies wear, cultural dress and other fashion, fruit & vegetables and household goods. The occupancy rate is 75-97%.

The market stalls are arranged in two rows along the pedestrianized section of Watney Market with the Idea Store at the top by Commercial Road. The barrow stalls are stored in the service yards off the market where traders also have lock-ups and waste containers are stored. The service yards are located at the base of two council housing blocks on each side of the market and have no security. Improvements to the service yards are being made to make the service yards secure and control access.

The market stalls are vintage barrows and metal frames, both with poor quality canopies.

The customer-base in the town centre is mainly local, particularly people living in housing blocks above the shops which is owned by the Council and managed by Tower Hamlets Homes (THH) and nearby.

Watney Market Idea Store has over 348K visitors/year, and along with the street market attract visitors into the town centre. While Shadwell DLR and Overground Stations had 1.1M passengers exit the station/year, the % of passengers who come into the town centre is low.

Opportunities to increase footfall on the high street

The 2011 census shows that, within 800 metres around the district centre, there are 55,382 people living in 21,424 households.

Between 2011-2015 there were 786 new housing units completed, with a further 4,934 new units planned, including 1,800 in the London Dock Development. This development could help increase footfall into Watney Market Town Centre. However wayfinding between these locations is poor and need to be improved in order to realise this opportunity.

8.1.7 Review of Roman Road West town centre

There are 121 businesses located on Roman Road West, 12 (9.92%) sell convenience goods, 24 (19.83%) comparison goods, 13 (10.74%) retailers, 9 (7.44%) are cafes and restaurants, 12 (9.92%) finance, 2 (1.65%) drinking establishments, 8 (6.61%) hot food and takeaway and 21 (17.36%) are other businesses. In July 2016 there were 20 (16.53%) vacant units in the town centre, which is higher than the national average of 11.17%.

Roman Road West's provision of convenience goods at 9.92% is higher than to the UK average of 8.51%, with four national multiple retailers: Simply Fresh, Nisa Local and Greggs and a Co-op store by Globe Road.

Nisa Local has the largest floor space with 220sqm of all the convenience stores. There also independent convenience specialists: 2 butchers and other shops that attract customers from outside the area with a grocers, delicatessen and bakery. There are no national multiple food or beverage operators located in the town centre.

Roman Road West's comparison retail offer at 19.83% is significantly below the national average of 32.21% including a florists, household goods, clothing, furniture, chemists and jewellers. There are a high number of specialist independent retailers. There are no comparison multiples within the centre.

Roman Road West's retail service offer is less than the UK average of 14.30%. Over 60% of units focus on health and beauty businesses. There are 12 financial and professional service businesses and 10 estate agent businesses.

There are 21 businesses in the category of 'other' with 28.10% having D1 (non-residential) classification, including a dental surgery, a mosque, a community centre and GP surgery. There are also 2 betting offices and a laundrette.

Restaurant & cafés make-up 7.44% of units compared to UK average of 8.70% and hot food takeaways at 6.61% compared to a UK average of 5.66%, with 7 businesses have <3* Food Hygiene Rating. There are only two drinking establishments in the centre.

Review of Roman Road Square Market

Roman Road market is located in Roman Road Square, with capacity for 28 stalls, operating Monday to Saturday from 8.00-18.00. The market has an occupancy rate of 4% to 18%, the lowest rate of all 9 Council street markets. There are 2 traders selling fruit & vegetables and fish. There is 1 market trader with <3* Food Hygiene rating.

While some shops near the market attract customers from outside the area, the market has a local customer base due to its limited range of products. The market stalls are owned and maintained by an independent business and the condition of the equipment is poor, lacks visual appeal.

Over half of the businesses in the town centre that completed a survey reported that trade is level or up on their previous financial year; whilst 40% report it is down on their previous year. Average daily sales are either high or very low.

Opportunities to increase footfall on the high street

There are about 20K residents living in the Bethnal Green ward, which takes in Roman Road West town centre with 43% of residents living in social housing properties. From 2011 to 2015 new housing sites within the 800 metre of the town centre included 450 units at Suttons Wharf North overlooking Regents Canal to the east and 106 units on Parmiter Street to the north of the centre. There are plans for new student housing on Queen Mary University campus in Mile End. However this development is unlikely to benefit the town centre unless better connections with the town centre are created.

8.1.8 Review of Crossharbour town centre

There are 17 businesses in Crossharbour District Centre with: 3 (17.65%) Comparison, 2 (11.76%) convenience, 3 (17.65%) retail services, 1 (5.88%) financial and professional services, 2 (11.76%) restaurants and cafes, 1

(5.88%) drinking establishments, 2 (11.76%) hot food takeaways and 3 (17.65%) other businesses. There is 1 vacant unit in Crossharbour.

The town centre has a parade of small shops between Crossharbour DLR Station and Millwall Inner Dock, with: 2 restaurants, 2 cafes, 2 takeaways, a hairdresser, florist, Tesco Express, a small food store, a pub and dry cleaning outlet. This part of the town centre serves mainly local residents and people working in the area.

On the southern side of the DLR station is a large Asda supermarket, with a petrol filling station and a pharmacy. This is a popular supermarket with a large busy car park that attracts customers from outside the Isle of Dogs.

Footfall is busiest during lunchtimes. Footfall is 68% less by the DLR station and 11% less by Seldon Way compared to the same locations on the weekday.

Opportunities to increase footfall on the high street

The 2011 census showed 32,874 people living in 14,805 households within 800M of Crossharbour town centre. Since 2011 there have been 119 new units new housing completed within the 800 metre of Crossharbour District Centre. However, there are 16 development sites around Crossharbour centre, which will create an additional 10,906 housing units and significant additional footfall and population the centre needs to serve.

In addition, the owners of the Asda store plan to redevelop the site, including housing, a larger store with car parking and a range of additional facilities and services to serve the growing population in the area.

Given these housing growth plans in the area, a review of Crossharbour's future development needs will help inform how this centre needs can meet the needs of the growing population. The local Neighbourhood Partnership will help shape future priorities for the area.

8.1.9 Review of Bromley-by-Bow town centre

There are 5 businesses in Bromley-by-Bow District Centre including: a large Tesco Superstore to the east of the A12 and a small Sainsbury Local convenience store to the west by the Underground station.

The Tesco store has a large car park and offers additional in-store facilities with: a filling station, café, pharmacy and deli, fish and butchery counters, with customers drawn from both the local community and a wider area. The J. Sainsbury Local store has a mainly local customer base.

Given the lack of typical town centre uses and components, Bromley by Bow does not currently fulfil the role of a District Centre.

8.1.10 Review of Columbia Road – a destination high street

Columbia Road is one of the most iconic neighbourhoods in Tower Hamlets and well-known destination for Londoners and tourists to the flower market. Columbia Road neighbourhood has 47 shops on a Victorian terrace with high quality shop frontages. All the businesses are independents and include 2 cafes, 3 public houses/drinking establishments. About 33 out of 47 businesses are non-food businesses including specialist retailers and art galleries. Shop unit sizes are typically small <31sqm, which is a lot smaller than the minimum size typically required by multiple retailers of at least 150-200sqm of trading space.

Review of Columbia Road Market

Columbia Road Market takes place every Sunday morning from 08.00-14.00. The market has 49 pitches with traders selling flowers, plants and some food. The occupancy rate is typically 100% occupancy. The market stalls and canopies are in good condition. Tower Hamlets Council provides toilet facilities for visitors to the market.

Opportunities to increase footfall on the high street

During the week many of the shops are closed. However, at the weekend the market attracts high numbers of people during the morning. There is an opportunity to link Columbia Road with other town centres and encourage visitors to travel to other centres and extend their day out experience; generating footfall in locations like Bethnal Green, Roman Road and Brick Lane.

8.1.11 Review of Middlesex Street - destination high street

Middlesex Street has part of the street in the borough of Tower Hamlets and part in the City of London and a short walk from the Aldgate economic growth area. Middlesex Street is known as the home of Petticoat Lane Market and for its concentration of West African textile retailers that serve mainly business and some individual customers from across London and outside the UK.

There are some hotels in the area, including a Travelodge on Goulston Street, a range of restaurants and cafes the area is a popular route for guided tour groups.

Review of Petticoat Lane Market -

Petticoat Lane Market has 310 pitches, arranged on streets including Goulston Street, Castle Street, Middlesex Street, Strype Street and Bell lane. The market managed by Tower Hamlets operates Monday to Friday and

Sundays, with a typical occupancy rate of 25% during the week and 36% at the weekend.

The type of products sold by market traders is mainly clothing followed by prepared food and household goods.

The section of the market managed by the City of London operates on Sundays only, with 60 market pitches located on Bishopsgate, and a typical occupancy rate of 100%. The market stalls offers mainly fabrics, clothing and prepared food.

Customers for general goods sold on the street market are mainly local residents living in the area, including on the Middlesex Estate, which is owned by City of London. Customers for prepared food during the week are mainly people working in the area, particularly Aldgate and City of London, and on Sunday's visitors from London and beyond.

Opportunities to increase footfall on the high street

The economic growth area in Aldgate, along with other developments in Bishopsgate, offers the opportunity to promote footfall into the area and generate potential customers for market traders and shops on the high street. Tower Hamlets Council and the City of London are working in partnership to develop a regeneration programme for the Middlesex Street area.

These improvements plans include:

- The look and operation of the Street Market on the City of London and Tower Hamlets, with high quality market rigs, power connections for lighting and electric charging points to support clean transport
- Equipment and containers for waste management and recycling
- Seating, lighting and wayfinding to attract customers
- Improvements to the streetscape

8.2. Review of Environment and Consumer Experience

This section of the strategy reviews town centres and key high street in Tower Hamlets from the point of view of people who live, work and visit them. The following information on each high street highlights strengths and weaknesses to be addressed in tailored action plans. Table 4 below summarises the findings of the review.

Key areas assessed	Whitechapel	Brick Lane	Bethnal Green	Roman Road East	Chrip Street	Watney Market	Roman Road West	Crossharbour	Bromley-by-bow	Columbia Road	Middlesex Street
Limited customer facilities	✓	✓	✓	✓		✓	✓	✓			✓
ASB and graffiti issues	✓	✓	✓	✓	✓	✓	✓	✓			✓
Improve waste management	✓	✓	✓	✓	✓	✓	✓	✓			✓
Streets need deep clean	✓	✓	✓	✓	✓	✓	✓	✓			✓
Public realm needs maintenance	✓	✓		✓	✓	✓	✓				✓
High traffic volumes	✓		✓		✓	✓	✓		✓		
Limited sense of place	✓		✓			✓	✓				✓

Table 3: Environment and consumer experience

8.2.1 Whitechapel - environment and customer experience

The shopfront improvement programme completed on Whitechapel Road as part of Tower Hamlets Council's High Street 2012 programme, reinstating the character of the facade in this conservation area.

Whitechapel High Street has the highest footfall of all Tower Hamlets town centres due to Whitechapel station, the Idea Store, Royal London Hospital, bus connections and proximity to the growing economic area of Aldgate and also the City of London.

Whitechapel Market operates six days a week and is located along one side of Whitechapel high street taking in Whitechapel station, which has over 11m entries and exits/year. The area around the street market has the highest footfall due to Whitechapel station, bus routes and proximity to Aldgate East and Aldgate tube stations, which are only a 10 minute walk away.

Local bus connections at 5-11 minute intervals include: 25 to Ilford/Oxford Street, 205 to Bow/Paddington, 254 to Aldgate/Holloway and D3 to Bethnal Green/Crossharbour. Whitechapel Road is on the Cycle Superhighway CS2. Cycle docking stations include: New Road with 36 spaces, Royal London Hospital with 42 spaces and Aldgate with 18 spaces.

There are also 25 pay & display parking bays and 4 loading bays in the town centre.

The back of stalls in Whitechapel Market looks onto Whitechapel Road, creating a visual barrier and blocking sightlines from the road to shops. Market trader activities generate waste, mainly thick cardboard boxes, which is generally not crushed and results in overflowing waste bins. Overflowing waste bins, along with food waste on the pavement creates hazards for pedestrians, unpleasant smell when left overnight for collection and obstacles for people trying to get to the bus stop etc.

Some traders park their van illegally on Whitechapel Road by the market, adding to the obstacles experienced by pedestrians and the poor visual impression of the market and the area.

Enforcement action is working to address waste management and parking issues and also ensuring market traders keep their pitch stalls within their designated limits as set out in their license.

There are opportunities for recycling of most of the waste generated by the market and support the improvement of business waste recycling in the borough as set out in the draft Council's Waste Strategy.

Whitechapel High Street and many of the buildings along this street are managed by Transport for London. Some shop owners dispose of waste cooking oil down the drain on Whitechapel Road, creating blockages. The central drainage channel along the middle of the pavement has flooded when it rains, causing inconvenience to market traders and pedestrians.

Within the town centre boundary there were a total of 1,012 reported crimes over 12 months to September 2016, with 237 (23.4%) Anti-Social Behaviour (ASB), 189 (18.7%) Violence and Sexual offences and 188 (18.6%) Other. ASB Crimes relates to drugs and alcohol misuse and crimes by groups of youths. Graffiti is also an issue in some locations in Whitechapel, but not as bad as other areas.

There are no public toilet facilities in Whitechapel and retail businesses are reluctant to offer the use of their toilets to customers attending the market as they do not see a benefit to their business.

There are some way-finding panels in the centre, but limited signage promoting the market and supporting the visitors.

8.2.2 Brick Lane - environment and customer experience

The north and central section of Brick Lane has had more investment in shopfronts by property owners compared to the southern section.

Also the northern half of Brick Lane has higher footfall compared to the southern half, mainly due to Truman Brewery and the proximity to Shoreditch High Street station. Vacant units in this area tend to be occupied again after only a short period of time.

There are large long-term vacant sites in the south half of Brick Lane opposite the Arbor City Hotel and next to the railway lines near Sclater Street. Footfall is lower in the southern half of Brick Lane compared to the north and vacant units can be unoccupied for several years, e.g. Seven Stars pub.

Brick Lane Market takes place in Sundays along Brick Lane from Quaker Street to Bethnal Green Road and on Sclater Street and Cheshire Street. The market managed by the Council on Brick Lane and Sclater Street has stalls with poor quality canopies, while the market on Cheshire Street is being revitalised and has good quality canopies funded by the Council's Brick Lane regeneration programme.

Spillages from food serving traders, along with cardboard and other waste, create hazards and waste issues on the street on Sundays.

Truman Brewery, along with restaurants, including curry houses, are footfall drivers in the evening and at weekends particularly the northern half of Brick Lane. However, there is often overcrowding due to the scale of visitors on the narrow streets, particularly on Sundays.

Brick Lane has a very high level of graffiti throughout, particularly around the railway bridge. Some of the graffiti attracts visitors and tour groups, but there are sections where graffiti and tagging on shopfronts reduces the appeal and annoys both businesses and residents.

Beggars, street sleepers, tagging, litter and detritus and people urinating and vomiting in the street are a common issue at night. There are no public toilets on Brick Lane. Businesses are reluctant to offer the use of their toilets to customers of the street market as they do not see a benefit to their business.

Business waste left on the street for collection often becomes an obstacle for pedestrians and can include spillages when the bags split. The area would benefit from deep cleaning and tighter litter management, particularly weekends and Monday mornings.

There are no buses serving Brick Lane itself. The nearest bus routes are on Commercial Street with the: 254 to Holloway/Aldgate East, 25 to Ilford/Hainault and 67 to Aldgate. Also Bethnal Green Road at the top of Brick Lane has the 8 to Bow Church/Tottenham Court Road and 388 to Stratford City/Blackfriars at intervals of every 5 to 14 minutes

To the south of Brick Lane is Aldgate East station and at the northern end Shoreditch High Street station with 4.8m entries & exits/year. There are quiet way cycle routes along Hanbury Street, Quaker St and Commercial Street.

TfL cycle docking stations include: 18 in Aldgate, 17 by Brick Lane Market, 20 by Shoreditch and 39 on Buxton Street. Also 77 pay & display spaces and 29 loading bays in the town centre.

There were 592 reported crimes in Brick Lane town centre over a 12 month period to 2016. The highest category of reported crimes: 143 (24.2%) Anti-Social Behaviour (ASB), followed by 95 (16.0%) other theft and 84 (14.2%) Violence & Sexual Offences. ASB Crimes relates to drugs and alcohol misuse and crimes.

8.2.3 Bethnal Green - environment and customer experience

There is evidence of investment by some property owners in bars, cafes particularly the western end of Bethnal Green town centre and recently opened businesses. However, many of the long-standing shops are tired and have oversized or poor quality signage.

Generally there are low vacant rates on Bethnal Green, with units taken-up quickly. The former cinema is subject to development plans. Also a mid-terrace unit where there was a fire some years ago, has been subject to planning enforcement by the Council due to the poor condition of the site.

Key local footfall drivers are Bethnal Green tube station to the east with 1.2M exits & entries/year, Shoreditch High Street station to the west with 1.8M exits & entries/year and Bethnal Green library with 40,000 visitors/year.

The V&A's Children's Museum located opposite Bethnal Green tube station typically has 460K visitors/year. However, the very deep railway arch at the junction of Bethnal Green Road and Cambridge Heath Road cuts off sightlines in to the town centre, limiting the number of museum visitors going into the town centre and using local businesses.

Bethnal Green market operates 6 days per week. During the week the back of market stalls face Bethnal Green Road and blocking sign lines from the road to shops and results in tension between traders and businesses.

However, this is mainly an issue during the week as the occupancy rate on the market is very low on Saturdays.

Local buses serving Bethnal Green Road include number: 8 to Bow Church/Tottenham Court Road, 388 to Blackfriars/Stratford City Bus Station and D3 to Crossharbour/London Chest Hospital. Services are 3 to 8 minutes. There are 124 pay & display spaces and 21 loading bays.

There is one cycle bank in Bethnal Green District Centre by Potts Street with 19 docking stations and also one just outside the district centre boundary by Granby Street with 25 cycle docking stations. Bethnal Green Partnership managed by Oxford House, requested more cycle storage in the town centre.

There is some evidence of graffiti in the town centre. There are publically accessible toilets in Bethnal Green library. Plans to switch to LED lighting will improve the lighting levels in the town centre.

Bethnal Green District Centre had 475 total numbers of reported crimes in the 12 months to September 2016. The highest category of reported crime was violence and sexual offences at 111 (23.4%), Shoplifting at 76 (16%), other theft 53 (11.2%), and theft from the person at 47 (9.9%). Businesses also reported concerns about rough sleeping and drug users in the area.

8.2.4 Roman Road East - environment and customer experience

There is evidence of investment by property owners on the western half of the Roman Road East, while the eastern side of the town centre has poorer quality shop units. The Council's regeneration programme in Roman Road East has improved some of the shop units in the town centre.

Roman Road Market is known as a traditional East End market, with some traders renting traditional barrow style stalls from Brian Baker & Sons based in a yard behind the market. Most traders use metal frame market stalls and generally most traders use poor quality canopies.

The Council local regeneration programme purchased some Roman Road East branded canopies for market traders to use. However, only some traders are using these canopies.

On market days the main section of the high street is given over to the market. There are waste issues, litter and graffiti in Roman Road town centre on days when the market is on.

The junction of St Stephens Road by Roman Road is where the street market starts. But this junction, which is on the town centres main bus routes, is said to be 'congested and noisy and takes from the market atmosphere'.

Roman Road East is served by the: 8 to Bow Church/Tottenham Court Road, 276 to Stoke Newington Common/Newham Hospital and number 488 to Bromley by Bow/Kingsland Road, with services at 7 to 10 minutes intervals. Mile End about a 15 minute walk from Grove Road had 16.3M entries/entries /year and Bow Church DLR 10 minutes from Tredegar Road, with 3.2M entries and exits / year. There are 32 pay & display parking spaces and 10 loading bays. There is parking in the Tesco car park for customers only and a public car park by St Stephens Road.

There is some signage and way finding to and from key local stations. However, this could be improved given the potential to promote the centres social history, connections with the suffragette movement and other east end heritage, to generate additional visitors to the centre.

The public realm is in poor condition and Gladstone Place has excessive street furniture and clutter, including bins, seating and telephone boxes. The road surface in some areas is uneven and would benefit from being repaired or re-laid. The centre lacks available public toilets.

Roman Road East District Centre had 339 total numbers of reported crimes in the 12 months to September 2016. The highest categories were Anti- Social Behaviour (ASB) at 92 (27.1%), Shoplifting at 49 (14.5%), Violence and Sexual offences at 58 (17.1%). ASB crimes related to drugs and alcohol misuse and crimes by groups of youths, street drinking around Gladstone Place and graffiti / tagging.

8.2.5 Chrisp Street - environment and customer experience

Chrisp Street town centre is a classic and distinctive post-war open air shopping centre built as part of the Festival of Britain in 1951 to celebrate 'Living Architecture', with the first pedestrianised shopping centre in Britain.

Recent investment in Chrisp Street town centre includes the reopening of Poplar Baths on East India Dock Road in 2016, bringing this Grade II listed building back into use after being closed for 30 years. Since 2017 Chrisp Street Exchange offers high quality co-working space for start-up and growing businesses.

Most of the shopfronts along East India Road to the east are tired in poor condition with better quality units closest to Chrisp Street. The regeneration programme in Chrisp Street over the next 8 years, led by PoplarHARCA, will make improvements to shops and infrastructure in the heart of the town centre. This regeneration programme excludes the weakest shop units on East India Dock Road.

Public toilets at Chrisp Street are in need of attention and maintenance.

Waste collection is an issue in Chrisp Street and PoplarHARCA are keen to work with Tower Hamlets Council to explore how they can take on the management of waste on their estate.

Signage to Chrisp Street is good from All Saints station and within the town centre. However, attracting people to Chrisp Street will be a challenge as the regeneration programme progresses over the next 8 years.

The main bus routes serving the town centre along East India Dock Road are the D6 to Cambridge Heath/Crossharbour, 115 to East Ham/Aldgate and 15 to Romford/Trafalgar, with services running every 7-10 minutes.

Local cycle routes include a route through Upper North Street. However, cycling in the area is known as difficult. There is a cycle docking station by

Chrisp Street Market with 18 cycle spaces and a cycle shop opposite the market. There are 5 pay & display spaces and 0 loading bays.

Chrisp Street town centre had 339 reported crimes in the 12 months to September 2016. The highest category were Anti- Social Behaviour (ASB) at 92 (27.1%), Shoplifting at 49 (14.5%), Violence and Sexual offences at 58 (17.1%).

All Saints station has typically 2.1M exits and entries/year and although it is located in Chrisp Street town centre, being on the southern side of East India Road cuts that station off from the town centre.

Although there is free parking for Co-op customers, a survey carried out by PoplarHARCA in 2016 highlighted that most people using Chrisp Street town centre live in the area and walk to the centre.

8.2.6 Watney Market - environment and customer experience

There is some evidence of investment in Watney Market to the south of the centre near Shadwell DLR and Overground stations. Shopfronts on Commercial Road and the frontages along this route are generally weak.

The shop units in the central area of the town centre lack signs of investment have poor window displays and views into these unit are often obscured by advertising vinyls. Also at night, units along Commercial Road use mainly solid metal shutters which give a defensive appearance.

The business shop front facing Commercial Street could be improved to achieve a more active frontage to this main arterial route.

There is visible litter and some graffiti in the centre and the quality of the pavement surface in the centre could be improved. There have been drug addicts and rough sleepers in Watney Market Car Park, as there are no gates at either end of the car park.

Shadwell DLR station has 8.6M entries and exits/year and the Overground station has 2.6M exits and entries / year.

Commercial Road is a very busy traffic route and bus routes 15, 115 and 135 connecting Watney Market District Centre with Whitechapel to the west and Limehouse interchange at intervals of 6-12 minutes. The D3, 100 and 339 buses serve Shadwell station and operate at 7-12 minute intervals. Cable Street connects with Limehouse/Tower Gateway via bus: D3, 100 and 551 at 7-12 minutes past the hour.

There are 5 pay and display space and 2 loading bays. This reflects the pedestrianised nature of the centre and the low car ownership in the area. The Cycle Superhighway CS3 runs through Cable Street by Shadwell DLR and Overground stations.

There are 48 cycle docking stations by the entrance to Watney Market town centre on Commercial Road and 18 by Shadwell Station on the south side.

Businesses on Chapman Street include some wholesale businesses, take deliveries in unsocial hours and are known to cause noise complaints.

Watney Market had 502 reported crimes in the 12 months to September 2016. The highest category of reported crime was Anti-Social Behaviour (ASB) at 156 (31.1%), Violence and Sexual offences at 101 (20.1%) and Public Order at 36 (7.2%).

While there is some way-finding in the town centre from Shadwell stations, the town centre has limited benefit from its proximity to the Overground and DLR stations. Also the housing developments in London Dock, where there are plans for 1800 new housing units, has very poor connections with the town centre.

8.2.7 Roman Road West - environment and customer experience

There is evidence of retailer investment on the western side of the town centre, with good quality shop fronts, window displays and contemporary layouts.

There were 17 vacant units in the centre in 2016, with vacancies concentrated on the eastern side and many of these units vacant for several years.

Many shops in the central and eastern side of the town centre have solid security shutters that are pulled down during the day, even when the shop is open giving the impression the centre is closed.

There is evidence of street drinking and many shop units, along with community buildings, such as the Mosque and GP Surgery, have graffiti.

Roman Road West town centre is popular with students as a place to live due to its proximity by bus to Queen Mary University (QMU) campus in Mile End. The railway line used by the Overland, runs east/west to the south of the town centre, cutting off the campus and limiting access routes to Morpeth Street. The Council is working with QMU, Network Rail and the local partnership to explore opportunities to open-up a new access route via Meath Gardens.

Roman Road is a busy bus route served by bus no: D6 to Crossharbour/Ash Grove, 8 to Bow Bus Garage/Tottenham Court Road and 277 to Mile End/Leamouth with services running at 5 to 11 minute intervals per hour. Bethnal Green station is a 10 minute walk from the western side of the town centre. There are two cycle quietways cutting through Roman Road West town centre, with one along Globe Road on its western edge and one on Morpeth Street by the Globe Town Market Square where there is a cycle docking station with 20 cycle bays.

There are 16 pay and display spaces in Roman Road West and 1 loading bay. There are stretches of Roman Road which have railings along the street and restrict access for loading.

Traffic flow on Roman Road West is generally high, with congestion levels much lower than along nearby Bethnal Green Road. Although noise pollution impacts on the centre's environmental quality and creates pedestrian/vehicle conflicts, traffic calming measures are in place to help control this.

The public realm appears run down with many shop fronts with graffiti and signage in need of repair. Whilst there is considered to be a generally good provision of seating and planting across the centre, maintenance needs to be improved, particularly in the Market Square. In contrast the public realm along Globe Road is of a higher quality and has examples of street planting and shop fronts that are well maintained.

Roman Road West is separated from Roman Road East by a bridge over the Regents Canal which runs from Limehouse Basin to Victoria Park, and the Millennium Park running along the eastern side of the Canal. While these assets add to the overall appeal of the area, the town centre does not benefit from traffic and connections with these locations.

Roman Road West had 147 reported crimes in the 12 months to September 2016. The highest category of reported crime was Anti-Social Behaviour (ASB) at 72 (49%), Violence and Sexual offences at 14 (9.5%) and 8 (5.5%) Burglary 8 (5.5%) Criminal Damage and Arson and 8 (5.5%).

8.2.8 Crossharbour - environment and customer experience

The quality of shop fronts in Crossharbour town centre is generally good. Crossharbour DLR station is located in the middle of the town centre with its raised track cutting off sightlines either side of the centre. However, the Asda store will be subject to a major regeneration programme which will diversify the offer and change the scale and profile of the centre.

Crossharbour DLR station had 4.1M entries and exits / year. The town centre is served by bus numbers: D6 to Ashgrove, 135 to Old Street and D8 to Stratford at 5-10minute intervals.

Crossharbour has 236 reported crimes in the 12 months to September 2016. The highest category of reported crime was Anti-Social Behaviour (ASB) at 87 (36.9%), Violence and Sexual offences at 34 (14.4%) and 32 (13.6%) shoplifting.

8.2.9 Bromley by Bow Environment and Customer Experience

The A12 provides a major physical barrier between the east and west of Bromley-by-bow town centre, creating a very noisy environment.

Access to the Tesco superstore for pedestrians is via a subway under the A12. This subway is poorly lit, often has litter in the passageway and there is evidence of graffiti. Most people access the Tesco superstore by car, driving from neighbouring boroughs and other areas.

While Bromley-by-bow underground station, which is on the District and Hammersmith Lines, is used mainly by commuters living in the area.

Bromley by Bow had 167 reported crimes in the 12 months to September 2016. The highest category of reported crime was 39 (23.4%) vehicular crime, 37 (22.2%) shoplifting and 19 (11.4%) Violence and Sexual Offences.

8.2.10 Columbia Road - environment and customer experience

Columbia Road has high quality shopfronts and market stalls are good quality. The area is well service by buses and has good level of cycle storage including 5 bikes by Santander. There is 2 hours free parking in any pay and display bay in the areas surrounding Columbia Road Flower Market. Wayfinding could link Columbia Road with other areas to cross promote centres.

8.2.11 Middlesex Street - environment and customer experience

During the week from 7.00-19.00 traffic flow along Middlesex Street is relatively high, with the highest at the southern end of the street, and lowest on Widegate Street, Sandy's Row and Artillery Lane.

On Sundays, Middlesex Street is closed from 7.00-16.00 when the market operates.

Traders leaving the market early often drive their vehicles through a dense pedestrian area. There is illegal parking by market traders on Sundays, and loading and unloading cause blockages on Sandy's Row to pedestrians and vehicles for most of the day.

Cycle Superhighway 2 runs along Aldgate High Street to the south of Middlesex Street and there limited Quietway cycle routes through Middlesex Street. However, there is a lack of cycle parking around Middlesex Street.

There are some wayfinding totems in the City of London only. There is a need for wayfinding in the Middlesex Street area improve navigation for visitor. This would link with planned way-finding in the City of London and Tower Hamlets.

8.3.4 The Night Time Economy (NTE) in Tower Hamlets

This section of the strategy provides an overview of the Night Time Economy (NTE) in Tower Hamlets, with a focus on town centres and key high streets.

Research carried out by the Association of Licensed Multiple Retailers states that Tower Hamlets has the 6th most-valuable Night Time Economy (NTE) in London and the 10th most valuable in the UK, with: 583 core pub, club, bar and restaurants and a combined GVA of £121 million.

Between 2010 and 2016 the number of licensed restaurants in Tower Hamlets increased by 49% from 215 to 320 premises, while the number of licensed hotels and other accommodation increased by 75% from 40 to 70 premises. In the same period the number of licensed clubs decreased from 15 to 10 and public houses and bars decreased from 150 to 130.

Many NTE businesses sell alcohol and/or are entertainment venues and require a license in order to provide the following activities:

- the sale or retail of alcohol (on and off sales)
- the supply of alcohol by or on behalf of a club to a member of the club
- the provision of regulated entertainment
- the provision of late night refreshment

The highest concentration of NTE businesses in Tower Hamlets is in Canary Wharf and there are more than 300 licensed premises in town centres and key high streets:

Table 4: Overview of licensed premises

Type of business	Whitechapel	Brick Lane	Bethnal Green	Roman Road East	Chrip Street	Watney Market	Roman Road West	Crossharbour	Bromley-by-bow	Columbia Road	Middlesex Street
Total licensed businesses	30	127	43	37	19	17	18	6	0	3	
Restaurants & Cafes	9	97	12	15	9	1	2	3			
Retail	15	19	14	17	7	11	10	1			
Pubs / Bars	5	6	7	4	2	4	5	1		3	
Community & Social Clubs		3	2			1	1	1			
Hotel	1	1	1	1	1						1
Event / Entertainment Venue		1	4								

Introducing the Late Night Levy

In 2016 Tower Hamlets Council carried out consultation on introducing a Late Night Levy targeting businesses that supply alcohol between 12.00 and 06.00. Following this consultation process the Levy was introduced in January 2018.

The levy funds raised will help pay for extra enforcement and Police needed to deal with incidents generated by the NTE.

There are approximately 200 alcohol related ambulance call-outs per month in the borough, of which 17% of incidents occurring during the week and 22% occurring during the weekend take place between midnight and 06.00.

In addition, recorded crime data shows a peak in the number of alcohol-related incidents at licensed premises from 12.30am.

The Levy will raise finance by charging NTE businesses and is estimated to generate about £350K, depending on the number of businesses that decide to retain their late night licence.

The Council, after consultation, revised its Statement of Licensing Policy to include a Cumulative Impact Zone (CIZ) for Brick Lane, due to the concentration of NTE activity in this destination centre.

It is proposed that the net amount collected is allocated on a 70/30 split, with the funding managed by the Community Safety Partnership. This Partnership has responsibility for liaising with the public and voluntary sector on community safety issues.

Possible ideas under consideration by the Partnership for how to spend the Late Night Levy Funds include:

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

Managing the Evening Economy in Tower Hamlets – Best Bar None

Tower Hamlets has a Best Bar None (BBN) accreditation scheme for licensed premises. This scheme is actively promoted among licensed premises across the borough, particularly in Canary Wharf and Brick Lane.

During 2016 a group of 39 businesses responded with interest in taking part in the BBN scheme, of which 18 completed their applications and achieved Best Bar None accreditation.

To incentivise businesses to take part, a 30% reduction in levy charge will be given to businesses that take part in the Best Bar None Scheme.

8.4 The Council working in partnership with High Street partnerships

The implementation of the High Streets & Town Centres strategy will involve joint working between services across Tower Hamlets Council and also with high street and town centre focused partnerships.

Working in partnership with local stakeholders and high street partnerships will enable the development and implementation of tailored action plans to improve the performance and competitiveness of local high streets. Joint working will also help manage communication with local networks.

High Streets partnerships:

- i. Brick Lane Regeneration Partnership
- ii. The Aldgate Partnership (TAP)
- iii. Bethnal Green Business Forum
- iv. Roman Road West Regeneration Partnership
- v. Chrisp Street Partnership
- vi. Middlesex Street Partnership (in development)
- vii. Watney Market Partnership (in development)
- viii. The Columbia Road Traders Association

Neighbourhood Forums:

Neighbourhood planning is a new right for communities, introduced by the Localism Act 2011 that enables communities to prepare a Neighbourhood Plan to set out their vision in order to influence planning priorities and guide development in their neighbourhood.

Tower Hamlets Neighbourhood Forums are:

- Spitalfields Neighbourhood Planning Forum April 2016, and takes in Brick Lane town centre.
- Isle of Dogs Neighbourhood Planning Area was approved in April 2016 and takes in Crossharbour town centre.
- Roman Road Bow Neighbourhood Planning Area was approved by the Mayor in February 2017 and takes in Roman Road East Town Centre.

Local statutory partnerships linking to high streets & town centers:

- The Community Alcohol Partnerships (CAP) – Retailers, licensees, trading standards, police, health services, education providers and local stakeholders come together to tackle underage drinking and ASB, including street drinking.
- Tower Hamlets Crime and Community Safety (CSP) – A multi-agency strategic group, with members working together on complex community safety issues including issues in high streets and town centres.

Appendix 1 - Ranking of performance indicators

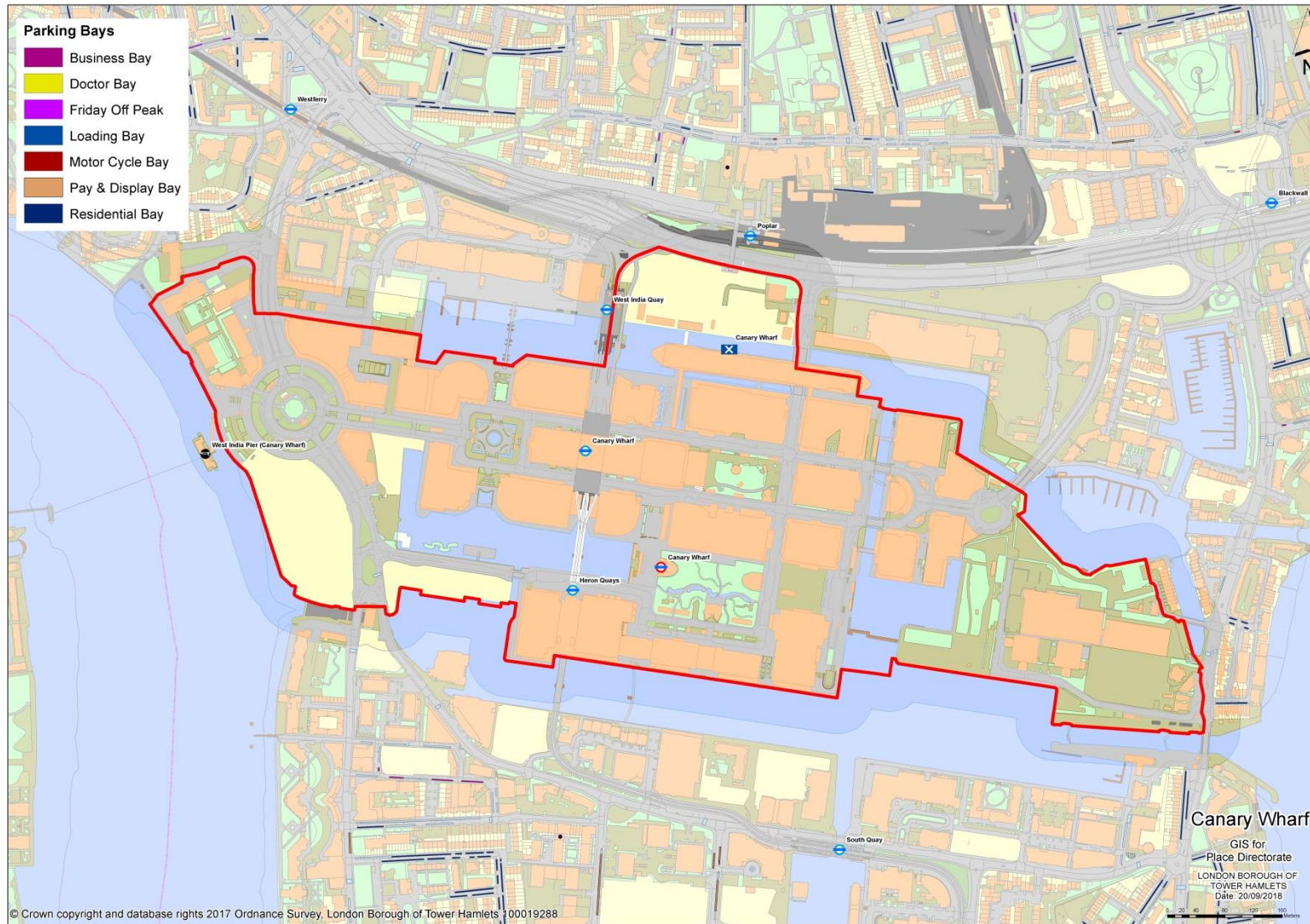
Priorities :	No	Performance Indicator Categories	Whitechapel	Brick Lane	Bethnal Green	Roman Road East	Chrisp Street	Watney Market	Roman Road West	Crossharbour	Bromley by Bow	Canary Wharf	Middlesex Street	Columbia Road	
1. Improve the retail offer	1	Retail offer	Opportunity for Improvement	Good	Very Good	Good	Good	Good	Opportunity for Improvement	Opportunity for Improvement	Opportunity for Improvement	Good	Opportunity for Improvement	Opportunity for Improvement	
	2	Vacant units	Good	Good	Very Good	Good	Very Good	Good	Needs Attention	Very Good	Very Good	Very Good	Opportunity for Improvement	Good	
	3	Culture and Leisure	Good	Good	Good	Opportunity for Improvement	Opportunity for Improvement	Opportunity for Improvement	Opportunity for Improvement	Opportunity for Improvement	Needs Attention	Needs Attention	Good	Opportunity for Improvement	Opportunity for Improvement
	4	Unhealthy businesses	Needs Attention	Good	Opportunity for Improvement	Opportunity for Improvement	Opportunity for Improvement	Opportunity for Improvement	Opportunity for Improvement	Opportunity for Improvement	Opportunity for Improvement	Very Good	Good	Good	Good
	5	Visitors satisfaction with the retail offer	Opportunity for Improvement	Opportunity for Improvement	Opportunity for Improvement	Very Good	Opportunity for Improvement	Opportunity for Improvement	Opportunity for Improvement	Opportunity for Improvement	Good	Good	Good	Needs Attention	Good
	6	Retail Sales	Opportunity for Improvement	Opportunity for Improvement	Opportunity for Improvement	Good	Good	Needs Attention	Opportunity for Improvement	Very Good	Very Good	Good	Good	Opportunity for Improvement	Good
	7	Business confidence	Good	Good	Good	Good	Good	Good	Opportunity for Improvement	Good	Good	Very Good	Opportunity for Improvement	Good	Good
2. Develop and support local Partnerships	8	Community Spirit	Good	Good	Good	Very Good	Very Good	Good	Opportunity for Improvement	Good	Very Good	Good	Opportunity for Improvement	Good	
	9	Partnership working	Opportunity for Improvement	Good	Opportunity for Improvement	Very Good	Opportunity for Improvement	Needs Attention	Opportunity for Improvement	Needs Attention	Needs Attention	Very good	Opportunity for Improvement	Good	
	10	Events	Good	Good	Good	Good	Good	Needs Attention	Opportunity for Improvement	Needs Attention	Needs Attention	Very Good	Needs Attention	Good	
3. Improve the management of the street	11	Footfall	Very Good	Good	Very Good	Very Good	Opportunity for Improvement	Very Good	Needs Attention	Opportunity for Improvement	Opportunity for Improvement	Good	Opportunity for Improvement	Good	
	12	Geographical Catchment	Very Good	Good	Very Good	Very Good	Very Good	Very Good	Good	Very Good	Very Good	Very Good	Very Good	Good	
	13	Access	Very Good	Very Good	Very Good	Good	Very Good	Very Good	Very Good	Very Good	Very Good	Very Good	Very Good	Good	
	14	Car parking	Needs Attention	Very Good	Very Good	Good	Very Good	Needs Attention	Very Good	Very Good	Very Good	Good	Good	Good	
	15	Visitors experience satisfaction	Opportunity for Improvement	Opportunity for Improvement	Opportunity for Improvement	Good	Good	Opportunity for Improvement	Needs Attention	Opportunity for Improvement	Opportunity for Improvement	Good	Needs Attention	Good	
	16	Attractiveness	Needs Attention	Good	Good	Good	Good	Opportunity for Improvement	Needs Attention	Good	Opportunity for Improvement	Very Good	Good	Good	
4. Improve street market management	17	Street Markets	Needs Attention	Opportunity for Improvement	Opportunity for Improvement	Opportunity for Improvement	Opportunity for Improvement	Opportunity for Improvement	Needs Attention	Not applicable	Not applicable	Not applicable	Needs Attention	Good	
5. Reduce Anti-Social Behaviour	18	Reported Crime	Needs Attention	Needs Attention	Opportunity for Improvement	Opportunity for Improvement	Opportunity for Improvement	Needs Attention	Needs Attention	Good	Good	Good	Needs Attention	Opportunity for Improvement	
	19	Crime and safety perception	Needs Attention	Needs Attention	Opportunity for Improvement	Opportunity for Improvement	Opportunity for Improvement	Needs Attention	Needs Attention	Good	Good	Very Good	Opportunity for Improvement	Opportunity for Improvement	
	20	Night Time Economy (NTE)	Opportunity for Improvement	Opportunity for Improvement	Opportunity for Improvement	Opportunity for Improvement	Opportunity for Improvement	Opportunity for Improvement	Opportunity for Improvement	Not applicable	Not applicable	Very Good	Opportunity for Improvement	Good	

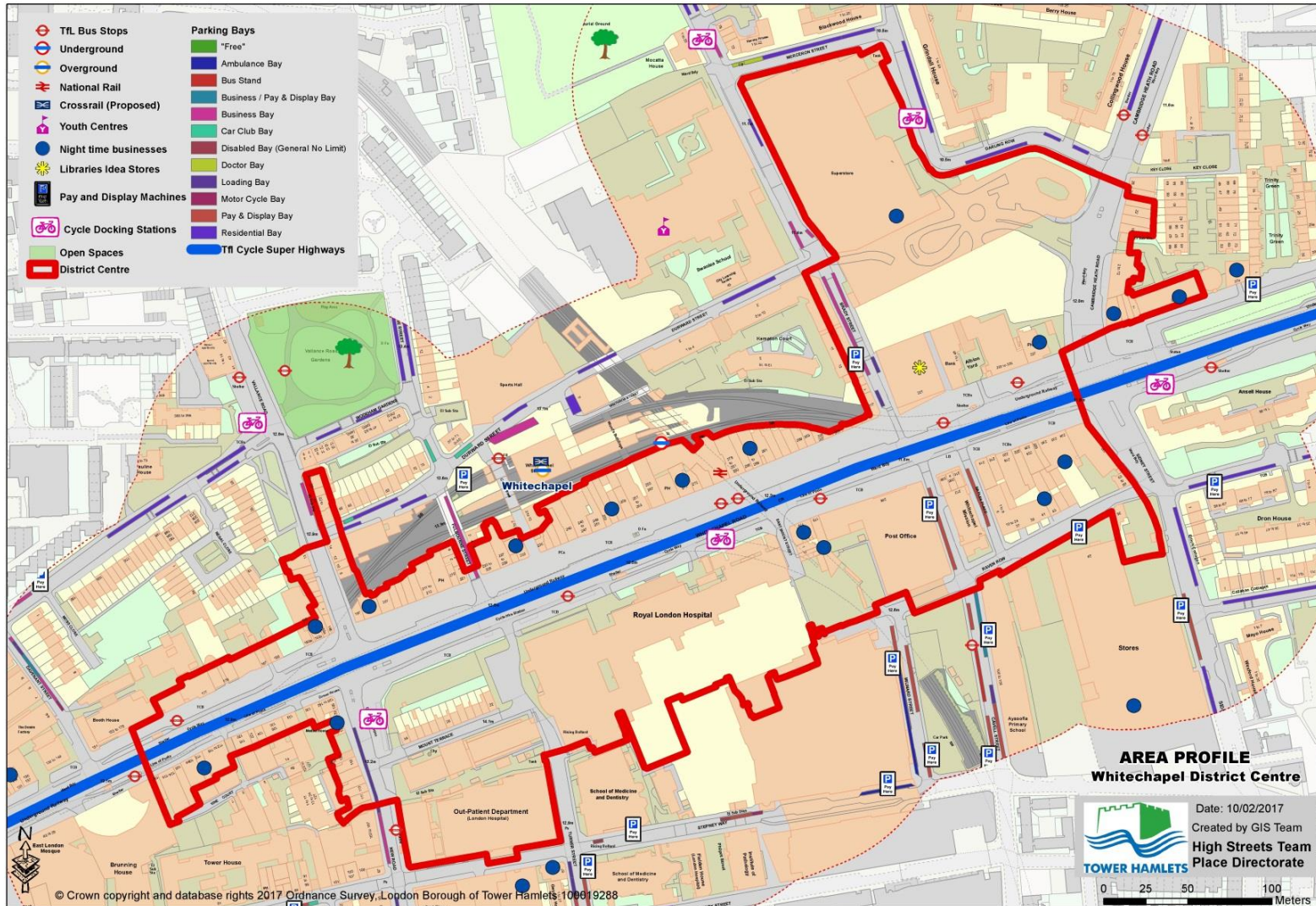
Appendix 2 - Definition of rankings for town centre performance indicators

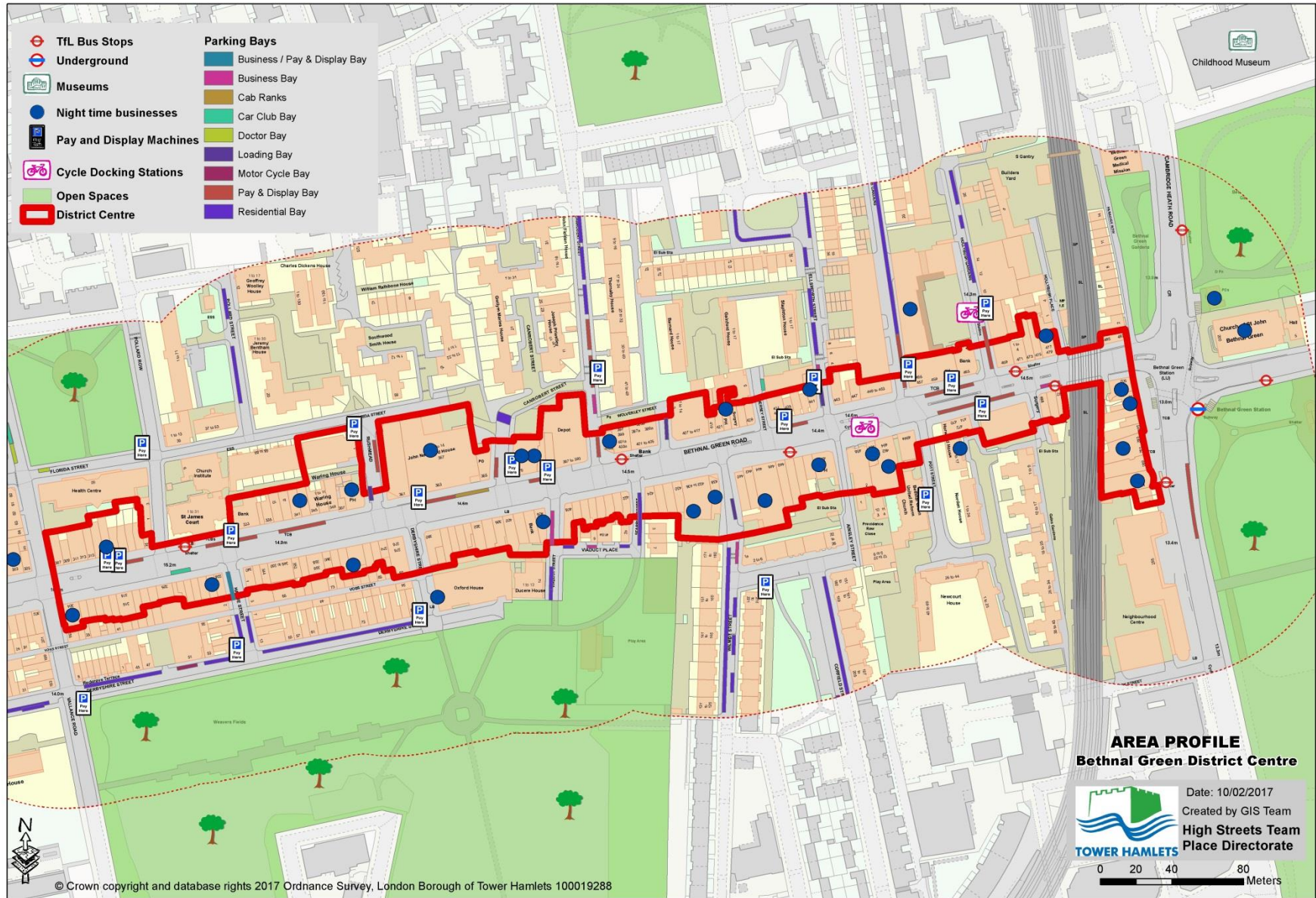
Priority	Category	Very good	Good	Opportunity for Improvement	Needs Attention
1. Improve the retail offer	Retail offer	Strong retail offer with a wide variety of day-to-day goods, restaurants, cafes and leisure services offered and meeting the needs of a diverse customer base and attracting people from beyond the area.	Good retail offer with a variety of goods, leisure services and restaurants offered, creating a good demand for services and meeting the needs of a wide-customer base.	Good retail offer with a variety of goods, leisure services and food offered and meeting a mainly local customer base.	A limited retail offer, with gaps in the range of goods, leisure services and food offered and meeting the needs of some of the mainly local customer base.
	Vacant Units	0% vacant units in the centre.	1-5% vacant units is under national average of 11.17% and units vacant for up to 3 months.	6-10% of vacant units at national average of 11.17% and units vacant for up to 6 months.	10-15% of vacant units higher than national average of 11.17% and units vacant for up to 1 year.
	Culture and Leisure	A good choice of theatres, cinemas and other entertainment services offered that appeal to a wide section of community and attracts people from outside the area.	A choice of theatres, cinemas and other entertainment services that appeal to a wide section of community and attract some people from out of the area.	Some theatres, cinemas and other entertainment services that appeal to some of the community and people from outside the area.	Limited number of theatres, cinemas and/ or other entertainment services that appeal to a mainly local/narrow customer base.
	Unhealthy Businesses	0% of unhealthy businesses in the town centre including fast food takeaways, betting shops and amusement arcades.	1-7% of unhealthy businesses in the town centre including fast food takeaways, betting shops and amusement arcades.	Under 8-15% of unhealthy businesses in the town centre including fast food takeaways, betting shops and amusement arcades.	Over 15% of unhealthy businesses in the town centre including fast food takeaways, betting shops and amusement arcades.
	Visitors satisfaction with Retail Offer (inc street markets)	High level of satisfaction expressed by visitors with good choice of food & drink and goods etc., high standard of customer service experienced and keen to come back and recommend the location to others. Well curated market meeting high level of customer needs with very good reviews and feedback.	Good level of satisfaction expressed by most visitors with: the choice of food & drink and goods etc., standard of customer service experienced and keen to come back and recommend the location to others. Well curated market meeting good level of customer needs with mainly good reviews and feedback.	Good level of satisfaction expressed by visitors with: the choice of food & drink and goods etc. and the standard of customer service, but highlighting improvements needed to retail and street market offer.	Low level of satisfaction expressed by visitors with: the choice of food & drink and goods etc. and the standard of customer service and highlighting weaknesses and concerns about the retail offer and market.
	Retail Sales	Over 75% of businesses in the town centre reported turnover had increased on previous years figures.	60-75% of businesses in the town centre reported turnover had increased on previous years figures.	50-60% of businesses in the town centre reported turnover had increased on previous years figures.	40-50% of businesses in the town centre reported turnover had increased on previous years figures.
	Business confidence	High business confidence with a variety of new businesses opening and most business owners expecting business growth.	Good level of business confidence, some new businesses opening with some business owners expecting business growth.	Good level of business confidence, some new businesses opening with business owners not expecting business growth.	Low level of business confidence, few or no businesses opening with business owners not expecting business growth.
2. Develop and support local partnerships	Community Spirit	Very positive messages expressed by residents, businesses and customers about their pride and loyalty and commitment to promote the town centre, with joint working and investment in social cohesion in evidence.	Positive messages expressed by residents, businesses and customers about their pride and loyalty and commitment to promote the town centre, with aspirations to work together and promote social cohesion.	Some positive messages expressed by residents, businesses and customers about their pride and loyalty to their centre, but lacks commitment to promote their centre and invest in social cohesion.	Community spirit is low with a negative perception expressed, showing a lack of pride and loyalty to the centre and little commitment to work together or promote social cohesion.
	Partnership Working	Effective partnership structure in place with representation from businesses, market traders and residents and active joint working with the Council and others to support place promotion, marketing & promotion and management of the town centre.	A partnership structure in place with representation from some businesses, market traders and residents and good level of active joint working with the Council and others to support place promotion, marketing & promotion and management of the town centre.	A partnership structure in place with some representation from businesses, market traders and residents and limited joint working with the Council and others to support place promotion, marketing & promotion and management of the town centre.	No formal partnership structure in place and limited joint working with the Council and others to support place promotion, marketing & promotion and management of the town centre.
	Events	More than 1 licensed/ other events held in the centre throughout the year and annually.	1 licensed/ other event held in the centre annually.	1+ licensed/ other event held in the town centre, but not regularly.	0 unlicensed events only in the centre, but not regularly.

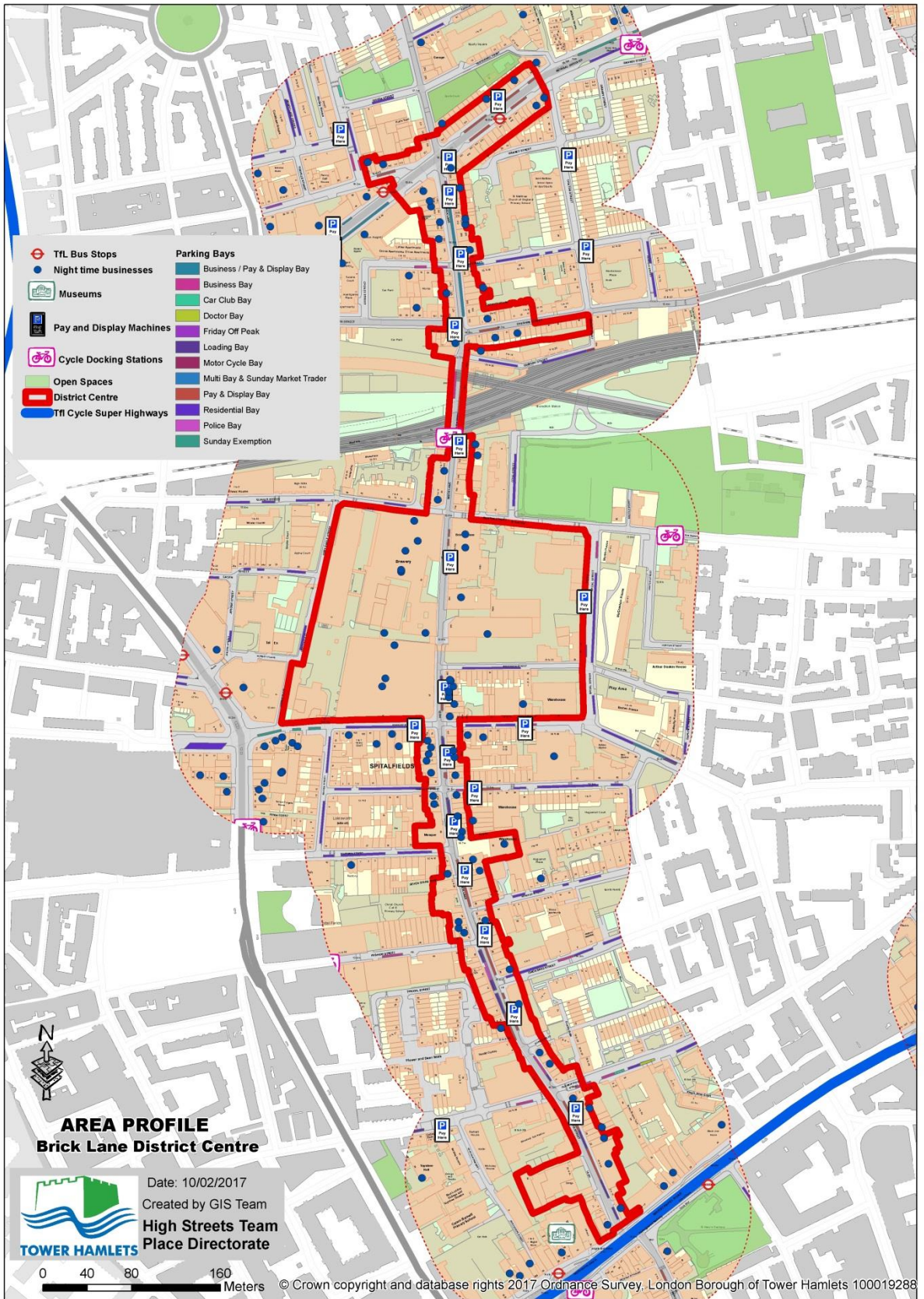
Priority	Category	Very good	Good	Opportunity for Improvement	Needs Attention
3. Improve the management of the public realm	Footfall	High footfall throughout the day with increase at peak commuter times.	High footfall at peak times, inc commuter times, with lower figures at other times.	High footfall at commuter times only and lower figures at other times.	Low footfall throughout the day including at commuter times.
	Geographical Catchment	Strong catchment area with wide customer base including: local residents, visitors including international visitors, workers and people from outside the area and frequency is typically several times a week.	A good catchment area with wide customer base, including: local residents, workers and a range of visitors from outside the area and frequency is typically a few times a week.	A good catchment area with limited customer base, attracting mainly local residents with some visitors/workers from outside the area and frequency is typically once a week.	A weak catchment area with a limited customer base attracting mainly local residents and some visitors/workers into the area and frequency is typically less than once a week.
	Access	Good transport options, with tube service within the centre, good access by car and by foot, range of and frequent bus services with <5mins waiting times, high number of cycles for hire and cycle storage.	Good transport options with tube service within the centre, good access by car and by foot, frequent bus service with <5 mins waiting times, good number of cycles for hire and cycle storage.	Good transport options include: good access by car and by foot, tube in or near the centre, frequent bus services with <8mins waiting times, some cycles for hire and limited cycle storage.	Transport options include: good access by car and by foot, tube service in or near the centre, frequent bus services with <10mins waiting times, no cycles for hire and limited or no cycle storage.
	Car parking	High number of car parking spaces available to local residents and customers using the centre, with restrictions and time limits for parking of up to 2 hours and good range of times of the day when parking is available.	Good number of car parking spaces available to local residents and customers using the centre, with restrictions and time limits for parking of up to 2 hours and range of times of the day when parking is available.	Reasonable number of car parking spaces available to local residents and customers using the centre, with restrictions and time limits of up to 2 hours and with demand for spaces at most times.	Low numbers of public and residential parking spaces available to local residents and customers using the centre. with restrictions on time limits for parking of up to 2 hours and high demand for spaces most of the day.
	Visitors experience satisfaction with the centre (including markets)	High satisfaction expressed by visitors about the centre (ex retail) including: information about what's on, ease with finding their way around the centre and the sense of atmosphere/character they experienced and consistently high satisfaction expressed.	Good level of satisfaction expressed by visitors about the centre (ex retail) including how they found information about what's on, ease with finding their way around and the sense of atmosphere/character they experienced, with most expressing high satisfaction.	Good level of satisfaction overall with some visitors highlighting weaknesses about the centre (ex retail) including how they found information about what's on, ease with finding their way around and the sense of atmosphere/character they experienced.	Good level of satisfaction expressed by some visitors and many highlighting weaknesses about the centre (ex retail) including how they found information about what's on, ease with finding their way around and the sense of atmosphere/character they experienced.
	Attractiveness Public realm (including markets)	Very good perception of public realm in the town centre with businesses and visitors appreciating the standard of maintenance and quality of materials in the centre with no concerns expressed.	Good perception of public realm in the town centre with businesses and visitors appreciating the standard of maintenance and quality of materials in the centre and only minor concerns expressed.	Okay perception of public realm in the town centre with businesses and visitors appreciating the standard of maintenance and quality of materials in the centre and some significant concerns expressed.	Poor perception of public realm in the town centre among businesses and visitors, with significant concerns expressed about cleanliness and quality or maintenance of assets.
4. Improve the management of street markets	Street Markets	The Street Market has 100% occupancy with attractive stalls and canopies in place and the offer is well curated, attracts a broad range of customers, with goods sold meeting their needs and quality requirements.	The Street Market has at least 80% occupancy rate with attractive stalls and canopies in place and the offer is well curated, attracts a good range of customers, with goods sold meeting most of their needs and quality requirements.	The Street Market has 50-80% occupancy with attractive stalls and canopies in place, with goods sold by traders meeting most customer needs but with a need to improve the curating of the offer to appeal to more customers.	The Street Market has <50% occupancy with improving the attractiveness of stalls and canopies, with goods sold by traders meeting a narrow range of customer needs and a need to improve the curating of the offer to appeal to more customers.
5. Reduce Anti-Social Behaviour	Reported Crime	Very low numbers in most Reported Crime categories, and categories consistently low. Reporting of crime is active and a good indicator of actual situation.	Low numbers in some Reported Crime categories, with most categories shown as low. Reporting of crime is active and a good indicator of actual situation.	Moderate numbers in some Reported Crime categories with more categories shown as high. Reporting is reasonable but may be below actual situation.	Some high numbers in most Reported Crime categories with more categories consistently high. Reporting is below actual situation.
	Crime and safety perception	Town Centre is perceived by businesses and visitors as safe with no major issues expressed.	Perception of safety in the town centre is good among businesses and visitors with some concerns expressed.	Perception of safety in the town centre is good but businesses & visitors express concerns about some recurring issues that impact on their experience.	Perception of safety in the town centre is OK with businesses and visitors expressing concerns about a range of recurring issues that impact on their experience.
	Night Time Economy (NTE)	Businesses play active role working in partnership with the public sector to support the effective management of the night time economy with all NTE businesses with pro-active business management practices in place Best Bar None (BBN) or other to help prevent issues arising on their premises.	Businesses play active role working in partnership with the public sector to support the effective management of the NTE and >50% of businesses with BBN or other pro-active business management practices in place to prevent issues arising on their premises.	Most NTE businesses play an active role in supporting the effective management of the NTE with <50% with BBN or other pro-active business management practices in place to prevent issues arising on their premises.	Some businesses play an active role working in partnership with the public sector to support the effective management of the NTE with no pro-active business management practices in place to prevent issues arising in their premises.

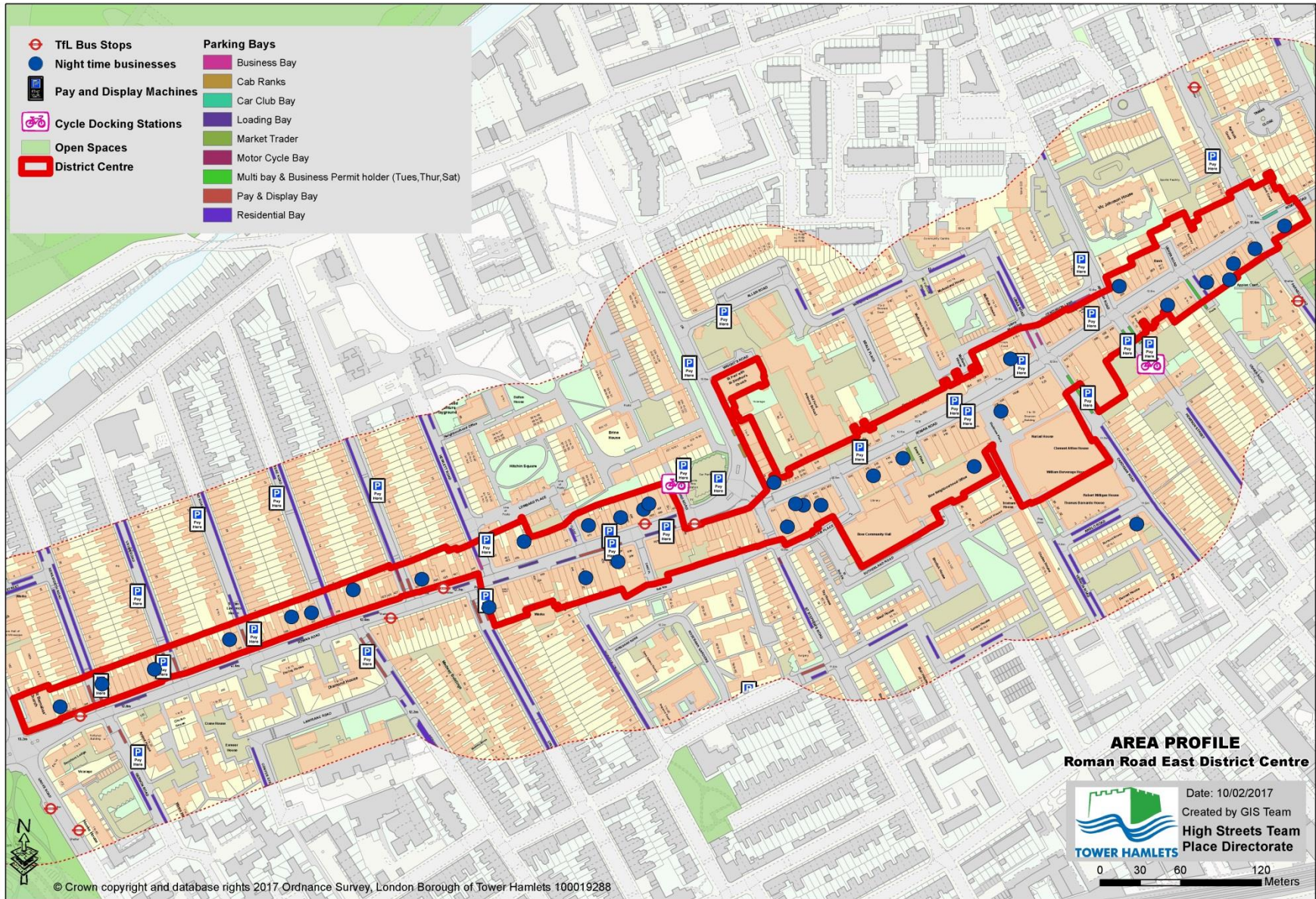
Appendix 3 – Maps of 10 District Centres & 2 Destination High Streets (2016/17 town centre boundaries)

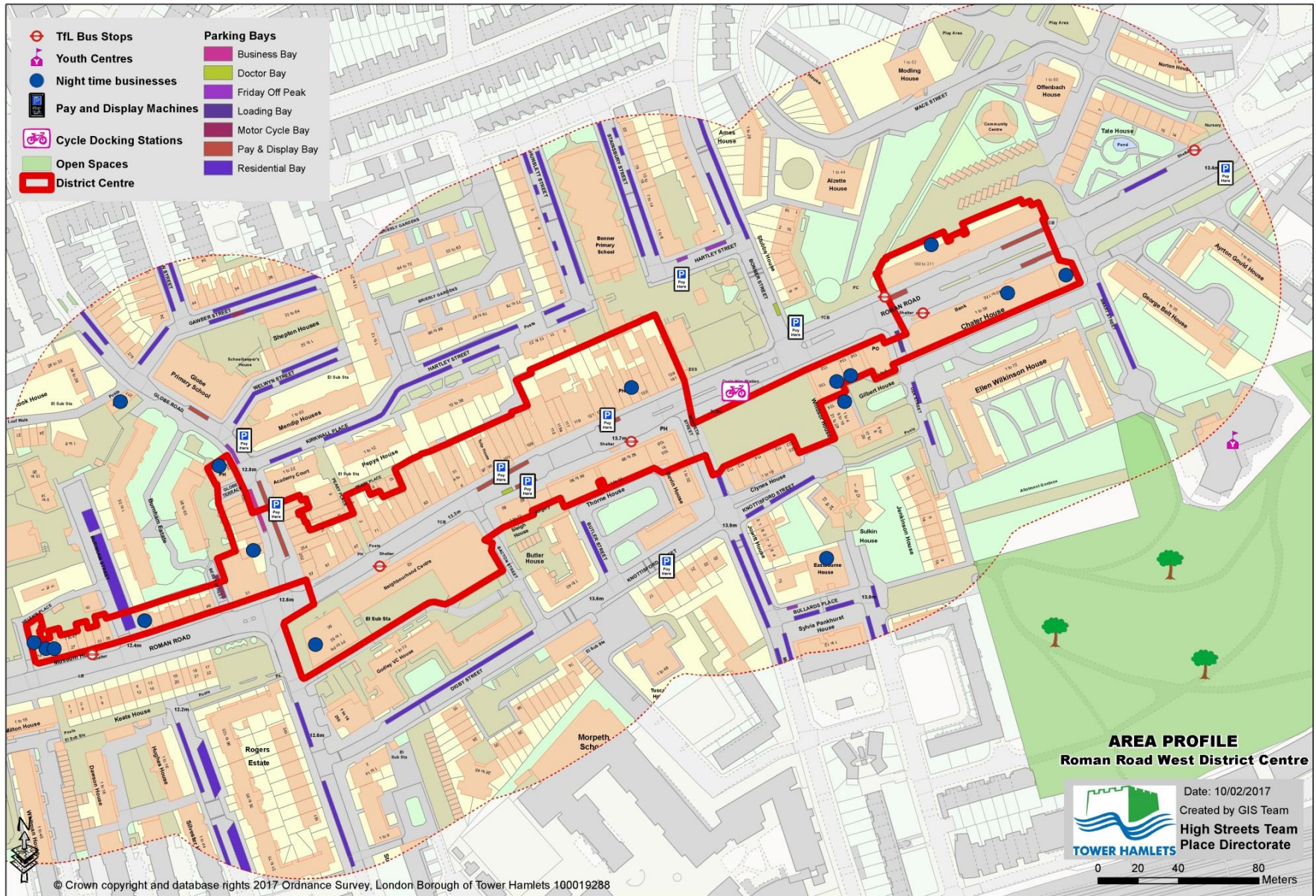


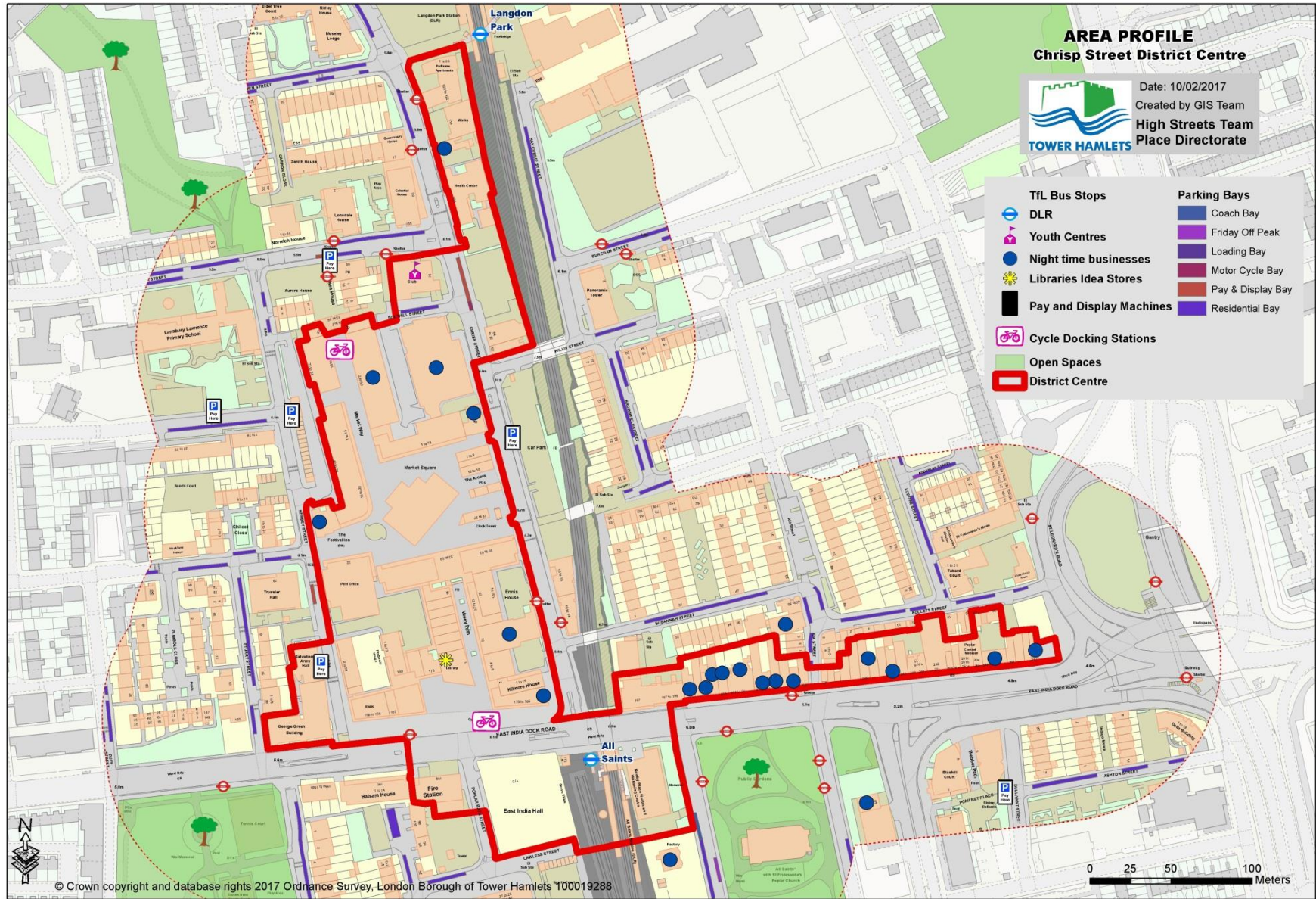


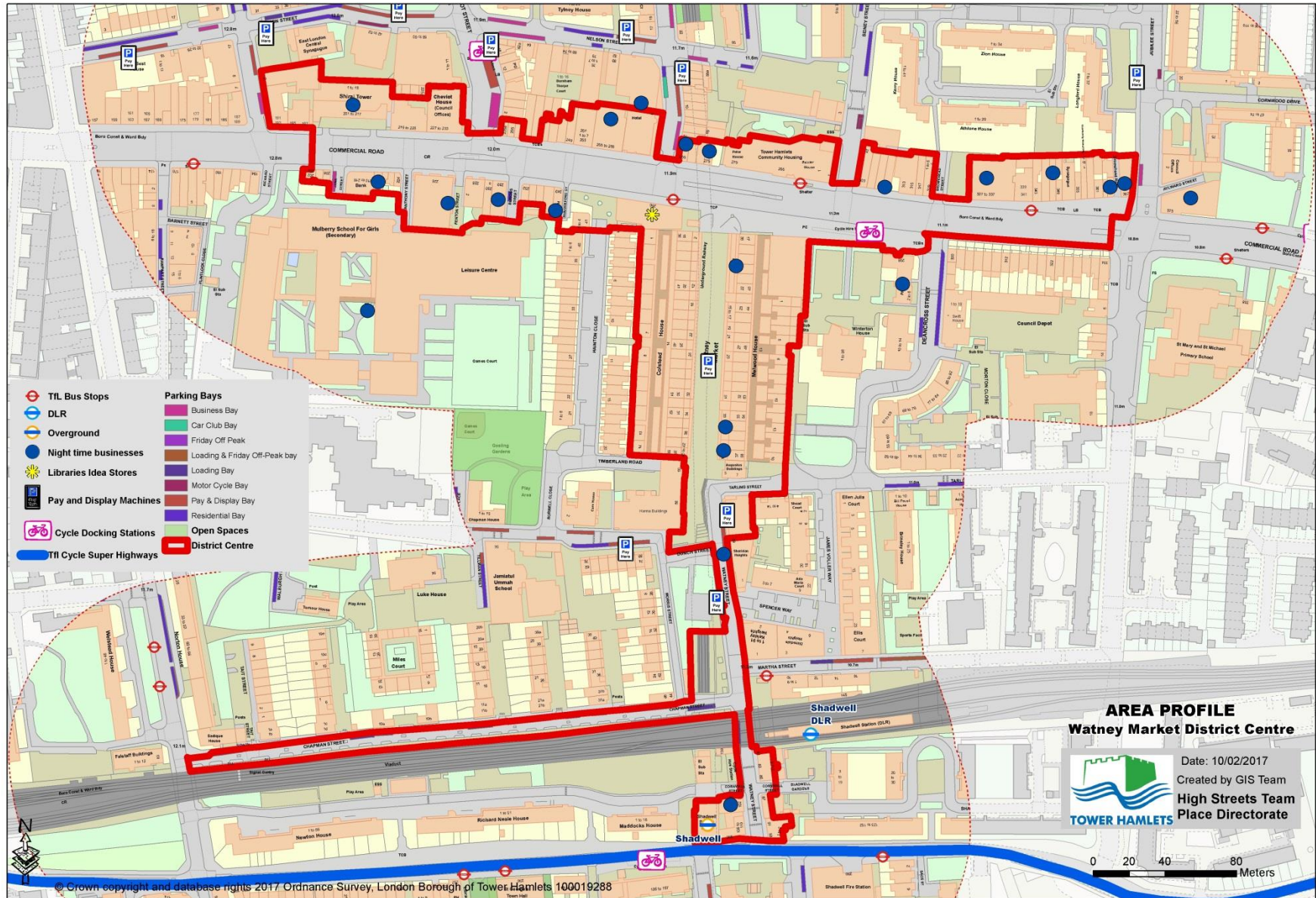


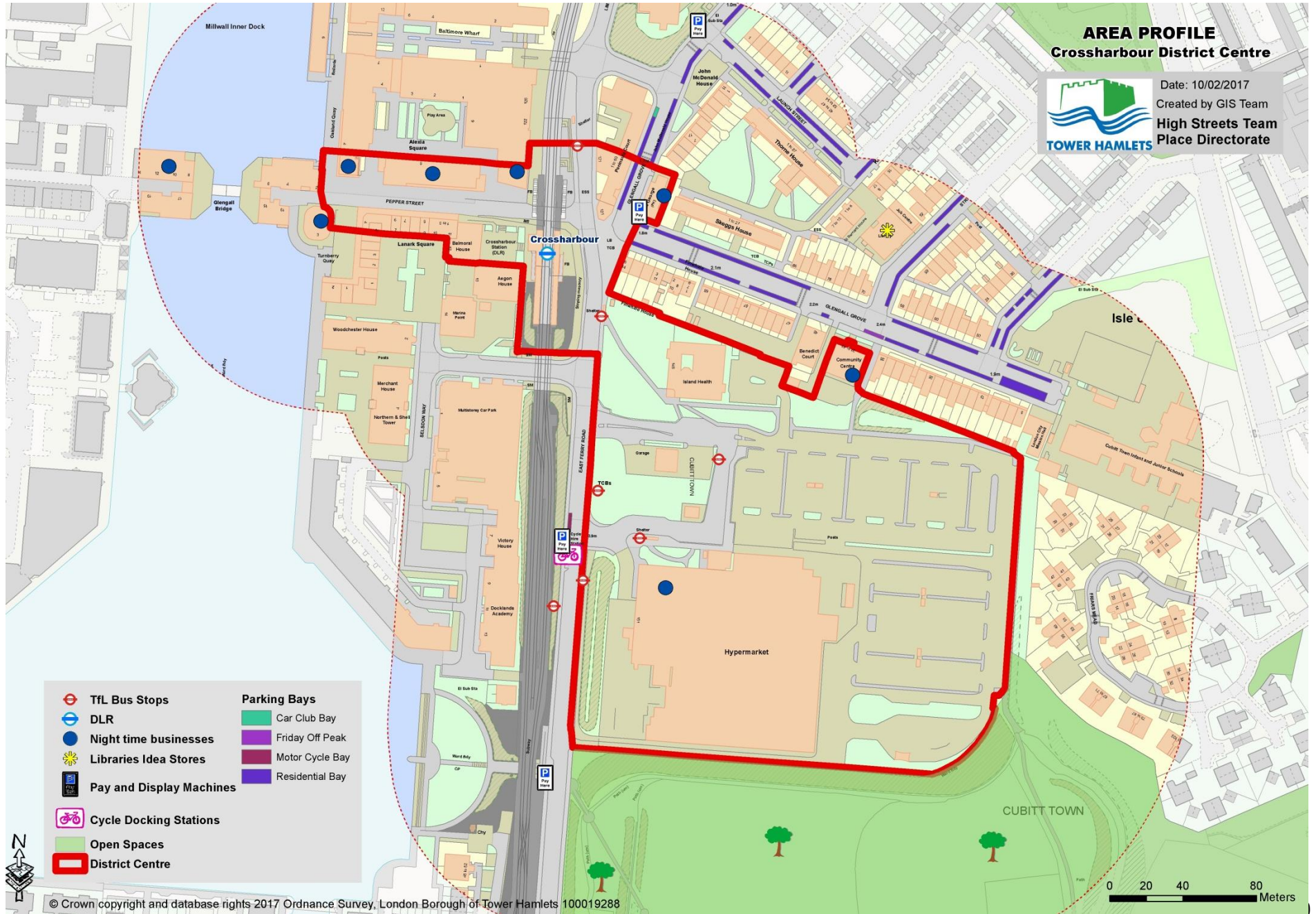


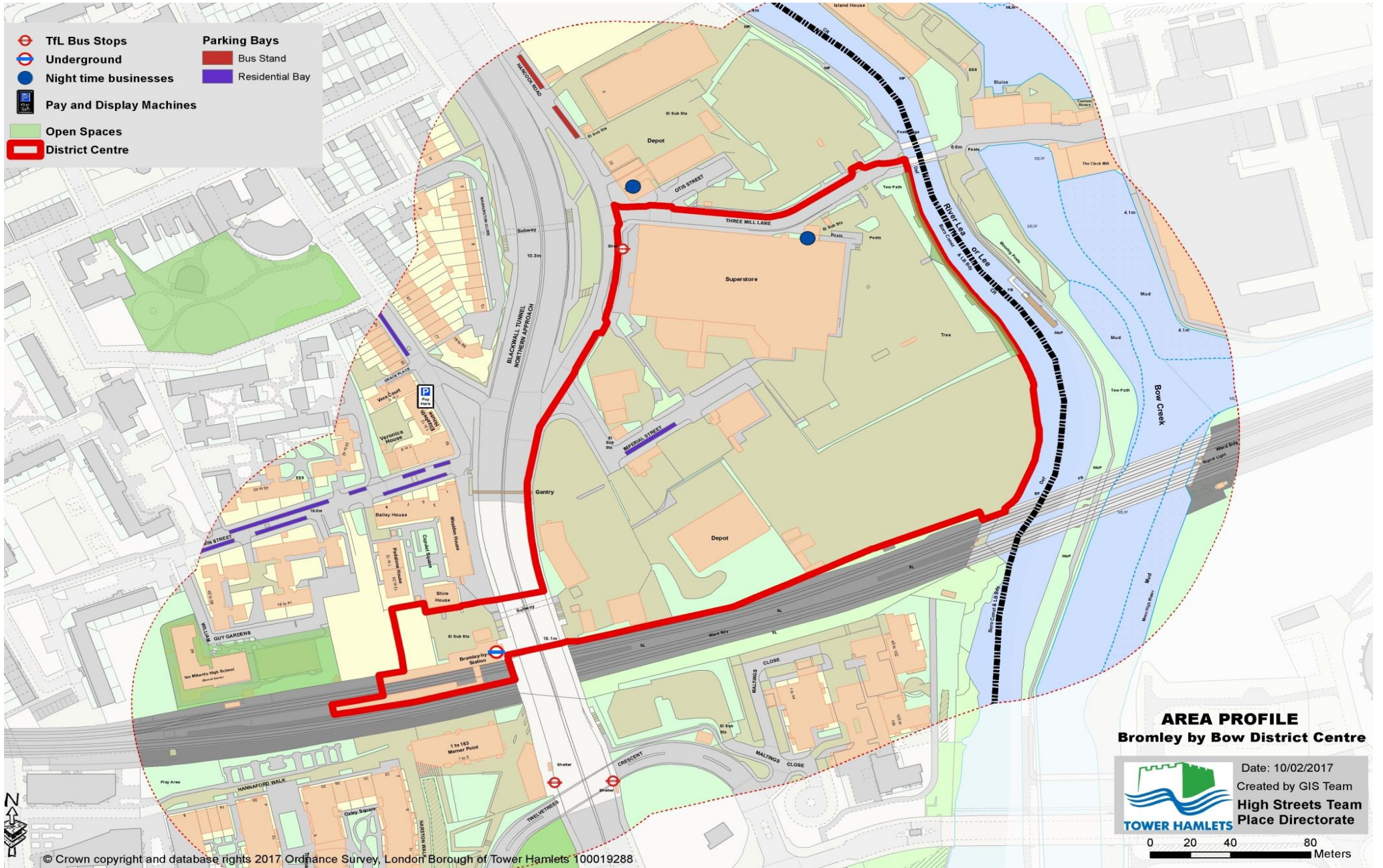








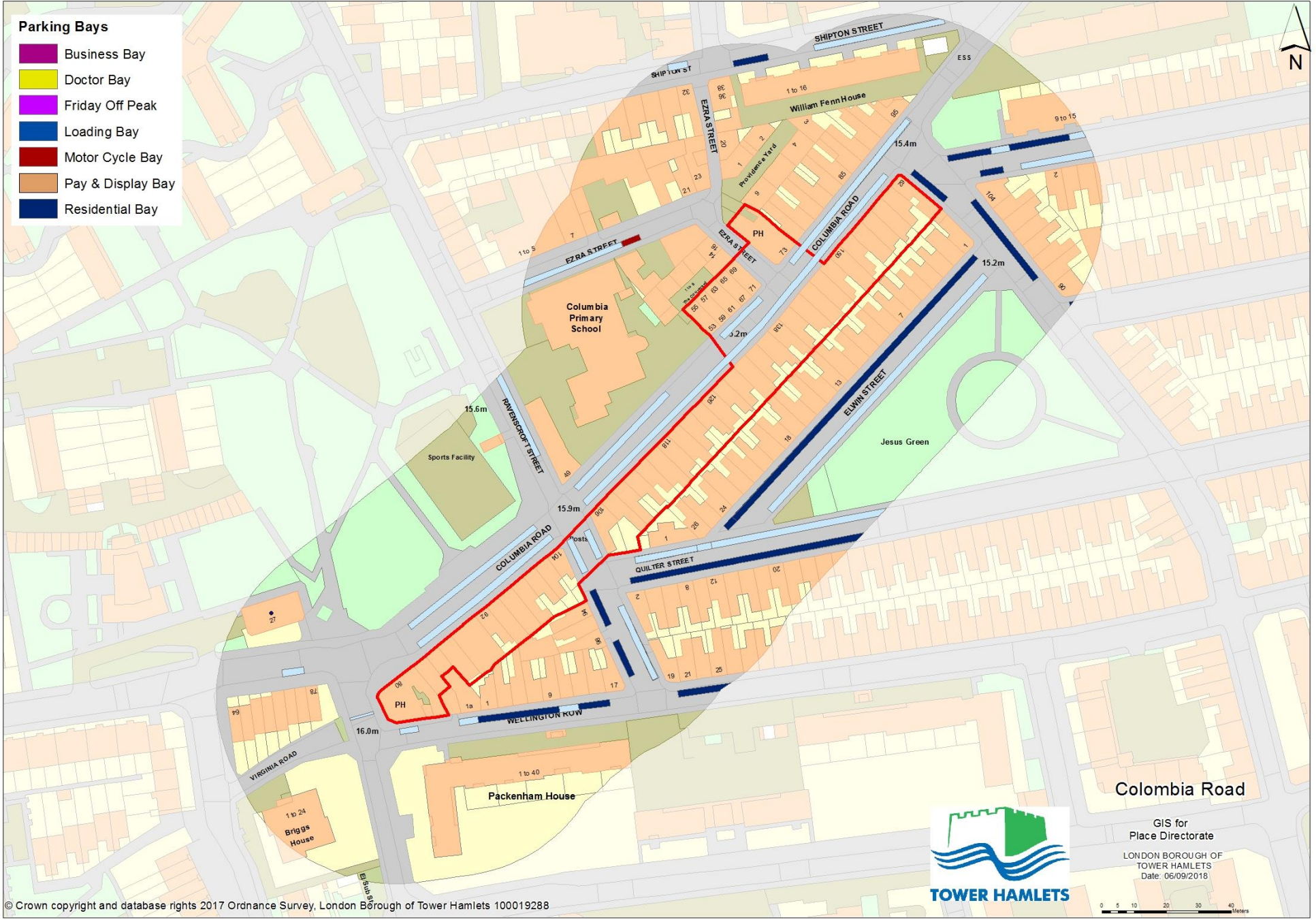




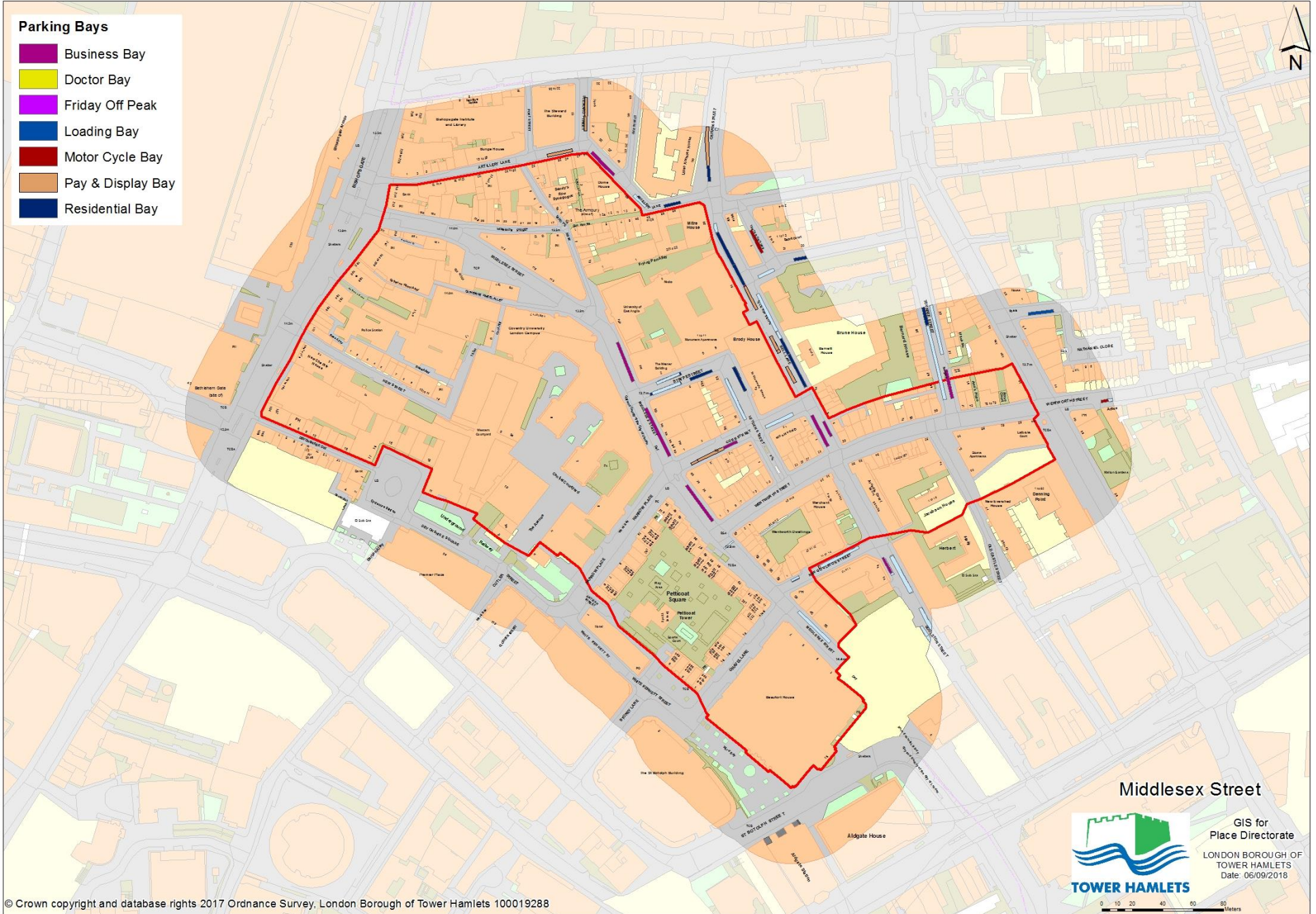
AREA PROFILE
Bromley by Bow District Centre

Date: 10/02/2017
 Created by GIS Team
High Streets Team
Place Directorate

0 20 40 80 Meters



- Parking Bays**
- Business Bay
 - Doctor Bay
 - Friday Off Peak
 - Loading Bay
 - Motor Cycle Bay
 - Pay & Display Bay
 - Residential Bay



Middlesex Street



GIS for
Place Directorate
LONDON BOROUGH OF
TOWER HAMLETS
Date: 06/09/2018



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Priorities :	No	Performance Indicator Categories	Whitechapel	Brick Lane	Bethnal Green	Roman Road East	Chrisp Street	Watney Market	Roman Road West	Crossharbour	Bromley by Bow	Canary Wharf	Middlesex Street	Columbia Road	
1. Improve the retail offer	1	Retail offer	Opportunity for Improvement	Good	Very Good	Good	Good	Good	Opportunity for Improvement	Opportunity for Improvement	Opportunity for Improvement	Good	Opportunity for Improvement	Opportunity for Improvement	
	2	Vacant units	Good	Good	Very Good	Good	Very Good	Good	Needs Attention	Very Good	Very Good	Very Good	Opportunity for Improvement	Good	
	3	Culture and Leisure	Good	Good	Good	Opportunity for Improvement	Opportunity for Improvement	Opportunity for Improvement	Opportunity for Improvement	Needs Attention	Needs Attention	Good	Opportunity for Improvement	Opportunity for Improvement	
	4	Unhealthy businesses	Needs Attention	Good	Opportunity for Improvement	Opportunity for Improvement	Opportunity for Improvement	Opportunity for Improvement	Opportunity for Improvement	Opportunity for Improvement	Opportunity for Improvement	Very Good	Good	Good	Good
	5	Visitors satisfaction with the retail offer	Opportunity for Improvement	Opportunity for Improvement	Opportunity for Improvement	Very Good	Opportunity for Improvement	Opportunity for Improvement	Opportunity for Improvement	Opportunity for Improvement	Good	Good	Good	Needs Attention	Good
	6	Retail Sales	Opportunity for Improvement	Opportunity for Improvement	Opportunity for Improvement	Good	Good	Needs Attention	Opportunity for Improvement	Very Good	Very Good	Good	Good	Opportunity for Improvement	Good
	7	Business confidence	Good	Good	Good	Good	Good	Good	Good	Opportunity for Improvement	Good	Good	Very Good	Opportunity for Improvement	Good
2. Develop and support local Partnerships	8	Community Spirit	Good	Good	Good	Very Good	Very Good	Good	Opportunity for Improvement	Good	Very Good	Good	Opportunity for Improvement	Good	
	9	Partnership working	Opportunity for Improvement	Good	Opportunity for Improvement	Very Good	Opportunity for Improvement	Needs Attention	Opportunity for Improvement	Needs Attention	Needs Attention	Very good	Opportunity for Improvement	Good	
	10	Events	Good	Good	Good	Good	Good	Needs Attention	Opportunity for Improvement	Needs Attention	Needs Attention	Very Good	Needs Attention	Good	
3. Improve the management of the public realm	11	Footfall	Very Good	Good	Very Good	Very Good	Opportunity for Improvement	Very Good	Needs Attention	Opportunity for Improvement	Opportunity for Improvement	Good	Opportunity for Improvement	Good	
	12	Geographical Catchment	Very Good	Good	Very Good	Very Good	Very Good	Very Good	Good	Very Good	Very Good	Very Good	Very Good	Good	
	13	Access	Very Good	Very Good	Very Good	Good	Very Good	Very Good	Very Good	Very Good	Very Good	Very Good	Very Good	Good	
	14	Car parking	Needs Attention	Very Good	Very Good	Good	Very Good	Needs Attention	Very Good	Very Good	Very Good	Good	Good	Good	
	15	Visitors experience satisfaction	Opportunity for Improvement	Opportunity for Improvement	Opportunity for Improvement	Good	Good	Opportunity for Improvement	Needs Attention	Opportunity for Improvement	Opportunity for Improvement	Good	Needs Attention	Good	
	16	Attractiveness	Needs Attention	Good	Good	Good	Good	Opportunity for Improvement	Needs Attention	Good	Opportunity for Improvement	Very Good	Good	Good	
4. Improve street market management	17	Street Markets	Needs Attention	Opportunity for Improvement	Opportunity for Improvement	Opportunity for Improvement	Opportunity for Improvement	Opportunity for Improvement	Needs Attention	Not applicable	Not applicable	Not applicable	Needs Attention	Good	
5. Reduce Anti-Social Behaviour	18	Reported Crime	Needs Attention	Needs Attention	Opportunity for Improvement	Opportunity for Improvement	Opportunity for Improvement	Needs Attention	Needs Attention	Good	Good	Good	Needs Attention	Opportunity for Improvement	
	19	Crime and safety perception	Needs Attention	Needs Attention	Opportunity for Improvement	Opportunity for Improvement	Opportunity for Improvement	Needs Attention	Needs Attention	Good	Good	Very Good	Opportunity for Improvement	Opportunity for Improvement	
	20	Night Time Economy (NTE)	Opportunity for Improvement	Opportunity for Improvement	Opportunity for Improvement	Opportunity for Improvement	Opportunity for Improvement	Opportunity for Improvement	Opportunity for Improvement	Not applicable	Not applicable	Very Good	Opportunity for Improvement	Good	

Priority	Category	Very good	Good	Opportunity for Improvement	Needs Attention
1. Improve the retail offer	Retail offer	Strong retail offer with a wide variety of day-to-day goods, restaurants, cafes and leisure services offered and meeting the needs of a diverse customer base and attracting people from beyond the area.	Good retail offer with a variety of goods, leisure services and restaurants offered, creating a good demand for services and meeting the needs of a wide-customer base.	Good retail offer with a variety of goods, leisure services and food offered and meeting a mainly local customer base.	A limited retail offer, with gaps in the range of goods, leisure services and food offered and meeting the needs of some of the mainly local customer base.
	Vacant Units	0% vacant units in the centre.	1-5% vacant units is under national average of 11.17% and units vacant for up to 3 months.	6-10% of vacant units at national average of 11.17% and units vacant for up to 6 months.	10-15% of vacant units higher than national average of 11.17% and units vacant for up to 1 year.
	Culture and Leisure	A good choice of theatres, cinemas and other entertainment services offered that appeal to a wide section of community and attracts people from outside the area.	A choice of theatres, cinemas and other entertainment services that appeal to a wide section of community and attract some people from out of the area.	Some theatres, cinemas and other entertainment services that appeal to some of the community and people from outside the area.	Limited number of theatres, cinemas and/ or other entertainment services that appeal to a mainly local/narrow customer base.
	Unhealthy Businesses	0% of unhealthy businesses in the town centre including fast food takeaways, betting shops and amusement arcades.	1-7% of unhealthy businesses in the town centre including fast food takeaways, betting shops and amusement arcades.	Under 8-15% of unhealthy businesses in the town centre including fast food takeaways, betting shops and amusement arcades.	Over 15% of unhealthy businesses in the town centre including fast food takeaways, betting shops and amusement arcades.
	Visitors satisfaction with Retail Offer (inc street markets)	High level of satisfaction expressed by visitors with good choice of food & drink and goods etc., high standard of customer service experienced and keen to come back and recommend the location to others. Well curated market meeting high level of customer needs with very good reviews and feedback.	Good level of satisfaction expressed by most visitors with: the choice of food & drink and goods etc., standard of customer service experienced and keen to come back and recommend the location to others. Well curated market meeting good level of customer needs with mainly good reviews and feedback.	Good level of satisfaction expressed by visitors with: the choice of food & drink and goods etc. and the standard of customer service, but highlighting improvements needed to retail and street market offer.	Low level of satisfaction expressed by visitors with: the choice of food & drink and goods etc. and the standard of customer service and highlighting weaknesses and concerns about the retail offer and market.
	Retail Sales	Over 75% of businesses in the town centre reported turnover had increased on previous years figures.	60-75% of businesses in the town centre reported turnover had increased on previous years figures.	50-60% of businesses in the town centre reported turnover had increased on previous years figures.	40-50% of businesses in the town centre reported turnover had increased on previous years figures.
	Business confidence	High business confidence with a variety of new businesses opening and most business owners expecting business growth.	Good level of business confidence, some new businesses opening with some business owners expecting business growth.	Good level of business confidence, some new businesses opening with business owners not expecting business growth.	Low level of business confidence, few or no businesses opening with business owners not expecting business growth.
2. Develop and support local partnerships	Community Spirit	Very positive messages expressed by residents, businesses and customers about their pride and loyalty and commitment to promote the town centre, with joint working and investment in social cohesion in evidence.	Positive messages expressed by residents, businesses and customers about their pride and loyalty and commitment to promote the town centre, with aspirations to work together and promote social cohesion.	Some positive messages expressed by residents, businesses and customers about their pride and loyalty to their centre, but lacks commitment to promote their centre and invest in social cohesion.	Community spirit is low with a negative perception expressed, showing a lack of pride and loyalty to the centre and little commitment to work together or promote social cohesion.
	Partnership Working	Effective partnership structure in place with representation from businesses, market traders and residents and active joint working with the Council and others to support place promotion, marketing & promotion and management of the town centre.	A partnership structure in place with representation from some businesses, market traders and residents and good level of active joint working with the Council and others to support place promotion, marketing & promotion and management of the town centre.	A partnership structure in place with some representation from businesses, market traders and residents and limited joint working with the Council and others to support place promotion, marketing & promotion and management of the town centre.	No formal partnership structure in place and limited joint working with the Council and others to support place promotion, marketing & promotion and management of the town centre.
	Events	More than 1 licensed/ other events held in the centre throughout the year and annually.	1 licensed/ other event held in the centre annually.	1+ licensed/ other event held in the town centre, but not regularly.	0 unlicensed events only in the centre, but not regularly.

Priority	Category	Very good	Good	Opportunity for Improvement	Needs Attention
3. Improve the management of the public realm	Footfall	High footfall throughout the day with increase at peak commuter times.	High footfall at peak times, inc commuter times, with lower figures at other times.	High footfall at commuter times only and lower figures at other times.	Low footfall throughout the day including at commuter times.
	Geographical Catchment	Strong catchment area with wide customer base including: local residents, visitors including international visitors, workers and people from outside the area and frequency is typically several times a week.	A good catchment area with wide customer base, including: local residents, workers and a range of visitors from outside the area and frequency is typically a few times a week.	A good catchment area with limited customer base, attracting mainly local residents with some visitors/workers from outside the area and frequency is typically once a week.	A weak catchment area with a limited customer base attracting mainly local residents and some visitors/workers into the area and frequency is typically less than once a week.
	Access	Good transport options, with tube service within the centre, good access by car and by foot, range of and frequent bus services with <5mins waiting times, high number of cycles for hire and cycle storage.	Good transport options with tube service within the centre, good access by car and by foot, frequent bus service with <5 mins waiting times, good number of cycles for hire and cycle storage.	Good transport options include: good access by car and by foot, tube in or near the centre, frequent bus services with <8mins waiting times, some cycles for hire and limited cycle storage.	Transport options include: good access by car and by foot, tube service in or near the centre, frequent bus services with <10mins waiting times, no cycles for hire and limited or no cycle storage.
	Car parking	High number of car parking spaces available to local residents and customers using the centre, with restrictions and time limits for parking of up to 2 hours and good range of times of the day when parking is available.	Good number of car parking spaces available to local residents and customers using the centre, with restrictions and time limits for parking of up to 2 hours and range of times of the day when parking is available.	Reasonable number of car parking spaces available to local residents and customers using the centre, with restrictions and time limits of up to 2 hours and with demand for spaces at most times.	Low numbers of public and residential parking spaces available to local residents and customers using the centre. with restrictions on time limits for parking of up to 2 hours and high demand for spaces most of the day.
	Visitors experience satisfaction with the centre (including markets)	High satisfaction expressed by visitors about the centre (ex retail) including: information about what's on, ease with finding their way around the centre and the sense of atmosphere/character they experienced and consistently high satisfaction expressed.	Good level of satisfaction expressed by visitors about the centre (ex retail) including how they found information about what's on, ease with finding their way around and the sense of atmosphere/character they experienced, with most expressing high satisfaction.	Good level of satisfaction overall with some visitors highlighting weaknesses about the centre (ex retail) including how they found information about what's on, ease with finding their way around and the sense of atmosphere/character they experienced.	Good level of satisfaction expressed by some visitors and many highlighting weaknesses about the centre (ex retail) including how they found information about what's on, ease with finding their way around and the sense of atmosphere/character they experienced.
	Attractiveness Public realm (including markets)	Very good perception of public realm in the town centre with businesses and visitors appreciating the standard of maintenance and quality of materials in the centre with no concerns expressed.	Good perception of public realm in the town centre with businesses and visitors appreciating the standard of maintenance and quality of materials in the centre and only minor concerns expressed.	Okay perception of public realm in the town centre with businesses and visitors appreciating the standard of maintenance and quality of materials in the centre and some significant concerns expressed.	Poor perception of public realm in the town centre among businesses and visitors, with significant concerns expressed about cleanliness and quality or maintenance of assets.
4. Improve the management of street markets	Street Markets	The Street Market has 100% occupancy with attractive stalls and canopies in place and the offer is well curated, attracts a broad range of customers, with goods sold meeting their needs and quality requirements.	The Street Market has at least 80% occupancy rate with attractive stalls and canopies in place and the offer is well curated, attracts a good range of customers, with goods sold meeting most of their needs and quality requirements.	The Street Market has 50-80% occupancy with attractive stalls and canopies in place, with goods sold by traders meeting most customer needs but with a need to improve the curating of the offer to appeal to more customers.	The Street Market has <50% occupancy with improving the attractiveness of stalls and canopies, with goods sold by traders meeting a narrow range of customer needs and a need to improve the curating of the offer to appeal to more customers.
5. Reduce Anti-Social Behaviour	Reported Crime	Very low numbers in most Reported Crime categories, and categories consistently low. Reporting of crime is active and a good indicator of actual situation.	Low numbers in some Reported Crime categories, with most categories shown as low. Reporting of crime is active and a good indicator of actual situation.	Moderate numbers in some Reported Crime categories with more categories shown as high. Reporting is reasonable but may be below actual situation.	Some high numbers in most Reported Crime categories with more categories consistently high. Reporting is below actual situation.
	Crime and safety perception	Town Centre is perceived by businesses and visitors as safe with no major issues expressed.	Perception of safety in the town centre is good among businesses and visitors with some concerns expressed.	Perception of safety in the town centre is good but businesses & visitors express concerns about some recurring issues that impact on their experience.	Perception of safety in the town centre is OK with businesses and visitors expressing concerns about a range of recurring issues that impact on their experience.
	Night Time Economy (NTE)	Businesses play active role working in partnership with the public sector to support the effective management of the night time economy with all NTE businesses with pro-active business management practices in place Best Bar None (BBN) or other to help prevent issues arising on their premises.	Businesses play active role working in partnership with the public sector to support the effective management of the NTE and >50% of businesses with BBN or other pro-active business management practices in place to prevent issues arising on their premises.	Most NTE businesses play an active role in supporting the effective management of the NTE with <50% with BBN or other pro-active business management practices in place to prevent issues arising on their premises.	Some businesses play an active role working in partnership with the public sector to support the effective management of the NTE with no pro-active business management practices in place to prevent issues arising in their premises.

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Equality Analysis (EA)

Financial Year
2018/19

Section 1 – General Information (Aims and Objectives)

Name of the proposal including aims, objectives and purpose

(Please note – for the purpose of this doc, 'proposal' refers to a policy, function, strategy or project)

High Street and Town Centre Strategy 2017 - 2022

See Appendix
A

Current decision
rating



The High Street and Town Centre Strategy sets out the Council's approach to improving the performance and competitiveness of our key high streets and town centres.

The strategy has been developed with the support of consultants ATCM and the Retail Group and by analysing local characteristics, identifying needs, drawing on responses from public consultation and data used to review the borough's High Street and Town Centre provision, including population data, business type and use classification, market occupancy rates, football counts, customer surveys, transport service information and other data. The analysis of this range of data and information was then used to rank a set of 20 Performance Indicators (PIs) and in-turn identify priorities for improvements.

The development of the strategy also involved extensive stakeholder input, from a range of teams across the Council, place-based partnerships and local stakeholders (Housing Associations etc.).

The High Streets & Town Centres Strategy sets out five key priorities to be addressed in delivery of the strategy. These are

- Priority 1: Improve the retail offer on the high street
- Priority 2: Develop and support local partnerships
- Priority 3: Improve management of the public realm
- Priority 4: Improve the management of street markets;
- Priority 5: Reduce anti-social behaviour on the high street

Conclusion - To be completed at the end of the Equality Analysis process

(the exec summary will provide an update on the findings of the EA and what outcome there has been as a result. For example, based on the findings of the EA, the proposal was rejected as the impact on a particular group was unreasonable and did not give due regard. Or, based on the EA, the proposal was amended and alternative steps taken)

Name:

(signed off by)

Date signed off:

(approved)

Service area:

Place/ Employment and Enterprise

Team name: High Streets & Town Centres

Service manager: Vicky Clark, Divisional Director Growth & Economic Development

Name and role of the officer completing the EA: Fiona Crehan, High Streets & Town Centres Team Manager

Section 2 – Evidence (Consideration of Data and Information)

What initial evidence do we have which may help us think about the impacts or likely impacts on service users or staff?

- Mosaic Public Sector Profile of Tower Hamlets 2016 - provides a snap shot of the economic trends of the general Tower Hamlet population, using the Mosaic classification
- Tower Hamlets Borough Profile - provides an overview of the borough's population
- On Street surveys
- Local market research
- Footfall Counts showing patterns of footfall on the high street and highlighting weaknesses to be addressed and areas of opportunity for local businesses.

Tower Hamlets has a number of key high streets, designated town centres and street markets located in various wards across the borough. These locations are situated within the heart of the community and are used not only by Tower Hamlets residents, but also by people who regularly work in these areas and by people who visit the borough.

Our local key high streets and Town Centres are frequented by a diverse range of people from across the borough and beyond and therefore the proposals outlined within this strategy will have an impact on the whole borough community.

'The equality profile' of the users most likely reflects the general profile of the borough's community.

The Mosaic data and the Borough Profile acts as a useful tool in reviewing the make-up of the general borough community, and thus provides a profile of the likely users of the Town centres and high streets.

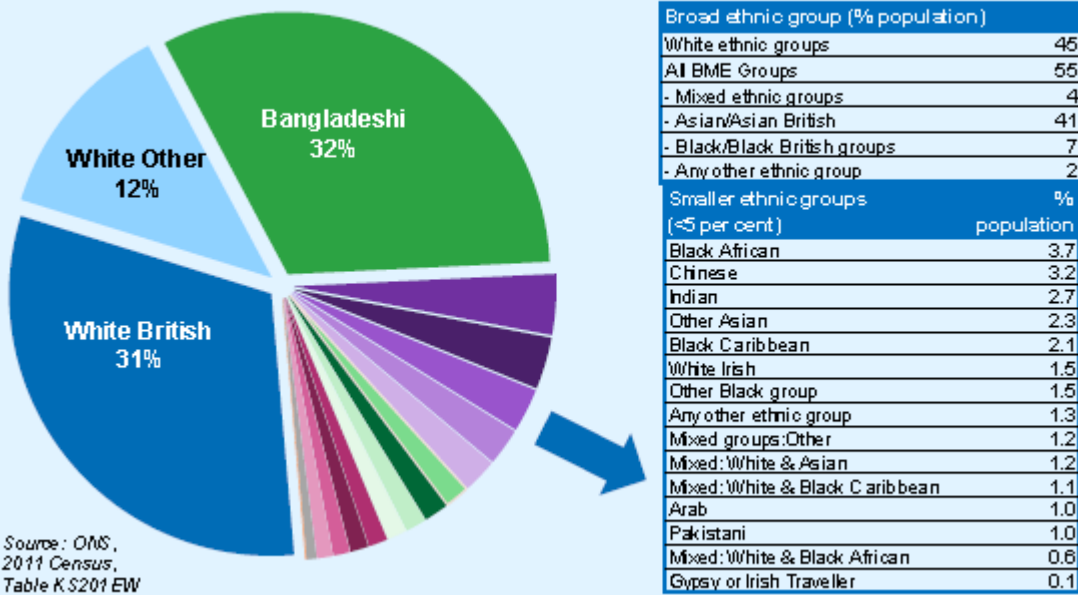
Below is a summary of the analysis of these data.

Ethnicity

According to the 2011 Census, Tower Hamlets has one of the most ethnically diversified population in England, 69% of the borough's population belong to a minority ethnic group, while just under 31% of the population are of white british origin.

The table below shows a break down of the population in Tower Hamlets by ethnic group.

Figure 2.9: The population of Tower Hamlets by ethnic group, 2011



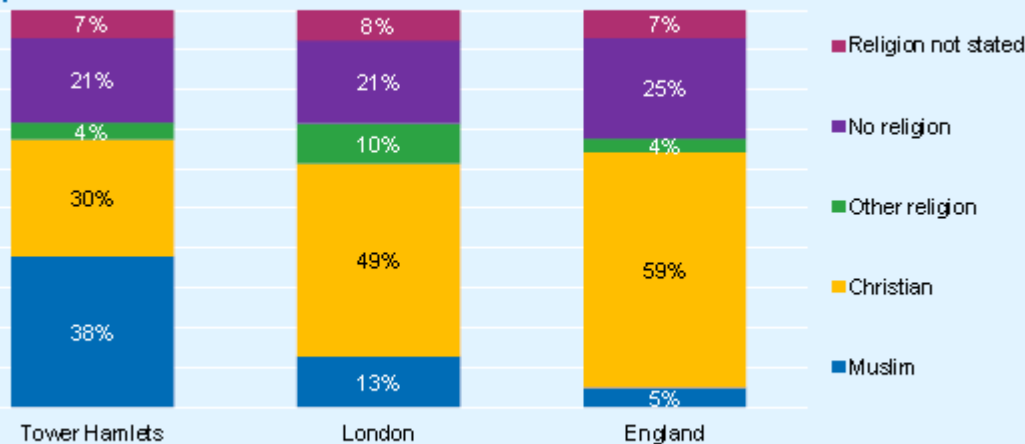
Gender

Tower Hamlets has 109 male residents for every 100 female residents (or 52.2% males and 47.8% females).¹⁶ This is the 4th highest proportion of male residents in the UK, and is higher than the sex ratios in London (99 males to 100 females) and England (98 males to 100 females), where overall there are slightly more female residents than male residents. Overall, our sex ratio gives the borough

Religion or Belief

According to the 2011 Census, 38% of borough resident identified as Muslims, which is much higher than London and England. The table below shows the faith profile within the borough.

Figure 2.12: Faith profile of Tower Hamlets compared with London and England, 2011



Source: ONS 2011 Census, Table KS209EW & GLA corrected tables for Tower Hamlets and London via London Datastore. Note: Original published Census data on religion had errors for three local authorities: Tower Hamlets, Camden and Islington which was corrected in 2015.

Age

Tower Hamlets has a relatively young population, with 47% of the residents in the 20-39 age bracket; fewer than 9% of the borough residents are over 60. According to the borough profile, while the overall age of the borough's residents is likely to increase slightly, the borough will most probably to retain its young population.

Social-Economic profile

The Mosaic Public Sector report notes that the population in Tower Hamlets falls within 11 groups. The four predominate groups were as follows:

065 Crowded Kaleidoscope – this group made up 30.4% of all households in Tower Hamlets. Families in this group tends to be on low income. They are likely to come from around the world

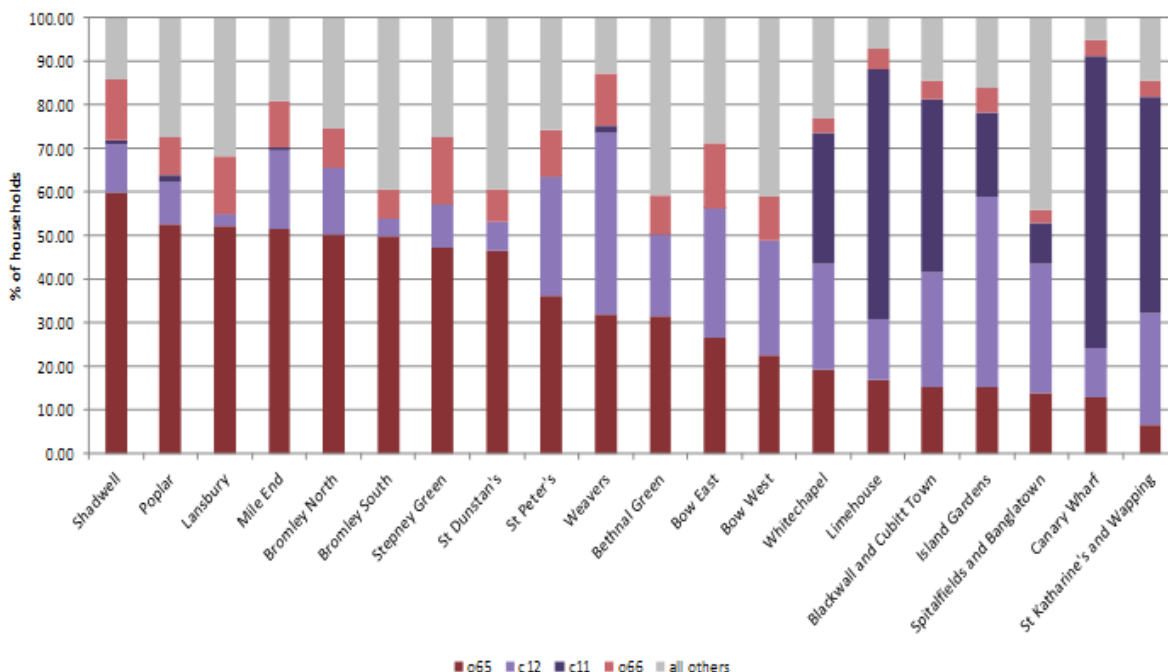
C12 Metro High Flyers – this group makes up 21% households in the borough.- Highly educated 20- 30 somethings renting expensive apartments. They are more likely to come from diverse backgrounds.

C11 Penthouse Chic – this group makes up 14.72% households in the borough. These are likely to be young, highly successful city workers renting in prestige locations in central London. People in this group tend to be in professional occupations and have very high household incomes.

066 Inner City Stalwarts – this group makes up 8.23% households in the borough. Typically aged over 55 and long term renters. They are more likely to live in social housing.

The table below, show the distribution of these groupings by ward within the borough.

Distribution of Top 4 Mosaic Public Sector Types by Ward, 2016



Consultation exercises

Extensive consultation was undertaken in the development of this strategy. People and organisations engaged include: relevant interest groups, other public bodies, voluntary organisations, community groups, trade unions, focus groups and other groups, residents and businesses, market traders and community groups. Particular focus was given on the views expressed by the equality target groups..

Surveys were conducted in designated town centres and key local high streets such as Petticoat Lane /Middlesex Street as part of the process for developing the improvement plans for the high street destination.

Within each key high street, residents were recruited as Market Researchers, to carry out on street surveys.

Meetings were also organised through local partnerships and stakeholders and held in local high street venues with businesses and residents and stakeholder reps attending. People who could not attend sent information and comments by email and in some cases HS&TC officers offered to meeting with businesses and stakeholders.

Section 3 – Assessing the Impacts on the 9 Groups

Please refer to the guidance notes below and evidence how you're proposal impact upon the nine Protected Characteristics in the table on page 3?

Please Note -

Reports/stats/data can be added as Appendix

Target Groups	Impact – Positive or Adverse	Reason(s)
Race	Positive	<p>The High Street and Town Centre Strategy sets out the Council’s approach to improving the performance and competitiveness of our key high streets and town centres. Currently the service does not collect specific equality data for this group. However as the High Street and Town Centres are frequented by all sections’ of the community, the proposals are likely to have a positive impact on this group. Moreover a high proportion of our independent retailers and market traders come from BAME backgrounds, and therefore we can anticipate that the interventions proposed will have an overall beneficial impact on their economic wellbeing.</p> <p>Equalities data will be collected as a part of the monitoring process of this strategy (or a future user survey?).</p>
Disability	Positive	<p>The High Street and Town Centre Strategy sets out the Council’s approach to improving the performance and competitiveness of our key high streets and town centres. Currently the service does not collect specific equality data for this group. However as the High Street and Town Centres are frequented by all sections’ of the community, the proposals are likely to have a positive impact on this group.</p> <p>Equalities data will be collected as a part of the monitoring process of this strategy (or a future user survey?).</p>
Gender	Positive	<p>The High Street and Town Centre Strategy sets out the Council’s approach to improving the performance and competitiveness of our key high streets and town centres. Currently the service does not collect specific equality data for this group. However as the High Street and Town Centres are frequented by all sections’ of the community, the proposals are likely to have a positive impact on this group.</p> <p>Equalities data will be collected as a part of the monitoring process of this strategy.</p>

Gender Reassignment	Positive	<p>The High Street and Town Centre Strategy sets out the Council's approach to improving the performance and competitiveness of our key high streets and town centres. Currently the service does not collect specific equality data for this group. However as the High Street and Town Centres are frequented by all sections' of the community, the proposals are likely to have a positive impact on this group.</p> <p>Equalities data will be collected as a part of the monitoring process of this strategy (or a future user survey?).</p>
Sexual Orientation	Positive	<p>The High Street and Town Centre Strategy sets out the Council's approach to improving the performance and competitiveness of our key high streets and town centres. Currently the service does not collect specific equality data for this group. However as the High Street and Town Centres are frequented by all sections' of the community, the proposals are likely to have a positive impact on this group.</p> <p>Equalities data will be collected as a part of the monitoring process of this strategy.</p>
Religion or Belief	Positive	<p>The High Street and Town Centre Strategy sets out the Council's approach to improving the performance and competitiveness of our key high streets and town centres. Currently the service does not collect specific equality data for this group. However as the High Street and Town Centres are frequented by all sections' of the community, the proposals are likely to have a positive impact on this group.</p> <p>Equalities data will be collected as a part of the monitoring process of this strategy (or a future user survey?).</p>
Age	Positive	<p>The High Street and Town Centre Strategy sets out the Council's approach to improving the performance and competitiveness of our key high streets and town centres. Currently the service does not collect specific equality data for this group. However as the High Street and Town Centres are frequented by all sections' of the community, the proposals are likely to have a positive impact on this group.</p> <p>Equalities data will be collected as a part of the monitoring process of this strategy (or a future user survey?).</p>
Marriage and Civil Partnerships.	Positive	<p>The High Street and Town Centre Strategy sets out the Council's approach to improving the performance and competitiveness of our key high streets and town centres. Currently the service does not collect specific equality data for this group. However as the High Street and Town Centres are frequented by all sections' of the community, the proposals are likely to have a positive impact on this</p>

		<p>group.</p> <p>Equalities data will be collected as a part of the monitoring process of this strategy.</p>
Pregnancy and Maternity	Positive	<p>The High Street and Town Centre Strategy sets out the Council's approach to improving the performance and competitiveness of our key high streets and town centres. Currently the service does not collect specific equality data for this group. However as the High Street and Town Centres are frequented by all sections' of the community, the proposals are likely to have a positive impact on this group.</p> <p>Equalities data will be collected as a part of the monitoring process of this strategy (or a future user survey?).</p>
Other Socio-economic Carers	Positive	<p>The High Street and Town Centre Strategy sets out the Council's approach to improving the performance and competitiveness of our key high streets and town centres. Currently the service does not collect specific equality data for this group. However as the High Street and Town Centres are frequented by all sections' of the community, the proposals are likely to have a positive impact on this group. An improved local retail offer should support carers to integrate essential domestic shopping alongside their other responsibilities and therefore have a positive impact on this group's wellbeing.</p> <p>Equalities data will be collected as a part of the monitoring process of this strategy (or a future user survey?).</p>

Section 4 – Mitigating Impacts and Alternative Options

From the analysis and interpretation of evidence in section 2 and 3 - Is there any evidence or view that suggests that different equality or other protected groups (inc' staff) could be adversely and/or disproportionately impacted by the proposal?

Yes? No? x

If yes, please detail below how evidence influenced and formed the proposal? For example, why parts of the proposal were added / removed?

(Please note – a key part of the EA process is to show that we have made reasonable and informed attempts to mitigate any negative impacts. An EA is a service improvement tool and as such you may wish to consider a number of alternative options or mitigation in terms of the proposal.)

Where you believe the proposal discriminates but not unlawfully, you must set out below your objective justification for continuing with the proposal, without mitigating action.

Section 5 – Quality Assurance and Monitoring

Have monitoring systems been put in place to check the implementation of the proposal and recommendations?

Yes? x No?

How will the monitoring systems further assess the impact on the equality target groups?

Does the policy/function comply with equalities legislation?

(Please consider the [OTH objectives](#) and [Public Sector Equality Duty](#) criteria)

Yes? x No?

If there are gaps in information or areas for further improvement, please list them below:

The Service currently does not collect specific equality monitoring data. Equalities data will be collected as a part of the monitoring process of this strategy (or a future user survey?)

How will the results of this Equality Analysis feed into the performance planning process?

Section 6 - Action Plan


As a result of these conclusions and recommendations what actions (if any) **will** be included in your business planning and wider review processes (team plan)? Please consider any gaps or areas needing further attention in the table below the example.

Recommendation	Key activity	Progress milestones including target dates for either completion or progress	Officer responsible	Progress
Example 1. Better collection of feedback, consultation and data sources 2. Non-discriminatory behaviour	1. Create and use feedback forms. Consult other providers and experts 2. Regular awareness at staff meetings. Train staff in specialist courses	1. Forms ready for January 2010 Start consultations Jan 2010 2. Raise awareness at one staff meeting a month. At least 2 specialist courses to be run per year for staff.	1.NR & PB 2. NR	

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Recommendation	Key activity	Progress milestones including target dates for either completion or progress	Officer responsible	Progress

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<p>Cabinet</p> <p>31 October 2018</p>	 <p>TOWER HAMLETS</p>
<p>Report of: Zena Cooke, Corporate Director, Resources</p>	<p>Classification: Unrestricted</p>
<p>Supporting the Local Economy – Proposed Criteria for Granting Business Rate Relief</p>	

Lead Member	Councillor Candida Ronald, Cabinet Member for Resources & the Voluntary Sector
Originating Officer(s)	Roger Jones – Head of Revenue Services
Wards affected	All wards
Key Decision?	No
Forward Plan Notice Published	28 September 2018
Reason for Key Decision	N/A
Community Plan Theme	A fair and prosperous community

Executive Summary

The Council provides a wide range of support for local businesses including through the awarding of business rate relief.

For the current year, business rates relief is awarded to 7,901 ratepayers totalling over £32.3m.

At the Cabinet meeting held on 25th July 2018 it was agreed to consult on the revised criteria and guidance used to assess eligibility for discretionary business rates relief at set out in appendix 1.

Recommendations:

The Mayor in Cabinet is recommended to:

1. Note the outcome of the consultation on the criteria and guidance used to assess eligibility to discretionary business rates relief.
2. Approve the criteria and guidance used to assess eligibility to discretionary business rates relief.

1. REASONS FOR THE DECISIONS

- 1.1 To consider the feedback from and outcome of the public consultation on the criteria and guidance used to assess eligibility for discretionary business rates relief and to approve the criteria and guidance.

2. ALTERNATIVE OPTIONS

- 2.1 The Mayor in Cabinet could revise the criteria and guidance used to assess eligibility for discretionary business rates relief, but this is not recommended as it is based on feedback that informed the development of the criteria and guidance and takes account of the outcome of the public consultation.

3. DETAILS OF THE REPORT

- 3.1 The Council provides a wide range of support for local businesses including through the awarding business rate relief.

- 3.2 For the current year, business rates relief is awarded to 7,901 ratepayers totalling over £32.3m.

- 3.3 The table below shows the current year position split by the type of relief currently awarded.

Type of Relief	Number of Accounts	Value
Mandatory Charity Relief (80%)	706	£19,999,974
Discretionary Charity Relief (20%)	193	£507,591
Discretionary Not For Profit Relief (100%)	13	£178,349
Local Discretionary Relief	2,482	£2,059,396
Pub Relief	88	£85,906
Small Business Rate Relief	3,901	£8,881,672
Supporting Small Business Rate Relief	518	£658,298
Totals	7,901	£32,371,186

- 3.4 Following the last review of reliefs brought in by the government and charitable rate relief, the revised criteria and guidance was produced taking account of feedback from charities and other organisations including the CVS. The criteria and guidance applies to all Business Ratepayers appearing in the London Borough of Tower Hamlets local rating list that are applying for any type of relief or requesting the Council to use its discretion to reduce the organisation's Business Rates liability.
- 3.5 There have been a number of new reliefs introduced by the government and these are now captured in one all-encompassing document.
- 3.6 The criteria and guidance aims to enable equitable and consistent determinations of requests for relief to Business Rate liabilities for ratepayers within the borough
- 3.7 The main changes relate to discretionary charitable relief applications and are as follows –

- 3.7.1 It is now clear that the criteria and guidance are not intended to be a self-assessment check list and each case will be considered on its own merits.
- 3.7.2 Any commercial activity is not considered as charitable activity and will not qualify for relief.
- 3.7.3 In all applications for mandatory and or discretionary reliefs the Council will need to be allowed free access to the premises in order to establish the actual use of the property before making any determination for relief. Where this has not been possible for whatever reason then no relief will be awarded.
- 3.7.4 In cases where charitable discretionary relief is requested consideration will be given to applications where:
- there is no commercial activity being carried out on the premises and:
 - it can be demonstrated with satisfactory supporting evidence that the service provided is open to the general public, and:
 - the service provided predominately benefits the residents of Tower Hamlets and:
 - there is a clear and significant benefit to a substantial number of residents within the borough. There is no set definition of the term “substantial” so that individual applications are assessed on a case by case basis.
- 3.8 The proposed changes will make the process clearer and clarify the qualification process particularly around how the objectives of the organisation must predominantly benefit residents of Tower Hamlets.

Public Consultation

- 3.9 The public consultation exercise was conducted from 28th August 2018 to 25th September 2018. The consultation was on line on the council’s website and emails were sent to all current ratepayers that had provided their email address on their business rate account.

In total 58 responses were received from residents and businesses as shown in the table below:

Respondent Type	Number of Respondents	Proportion of Total
Charitable Organisation	10	17.24%
Non-Charitable Organisations	27	46.55%
Private individual	21	36.21%
Total	58	100.00%

The consultation asked 6 questions and a summary of the responses is shown below –

Question 1. – Do you think that the Council should make awards of discretionary relief to any organisation?

Criteria & Guidance	Number of Respondents	Percentage
Yes	53	91.38%
No	4	6.90%
Don't Know	1	1.72%
Total	58	100.00%

Question 2. – Do you agree with the factors in sections 5, 6 and 7 of the proposed Criteria & Guidance Document we will apply to applications for relief?

Criteria & Guidance	Number of Respondents	Percentage
Yes	43	74.14%
No	9	15.52%
Don't Know	6	10.34%
Total	58	100.00%

Question 3. - Do you agree with the proposal that awards for the relief will be made for a fixed period in a particular financial year and will automatically cease at the end of the financial year?

Fixed Period of Awards	Number of Respondents	Percentage
Yes	48	82.16%
No	6	10.34%
Don't Know	4	6.90%
Total	58	100.00%

Question 4 - Do you agree that the council applies the test outlined in section 4 of the Charities Act 2011 which states: “if a charity confines the provision of benefits to members, supporters, or subscribers, its purposes may not be carried out for the public benefit?”

Charities Act	Number of Respondents	Percentage
Yes	50	86.21%
No	3	5.17%
Don't Know	5	8.62%
Total	58	100.00%

Question 5 - Do you agree with the proposal that in cases where a ratepayer refuses to allow access for an inspection, or where unannounced council visits result in finding that the property appears not be used at all or is not being used by the applicant for charitable purposes, the application will be refused?

Inspection Refusal	Number of Respondents	Percentage
Yes	57	98.28%
No	1	1.72%
Total	58	100.00%

The final question provided respondents with the opportunity to submit a free text response.

Question 6 - What do you think that the Council could do to encourage new businesses into the borough?

3.10 Attached at appendix 2 are the free text comments received from respondents, these are provided verbatim.

3.11 The majority of the comments related to the following issues:

- Supporting new businesses by offering discounts for up to 10 years, although existing small businesses were concerned this gave an unfair advantage.
- Using empty properties as shared work space for small and new businesses to help them develop.
- Designate enterprise zones to encourage small and new businesses
- Stop increasing rent levels

3.12 The comments provided have been shared with the Council's Economic Development Team to identify what actions can be taken to provide support to local businesses. The Council is also procuring a CRM for businesses which will enable efficient and effective engagement and provide the analysis for targeted support for local businesses based on factors such as location, size, sector etc.

3.13 Based on the responses received, no revisions to the criteria and guidance are proposed, they will be regularly reviewed to ensure they remain relevant, fit for purpose and affordable for the council.

4. EQUALITIES IMPLICATIONS

4.1 Taking into account the nature of the proposal which will directly fund business rates for local businesses, the allocation of funds will be closely monitored to ensure all qualifying businesses receive the relief they are entitled to.

5. OTHER STATUTORY IMPLICATIONS

- 5.1 In all cases, application for Mandatory Charitable must be considered before the award of any discretionary relief or new relief introduced by the government.

6. COMMENTS OF THE CHIEF FINANCE OFFICER

- 6.1 This report provides an update on outcomes from the recent business rates relief consultation and seeks cabinet approval of the revised eligibility criteria and guidance.
- 6.2 Section 3.2 and 3.3 provides a summary of the current types of business rates relief available, how many organisations are awarded relief in each category and the total value of relief awarded. In 2018/19 a total of £32m worth of relief has been awarded across 7,901 recipient accounts.
- 6.3 Mandatory relief, local discretionary relief, pub relief and supporting small business relief are funded by central government through section 31 grants. Therefore, any changes to the amounts of relief awarded in these categories should not impact on Council resources.
- 6.4 However, the cost of discretionary charity relief and not for profit relief are shared by the Council (64%) and the GLA (36%) and any changes to the amount of relief awarded in these respective categories will have a direct impact on the level of Council income through retained business rates.

7. COMMENTS OF LEGAL SERVICES

- 7.1 Section 47 of the Local Government Finance Act 1988 as amended by the Localism Act 2011 gives local authorities the necessary power to grant business rates discounts (relief). This allows the billing authorities to grant business rate discounts as they see fit.
- 7.2 The Localism Act 2011 also gives local authorities the discretionary powers to grant business rates relief on properties occupied by charities and other non-profit making organisations.
- 7.3 As mentioned above in para 6.3, the Council will be reimbursed through a grant under Section 31 of the Local Government Act 2003.
- 7.4 Providing discretionary relief to ratepayers is likely to amount to State Aid. However the Supporting Local Economy relief scheme will be State Aid compliant where it is provided in accordance with the De Minimis Regulations.
- 7.5 The De Minimis Regulations allow an undertaking to receive up to €200,000 of De Minimis aid in a rolling three year period (consisting of the current financial year and the two previous financial years).

- 7.6 To administer De Minimis it is necessary for the Council to establish that the award of aid will not result in the undertaking having received more than €200,000 of De Minimis aid.
- 7.7 When deciding whether or not to proceed with the proposals, 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 don't (the public sector equality duty). A proportionate level of equality analysis must be undertaken prior to the ultimate decision being taken in order to enable the Council to adequately discharge its equality duty.
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Linked Reports, Appendices and Background Documents

Linked Report

Report to Cabinet July 2018 '[Supporting the Local Economy - Proposed Criteria for Granting Business Rate Relief](#)'

Appendices

Appendix 1 - Granting Rate Relief for Non-Domestic Rates

Appendix 2 - Free text response to question 6 "What do you think that the Council could do to encourage new businesses into the borough?"

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

NONE

Officer contact details for documents:

N/A

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Granting Rate Relief for Non-Domestic Rates

Criteria and Guidance

October 2018

Granting Rate Relief for Non-Domestic Rates Criteria and Guidance

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Granting Rate Relief for Non-Domestic Rates

Criteria and Guidance

1 Scope

- 1.1 This criteria and guidance applies to all Non-Domestic ratepayers within the administrative area of the London Borough of Tower Hamlets Council that are applying for any type of relief or requesting the Council to use its discretion to reduce the organisation's Non-Domestic Rates liability.

2 Principles

- 2.1 The Council has a duty to consider any requests for relief or remission of Non-Domestic Rates depending on the circumstances of the organisation or individual ratepayers concerned.
- 2.2 The main provision conferring the discretionary power on billing authorities to grant relief is contained in the Local Government Finance Act (LGFA)1988. This allows billing authorities to have discretion to grant relief to certain ratepayers from all or part of the amount of rates payable.
- 2.3 The Non-Domestic Rating (Discretionary Relief) Regulations 1989 allow the billing authority to restrict discretionary relief to a fixed period and deal with the notice which must be given if that relief is varied or revoked.
- 2.4 The Localism Act 2011 amended Section 47 of the LGFA 1988 to remove the restriction to grant discretionary relief to charities or other organisations of prescribed types.
- 2.5 The relief granted in some cases may constitute state aid and may need to be notified to the European Commission. e.g. any manufacturing operation however small scale is normally deemed to be capable of affecting intra-Community trade so any relief would be state aid, likewise relief for butchers and farmers producing cheese, sausages and other foodstuffs would also be state aid. Where the relief constitutes state aid there would need to be legal clearance from the European Commission before it can be granted. There is a de-minimus aid ceiling of €200,000 over a period of 3 years; however this is not in respect of each award, this is cumulative aid given by all public bodies to the business/ratepayer in question.
- 2.6 There is no statutory requirement for organisations or individuals to submit a written application for relief and the lack of a formal application should not preclude the authority from granting the relief if it so wishes. However, in order to determine if relief is appropriate for individual cases, the Council will only consider applications made using the electronic application form available on the Council's website together with the minimum supporting documentation and evidence being provided.

3 Objectives

- 3.1 The criteria and guidance aims to enable equitable and consistent determinations of requests for relief to Non-Domestic Rate liabilities for ratepayers within the borough.
- 3.2 This is not intended to be a “blanket policy” that prescribes the circumstances or individuals or organisations that should receive the relief as each case will be considered on its own merit.
- 3.3 The document is not designed to be tool for organisations to use in order to self-assess or as a check list for them to determine their own entitlement. The aim is to provide some practical guidance in order to assist officers to determine individual requests for relief.
- 3.4 Following a change in the law there is now a direct impact on the Council Tax payers of the Borough where some types of relief are awarded. It is incumbent on the Council to ensure that all applications for relief are legitimate and conform to all relevant regulations to ensure that only those organisations or individuals that are eligible receive the appropriate relief.
- 3.5 The government is increasingly using reliefs to assist and enhance different sectors within the business community. The Council will actively promote and maximise take up of any current or new initiatives introduced by government where funding is provided by way of a grant under section 31 of the Local Government Act 2003.
- 3.6 In all applications for mandatory and or discretionary reliefs the Council must be allowed free access to the premises in order to establish the actual use of the property before making any determination for relief. Where this has not been possible for whatever reason then no relief will be awarded.

4 Mandatory Relief for Charitable Organisations

- 4.1 Section 43(6) of the Local Government Finance Act 1988 provides that relief will be applicable where, on the day concerned, the ratepayer is a charity or trustees for a charity and the hereditament (the property referred to in the application) is wholly or mainly **used** for charitable purposes (whether of that charity or of that and other charities).
- 4.2 Although an organisation may be registered as a charity with the Charity Commission this does not necessarily entitle them to automatically receive mandatory relief from Non-Domestic Rates as the overriding factor relates to what the property is actually being used for. This is especially important to any fee charging organisations and in order to qualify for mandatory relief there must be clear and comprehensive evidence that:
 - the property in occupation is wholly or mainly used for charitable purposes and;
 - where the organisation is not a registered charity, its purpose is carried out for the Public Benefit as stated in section 4 of the Charities Act 2011.

- 4.3 In determining entitlement to mandatory relief the Council takes account of the analysis of the law relating to public benefit published by the Charity Commission and dated September 2013. This provides details of what it considers to be the “Public Benefit” in accordance with the Charities Acts 2006 and 2011. Paragraph 94 states that “if a charity confines the provision of benefits to members, supporters, or subscribers, its purposes may not be carried out for the public benefit. If this is the case then mandatory relief will not be awarded to the organisation.
- 4.4 The Council is keen to protect the environment and reduce emissions produced by private vehicles by encouraging the use of public transport wherever possible. Given the significant infrastructure and availability of public transport in the borough it is felt that with the exception of disabled badge holders the use of private motor vehicles for volunteers, parking for employees or officers of organisations is not essential and therefore not ancillary to the functions of the organisation. Where parking spaces are assessed separately to the main hereditament and are not reserved specifically for disabled users then the use of the spaces will not be considered to be wholly or mainly charitable and mandatory relief will not be granted for their use. Business Rates will be charged in accordance with the rateable value of these car parking spaces in these cases.

5 Discretionary Relief for Charities and Not for Profit Organisations

- 5.1 In cases where charitable discretionary relief is requested consideration will only be given to applications where:
- there is no commercial activity being carried out on the premises and:
 - it can be demonstrated with satisfactory supporting evidence that the service provided is open to the general public, and:
 - the service provided predominately benefits the residents of Tower Hamlets and:
 - there is a clear and significant benefit to a substantial number of residents within the borough. There is no set definition of the term “substantial” and individual applications will be assessed on a case by case basis.
- 5.2 In addition the following factors will be taken into account when considering applications for discretionary relief:
- the value of the service to residents of the London Borough of Tower Hamlets and local communities can be shown to exceed the amount of the discretionary relief requested. In this case there needs to be a tangible benefit to a significant number of residents in the borough which is proportionate to the amount of relief sought.
 - the work undertaken from the property named in the application for relief directly caters for the needs of residents of the borough and benefits the local community and can demonstrate a link to Council priorities and;

- it provides a valuable service to the local community of London Borough of Tower Hamlets which is complimentary to those services provided by the council and can demonstrate a link to Council priorities, or;
 - the service it provides relieves the council of the need to provide that service.
- 5.3 The organisation should have no more than 12 months expenditure in unrestricted reserves unless a business case exists detailing how the reserves are to be used to the benefit of the local community and/or residents of London Borough of Tower Hamlets. Consideration will also be given to the income generated for the organisation by way of investments.
- 5.4 Generally no discretionary relief will be given to charity shops as these are in direct competition with conventional shops and relief over and above the 80% mandatory relief could lead to commercially run shops suffering loss of trade.
- 5.5 Under normal circumstances no discretionary relief will be granted to voluntary schools or colleges that are charitable trusts, or other organisations whose objectives are mainly concerned with education unless there are exceptional circumstances as generally these are already, to a substantial degree, publically funded.
- 5.6 Car parks or parking spaces will be excluded from receiving discretionary relief with the exception of disabled parking bays as the authority does not want to encourage the use of motor vehicles within the borough for environmental and sustainability reasons.
- 5.7 Organisations offering similar services or facilities to those that are already established in the immediate locality will generally not be granted discretionary relief unless exceptional circumstances exist.
- 5.8 Housing Associations will not be granted discretionary relief unless there are exceptional circumstances or the property is being used as a community centre.
- 5.9 Any property in which the occupation is concerned with the production of work for sale on a commercial basis will not receive discretionary relief unless there are exceptional circumstances.
- 5.10 Membership of any organisation making application for relief must be open to all sections of the community(except where the organisations activities are aimed at specific equality groups) and the organisation must demonstrate that the way in which it operates does not discriminate against any section of the community.
- 5.11 The organisation should not operate a system whereby membership is determined by votes of existing members.
- 5.12 Any membership fees or subscriptions must not be set at a level that excludes the general community; consideration will also be given to the following:
- reductions in fees offered for certain groups e.g. elderly, disabled, low incomes etc.
 - where membership is encouraged from particular groups such as young people, persons with disabilities, ethnic minorities or older age groups.

- facilities are available for people other than members e.g. schools, public sessions.
- any membership selection criterion that requires applicants to have reached a certain standard before membership will be granted.

5.13 If the organisation/club has a licensed bar this will not prohibit an application for relief but the following must be evidenced:

- that the bar income aids the overall operation and development of the main aims of the organisation.
- that the operation of the bar and any associated facilities is a minor function of the organisation.
- that the main activity remains the paramount objective of the organisation.
- that the bar is properly licenced.

6 Relief for Partly Occupied Properties

6.1 Section 44a of the Local Government Finance Act 1988 provides Local Authorities with the discretion to grant relief where it appears to the Council that part of a property is unoccupied and will remain so for a 'short period of time only'.

6.2 The definition of what may constitute a 'short time only' is not prescribed and will be decided by the Council depending upon the individual circumstances of each case.

6.3 Section 44a relief is not intended to be used where part of a property is temporarily not used; it is aimed at situations where there are practical difficulties in occupying or vacating part or parts of the property in a single operation.

6.4 The relief commences on the day the premises became partly occupied and ends on the first day of the following:

- where all or part of the unoccupied area becomes occupied;
- where the property becomes fully unoccupied;
- at the end of a financial year (31st March) a new application will be required if the unoccupied period crosses over two financial years;
- the person or organisation liable for Business Rates changes.

6.5 The empty part of the property will receive a complete exemption from rates for a maximum period of 3 months (or if it is an industrial property, for a maximum period of 6 months). Once the appropriate exemption period has expired, the occupied charge for the whole property will be applied unless the property becomes exempt for any other reason.

- 6.6 All applications for this relief must enclose a floor plan of the assessment in question which clearly identifies the occupied and unoccupied areas including full details of the volume relating to the area (square footage or square metre etc.).
- 6.7 The application should include specific details and evidence of the practical difficulties faced by the organisation in occupying or vacating a property in a single operation.
- 6.8 Applications will not be considered for retrospective periods after which full occupation has taken place. The relief will not be awarded under any circumstance where it has not been possible to verify the situation as shown in the application by undertaking a visit to the property during the vacant period.
- 6.9 Applications **will not** be considered where a property is partly occupied due to refurbishment or where a reorganisation within an existing building occurs.
- 6.10 Situations that would normally result in an award of the relief include (although not necessarily limited to) the following:
- where there is partial occupation of a warehouse, factory or commercial property to facilitate the permanent relocation of the company
 - where fire, flood or other natural disaster prevents full use of the premises
- 6.11 Situations that would not normally result in an award of the relief include (although not necessarily limited to) the following:
- where the owner sublets parts of the premises on a commercial basis
 - where the part occupation is likely to continue year on year
 - where there appears to be no genuine effort to let, sell or occupy the empty part
 - where part occupation is seasonal
- 6.12 A visit to the premises in question will be undertaken by an officer of the Council before any recommendation is made regarding an application.
- 6.13 The provisions of state aid referred to in paragraph 2.5 do not apply to awards granted under Section 44a.
- 6.14 The exercise of discretion with regard to Section 44a applies only prior to the request for a certificate to be issued by the Valuation Office Agency (VOA). Once a certificate has been issued by the VOA confirming the reduced rateable value, the authority has no further discretion in the matter.

7 Relief on the grounds of Hardship

7.1 Under section 49 of the LGFA 1988 the billing authority is given discretionary powers to reduce or remit the amount a ratepayer is required to pay in respect of either an occupied or unoccupied property where the authority is satisfied that:

- the ratepayer would sustain hardship and;
- it is reasonable for the council to do so having regard to the interests of the persons subject to council tax in its area.

7.2 There is no statutory definition of hardship and therefore the council must arrive at its own decision in relation to any application. Guidance was provided by the Government in December 2002 as to the considerations that councils might apply when exercising their discretion in determining applications for hardship relief. These are as follows:

- although rules may be adopted for considering hardship cases a blanket policy whether or not to grant relief should not be adopted;
- each case should be determined on its own merits and the application process as simple as possible so that decisions can be made quickly;
- reduction or remission of rates on the grounds of hardship should be the exception rather than the rule;
- all relevant factors affecting the ability of the business/ratepayer to meet their liability for business rates should be taken into account;
- the “interests” of Council Tax payers in any area can go wider than direct financial interests, e.g. employment prospects or availability of amenities in an area or the business is the only provider of a service in the area;
- where the granting of relief may have an adverse financial effect on the financial interests of the council taxpayers the case for a reduction or remission may still on balance outweigh the cost to council taxpayers;
- in some cases the hardship will be self-evident, e.g. loss of trade through natural disasters such as severe flooding. However the authority may wish to consider how the business can demonstrate loss of business or trade. For example do accounts, order books, till receipts, VAT returns etc. show a marked decline in trade compared to corresponding periods in previous years;
- councils should be clear in granting relief that it will be granted only for the period in which there is clear evidence of hardship for the ratepayer concerned;
- to guard against fraudulent claims, councils should satisfy themselves that the claim is from a ratepayer suffering genuine hardship.

7.3 The guidelines for granting relief on the grounds of hardship are as follows:

- all relevant factors affecting the business/ratepayer to meet their liability for business rates will be taken into account;
- the ratepayer must provide evidence that clearly demonstrates loss of business or trade over the relevant period;
- the ratepayer must demonstrate how granting the relief will benefit the local community and detail the impact on the community should the application for relief be refused;
- any relief awarded will be restricted to the period for which there is clear evidence demonstrating the ratepayer concerned suffered hardship;
- if the ratepayer is the subsidiary of a larger organisation or a part of a group then the financial standing and assets of the main organisation and other group members will also be considered;
- the extent and amount of any public funding or grants the business already receives will also be a consideration in determining any application for relief.

7.4 The guidance also recommends that hardship relief should only be granted for short periods and be reviewed regularly when the relief can be renewed, rather than granted for extended periods.

8 Local Discounts

8.1 Under section 69 of the Localism Act 2011 authorities have discretion to grant up to 100% relief to any business or organisation. However where a discretionary rate relief decision would have effect where the occupier is neither a charity or non-profit making organisation, the billing authority may make the decision only if it is satisfied that it would be reasonable for it to do so, having regard to the other interests of persons liable to pay Council Tax set by the council.

8.2 The guidance for considering the award of Local Discounts is as follows:

- the value of the service to residents of the council and local communities can be shown to exceed the amount of the discretionary relief requested;
- the work undertaken from the property named in the application for relief directly caters for the needs of residents of the London Borough of Tower Hamlets and benefits local communities;
- it provides a valuable service to the community which is complimentary to those services provided by the Council or;

- the service it provides relieves the Council of the need to provide that service.
- all relevant factors affecting the ability of the ratepayer to meet their liability for business rates should be taken into account;
- the “interests” of council tax payers in any area can go wider than direct financial interests. e.g. employment prospects, or availability of amenities in and around the area or the business is the only provider of a service in the area;
- where the granting of relief may have an adverse financial effect on the financial interests of the council tax payers the case for a Local Discount may still on balance outweigh the cost to council taxpayers;
- each case should be determined on its own merit and the application process as simple as possible so that decisions can be made quickly.

9 Small Business Rates Relief

9.1 This relief is available to ratepayers who occupy either:

- one property within the local authority; or
- one main property within the local authority and other additional (occupied) properties providing those additional properties each have a rateable value of less than £2,900 (£2,600 prior to April 2017);

9.2 The current rateable value of the property mentioned in the first bullet point above, or the aggregate rateable value of all properties mentioned in the second bullet point above, must be under £28,000.

9.3 Ratepayers who satisfy these conditions will have the bill for their single or main property calculated using the lower small business non-domestic rating multiplier rather than the standard non-domestic rating multiplier that is used to calculate the liability of other businesses.

9.4 In addition, if the single or main property is currently shown on the rating list with a rateable value of up to £15,000, there will be a percentage reduction in the rates bill for the property (up to a maximum of 100% for a property with a rateable value of not more than £12,000).

9.5 If you occupy a second property, you will continue to receive any existing relief on your main property for up to 12 months.

9.6 You will still be entitled to small business rate relief on your main property after this if both the following apply:

- none of your other properties have a rateable value above £2,900 (£2,600 before April 2017)
- the total rateable value of all your properties is less than £28,000
-

- 9.7 Once an application has been accepted and the relief is granted provided circumstances do not change, the relief will continue automatically until 2022 provided that the rateable value falls within the new value limit for 2017 as in (9.2) above.
- 9.8 The government may change the percentage of relief granted for eligible applicants, where this is the case full details will be available on the Council's website

10 Local Relief for Newspapers

- 10.1 The government introduced a temporary relief of £1,500 business rates discount for office space occupied by local newspapers, up to a maximum of one discount per local newspaper title and perproperty, and up to state aid limits, for 2 years from 1 April 2017.
- 10.2 The relief will be delivered through local authority discretionary discount powers under section 47(3) of the Local Government Finance Act 1988.
- 10.3 The relief is to be specifically for local newspapers which are considered to be a "traditional local newspaper." The relief will not be available to magazines of any description.
- 10.4 The property must be occupied by a local newspaper and wholly or mainly used as office premises for journalists and reporters.
- 10.5 There is no requirement for ratepayers to complete an application form in order to receive the relief as the Council will identify potential recipients and automatically award to eligible accounts. If you believe that you are entitled to relief and it has not been applied to your account please contact the Business Rates team to enquire about eligibility.

11 Supporting Small Business Rates Relief

- 11.1 The Supporting Small Businesses relief scheme will help those ratepayers who as a result of the change in their rateable value at the 2017 revaluation are losing some or all of their small business or rural rate relief and, as a result, are facing large increases in their bills.
- 11.2 To support these ratepayers, the Supporting Small Businesses relief will ensure that the increase per year in the bills of these ratepayers is limited to the greater of:
 - a percentage increase per annum of 5%, 7.5%, 10%, 15% and 15% 2017/18 to 2021/22 all plus inflation. Unlike the transitional relief scheme, for the first year of the scheme the percentage increase is taken against the bill for 31 March 2017 after small business rate relief or rural rate relief, or
 - a cash value of £600 per year (£50 per month). This cash minimum increase ensures that those ratepayers previously paying nothing or very small amounts in 2016/17 are brought into paying something.
- 11.3 In the first year of the scheme, this means all ratepayers losing some or all of their small business rate relief or rural rate relief will see the increase in their bill capped at £600. The cash minimum increase is £600 per year thereafter. This means that ratepayers who are currently paying nothing under small

business rate relief and are losing all of their entitlement to relief (i.e. moving from £6,000 rateable value or less to more than £15,000) would under this scheme be paying £3,000 in year 5.

- 11.4 Those on the Supporting Small Businesses relief scheme whose 2017 rateable values are £51,000 or more will not be liable to pay the supplement (1.3p) to fund small business rate relief while they are eligible for the Supporting Small Businesses relief scheme.
- 11.5 Ratepayers remain in the Supporting Small Businesses relief scheme for either 5 years or until they reach the bill they would have paid without the scheme. A change of ratepayers will not affect eligibility for the Supporting Small Businesses relief scheme but eligibility will be lost if the property falls vacant or becomes occupied by a charity or Community Amateur Sports Club.
- 11.6 There is no second property test for eligibility for the Supporting Small Businesses relief scheme. However, those ratepayers who during 2016/17 lost entitlement to small business rate relief because they failed the second property test but have, under the rules for small business rate relief, been given a 12 month period of grace before their relief ended can continue on the scheme for the remainder of their 12 month period of grace.

12 Local Relief for Pubs

- 12.1 This relief was introduced by the government for a fixed period of 12 months from 1 April 2017 to 31 March 2018, the period was further extended to include the period 01 April 2018 to 31 March 2019 in the autumn budget in 2018. Public Houses will receive a reduction of £1,000 from their liability.
- 12.2 The relief will be delivered through local authority discretionary discount powers under section 47(3) of the Local Government Finance Act 1988.
- 12.3 The majority of pubs are independently owned or managed and will not be part of chains. Where pubs are part of a chain, relief will be available for each eligible property in the chain, subject to meeting State Aid requirements.
- 12.4 There is no requirement for ratepayers to complete an application form in order to receive the relief as the Council will identify potential recipients and automatically award to eligible accounts. If you believe that you are entitled to relief and it has not been applied to your account please contact the Business Rates team to enquire about eligibility.
- 12.5 The Government's policy intention is that eligible pubs should:
- be open to the general public
 - allow free entry other than when occasional entertainment is provided
 - allow drinking without requiring food to be consumed
 - permit drinks to be purchased at a bar.
- 12.6 For the purposes stated in paragraph 12.5 it should exclude:
- restaurants
 - cafes

- nightclubs
- hotels
- snack bars
- guesthouses
- boarding houses
- sporting venues
- music venues
- festival sites
- theatres
- museums
- exhibition halls
- cinemas
- concert halls
- casinos

13 Local Discretionary Relief Scheme 2017

- 13.1 The scheme will be open to ratepayers that have a liability to pay the business rates within the London Borough of Tower Hamlets (LBTH).
- 13.2 The rateable value of the property must be below £200,000 therefore in order to qualify the relief will be applied to qualifying properties with a rateable value of £199,999 or less.
- 13.3 Ratepayers that are in receipt Supporting Small Business Rate Relief 2017 (SSBR) will not be eligible to receive relief under the LDRS 2017.
- 13.4 The relief will not apply to organisations that have three or more properties that operate within or outside of Tower Hamlets.
- 13.5 The property must have been entered into the 2010 Local Rating list as at the 31st March 2017 and also in the 2017 Local Rating list as at the 1st April 2017.
- 13.6 The property must have been occupied since the 31st March 2017 and remain occupied in order to qualify for the relief. Once a property becomes unoccupied the relief will be cease with effect from the date that the property became unoccupied.
- 13.7 The relief will be calculated after any other allowable reductions to the rate account have been applied.
- 13.8 In cases where there has been an amendment in rateable value in relation to the 2010 or 2017 Local Rating lists any subsequent adjustment will only apply

where the amendment to the Rateable Value has resulted in a decrease of the amount of relief awarded. This means that the overall amount of the relief previously awarded cannot be will not be exceeded under any circumstances.

- 13.9 Organisations will not be required to complete an application form as the relief will be awarded automatically by the Council based on the qualifying criteria established in the scheme.
- 13.10 Ratepayers that do not receive an automatic award but believe that they are eligible to receive the relief can ask for a review of the decision. The Council will consider the full circumstances of the organisation and if it appears that the organisation is eligible the relief will be applied, subject to the condition in paragraph 13.11 below.
- 13.11 In cases where there is a retrospective amendment to the rateable value or a review is requested the relief will only be applied to the financial year in which the actual application is made. Any award cannot be retrospectively applied to previous financial years under any circumstances.
- 13.12 The relief is based on a percentage of the actual amount of the increase as at the 1st April 2017. The increase is calculated by comparing the charge amount less any reliefs or exemptions for 2016-2017 against the same calculation for 2017-2018.
- 13.13 Any property that is used for the following purposes will be automatically excluded from receiving the relief:
- Payday Lenders
 - Betting Shops
 - Public Sector & Local Government Buildings
 - Housing Association Properties
 - Unoccupied Properties
- 13.14 Eligibility for the relief is determined based on a fixed list which has been extracted from the Council's Revenues system as at the 1st April 2017.
- 13.15 The scheme is fixed for a four year period based on the original list mentioned in paragraph 12. The amount of relief will be based on the percentage rates published on the Council's website, it should be noted that the percentage rate is variable and may be subject to change.
- 13.16 The relief will be transferrable in the event that the recipient vacates the hereditament and the new occupier fulfils the eligibility criteria to receive the relief.

14 Applications for Relief

- 14.1 Although the regulations do not specifically require the organisation to complete an application, in order for the Council be to able to properly consider awarding the relief the organisation should complete the appropriate electronic application together with the submission of all relevant documentation in support of the application for the relief to be considered except where specified otherwise.
- 14.2 If the appropriate information is not provided then the Council will not be able to consider awarding any relief for the organisation concerned.
- 14.3 Decisions in respect of all applications of discretionary relief will be made by officers and will be reviewed on a regular basis.

15 Renewals for Charitable Discretionary Relief

- 15.1 Awards for any relief will be made for a fixed period and will cease at the end of the financial year in which the award had been made.
- 15.2 The Council may extend the award period for a further 12 month period without carrying out a review and will advise organisations if they are required to submit a new application prior to the start of a new financial year.
- 15.3 Where a review is not carried out at annual billing for the new financial year that commences on the 1st April all ratepayers will receive a demand notice which will detail any relief that has been awarded to eligible organisations. The relief will be granted for a fixed period of 12 months or until any liability ceases, whichever is the sooner.
- 15.4 Reviews will be carried out on specific properties or ratepayers on a risk basis in relation to value of award, type of use and time elapsed since the last review. This will ensure that the most up to date information is available for a correct determination of eligibility to receive relief.
- 15.5 In cases where a review is necessary the organisation must submit a completed application form together with appropriate evidence in support of their application in order for consideration of the claim for relief.
- 15.6 Any organisation that fails to provide the appropriate information or supporting evidence will not be granted the relief.

16 Appeals

- 16.1 In cases where the award for discretionary relief is refused the applicant has 21 days from the date of the letter notifying them that their application was not successful to request a review of the decision and consider any other supporting evidence not previously supplied.
- 16.2 Where an appeal is submitted the person making the appeal must set out the full grounds on which the appeal is based and specify the reasons why the relief should be granted based on the criteria operated by the council and also provide any further supporting evidence.

- 16.3 The NNDR Relief Panel is convened on a regular basis dependant on demand to consider any appeals and the levels of all reliefs awarded to business rate payers.
- 16.4 The NNDR Relief Panel will decide on the outcome and advise the appellant whether or not their appeal was successful following the panel meeting to determine any requests for a review of the decision.
- 16.5 The NNDR Relief Panel will consist of the Corporate Director of Resources, Corporate Director of Governance and a representative from Revenue Services.
- 16.6 The decision of the NNDR Review Panel will be final and the only recourse available will be way of a Judicial Review. This will only apply if the applicant believes that the council has exceeded its statutory powers, there has been a procedural impropriety or where an action is irrational. Individual organisations are advised to seek independent legal advice should they wish to proceed in that manner.

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Free Text Responses to Question 6

Question 6 - What do you think that the Council could do to encourage new businesses into the borough?

Support cheap shared work places by offering them business rate relief. Last years doubling of rateable value in certain parts of tower hamlets meant that larger properties that businesses shared went above the £15,000 limit for rate relief. This really is driving out small businesses - presumably to make way for companies with lots of capital behind them - which are not always as long lived as capital would suggest.
Creative businesses thrive where domestic rents are cheap so the council could work with cooperatives to use empty buildings as simple live/work units.
Brixton has a scheme in the village where businesses can apply for one month of rent free shop space to pilot new businesses - if a large area suitable for this becomes vacant for some months you could try this."
Reduce business rates for new businesses AND existing small businesses.
Dependant on size of the business and what they do offer full business relief for the first year
Keeping business rates low for Small Enterprises is definitely good for new businesses to help them have access to a good location (such as Tower Hamlets) while they get their bearings.
As office costs continue to skyrocket across London, it's difficult for small new businesses to afford premises that are central. This is key because location can affect a small business retain talent. Small and new companies can struggle to compete with large established companies which can offer many benefits. If there could be a subsidy for business rates or for rent that new businesses could take advantage of this may help them set up in areas where real estate is unaffordable
Adjust BR as much as possible or give an "Entrance" relief to new businesses
Keep rates low, and supported.
Support the businesses that already exist, so others can follow.
Controls over landlords, so small businesses can work.
Set some sort of limits on how much property owners can charge per square foot for workspace. Hackney is a vibrant borough full of creative people, but we are being forced out to other boroughs because greedy and selfish landlords keep raising rents. A couple more years and there won't be any creative businesses or new companies working in Hackney due to the high rent costs.
Rates relief support and blanket cross borough attempt to restrict landlords from over charging
Unsure. The size and type of business would depend on what nature or level of support it might need.
Ensure landlords are offering fair rent for new businesses
Encourage HMG to remain within the European Union.
Create an environment that offers benefits for businesses moving into the area if they are new start ups, not for profit, high tech or other beneficial organisations that will overall benefit the area
The benefit should not be short term i.e. say 20% discount for the first two years would be short terms, but staged towards the long term so they stay around for the long terms 5 year and 10 ears plus.
Encourage more small business incubators and ensure that rates relief extends to as many small


businesses as possible.
As this council also has the CW financial district I think the rates are way too high for smaller businesses in the area. By offering lower rates for companies up to a certain size (or even beyond this) then new business may be more willing to come in.
Rates relief should not be used an incentive to open in the borough. It gives an unfair advantage to direct competitors of existing traders in the Borough
Rate relief for small business based on turnover
Publicise the reliefs available and encourage take up of said reliefs amongst ratepayers. Ensure staff are aware of the reliefs available to ratepayers and fully trained in the application and administration of the available reliefs.
Lower the business tax rates, It's too much especially for new business with a low yearly turnover
More lunchtime eateries - it's hard to get a quick lunch in Whitechapel!
Make it easier to get small business rate relief. We had to apply for it when it should have been an automatic discount."
Quite a lot I imagine but most pertinent to me would be: - Review the rules around 'rentable value' to better reflect current rents and aesthetics. Currently too much consideration is given to shop size. Other criteria than size should be considered to allow for new businesses to take on larger spaces. A modern shop layout uses more space but that doesn't necessary mean more products, or more revenue. To allow for more flexibility would also enable more collaborative spaces where more than one shop share a common space.
New late licenses for live music should be considered. It should be much easier for live music venues to stay open longer. It makes little sense for a 10pm curfew that many places are forced to consider. It seems better to allow for later opening times with stricter rules on sound-proofing perhaps. "
You should offer a small rates business relief with a higher lever of relief. Small business do not open due to the high business rates they have to pay. If they do open they close shortly after due to these fees. It's not fair.
Initial relief for all qualifying businesses. Businesses that commit to moving jobs into LBTH should gain relief similar to that which the Enterprise Zone of the 1970's provided. It's almost certain that, had the Enterprise Zone not been created, Canary Wharf would not have happened.
Give new business that support the local community, set up time to get established before charging business rates. This is whether they are charities or not.
It may make sense to offer a reduction in business rates for the first couple of years of trading, possibly a larger amount for an initial period, then reduced relief for a further period.
If you want to have a healthy, balanced borough then you need a range of businesses that include those that are not high earning. More comprehensive small business rate relief would help. However I believe the only businesses you seem to want to attract are high earning super commercial chains and the likes, who can pay more rates but are not beneficial to the borough, to the community, to our streets.
1. Use local business more, and pay within 30 days of invoice.
2. Create and support a LBTH business forum.
3. Offer council premises to start-up and new businesses at a reduced rental.
For a new business rates relief and should be given but at the same time factors like how the business is contributing to the neighbourhood and how much capital is put in should be taken into

<p>consideration. Also deferring the payment of bigger rates bill until the business is in year 2 or 3 might work as it might increase the cash flow in the business which is essential in the first couple years for the business to succeed and this is a better approach than giving a full relief to new businesses. New businesses need to be advised on licensing laws.</p>
<p>To give more than lip service as a Labour Party borough, work proactively to encourage the poor to develop businesses in council owned buildings that were once ignored and neglected because some areas were undesirable. Stop hiking up rents for existing tenants so that they can develop long term plans with leases into 15 years long as recommended in the CLES Report backed by the LBTH in 2002.</p>
<p>Encourage foreign investments in exchange for training and childcare that they pay for themselves. The council should be loyal to long standing businesses and imaginations who weathered the storms over the years and still provide a service to many in the borough.</p>
<p>Allow existing businesses and organisations to co-exist and share the wealth for the purposes of social justice.</p>
<p>I think the council should give rate relief to first time business and second property</p>
<p>Reduce rent and rates</p>
<p>Make processes and contacting the council better - I have frequently had to follow up month after month and it is rather disheartening.</p>
<p>Financial help through introductory relief</p>
<p>The business rates are very high for small businesses and new one they should check how much a business can afford to pay considering everything is already high priced.</p>
<p>Offer better benefits to businesses and I think it would be a great help if businesses receive business rates reliefs as the rents of commercial properties are very high and top of that the business rates are very high too which makes the businesses very hard to survive. At the moment the countries economy is in a very bad shape and it's been a struggle from the past few years and will be tough through the next few years for business like mine.</p>
<p>More cycle parking, relief for start-ups</p>
<p>Reduce business rates.</p>
<p>Not sure</p>
<p>Offer reduced rates for new business for the first six months to a year</p>
<p>Increase relief for the 1st Year</p>
<p>The new businesses should have an exemption of rates for at least 1 year in order to help them to reach their break-even.</p>
<p>No rates for first businesses, so that small local businesses, residents with lower skill sets/education could partially profit in the growth of the borough. The majority of businesses owned in the more lucrative parts of the borough are externally managed by non residents</p>
<p>I think so</p>
<p>Provide incentive schemes for businesses to take on employees from the local area, e.g. apprenticeships schemes, or return to work schemes, specific to LBTH residents. Thus incentivising businesses AND benefitting the local community directly.</p>
<p>Allow more space to be under rates relief so small businesses can open and expand without having huge rates fees! Increase the amount of space a small business can run under.</p>
<p>Incentivise small businesses with grants for collaborations in the borough</p>
<p>Be fairer with the application of business rates.</p>
<p>Offer short term rate relief or reductions to give new businesses a chance to get up and running</p>

Provide lists of space and rental amounts along with incentives for moving into these spaces to provide a business or service. There could also be a list of the kinds of businesses in the Borough and an active campaign to reach out to those businesses that might fill the gaps
Give incentives to businesses to rent or buy property in this area! By doing this, you will be able to improve the quality of this area, and also reduce the number of abandoned and ugly not rented stores or buildings ... How? - By reducing monthly business rates to businessmen who pay you on time (i.e. they can pay 11 of 12 installation for the year),
Realise that businesses struggle to pay those high business rates on monthly basis. Give them reliefs based on the nature of business and not on the value of the property.
Make reductions of those huge monthly amounts!
FYI, We operate a small (used to be) start-up company and your council had rejected our application for tax relief in 2016 due to the fact that the rateable value of the property exceeded £12K. Nobody from the council ever called us or visited us for a coffee in order to understand the nature of our business or our hard work to fundraise money and moreover be able to stay alive in your area!
And if we cannot or any other of the businesses staying in this area, then your council will lose money and popularity...
Provide rate relief and have reasonable spaces available for rent
REDUCE RATES
Reduce barriers to new business - if an organisation is bringing an obvious economic and social benefit, i.e. provides a discounted service, or is employing local people or has staff who are contributing to local markets and centres, these organisations should be given discretionary relief from what are high business rates.
Failing that there is a danger that only larger more established business will be able to enter the borough, and the borough risks alienating those smaller businesses who may be struggling to get a foothold. The borough due to its rich markets tradition should also encourage entrepreneurship and not hinder this with short term business rates accumulation targets. "
Give more discretionary relief and clarity for each bill how any relief is calculated.
Decrease rates and create more facilities
Entrepreneurship, funding and grants to help UK small business grow into companies that can compete on a global scale.
General comments were invited from respondents which are shown as follows:
Also, when smaller companies try to grow such as ours, higher rates for larger office spaces are prohibiting us and essentially causing us to stagnate
Applying discounts or lower tax rates, I'm having to leave my leased property because I can't afford to pay high business taxes rates, utility bills and rent. It's all on top of me now and I'm not making any money yet.
Charities are an important part of the civic life of the borough as well as providing vital services and employment
Discussion of floor space etc. seemed to get very technical, and might be difficult for small bodies to meet, possibly dissuading them from making an application which would thus be to the general disadvantage of those whom their services sought to help.
Even large businesses who have business rates, they have to pay such high fees they do not make a profit at the end of the day. It isn't fair. The business rates goes higher every single year, but that

<p>money is not spent on the community in way shape or form. So why should businesses be paying it? There should be more of a transparency with the councils showing exactly what is being done in the community and where this moneys going. Because for the moment, the only thing going up is costs for businesses with no relief.</p>
<p>Help keep businesses afloat by delaying payments and / or relief for a set period of time</p>
<p>I feel that I don't have enough specialist knowledge to comment on the document.</p>
<p>I PAY TO MUCH</p>
<p>I think small charities are struggling with funding to pay overheads and staffing cost. The council need to assess charities and if possible exempt them.</p>
<p>I think small charities are struggling with funding to pay overheads and staffing cost. The council need to assess charities and if possible exempt them.</p>
<p>I think that cracking down on organisations who are fraudulently applying for relief is a good thing, as long as it doesn't amount to having an excuse to remove relief to save the council money.</p>
<p>I think, small - medium sized businesses should always get business rates relief as they are paying high rents and high rates makes it difficult to cope in this market.</p>
<p>If you're performing annual reviews for the beginning of a new financial year, you're creating a peak of work. Then you risk rolling many over without review. Perhaps consider working to the half year date and the full year date, splitting businesses between these dates.</p>
<p>In this day and age small businesses need a helping hand to grow into organisations that can bring value and stability to the UK economy especially as Brexit could hamper growth across the wider economy.</p>
<p>It is currently really hard for small businesses to start and expand quickly to become a business that is contributing to the local community. If there was more relief for larger spaces I feel there would be more small businesses and thus growth. Rates are so high for us tiny people - so much so that I had to get a container in The Gossamer City Project to make it work. It's tiny!</p>
<p>It is right to enforce charitable relief correctly - I consider it is abused by applicants.</p>
<p>These are personal opinions not of any Company or Organisation"</p>
<p>Less reliance on bailiffs, bailiffs can cause a company to cease trading and lay off its workforce; the borough can work in partnership with these businesses to help them stay open</p>
<p>No business rates for businesses with less than 3-5 employees should be considered.</p>
<p>Increase funding to further support local culture in the borough - more live music venues and other similar cultural initiatives should be encouraged with no business rates and generous opening times. "</p>
<p>Nothing further to add.</p>
<p>Places of worship should not be exempt from paying business rates as these places benefit a select number and type of people. They should also be investigated to ensure that they are not fundraising and profiting</p>
<p>Relief form are confusing and need to be made simple for business to apply for rates relief.</p>
<p>Small business rate relief should not just be judged on the size of the unit but the size of the company and what they do. For example we are a small design company, doing work for local galleries and businesses. We employ 2 local people. Yet we are not awarded any small business rate relief.</p>
<p>The check and challenge process is incredibly opaque, difficult and long winded. It appears to be designed to discourage people. It is almost impossible to fulfil, has endless complications, especially for non UK passport holders (who are excluded from all online services). Not only have business</p>

<p>rates crippled many small businesses already suffering from increasing rents, but on top of it their only options to disagree and challenge the decision appear to be impossibly complicated and time consuming.</p>
<p>We are not asking for exemption form Business Rates but merely that you consider the actual rentable value of properties with regard the livelihoods they sustains, and that traditional workshops such as ours can exist as small not-for-profit businesses in the same area as the large new rentable opportunities afforded to corporations and businesses moving in.</p>
<p>Please also note that it is the creative spirit and artistic presence that makes places inviting and that many artists have already moved out of the borough because they cant afford the hike in rents. Please kindly value that this is how we choose to live and work and consider the worth that we continue to bring to society and the local community. The police reports for St. Peters Ward offer an alternative vision of the local area for your interest.</p>
<p>The council should be more understanding about the struggles that small business owners go through everyday. We are hard working people and every effort should be made by the council to help us. Small business should be given greater business rate relief.</p>
<p>The guidance seems sound and does seem to be based on a clear desire to support businesses while also supporting local residents.</p>
<p>The proposed criteria and guidance appear to be comprehensive and well thought through.</p>
<p>The rates are as high as the rents then service charges will apply if the premises has to be run for 12 hours a wage has to be paid basically small shops are overpriced</p>
<p>This should be sent out to all organisations for information about what may happen in the future and how it could effect them</p>
<p>To give more than lip service as a Labour Party borough, work proactively to encourage the poor to develop businesses in council owned buildings that were once ignored and neglected because some areas were undesirable. Stop hiking up rents for existing tenants so that they can develop long term plans with leases into 15 years long as recommended in the CLES Report backed by the LBTH in 2002.</p>
<p>Encourage foreign investments in exchange for training and childcare that they pay for themselves. The council should be loyal to long standing businesses and imaginations who weathered the storms over the years and still provide a service to many in the borough.</p>
<p>It seems as if the Labour Party want the poor to move out of Tower Hamlets were once it was the only place we could feel safe and wanted.</p>
<p>We are just surviving even though busy cafe because there is no balance incomes and expenditures</p>
<p>We do not feel that the council has ever supported us or cared of our issues. Bit of disappointed, I would say.</p>
<p>Have a lovely day."</p>
<p>What are the main differences in this proposal from the last?</p>
<p>Without the criteria being part of this survey, it's pretty pointless.</p>

<p>Cabinet</p> <p>31 October 2018</p>	
<p>Report of: Ann Sutcliffe, Acting Corporate Director, Place</p>	<p>Classification: Unrestricted</p>
<p>Proposed Additional Licensing Scheme for Houses in Multiple Occupation</p>	

Lead Member	Councillor Sirajul Islam – Statutory Deputy Mayor and Cabinet Member for Housing
Originating Officer(s)	David Tolley – Head of Environmental Health and Trading Standards
Wards affected	All wards apart from Weavers, Whitechapel, Spitalfields and Banglatown pre 2014 boundaries
Key Decision?	Yes
Forward Plan Notice Published	28 September 2018
Reason for Key Decision	Impact on Wards – statutory requirement
Community Plan Theme	A safe and cohesive community

Executive Summary

The purpose of this report is to outline the proposal for an Additional Licensing Scheme for smaller properties in multiple-occupation within the London Borough of Tower Hamlets following a public consultation.

The Additional Licensing Scheme will not apply to the pre 2014 wards of Weavers, Whitechapel, Spitalfields and Banglatown as a Selective Licensing Scheme is already in operation, however the multi-occupied rental standards will apply.

The introduction of further licensing aims to improve management and housing conditions across the private rented sector. Benefits would include but not limited to:

- Responsible landlords would gain from improved clarity of their role in raising property and tenancy management standards while action is taken to tackle those who flout their legal responsibilities.
- Tenants would be clear on what they can expect from both the homes that they rent and the landlord that they rent it from.
- Both tenants and landlords will be clear on the minimum standards expected within multi-occupied premises if the rental standards are adopted.
- It is expected that communities would benefit from a consistent approach towards proactively assessing and improving housing conditions across the private rented sector.
- A simpler enforcement regime covering all HMOs

If the Additional Licensing Scheme and multi – occupied rental property standards are to be approved, it is proposed that the designation will come into force, following statutory notification requirements on the 1st April 2019 for a period of five years.

The report sets out the fee structure and conditions for approval to apply across all multiple-occupied licensed premises

RECOMMENDATIONS

The Mayor in Cabinet is recommended to:

1. Note the results of the consultation undertaken in relation to the proposed Additional Licensing Scheme as summarised in the report.
2. Designate all wards in the Borough as subject to Additional Licensing under section 56(1) of the Housing Act 2004 in relation to smaller multiple-occupied premises occupied by three or more persons in two or more households where some or all the facilities are shared. Such designation to take effect from 1st April 2019 and to last for five years, however, excluding areas that are currently subject to a Selective Licensing Scheme.
3. Agree the fee structure for the Additional Licensing Scheme as set out in Appendix Two whereas the application fee will be apportioned for administrative and enforcement costs. For all Housing Licensing fees an additional cost for administration is being introduced when the applicant takes this option.
4. Agree the Additional Licensing Scheme licence conditions, fit and proper person protocol and amenity standards as detailed in Appendix Five. The amenity standards will also apply to the existing Mandatory licensed Houses in Multi-occupied and Selective Licensing Scheme from the 1st January 2019 and to the Additional Licensing Scheme from 1st April 2019.
5. Delegate to the Corporate Director of Place, authority to issue the required statutory notifications in relation to the commencement of the Additional Licensing Scheme designation.
6. To agree that no further exemptions to the scheme should be considered in addition to the statutory exemptions.

1. REASONS FOR THE DECISIONS

- 1.1 There are two types of adoptive licensing schemes for the Private Rented Sector (PRS) which the Council can adopt. These comprise an additional licensing scheme limited to properties in multiple occupation only or a selective licensing scheme for any property in the private rented sector. The

Housing Act 2004 gives the Council the power to introduce Housing Licensing Schemes for privately rented properties within the whole Borough or in designated areas, in order to improve standards of management in the Private Rented Sector (PRS).

- 1.2 A licensing scheme will enable the Council to impose a legal requirement, in the designated area, on all landlords to register, apply for a licence for each property they rent out, and comply with specific licence conditions thus giving the Council more power to tackle irresponsible letting of properties.
- 1.3 In addition, improving physical standards and the quality of management in the PRS will deliver social and health benefits. The links between poor health through damp and mould and overcrowding are well established. Improved quality of housing will have an impact across many different partner organisations i.e. health, education.
- 1.4 Licensing is expected to assist in encouraging stable, long term tenancies to the benefit of landlords and tenants.
- 1.5 Prior to designating an area, the Council must consult with interested groups such as landlords, tenants, letting agents, landlord associations and other interested parties, a consultation exercise has been undertaken.
- 1.6 An Additional Licensing Scheme will attract a licence fee for each property and the scheme will be self-financing.
- 1.7 The private rented sector serves a diverse population of tenants and privately rented properties range from luxury apartments to large shared houses. Equally varied are landlords, who range from large companies to individuals renting out a single property.
- 1.8 One of the difficulties that the Council has in managing the PRS is that it does not hold a register of properties and relies on complaints to deal with disrepair etc.
- 1.9 Currently enforcement action outside the Selective Licence area on smaller multiple occupied premises is taken against landlords on a reactive basis via complaints. This relates more to housing conditions. However, many tenants are reluctant to complain for fear of retaliatory eviction. Where complaints are received, conventional enforcement action under the Housing Act can be difficult, time consuming and labour intensive. Licensing powers will enable HMOs to be dealt with strategically / proactively and can provide quicker and easier remedies for tenants.
- 1.10 When contact is made with landlords they are encouraged to become registered with the Landlord Accreditation Scheme. This is a London wide scheme driven by the Mayor of London to improve private sector management and regulation. However, the uptake has not been extensive.

1.11 Houses in multiple occupation (HMOs) are very often the properties where the worst housing conditions exist, where some of the most vulnerable people in the community live and which are operated by some of the worst landlords. Licensing schemes have proved to be an effective tool for local authorities to raise standards and improve local neighbourhoods.

1.12 The table below summarises the current private rented licensing schemes in the Borough

Scheme	Type of privately rented property	Wards affected	Duration of scheme
Mandatory HMO Licensing	All HMO's that have 5 or more tenants from two or more households sharing amenities. Does not include purpose built blocks of flats	All Wards	Not limited, a three year licence is normally issued
Selective Licensing	Any privately rented property, irrespective of property size or number of tenants	Weavers, Whitechapel, Spitalfields and Banglatown – pre 2014 ward changes	Scheme locally designated, expires October 2021, is renewable by local designation. Five year licences normally issued
Additional Licensing	Any privately rented multiple occupied premises with three or more tenants from two different households. Includes purpose built blocks of flats	All Wards, excluding the Selective Licensing Area	Scheme locally designated, expires April 2024, is renewable by local designation. Five year licences normally issued.

2. **ALTERNATIVE OPTIONS**

2.1 Cabinet may choose not to introduce an Additional Licensing Scheme and rely upon the current mandatory Houses in Multiple Occupation licence scheme and the Selective Licensing Scheme in the wards in the western part of the Borough. This option would involve the council doing nothing to intervene in those parts of the private rented sector, where the above schemes do not apply, leaving the housing market as the driver for landlords carrying out improvements to their properties.

2.2 Use existing reactive powers, the council would only intervene on a complaint basis. This is reactive and has no strategic intervention objectives, there could be under reporting due to the fear of retaliatory eviction.

2.3 Use of interim management orders and final management orders for non-licensable HMO's – the council takes over control of the property and manages it. This is extremely resource intensive and would only deal with individual properties.

2.4 Voluntary accreditation, this would tend to attract the responsible landlords and be ignored by the irresponsible, it is not a strong incentive for poor agents/landlords to join.

3. DETAILS OF THE REPORT

3.1 Houses and flats in multiple occupation (HMO's) are of considerable concern in many parts of the Borough because of the unacceptable standards that can exist. The Housing Act 2004 has given councils the power to introduce additional HMO licensing to improve conditions for tenants and the local community in certain circumstances. It also provides those wishing to rent out property, landlords and managing agents with a clear expectation of what standards are required.

3.2 Currently approximately 325 large HMO's are licensed across the Borough through the national mandatory licensing scheme. The national scheme is changing whereby the removal of the criteria of the number of floors is removed as a limiting factor. However, the requirement to have 5 renters from at least two different households remains. The national mandatory scheme also exempts purpose built blocks of flats, which is a significant proportion of the housing in Tower Hamlets.

3.3 At Cabinet on the 30th January 2018, the Mayor approved the recommendation to go out to consultation on the introduction of an Additional Licensing Scheme across Tower Hamlets, excluding the pre 2014 wards of Weavers, Whitechapel, Spitalfields and Banglatown as a Selective Licensing Scheme already exists.

3.4 The consultation took place from 1st March for 12 weeks. Section 56(3) of the Housing Act 2004 states that prior to designating areas subject to licensing the local authority must:

- Take reasonable steps to consult persons who may be affected by the designation
- Consider any representations made in accordance with the consultation.
- The local authority must consider that a significant proportion of the properties in multiple occupation, of those properties that come within the scheme, are being managed sufficiently ineffectively as to give rise, or likely to give rise, to one or more particular problems either for those occupying the multi-occupied property or for members of the public.
- Have regard to any information regarding the extent to which any codes of practice approved under section 233 have been complied with by persons managing HMO's in the area
- Consider whether there are any other courses of action available to the council that might provide an effective method of dealing with the problem.
- That the making of the designation will significantly assist the council to deal with the problem

- 3.5 Examples of properties being managed sufficiently ineffectively and therefore having a detrimental effect on an area are;
- Where the external condition and curtilage adversely impacts on the general character and amenity of the area.
 - Where the HMO has not been set up to meet the needs of the number of people living there, for example, because it lacks adequate fire precautions; insufficient kitchen, bathroom or toilet amenities; bedrooms are undersized, etc.
 - Where the internal condition, such as poorly maintained amenities, leaks, damp and dirty conditions, pest infestations or overcrowding adversely impact on the health safety and welfare of the tenants and the landlords are failing to take the appropriate remedial action.
 - Where there are significant and persistent problems of anti-social behaviour affecting other residents and/or the local community and the landlords are not taking steps to address the issues.
 - The lack of management or poor management skills or practices is otherwise adversely impacting on the health, safety and welfare of the tenants and/or the wider community.
- 3.6 At least a 10 week consultation is required under the General Consent for Additional Licensing Schemes. A 12 week public consultation began on the 1st March 2018 on the scheme.
- 3.7 The Additional Licensing Scheme consultation consisted of defining the meaning of properties in multiple occupation, Appendix One, the operation of the scheme and fee structure, Appendix Two, the licence conditions, Appendix Three, the fit and proper person test, Appendix four and the multi-occupied property standards Appendix five.
- 3.8 The council consulted with local residents, including tenants, landlords, managing agents, key interested parties i.e. landlord groups and resident groups. The consultation also sought views of community groups who live or operate businesses or provide services within the areas of the proposed designation. Consultation also took place with neighbouring local authorities and their residents.
- 3.9 The consultation consisted of an on line survey available on the council's website. The survey was accompanied by information on the scope of the scheme in relation to the properties covered, the fee structure, the fit and property person protocol, licence conditions and the amenity standards. The following activities were undertaken to encourage completion on the on line survey:
- Advice sent out with the Council Tax Notification that the consultation was taking place.
 - Notices published within East London Advertiser

- Notices published in Newham & Stratford Recorder, Hackney Gazette Southwark News, Greenwich Info, Metro (London), Docklands & East London Advertiser and Waltham Forest Guardian
 - Letters to known letting agents/property agents
 - Public meetings at:
 - 15 March at Professional Development Centre, Bethnal Green
 - 28 March at Idea Store, Canary Wharf
 - 12 April at Idea Store Bow
 - 23 April at Mulberry Place, Tower Hamlets Council Chambers
 - Website and social media advertisements
 - Plasma TV slides created to be in all Idea Stores
 - An article in Our East End
 - Letters sent out to big portfolio landlords
 - Posters in housing advice
 - Posters in community places
 - Letters to resident associations
 - Letters have gone out to all student accommodations establishments
 - Environmental Health Staff sent out leaflets and letters with their notices and letters and emails to tenants/landlords/property agents
- 3.10 The consultation responses are found in Appendices 6-9 where the online results are displayed graphically, a summary of the online comments, comments from the public meeting and written representations. The online question set is at Appendix 10.
- 3.11 In order to introduce additional licensing the council must consider that a significant proportion of the multiple occupied premises of the schemes definition in the area are being managed sufficiently ineffectively as to give rise or to be likely to give rise to one or more particular problems either for those occupying the properties or for members of the public.
- 3.12 Independent evidence collated by Mayhew Harper Associates Ltd was considered by Cabinet on the 30th January 2018 which concluded that there was ineffective management of HMO's which supported the introduction of an additional licensing scheme. This report is presented again at Appendix 11
- 3.13 The proposed scheme as outlined in this report would cover approximately 9,000 multiple occupied premises, the scheme would last for five years initially. The proposed scheme would cover:
- Any HMO of two or more storeys, occupied by three or more persons in two or more households and where some or all facilities are shared or missing.
 - Any flat in multiple occupation which is occupied by three or more persons in two or more households and where some or all facilities are shared or missing.
 - Any HMO of two or more storeys, with a resident owner and occupied by three or more persons in two or more households and where some or all facilities are shared or missing.

- Any flat, with a resident owner and occupied by three or more persons in two or more households and where some or all facilities are shared or missing.
- Any buildings which have been converted into and consists of self-contained flats only, and does not comply with the 1991 Building Control Regulations and less than two thirds of the flats are owner occupied.
- Any house of two or more storeys comprising both self-contained and non-self-contained units of accommodation occupied in aggregate by three or more persons in two or more households (not including a resident owner), some of whom share or lack one or more basic amenities such as a bathroom, toilet or cooking facilities.

3.14 A total of 65 responses to the on line consultations were received. A number of comments were also received from individuals that attended the public meetings and there were a number of written submissions.

3.15 The consultation results are displayed in appendix 1-5 along with written comments and submissions, where the comments have been catergorised. The following is a brief summary of the consultation returns:

- Two thirds who responded were residents in the Borough
- Most responders who were identified came from Island Gardens ward
- The majority of responders on line were owner occupiers with 40% being landlords or letting agents.
- Of those that owned/managed rented property, the majority that responded managed between 1-5 multi-occupied premises.
- There was concern expressed that licensing increases bureaucracy, rents and landlord costs.
- Over 40% of on line responders felt that licensing would reduce overcrowding
- Over 60% felt that the Councils powers to deal with rented property would increase
- A third agreed with the additional licensing scheme and the amenity standards
- Putting the living and dining room space standards to one side, the majority agreed with the amenity standards
- Just under half felt that landlords were managing properties effectively
- Litter and rubbish were the main issues identified as causing problems.
- About 44% felt that landlords maintain their properties whereby a third disagreed
- Just under half identified poor management and rogue landlords as an issue with HMO's
- Most agreed with the fit and proper person protocol
- Just over 40% disagreed with the fee set

3.16 A number of consistent themes emerged throughout the consultation:

- Rents may go up

- Airbnb excluded from the proposals
 - The scheme is a money making project for the council
 - Enforcement to target higher risk properties
- 3.17 Airbnb and party houses do not constitute a multiple occupied premises under the Housing Act 2004 and therefore cannot be licensed as the property must be occupied by persons as their only or main residence. There is a separate officer working group examining this issue.
- 3.18 It is felt that an additional £2 per week for the licence fee for a compliant landlord will not influence any increase in rents. The main driver for the increase in rents is the demand for such properties, which as an average is £800 per month for a room in a multiple occupied premises.
- 3.19 The fee structure has been calculated to ensure cost recovery and taking into account our experience with the current Selective Licensing Scheme. The fee should only cover the work to manage the scheme and is ring fenced to the scheme. It is recognized that those landlords that have to be chased to apply or are non complaint will rightly have to pay more due to the additional costs in dealing with them. The proposed fee is lower than a number of our peers and is a progressive fee structure and is a deliberate policy to try to ensure the licensing of rented property is made in a timely manner, thereby avoiding additional costs to the council.
- 3.20 The fit and proper person protocol and the set conditions detail the standards that need to apply to those managing a rented property of the facilities and provisions that are to the expected. During the consultation, these amenity standards and licence conditions were in general agreement and there is no expectation to change these.
- 3.21 It is proposed that the introduction of such a licensing scheme for HMO's would be the best way to regulate such premises by:
- Targeting resources at the properties and management arrangements of most concern.
 - Promoting engagement with landlords, tenants and agents with an involvement with HMO's.
 - Assisting with raising standards in the private rented market in relation to health, safety and welfare of the occupants – thus reducing the need for expensive intervention strategies.
 - Helping to improve standards of fire safety which are a particular problem in HMOs, benefitting HMO occupiers and people who live in neighbouring properties
 - Enabling licensed HMOs database to be published on the Council's website.
 - Assisting with the identification of the worst properties to enable the Services to work with landlords and managing agents to bring them up to standard

- Enabling local residents, occupiers or potential occupiers to inform the Council of any HMO's which they think need a licence but do not have one.
- Preventing overcrowding by setting limits as to the number of permitted occupiers.
- Assisting with reducing any associated detrimental impacts upon local neighbourhoods and reducing the number of complaints
- Ensuring that criminal landlords are targeted and dealt with appropriately and to make certain that only those proven to be fit and proper persons can have control over an HMO
- Promoting engagement between enforcers (such as Environmental Health and Trading Standards depts) with the various tenants' advice services to tackle poor practice and exploitation of tenants by local landlords.
- Helping to prevent exploitation of tenants by ensuring that they are issued with lawful tenancies and are aware of their rights, keeping people secure in their homes and preventing illegal evictions.
Making sure that HMO's can take their proper place among other dwelling types in the housing market, and that they are not a choice of last resort.

The licensing scheme will include a programme of inspection for licensed HMOs to ensure compliance with licence conditions and amenity standards. As well as dealing with individual properties, this will gain much better information about the condition of the local housing stock; standards of management and the different kinds of tenure that are being offered to tenants, which will inform future strategies for intervening in the PRS

3.22 Sections 57 and 81 of the Housing act require the Council to identify how an Additional Licensing Scheme will improve an area and how the designation will work alongside other existing policies or measures already being taken. The council will have to show how such a designation will be part of the overall strategic boroughwide approach and how it fits with existing policies on:

- Homelessness
- Empty Homes
- Regeneration
- Anti-social Behaviour
- Role of Partners

3.23 The council must consider whether there are any other courses of action available that may provide an effective method of achieving the objectives that the designation is intended to achieve and how the designation will significantly assist the council in achieving the objectives.

3.24 These matters have previously been considered by Cabinet on the 30th January 2018 and the substantive matters are outlined again in Appendix 12.

3.25 The Council designated a selective licensing area within three areas of the Borough (Weavers, Whitechapel, Spitalfields and Banglatown) in October

2016. The selective licensing area required all privately rented property to be licensed, approximately 5000 applications have been received. The selective licensing has enabled the service to work closely with landlords and agents to enable renters to obtain a fairer deal within the private rented sector.

- 3.26 We have potentially ten prosecution cases emanating out of the HMO/ licensing work (selective and mandatory) that the Service has been working on, predominately arising out of complaints from renters or landlords that are failing to apply for a licence. These cases range from breach of prohibition orders and failure to adhere to the houses in multiple occupation management standards which includes fire safety issues. At Appendix Thirteen are three case studies that have been pursued or are currently being dealt with as part of the licensing regime.

4. EQUALITY IMPLICATIONS

- 4.1 The Equalities Impact assessment has been reviewed in light of the scheme at Appendix 14 and no adverse issues have been identified.
- 4.2 Through the landlords compliance with specific licensing conditions there will be an indirect but positive secondary impact upon those tenants living in the private rented sector. This will be derived through raising the housing standards in relation to health, safety and welfare of the occupants of those who are living in multi-occupied premises.

5 OTHER STATUTORY IMPLICATIONS

- 5.1 Best Value: The Council is fulfilling its best value duty by considering that those landlords that impose a cost on managing the private rented sector contribute financially to its regulation.
- 5.2 Risk Management: If the scheme is not introduced legally, following the steps laid down in guidance, there is a risk of challenge from third parties.
- 5.3 Crime Reduction: The scheme, through the licence conditions should have a downward pressure on the number of anti-social behaviour incidents and complaints
- 5.4 Safeguarding: A potential outcome of the additional licensing scheme may be to enhance safeguarding provisions for children and adults within rented accommodation. Any action that improves the living conditions and tenancy security of renters would have an impact on their wellbeing. Visits to properties by regulators may highlight concerns around exploitation of renters which can be signposted to other agencies.
- 5.5 Sustainable action for a greener environment; the scheme will look and reducing damp and mould in properties thus increasing insulation, this will

mean that the amount of energy to heat homes will be reduced, thus reducing the overall carbon footprint of the property.

6. COMMENTS OF THE CHIEF FINANCIAL OFFICER

- 6.1 The report seeks approval to designate all wards in the Borough as subject to the Additional Licensing Scheme under section 56(1) of the Housing Act 2004 effective from the 1st April 2019. The licence scheme will be for a five year period for all multiple-occupied premises where there are three or more persons in two or more households with shared facilities. It is estimated that approximately 9,000 premises will be impacted by the scheme.
- 6.2 The fee has been calculated to enable the Council to levy a reasonable charge to recover the costs of administration, enforcement and attributed overheads over the five year duration. The scheme must be cost neutral whereby the income received from the Licence fees should not exceed the expenditure over the five year period. The fee structure for the scheme is set out in Appendix Two of the report with no exemptions considered in addition to statutory exemptions. The Licence fee for the proposed Additional Licensing Scheme from the 1st April 2019 will be £520 for a full online application.

7. COMMENTS OF LEGAL SERVICES

- 7.1 The report seeks approval for the designation of all wards in the borough as being subject to Additional Licensing under the Housing Act 2004.
- 7.2 Section 56(1) of the Housing Act 2004 (the Act), sets out the requirements for the designation of areas subject to additional licensing. The Council may designate the area of their district or an area in their district as the subject to additional licensing in relation to a description of Houses in Multiple Occupation (HMOs). To do so, the Council must consider that a significant proportion of the HMOs in the borough are being managed sufficiently ineffectively as to give rise, or to be likely to give rise, to one or more particular problems either for those occupying the HMOs or for members of the public. Paragraph 3.12 of the report refers to the evidence collated by Mayhew Harper Associates Ltd which supports the introduction of an Additional Licensing Scheme. The full report is at Appendix 11.
- 7.3 Section 56(3) of the Act states that before making a designation the Council must:
- (a) Take reasonable steps to consult persons who are likely to be affected by the designation; and
 - (b) Consider any representations made in accordance with the consultation and not withdrawn.

Paragraphs 3.8 to 3.16 of the report set out what consultation has taken place and the outcome of the consultation. Members must conscientiously consider the feedback from the consultation before making a decision.

- 7.4 Under the Act a building or a part of a building is a “house in multiple occupation” if it consists of one or more units of living accommodation not consisting of a self-contained flat or flats; the living accommodation is occupied by persons who do not form a single household; the living accommodation is occupied by those persons as their only or main residence or they are to be treated as so occupying it; their occupation of the living accommodation constitutes the only use of that accommodation; rents are payable or other consideration is to be provided in respect of at least one of those persons’ occupation of the living accommodation; and two or more of the households who occupy the living accommodation share one or more basic amenities or the living accommodation is lacking in one or more basic amenities
- 7.5 The statutory exemptions from Additional Licensing Schemes are set out in schedule 14 of the Act and are as follows :
A building where the person managing or having control of it is:
- (a) A local housing authority;
 - (b) A non-profit registered provider of social housing;
 - (c) A body which is registered as a social landlord under Part 1 of the Housing Act 1996;
 - (d) A Police and Crime Commissioner;
 - (e) The Mayor’s Office for Policing and Crime;
 - (f) A fire and rescue authority, or
 - (g) A health service body within the meaning of section 9 of the National Health Service Act 2006;
 - (h) Buildings controlled or managed by a co-operative society
 - (i) Buildings occupied by students, which is occupied solely or principally by persons who occupy it for the purpose of undertaking a full-time course of further or higher education at a specified educational establishment or at an educational establishment of a specified description, and where the person managing or having control of it is the educational establishment in question or a specified person or a person of a specified description;
 - (j) Buildings occupied by religious communities
 - i. Any building which is occupied principally for the purposes of a religious community whose principal occupation is prayer, contemplation, education or the relief of suffering;
 - ii. The exemption under this paragraph does not apply in the case of a converted block of flats to which section 257 of the Housing Act applies.
- 7.6 The Council has the power to set application fees. Such fees must be reasonable and should properly reflect the costs anticipated for administering the application. Fees cannot include costs associated with enforcement against unlicensed properties.
- 7.7 The designation can last for no more than 5 years from the date on which it comes into force. The Council must review the designation from time to time and, if appropriate, the designation may be revoked.

- 7.8 By section 58(1) of the Act a designation of an area as subject to additional licensing cannot come into force unless it has been confirmed by the Council. The date of confirmation must be no earlier than three months after the date on which the designation is confirmed
- 7.9 As soon as the designation is confirmed the Council must publish a notice stating:
- (a) that the designation has been made;
 - (b) the date on which the designation is to come into force, and
 - (c) any other information which may be prescribed.
- After publication of the notice, and for as long as the designation is in force, the Council must make available to the public :
- (i) Copies of the designation, and
 - (ii) Such information relating to the designation as is prescribed.
- 7.10 When exercising its functions under the Housing Act the Council must comply with section 149 of the Equality Act 2010, in that it must have due regard to the need to eliminate unlawful conduct under the Act, advance equality of opportunity and foster good relations between persons who share a protected characteristic and those who do not (the public sector equality duty). The Equalities impact check list (Appendix 14) does not reveal any adverse impacts of the scheme. However this will need to be kept under review.

Linked Reports, Appendices and Background Documents

APPENDICES

- Appendix One: Definition of a House in Multiple Occupation
 - Appendix Two: Tower Hamlets Additional Licensing Scheme proposal
 - Appendix Three: Licence Conditions
 - Appendix Four: Fit and Proper Person Protocol
 - Appendix Five: Multi-occupied amenity standards for rented property
 - Appendix Six: Online graphically displayed results from consultation
 - Appendix Seven: Online summary of text
 - Appendix Eight: Public meeting comments
 - Appendix Nine: Written responses received
 - Appendix Ten: Survey questions
 - Appendix Eleven: Mayhew Harper Associates review for additional licensing
 - Appendix Twelve: Overall Housing Strategy
 - Appendix Thirteen: Licence case studies
 - Appendix Fourteen: Equalities Impact Assessment Checklist.
-

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

- NONE

Officer contact details for documents: N/A

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Appendix: One Definition of a House in Multiple Occupation (HMO)

The definition of an HMO is within the Housing Act 2004 at sections 254 to 259.

Definition of a Household

Households' under the Housing Act 2004 includes members of the same family living together who are:

- Couples married to each other or living together as husband and wife (or equivalent relationship in the case of the persons of the same sex)
- Relatives living together, including parents, grandparents, children (and step-children), grandchildren, brothers, sisters, uncles, aunts, nephews, nieces, or cousins
- Half relatives who are treated as full relatives
- A foster child living with his foster parent is treated as living in the same household as his foster parent

Definition of a House/Flat in multiple Occupation

A HMO means a building or part of a building, such as a flat which:

- Is occupied by a minimum of 3 or more unrelated individuals in more than one household, who share facilities such as kitchen and bathroom or lack one or more basic amenities such as a bathroom, toilet or cooking facilities; and have exclusive occupation of the whole property.
- Any part of a building which is a self-contained flat, which consists of one or more units of accommodation, in which two or more households share or more basic amenities or where the accommodation is lacking basic amenities
- Is a converted building occupied by more than one household, but does not consist entirely of self-contained flats (whether or not one or more of the basic amenities are shared or lacking); Any building which has been converted and contains one or more units of accommodation, which are not self-contained (whether or not the building also consists of some self-contained flats) – mixed used building.
- Any building which has been converted and consists of self-contained flats only and does not comply with the minimum standard, in the Building Regulations 1991 and where less than two thirds of the flats are owner occupied, (more than one third on short tenancies). (section 257 of the Housing Act 2004) *see note*.

And where

- The building is occupied by more than one household as their only or main residence (permanent residence)
- Rents are payable or other consideration provided by at least one of the occupiers
- The occupation of the living accommodation is the only use of that accommodation
- Bed and breakfast and hostel accommodation occupied by individuals as their main and permanent address are also considered to be HMO.

Note

For these purposes, a flat is 'owner occupied' if it is occupied:

- a) By a person who has a lease of the flat which has been granted for a term of more than 21 years,
- b) By a person who has the freehold estate in the converted block of flats, or,
- c) By a member of the household of a person within paragraph a) or b)

Exemptions

There are exemptions to these definitions and these are contained in schedule 14 of the Housing Act 2004. This includes any building which is occupied only by two persons who form two households.

- Buildings controlled or managed by a Local Housing Authority
- Buildings controlled or managed by registered social landlords and housing providers.
- Buildings controlled and managed by police
- Buildings controlled and managed by fire brigade
- Buildings controlled and managed by Health Service Body
- Buildings regulated by other enactments
- Buildings occupied by religious communities (except section 257 HMOs)
- Any building occupied by two persons who form two households

Appendix: Two Tower Hamlets Additional Licensing Scheme proposal

Types of HMO that will be included within the scheme

It is proposed that the scheme would cover the whole Borough, excluding the current selective licensing designation (Weavers, Whitechapel and Spitalfields and Banglatown wards per 2014)

The types of HMO that would require a licence are:

- a) Any HMO of two or more storeys, occupied by three or more persons in two or more households and where some or all facilities are shared or missing.
- b) Any flat in multiple occupation which is occupied by three or more persons in two or more households and where some or all facilities are shared or missing.
- c) Any HMO of two or more storeys, with a resident owner and occupied by three or more persons in two or more households and where some or all facilities are shared or missing.
- d) Any flat, with a resident owner and occupied by three or more persons in two or more households and where some or all facilities are shared or missing.
- e) Any buildings which has been converted into and consists of self-contained flats only, and it does not comply with the 1991 Building Control Regulations and less than two thirds of the flats are owner occupied.
- f) Any house of two or more storeys comprised of both self-contained and non-self-contained units of accommodation occupied in aggregate by three or more persons in two or more households (not including a resident owner), some of whom share or lack one or more basic amenities such as a bathroom, toilet or cooking facilities.

Application Process

The Additional Licensing scheme would ensure that the responsibility for the HMO property management lies with the landlord. The licensing process should require the landlord to:

- a) Complete and submit an application form to the Council together with a fee. The form would seek to understand the size of the property, the available amenities as well as details of safety measures that have been put in place such as the type and installation of a fire detection system.
- b) In order to demonstrate competent property management the landlord should provide evidence on application:
 - Annual gas safety certificate

- Electrical installation condition certificate in the last 5 years and a portable appliance test certificate
- An automated alarm system in the event of fire, and if appropriate emergency lighting.
- Evidence of arrangements which demonstrate competent property management – management records and copies of tenancy agreements
- The suitability of management structures and adequacy of management structures
- Floor plan with room sizes and uses clearly shown
- Copy of the EPC where this applies
- Current occupancy details
- Any proposed licence holder or manager of the property will be required to make a declaration that they are fit and proper persons.

The Licence

The completed application will be scrutinized and a licence will be granted with standard conditions prior to an inspection taking place.

Where applications are received within the first three months of the scheme being introduced, this will be considered an indication of professional property management and a five year licence will be granted. The property will then be risked assessed for inspection within 5 years of the licence issue date.

If the licence application is not received in the first three months and two warning letters are sent, the licence will be issued for 12 months and the property will be risked higher as a failure for good property a management, bringing forward any inspection.

Licence Fees

The licence fee has been set to ensure that the fee does not exceed the actual and direct costs of processing an application and the cost of monitoring compliance by landlords with terms of the licence (European Services Directive).

The fee structure is also required to be reasonable and proportionate and cannot include set up charges for the scheme nor overheads or the general running costs of the organisation.

The fee is to cover the administration costs of the licence, the fees will be reviewed annually to reflect changes in costs.

Where the council is put to extra costs by having to manually process licences and additional fee will be imposed.

The fee structure is:

Application type	Fee
Full on line application	£520 for five year licence
Partial on line application with documents sent through the post or all information not provided on first full application	£580 for five year licence
Postal application	£610 for five year licence
Postal application with all information not provided on first full application	£660 for five year licence
Landlords with previous management concerns or have required two warning letters to apply for a licence/ outside three months of the designation commencing	Fees as above but licence will be valid for one year only
Application withdrawn by applicant, revocation, refusal by Council to licence, property ceases to require a licence	No refund
Temporary Exemption Notice	Free
Variation instigated by the licence holder	£30
Split fee Offer due to recent case law to split the fee to demonstrate cost of administration and enforcement.	
On line application part 1 - Administration	£211
On line application part 2 Enforcement	£309
Administration fee for split payment paid with part 1 for all Housing Licensing fees.	£31

Licence holder

In considering an application for a licence, the licence holder must have a UK address.

The Council will also consider if the proposed licence holder is a 'fit and proper person'. The criteria is defined in the associated guidance to the legislation.

The licence holder must also ensure that they have any relevant permissions for the HMO from the Planning Service.

If the licence holder is found not to be a 'fit and proper person' against these criteria then they must find someone else to manage the property who is agreeable to the Council.

The Council will publish an on-line list of all HMO's under the scheme. Members of the public and tenants or prospective tenants will be able to check the database and have confidence of knowing that a HMO has a licence.

If the scheme is approved and having become operative, it will be an offence to operate an HMO falling within the scope of the scheme without a licence.

Exemptions

The following are statutorily exempt for the Additional Licensing Scheme

Buildings controlled or managed by public sector bodies etc.

A building where the person managing or having control of it is

- a) a local housing authority,
- b) a non-profit registered provider of social housing,]
- c) body which is registered as a social landlord under Part 1 of the Housing Act
- d) a police and crime commissioner,
- e) the Mayor's Office for Policing and Crime,
- f) a fire and rescue authority, or
- g) a health service body within the meaning of section 9 of the National Health Service Act 2006.
- h) buildings controlled or managed by a co-operative society
- i) Buildings occupied by students, where:
 - which is occupied solely or principally by persons who occupy it for the purpose of undertaking a full-time course of further or higher education at a specified educational establishment or at an educational establishment of a specified description, and
 - where the person managing or having control of it is the educational establishment in question or a specified person or a person of a specified description
- j) Buildings occupied by religious communities

- Any building which is occupied principally for the purposes of a religious community whose principal occupation is prayer, contemplation, education or the relief of suffering
- This paragraph does not apply in the case of a converted block of flats to which section 257 applies.

k) Buildings occupied by two persons

- Any building which is occupied only by two persons who form two households

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Appendix Three: Schedule of licence conditions

1. Tenancy Management

Table of Occupation

Letting	Location	Area	Maximum occupiers
Maximum Occupiers			

2. The licence holder/manager is prohibited from allowing a new resident to occupy the property and/or parts of the property if: -
 - that occupation exceeds the maximum number of permitted persons in the property or,
 - that occupation exceeds the maximum number permitted for any unit of accommodation.

A 'new resident' is a person not in occupation at the date the licence is issued.

3. The licence holder shall ensure that the name, address, email and telephone number of the person responsible for managing the property is displayed in a prominent position in the common parts of the property. A 24 hour emergency telephone number should be provided and details of how to report any disrepair issues.
4. The licence holder shall ensure that a copy of the licence and licence conditions are displayed in a prominent position in the common parts of the property.
5. The licence holder shall supply the occupiers of the property with a written statement of the terms on which they occupy the property and details of the arrangements in place to deal with repair and emergency issues. Copies of the written statement of terms must be provided to the Council within **21 days on request**
6. The licence holder shall obtain references from persons who wish to occupy a letting in the property before entering into any tenancy, licence or other agreement with them to occupy the accommodation. No new occupiers shall be allowed to occupy the accommodation if they are unable to provide a satisfactory reference. Copies of the documents must be provided to the Council within **21 days on request**
7. The licence holder shall protect any deposit taken under an assured short-hold tenancy by placing it in one of the 3 statutory tenancy deposit schemes. The

tenant(s) must be given the prescribed information about the scheme being used within 30 days of the deposit being protected. Copies of the documents must be provided to the Council within **21 days on request**

Reducing Anti-social behaviour

- 9 The licence holder shall take all reasonable and practicable steps to prevent or reduce antisocial behaviour by persons occupying or visiting the house. All complaints of anti-social behaviour by occupants or their visitors shall be investigated and the following appropriate actions taken;
 - a) The licence holder shall from the date of receipt of the complaint of antisocial behaviour, monitor any allegations of antisocial behaviour and whether it is continuing.
 - b) Where the antisocial behaviour is continuing after 28 days from receipt of the complaint, the licence holder, or his agent must within 7 days visit the property and issue the occupier with a warning letter advising them of the possibility of eviction.
 - c) Where the licence holder or his agent has reason to believe that the antisocial behaviour involves criminal activity the licence holder shall ensure that the appropriate authorities are informed.
 - d) If after 14 days of giving a warning letter the occupier has taken no steps to address the antisocial behaviour and the ASB is continuing the licence holder shall take formal steps under the written statement of terms of occupation, (e.g. the tenancy agreement or licence.
 - e) Where the licence holder is specifically invited they shall attend any case conferences or multiagency meetings arranged by the Council or police.
- 10 Any correspondence, letters and records referred to in condition 1-8 above must be provided to the Council within 21 days on request.
- 11 The licence holder and his representatives will ensure that the tenant's right to quiet enjoyment of the property is respected. Where entry is required to the property for the purpose of undertaking landlord duties and responsibilities, the licence holder will ensure that the tenant receives at least 24 hours written notice of intention to enter the property specifying the reason entry is required. Only in emergency situations such as flood, fire or potential threat to life should these requirements be waived.

Fit and Proper Person

- 12 The licence holder must ensure that any persons involved with the management of the property must be a fit and proper person as per the definition under section 89 of the Housing Act 2004. The Licence Holder or their Managing Agent must inform the Council within 21 days of any changes in their circumstances as a result of a conviction, or caution or civil penalty

Training

- 13 The licence holder shall upon request of the Council attend such training courses as required.

Property Management

- 14 The licence holder shall ensure that regular inspections (3 months) of the property are carried out to identify any problems relating to the condition and management of the property. The records of such inspections shall be kept for the duration of this licence. Copies of these must be provided to the Council within **21 days on request**.
- 15 The licence holder shall ensure that the property is in compliance with the London Borough of Tower Hamlets Minimum HMO Standards.
- 16 The licence holder shall ensure the property is maintained in reasonable repair and complies with The Management of Houses in Multiple Occupation (England) Regulations 2006. The licence holder must ensure that works of repair, improvement or treatment at the property are carried out by a competent person or persons, employed directly by the licence holder or an agent or employee of the licence holder. The licence holder must provide the Council with a copy of the receipts/invoices and commissioning certificates for any such works within 21 days of any request to inspect them.
- 17 The licence holder shall ensure that all gas installations and appliances are in a safe condition at all times. The licence holder must have available a current valid gas safety certificate obtained within the last 12 months. Copies of the certificate must be provided to the Council within **7 days on request**
- 18 The licence holder must have a current Electrical Installation Condition Report (EICR) for the fixed electrical installation in the parts of the property under their control. Any report should be less than five years old and copies must be provided to the Council within **7 days on request**.
- 19 The licence holder shall ensure that all electrical appliances provided in the property are in a safe condition. The licence holder must submit copies of the Portable Appliance Test (PAT) report for all electrical appliances that are supplied by the landlord to the Council within **7 days on request**.
- 20 The licence holder must ensure that each of the rooms being used as a bedroom have a minimum of 3 wall mounted double electrical sockets.
- 21 The licence holder must ensure that each bathroom and kitchen in the property have adequate mechanical extract ventilation.
- 22 All upholstered furniture and covers and fillings of cushions and pillows should comply with the requirements of the Furniture and Furnishings (Fire) (Safety) Regulations 1988 (as amended). The licence holder shall provide a declaration as to the compliance of such items to the Council within **21 days on request**

- 23 The licence-holder must ensure appropriate fire precautions are provided to safeguard tenants, having regard to the design and construction of the property and the number of occupiers. Fire safety standards to be based on the LACORS Housing Fire Safety Guidance:
http://www.cieh.org/library/Knowledge/Housing/National_fire_safety_guidance_08.pdf

As a minimum all properties must have a suitable mains-wired fire detection system and a means of escape that is adequately protected against smoke and flames should a fire arise in a kitchen, bedroom or other communal room. This can be achieved by finding the case study in Part D of the LACORS guide that closest matches the property and adopting those standards.

The licence holder shall maintain all existing automatic fire detection systems and emergency lighting including smoke alarms in proper working order and, upon request, provide the Council with a BS5839 test report relating to the fire alarm and detection system and/or a BS5266 test report relating to the emergency lighting..

- 24 The licence holder must ensure each letting has a system of fixed space heating capable of maintaining an indoor temperature of at least 21°C in habitable rooms, including bathrooms, when the outdoor temperature is –1°C. The system is to be efficient, suitably sized and have sufficient controls to enable the occupier to regulate the temperature within their letting.
- 25 The licence holder must ensure the property has adequate thermal insulation to minimise heat loss through the building structure.
- 26 The licence holder shall ensure that there are suitable containers provided externally for household recycling and rubbish which are sufficient for the number of occupants within the property. All recycling and rubbish containers must be provided with a dedicated and appropriate storage area.
- 27 The licence holder must give new occupants, in writing and within 7 days of the start of their occupation, the following information on waste and recycling:
- The days on which the property's refuse and recycling bins are collected
 - Details about what occupants can and cannot recycle
 - How occupants can dispose of bulky waste.
- 28 The licence holder must not discard old furniture, bedding, rubbish or refuse from the property on the public highway or pavement immediately outside the property or on private land, other than presenting it for collection.
- 29 The licence holder shall take such steps as are necessary to treat eradicate any pest infestation and prevent recurrence as soon as the infestation is discovered. Such steps should include engaging a competent pest control contractor to undertake a survey of the whole property and undertaking such treatment and

proofing works as required. Copies of the any pest control report must be provided to the Council within 21 days on request.

General

The licence holder shall arrange for Council Officers to be granted access to the property at any reasonable time on request. The licence holder and must not obstruct any Council Officer(s) carrying out their statutory duties including the surveying of the property to ensure compliance with licence conditions and any relevant legislation.

The licence holder shall, if required, by written notice within **21 days** provide the Council with following particulars as may be specified in the notice with respect to the occupancy of the house:

- a) The names and numbers of individuals/households accommodated specifying the rooms they occupy within the property.
- b) Number of individuals in each household.
- c) The licence holder shall inform the Council of any change in ownership or management of the house and
- d) Change in Manager, address and contact telephone number
- e) Change of address of Licence Holder or Landlord and contact telephone number;
- f) An appointment of a manager, their address and contact number

The licence holder shall ensure that whilst any alteration or construction works are in progress all reasonable steps are taken to safeguard occupiers and visitors and to minimise disruption to occupiers and neighbours.

The licence holder must advise the Council's Health and Housing Team in writing of any proposed changes to the construction, layout or amenity provision of the house that would affect the licence or licence conditions.

The licence holder shall ensure that all outbuildings, yards and gardens are maintained in good repair, a clean condition and good order. All boundary walls and fences must be kept and maintained in good and safe repair.

Outbuildings must not be used as residential accommodation and will not form part of the licence for the main dwelling.

The licence is not transferable and may NOT be transferred to another person, organisation or property.

If the licence holder is a registered company and is dissolved while the licence is in force, the licence ceases to be in force on the date of dissolution.

The Licence and conditions do not imply or grant by inference or otherwise any approval or permission for any other purposes including those for Building Control, Development Control and under The Regulatory Reform (Fire Safety) Order 2005.

Conversely compliance with any of those requirements does not confer or imply compliance with the requirements of the Housing Act 2004 including property licensing.

Any requirements relating to the licence and conditions are without prejudice to assessments and appropriate actions including enforcement actions under the Housing Act 2004. This includes actions to deal with category 1 and category 2 hazards as may be identified under Housing Health and Safety Rating System (HHSRS).

**FAILURE TO COMPLY WITH ANY LICENCE CONDITION
IS A CRIMINAL OFFENCE AND MAY LEAD TO
ENFORCEMENT ACTION BEING INSTIGATED. UPON
CONVICTION THIS MAY RESULT IN AN UNLIMITED FINE
OR PENALTY CHARGE NOTICES FOR EACH OFFENCE
AND REVOCATION OF THE LICENCE**

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Appendix Four

The fit and proper test

1. Why is there a test?

- 1.1. In deciding to grant a licence the Council must be satisfied that the proposed licence holder ‘...is a fit and proper person to be the licence holder...’ and that ‘the proposed manager of the house is a fit and proper person to be the manager of the house...’
- 1.2. The licence may be revoked where the Council no longer considers that the licence holder is a fit and proper person to be the licence holder... and where the Council no longer considers that the management of the house is being carried on by persons who are not in each case fit and proper persons to be involved in its management.
- 1.3. This requirement is to ensure that those responsible for operating the licence and managing the property are of sufficient integrity and good character to be involved in the management of the particular residential property and as such they do not pose a risk to the welfare or safety of persons occupying the property.

2. ‘Involved in the management’

- 2.1. Under section 66(6) of the Housing Act 2004 the Council must consider whether:
 - (a) A person involved in the management of the house has a sufficient level of competence,
 - (b) any other person involved is fit and proper, and
 - (c) management structures and funding arrangements are suitable.
- 2.2. This means the Council must consider licence holders, managers and others, including key-holders. This will not extend to, for example, all members of staff at a managing agent who have limited access to a property, but it will be necessary to find out how repairs to the property are carried out. The emphasis is on managing agents to ensure that their staff are fit and proper.
- 2.3. The licence holder and the manager can be two different people. Where this is the case, a decision must be made for each individual about whether they are a fit and proper person. When making this decision, the Council will take into account their fitness to hold the licence or to manage the property.
- 2.4. When making the decision, the Council must ask the following:
 - What are the management arrangements?

- Who is involved in the management?
- What precautions have been taken to ensure those involved in the management are fit and proper?

2.5. In the case of a key-holder, the Council must consider their involvement in the management of the house and whether they have a sufficient level of competence to be so involved.

3. What will the Council look at?

3.1. When considering whether a person is 'fit and proper' the Council must have regard (among other things) to whether the applicant has:

- any previous convictions involving fraud or other dishonesty or violence or drugs and sexual offences,
 - practised unlawful discrimination on the grounds of sex, colour, race, ethnic or national origins or disability in, or in connection with the carrying out of any business,
 - contravened any provision of housing or landlord and tenant law,
 - acted otherwise than in accordance with an approved code of practice,
- or to anything else which is relevant.

3.2. When deciding, the following should be considered:

- Nature of convictions – convictions relating to fraud, running unlicensed HMOs or violence may well affect someone's status as fit and proper. A conviction based on the existence of a category 1 hazard would give some indication of an applicant's approach to health and safety in a property. The relevance of each conviction must be considered in relation to the management of the HMO.
- Weight of convictions.
- Nature of contraventions – specifically officers' views on these. An administrative or technical breach of the Management Regulations, for example an isolated incident of not displaying the Code of Good Management Practice, may not in an officer's opinion affect a person's status as fit and proper.

3.3. A **conviction** is the verdict that results when a court of law finds a defendant guilty of a crime.

3.4. A **contravention** is to act contrary to a rule, order, regulation or law, or of not fulfilling an obligation, promise or agreement.

3.5. Under section 64 of the Act, both the proposed licence holder and the proposed manager must be fit and proper persons.

3.6. This policy is not intended to be exhaustive and the Council is entitled to take into account other factors in so far as they are relevant to the fitness and propriety of the relevant person. In other words, the

misconduct has to be relevant to the person's fitness to hold a licence and/or manage the particular residential building, and in regard to criminal offences the Council must only have regard to unspent convictions.

3.7. The Council would not normally consider a landlord with a criminal record for unlawful evictions and harassment of tenants to be fit and proper person. In contrast, evidence of minor contraventions of housing or landlord and tenant law need not result in an adverse decision. Evidence of any specified misconduct does not necessarily lead to the conclusion that the person is not a fit and proper person.

3.8. Discretion may be appropriate if an offence is isolated and there are mitigating circumstances. Multiple offences or a series of offences over a period of time are likely to give greater cause for concern and may demonstrate a pattern of inappropriate behaviour which should be taken into account. A particularly serious view may be taken where the victim of any offence is vulnerable.

3.9. Each case must be considered on its own merits.

3.10. The Council will adopt a common sense approach, exercising its discretion reasonably and proportionately, taking into account relevant considerations and disregarding irrelevant considerations.

3.11. Where a potential licensee or a manager has a relevant unspent conviction or contravention, in deciding whether they are fit and proper the Council will take into account the following factors:

- the relevance of the conviction/contravention in relation to the person's character and integrity to manage an HMO
- the severity of the conviction/contravention in terms of impact, upon residents and the wider community
- whether the person is accredited or has been trained to manage an HMO
- any other relevant matter
- any mitigating circumstances
- whether the proposed **manager** is fit and proper
- whether the proposed **licence holder** fit and proper
- whether there are satisfactory management arrangements
- who is involved in the management
- what precautions have been taken to ensure those involved in the management are fit and proper

3.12. These points should form the basis of the decision made. Any review or report produced should refer to each point.

4. Consideration of 'persons associated or formerly associated' with the proposed licence holder or manager

4.1. If there is evidence that a person associated, or formally associated, with the person proposed to be the licence holder or manager of the property, has committed any wrongdoings, that evidence may be taken into account in determining the proposed licence holder's or manager's fitness (even if that person has himself or herself an unblemished record). The purpose of this requirement is to ensure that only fit and proper persons hold licences or are in any way involved in the management of licensed properties. It would not be appropriate for a licence to be granted to someone, or for someone to be the manager of a property, if that person was merely acting as a 'front' for someone else who, if he or she were not unfit, would be entitled to be the manager or licence holder.

4.2. Examples:

4.2.1. In a partnership, where one partner is the landlord (or indeed both he and his partner are joint landlords), but only one partner has applied for the licence. If there is evidence that a partner has committed wrongdoings and those wrongdoings are relevant to the other persons management of the property or licence, then the Council may refuse to grant her a licence.

4.2.2. A landlord with an unsatisfactory record has nominated a 'manager' who has a clean record, but who has previously acted for the landlord whilst wrongdoings were committed. In this case, the Council may consider the managing agent by association to be unfit too.

4.2.3. The director of company A has been prosecuted previously, and then starts to work for another managing agent B as a sole trader, employee or director. The new company could be found not to be fit and proper to manage or be a licence holder by association.

4.3. A refusal to grant a licence in these circumstances will normally only be made if:

- there is actual evidence of misconduct by the associated person and
- the associate's fitness is directly relevant to the applicant or proposed licence holder's fitness to manage the property or hold the licence.

4.4. If someone is found not to be fit and proper this will normally remain the case for 5 years. If a licence application is submitted within that period the Council will reconsider a person's fit and proper status on the merits of that application. This policy would be used to make that decision and it would be up to the applicant to provide evidence which could demonstrate why they may be a fit and proper person at that point.

5. Offences / evidence of contraventions

5.1. The following examples afford a general guide to the action which might be taken where convictions and cautions are disclosed or where offending behaviour is proved to the satisfaction of the Council.

5.2. Have they contravened housing law or landlord and tenant law?

5.2.1. Careful consideration should be given to an application where a person making a fit and proper person declaration has contravened housing law or landlord and tenant law, for example points awarded under the HMO licensing points system (see below), evidence of poor management, previous history, prosecutions, simple cautions. In particular, consideration should be given to contraventions under:

- The Public Health Acts of 1936 and 1961
- The Building Act 1984
- The Environmental Protection Act 1990
- The Town and Country Planning Act 1990
- The Prevention of Damage by Pests Act 1949
- The Protection from Eviction Act 1977
- The Local Government (Miscellaneous Provisions) Acts of 1982 and 1976
- The Housing Grants, Construction and Regeneration Act 1996
- The Local Government and Housing Act 1989
- The Housing Act 2004

5.2.2. Contravention of one of the above Acts could result in informal action where a person is asked to complete works, formal action where a legal notice is served, remedial action or work in default, or a prosecution. The nature of the contravention, its relevance to the management of a rented house and the potential harm caused must all be considered. Also to be considered are the circumstances of the contravention, the number of contraventions and evidence to show good character since the date of the contravention. Each case will be considered on its own merit.

5.3. Have they committed any offences involving fraud?

5.3.1. Licence holders and anyone else who is involved in the management of a licensable HMO are in a position of trust. The nature of their role means they will enter the property on occasion and will be engaged in financial dealings with their tenants, so there may be opportunities for fraud.

5.3.2. In particular an application will normally be refused where the person has a conviction for an offence where the victim has been deprived of money, property or other benefit by misrepresentation/deception on the part of the offender including:

- Theft

- Burglary
- Fraud
- Benefit fraud (particularly where tenants are on Housing Benefit)
- Conspiracy to defraud
- Obtaining money or property by deception

5.3.3. Weight should be given to the circumstances of the offence and any evidence showing good character since the date of conviction. Each case will be considered on its own merit.

5.4. Have they committed any offences involving violence?

5.4.1. Fit and proper person status will normally be refused where the person making a fit and proper person declaration has a conviction for the offence of:

- Murder
- Manslaughter
- Arson
- Malicious wounding or grievous bodily harm
- Grievous bodily harm with intent
- Actual bodily harm
- Grievous bodily harm
- Robbery
- Racially aggravated criminal damage
- Common assault
- Common assault which is racially aggravated
- Assault occasioning actual bodily harm
- Possession of an offensive weapon
- Possession of a firearm

5.4.2. Weight will be given to the circumstances of the offence and any evidence showing good character since the date of conviction. Each case will be considered on its own merit.

5.5. Have they committed any offences involving drugs?

5.5.1. Careful consideration should be given to an application where a person making a fit and proper person declaration has committed a drug related offence. Consideration should be given to the nature of the offence and what bearing it could have on the management of a licensable HMO. The nature, quantity and class of drugs will be taken into account. Each case will be considered on its own merit.

5.6. Have they committed any offences involving sexual offences?

5.6.1. As licence holders, managers and anyone else who is involved in the management of a licensable HMO will on occasion visit

tenants in their homes, convictions for sexual offences will be treated particularly seriously.

5.6.2. Fit and proper person status will normally be refused where a person making a fit and proper person declaration has a current conviction for an offence contained in schedule 3 of the Sexual Offences Act 2003. Each case will be considered on its own merit.

5.7. Have they practiced unlawful discrimination?

5.7.1. Careful consideration should be given to an application where a person making a fit and proper person declaration has practiced unlawful discrimination. Unlawful discrimination can include findings of an Industrial Tribunal on unlawful employment practice such as discrimination under the Equality Act 2010. Consideration should be given to the nature of the unlawful discrimination and what bearing it could have on the management of a licensable HMO. Each case will be considered on its own merit.

6. Private Housing Enforcement Policy

6.1. This policy forms a consideration under the Enforcement Policy, which promotes efficient and effective approaches to regulatory inspection and enforcement to improve regulatory outcomes without imposing unnecessary burdens.

7. Data sharing

7.1. Information used and ascertained for the purpose of deciding whether a proposed licence holder or manager is fit and proper is shared with other statutory bodies, particularly other local authorities and the police. Notification is given of this on the HMO licence application form.

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Appendix Five: London Borough of Tower Hamlets

Houses in Multiple Occupation Rented Housing Property Standards

Definition of a House in Multiple Occupation

A building is defined as a House in Multiple Occupation (HMO) if the following apply:

- Its is occupied as living accommodation
- By at least three people who belong to more than one family or household
- In accommodation that is not self-contained and
- Rent is paid by at least one of the occupiers and
- It is the occupiers only or main residence

Or

- It has been converted into self- contained flats and
- The conversion does not meet 1991 Building Regulations and less than 2/3 of the flats are owner –occupied. These are known as s257 HMOs

Self-contained flats within buildings that are HMOs may be occupied as individual HMOs themselves. The guidance applies to self-contained flats which meet this condition and single household those that are found in s257 HMO's

An individual tenancy may have exclusive use of the basic facilities and amenities (bath/shower, wc and kitchen), but the accommodation would only be defined as self-contained if the sleeping/living area and all the facilities and amenities are behind one door.

Space Standards for Sleeping Accommodation

In this guidance, a bedsit or studio is defined as a room, or rooms, used for sleeping within a building, where some of the basic facilities or amenities for food preparation and hygiene are provided within the accommodation, or in a separate room and for the exclusive use of the occupiers of the bedsit or studio.

A bedroom is a room within a building used for sleeping, and which does not contain any of the basic facilities. The facilities are either provided in separate rooms and are shared with other people living in the HMO, or are provided in separate rooms but for the exclusive use by the occupiers of the bedroom.

A self-contained bedsit/studio or flat is one that contains all of the facilities and amenities for food preparation and hygiene within the accommodation.

A maximum of two people are permitted to share a room for sleeping irrespective of age. If there are two occupiers, they must be living together as partners, family members or consenting friends. A room shared by more than two people is overcrowded, and may be subject to enforcement action by the local authority.

A room used for sleeping must not be shared by people of the opposite sex who are 10 years old and over, unless they are married or cohabiting / living together in a relationship as husband and wife or in an equivalent relationship in the case of persons of the same sex.

When measuring the size of the room and assessing usable space, the shape of the room should be taken into account as well as the total floor area.

Space taken up by fitted units are counted in the floor area calculation, but chimney breasts, lobbies and en-suite bathroom or shower rooms or other significant obstructions that can reduce the floor area are not. Rooms must have a minimum floor to ceiling height of at least 2.14 m over 75% of the floor area. Any floor area where the ceiling height is less than 1.53 m is disregarded but may be considered as possible storage space.

Number of occupiers	Minimum bedroom size for sleeping Kitchen facilities in a	Minimum bedroom size for sleeping Kitchen facilities within the room
One	8.5 square meters	13 square meters
Two	13 square meters	18 square meters

Any rooms below the minimum space standard above will not normally be considered suitable for sleeping accommodation although discretion may be granted if there is sufficient other communal space available to the occupier (see below) and/or the room is well set-up and provides a decent unit of accommodation. No rooms below 5m² will be considered as suitable for sleeping rooms. No room can be considered suitable for occupation by more

than one person or two persons co-habiting.

Living and dining rooms

A landlord may provide a communal living room in addition to any space that is required for shared kitchen and dining facilities. As a guide, a communal living room should be at least 13 square meters for 3 people, plus 1 square meters for every additional person. For example, a living room for 5 people should be 15 square meters.

If dining facilities are combined with the living room, the room should be at least 14 square meters for 3 people, plus 1 square meters for every additional person. For example, a combined living/dining room for 5 people should be 16 square meters.

Kitchen Facilities

Kitchen facilities should be no more than one floor away from the letting. Where this is not practicable, a dining area of a size suitable for the number of occupiers should be provided on the same floor as, and close to, the kitchen. Kitchens must be of an adequate size and shape to enable safe use of food preparation by the number of occupiers and the following guidelines for shared kitchens apply:

Number of sharers	Room size
Up to 3	5.5 square meters
4-5	7.5 square meters
6-7	9.5 square meters
8-10	11.5 square meters

Where all or some of the lettings within the HMO do not contain cooking facilities, such facilities must be provided for sharing with other households. There should be one full set of facilities per 5 persons, irrespective of age. Some flexibility may be considered in well-managed properties where there are 6 or 7 persons, subject to a risk assessment carried out by the local authority.

Where there are up to 10 persons, either an additional full set of cooking facilities must be provided, or additional facilities must be provided in an appropriate number of individual lettings where the room is large enough. If two sets of facilities are in the same room, each set must be separated and in distinct areas of the room.

The kitchen size and layout must enable the practical, safe and hygienic use of the kitchen for storage, preparation and cooking of food.

The wall, floor and ceiling surfaces shall be smooth, impervious and capable of being cleaned.

A set of cooking facilities is comprised as follows:

Number of Occupiers	Facilities	Specifications
One	Cooker	In one-person bedsits only, a cooker with a 2-ring hob, oven and grill. Must be permanently and safely installed on a fixed worktop.
Up to 5		Four-ring hob, oven and grill.
6 - 7		Four-ring hob, oven and grill and an additional combined microwave oven and grill.
Up to 5	Sink/drainer	1000 mm sink/drainer set on base unit, provided with a constant supply of hot and cold water and properly connected to the drainage system.
6 - 7		A double sink/drainer installed as above <u>or</u> A single sink/drainer plus a dishwasher.
One household	Worktop	1000 mm x 600 mm. Worktop must be fixed, and made of suitable impervious material.
Up to 5		2000 mm x 600 mm provided and fitted as above
6 - 7		2000 mm x 600 mm provided and fitted as above, plus additional space for extra appliances.
All	Splashback	300 mm tiled splashback or its equivalent to be provided to the sink/drainer, worktop and any cooker without an integral splashback.
Up to 5	Electrical sockets	One suitably located electrical socket for each dedicated appliance such as a cooker, refrigerator and washing machine. In addition, 4 sockets (in either double or single combinations) to be provided above the worktop.
6 - 7		An additional 2 sockets as above.
All	Floor covering	Impervious and washable floor covering to cover the floor area of the kitchen.
Per household	Food storage cupboard	One double wall cupboard or One single base cupboard. May be provided within individual lets. The base unit below the sink/drainer is not acceptable for food storage.

Per household	Refrigerator	Where provided in individual lettings, a small fridge freezer.
Up to 5		Where provided in a shared kitchen, equivalent of 2 worktop height refrigerators both with freezer compartments, or 1 worktop height fridge and 1 worktop height freezer.
6 - 7		Where provided in a shared kitchen, the equivalent of an additional worktop height refrigerator with freezer compartment.

Kitchen facilities where provided in a bedsit should be sited remote from the entrance door.

The cooker should not be situated below a window.

A kitchen must not be the sole access to a room used for sleeping.

Kitchen facilities must not be installed in a hallway.

A humidistat-controlled mechanical extractor must be provided where there is inadequate ventilation by means of a window. Newly converted kitchens must have a mechanical extractor regardless of whether there is an openable window.

Apart from an extractor hood, fixtures and fittings are not to be directly above cooking appliances.

Sufficient refuse storage to be provided adequate for the number of occupiers.

Personal washing and wc facilities

Bathrooms and WCs should be within one floor of lettings, and where shared, must be accessible from a common area. WCs and bath/shower rooms must be fitted with a suitable and functioning lock and the surfaces must be impervious and readily cleansable.

Bath/shower rooms and WCs must be adequately ventilated, and bath and shower rooms must be adequately heated, such as by radiator, wall-mounted convection or fan heater, or underfloor heating. Electric bar heaters are not permitted. In new conversions, a mechanical extractor must be installed in addition to any openable window.

Where only one bathing facility is provided in the premises, it must be a bath with a suitable seal and a fixed overhead shower. A fixed shower rail and curtain must be installed.

Ideally wash hand basins in each bedsit sleeping room are required where practicable in houses with 5 or more occupiers, unless the room contains a sink/drain.

Properties that are not bedsit accommodation may not require wash hand basin's in sleeping rooms at the discretion of the local authority.

The facilities must be adequate for the number of occupiers, and the following is a guide. External wc's are not counted.

Number of Occupiers	Facilities	Specifications
1-4	1 bath with wash hand basin WC can be in bathroom	Standard size bath with 450 mm splashback Full-size wash hand basin with tiled splashback. Both to have constant supply of hot and cold water. If the WC is separate, it must have an additional wash hand basin & tiled splashback within the compartment.
5	1 bath with wash hand basin in room 1 WC with wash hand basin 1 wash hand basin in each sleeping	WC should be separate from the bath/ wash hand basin (If combined numbers may be restricted) wash hand basin's in bedsit rooms where practicable.
6-10	2 bathrooms with wash hand basins in each One of bathrooms must contain bath, and the other a shower which may be fixed over-bath type 2 wc's, one in own compartment with wash hand basin 1 wash hand basin in each sleeping room	As above wash hand basin's in bedsit rooms where practicable.

Where a shower cubicle is provided, it must be of a sufficient size that the user can bathe and dress without injury.

All rooms containing baths/showers, WCs and wash hand basins must be adequately lit, ventilated and heated.

All shower cubicles to be fully tiled (or similar impervious material) or be complete self-standing cubicle.

The minimum acceptable bath size is 1700mm x 700mm and shower cubicle 800x800mm.

Every bath, shower and wash hand basin must be provided with an adequate and continuous supply of hot and cold water and be connected to the drainage system in compliance with current Building Regulations.

Fire Safety

Fire safety standards to be based on the final edition of the Lacors LACORS Housing Fire Safety Guidance:
http://www.cieh.org/library/Knowledge/Housing/National_fire_safety_guidance_08.pdf

. As a minimum all properties must have a suitable mains-wired fire detection system and a means of escape that is adequately protected against the smoke and flames should a fire arise in a kitchen, bedroom or other communal room. have a Grade D LD2 fire detection systems (BS5839 part 6-2013). This includes a mains wired heat detector(s) in the kitchen and any room containing cooking facilities interlinked to a smoke detector(s) in the hallways and every landing. This can be achieved by finding the case study in Part D of the LACORS guide that closest matches the property and adopting those standards.

Heating

Dwellings must have both effective insulation and efficient heating with reference to current energy efficiency requirements.

A fixed heating system must be provided to all lets. Radiators must be fitted with thermostatic valves. Fixed storage heaters are preferred where there is no gas supply.

Services

Each room being used as a sleeping room must have at least 3 double electric sockets for the use of the occupiers. Where there is a self contained flat it must have its own exclusive supply of electricity, gas and water.

Additional Considerations

Compliance with these standards does not negate the need for compliance with other statutory provisions, including the Housing Act 2004 and supporting Regulations and guidance.

Buildings converted into flats (Section 257 HMOs)

Section 257 of the Housing Act 2004 defines the circumstance where a building converted into flats is a HMO. This is a building that was not converted in accordance with the 1991 Building Regulations (or later) and which still does not meet those standards and where a third or more of the flats are rented out on short term tenancies.

The standards detailed below are for units occupied by a single household. Where a flat in a section 257 is occupied by two, or more unrelated persons the standards detailed above for HMOs will apply.

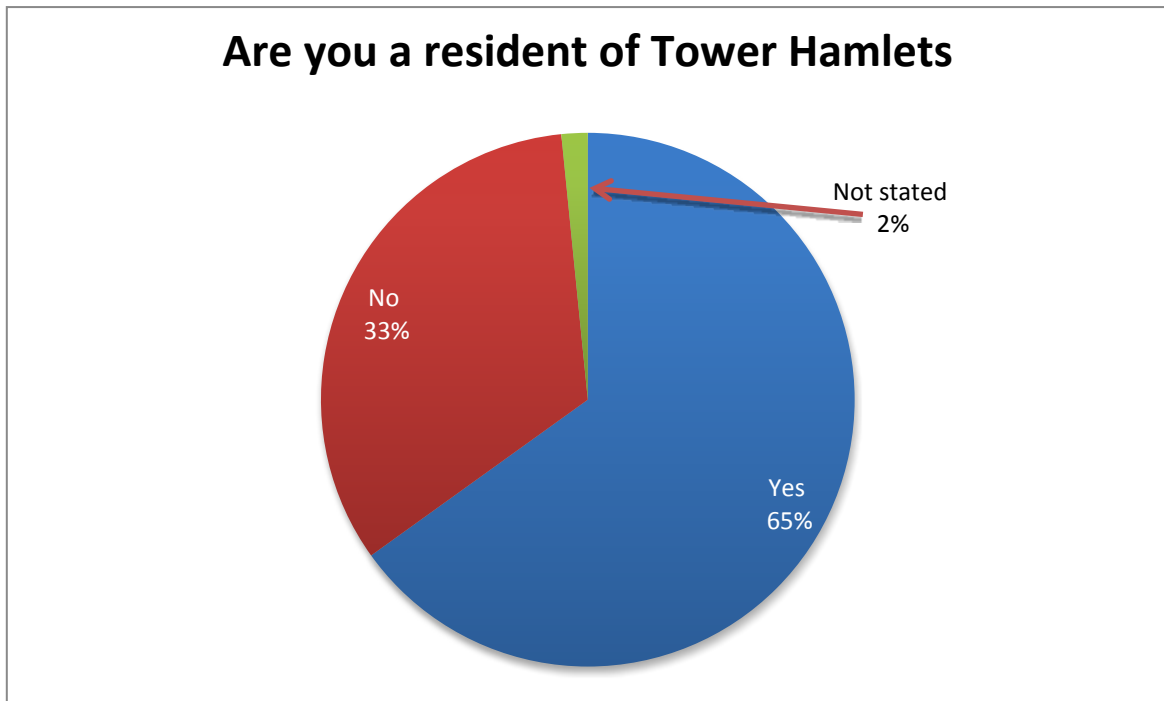
The table below details the minimum required standards for a section 257 HMO:

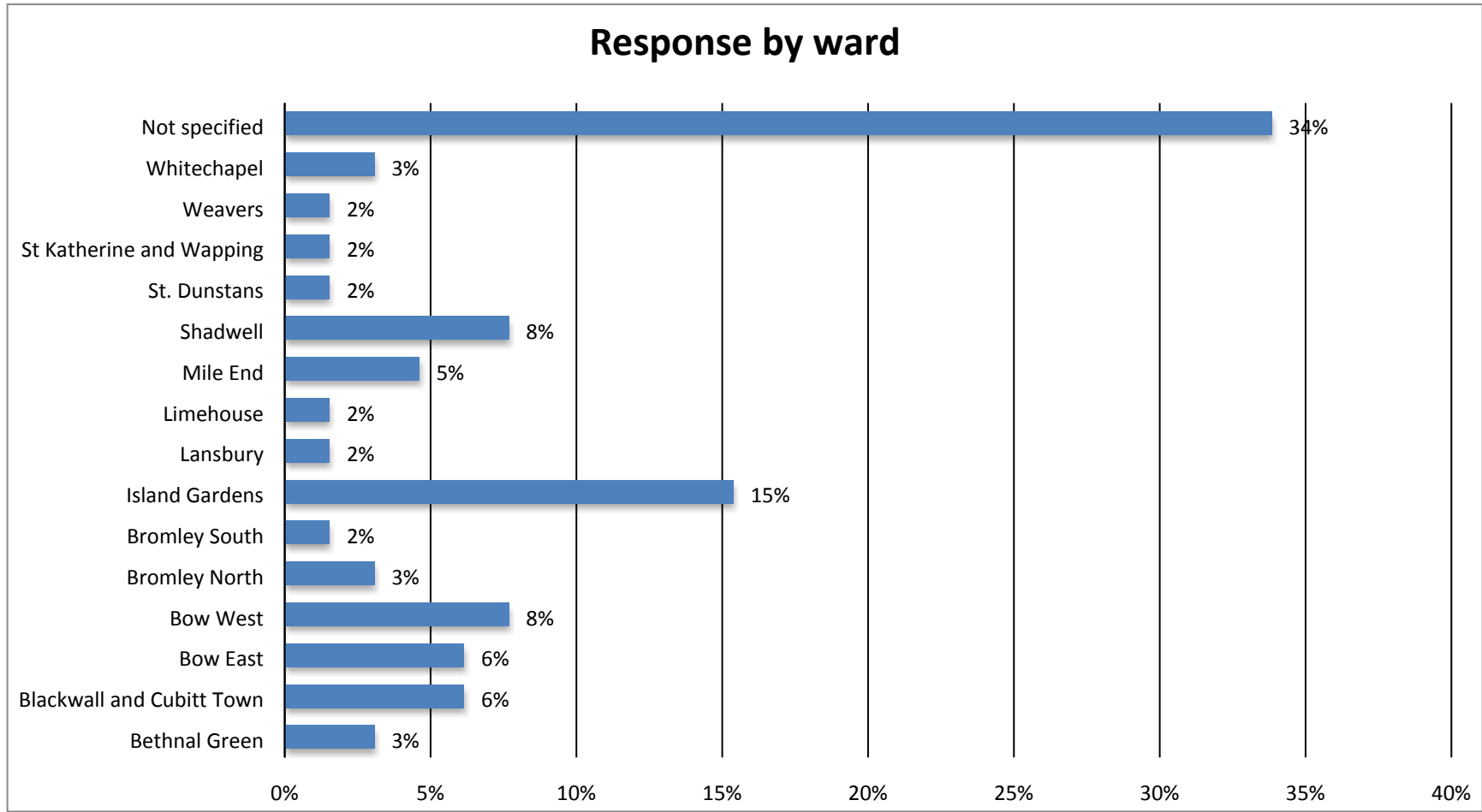
	Minimum floor space
Studio – one person	11m ²
Studio two persons cohabiting as a couple	15m ²
Separate kitchen – single occupancy	5.5m ²
Separate kitchen – two or more occupiers	6.5m ²
Bathroom	Must meet the general requirements above
Separate bedroom – single occupancy	6.5m ²
Separate bedroom - couple	10m ²
Additional bedrooms single person	6.5m ²
Additional bedrooms couple	10m ²

All kitchens must meet the standards detailed above.

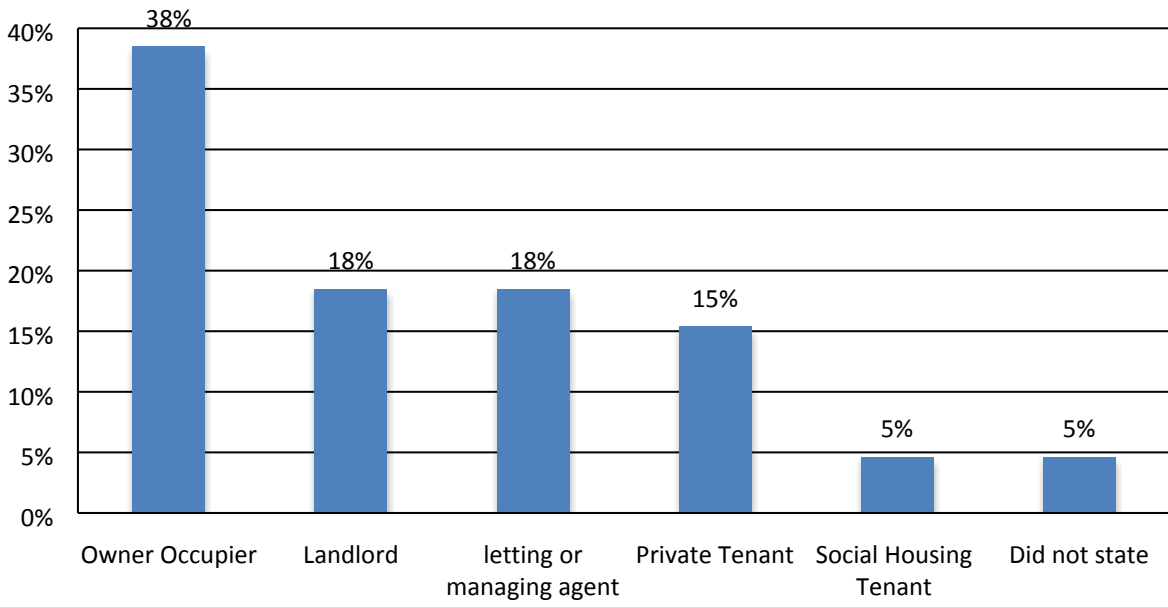
All bathrooms must meet the standards detailed above.

Appendix Six: Online responses

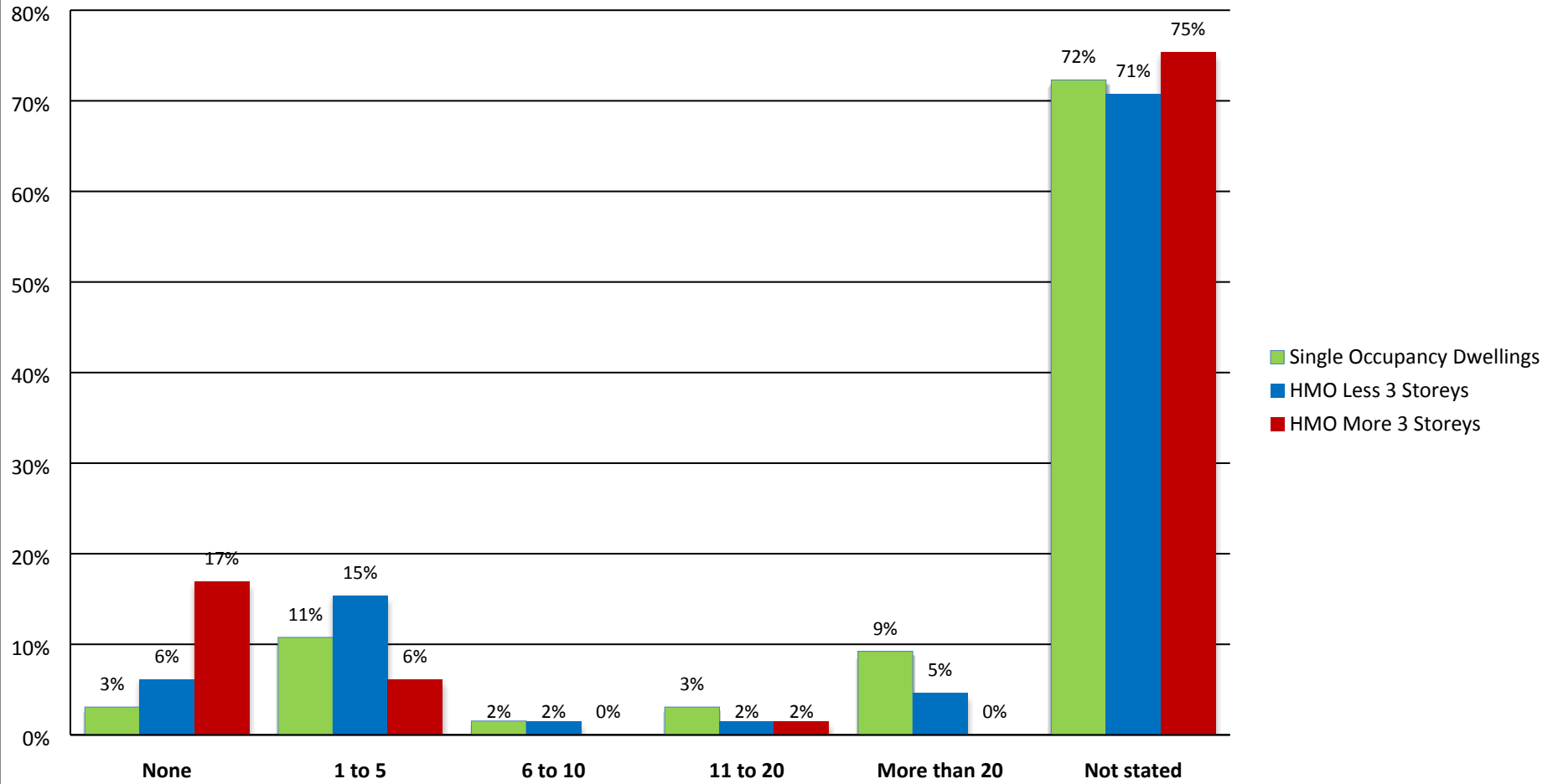




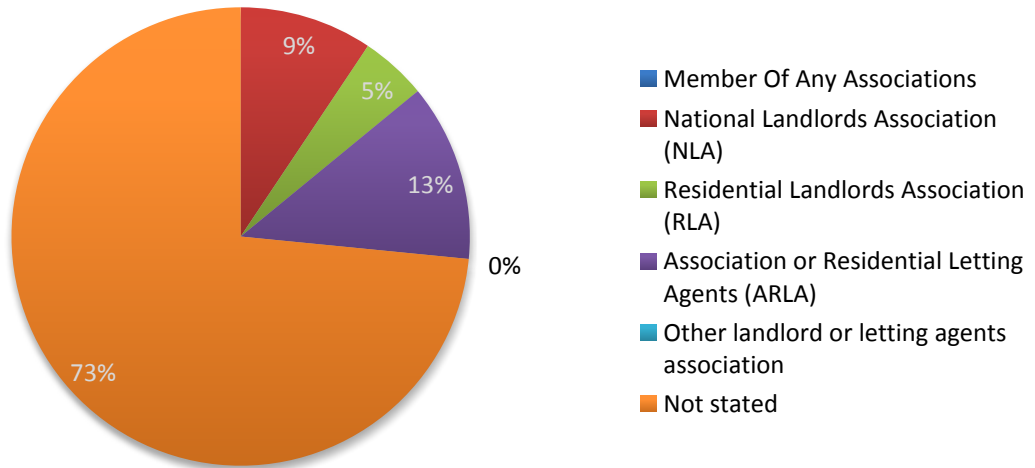
Response by tenure



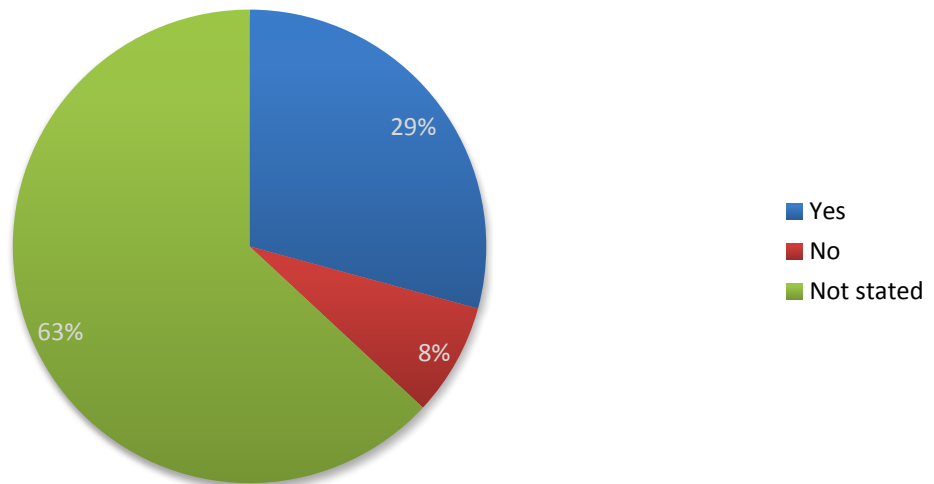
No of Properties owned or managed in Tower Hamlets



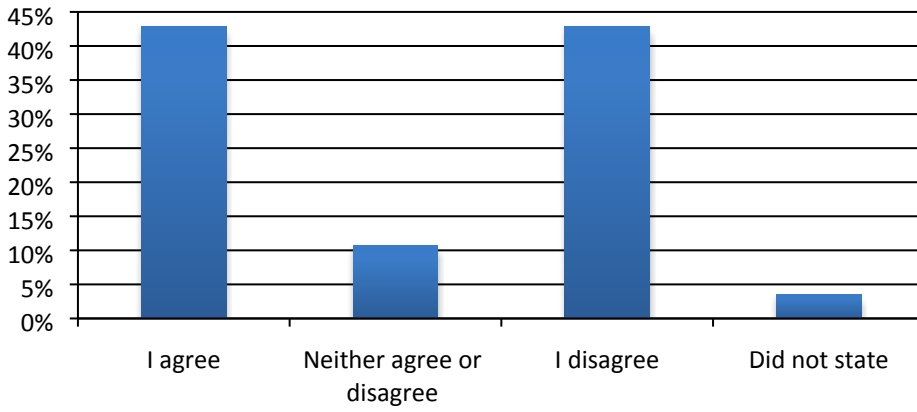
Landlords/agents who are a member of an Association



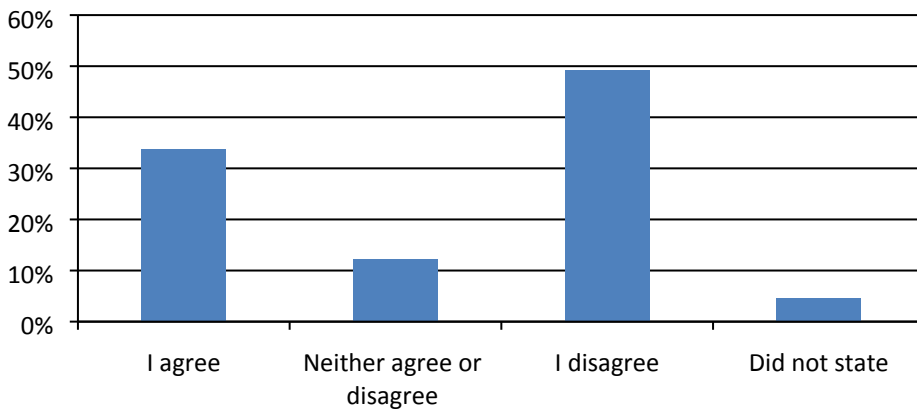
Landlords/agents who own or manage properties outside Tower Hamlets



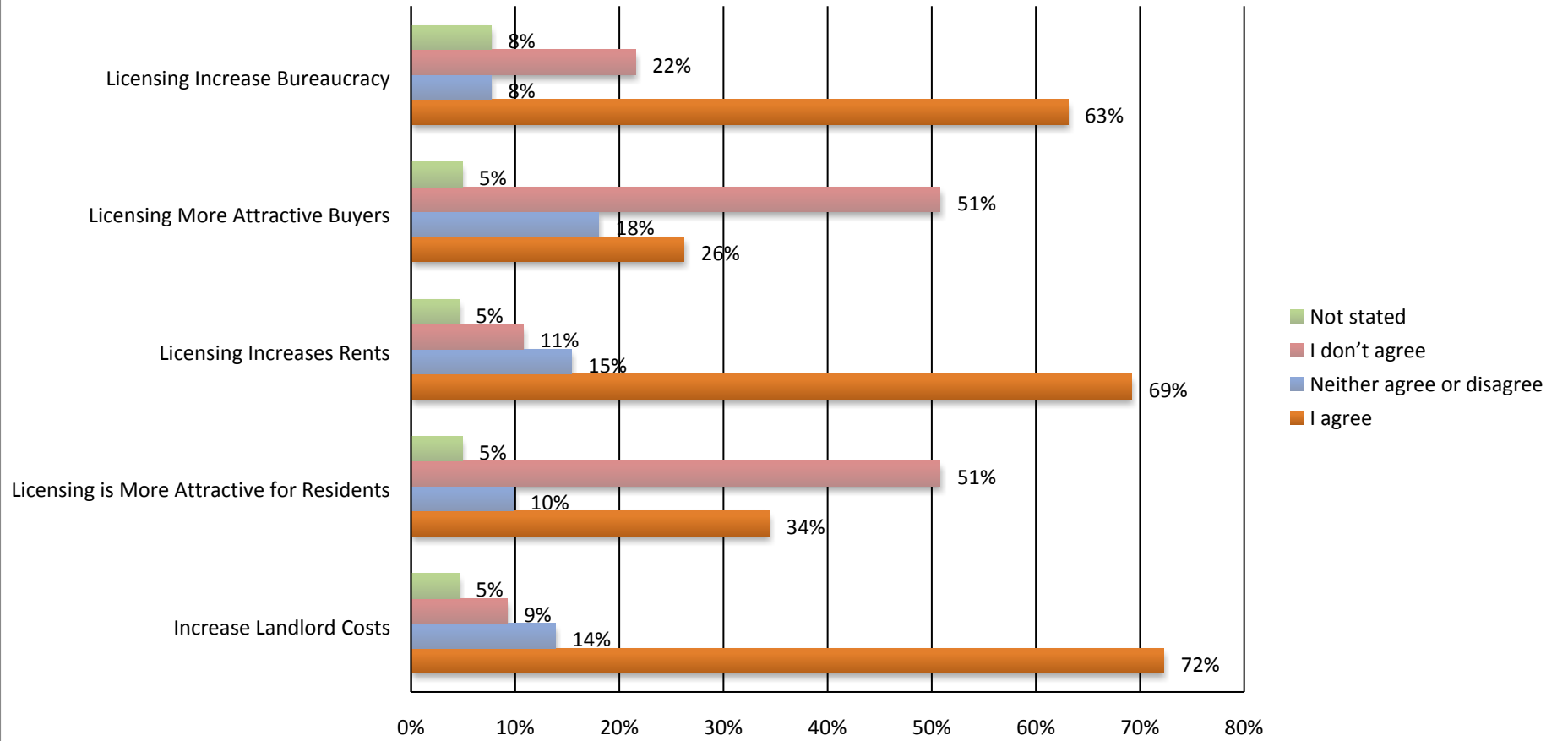
Do you agree or disagree with the general proposals Licensing Scheme



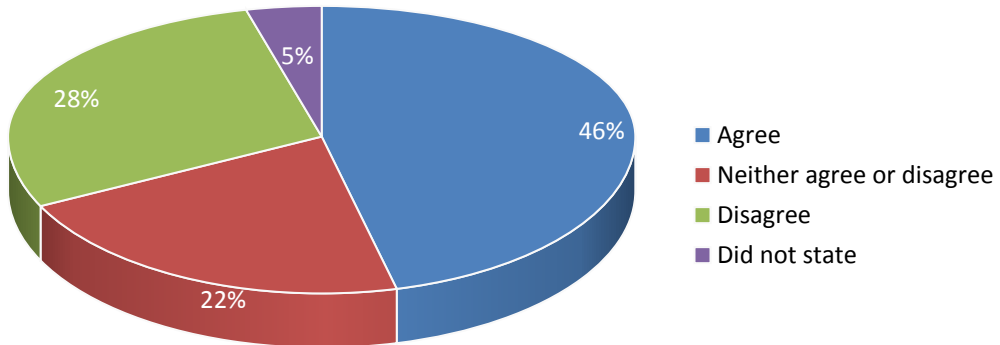
Do you agree or disagree with the Licensing proposals limited to three renters



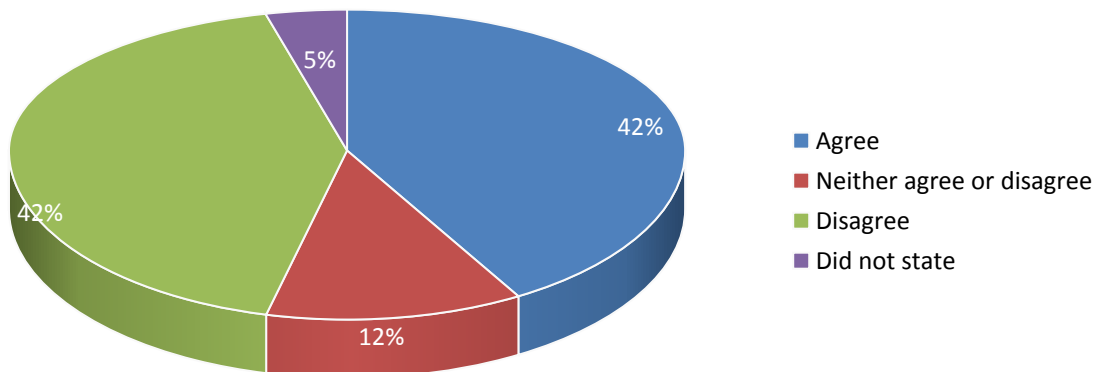
Proposed Scheme will improve Private Rented Sector?



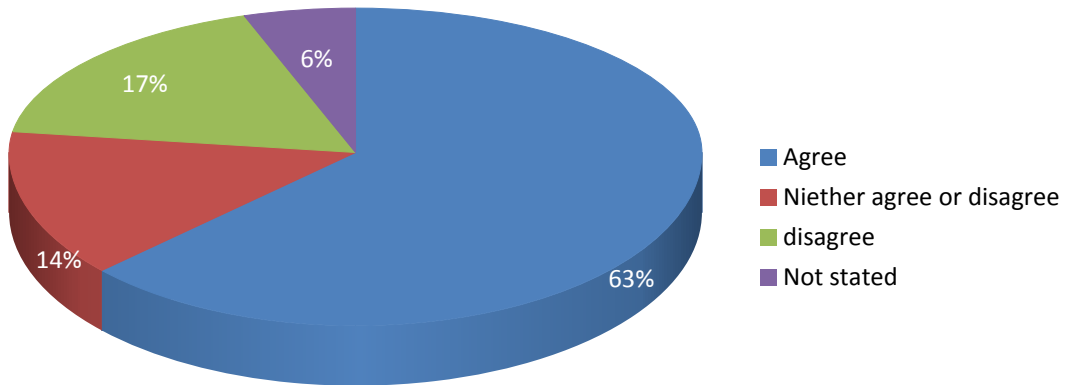
Unable to rent properties in Tower Hamlets



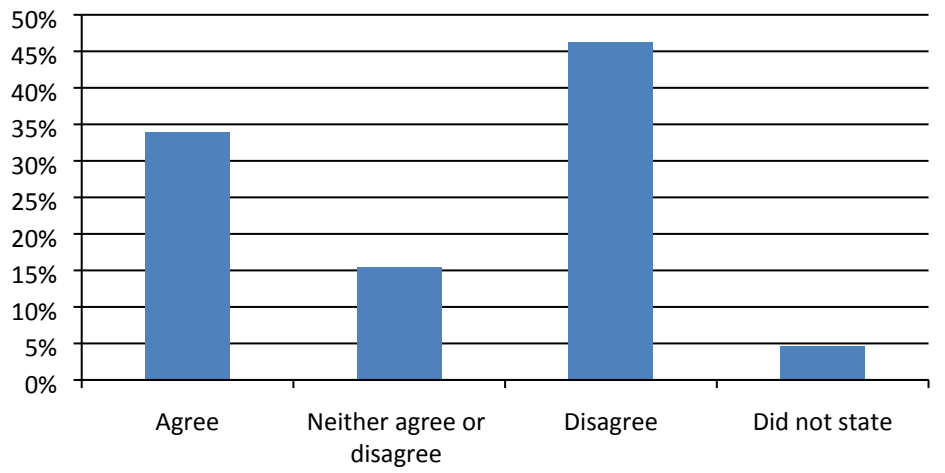
Licencing Reduces Overcrowding



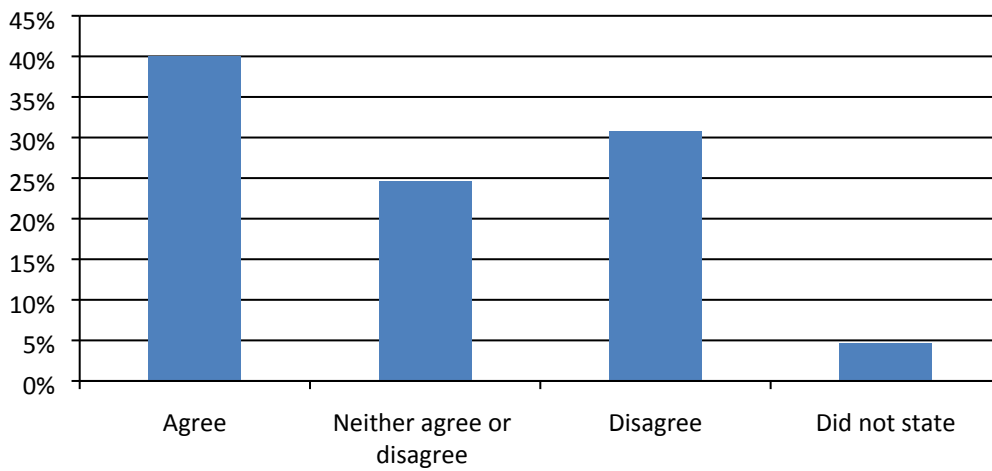
Licencing will increase Council's powers



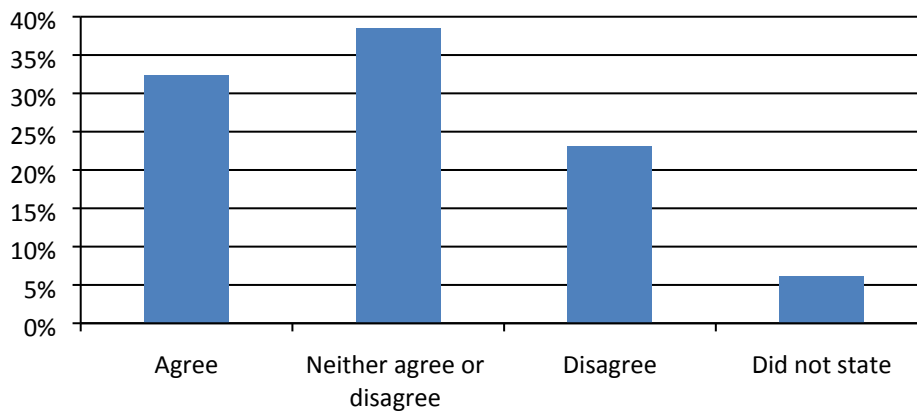
Amenity proposal will improves standards



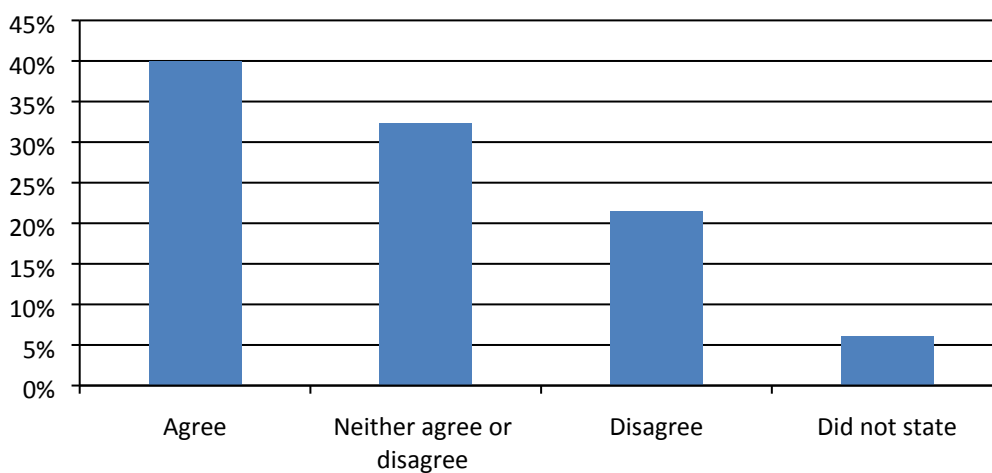
Proposed space standard is reasonable



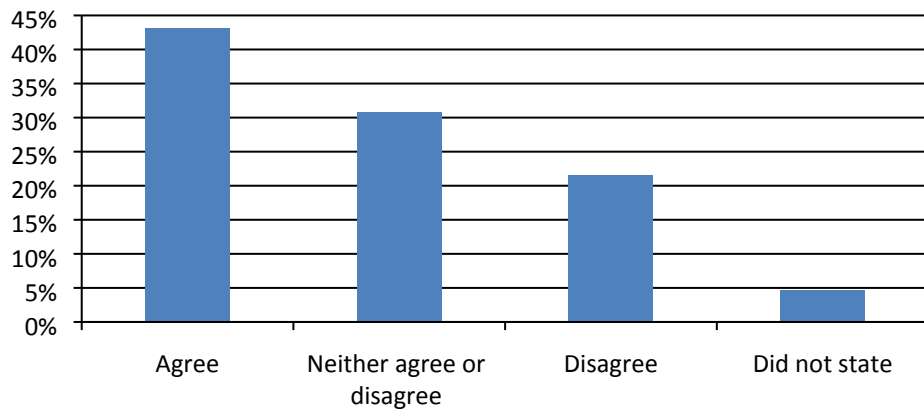
Proposed Living & Dining Rooms Space are adequate



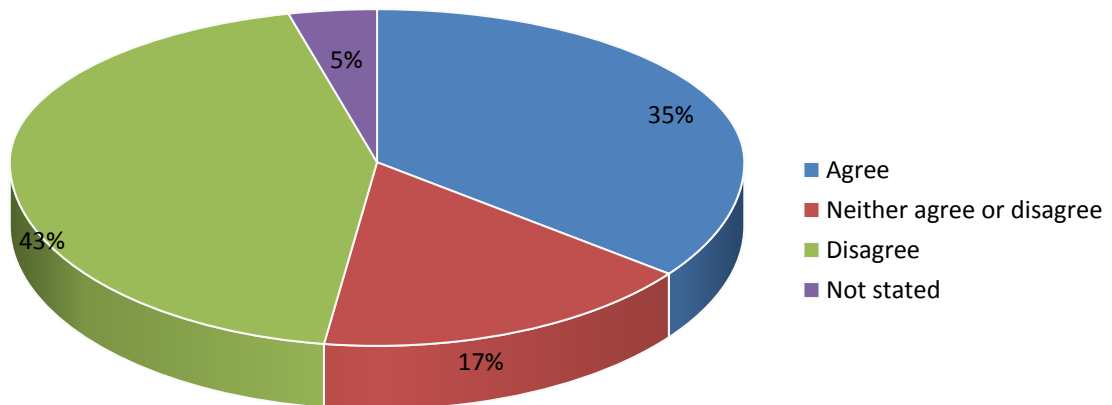
Proposed Kitchen facilities are reasonable



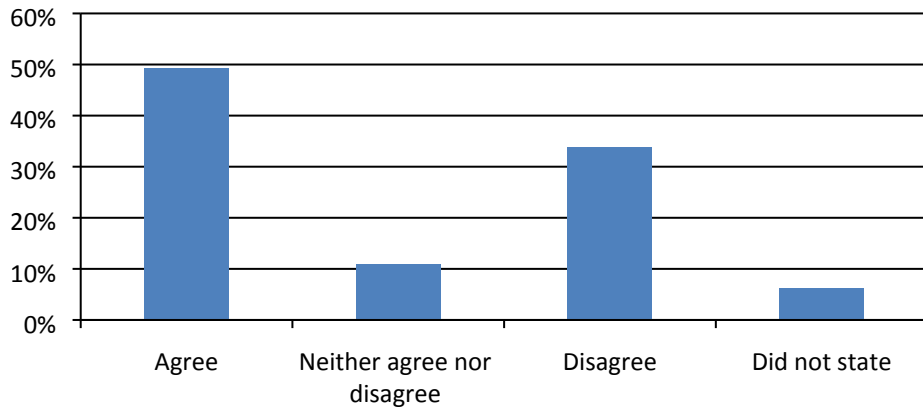
Proposed washing & WC standards are reasonable



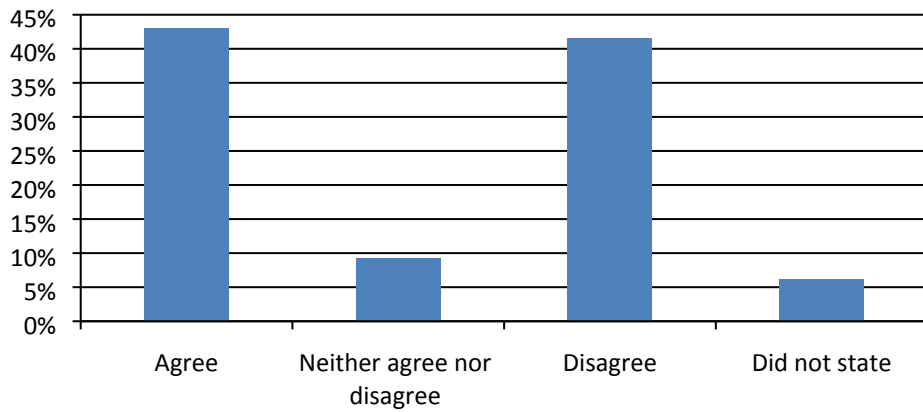
Agree or disagree on proposal for S257 HMOs



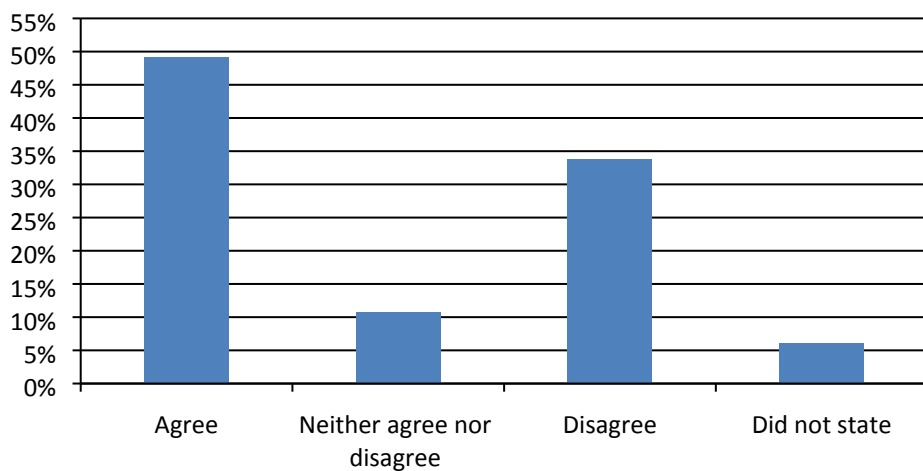
Poorly managed private let properties contribute to decline

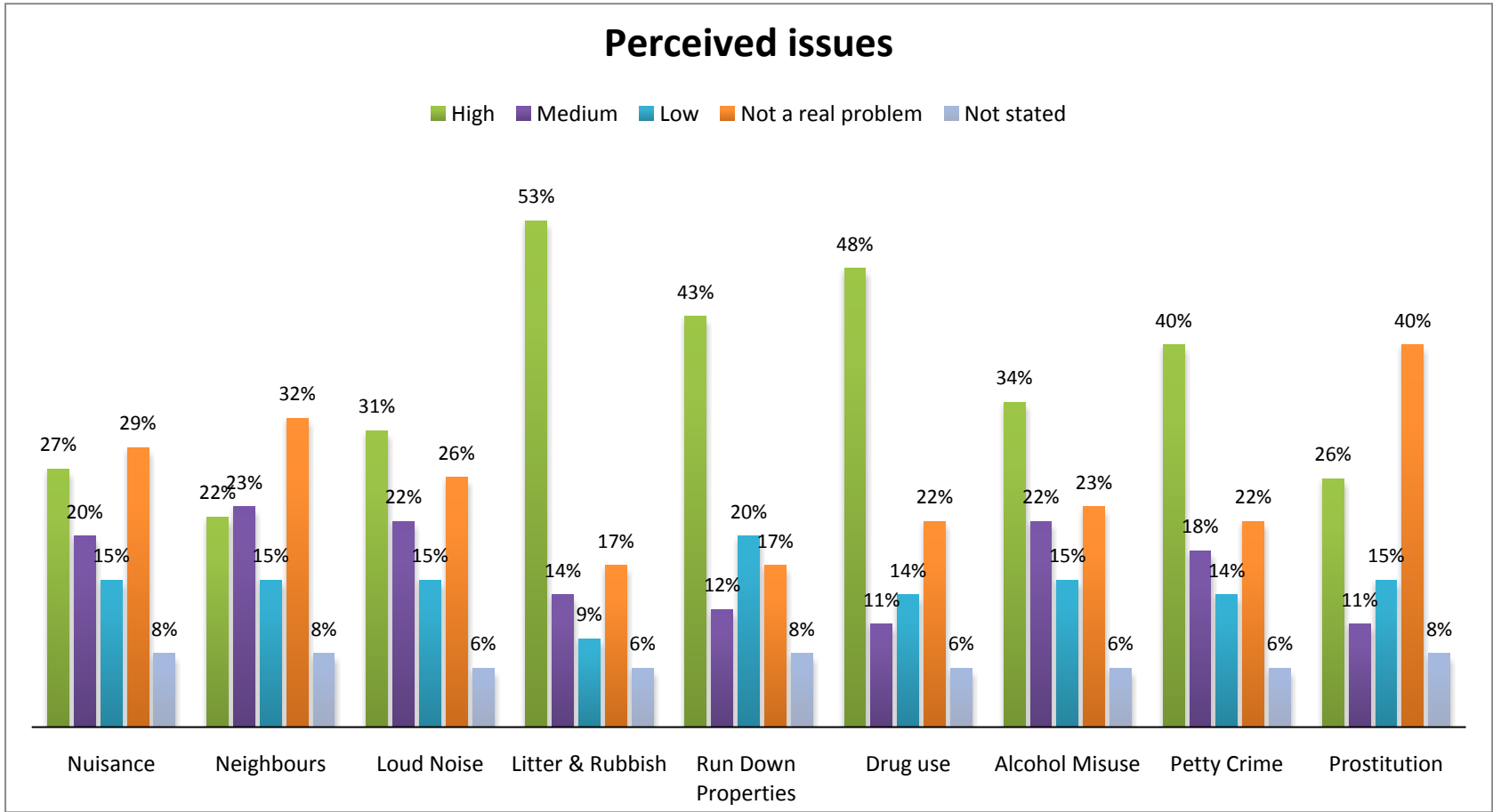


Privately let HMOs contribution to decline

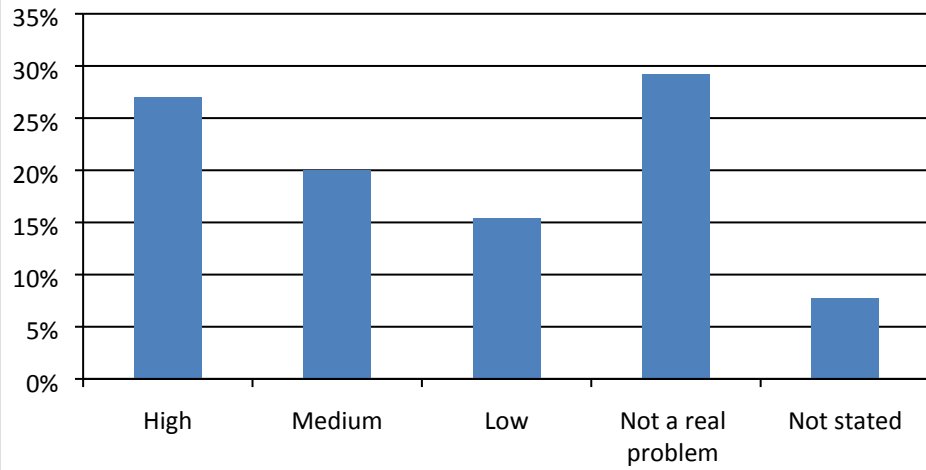


Landlord managing property effectively

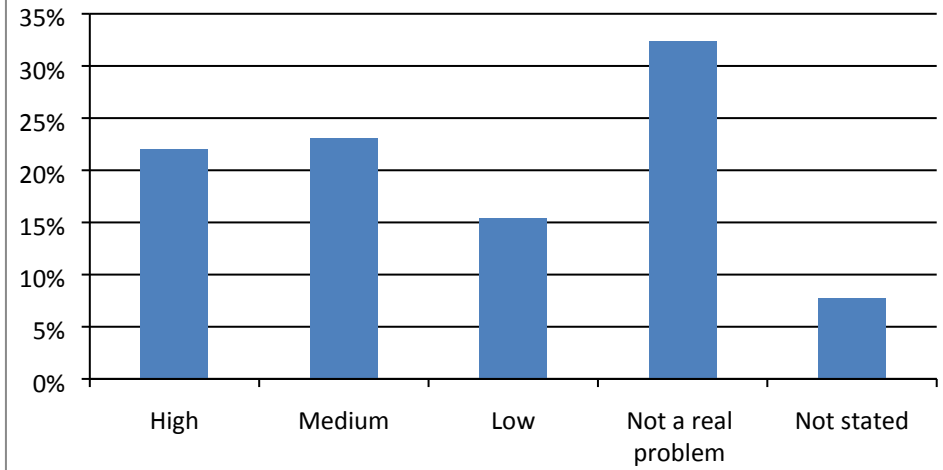




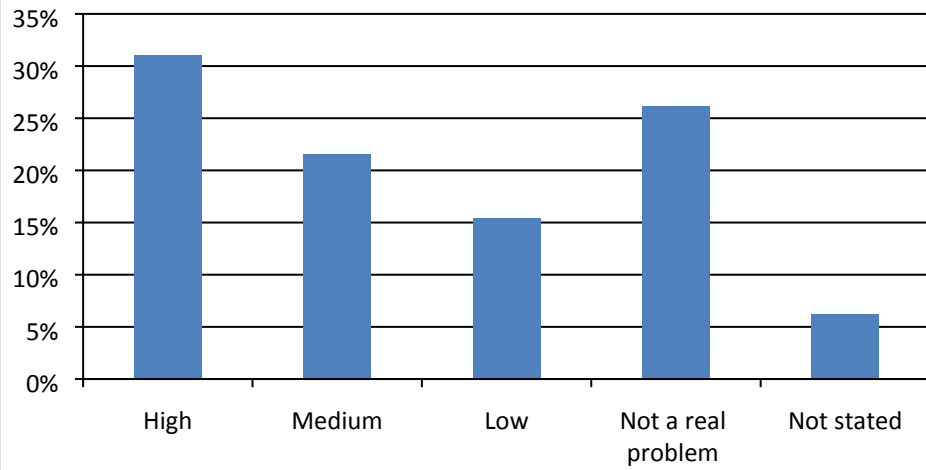
Nuisance



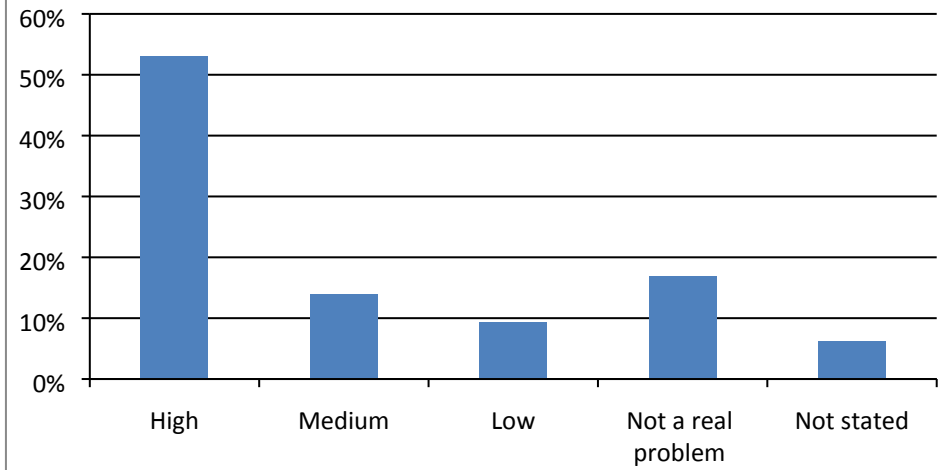
Neighbours



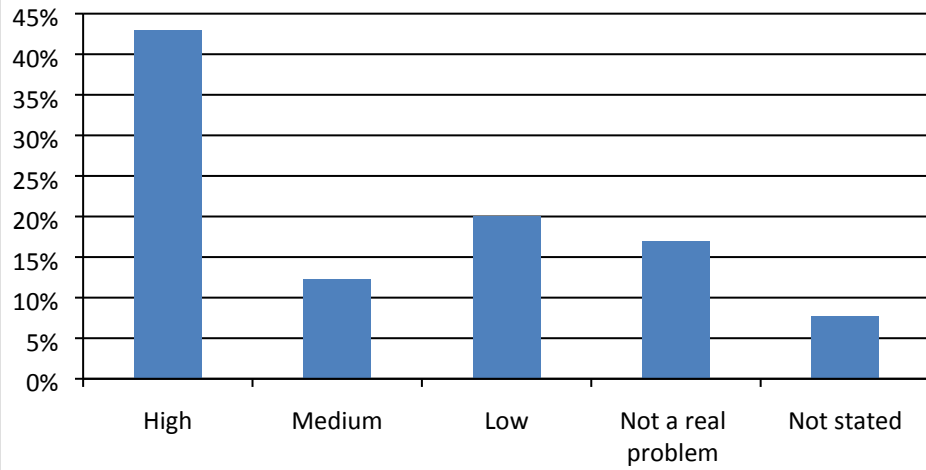
Loud Noise



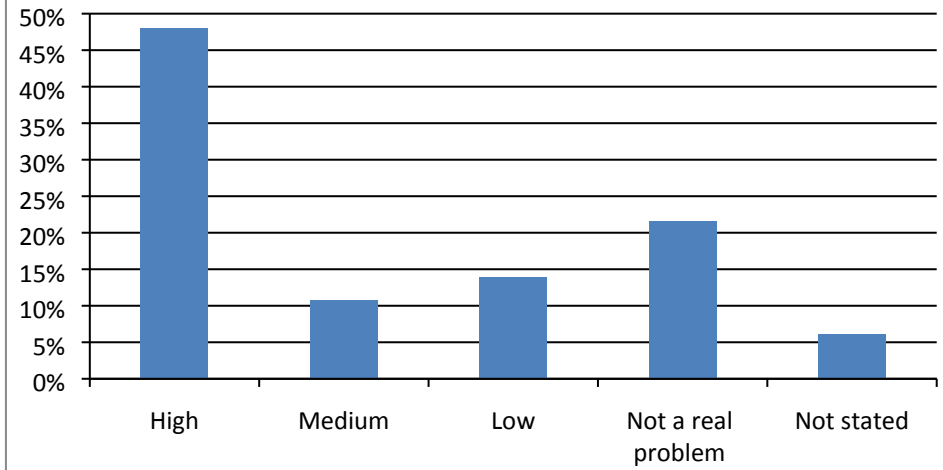
Litter & Rubbish



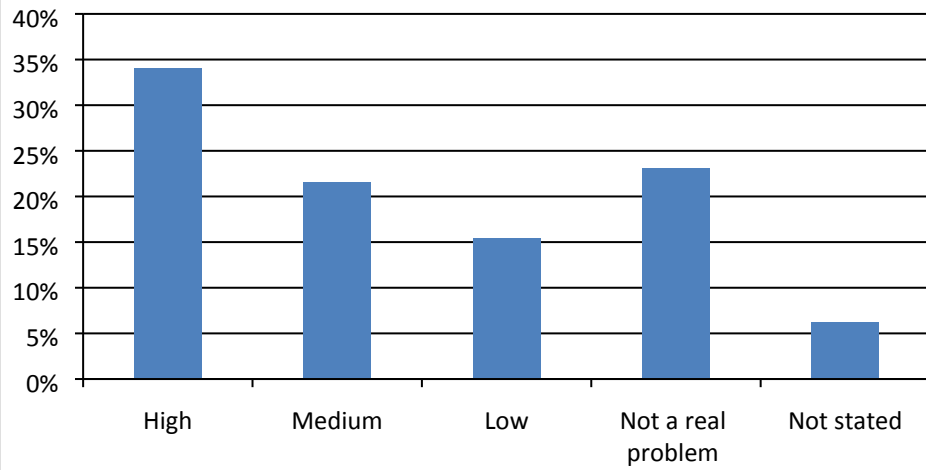
Run Down Properties



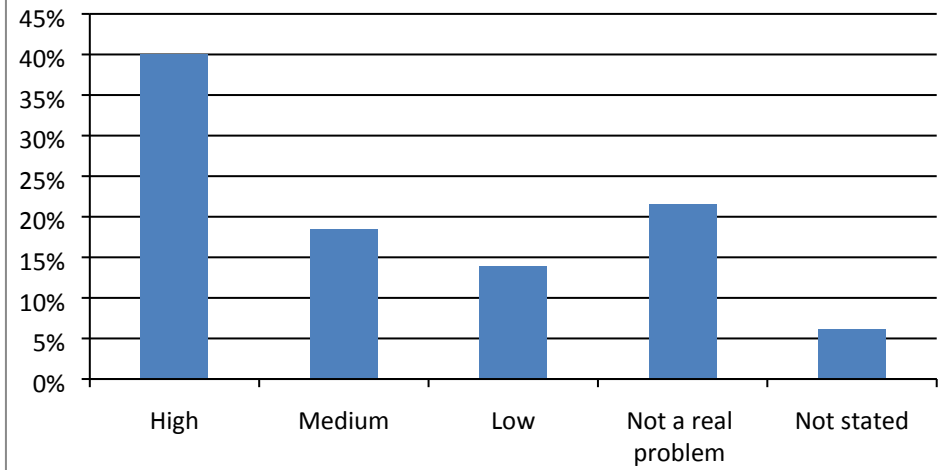
Drug use



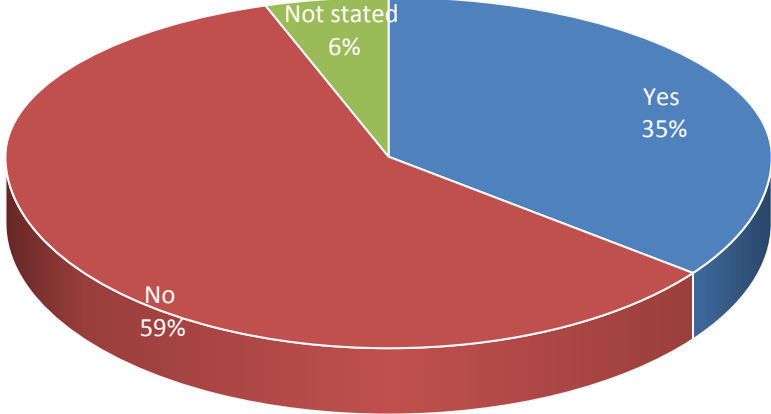
Alcohol Misuse



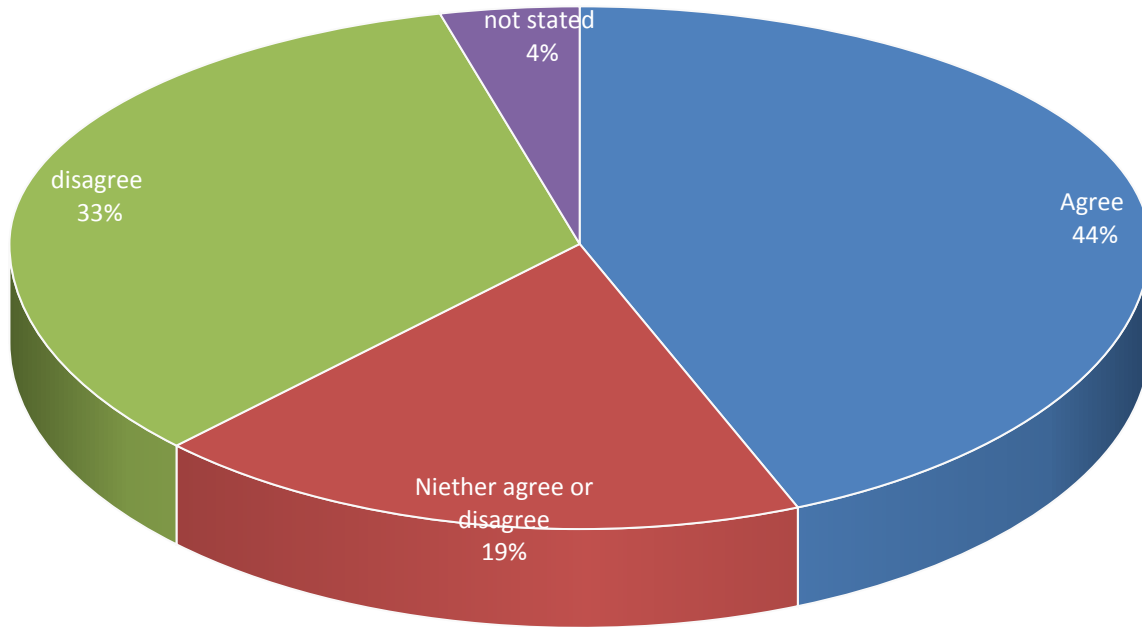
Petty Crime

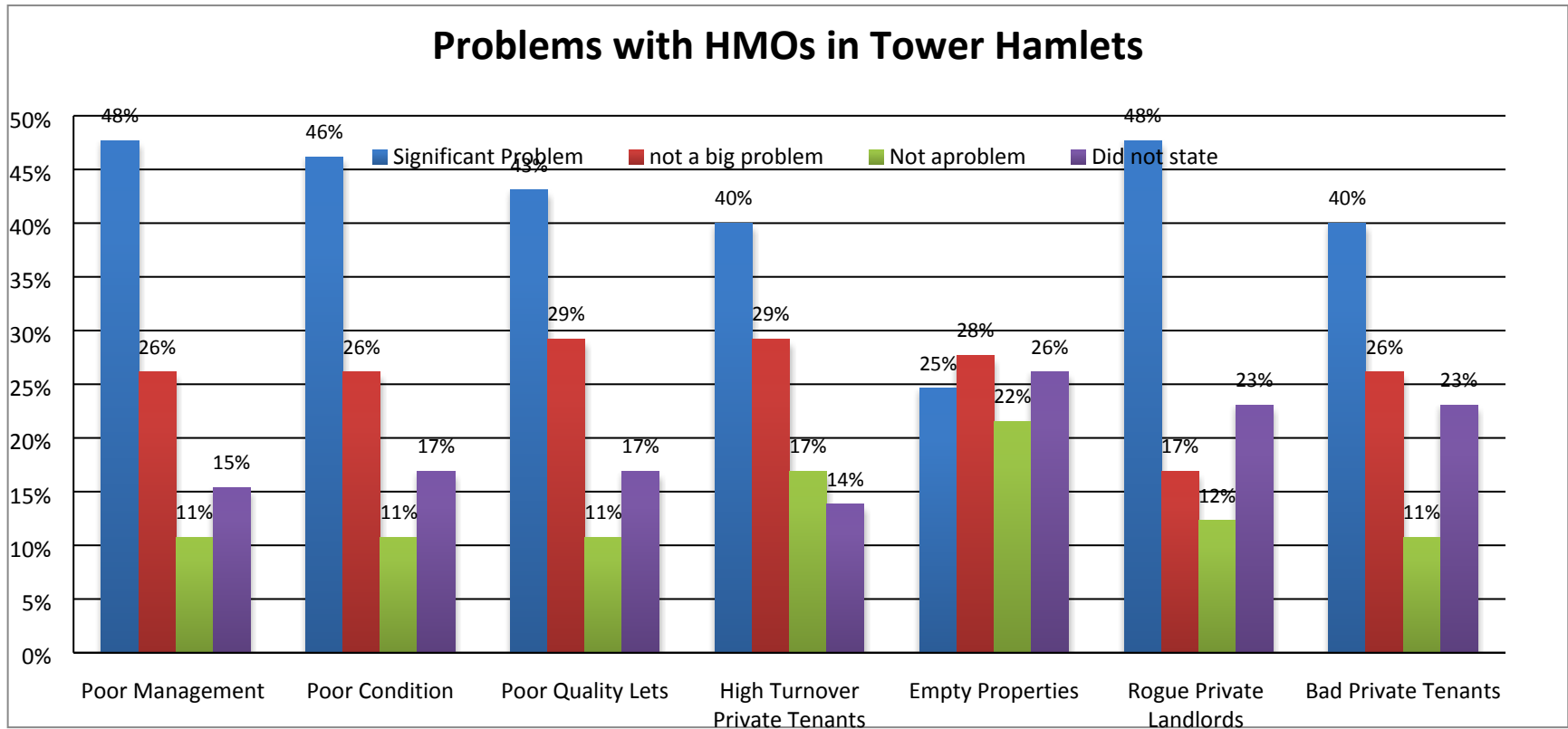


Adverse experience with HMOs in Tower Hamlets

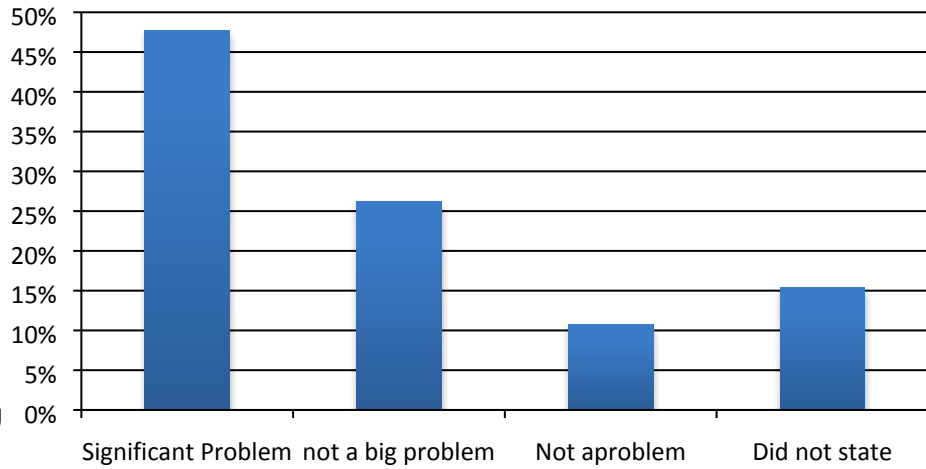


Private landlords in Tower Hamlets maintain their properties

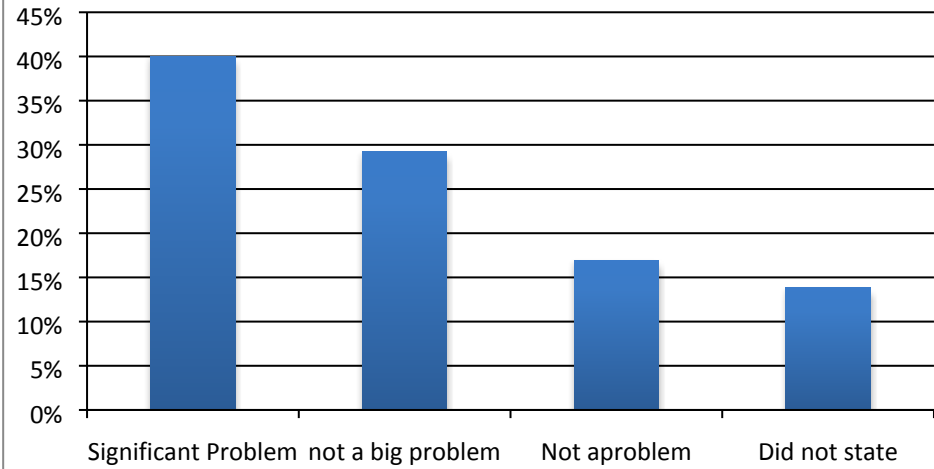




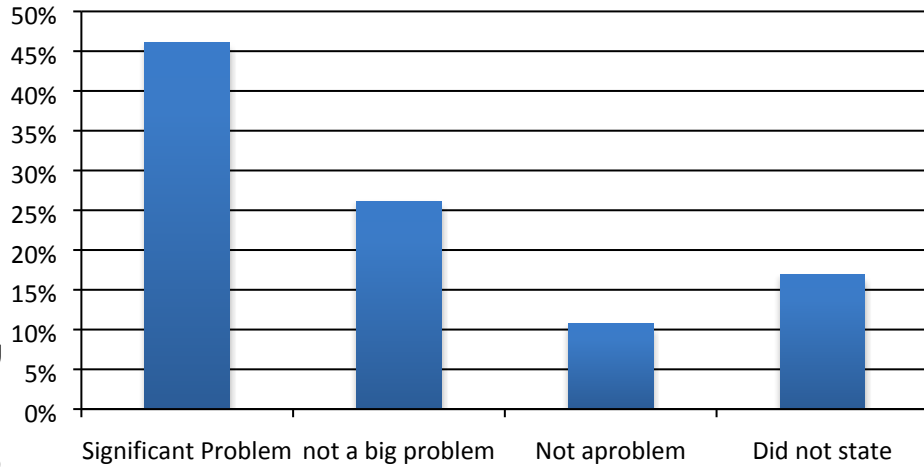
Poor Management



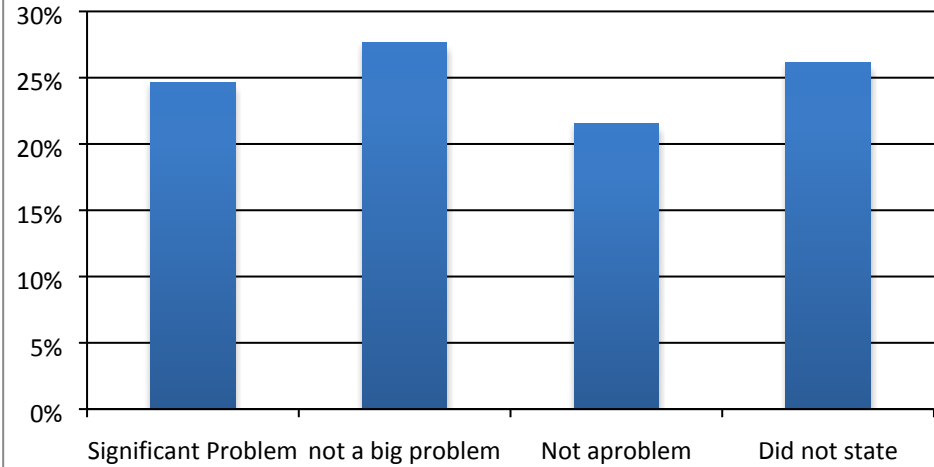
High Turnover Private Tenants



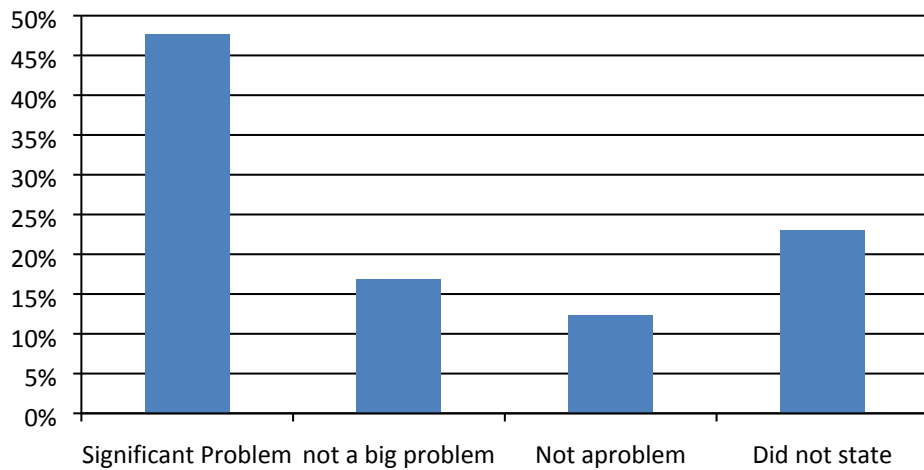
Poor Condition Lets



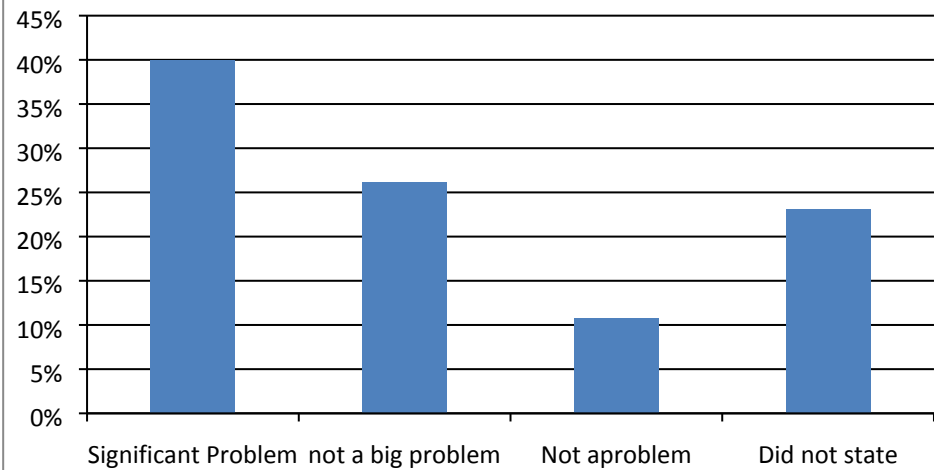
Empty Properties



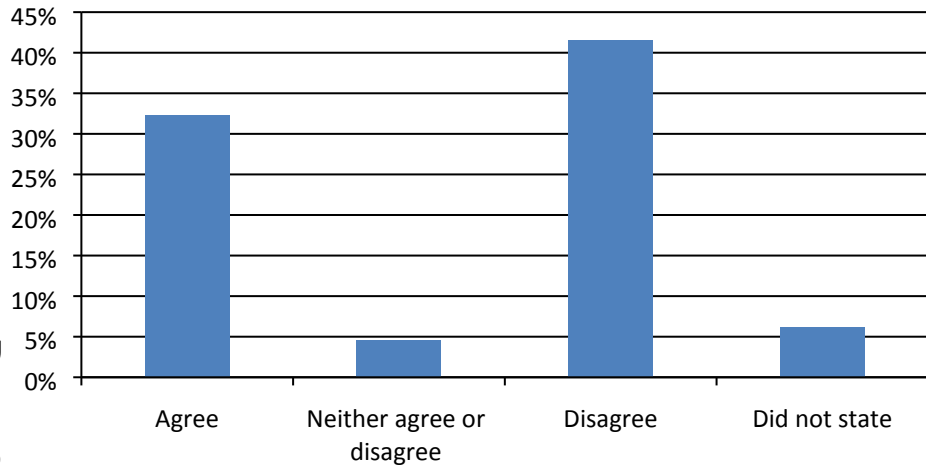
Rogue Private Landlords



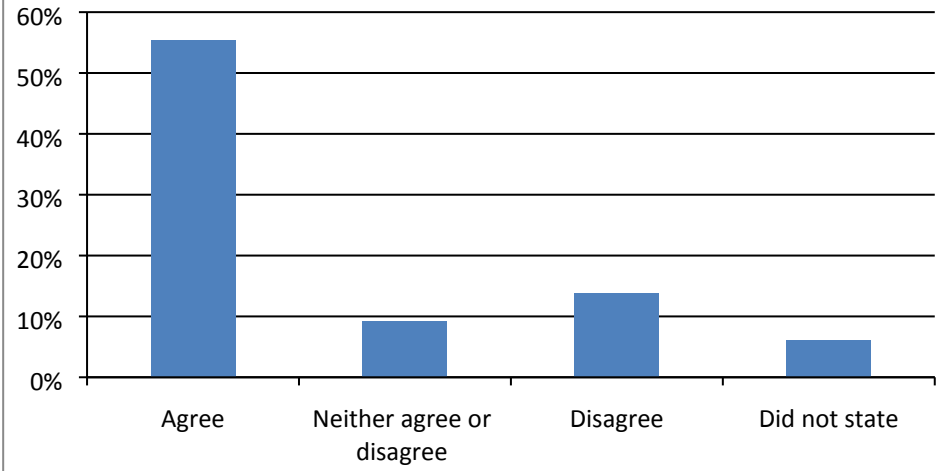
Bad Private Tenants



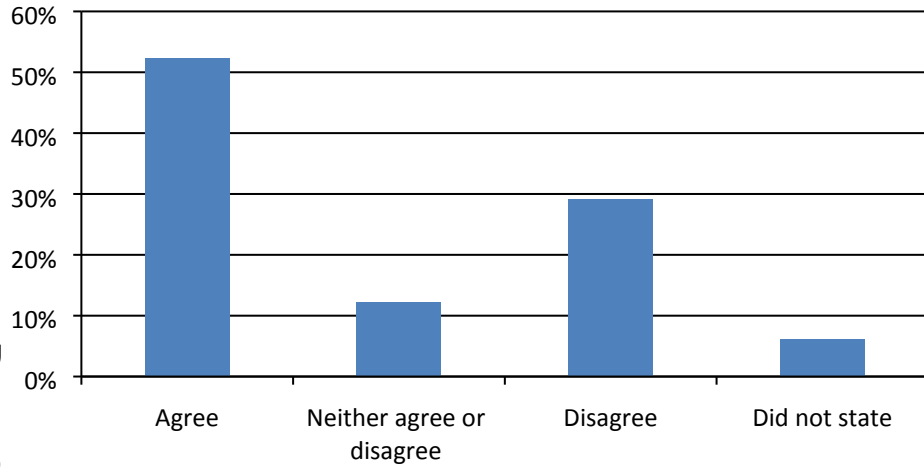
Licence Fee Reasonable



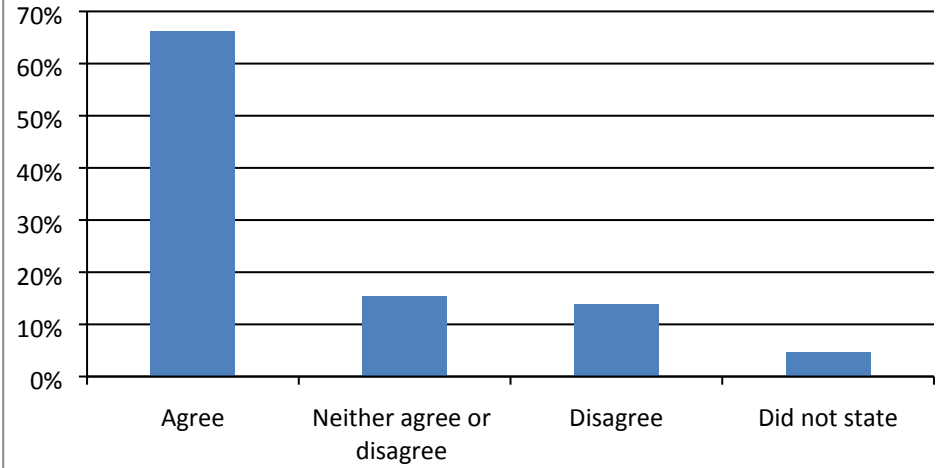
Fail Fit Proper Test Refusal

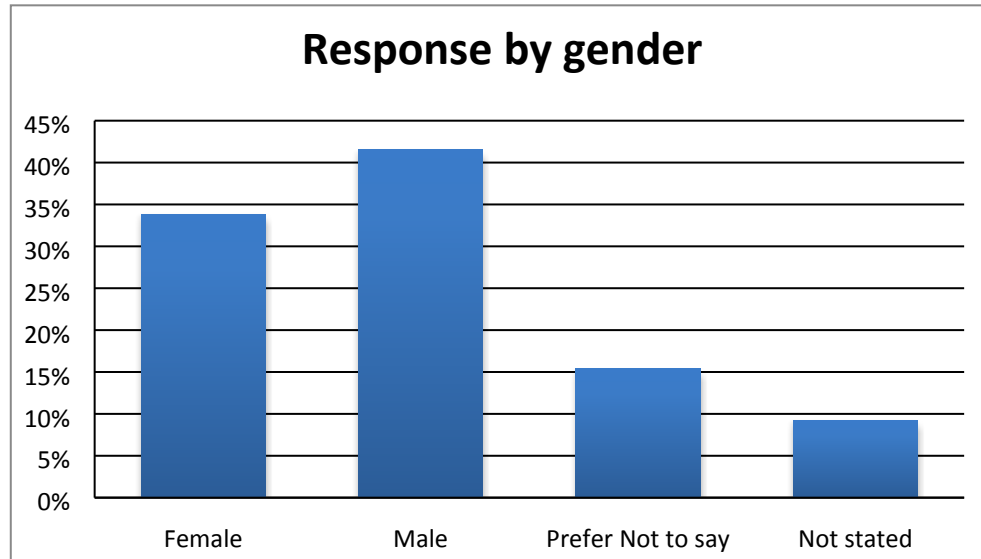


Monitoring Licenceholder Proposal

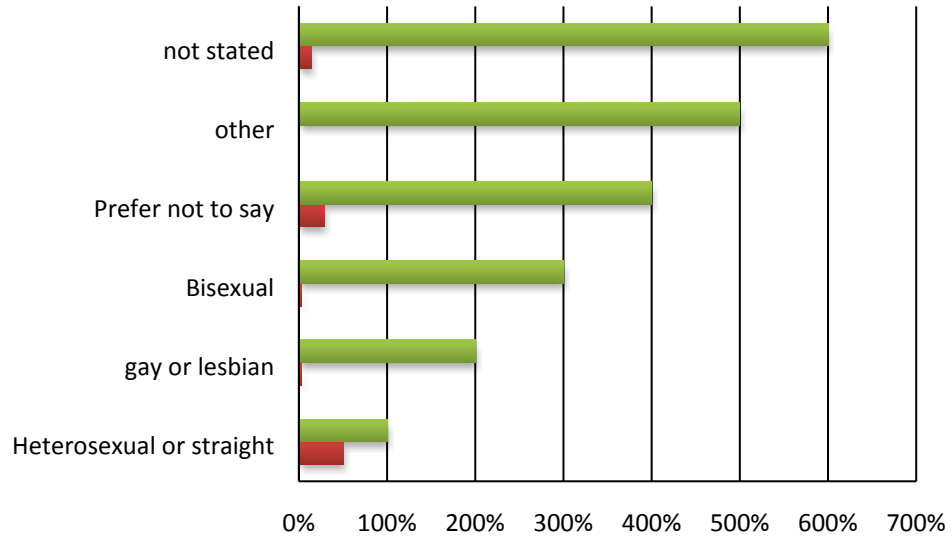


Licenceholder Refused if not Fit and Proper

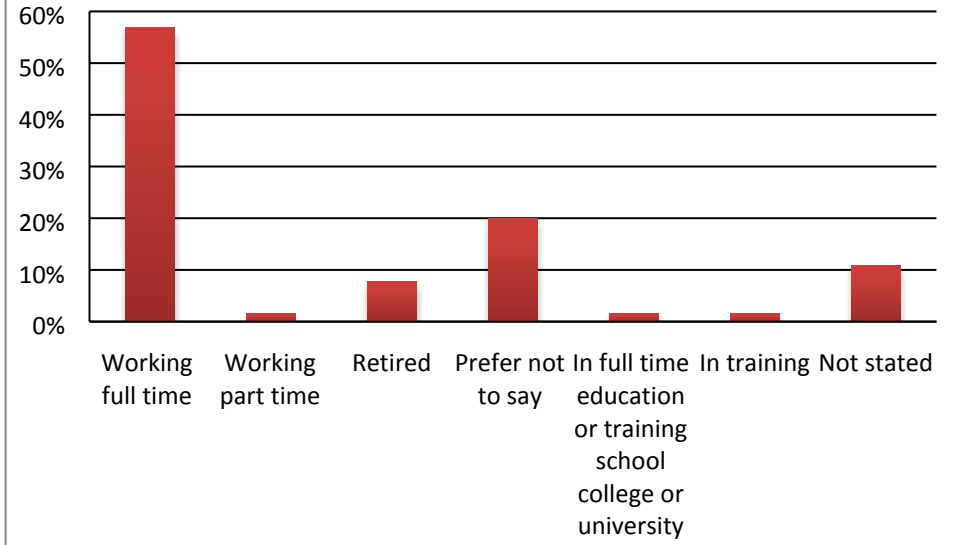


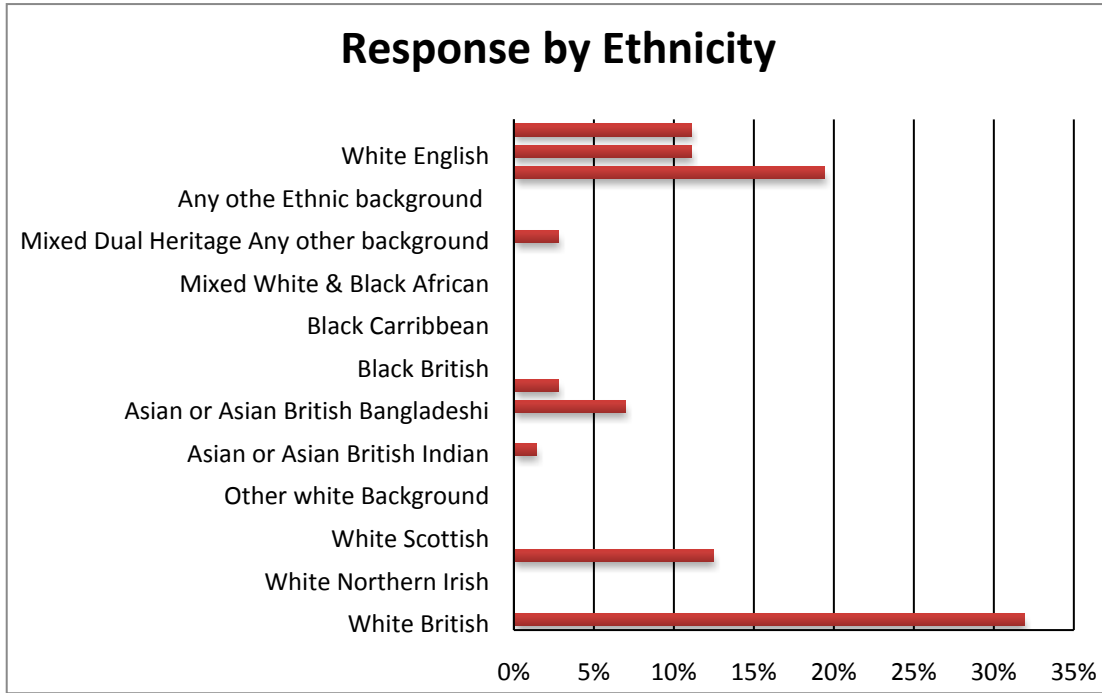


Sexual Orientation



Employment Status





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Appendix Seven

Online Questions written responses to Additional licensing

Individual/ Organisation	Summary of submission	Main points raised
Residents	Support proposal Anti-social behaviour such as noise, littering, fly-tipping, excessive rubbish in neighbourhood	Supportive of proposal to introduce additional licensing which will have more control over rogue landlords Better regulation of HMOs as current HMOs are poorly managed in the area
Residents	Supportive of the proposal to introduce Additional	Will combat overcrowding issues in the borough Landlords need to be charged for making profit Exploiting tenants with high cost rents
Residents	Support proposal	Enforcement and compliance should be reasonable which should target the higher risk property. That most enforcement effort is aimed towards rogue landlords Vs good landlords.
Residents	Against proposal	<ul style="list-style-type: none">• More bureaucracy additional cost• Onerous on landlords• Big brother approach• Not good idea to implement during housing crisis• Less flexibility for homeowners to rent out their property

Agent	Against Proposal	<ul style="list-style-type: none"> • Licensing without enforcement is a money making tax levied against responsible landlords • Current schemes in other boroughs are not effective • Lack of enforcement on these schemes – what is the money spent on • Implementation will push the buy-to-let landlords out of the market • Tower hamlets do not have a bad track record with rogue landlords • Additional taxation on landlords will force out responsible landlords instead of the bad ones as no enforcement on the ‘rogue landlords’
Resident	Fee	<ul style="list-style-type: none"> • Proposed fee is too low for licence when landlords make thousands in rent
Tenants	Against	<ul style="list-style-type: none"> • Not effective from other boroughs • Money making scheme vs improving standards • Don't feel additional licensing will rectified this • Don't used enforcement to improve the conditions
Tenants	Against	<ul style="list-style-type: none"> • Worried about additional cost being passed to tenants • Tenants are not aware of their legal rights
Mansion Property Management Ltd (MPM) (student accommodation)	Against	<ul style="list-style-type: none"> • Licence fees are too expensive for bad landlords • As a members of ANUK our standards are high and comply with code • Good landlords will bear the burden of the cost and bad landlords avoid the cost

Block manager – First Port	Support proposal	<ul style="list-style-type: none"> • Will assist with multiple lets in particular areas with problems with litter, rubbish being dump and poor rubbish disposal practices
Private Landlord	Against	<ul style="list-style-type: none"> • Too costly and expensive the proposed fee
Private Landlord	Against	<ul style="list-style-type: none"> • Licensing does not result in good properties run by good landlords
Resident	Support the proposal	<ul style="list-style-type: none"> • Adequate measures to regulate private rented housing • Provide secure housing for tenants • Landlords benefiting from financial gained but not regulated
Resident	Support proposal	<ul style="list-style-type: none"> • Fit and proper test should take regard to whether there are restrictions on letting to multiple lets.
Private Landlords	Against	<ul style="list-style-type: none"> • Penalised good landlords whilst bad landlords escape the burden • Extremely bureaucratic • Council have sufficient existing enforcement powers – inadequate enforcement • Additional costs on landlords and tenants
Private Landlords	Against	<ul style="list-style-type: none"> • No improvement to the private housing sector, no adequate enforcement • Licensing will force landlords to go under the radars • Licensing is a confusing process • Will create a shortage of HMOs. • Councils have existing powers to deal with poor standards and management

Tenant	Support the proposal	<ul style="list-style-type: none">• First-hand experience of being exploited by landlord on rent and poor housing conditions• Landlord did not licence the property and resulted in tenant living in substandard condition
Landlord	Against	<ul style="list-style-type: none">• Questions regarding the licence policy• Large private rented sector and whether the council is able to handle the increase in licensing requests
Resident	Support proposal	<ul style="list-style-type: none">• Should include Airbnb

Appendix Eight.

General Questions asked at the Additional licensing public consultation meetings and responses

- Concern that landlords are penalised due to second homes taxation and is unfair on landlords that extra cost is a burden on landlords and tenants
- Supportive of licensing scheme because it helps vulnerable tenants to keep them safe as sometimes tenants are exploited through high rents
- Do not believe that the licensing scheme is affective as have properties in Newham. Do not think that Newham's scheme achieved what they aim to achieve. Don't think that the scheme has improved property standards. Believed that it's a way to drive out landlords and propaganda.
- The consultation process has been flawed
There is significant relevant information missing both from the relevant reports for councillors and from the consultation
The logic behind the key report for councillors to make a decision on is flawed
- A few technical errors in the standards such as mentioning of bath but not a shower – mentioned that a mains fed interlinked alarm is required but do not mention whether wireless is suitable. The standards are very specific and do not seem to allow for other options.
- Think that it's good to regulate landlords and improve conditions and improve the quality of good landlords as will drive out rogue landlords.
- Concerns around the accuracy of the Dr. Mayhew Report and statistics in relation to ASB and private housing.

National Landlords Association
Skyline House (2nd Floor)
200 Union Street, London, SE1 0LX
Telephone: 020 7840 8900
Email: info@landlords.org.uk

Response to Tower Hamlets Council's proposal for additional licensing

April 2018

- The National Landlords Association (NLA) exists to protect and promote the interests of private residential landlords.
- More than 72,000 individual landlords from around the United Kingdom are members of our organization. We provide a comprehensive range of benefits and services to our members and strive to raise standards within the private rented sector.
- The NLA seeks a fair legislative and regulatory environment for the private rented sector while aiming to ensure that landlords are aware of their statutory rights and responsibilities.

Overview

1. The ability to introduce additional licensing is a powerful tool. If used correctly by Tower Hamlets Council, it could resolve specific issues. By introducing the scheme, you are indicating that it will eliminate all the problems that you identified.
2. This proposal should be put on hold until after the roll out of the mandatory extension by government in October this year, which will be within the same period as the council's, to avoid confusion.
3. One of the dangers of the proposed additional licensing scheme is that the costs may be passed on to tenants, thus increasing costs to Tower Hamlets residents, especially the most vulnerable, along with the Council's costs.
4. In many places, such as Newham, Oxford and Bath, where an article 4 direction was introduced in addition to the additional licensing, the result has been a reduction in the amount of shared housing that is available. This has resulted in councils looking to house many local people outside their boundaries, increasing costs for tenants and for the councils.
5. This policy could also have an impact on house prices in the area, with the market placing a premium on those with permitted development rights. This has been seen in other areas of the country. This

policy will benefit those landlords already in place and prevent new entries into the market, as demand increases. Equally it will discourage those with shared housing stock to move to family renting as they will not have shared housing status reappointed. This policy will crystallise the housing stock rather than allowing landlords to position their properties to support the need of the communities.

6. The scheme does not take into account Airbnb or those who practice rent-to-rent. These matters have to be addressed, if the scheme is to work. Subletting is a problem for landlords. What policies will the council put in place to support landlords who are the victims of tenants who sublet or who permit overcrowding to take place?
7. With civil enforcement powers the council can remove the criminals and poor landlords and keep the money within the council. This approach would be more appropriate, delivering results and punishes those breaking the law.

Resources

8. Areas that have seen the introduction of additional licensing have also seen mortgages being withdrawn (by the Nat West and RBS). This will have an impact on future mortgage applications as a negative comment will appear on the landlords credit history. This could have an impact on the housing market, as the housing type could become stigmatised. It could increase the cost to tenants and the council in those areas where it is maintained, and those on low income will be priced out along with those who are in receipt of welfare. The council will incur additional costs in housing people; this can already be seen in the council's homelessness budget. What analysis of this has been undertaken, and of the potential effect on the council's homelessness budget?

Societal impact

9. In addition to young professionals and students, migrants make up an important part of the shared housing market in Tower Hamlets. For obvious financial reasons and for flexibility, shared housing is an important housing segment for these groups. However, demand is not static. The impact of these policies will have an impact on the less well-off within Tower Hamlets. What measures are the council taking to mitigate these issues (including increases in housing costs)?
10. The issue of overcrowding is difficult for a landlord to manage. A landlord will tell a tenant how many people are permitted to live in the property, and that the tenant is not to sublet it or to allow additional people to live there. This is spelt out in the contract. Beyond that, how is the landlord to manage this matter without interfering with the tenant's welfare? Equally, how will the council assist landlords when this problem arises? It is impractical for landlords to monitor tenants' household activities every day, or their sleeping arrangements. Where overcrowding does take place, they know what they are doing and are criminals, not landlords.
11. The cost to rent via local housing allowance in Tower Hamlets is already very difficult. A policy such as this will further limit supply at the same time as it prices out local people.
12. Schemes such as additional licensing have put houses that are shared at a premium; that added value depends on them remaining shared. The council's policy will prevent new entries into the market, thus creating a monopoly. Properties that have shared usage will have a higher value than those that do not. Landlords will be disinclined to return them to family use, as they have higher value in shared usage and landlords will wish to preserve that status.

13. The use of additional licensing that is landlord/property-based will not resolve many of the issues that are caused by tenants – they are tenant-based issues. Landlords have limited powers to address them, as any direct action by the landlord to address issues such as ASB can be considered by the tenant to be harassment.
14. The NLA believes that any regulation of the private rented sector must be balanced. Additional regulatory burdens must focus on increasing the professionalism of landlords and the quality of private rented stock, and driving out the criminals who blight the sector. The shared objectives of all parties should be to facilitate the best possible outcomes for landlords and tenants. As such, good practice should be recognised and encouraged in addition to the required focus on enforcement activity. In the current economic climate, the last thing that good landlords need is yet more regulations or licensing schemes, particularly where there appear to be limited direct or immediate benefits to landlords or to tenants.

Creating tension in relationships

15. In relation to ASB reduction and the authority landlords have to tackle such activity within their properties, it should be pointed out that landlords and agents can only enforce a contract. They cannot manage behaviour (ref: House of Commons briefing note SN/SP 264, paragraph 1.1). In most circumstances, the only remedy available to landlords who are confronted with cases of serious ASB in one of their properties will be to seek vacant possession and, in many instances, they will need to serve a Section 21 notice, rather than a Section 8 notice which identifies the grounds for possession. The former is simpler and cheaper and repossession (at present) is more certain. No reason need be given for serving a Section 21 notice and, in this case, the perpetrator tenant can hypothetically approach the local authority for assistance to be re-housed (ref: Homelessness Guidelines cl 8.2). Crucially, no affected party needs to offer evidence against an anti-social householder, thereby reducing the risk of intimidation, harassment and, ultimately, unsuccessful possession claims. The issue of ASB will thus not appear as a factor in the repossession. However, in providing evidence to support a licensing application, the document should clarify, for the respondents, the position of all the relevant issues under landlord and tenant law.
16. Landlords are usually not experienced in the management of anti-social behaviour and do not have the professional capacity to resolve tenants' mental health issues or drug and alcohol dependency. If there are allegations about a tenant causing problems (e.g. ASB), even if the tenant has any of the above issues, a landlord ending the tenancy will have complied with their obligations under the additional licensing scheme. This moves the problems around Tower Hamlets but does not actually help the tenant, who could become lost within the system. There cannot be an obligation within additional licensing for the landlord to solve an ASB allegation. Rather, a landlord has a tenancy agreement with the tenant, and this is the only thing that the landlord can legally enforce.
17. This was reaffirmed in February 2017 when the House of Commons library published a briefing paper entitled 'Anti-social neighbours living in private housing (England)'. This explains: 'As a general rule, private landlords are not responsible for the anti-social behaviour of their tenants.'¹
18. It would be useful if the council could clarify its policies and put in place a guidance document which would outline the council's position on helping landlords to remove tenants who are causing anti-social behaviour. This is worse in shared housing, when a tenant has to share parts of the house with other tenants.
19. The ability of a landlord to enforce the law against a tenant who is causing anti-social behaviour comes from the civil court, where the burden of evidence differs from that of a criminal court. Although the

¹ <http://researchbriefings.parliament.uk/ResearchBriefing/Summary/SN01012>

National Landlords Association Limited (by guarantee) registered in England number 4601987. The Landlords Association Limited (by guarantee) registered in England number 4336449. VAT Reg. No. 884 7388 60. Both companies are registered at Skyline House-2nd Floor, 200 Union Street, London SE1 0LX

burden is lower, the length of this process will often exceed the period of the tenancy. Why would a landlord continue to pursue a case against a person who is no longer a tenant? A landlord also risks the tenant causing damage to the property by starting legal proceedings against the tenant. The fact that a landlord has started such a process will not appear on any council document, so how will the council expect to measure this?

Conclusion

20. The NLA agrees that some landlords, most often due to ignorance rather than criminal intent, do not use their legal powers effectively in the management of their properties. A more appropriate response would be to identify issues and help landlords to develop the required knowledge and skills to improve the sector through schemes such as the NLA Accredited Landlord Scheme. This would enable Tower Hamlets Council to target criminals, where a joint approach is required.
21. The introduction of additional licensing could further reduce the amount of shared housing. This would probably increase the costs for those who rent, as it would prevent new entries into the market. A more erudite approach to dealing with nuisance, and a separate policy to tackle criminals, would be a better way to resolve the issues. Enforcement is required against those landlords who do not meet housing standards. The proposed policy will increase the council's costs along with that of tenants.
22. Again, the NLA thanks Tower Hamlets Council for the opportunity to respond to this consultation. We hope you find our comments useful.

Hello,

I have been reading about the proposals to introduce landlord license schemes to Bromley by bow.

I was wondering why housing associations are not having to apply for licenses like the private landlords. As in many developments across Tower hamlets it is often the socially housed tenants causing the antisocial behaviour as opposed to private tenants.

Our concierge provides data to support this and I would like it to be considered during the consultation. Private landlords will simply pass on the bill to private renters.

kind regards





Dear Sir / Madam,

I would like to object to the introduction of the above scheme on three grounds:

1. The consultation process has been flawed
2. There is significant relevant information missing both from the relevant reports for councillors and from the consultation
3. The logic behind the key report for councillors to make a decision on is flawed

In respect of the first ground, I attended the 'drop in' session at Canary Wharf having prepared by reading all of the various reports. Unfortunately, it turned out that I was the only one to have done so and those leading the consultation had not even read the detailed materials or been trained on the scheme. Key to the scheme is the report by Dr Les Mayhew, but none of those leading the consultation had read the report or were able to ask any questions on it. Without access to people who have the detailed information on the scheme, the consultation must be considered flawed and many councils have failed to implement their schemes on the back of a flawed consultation.

In respect of the second point, there is significant data conveniently missing from Dr Les Mayhew's report, i.e.:

- i. In FOI: 9361066, the council states that there have been no enforcement actions at all by the housing or legal teams in respect to housing in either Island Gardens or Canary Wharf wards, so how can it be justified to introduce additional bureaucracy and costs to landlords where the council have had no cause to move to enforcement in either ward?
- ii. In FOI: 9205969, the council states that only 3-4% of all complaints from tenants about private rental properties were related to HMOs. This hardly makes a case for additional licensing;
- iii. In FOI 6829336, the council admit that they have not issued any Interim Management Orders (IMOs) under the Housing Act 2004 – nor Final Management Orders or emergency action. In fact, in 2015/16, only 21 improvement notices were issued, which is two per ward – hardly an epidemic.

There is an additional FOI request that has been submitted to the council to break down the data in FOI: 9205969 by ward which will show exactly where these issues exist and it is likely that they could be addressed through including only a small number of wards and not the whole borough.

In respect of my third point, I now address the report by Dr. Mayhew. It's very strange that in a report for LBTH just two years earlier, he stated:

we also note that because the distribution of HMOs and single family rented properties appear to be similar there is no need for Additional or Selective licensing schemes

Source: executive summary - https://www.towerhamlets.gov.uk/Documents/Housing/Housing-provision/Landlord-accreditation/The_private_rented_sector_asb.pdf

Frankly, I am shocked that the author of the report can change his position completely in two years whilst nothing has fundamentally changed within the borough – in fact with the introduction of the private rental charter and increased funding for enforcement in trading standards, things are much better than they were two years ago when the report was written. Whilst Dr Mayhew is well respected in his profession as statistician, let's remember the Mark Twain comment about 'lies, damn lies and statistics' and remember that statistics can be used to prove almost anything given the right motivation or fee.

And this is evident in the new report itself which has some questionable logic in it. A few of the highlights are below:

- a. Table 1 – shows that the number one issue in LBTH is fly tipping but as is clear from recent data, LBTH has initiated no prosecutions for fly tipping *this decade*. This data is later explored on page 15, but ignores the reality of lack of prosecution / moral hazard and simply looks at the numbers as a rather naive approach;
- b. Page 16 – Dr. Mayhew addresses the number of missed food collections. The reality though is that those living in flats (which are less likely to be HMOs) do not have access to food recycling and hence the data is flawed and should not be used. Someone understanding the area would have that information, but Dr. Mayhew is not familiar with the area – only its data which without understanding can give the wrong root cause of any issue;
- c. Table 2 – takes into account 'garden and food waste', but in Canary Wharf ward, the number of people who have access to these services are tiny as they are not available to flats;
- d. Table 2 – takes into account THEOs, but a recent FOI request shows that THEOs are skewed and not distributed evenly with Island Gardens ward only having a small fraction of THEO time and hence the statistics here are once again skewed without an understanding of them;
- e. Section 3.4 links deprivation and the PRS, but this is massively over-simplistic. In the Canary Wharf ward, there are thousands of high end flats renting for several thousand pounds per month which break that hypothesis – in fact it shows it as simply over-simplistic and hence one scheme for the whole of the borough is not appropriate;

However, the main culprit for statistical vandalism is table 3. What table 3 actually shows is that of the 9,000 homes with 3+ adults, 85% have no issues at all, i.e. it is only a small minority causing an issue and the licensing of the whole borough is simply not justified but the same data has been presented to show the exact opposite.

I would very much welcome an opportunity to speak at council when this matter is debated and explain how statistics without and explanation have been used to reverse the conclusions of only two years ago by the same academic.

Best regards,

Appendix Ten: Public Consultation Online Questionnaire

March 2018 – May 2018

Additional Licensing Scheme for Houses in Multiple Occupation in
London Borough of Tower Hamlets

I agree strongly – I tend to agree- neither agree or disagree – I tend to disagree – I disagree

Proposal to introduce an additional HMO licensing scheme

Feedback questionnaire

1. If you are a resident in Tower hamlets, what Ward do you live in? –
provide a link to the GIS ward map

Island Gardens,
Canary Wharf,
Blackwall and Cubitt Town,
Poplar,
Lansbury,
Limehouse,
Mile End,
Bromley South,
Bromley North,
St. Dunstan's,
Stepney Green,
St. Katherine and Wapping,
St. Peters,
Bethnal Green,
Bow West,
Bow East,
Shadwell,
Spitalfields and Banglatown,
Weavers,
Whitechapel

Which of the following best describes you?

- owner occupier
- private tenant
- social housing tenant
- landlord
- letting or managing agent
- business owner in Tower Hamlets

How long have you lived in Tower Hamlets?

- Less than 12 months
- between 1-5 years
- over 5 years
- not resident in Tower hamlets

If you have lived in Tower Hamlets for less than 12 months, where did you live before?

- Other London Borough
- Other part of UK
- Outside UK (abroad)

(Please skip questions ?? if you are NOT a landlord or property manager)

If you manage any privately let property, which of the following best describes you?

- landlord who manages their own property
- landlord who uses a managing agent
- letting agent
- managing agent
- registered social landlord
- other interested party

If you are a landlord or managing agent, how many properties in Tower hamlets of the following types do you own/manage

	None	1-5	6-10	11-20	more than 20
single occupancy dwellings	<input type="radio"/> single occupancy dwellings	<input type="radio"/> single occupancy dwellings	<input type="radio"/> single occupancy dwellings	<input type="radio"/> single occupancy dwellings	<input type="radio"/> single occupancy dwellings
houses in multiple occupation with less than three storeys	<input type="radio"/> houses in multiple occupation with less than three storeys	<input type="radio"/> houses in multiple occupation with less than three storeys	<input type="radio"/> houses in multiple occupation with less than three storeys	<input type="radio"/> houses in multiple occupation with less than three storeys	<input type="radio"/> houses in multiple occupation with less than three storeys

- houses in multiple occupation with 3 storeys or more**
- houses in multiple occupation with 3 storeys or more
- houses in multiple occupation with 3 storeys or more 1-5
- houses in multiple occupation with 3 storeys or more 6-10
- houses in multiple occupation with 3 storeys or more 11-20
- houses in multiple occupation with 3 storeys or more than 20

Are you a member of any of the following?

- National Landlords Association (NLA)
- Residential Landlords Association (RLA)
- Association or Residential Letting Agents (ARLA)
- other landlord or letting agents association

Do you own or manage any other properties outside of Towerhamlets

- yes
- no

To what extent do you agree or disagree with the general proposals for licensing scheme for Tower Hamlets?

I agree strongly – I tend to agree- neither agree or disagree – I tend to disagree – I disagree

Do you agree or disagree with Additional licensing proposal that licences should be required only for privately rented properties with three or more non-related tenants sharing a kitchen or bathroom in Tower Hamlets?

I agree strongly – I tend to agree- neither agree or disagree – I tend to disagree – I disagree

In your opinion, do landlords in Tower Hamlets maintain their properties to a good standard? ‘

For the issues below, please state much of a problem, if at all, you think they are in Tower Hamlets?

Please add multiple choice answer to each question - very big problem, Fairly big problem, Not a very big Problem, Not a problem at all, Don't know

1. Poor management of multiple lets properties
2. Poor condition of multiple lets properties
3. Poor quality of multiple lets properties
4. High turnover of private tenants and home owners
5. Empty properties
6. Rogue/bad private landlords
7. Rogue/bad private tenants

Do you think property licensing scheme will improve the private rented sector in the following statement ?

- Private property licensing will ensure that privately rented HMOs are well maintained and managed
- Private property licensing will increase landlords costs
- Private property licensing will increase rents
- Private property licensing will help make areas more attractive to residents
- Private property licensing will help make areas more attractive to buyers
- Private property licensing will increase bureaucracy
- Private property licensing will cause some private landlords to be unable to rent out their properties
- Property licensing will reduce the likelihood of overcrowding in properties
- Private property licensing will increase the power of the Council over property owners wanting to rent their properties

Do you think that the proposed amenity standards in consultation documents will improve the quality and standard of HMOs?

I agree strongly – I tend to agree- neither agree or disagree – I tend to disagree – I disagree

Do you think the proposed amenity standards in the consultation document on space standards are reasonable?

I agree strongly – I tend to agree- neither agree or disagree – I tend to disagree – I disagree

Do you think the proposed amenity standards in the consultation document on Living and Dining rooms space are adequate?

I agree strongly – I tend to agree- neither agree or disagree – I tend to disagree – I disagree

Do you think the proposed amenity standards in the consultation document on kitchen facilities are reasonable?

I agree strongly – I tend to agree- neither agree or disagree – I tend to disagree – I disagree

Do you think the proposed amenity standards in the consultation document on washing and WC facilities are reasonable?

I agree strongly – I tend to agree- neither agree or disagree – I tend to disagree – I disagree

The proposed additional licensing to include Section 257 HMOs which are converted self-contained flats/dwelling that have been converted prior to Building Regulations 1991 and does not meet appropriate standards of conversion. Do you agree that including Section 257 HMOs in the scheme will improve the quality of privately rented housing?

I agree strongly – I tend to agree- neither agree or disagree – I tend to disagree – I disagree

Thinking about the private rented sector in Tower Hamlets as a whole, to what extent do you agree or disagree with the following statements?

	I agree strongly	I tend to agree	neither agree nor disagree	I tend to disagree	I disagree strongly
poorly managed privately let properties are contributing to the decline of some areas in Towerhamlets	<input type="radio"/> poorly managed privately let properties are contributing to the decline of some areas in LBTH I agree strongly	<input type="radio"/> poorly managed privately let properties are contributing to the decline of some areas in LBTH I tend to agree	<input type="radio"/> poorly managed privately let properties are contributing to the decline of some areas in LBTH neither agree nor disagree	<input type="radio"/> poorly managed privately let properties are contributing to the decline of some areas in LBTH I tend to disagree	<input checked="" type="radio"/> poorly managed privately let properties are contributing to the decline of some areas in LBTH I disagree strongly
privately let HMO's are contributing to the decline of some areas in TowerHamlets	<input type="radio"/> privately let HMO's are contributing to the decline of some areas in LBTH I agree strongly	<input type="radio"/> privately let HMO's are contributing to the decline of some areas in LBTH I tend to agree	<input type="radio"/> privately let HMO's are contributing to the decline of some areas in LBTH neither agree nor disagree	<input type="radio"/> privately let HMO's are contributing to the decline of some areas in LBTH I tend to disagree	<input checked="" type="radio"/> privately let HMO's are contributing to the decline of some areas in LBTH I disagree strongly
landlords have a responsibility to manage their properties effectively	<input type="radio"/> landlords have a responsibility to manage their properties effectively I agree strongly	<input type="radio"/> landlords have a responsibility to manage their properties effectively I tend to agree	<input type="radio"/> landlords have a responsibility to manage their properties effectively neither agree nor disagree	<input type="radio"/> landlords have a responsibility to manage their properties effectively I tend to disagree	<input type="radio"/> landlords have a responsibility to manage their properties effectively I disagree strongly

11. Thinking about Tower Hamlets private rented sector, how much of a problem do you consider the following on a scale of 1-5, with 5 being the highest problem and 1 being the lowest?

1 2 3 4 5

nuisance nuisance nuisance nuisance nuisance nuisance

	1	2	3	4	5
neighbours	neighbours 1	neighbours 2	neighbours 3	neighbours 4	neighbours 5
loud noise	<input type="radio"/> loud noise 1	<input type="radio"/> loud noise 2	<input type="radio"/> loud noise 3	<input type="radio"/> loud noise 4	<input type="radio"/> loud noise 5
litter/ rubbish dumping	<input type="radio"/> litter/ rubbish dumping 1	<input type="radio"/> litter/ rubbish dumping 2	<input type="radio"/> litter/ rubbish dumping 3	<input type="radio"/> litter/ rubbish dumping 4	<input type="radio"/> litter/ rubbish dumping 5
poorly maintained/ neglected/ run down properties	<input type="radio"/> poorly maintained/ neglected/ run down properties 1	<input type="radio"/> poorly maintained/ neglected/ run down properties 2	<input type="radio"/> poorly maintained/ neglected/ run down properties 3	<input type="radio"/> poorly maintained/ neglected/ run down properties 4	<input type="radio"/> poorly maintained/ neglected/ run down properties 5
drug use/dealing/ drug related crime	<input type="radio"/> drug use/dealing/ drug related crime 1	<input type="radio"/> drug use/dealing/ drug related crime 2	<input checked="" type="radio"/> drug use/dealing/ drug related crime 3	<input type="radio"/> drug use/dealing/ drug related crime 4	<input type="radio"/> drug use/dealing/ drug related crime 5
alcohol misuse	<input type="radio"/> alcohol misuse 1	<input type="radio"/> alcohol misuse 2	<input type="radio"/> alcohol misuse 3	<input type="radio"/> alcohol misuse 4	<input type="radio"/> alcohol misuse 5
petty crime	<input type="radio"/> petty crime 1	<input type="radio"/> petty crime 2	<input type="radio"/> petty crime 3	<input type="radio"/> petty crime 4	<input type="radio"/> petty crime 5
prostitution	<input type="radio"/> prostitution 1	<input type="radio"/> prostitution 2	<input type="radio"/> prostitution 3	<input type="radio"/> prostitution 4	<input type="radio"/> prostitution 5

Have you ever experienced or witnessed anti-social behaviour from tenants living in a privately rented HMO?

- yes
 no

If you are a private tenant living in a HMO, have you experienced any of the following issues?

- dampness and/or disrepair
 inadequate basic amenities (e.g. bath, toilet etc)
 lack of fire safety measures
 dirty common areas (staircase, hallways etc.)
 rubbish accumulations or inadequate refuse storage facilities
 poor letting practices (e.g. lack of tenancy paperwork, poor response to repair requests)
 harassment and/or illegal eviction
 none of the above

In your opinion, do landlords in Tower Hamlets maintain their properties to a good standard?

- yes
- no

The Council needs to charge a fee in order to cover the cost of processing licence application and running the scheme. Do you agree that the proposed licence application fee of around £520 for a five year licence is reasonable?

- yes
- no

The fee £520 will include landlords that are of concern with previous non-compliance or prosecution, a licence may be granted for 12 months rather than 5 years and premises will closely be monitored. Please indicate whether you support this proposal. A landlord of concern is one who has been a poor track record of managing property and formal action has previously been taken by the council under Housing Act 2004 (Landlords who fail the fit and proper person test or have certain criminal convictions will be refused a licence altogether).

I agree

I disagree

The fit and proper test is a legal obligation to ensure that any action taken under Housing Act 2004, Section 66(6) is declared by the proposed licence holder and will be refused a licence. The test is in appendix 5 on the consultation document.

I agree

I disagree

In your opinion, do you think the licence conditions proposed in the consultation document are reasonable concerning:

	Agree	Disagree
occupancy levels	<input type="radio"/> occupancy levels Agree	<input type="radio"/> occupancy levels Disagree
tenancy management	<input type="radio"/> tenancy management Agree	<input type="radio"/> tenancy management Disagree
property management	<input type="radio"/> property management Agree	<input type="radio"/> property management Disagree
financial management	<input type="radio"/> financial management Agree	<input type="radio"/> financial management Disagree

What age group do you fall within?

- 25 or under
- 26-35
- 36-45
- 46-55
- 56-65
- 66-75
- 76-85
- 86 and over

What is your gender?

- male
- female

What is your sexual orientation?

- Heterosexual/Straight
- gay woman/lesbian
- gay man
- Bisexual
- other
- prefer not to say

Do you consider yourself to have any of the following disabilities?

- Physical disability
- Mental health disability
- no disability

What is your socio-economic status?

- Employed or self employed with average or above average income
- Employed or self employed with low income
- Unemployed/Benefit dependent
- Pensioner

What is your ethnicity?

- White English
- White Irish
- White Northern Irish
- White Scottish
- White Gypsy or Irish Traveller
- Other White background
- other White European
- Asian/Asian British Indian
- Asian/Asian British Pakistani

- Asian/Asian British Bangladeshi
- Asian/Asian British Chinese
- Any other Asian background
- Black British
- Black African
- Black Caribbean
- Any other Black/African/Caribbean
- Mixed White & Black African
- Mixed White and Asian
- Other Mixed
- Arab
- Any other Ethnic background
- prefer not to say

The potential for an extension of discretionary licensing in the London Borough of Tower Hamlets

**Dr Les Mayhew
Gillian Harper
Mayhew Harper Associates Ltd.**



**Neighbourhood
Knowledge Management**

Executive Summary

The London Borough of Tower Hamlets commissioned Mayhew Harper Associates Ltd. to undertake further research of the privately rented sector in the borough. The purpose was to evaluate the case for an extension to the discretionary licensing of private landlords, either Additional or Selective Licensing or both.

Housing in Tower Hamlets is in great demand. Between the 2001 and 2011 Censuses the number of homes grew by 25.7% to 101k. Our own analysis of the Local Land and Property Gazetteer estimates that there is currently 128k homes of which an estimated 81.5k are privately owned.

Significantly, private landlords now provide more homes than any other sector in Tower Hamlets. Indeed, it is highly significant that the private rented sector grew by 135% between 2001 and 2011 whereas social housing fell by 2.7% based on the Census.

The current population of Tower Hamlets stands at 297k but this is projected to grow to 364k by 2026, or by 22.5%. The acute shortage of affordable housing has resulted in high numbers of homeless families and thousands living in overcrowded properties whilst many newer properties in the south stand empty or under-occupied.

The Borough housing strategy is concerned with creating more choice for such households, but it also wishes to ensure that the standards of accommodation for people in private rented housing are as good as they can be especially in the older-builds.

Licensing properties gives Tower Hamlets greater control over housing standards and so is an important tool for weeding out poor landlords and improving the quality of accommodation

Selective Licensing of all private rented properties, introduced in October 2016 and due to run for five years, already operates in three wards - Whitechapel, Weavers, Spitalfields and Banglatown. The designated areas are those which suffer or are likely to suffer from significant and persistent anti-social behaviour (ASB).

Under Additional Licensing a council can impose a license on other HMOs in its area which are not subject to Mandatory or Selective Licensing, but where the council considers that poor management of the properties is causing problems either for the occupants or the general public.

Additional licensing applies to private rented properties in multiple occupations that are shared by three or more tenants living in two or more households. This excludes HMOs that require a mandatory licence which applies to properties with three or more storeys, shared by five or more people living in two or more households.

Potential for Extension of Discretionary Licensing



Under Additional Licensing a Local Authority can specify the maximum number of people who can occupy the house and live in separate households, attach conditions relating to the management of the building, and also make sure that amenities are kept up to standard.

For example, this research estimates there are up to 18,000 HMOs based on the extended definition of HMOs with no limit on storeys and 3 or more adults of which approximately half are believed to contain three or more adults.

The case for extending selective licensing to the whole borough which would cover all privately rented properties and not just HMOs is also very strong in some wards more than others, but in order to introduce it a case would need to be made to the Secretary of State for approval.

Based on the evidence of recent failed applications by other boroughs to introduce similar schemes covering over 20% of their private rented sectors, it is not recommended that Tower Hamlets follows this path.

We found that, whilst existing Selectively Licensed areas comfortably meet this condition, there was a very small theoretical margin to extend it. However, after testing a range of options, we concluded that widening the present scheme would have limited impact and result in significant practical problems.

On this basis it is recommended that Additional Licensing be introduced borough-wide except in wards where Selective Licensing currently operates. The report provides the evidence and analysis to support these recommendations and includes a property level database which can be used for further analysis as required.

Dr. Les Mayhew
Dr. Gillian Harper

Mayhew Harper Associates Ltd.
Email: lesmayhew@googlemail.com
September 2017

1. Introduction

The London Borough of Tower Hamlets commissioned Mayhew Harper Associates to undertake further research of the privately rented sector in the borough. This report produces independent evidence to evaluate the case for an extension to discretionary licensing in the borough by determining:

1. Whether there is sufficient evidence for the Council to bring in an additional licensing scheme across the Borough. If such a scheme was introduced it would cover all HMOs irrespective of number of storeys where there are 3 or more tenants but would exclude those wards already operating Selective Licensing schemes.
2. Whether there is evidence available for the Council to request the Secretary of State to enable a Selective Licensing scheme designation to be permitted across the whole Borough adding to the existing Selective License schemes already operating.

The research builds on previous work completed in 2013 by demonstrating links between private renting and the incidence of poor housing conditions. It takes into account changes in the housing and rental markets since and updates the previous analysis produced then.

In addition, it uses expanded criteria introduced by the Government in March 2015 for the introduction of Discretionary Licensing schemes by contextualising the evidence to include potential associations between private renting and deprivation and immigration.

1.1 Background

Housing in Tower Hamlets is in great demand. Currently, the population of Tower Hamlets stands at 297k but this is projected to grow to 364k by 2026, or by 22.5%. This compares with 9% in the Greater London area and 7% nationally.

This growth has been fuelled by several factors including massive new housing developments in Docklands which is the focus for much of the growth. Tower Hamlets has also been a preferred destination for many international migrants with net additions of over 50k people in the last decade.

Between the 2001 and 2011 Censuses the number of homes grew by 25.7% to 101k. Latest projections from DCLG suggest that this had grown to between 125k and 127k in 2014. Our own analysis of the Local Land and Property Gazetteer estimates that there is currently 128k homes of which an estimated 81.5k are privately owned.

Although there are pockets of affluence especially in the newly developed areas, Tower Hamlets remains one of the poorest boroughs in the country. Analysis shows that while deprivation remains widespread in Tower Hamlets, the borough now

Potential for Extension of Discretionary Licensing



contains fewer of the most highly deprived areas in England so there has been some progress to report.

On the other hand, the housing problems facing the borough have grown significantly, with nearly half of households in the borough living in income poverty, and nearly 20,000 people on the housing register according to the housing strategy. Ironically, the newly developed homes in the regenerated areas are unaffordable for most.

The acute shortage of affordable housing has resulted in high numbers of homeless families and thousands of families living in overcrowded properties and this is set to increase because of population growth. Significantly, private landlords now provide more homes than any other sector in Tower Hamlets.

Although many homes are of high quality, private renting is increasingly the only option for people who cannot find a home in the social sector or cannot afford to buy. It is highly significant, for example, that the private rented sector grew by 135% between 2001 and 2011 whereas social housing fell by 2.7% based on the Census.

The Borough housing strategy is concerned with creating more choice for such households, but it also wishes to ensure that the standards of accommodation for people in private rented housing are as good as they can be especially in the older-builds.

The aim is not only to drive out the bad landlords and agents, but also to support small landlords to provide decent, well-managed homes to their tenants and for tenants to understand their rights and have access to legal protection.

A key component of the housing strategy published in 2016 is to review existing licensing schemes for the private rented sector. Licensing properties gives the council greater control over housing standards and is an important tool for weeding out poor landlords and improving the quality of accommodation.

The licensing policy has two strands - first is to explore options for one or more Additional Licensing schemes for houses in multiple occupation (HMOs) and the second to consider the need for, and also the feasibility of, a wider Selective Licensing scheme.

1.2 Discretionary licensing

All Houses in Multiple Occupation, in the borough, of three or more storeys in height and having five or more persons within at least two households must be licensed according to the Housing Act 2004. This is called Mandatory Licensing.

'Discretionary licensing' means any licensing of residential property under the Housing Act 2004 (the Act) that goes beyond the national mandatory HMO licensing requirements contained in the Act.

The two types of discretionary licensing are:

- (a) Additional: where a council can impose a licence on other HMOs in its area which are not subject to mandatory licensing, but where the council considers that poor management of the properties is causing problems either for the occupants or the general public.
- (b) Selective: covering all privately rented property in areas which suffer or are likely to suffer from low housing demand and also to those that suffer from significant and persistent anti-social behaviour (ASB).

In both cases Councils must however consult local landlords before introducing Additional or Selective Licensing and it must be widely publicised when it comes into force. Of the two cases, Selective Licensing is a more general power but also more specific in its conditions.

The rules for its introduction require that local authorities obtain confirmation from the Secretary of State for any Selective Licensing scheme which will cover more than 20% of their geographical area or will affect more than 20% of privately rented homes.

The criteria have now been extended to include areas experiencing poor property conditions, influxes of migration, a high level of deprivation or high levels of crime as well as ASB. This widening means that more evidence can be brought to bear to justify its implementation.

In an earlier consultation phase, Tower Hamlets succeeded in its application to selectively license, all privately rented property in three wards - Whitechapel, Weavers, Spitalfields and Banglatown. This took effect in October 2016 and is initially due to run for five years. The number of licensed properties is now over 3,000 but the number taken out at the time of this research was 2,368.

Mandatory licenses apply to shared dwellings of at least five persons where the dwelling is located over three storeys. These are traditional bedsit or shared house HMOs associated principally with students or individuals who share one or more facilities such as a kitchen or bathroom. HMOs can also include smaller shared properties and poorly converted flats.

Following a recent consultation it remains the Government's view that five people in two households should be the appropriate number of persons for the threshold to apply for smaller HMOs. It found that there was no compelling evidence put forward to increase this number.

However, it is intending to remove the reference to the number of storeys from the prescribed description of large HMOs, so that all HMOs occupied by five or more people from more than one household, are included, including flats above and



Potential for Extension of Discretionary Licensing

below business premises.¹

Currently there are around 300 Mandatory licenses in force in Tower Hamlets but this number would be greatly expanded if Additional Licensing were to be introduced. However, it is not known how this would compare with the Government's proposed changes to the definition of HMOs above.

If Additional Licensing is introduced it means that a Local Authority can specify the maximum number of people who can occupy the house regardless of storeys, attach conditions relating to the management of the building, and also make sure that amenities are kept up to standard and so the number of properties captured by such a change would be much greater.

However, before its introduction, a local authority must consider that a significant proportion of the HMOs of that description in the area are being managed sufficiently ineffectively as to give rise, or to be likely to give rise, to one or more particular problems either for those occupying the HMOs or for the wider community.

In this regard, a range of circumstances can be envisaged including untidy or ill-maintained dwellings, fly-tipping, untidy front gardens and all hazards of various kind including overcrowding, under occupation, fire safety, damp and mould, electrical hazards, hygiene issues and so on which could adversely affect occupants, nearby residents or the local community.

1.3 Structure of the report

The rest of the report examines the case for the extension of Selective licensing and for the borough-wide introduction of Additional Licensing.

Section 2 considers the identification of private rented properties and the method and approach adopted in relation to demographic trends

Section 3 analyses data on ASB including trends over time and considers the relationship between ASB, private renting, and deprivation at ward and neighbourhood level

Section 4 investigates the links between ASB and private renting at a property level in order to identify whether there is a direct link

Section 5 estimates the number of HMOS and Single Family private rented households in order to build the case for an extension to Discretionary Licensing

¹ Extending mandatory licensing of Houses in Multiple Occupation - A Government Response Document. Department for Communities and Local Government October 2016.

Potential for Extension of Discretionary Licensing



Section 6 investigates the options for an extension to Discretionary Licensing in Tower Hamlets

Section 7: Conclusions

Annexes provide various tables which were used in support of this report.



2. Identification of private rented properties

2.1 Scoping the problem

In the eyes of the legislation it is necessary to link cause and effect – for example, it should be possible to identify an event such as noise disturbance to an exact address. Secondly that address and similar ones to it are part of general problem which is characterised by certain attributes of that address such as whether it is privately rented or not.

The problem is that there is no specific, comprehensive or up to date information with which to verify whether any individual property is owner occupied or privately rented. All that is known with certainty is whether a property is in the private sector, part of the council stock or social housing.

In addition to this problem it is also unclear whether a property is an HMO or being rented by a single family or an owner occupier. This is important because it may affect the type of licence required and apart from the electoral register there is no information on occupancy at a property level.

Both privately owned and social tenure property may experience negative housing conditions and be a source of ASB. A key difficulty is that there is only very partial information about whether a property is private rented or not but social tenure is easier to identify and there are usually stricter controls in place either by the Council or Housing Associations.

HMOs can be difficult to identify accurately since their designation depends on the relationship between the occupants living in the property and this can be subject to change over time. Accurate assessment requires an inspection of the property and discussions with the occupants. With thousands of properties affected this is a potentially very slow and costly process.

ONS information about the size of the PRS is partial and also arguably out of date. The Census provides information at ward level but even if we find that the PRS and ASB are correlated it does not necessarily imply causation for the reasons given above. If ASB can be linked to actual properties in the PRS then the case is stronger especially if ASB is less common in other tenancies – especially owner occupation.

The approach adopted therefore combines published data as far down as ward level with the Council's own administrative data sources at a household level. Aside from the examples above we also benefited from having access to benefit households (Housing Benefit and Council Tax Reduction Scheme), Council Tax records, current HMO stock, Electoral Register, and so on. These are used primarily to help inform whether a property is likely to be private rented or not and this approach is now

described.

2.2 Method and approach

We needed to determine whether a property is owner occupied or social housing or part of the known PRS e.g. licensed HMOs, known bedsits, student accommodation. We removed social housing and any properties such as businesses, or care homes and other residential institutions.

We flagged properties that were already licensed or were known student accommodation (but not halls of residence)². For properties of unknown tenancy we used a model to identify PRS properties using risk factors such as Housing Benefit or Council Tax status, the number of adults per address and turnover.

In order to introduce Additional or Selective Licensing councils are required to establish a link between anti-social behaviour on the one hand and private rented sector on the other. This means that as well as identifying whether a property is private rented or not one needs to provide evidence that links rental status to ASB which is methodologically challenging. Once this is done, the way is open to introduce the scheme with rented properties and their landlords self-identifying as they apply for licences.

For the reasons given, our methodology is property as well as area-based in which we use information from a range of sources to measure the likelihood of whether each individual private sector property is rented or not and if so whether it is an HMO or a single family unit. This has now been used in numerous local authority studies and has formed the basis for the consultation process for making the case and at the implementation stage.

The information gathered in this way is used to provide statistical profiles of similar properties in order to predict their rental status. The process involved linking current and historical data totalling tens of thousands of records taken from sources such as Council Tax, Housing and Council Tax Benefit systems and the Electoral Roll to individual properties included in the current Local Land and Property Gazetteer (LLPG) to identify their probable rental status based on a sample of known rental profiles.

An obvious question is how accurate is this approach? The factors themselves such as benefit status and occupant turnover are generic and could apply to any area. However, because the estimates are based on a statistical analysis they do not give a precise answer as to whether an individual property is rented or not or an exact classification in terms of whether it is an HMO or a single family household, but a

² There are 5,517 UPRNs with a student exemption code for Council Tax purposes; 2,494 of these have been identified as a private UPRN. Of the remaining 3,023, 322 are social housing and the rest are residential institutions or student 'cluster' flats.

'risk score' based on the number of risk factors applying to individual properties.

The practical value of this information is twofold: firstly is that it is possible to determine whether properties with a high likelihood of being rented can be associated or correlated directly with ASB incidents (something that would not otherwise be possible); secondly the information can be used to filter properties at the implementation stage of licensing (e.g. visiting non-compliant properties and checking their rental status).

We use the information on rented status produced in this way in conjunction with separately sourced information on ASB (see next section). As will be seen, we use ASB data in three ways: 1. To analyse ASB trends over time including signs of year on year growth or seasonality; 2. analyses at small area level up to ward size to see if or whether ASB and the rental sector are correlated geographically; 3. where data permit, an analyses of ASB at property level to demonstrate probable direct causality.

2.3 Demographic trends

As with many other London boroughs the amount of change in tenureship in Tower Hamlets over the last decade is striking. Census data from 2001 and 2011, although now somewhat out of date, is the only official data source on tenure. Figures show that the number of households grew by 28.2% from 80,531 units to 103,268 units over the period but the evidence is that this figure is now much higher and has grown since our last report.

Data on immigration shows that there has been a net influx of international migrants for at least the last 10 years (see Annex A). In contrast, net influxes of internal migrants (i.e. from within the UK) has been negative for most of that time. The GLA estimates that the population currently stands at 278k but based on their estimates this is forecast to grow another 27% by 2025 to 352k and to 397k by 2040, an increase of 47% over 2014. This trend points to an increasingly diverse multi-national and multi-ethnic population.

The most noticeable difference between 2001 and 2011 has been the fall in the relative share of social housing from 51% to 39% and the relative increase in the PRS from 18% to 33% of all residential properties over the period. This strongly indicates that the private rented sector will play an increasing major role in accommodating this number of people. GLA data, for example, show that Tower Hamlets has the third largest private rented sector in London after Newham and Westminster.

Another change has been to the ward structure with the addition of three new wards (Figure 1 refers). Tenureship based on Census data from 2011 has consequently been re-estimated. Of course since 2011 there has been further change and growth in which the three wards accounting for the highest percentage of privately rented properties are Canary Wharf, Blackwell and Cubitt Town, and

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Island Gardens all of which are in the south of the borough on the Isle of Dogs (see Annex B for ward breakdown).

Based on our latest figures using the Local Land and Property Gazetteer (LLPG) we estimate the number of dwellings to have increased to about 127k of which 81k are privately owned, although it is not known how many of these are vacant or on short-lets. These changes therefore necessitate a re-calibration of the private rented sector and the surrounding analysis on ASB; however, it is clear from our work that private renting is not confined to specific wards but is intermingled over wide areas of the borough.



Figure 1: Ward map of Tower Hamlets based on new ward layout

3. Trends and patterns in anti-social behaviour

This section analyses patterns and trends in anti-social behaviour (ASB) and considers to what extent they are correlated with private renting at ward level. Tower Hamlets wards are ranked on eight different ASB indicators to determine which wards are most/least affected and which indicators are most/least correlated with the private rented sector.

3.1 Data availability

According to DCLG guidance on Discretionary Licensing ASB is deemed to occur when it falls into one of three categories³:

- **Crime:** Tenants not respecting the property in which they live, including vandalism, criminal damage, and robbery/theft or car crime
- **Nuisance neighbours:** Noise, nuisance behaviour, animal-related problems, vehicle-related nuisance etc.
- **Environmental crime:** Graffiti, fly-posting, fly-tipping, litter around a property, untidy front gardens, dilapidations

Data sets provided to us and analysed included the following categories and sources:

- Complaints notices in the period April 2014 to March 2017 (1,384 cases) covering various notices to property owners such as requiring property information, improvement notices, prohibition orders or hazard awareness
- Miscellaneous complaints from April 2014 to March 2017 (3,384 cases) covering a wide range of issues including noise, begging, criminal damage, threatening and other criminal behaviour.
- Fly tipping reports from January 2013 to September 2016 (25,195 cases) covering all types of commercial, household and green and other waste based on Veolia raw data
- Missed food and waste collections from January 2013 to October 2016 (1,749 cases)
- Graffiti occurrences Jan 2013 to Oct 2016 (846 cases)
- Housing complaints from April 2014 to Mar 2017 (2,811 cases) covering reports of hazards, licensing enquiries and general advice

³ Approval steps for Additional and Selective licensing designations in England (page 10): <http://webarchive.nationalarchives.gov.uk/20120919132719/http://www.communities.gov.uk/documents/housing/pdf/154091.pdf>

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- Noise complaints April 2014 to March 2017 (18,083 cases) including domestic, commercial and construction categories
- Pest control call outs from April 2014 to April 2017 (12,010 cases). No details available of particular types of pests. Tends to be strongly seasonal but known to be strongly seasonal
- Tower Hamlets Enforcement Officer System (THEOs) from April 2014 to September 2016 (11,638 cases). THEO data are collated by street wardens. Incident types vary with less emphasis on violent or drug related behaviour and more on litter fly tipping etc.
- Waste enforcement from Jan 2013 to September 2016 (5,798 cases)

We analysed all ASB indicators for which we had data. Note that there may be some overlap between sources in cases where incidents were reported through more than one channel although the degree of occurrence is indeterminate.

Table 1 shows the monthly rates activity plus information concerning the pattern and trend over time. In several cases, occurrences are seasonal albeit occurring at different times of year. In other cases we found no particular pattern.

We also found that trends were increasing in three cases, slightly decreasing in four cases and level in two cases. There was no trend information for pest control although we infer from earlier work that incidents are level on average but also very summer oriented.

ASB indicator	Rate per month	Seasonality	Trend
Complaints notices	36	Random	Slightly downward
General complaints	94	Summer	Level
Fly-tipping	560	Summer	Slightly increasing
Missed food and waste collections	38	Summer	Slightly downward
Graffiti	18	Random	Level
Housing complaints	78	Winter	Increasing
Noise complaints	502	Summer	Slightly downward
Pest control	325	Summer	No information
Tower Hamlets Enforcement Officer System	323	Random	Slightly downward
Waste enforcement	126	Summer	Increasing

Table 1: *Monthly rates of ASB based on 10 indicators, including pattern and trend (Note: Pest control data lacked monthly counts or information on types of pest)*



3.2 Trends

Seasonality is a strong feature in most categories of ASB in which activity tends to peak in the summer months. An exception is housing complaints especially hazards such as damp and mould, hygiene and other issues.

The only data not showing any particular seasonality are reports emanating from the Tower Hamlets Enforcement Officer System. The main categories are now briefly summarised and the content analysed.

(i) General ASB

Figure 2 shows the general pattern of ASB from April 2014 to March 2017 with an average of around 100 reported incidents per month and a notable tendency for incidents to peak in the summer months especially in July and August. The two largest categories of ASB are general nuisance including threatening behaviour accounting for 33% of the total and noise complaints accounting for 30%.

Other categories are drug or alcohol related incidents (17.5%), loitering, begging or rough sleeping (14.3%), criminal damage and vandalism (2.2%) and other (3.5%). These data, however, collated by Tower Hamlets Homes do not cover the full spectrum of wards and may therefore only be indicative of ASB activity in the wider borough.

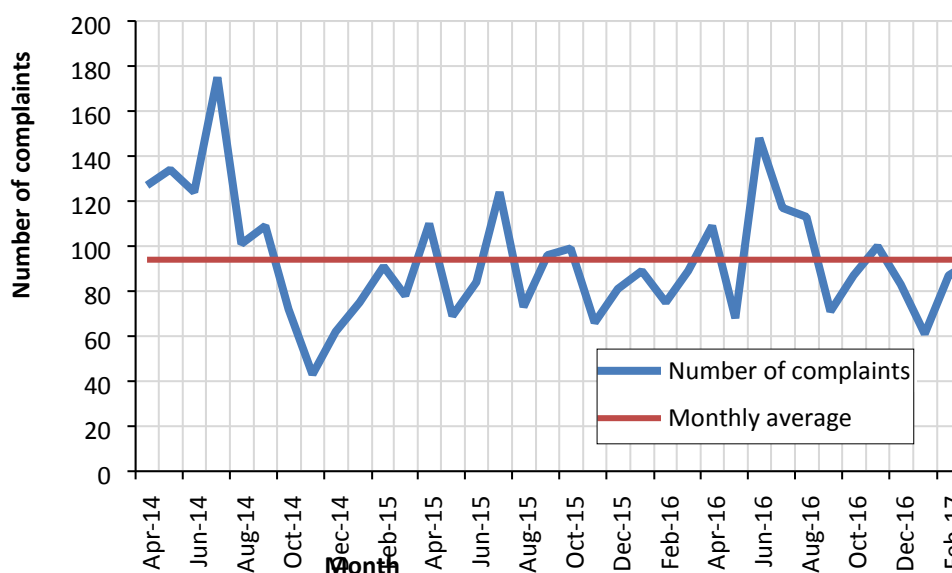


Figure 2: General monthly levels of ASB from April 2014 to March 2017



(ii) Fly-tipping

Figure 3 shows reported incidents of fly-tipping from January 2013 to September 2016. The data reveal a clear upward trend relative to the monthly average of nearly 600 incidents a month with activity peaking in spring and summer each year.

Of the total household waste followed by commercial waste are the main culprits accounting for 53% and 34% of the total respectively. Minor categories include green waste (9.4%), vehicle or white goods (2.2%) and other (1.6%)

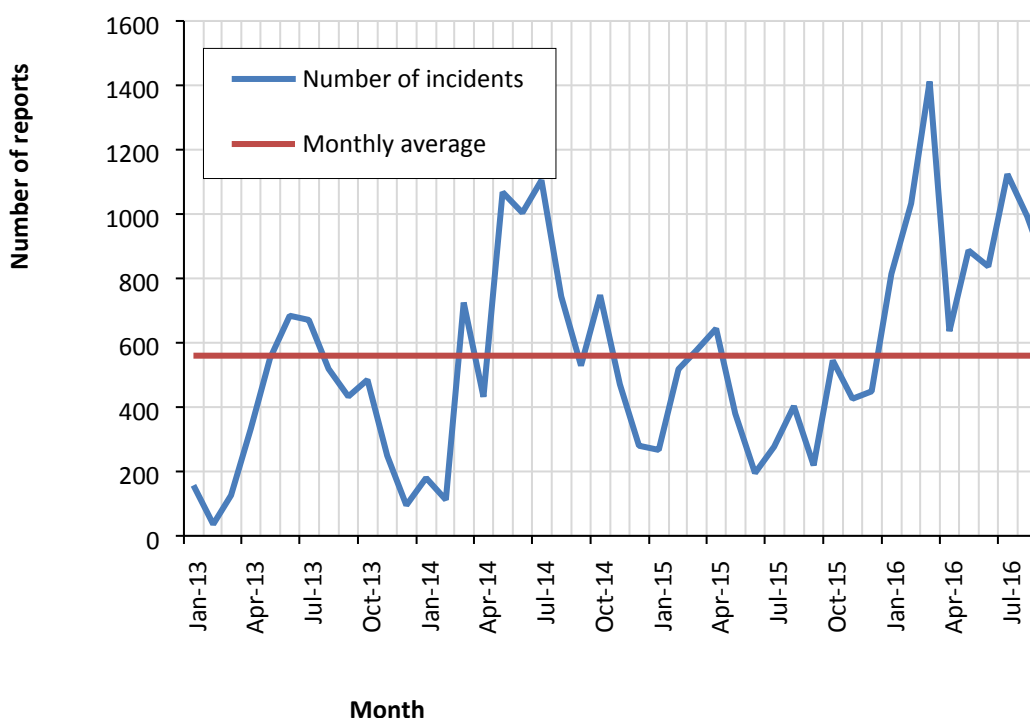


Figure 3: Reported monthly levels of fly tipping from January 2013 to September 2016

(iii) Food waste

Figure 4 shows the pattern of missed food waste collections. Note that missed collections are not necessarily the responsibility of the collection service but also failure of customers to deposit their waste at the time of the collection.

On average there are about 40 missed collections a month but this can vary enormously from as few as 10 to over 80. The pattern of missed collections shows a strong seasonal pattern with marked summer peaks.

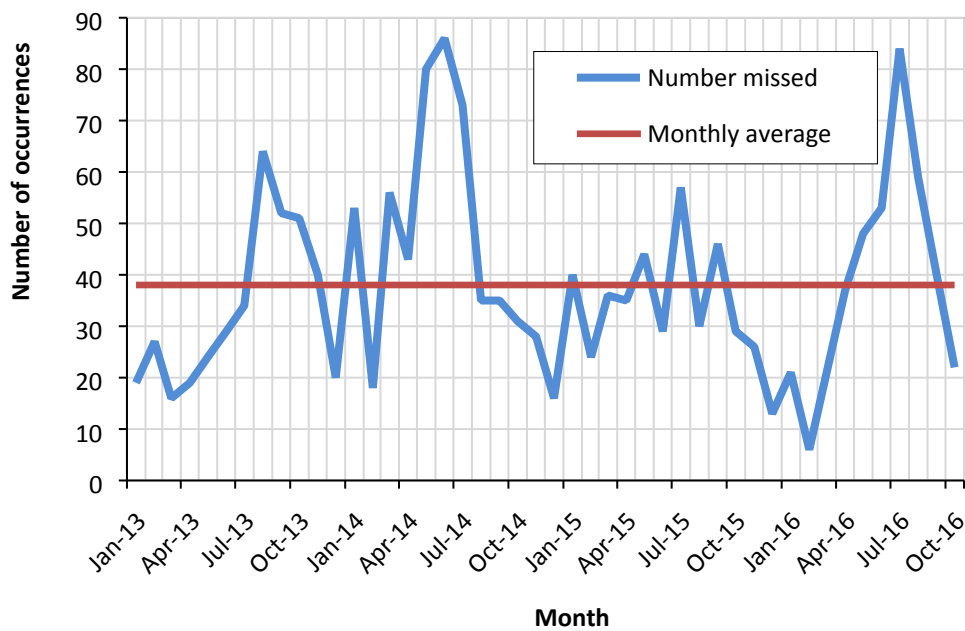


Figure 4: Missed food waste collections from January 2013 to October 2016

(iv) Noise complaints

Figure 5 shows the number of reported noise incidents from April 2014 to March 2017 which average about 500 per month. By far the largest source of noise complaints is loud music (56%) followed by construction activities (13.6%). Vehicle and other domestic related complaints only account for 6.1% and 7.5% while noise from alarms only 3.6% of the total. The pattern is strongly seasonal peaking in the summer months

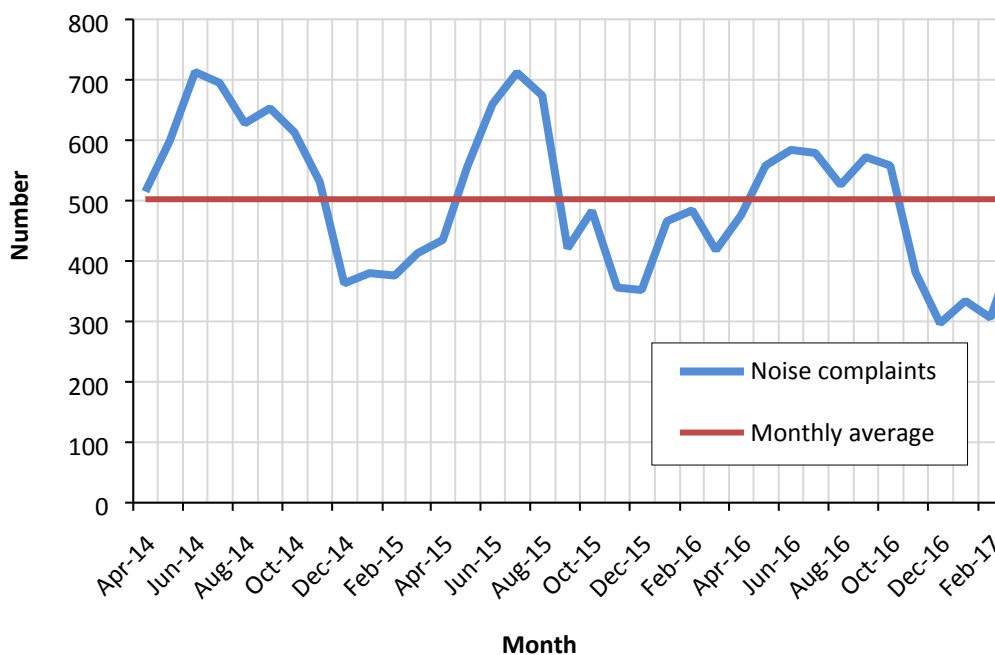


Figure 5: Noise complaints from April 2014 to March 2017



(v) Housing complaints

Figure 6 shows the monthly number of housing complaints from April 2014 to March 2017 which average around 80 per month. As is seen there is a tendency for these to peak in the autumn and winter months. The largest category of complaints by far is hazards accounting for 56% of all complaints.

Hazards types are highly variable but prominent among them are reports of mould and damp. The next largest source of complaint are licensing related although this category can include advice. The nuisance, filth and overcrowding category accounts for 6.7% of the total with the remaining 26% of complaints covering a miscellaneous range of issues.

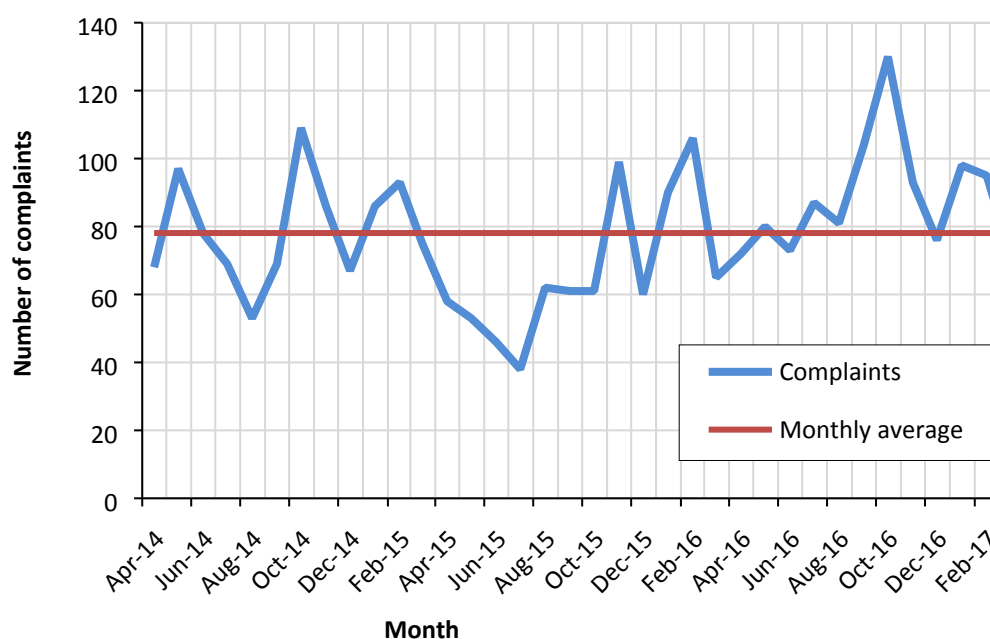


Figure 6: Housing complaints from April 2014 to March 2017

(vi) Tower Hamlets Enforcement Officer System (THEO)

Figure 7 shows the monthly number of incidents from April 2014 to March 2017 which average over 300 per month. Unlike other ASB categories, there is no particular seasonality in the data although the overall trend appears to be downward.

The largest category of incidents is drug and alcohol related accounting for 23% of the total. The remaining categories are related to litter (11.7%), loitering (11.7%) or public nuisance (12.7%)

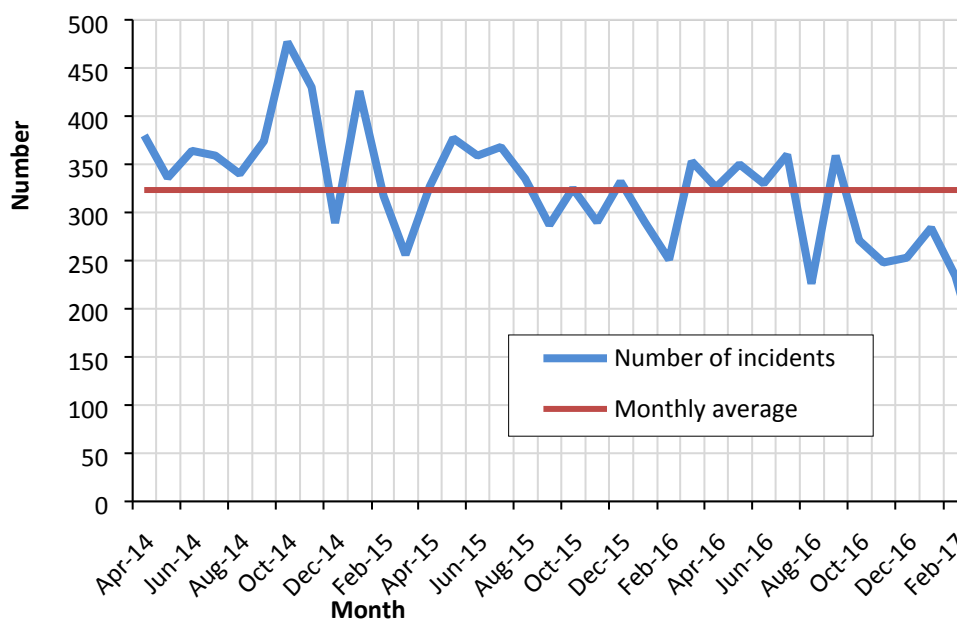


Figure 7: Noise complaints from April 2014 to March 2017

(vii) Waste

Figure 8 shows the pattern and trend in fixed penalty notices for waste disposal between January 2013 and September 2016 which average about 130 per month. As is seen the monthly pattern, although highly variable, is increasing and tending to indicate higher activity in the spring and summer months.

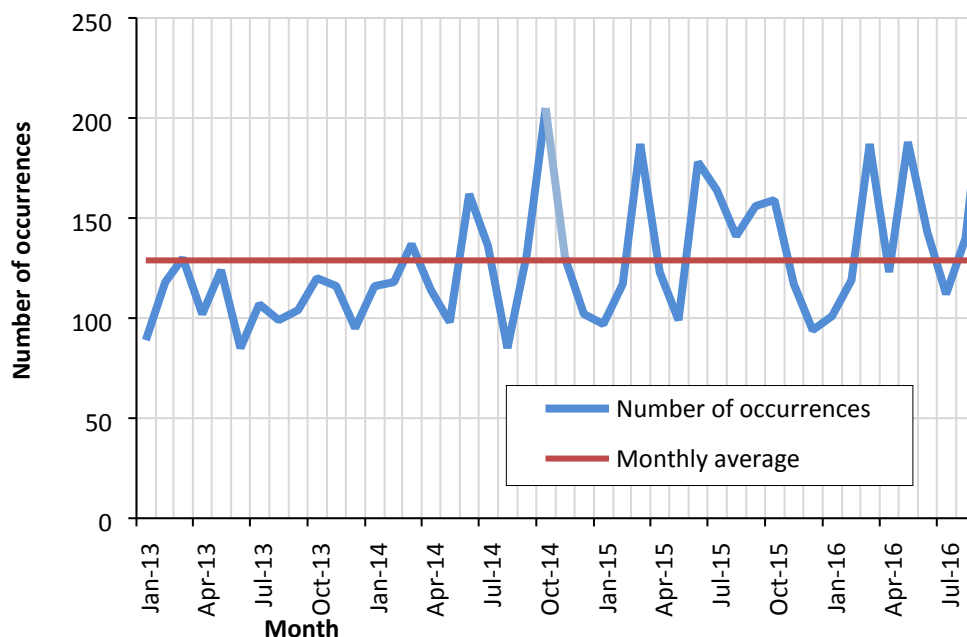


Figure 8: Waste fixed penalty notices from January 2013 to September 2016

3.3 Relationship between ASB and private rented sector at ward level

We now compare each of the indicators of ASB with levels of private renting at ward level. Table 2 ranks each ward according to the estimated size of the Private rented sector (column 1) from high to low (1 being the highest ranked ward and 20 the lowest). Each of the ensuing nine indicators is ranked similarly by ward. For example, the second column shows that housing notices are highest in Weavers ward and lowest in Poplar ward.

A final column provides an overall ranking based on all nine indicators in order to derive an overall assessment of conditions in each ward. It will be noticed that some previously listed indicators such as graffiti is omitted from the columns of indicators. This is because the data neither contained a location nor a ward identifier.

The bottom rows of Table 2 are correlation measures that range from -1 (negatively correlated) to +1 (positively correlated) which indicate the degree of association between the ranked information based on the risk factors with the estimated size of the private rented sector in each ward.⁴

The results indicate that some indicators are positively associated with the size of the private rented sector more than others. The values which are most positively correlated with the ASB indicators are noise complaints (+0.48), housing complaints (+0.27), and housing notices (+0.20).

The following additional points can be made:

- Based on the ‘rank of ranks’ (see final column) there is a +0.23 correlation between the size of the private rented sector and all nine indicators combined. This suggests that the PRS and ASB are positively correlated in general.
- However, there is not a perfect match between private renting and ASB. For example, the second highest ranked ward Spitalfields and Banglatown scores positively on seven of the indicators and negatively on two. This suggests that different wards face different problems depending on ASB category.
- Wards in the south of the borough generally rank lower in ASB terms on most indicators but some problems are contrary to pattern such as fly-tipping in Limehouse ward, garden and food waste in Island Gardens and noise complaints in Canary Wharf.

⁴ The correlation coefficient used is based on Spearman’s rank coefficient which is designed for use

with ranked data. $\rho = 1 - \frac{6D}{n(n^2 - 1)}$, where D is the sum of the squared differences in ranks

between private renting and ASB category and n is the number of wards.

No.	Ward	Rank PRS	Housing notices	General complaints	Fly-tipping	Garden and food waste	Housing complaints	Noise complaints	Pest control	THEOS	Waste enforcement	Ward rank
1	Bethnal Green Ward	9	4	2	18	3	5	5	6	6	6	5
2	Blackwall & Cubitt Town Ward	2	13	18	20	11	10	13	16	19	17	17
3	Bow East Ward	7	18	13	12	4	7	6	15	13	7	12
4	Bow West Ward	12	10	9	14	1	3	8	12	8	8	8
5	Bromley North Ward	16	17	16	17	6	17	15	7	16	18	15
6	Bromley South Ward	19	14	15	19	17	16	16	11	20	15	19
7	Canary Wharf Ward	1	14	17	10	14	15	9	17	18	13	14
8	Island Gardens Ward	3	8	18	11	2	13	17	17	17	19	13
9	Lansbury Ward	14	3	18	2	5	2	10	3	11	11	6
10	Limehouse Ward	13	20	12	9	19	20	19	19	12	20	20
11	Mile End Ward	11	10	14	5	12	4	7	4	9	10	9
12	Poplar Ward	20	19	8	13	19	18	20	14	15	15	18
13	Shadwell Ward	15	5	4	8	14	8	14	8	5	5	7
14	Spitalfields & Banglatown Ward	8	1	10	4	13	9	1	2	1	1	2
15	St. Dunstan's Ward	18	8	7	7	6	14	11	13	14	12	10
16	St. Katharine's & Wapping Ward	6	16	11	16	16	19	12	20	7	14	16
17	St. Peter's Ward	5	7	3	3	9	5	2	1	4	4	1
18	Stepney Green Ward	17	12	5	15	8	12	18	5	10	9	11
19	Weavers Ward	10	6	1	6	9	11	2	10	3	3	4
20	Whitechapel Ward	4	2	6	1	18	1	4	9	2	2	3
	Correl		0.20	-0.19	0.14	0.08	0.27	0.48	-0.22	0.14	0.15	0.23

Table 2: Ward table comparing the size of the Private rented sector with housing conditions and ASB based on rank: Note (1) Private rented sector ranking based on high risk PRS analysis (Key: 1 = highest, 20=lowest).

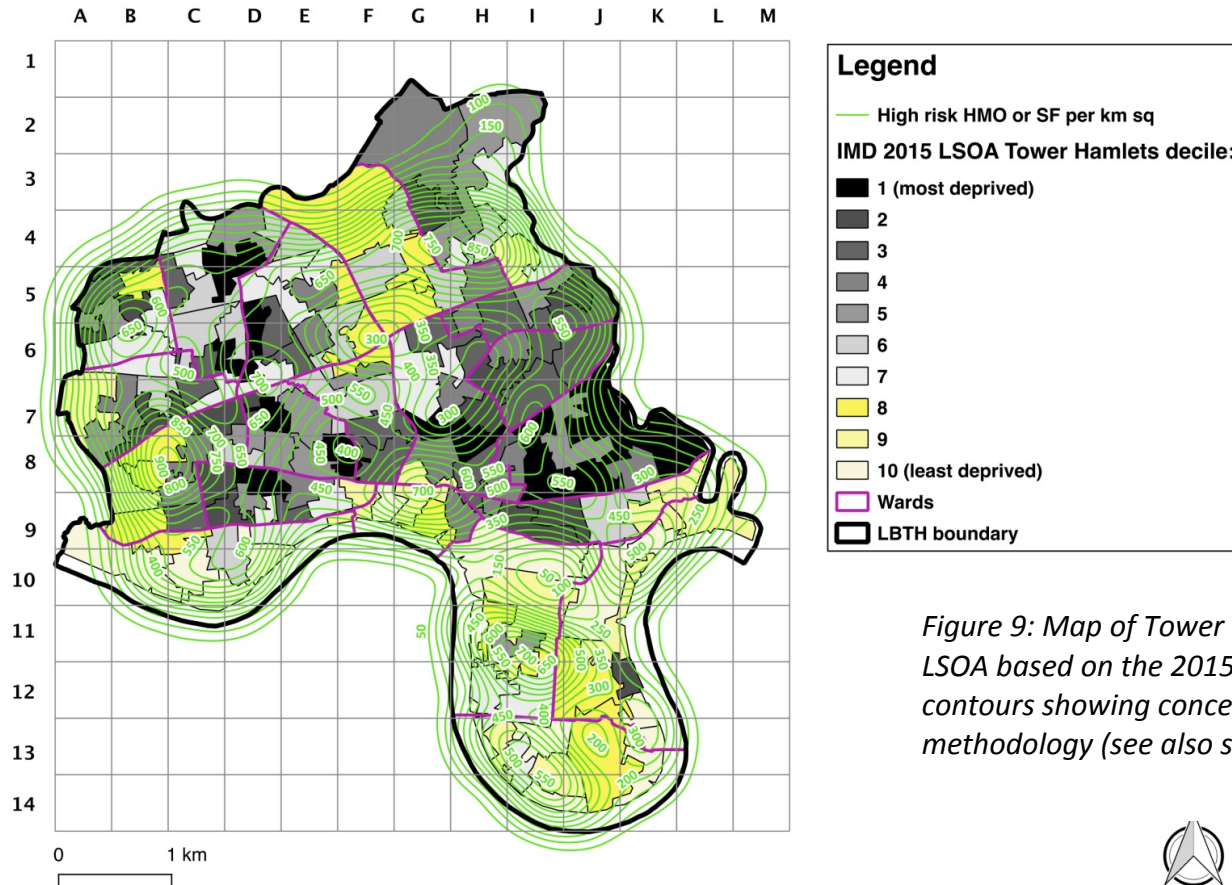


Figure 9: Map of Tower Hamlets showing relative deprivation by LSOA based on the 2015 Index of Multiple Deprivation overlaid with contours showing concentrations of private renting based on our methodology (see also section 6)



- The most affected wards are located in the northwest corner of Tower Hamlets. These are St Peter's, Spitalfields & Banglatown, Whitechapel ward, Weavers, Bethnal Green but also Lansbury in the east (see Figure 1).
- Wards with the largest number of private rented sector properties tend to be in the larger and more recently developed wards in Docklands. We also find a strong correlation between the area of a ward and the size of the private rented sector.

In summary, the analysis supports the case that there is a link between ASB and private renting but that the issues affecting each ward may differ. Some wards especially those ranked highest in the table such as St Peters or Whitechapel incur a range of issues but if properties do not have gardens then obviously garden waste is not one of them.

3.4 Relationship between private renting and deprivation

The criteria for the introduction of discretionary licensing have now been extended to include areas experiencing poor property conditions, influxes of migration, high level of deprivation. This widening means that more evidence can be brought to bear to justify its implementation.

Tower Hamlets is 10th out of 326 boroughs in England based on the 2015 Index of Multiple deprivation or IMD, having slightly improved its rank by three places since 2010. At the neighbourhood level, Tower Hamlets has also improved its relative position from 38th to 24th, based on the proportion of areas in the most deprived 10% nationally.

However, these rankings measure relative deprivation and Tower Hamlets remains one of the most deprived of any district in the country in absolute terms. Nevertheless, one reason why the IMD must be viewed with caution is that the regeneration in the south of the borough has altered the profile significantly.

This has several consequences because private renting in the north of the borough is more likely to be in old builds whereas in the regenerated south of the borough it is more likely to be in new developments. Qualitatively speaking, this means that any ASB related issues are likely to be of a different nature – for example, there will be fewer dilapidations but perhaps more noise complaints.

In a later section, we describe our methodology for determining private rental status; however, on the question of whether deprivation and private renting are closely related we refer to the map in Figure 9. This shows relative deprivation by Lower Super Output Area (LSOA) and ward in which contours of private renting have been overlaid.

It shows that the most deprived area lie between rows one and nine of the map and that the most deprived of all LSOAs fall in columns C and D in wards such as Stepney



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and Bethnal Green and St Peters and in columns H to K, particularly those LSOAs bordering on Lansbury ward (e.g. cell J8).

The contours by contrast show concentrations of private renting occurring throughout the Borough. The most interesting point here is that private renting is widespread in roughly equal measure but also tends to avoid some of the most deprived areas especially towards the east.

A striking conclusion therefore is that the case for area based Selective Licensing is likely to be localised and closely proximate to the existing three selectively licensed wards of Whitechapel, Weavers, Spitalfields and Banglatown. From the map in Figure 9 we can see that these are also among the most deprived wards.

Based on Table 2 these wards include most notably St Peters (ranked highest on ASB and 5th in terms of PRS) and Bethnal Green ward (ranked 5th and 9th). Lansbury which is ranked 6th on ASB is geographically to the east of the Borough and only ranked 14th in terms of PRS, and so is a less likely candidate.

Note that the rules for Selective Licensing are that the areas covered should not account for more than 20% of the private rented stock or 20% of the Borough area otherwise any proposal to extend a scheme (e.g. to the whole borough) must go to the Secretary of State for approval. In section 6 we return to this issue.

The case for borough-wide Additional Licensing is less related to whether or not there is more or less ASB in a locality but to the experiences of individual properties – in this case whether there are housing management issues or associated problems which are related to a particular type of tenancy rather than to the negative externalities of an area.

In the next section, we analyse these issues at a property level where our purpose is to show that it is the tenure that is the ‘problem’ and not necessarily the area in which a property is located.

4. ASB and private renting at a property level

4.1 Risk ladders

In this section we demonstrate that private renting is directly linked to addressable types of ASB at a property level. Using a more accurate approach than in the previous section, it avoids averaging across highly differentiated areas of mixed tenancy. However, it is important to remember that there are no data on whether a property is private rented or not in which case we need to use different proxies to arrive at an answer.

This method used is known as a 'risk ladder'. This is a table that enumerates all possible combinations of risk factors, quantifies the number of households exposed to each risk factor combination, according to the suspected or known rental status of a property. Using the risk ladder we can quantify the level of predictive association and hence statistical significance of each risk factor.

In general, we find that typical risk factors including poor housing conditions, benefit status or higher than average occupancy levels are predictive of noise complaints, untidy gardens etc., but the same risk factors are also predictive of private renting especially where several risk factors occur together at the same address.

This information is important since it can not only furnish evidence that ASB and private renting are directly linked but also result in more targeted and joined up action to improve housing conditions, and also provide evidence of the extent of different problems by quantifying the number of properties affected and the risks they face.

We base our analysis on 81.5k privately owned properties in the borough including the already privately licensed properties with Mandatory or Selective licenses. In this way we are able to tell whether licensed properties are more likely to be vulnerable or at risk to poor housing conditions, noise complaints and so on than properties that do not share these risk factors.

As the previous section showed there is an array of possible risk factors but we are only interested in those that apply to an address and not to an area in order to link causation. In proceeding, different risk factors were selected and reduced to a smaller group. This group included those risk factors which were certain or likely to be associated with private renting, gave a measure of housing conditions and/or nuisance as well as being address specific.

The primary risk factors investigated were:

- Any Council reported noise complaint at an address
- Three or more adults at an address
- Any existing licence – Mandatory or Selective



- Any housing notice served – for example hazards
- Housing Benefit at address
- Waste fixed penalty notices

In the first example of a risk ladder we seek to quantify the factors that are associated with the serving housing notices under the 2004 Housing Act. The most predictive risk factors in this case were found to be whether the property already held a selective or mandatory licence, if the property was in receipt of Housing Benefit, if there had been at least one noise complaint, and finally if there were three or more adults at the address.

4.2 Results

Column two of Table 3 lists the number of privately owned UPRNs exposed in each risk category; the next four columns show whether or not a risk factor applies in that risk category (denoted by 'Y'). There are 16 sub-categories altogether as defined by the presence or absence of each risk factor. The final column shows the percentage of UPRNs in each risk category that has been served a housing notice (1,209 in total over the period of analysis).

The final column ranks each risk category from high to low according to percentage of privately rented properties in each row. At the foot of each column is the total number of occurrences of each risk factor where linkage to an address has been possible, so for example of the 81,536 properties in the private sector with valid UPRNs, 2,841 held a licence, 5,395 were in receipt of Housing Benefit, 2,781 had had at least one reported noise complaint, and 9,081 contained three or more adults.

The average level of notice served is shown in the bottom right hand corner at 1.5% of all private properties. The results show that properties with licences receiving Housing Benefit with 3 or more adults at the address were most likely to have been served notices (row 1). In row 14 where no factors apply the risk reduces to 1%. In rows 15 and 16 there are less than five occurrences of UPRNs with these risk factor combinations. With such a small sample any results would be highly misleading and so are excluded.

Further analysis shows that a UPRN is 3.2 times more likely to have been served a notice if it is licensed, 3 times more likely if it is in receipt of Housing Benefit, 2.9 times if it has been subject to a noise complaint and 1.7 times more likely if there are 3 or more adults at the address. These risk factors are multiplicative and so if all four factors apply then the risk of being served a notice increases 47 times ($=3.2 \times 3 \times 2.9 \times 1.7$) as compared with a property where none of these risk factors applied.

Note that the model underlying the table is reasonably robust as can be seen in Figure 10 which plots the predicted risk against the observed risk – the given risk factors accounting for nearly 80% of the variation in observed risk (R-squared = 0.7978).



Category	Number In Category	Any Licence	Housing Benefit	Noise	3+ Adults At Address	Housing Complaints (Hazards)
1	34	Y	Y		Y	11.8
2	61	Y		Y	Y	11.5
3	39		Y	Y	Y	10.3
4	308	Y			Y	9.1
5	142	Y	Y			7.7
6	141	Y		Y		6.4
7	504			Y	Y	4.8
8	1,873			Y		3.8
9	4,134		Y			3.7
10	883		Y		Y	3.7
11	2,147	Y				3.3
12	155		Y	Y		3.2
13	7,249				Y	1.9
14	63,858					1.0
15	<u>note 1</u>	Y	Y	Y		0.0
16	<u>note 1</u>	Y	Y	Y	Y	0.0
total	81,536	2,841	5,395	2,781	9,081	1.5

Table 3: Risk ladder showing the incidence of housing complaints based on the given risk factors

In the second and subsequent example of a risk ladder, we sought to show that ASB was more likely in the presence of some factors than others and that if these risk factors were indicative of private renting then a direct link between these risk factors and ASB would be more likely. In this case we looked at the probabilities of noise complaints against addresses with different risk factor combinations.

In this case, after reducing the number of risk factors to just four of the most predictive, we found that noise complaints were 25% or more likely in properties which had received fixed penalty waste notices, had 3 or more adults at the address, or had been served a housing notice or had a licence. If all four factors applied then the risk of a noise complaint against that address would be 30 times greater than the risk for a property that had none of these risk factors.

So what can be learnt from these examples? Our main conclusions are that the risk factors confirm what is generally suspected, namely those properties which are served notices are more likely to be in receipt of Housing Benefit, have had noise complaints against them, or have a licence than those that have not. Equally properties most likely to commit ASB are likely to be in poor condition and possibly unsafe and be generally unsightly.

Note, however, this does not necessarily spell the full extent of private renting or the housing conditions in Tower Hamlets, since there will be good private rented

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properties as well as less than good or even bad private rented properties but it does provide some of the evidence needed to support the introduction of discretionary licensing in the private sector. In the next section we seek to estimate the total number of private rented properties in Tower Hamlets using a different approach.

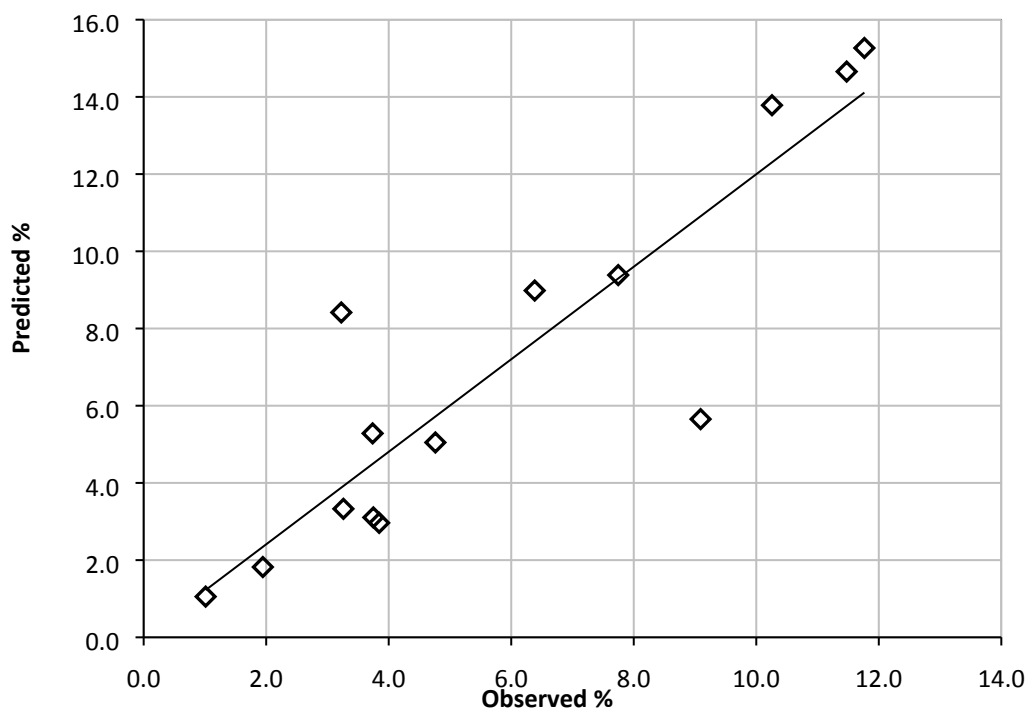


Figure 10: Predicted versus observed percentage of properties in each risk group served with housing notices

5. Private renting by rental type and its association with ASB

As previously stated, there are no complete data on which properties among private sector housing are confirmed as rented or not although some will self-identify if for example a Council Tax student discount applies. There is aggregate data down to output area level based on the 2011 census but this must be now considered out of date. GLA estimates put the total number at 34,600 in 2014, but neither source identifies individual properties or whether the property is an HMO or single family household.

In our previous work for Tower Hamlets, we described a model for estimating the size of the private rented sector which is based on a statistical model that uses an extension of the risk analysis presented in the previous section of this report. In this section, we adopt the same approach in which each privately owned property is risk-rated according to the presence or absence of risk factors such as whether someone is claiming Housing Benefit, the turnover of occupants and the number of adults at an address.

An advantage of this method is that it is general and can be used to split rental types into either HMOs or single family private rented households. By separating the two types we can identify whether for example HMOs are better maintained than single family properties, whether levels of ASB are higher or not in single family rented properties and so on. Note that because it is a probabilistic method it can never be completely accurate. There are also overlaps to consider in which a property could be identified as either an HMO or a single family rented household with equal certainty.

The London Borough of Newham, the furthest progressed borough in terms of Discretionary Licensing, has been running an Additional and Selective Licensing Scheme since January 2013. Although no two areas are exactly alike, Tower Hamlets shares certain similarities including a large and growing previously unregulated private rented sector, poor housing conditions in some areas, a high turnover of residents, coupled with an increasing population.

Using evidence from home visits, Newham selected the most predictive risk factors for each rental type. These factors are generic and transferrable to other local authorities and so it was possible to replicate the analysis in Tower Hamlets for the purposes of this study. The results were then combined in a database of all private sector properties by assigning a risk score to each property. Properties with the highest likelihood of rental status are then flagged as high risk accordingly.

5.1 Risk analysis

For each risk factor the odds were calculated using the model. Four risk factors with the best predictive power were used giving rise to 16 possible risk factor combinations per address for each outcome. Odds schedules were then tabulated – one for HMOs and the other for single family rented properties. Both are analysed and explained further in the results section below.

(a) HMOs

The risk factors used for identifying HMOs are as follows:

- No current CTRS (Council Tax Reduction Scheme) recipient at address: A property not receiving CTRS is estimated to be 3.1 (1.1 to 9.1, p=95%) times more likely to be HMO status than a property receiving CTRS. A possible explanation for this is that properties receiving CTRS tend to be older person households or owner occupied rather than a landlord.
- Two or more changes in the Council Tax liable account between 2015 and 2016: This is proxy for ownership turnover (normally we would use a measure based on change in ownership, but this was not available to us). This measure is 1.1 (0.48 to 2.6, p=95%) times more likely to be a HMO.
- Any change in electoral roll registrants in last 12 months: Properties in which the surnames of at least one current registrant at an address were not present the previous year were estimated to be 2.1 (0.9 to 4.5, p=95%) times more likely to be HMOs than properties where there had been no changes.
- Three or more surnames on the Electoral Roll at an address. Properties with more surnames registered at an address were estimated to be 6.9 (2.9 to 16.5, p=95%) times more likely to be HMOs than properties with three or fewer. This is the most predictive of all the risk factors selected

Table 4 shows the number and proportion of privately owned properties impacted by each risk factor combination ranked from highest to lowest risk. The risk scores are obtained by multiplying the risk factor weights at the foot of the table under each risk factor. There are 81,536 properties in all.

A risk score of say 23.6 in row 3 means for example that the outcome is 23.6 times more likely than if none of the risk factors were present as in row 16. Column totals show the number of occurrences of each risk factor and row totals the number of properties exposed to each risk factor.

Based on the first 9 rows of Table 4 there are 18,202 properties which we define as being at higher likelihood of being HMOs. With one exception all properties in these rows have more than three adults living there totalling 9,081 properties. All remaining properties in rows 10 to 16 totalling 63,334 are classed as 'low risk' HMOs.

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As an example of the risk assessment process, a property in row 1 in which 2,647 properties are identified as having all four risk factors is estimated as being nearly 48.8 times more likely to be an HMO than one in row 16 which has none of the given risk factors and comprises 2,887 properties. The value 48.8 is obtained by multiplying the figure at the foot of each risk factor column together, each figure being the risk multiple for a particular risk factor – in this case $3.06 \times 1.11 \times 2.07 \times 6.92 = 48.8$.

Comparing high risk HMOs in rows 1 to 9 with low risk HMOs in 10 to 16 we found that high risk properties were 2 times more likely to have received housing notices, 1.4 times more likely to be the subject of housing complaints, 1.3 times more likely to have received noise complaints, and 1.12 times more likely to have been subject to waste enforcement.

Category	Private sector UPRN	% of properties	No Recipient of Council Tax Reduction Scheme	2 or more changes in CTL in last 12 months	Any change in ER in last 12 months	3 or more adults on ER 2017	Risk score
1	2,647	3.2	Y	Y	Y	Y	48.8
2	2,715	3.3	Y		Y	Y	43.8
3	625	0.8	Y	Y		Y	23.6
4	1,873	2.3	Y			Y	21.2
5	120	0.1		Y	Y	Y	15.9
6	391	0.5			Y	Y	14.3
7	65	0.1		Y		Y	7.7
8	9,121	11.2	Y	Y	Y		7.1
9	645	0.8				Y	6.9
10	13,080	16.0	Y		Y		6.3
11	8,368	10.3	Y	Y			3.4
12	37,569	46.1	Y				3.1
13	285	0.3		Y	Y		2.3
14	841	1.0			Y		2.1
15	304	0.4		Y			1.1
16	2,887	3.5					1.0
Total	81,536	100	75,998	21,535	29,200	9,081	

Weights	3.06	1.11	2.07	6.92
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Table 4: Risk ladder showing the relative risk of a property being a private sector rented HMO

(a) Single family private rented

The risk factors for single family rented properties are as follows:

- No Council Tax Reduction Scheme (CTRS) recipient at address: A single family privately rented household is less likely to receive CTRS but more likely to receive Housing Benefit (see below). Not in receipt of CTRS increases the odds of private rented status 1.6 (0.9 to 4, p=95%) times.
- Two or more changes in Council Tax account in the last 12 months: This is proxy for ownership turnover. This measure is 1.6 (0.48 to 2.6, p=95%) times more likely to be single family rented.
- Two or less adults at address: Three or less adults at an address are predictive of single family status rather than HMO status. It is estimated that this factor increases the odds of single family private rented status 1.2 times (0.74 to 1.95, p=95%) times.
- Housing Benefit recipient at address: Private rented single family households can be partly identified by their Housing Benefit status. This is the strongest of the four predictive risk factors, increasing the odds of identification 4.7 (2.63 to 8.00, p =95%) times.

Table 5 shows the number and proportion of properties impacted by each risk factor combination and the comparable proportion of households in each category. The column to the right shows the relative risk or likelihood score with risk categories ranked from high to low. Column totals show the number of occurrences of each risk factor.

These are obtained by multiplying the risk factor weights at the foot of the table under each risk factor. A risk score of say 9.1 in row 3 means that the outcome is 9.1 times more likely than if none of the risk factors were present as in row 16. The contribution of each risk factor to the odds of private rental status is shown in the bottom row.

It is noteworthy that Housing Benefit has the most influence amongst these. It increases the odds of private rental status 4.65 times and appears in each of the top eight risk categories. Other risk factors make smaller contributions whilst the final column is obtained by multiplying the odds together to derive an overall risk score.

We define the first nine rows as being at highest risk of being single family private rented properties. Take for example row one in which 242 properties are exposed to all four risk factors. The risk that these properties are single family private rented households is 14.3 times the risk of the 558 properties in row 16 which are exposed to none of these risk factors. Based on rows one to nine, all of which receive housing

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benefit or are exposed of three or more risk factors, the number of high risk properties is 19,528 out of a total possible number of 81,536.

Comparing high risk single family private rented properties in rows 1 to 9 with low risk properties in 10 to 16 we found that high risk properties were 2.6 times more likely to have been the subject of housing complaints, 1.8 times more likely to have received noise complaints, and 1.3 times more likely to have been contacted regarding garden waste. In the case of noise, 9.5% of high risk single family private rented properties were the subject of complaints.

category	Private sector UPRN	% of properties	No Recipient of Council Tax Reduction Scheme	2 or more changes in CTL in last 12 months	2 or less adults on ER 2017	HB at address	risk score
1	242	0.3	Y	Y	Y	Y	14.3
2	726	0.9	Y	Y		Y	11.9
3	99	0.1	Y		Y	Y	9.1
4	296	0.4		Y	Y	Y	8.8
5	495	0.6	Y			Y	7.6
6	2,444	3.0		Y		Y	7.3
7	193	0.2			Y	Y	5.6
8	14,133	17.3				Y	4.7
9	900	1.1	Y	Y	Y		3.1
10	34,041	41.7	Y	Y			2.6
11	6,287	7.7	Y		Y		2.0
12	20,174	24.7		Y	Y		1.9
13	45	0.1	Y				1.6
14	862	1.1		Y			1.6
15	41	0.1			Y		1.2
16	558	0.7					1.0
Total	81,536	100.0	75,998	21,535	52,988	5,395	

Weights	1.63	1.57	1.20	4.65
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Table 5: Risk ladder showing the relative risk of a private property being a private sector single family dwelling

5.2 Distribution of HMOs and high risk single family rented properties

Combining the total number of high risk HMOs with the number of high risk single family private rented properties we arrive at a total of 37,730 properties; this is greater than the 34,600 estimated by the GLA in 2014. This is broken down by ward in Annex C.

Some of the difference will be accounted for by subsequent growth in the private rented sector as our data are much more up to date, but some of it is due to overlap of high risk properties that could be either HMOs or single family private rented.

For these reasons we believe that the total estimated number of privately rented properties, which comprises around 45% of the privately owned stock, is reasonably accurate.

Figures 11 and 12 are maps showing the distribution of high risk private rented properties. We have seen how private renting and deprivation are related to areas that are already selectively licensed or possible candidates to become selectively licensed.

However, we have not considered how ASB affected different areas in different measure except at a ward level. This may be shown using two illustrative examples – the first based on noise complaints and the second on waste enforcement notices.

The first shows the distribution of colour-coded high risk private rented properties. It confirms that private renting is widespread throughout the borough, although densities and types and ages of builds vary enormously from the older stock in the north to the modern developments in the south and so ASB hotspots vary in size and concentration.

Overlaid are contours showing the incidence, in this case, of noise complaints. It shows concentrations in most areas, whether in old or new builds or in more or less densely built up neighbourhoods. For example, the peak in Canary Wharf, comprising new developments, is arguably comparable with peaks in other areas in the north of the borough.

The second illustration shows a more limited and localised indicator based on waste enforcement notices, nearly all of which are concentrated in a small area ranging from cell A6 to C8, coinciding with areas already subject to Selective Licensing. The key point is that ASB is widespread but the nature and concentration varies depending on category.

From a Council perspective the neighbourhood effects of Selectively Licensed areas are easier to identify than the more dispersed nature of HMOs which do not self-identify as readily. At the individual property level identification may be easier where they are not being well maintained or there are other issues. This can also be seen from the ward analysis shown in Table 2 in the previous section.

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For these reasons Additional Licensing is a more appropriate tool to use in these cases if the aim is to embed higher housing standards and better property management over a dispersed area. In the next section we set out the case more formally.

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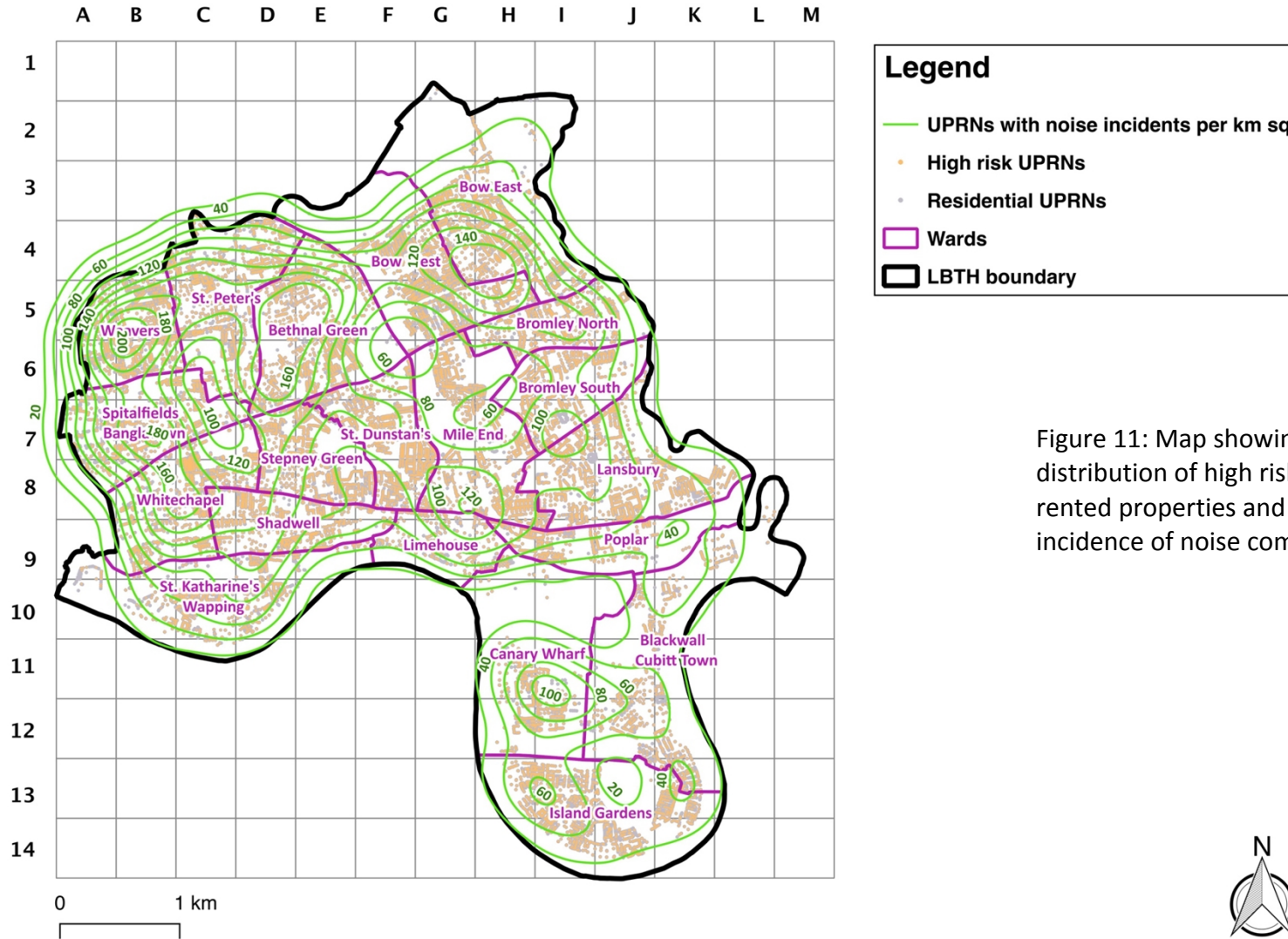


Figure 11: Map showing the distribution of high risk private rented properties and the incidence of noise complaints

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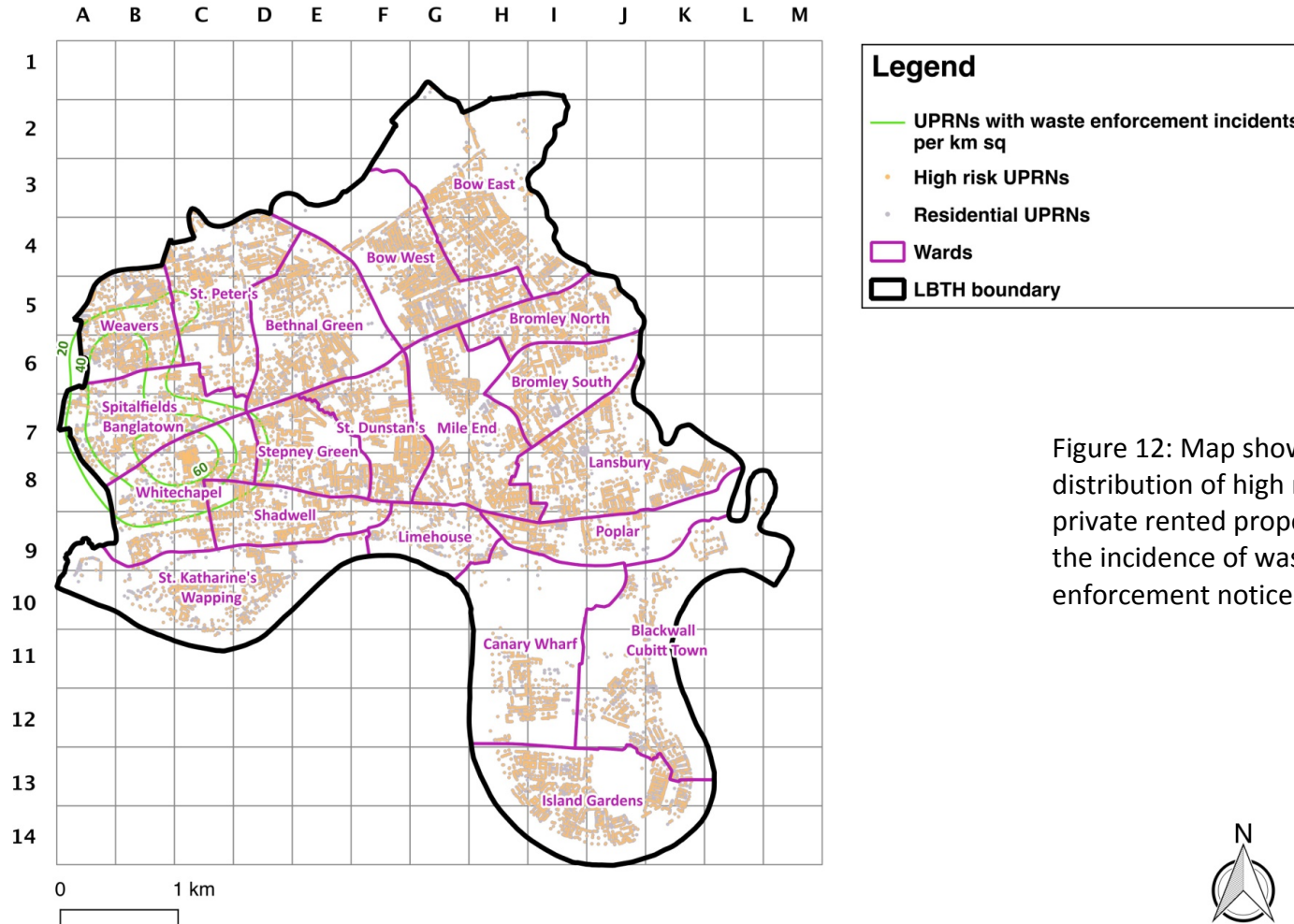


Figure 12: Map showing the distribution of high risk private rented properties and the incidence of waste enforcement notices

6. Discretionary Licensing options

As part of its housing strategy the London Borough of Tower Hamlets is reviewing existing licensing schemes for the private rented sector. There are two types of Discretionary Licensing for which there are separate arguments in terms of their introduction or extension:

(a) Additional: where a council can impose a licence on HMOs in its area which are not subject to the Mandatory Licensing scheme, and where the council considers that poor management of the properties is causing problems either for the occupants or the general public

(b) Selective: covering privately rented property in areas which suffer or are likely to suffer from low housing demand and also to those that suffer from significant and persistent anti-social behaviour

Currently Tower Hamlets operates a Selective Licensing Scheme in three wards which was introduced from October 2016. Mandatory, which is borough-wide, only applies to HMOs which are residences with three or more storeys and are occupied by five or more persons forming two or more households.

If Additional Licensing is introduced it means that Tower Hamlets can specify the maximum number of people who can occupy the house, attach conditions relating to the management of the building, and also make sure that amenities are kept up to standard. As a result the number of properties captured by such as change of definition would be much greater.

6.1 Additional Licensing

Excluding wards covered by Selective Licensing, Additional Licensing could apply to other designated wards or to the rest of Tower Hamlets were it to be introduced. There may be different arguments depending on which parts of Tower Hamlets are designated and which definitions of HMOs are used:

- From our analysis the number of Mandatory Licensed properties in force is relatively proportionate. Using a more generous definition based on our methodology with no limit on storeys, the number could be as high as 9,000 assuming 3 or more adults.
- Our analysis shows that high-risk HMOs are widely distributed across the borough but are more likely to be in poorer condition and contribute to, or suffer from ASB if they are located in more deprived wards. In the newer developed wards ASB is less in evidence although noise appears to be localised problem.
- In the newer developed areas many flats are unoccupied or used as short lets. This constitutes a management problem of a different kind which could

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be addressed by Additional Licensing, although it would be prudent to obtain legal opinion first. Of all the wards Canary Wharf and Blackwell and Cubitt Town have the highest percentage of private properties with no adults registered on the electoral roll (50% and 41% respectively)

- Nevertheless, there are concentrations of old builds even in the regenerated wards which would be excluded if an Additional Licensing scheme only covered some wards. In addition the administration of a scheme that covered some wards and not others would be logistically complicated and could leave isolated pockets of problem properties in unlicensed wards.

If the scheme is less than borough wide then a more refined selection process is needed. The ranking in Table 6 is based on three factors: the number of higher risk HMOs, the number of Mandatory licensed HMOs, ASB levels and the number of properties with 3+ adults. It shows that the main wards to stand out that are not already subject to Selective Licensing are contiguous to the existing scheme: They are Bethnal Green, Bow West, St Peters, Bow East and Shadwell. However, also in the top ten, but geographically separated, are Island Gardens and Lansbury.

Number	2017 ward name	Already licensed
1	Bethnal Green Ward	
2	Whitechapel Ward	yes
3	Spitalfields & Banglatown Ward	yes
4	Weavers Ward	yes
5	Bow West Ward	
6	St. Peter's Ward	
7	Lansbury Ward	
8	Bow East Ward	
9	Island Gardens Ward	
10	Shadwell Ward	
11	St. Dunstan's Ward	
12	Stepney Green Ward	
13	Mile End Ward	
14	Blackwall & Cubitt Town Ward	
15	Poplar Ward	
16	St. Katharine's & Wapping Ward	
17	Bromley North Ward	
18	Canary Wharf Ward	
19	Bromley South Ward	
20	Limehouse Ward	

Table 6: Ranked wards in which the case for introducing Additional Licensing is strongest

6.2 Selective Licensing

The arguments for an extension of Selective Licensing are also very strong. The research finds direct and extensive links between ASB and private renting at property level, strong links to deprivation at a ward level and net positive influxes of migrant populations (see Annex A). It also confirms that the three wards enrolled into the Selective Licensing scheme introduced last October are not the only wards that could benefit.

Here Tower Hamlets has basically two options:

- Option 1 is to introduce Selective Licensing to the whole of the borough. This has the merit that it would deal with all the main housing issues in 'one go' and obviate the need for an Additional Licensing scheme; however, a key issue is that it includes several newly developed areas which may not meet the criteria. However, this option would require Secretary of State approval and the case in every ward.
- Option 2 would be to introduce Selective Licensing in those areas which best meet the required criteria. The issue that needs investigating is whether, as a result, Tower Hamlets would need to obtain confirmation from the Secretary of State for any Selective Licensing scheme if it covers more than 20% of their geographical area or will affect more than 20% of privately rented homes.

Table 7 jointly compares the ASB indicators from Section 5 with the estimated size of the PRS in Section 6 at ward level. It shows in rank order the wards that are most likely to meet the criteria for Selective Licensing based on the levels of ASB. It is also noteworthy that the highest ranked wards strongly overlap with some of the most deprived neighbourhoods. Further columns show the cumulative percentages of area and of the PRS covered. Based on this table only the first three wards would satisfy the 20% PRS constraint and the first four wards the 20% area constraint.

If only the three wards already operating schemes are considered these jointly cover 11.8% of the Tower Hamlets area and 18.1% of the estimated size of the PRS. This means there is potential scope to add to the existing scheme to bring it up to 20%. However, adding St Peters, ranked first in Table 7, would increase the area covered to 16.8% and the PRS to 25.2% based on this table.

Some fine tuning is possible by designation subjecting only the worst affected parts of the ward to Licensing, but that would need further work and involve some arbitrariness. Another option would be to include Shadwell to the existing scheme as it is contiguous to the current scheme, like St Peters, but somewhat smaller in terms of the size of its PRS.



Number	2017 ward name	Rank ASB	Rank PRS	Cumulative PRS %	Cumulative area %
1	St. Peter's Ward	1	5	7.1	5.0
2	Spitalfields & Banglatown Ward	2	8	12.6	9.2
3	Whitechapel Ward	3	4	20.3	13.7
4	Weavers Ward	4	10	25.2	16.8
5	Bethnal Green Ward	5	9	30.7	22.4
6	Lansbury Ward	6	14	33.9	28.5
7	Shadwell Ward	7	15	37.0	31.5
8	Bow West Ward	8	12	41.1	37.7
9	Mile End Ward	9	11	45.7	43.4
10	St. Dunstan's Ward	10	18	48.1	46.5
11	Stepney Green Ward	11	17	50.9	49.5
12	Bow East Ward	12	7	56.9	58.2
13	Island Gardens Ward	13	3	64.9	65.2
14	Canary Wharf Ward	14	1	74.1	72.8
15	Bromley North Ward	15	16	76.9	75.6
16	St. Katharine's & Wapping Ward	16	6	83.3	82.5
17	Blackwall & Cubitt Town Ward	17	2	91.9	91.2
18	Poplar Ward	18	20	94.0	94.5
19	Bromley South Ward	19	19	96.3	97.7
20	Limehouse Ward	20	13	100.0	100.0

Table 7: Wards ranked by ASB for which the case for introducing Selective Licensing is strongest

It is important to point out, however, that the existing scheme is based on old ward boundaries and it is not possible to change these in the short run if the inclusion of Shadwell is considered as a possible addition. Table 8 compares the percentages of area and PRS covered with and without the inclusion of Shadwell. It shows, however, that Shadwell would just miss the 20% cut based on the new boundaries as it does on the old, although it would be well within the area constraint in both cases.

Boundaries	metric	Without Shadwell	With Shadwell
Old	area	10.8	15.3
	PRS	17.3	22.5
New	area	11.8	14.8
	PRS	18.1	21.2

Table 8: Comparison showing the effect of including Shadwell to the present Selective Licensing Scheme based on the percentage of the PRS and area covered.

Potential for Extension of Discretionary Licensing



In summary we find a case for a borough-wide extension to Additional Licensing. This case is slightly different depending on whether it is in a more newly developed and less deprived area in which a substantial proportion of the stock appears to be empty or available for short-lets, or in wards in more deprived areas where HMOs are fully established. The case for Selective Licensing is generally strong, although it is not borough-wide.

The key problem here is that any extension to the existing scheme would likely require an application to the Secretary of State. In theory adjustments could be made to the boundaries of the scheme although this would almost certainly require some arbitrariness about which streets and addresses to include and so lead to other practical problems. It is therefore recommended that the Council keeps this possibility under review whilst it gains experience of the present scheme and gathers further evidence.

7. Conclusions

The aims of this research were set out in the introduction. These were:

1. Whether there is sufficient evidence for the Council to bring in an Additional Licensing scheme across the Borough. If such a scheme was introduced it would cover all HMOs irrespective of number of storeys where there are 3 or more tenants but would exclude those wards already operating Selective Licensing schemes.
2. Whether there is evidence available for the Council to make a case to the Secretary of State to enable a Selective Licensing to cover the whole Borough adding to the existing Selective Licensing schemes already operating.

Tower Hamlets is one of the most deprived boroughs in the country but the housing stock varies enormously in quality and type depending on location. It ranges from densely occupied neighbourhoods with mixed social and private housing to large new developments next to the river in the south.

Annex A shows a net inflow of international migrants in the past 11 years of 67k and an outflow of internal migrants of 15k, which means that the population is becoming ethnically more diverse as well as larger. Since migrants mostly live in private rented accommodation this, in addition, to deprivation strengthens the case for licensing.

However, the arguments differ depending on whether licensing is Additional, Selective or both. As noted above Selective Licensing applies to all private rented properties in a designated area whether they are HMOs or single family properties. If Additional Licensing is adopted this can apply only to HMOs that not already selectively or mandatorily licensed.

(a) Additional Licensing

The research finds that there is evidence to extend Additional Licensing to the whole borough but that the arguments are not uniform everywhere and differ qualitatively. Additional Licensing would cover smaller HMOs occupied by three or more people who are not from the same family and who share a kitchen, bathroom or toilet.

Most local authorities report a positive effect of licensing on the physical condition of properties, the quality of management and the quality of accommodation. A significant number of Mandatory Licensable HMOs are in areas with large student populations of which Tower Hamlets is a case in point, so students are likely to be one of the key beneficiaries as well as migrants.

If Additional Licensing is introduced it would considerably increase the scope of the much more limited Mandatory Licensing scheme based on the previous definition of an HMO for which only around 300 licences were in operation at the time of this research. Based on our estimates there are up to 18,000 HMOs in Tower Hamlets of which around 9,000 are believed to contain three or more adults based on the extended definition of an HMO. The actual number will be lower since some are located in already licensed wards.

We found that the incidence of HMOs was widespread in the borough and did not favour any particular wards. Data on housing notices established that poor housing conditions were more likely to occur in properties which were also exposed to specific risk factors such as Housing Benefit and noise complaints. Their relatively wide dispersion means that they are thinly spread and therefore more difficult to police without a licensing regime.

For this reason a borough-wide Additional Licensing scheme would be generally preferable. One concern was the number of properties which did not have any adults living in them based on the electoral role. Two good examples of this were Canary Wharf and Blackwell and Cubitt Town. If Additional Licensing were borough-wide, its introduction could lead to better management of the whole housing stock including currently vacant properties but legal opinion should be sought on this point.

(b) Selective Licensing

The total number of properties affected by ASB and poor housing conditions depended on the number of risk factors they are exposed to. For Selective Licensing which covers all forms of private renting and not just HMOs the arguments for extensions especially in contiguous areas to the currently licensed areas is compelling.

However, the conditions for its introduction are more challenging than for Additional Licensing but in the Tower Hamlets case these are relatively easy to justify. Private renting, especially single family rented properties, is strongly correlated with areas containing higher levels of deprivation especially in the north of the borough.

There is also a statistically significant correlation indicating direct association between private renting and ASB at property level, especially noise complaints, waste and housing notices. The evidence of this report is that Tower Hamlets meets these criteria comfortably in certain areas which are broadly delineated by ward boundaries.

The results of our analysis finds that the already selectively licensed wards which comprise Whitechapel, Weavers, Spitalfields and Banglatown have only slightly altered their ranking as compared with our earlier research, although it is important to remember that the schemes are still bedding down. However, the take-up of licences has been relatively strong with reaching around about 51% to date based on our estimates.

Other wards with an equally strong case were set out in Table 7 in rank order. Notably, they include Bethnal Green, St Peters, Bow West, Bow East, Lansbury and Shadwell wards among others and apart from Lansbury form a single contained geographical grouping with already licensed wards.

The issue for Tower Hamlets is not so much that they have a strong case for Selective Licensing, but that this case does not extend to the whole borough. This suggests that the optimum solution will be a mix comprising an expanded Selective Licensing scheme coupled with an Additional Licensing scheme covering elsewhere.

Tower Hamlets will need to consult on whichever they choose to adopt. However, the rules also contain a proviso which says:

“...if a local housing authority makes a designation that covers 20% or less of its geographical area or privately rented properties, the scheme will not need to be submitted to the Secretary of State, provided the authority has consulted for at least 10 weeks on the proposed designation. However, if the local housing authority makes one or more designations that are in force partly concurrent to an existing scheme, and cumulatively all the designations cover more than 20% of the area or the private rented stock, those new designations will need to be submitted to the Secretary of State for approval.”

Recent experience based on applications made by several boroughs to exceed the 20% rule indicates that any application by Tower Hamlets is very likely to fail. Our analysis of the present Selective Licensing scheme covering three wards is below this limit both under the new and old boundaries.

In principle, there is scope to extend this scheme based on the size of area but less scope based on the size of the private rented sector. An extension of the existing scheme to one or more of the neighbouring wards can be considered with the inclusion of Shadwell but in our analysis it narrowly misses the 20% cut off and so not be pursued at this point in time.

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To summarise, we have therefore a mix of options available which are set out in the table below:

Option	Secretary of state approval	Strength of case
A. Introduce Additional Licensing borough-wide, no change to Selective Licensing	Does not require Secretary of State approval	Case for extending to new builds in regenerated areas is not as strong as in north of borough but there is a strong case for tackling the problem of empty or partially let properties under an Additional Scheme.
B. Partial introduction of Additional Licensing but excluding regenerated areas and those covered by existing Selective Licensing	Does not require Secretary of State approval	The case stands alone if only worst affected wards are included in an Additional Scheme, but it could create logistical and management problems as a result.
C. Extend Selective Licensing borough-wide	Secretary of State approval is required	The case is variable and is much stronger for some wards than others.
D. Extend Selective Licensing to neighbouring wards and adopt Additional Licensing elsewhere	Secretary of State approval is still required as enlarged scheme would cover more than 20% of the PRS	The case is very strong. Also an enlarged area is likely to form an integrated geographical grouping. Other wards outside this group to be covered by Additional licensing, but would not include single family private rented households
E. Extend existing Selective Licensing scheme to Shadwell only	Secretary of State approval would still be required	If adopted the extended scheme would just exceed 20% of the PRS and would therefore miss the cut.

A property level data base with our tenancy risk assessment and other information will be handed over with this report.

Potential for Extension of Discretionary Licensing



Annex A: Tower Hamlets migration flows 2004/5 to 2014/15

Category	2004/5	2005/6	2006/7	2007/8	2008/9	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	cumulative total
Inflows												
international	7,086	8,601	10,516	9,828	9,807	11,650	10,345	10,616	12,018	13,117	14,457	118,041
internal	15,006	16,250	16,835	17,463	20,339	21,491	20,870	21,047	21,205	23,142	22,524	216,172
<i>total inflow</i>	<i>22,092</i>	<i>24,851</i>	<i>27,351</i>	<i>27,291</i>	<i>30,146</i>	<i>33,141</i>	<i>31,215</i>	<i>31,663</i>	<i>33,223</i>	<i>36,259</i>	<i>36,981</i>	<i>334,213</i>
Outflows												
international	3,678	3,814	3,451	3,633	4,819	7,305	5,307	5,590	5,005	4,650	3,925	51,177
internal	18,495	18,423	19,556	19,642	19,261	20,463	20,891	22,715	22,137	24,017	25,322	230,922
<i>total outflow</i>	<i>22,173</i>	<i>22,237</i>	<i>23,007</i>	<i>23,275</i>	<i>24,080</i>	<i>27,768</i>	<i>26,198</i>	<i>28,305</i>	<i>27,142</i>	<i>28,667</i>	<i>29,247</i>	<i>282,099</i>
Net +/-	-81	2,614	4,344	4,016	6,066	5,373	5,017	3,358	6,081	7,592	7,734	52,114
<i>of which</i>												
International (A)	3,408	4,787	7,065	6,195	4,988	4,345	5,038	5,026	7,013	8,467	10,532	66,864
internal (B)	-3,489	-2,173	-2,721	-2,179	1,078	1,028	-21	-1,668	-932	-875	-2,798	-14,750
net flow as % of population	0.0	1.2	0.0	1.7	2.5	2.2	2.0	1.3	2.2	2.7	2.6	

Potential for Extension of Discretionary Licensing



Annex B: Estimated breakdown by tenure in new ward format based on data from the 2011 Census

	2017 ward name	Owner occupied	Social Housing	Private rented	Total
1	Bethnal Green Ward	1,785	3,274	1,859	6,918
2	Blackwall & Cubitt Town Ward	1,748	1,526	2,953	6,227
3	Bow East Ward	1,710	2,823	2,062	6,595
4	Bow West Ward	1,658	1,952	1,399	5,009
5	Bromley North Ward	622	1,919	961	3,502
6	Bromley South Ward	574	1,668	800	3,042
7	Canary Wharf Ward	1,664	1,383	3,119	6,166
8	Island Gardens Ward	2,111	1,376	2,744	6,231
9	Lansbury Ward	1,123	3,022	1,114	5,259
10	Limehouse Ward	1,103	571	1,265	2,939
11	Mile End Ward	1,295	3,026	1,565	5,886
12	Poplar Ward	508	1,244	693	2,445
13	Shadwell Ward	1,015	2,415	1,067	4,497
14	Spitalfields & Banglatown Ward	1,231	1,630	1,886	4,747
15	St. Dunstan's Ward	994	2,156	817	3,967
16	St. Katharine's & Wapping Ward	2,410	727	2,206	5,343
17	St. Peter's Ward	1,717	3,167	2,442	7,326
18	Stepney Green Ward	984	2,070	956	4,010
19	Weavers Ward	1,385	2,369	1,687	5,441
20	Whitechapel Ward	1,298	1,788	2,621	5,707
	Total	26,935	40,106	34,216	101,257

Potential for Extension of Discretionary Licensing



Annex C: Estimated size of the PRS based on model estimates using 2016 data

Ward name 2017	HR HMO	% of total	HR SF	% of total	HR HMO or SF	% of total
Bethnal Green Ward	1385	7.6	1290	6.6	2032	7.3
Blackwall & Cubitt Town Ward	1225	6.7	1468	7.5	1831	6.6
Bow East Ward	1293	7.1	1423	7.3	1988	7.2
Bow West Ward	1049	5.8	825	4.2	1479	5.3
Bromley North Ward	464	2.5	565	2.9	753	2.7
Bromley South Ward	649	3.6	791	4.1	1027	3.7
Canary Wharf Ward	965	5.3	1309	6.7	1525	5.5
Island Gardens Ward	982	5.4	1226	6.3	1621	5.9
Lansbury Ward	859	4.7	1179	6.0	1569	5.7
Limehouse Ward	557	3.1	705	3.6	898	3.2
Mile End Ward	934	5.1	950	4.9	1344	4.9
Poplar Ward	362	2.0	447	2.3	641	2.3
Shadwell Ward	577	3.2	606	3.1	926	3.3
Spitalfields & Banglatown Ward	851	4.7	910	4.7	1322	4.8
St. Dunstan's Ward	740	4.1	702	3.6	1086	3.9
St. Katharine's & Wapping Ward	1080	5.9	1201	6.2	1627	5.9
St. Peter's Ward	1183	6.5	1115	5.7	1688	6.1
Stepney Green Ward	681	3.7	565	2.9	989	3.6
Weavers Ward	980	5.4	829	4.2	1329	4.8
Whitechapel Ward	1386	7.6	1422	7.3	1975	7.1
	18202	100.0	19528	100.0	27650	100

Appendix Twelve

Additional licensing scheme within the overall housing strategy

The tenure mix in Tower Hamlets has changed dramatically and at a very rapid rate over the last 20 years. Social rented housing used to provide homes to the vast majority of Tower Hamlets residents now provides just 36 per cent of the housing in the borough. The private rented sector is now the largest single tenure, with 39 per cent of the Borough's homes rented from a private landlord.

To reflect this, for the first time the Council's Housing Strategy has an appendix 3 detailing our approach to private renting: the Private Sector Housing Strategy. In the Council's Housing Strategy 2016 – 2021, the Mayor has committed to improve the private rented sector. Contributing to this commitment, Action 21 of the Strategy is to "review Selective and Additional Licensing schemes for the private rented sector".

The Private Sector Housing Strategy gives more detail. Specifically at Part 4.1.5 it states: "After the CLG [the Department of Communities and Local Government] reach a decision on whether to extend the scope of mandatory HMO licensing, the Council will consider introducing an additional licensing scheme for Houses in Multiple Occupation either across the borough or in specified areas; and to apply this either to all HMOs or to certain types of HMO."

The CLG's technical consultation on the extension of the mandatory HMO scheme proposes to exclude purpose-built blocks of flats. Such blocks comprise most of Tower Hamlets' housing stock. In 2011, 85% of all private sector homes were flats, and because 70% of the stock was built after 1945, these are overwhelmingly in purpose-built blocks. These figures include former local authority flats sold under the 'Right to Buy' programme – and the proportion of purpose-built blocks is even higher within social housing.

The Council's Housing Strategy notes: "Many HMOs in the borough do not fall under the current provisions of the mandatory licensing scheme. These include a significant proportion of former Council stock sold under Right to Buy and now let by the room to multiple families and to young people. With a lack of affordable homes, the impact of welfare reform, and increasing private sector rents, it is likely that many households will adopt this tenure in order to remain in Tower Hamlets. "

The Housing Strategy also notes that around 15,000 ex-Council homes have so far been bought in Tower Hamlets under the 'Right to Buy' programme – and that an estimated 6,000 of these are now being let, often as HMOs, by private landlords. The numbers are increasing: more than 3,000 flats were sold in the 4 years from April 2012, and the extension of the right to housing association tenants could lead to an ever greater concentration of flats in multiple occupation on Tower Hamlet's estates. Most of these flats are in

purpose-built blocks. Historically, lease agreements are weak in relation to sub-letting and place few if any restrictions on the use of the property as an HMO.

The Housing Strategy identifies registered housing providers' increasing concerns that these privately-let flats in multiple occupation are often seriously overcrowded and have led to anti-social behaviour, such as noise nuisance and fly-tipping, and drug-related criminal behaviour on the borough's estates.

The Council Housing Strategy states that the council "wants to use landlord licensing to tackle anti-social behaviour associated with private renting, deal with poor housing standards and assist in improving the overall management of private rented accommodation".

The licensing scheme assists with a co-ordinated approach

Homelessness: Tenants of flats in multiple occupation are amongst the most vulnerable and insecurely housed. Additional Licensing would allow us to identify their landlords and then to work with and educate them as part of our homeless prevention work. We are confident that this would reduce unlawful eviction and contribute positively to tenancy sustainment work.

Empty properties: There are privately owned properties lying empty in Tower Hamlets. There is an undoubted housing need in Tower Hamlets, and these vacant properties could provide much needed accommodation. Many of these properties are in a neglected state and have a damaging effect in the areas in which they are located.

The Council keeps a record of long term empty properties (those which have been empty for over a year) in the private sector by ward. At present, derived from the last report produced by from Council Tax records there were 84 properties across the Council in various wards.

At the last stock condition survey there were approximately 1,500 homes empty for six months or more and currently considerable efforts are made to bring these back into use. This Landlord Licensing Scheme may help us in identifying owners, encouraging them to bring properties back into use.

Anti-social behaviour: in some instances private letting by leaseholders in former Right-to-Buy flats has led to serious overcrowding and anti-social behaviour such as noise nuisance fly-tipping, and drug-related criminal behaviour on estates owned by the council and its housing association partners. In addition, partners report that parties in Airbnb-style short-term lets is a growing problem for their tenants. In October 2016, the Council met with Tower Hamlets Homes and key local Housing Associations Poplar HARCA, Swan, and East End Homes, to begin to formulate a response to these issues. The attendees confirmed that these are significant concerns, and asked that work on a shared approach be explored by the Tower Hamlets Housing Forum.

In February 2017, the Council established a working group of Registered Providers through THHF to pursue this work. The group includes representatives from East End Homes, Genesis, London & Quadrant, Poplar HARCA, and Tower Hamlets Homes. On 12 May 2017, the group recommended that all providers in the borough contribute strong support to the case for implementing Additional Licensing in the borough.

Regeneration: the Council's regeneration remit is aimed at both economic and physical renewal and primarily carried forward through our Local Plan and growth policies. However, the private rented sector is primarily amenable to those aims through our Housing Strategy: and Additional Licensing is a key part of that strategy.

Where the Environmental Health team receive reports of flats in multiple occupation, it is not unusual to find that the layout has been altered to maximise the spaces that can be let out. Frequently no fire or safety precautions are taken prior to the property becoming multiply occupied. Such accommodation presents fire risks not only to the occupiers but also to people living in neighbouring dwellings. Because demand is so high, landlords can at present confidently market dangerous and overcrowded accommodation in the knowledge that rental income is high with minimal risk of discovery by the local authority.

Additional Licensing would enable the Council to enforce minimum safety standards without having to rely on the reports of vulnerably housed tenants. Many tenants of such properties are vulnerable. Frequently they are forced to accept cramped, potentially dangerous and unsuitable accommodation. However, they are often reluctant to complain to their landlords or to the Council for fear of retaliation by their landlord, because they do not understand their rights, or because it is hard to find alternative accommodation. With the introduction of additional licensing, the Council's enforcement work will no longer have to rely on tenants' reports – or on reports from neighbours and housing providers which are reactive, unreliable and limited, undermining the Council's ability to take the strategic response needed.

How the scheme will assist with the housing strategy

Part 6 of The Housing Strategy focuses on the private rented sector, setting out the commitment to ensure that the standards of accommodation for people in private rented housing are good – not only by weeding out the bad landlords who give the sector a poor reputation but also by working to professionalise the sector, supporting “amateur” and small landlords to provide decent, well-managed homes to their tenants.

Part 4.4 of The Private Housing Strategy sets out steps that council will take to professionalise the sector including through a reinvigorated landlords' forum; by providing landlords with e-bulletins, information and training sessions, energy efficiency schemes and customer panel; by incentivising landlords to join the London Landlord Accreditation Scheme; and requiring

landlords who breach licensing conditions to attend The London Landlord Accreditation Scheme.

Additional Licensing will go a very long way to remove the major obstacle to all these initiatives: the difficulty we have identifying those “amateur” and small landlords in order to engage with them, especially those who operate at the cheapest end of the market. Again, this is a particular concern for Registered Providers whose leaseholders let out the flats in multiple occupation we wish to bring into the Additional Licensing scheme.

Once a landlord of a HMO is licensed, we can not only impose conditions through the licensing scheme, but we can also provide a broad range of support and education in order to promote good practice.

Part of the strategic commitment to improve and professionalize the private rented sector is our adoption of a Tower Hamlets Private Renters’ Charter. Launching on 29 June, the Charter was developed with a broad range of advice agencies, landlord bodies, and tenants’ groups. It sets out clearly the standards that all tenants can expect when they rent from a private landlord in the borough, and also the steps that the council and its partners will take to support those standards in individual cases. The Council will publicise the Charter actively and widely: its central purpose is to reach out to landlords and, of course, tenants in the borough, raising awareness of tenants’ rights particularly with those groups that are currently least aware.

In the first phase of the Charter, we do not intend landlords and agents to sign. In large part this is because it is so difficult to identify them. Additional Licensing would allow us to identify landlords of flats in multiple occupation in preparation for the second phase of the Charter in which we aim to use it as a Quality Mark for local landlords.

Any alternatives such as an accreditation scheme

The Housing Strategy commits the council to supporting the London Landlord Accreditation Scheme. As a result, the Council has joined the steering committee of the scheme and now hosts regular training sessions for Tower Hamlets landlords. However, take-up as a proportion of the number of landlords in the Borough is negligible. Additional licensing can be used as a means of supporting the take-up of accreditation by the smaller, “amateur” and “accidental” landlords who are currently unaware of the scheme.

Criteria to Consider before introducing an additional scheme

In order to consider establishing an additional licensing scheme the Housing Act 2004 requires that certain criteria must be met. These are detailed in italics below;

The Authority must consider that a significant proportion of the HMOs of the description to be included in the area are being managed sufficiently

ineffectively as to give rise, or likely to give rise, to one or more particular problems either for those occupying the HMO or for member of the public.

This evidence is outlined in the report by Mayhew Harper Associates in (Appendix 1).

The Authority must have regard to any information regarding the extent to which any codes of practice approved under section 233 of the Housing Act 2004 have been complied with by persons managing HMOs in the area:

The Council has had regard to the following Codes of Practice under section 233 in relation to the management of student housing and for the purposes of schedule 14 which lists buildings which are not HMOs for the purpose of the Housing Act 2004

- The ANUK/Unipol Code of Standards for Larger Developments for Student Accommodation Managed and Controlled by Educational Establishments
- The Universities UK/Guild HE Code of Practice for the Management of Student Housing

The Authority must consider whether there are other courses of action available to them that might prove an effective method of dealing with the problem.

Consideration of this is contained in (section 2) of the report.

The Authority must consider that making the designation will significantly assist them in dealing with the problems highlighted.

This is considered in paragraphs (3.17 -3.20) above.

The Authority must consult persons who are likely to be affected by the designation and consider any representations.

Authorisation for a consultation is now being sought in the recommendations of this report.

The Authority must consider that the exercise of this power is consistent with the Authority's overall Housing Strategy.

(Paragraphs.3.29 to 3.36) above consider the proposal on the overall Housing Strategy.

The Authority must seek to adopt a co-ordinated approach in connection with dealing with homelessness, empty properties and anti-social behaviour and as regards to combing licensing with measures taken by other persons.

These matters have been considered within the main body of this report, specifically but not limited to paragraphs (3.3 to 3.13 and 3.34 to 3.39) above.

Monitoring – the scheme will be monitored part way through to ensure that the improvements to HMOs are being achieved.

Note

References in italics and parenthesis relates to the Cabinet report 30th January 2018.

Appendix Thirteen: Case Studies

Case Study 1 – Managing Agent

The Environmental Health and Trading Standards Service prosecuted a London-wide property management company for failure to provide documents under section 235 Housing Act 2004 relating to an HMO.

The property management company was fined £35 000 plus costs. The fine was upheld on appeal and reflected the large size of the company, how easy it would have been to provide the information (the company already possessed the requested documents) and how much time the Council had to spend in pursuing them.

The property concerned is requires a mandatory HMO licence but because of the conviction the Service had to consider whether the company is fit to manage licensed properties.

The company came to the view that their role was to educate their clients about their legal responsibilities and encourage them to comply with the law. They decided that where clients did not comply they would sever their relationship. As a result of this approach since the conviction we received more than 50 new licence applications from their clients.

These changes will benefit tenants and local authorities across London. It shows that licensing gives us the ability to look deeply into portfolio landlords processes when we are deciding on their fitness and competence to hold licences or manage licensed premises.

Case Study 2: Block Issues

This is a 6-storey brick building containing 116 privately rented flats. The property was converted from a warehouse to residential use (self-contained flats) in 2006, for which it received Building Regulations approval. It is a Grade 2 Listed Building. The original planning permission allowed for 85 x 1 bedroom and 29 x 2 bedrooms and 2 x 3 bedrooms.

About a year after the conversion alterations were made to the layout of most, if not all of the flats to create additional bedrooms. Accordingly the usage of many of the flats has changed from single dwellings into houses in multiple-occupation. It is assumed that the reason for this was that the greater the number of bedrooms, the greater the rental income that can be generated from each flat. There do not appear to be any of the original one bedroom flats left.

Officers have inspected a sample of ten flats, on all but the upper floors many of the new bedrooms lack windows and therefore have inadequate natural light or ventilation. The alterations have also increased the fire risks at the properties.

HHSRS assessments show significant ratings for the following hazards:

As many of the flats have similar or identical layouts we have been able to quantify the hazards as follows:

- 167 internal bedrooms lacking windows, natural light and means of ventilation
- 167 category one hazards for excess heat
- 167 category two hazards for lighting
- 154 category two hazards for fire where the means of escape, fire separation and/ or fire detection is not satisfactory.

Officers are working with planners to determine what action should be taken to deal with the hazards and any breaches of planning / conservation law. So far the building owners have failed to come up with proposals for improving the internal arrangements for the flats. We will shortly decide what kind of enforcement action we will be taking.

The owner has submitted licence applications for the 116 flats due to the potential of the breaches of planning law and building regulations it may be necessary to issue shorter “probationary” notices so that the licence-holder’s conduct can be monitored.

This is relatively “high-end” accommodation that is reasonably well-maintained, but nevertheless contains significant hazards. If it were not for the licensing scheme, which has enabled Council Officers to get into the block and get behind front doors, we would not expect to learn of the unauthorised redevelopment. As there is little disrepair in the building we would not expect to receive complaints from the tenants.

Case Study 3: Managing Agents

Licensing has given the Council’s Environmental Health and Trading Standards Service the opportunity to look in detail at the conduct of property companies operating locally and learn about new modes of renting that have cropped up in the local housing market. It also enables us to address poor practice and monitor poor performing landlords closely.

A large portfolio landlord operating across north and east London with 280 properties by joint working Trading Standards and the Housing Advice Service have raised concerns about their conduct, both in failing to follow the necessary legal processes before evicting tenants (for example when a tenant has fallen into rent arrears) and also in the manner which they market their properties.

The agent operates a “guaranteed rent” business model where they take on the tenancy of (usually) a flat. A great many of the properties they take on are leasehold

properties owned by the Council or social landlords that have been sold off under the “right to buy” scheme.

Once they gain control of a property the living room is converted into a bedroom and large rooms may be divided in two to increase the number of bedrooms and thereby maximising the rental income. In changing a single family dwelling into a heavily occupied, often overcrowded house in multiple occupation the fire risks increase significantly. However, in a number of these managed properties the necessary investment in upgrading fire precautions and protecting the means of escape from fire have not been made.

Our experience suggests that the guaranteed rent model is now very common, and could well be driving the conversion of many ex-council flats into HMOs. This is a relatively new mode of renting that was not seen 10 years ago and it is hoped that we will be able to share our experiences with Tower Hamlets Homes and other freeholders who may not be fully aware of what is happening in their stock.

We recently prosecuted this agent for failing to licence a property and for failing to properly address fire risks. The boiler was leaking and losing pressure so that it could not provide adequate hot water. Tenants had asked for repairs to be carried out but were ignored. Council HMO standards were breached because too many tenants were occupying the property for the amenities provided. Also one of the bedrooms created by dividing a larger room into two, did not meet space standards and lacked a radiator.

The company was fined £46 000 for failing to licence the property and for the health and safety breaches. The court was told that Landlord licensing is an important tool that ensures that the Council is made aware of rented properties so that they can make the necessary checks to protect the welfare and safety of tenants. Unlicensed properties that operate “under the radar” avoid such scrutiny.

This agency have been given a shorter two year “probationary” licences for the 22 properties they run in the selective licensing area. Every property is being inspected and additional conditions have been inserted into the licenses to ensure that tenants’ rights are respected.

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<p>Cabinet</p> <p>31 October 2018</p>	 <p>TOWER HAMLETS</p>
<p>Report of: Zena Cooke, Corporate Director, Resources</p>	<p>Classification: Unrestricted</p>
<p>Budget and Medium Term Financial Strategy 2019-22</p>	

Lead Member	Councillor Ronald, Cabinet Member for Resources and the Voluntary Sector
Originating Officer(s)	Neville Murton (Divisional Director, Finance Procurement and Audit)
Wards affected	All
Key Decision?	No
Community Plan Theme	All themes

Executive Summary

In February 2018 the Council agreed its budget for 2018-19 and set out a Medium Term Financial Strategy (MTFS) covering the period 2018-2021. This included additional savings of £10.788m to be delivered over the extended MTFS period thereby setting a balanced budget for 3 years with a requirement of £6.102m being required from general fund reserves. The Council's Capital Programme was also reviewed and updated taking into account decisions made during the year; it identified a number of new schemes and began the process of delivering a 10 year capital programme by extending the programme to 2027-28.

The Council continues to implement an Outcomes Based approach to deliver its MTFS. At the heart of its financial planning and decision making process, the Council aims to link its financial resources to Member's Strategic Priority Outcomes.

This report aims to update Cabinet on the progress to date since the MTFS was agreed in February 2018, highlight any new developments and government announcements since then; and summarises the next steps to update the MTFS by extending it to 2021-22 and agree a final budget for 2019-20. An estimated gap of £44m is highlighted together with the approach and framework being adopted to close that gap and set a balanced budget over the whole of the MTFS period.

As in previous years this will also include proposals relating to the Council's Housing Revenue Account (HRA) and the Dedicated Schools Budget (DSB) strategy.

Formal budget consultation with residents, businesses and other key stakeholders has now started and the report sets out a timeframe for completing the remaining items that will lead to the conclusion of the budget setting process and culminate in the setting of the Council Tax for 2019-20.

Recommendations:

The Mayor in Cabinet is recommended to:

1. Note the changes to the draft budget position for 2019-20.
2. Note the need to make further savings of £44m over the MTFS period.
3. Note the issues and actions set out in this report which are informing the development of the Council's MTFS for 2019 – 2022;
4. Note the commencement of formal budget consultation with residents, businesses and other key stakeholders and to receive feedback on the consultation at Cabinet in December.

In relation to the Housing Revenue Account, the Mayor in Cabinet is recommended to:-

5. Note that, under section 23 of the Welfare Reform and Work Act 2016 the Authority must implement a rent reduction of 1% for four years starting in 2016/17, and consequently to agree an average weekly rent reduction of 1% to take effect from the first rent week of April 2019. This equates to an average rent reduction of £1.08 per week for 2019/20.

1. REASONS FOR THE DECISIONS

- 1.1. The Council is under a duty to set a balanced and sustainable budget and maintain adequate reserves such that it can deliver its statutory responsibilities and priorities.
- 1.2. A Medium Term Financial Strategy (MTFS) covering the entirety of the resources available to the Council is considered to be the best way that resource prioritisation and allocation decisions can be considered and agreed in a way that provides a stable and considered approach to service delivery and takes into account relevant risks and uncertainty.
- 1.3. Statutory budget consultation is required with business ratepayers however, a broader consultation with all residents and other relevant stakeholders is considered to represent best practice.

2. ALTERNATIVE OPTIONS

- 2.1. Whilst the Council will adopt a number of approaches to the identification of measures aimed at delivering its MTFS there is no alternative other than to set a legal and balanced budget and agree its Council tax before the statutory deadline.
- 2.2. In relation to the HRA, section 23 of the Welfare Reform and Work Act 2016 required that, from April 2016, social rents must be cut by 1% for four years. As this requirement is enshrined in legislation, if the Authority did not comply it would risk legal challenge.
- 2.3. A number of decisions in relation to the use of the Dedicated Schools Grant are the responsibility of the Schools Forum and the Council therefore has no option to vary that decision; however in some cases, such as in respect to changes to the School's funding formula, the Council makes the final decision having received recommendations from the Schools Forum.

3. DETAILS OF REPORT

3.1. Background

- 3.2. The medium term financial planning process is an essential part of the Council's resource allocation and strategic service planning framework. The Medium Term Financial Strategy (MTFS) integrates strategic and financial planning over a three year period. It translates the Strategic Plan priorities into a financial framework that enables the Mayor and officers to ensure policy initiatives can be delivered within available resources, and can be aligned to priority outcomes.

3.3. The drivers for the Council's financial strategy are:

- To set a balanced budget over the life of the MTFS whilst protecting residents from excessive Council Tax increases, as defined by the government, through the legislative framework covering Council tax referenda.
- To fund priorities agreed within the Strategic Plan, ensuring that service and financial planning delivers these priorities.
- To deliver a programme of planned reviews and savings initiatives designed to keep reductions to service outcomes for residents to a minimum.
- To maintain and strengthen the Council's financial position so that it has sufficient contingency sums, reserves and balances to address any future risks and unforeseen events without jeopardising key services and delivery of service outcomes for residents.
- Ensuring the Council maximises the impact of its spend to deliver priority outcomes in the context of reducing resources.

3.3.1. Since 2011/12 in the face of unprecedented reductions in Government funding and increasing demand on services, the need to make savings has dominated the Council's financial planning process.

3.3.2. In February 2018 the Council agreed a balanced budget for 2018/19 and a Medium Term Financial Strategy (MTFS) to 2020-21 identifying further savings of £10.788m to be delivered over that period and a requirement to use £6.102m of general fund reserves.

3.3.3. This report begins to explore the challenges facing the Council in the context of a number of forthcoming fundamental changes to the financial environment in which Local Authorities operate. In particular it outlines a process that will deliver a balanced budget position over the course of the MTFS period; taking into account the views of residents, business rate payers and other interested stakeholders.

3.4. Strategic Approach

3.4.1. The Council has a sound approach to strategic and resource planning. The 2018/19 Strategic Plan has been developed using the Outcome Based Accountability (OBA) Framework to enable us to understand the impact our services are having and link this to the resources used to deliver those activities

3.4.2. The Strategic Plan focuses on the three priority outcomes set out below; within each outcome a number of objectives describe how services will be delivered.

Priority 1 - People are aspirational, independent and have equal access to opportunities

- People access a range of education, training, and employment opportunities
- Children and young people are protected so they can realise their potential

- People access joined-up services when they need them and feel healthier and more independent

Priority 2 - A borough that our residents are proud of and love to live in.

- Inequality is reduced and people feel that they fairly share the benefits from growth
- People live in a borough that is clean and green
- People live in good quality and affordable homes and well-designed neighbourhoods
- People feel safer in their neighbourhoods and anti-social behaviour is tackled
- People feel they are part of a cohesive and vibrant community

Priority 3 - A dynamic outcomes-based Council using digital innovation and partnership working to respond to the changing needs of our borough

- The Council is open and transparent putting residents at the heart of everything we do
- The Council works collaboratively across boundaries in strong and effective partnerships to achieve the best outcomes for residents
- The Council continuously seeks innovation and strives for excellence to embed a culture of sustainable improvement

3.5. Outcome Based Budgeting

3.5.1. Outcome Based Budgeting (OBB) aims to directly link how resources are allocated against the strategic priorities of the Council as a means of informing decision making and outcome monitoring.

3.5.2. The Council's Medium Term Financial Strategy (MTFS) 2018-2021 was prepared using these principles and this will ensure that the Council is delivering the Council's priority outcomes, as set out in the Strategic Plan, while making savings through planned budget reductions rather than cutting costs on a service by service basis.

3.5.3. We intend to continue with this approach going forward with a series of budget meetings between officers, the Mayor and Cabinet which are taking place during October and November and which will consider a number of key issues including:

- A review of savings and growth proposals including high level business cases.
- Extending the MTFS by a further year to cover the period 2019-2022; identifying the gap arising from recent funding announcements and the council's options for managing these strategic issues;
- A review of the current Capital Strategy; the governance arrangements for capital projects and programmes, resource prioritisation, funding sources and strategies and consideration of any new projects and programme.

- Consideration of the impact of the Fair Funding Review due to be implemented from April 2020;
- Consideration of any proposals for the continuation of the London Business Rates pilot in 2019/20; the potential benefits from Business rates income; and the strategic investment pot; and
- A new income generation strategy.

3.6. Future Outlook for the Council's Finances

Government Funding

- 3.6.1. The council agreed to participate in the government's guaranteed funding settlement which, for the period to 2020, indicates that Government grant in the form of Revenue Support Grant (RSG) will continue to diminish, decreasing from around £54m in 2017/18 to around £33m in 2019/20.
- 3.6.2. The 4 year settlement ends after 2019/20 after which there is significant uncertainty from the 2019 Spending Review, changes from the introduction of new formula for distributing resources following the Fair Funding review, and changes to the national business rate retention scheme.
- 3.6.3. The 2019 Spending Review (SR19) will confirm overall Local Government resourcing from 2020/21 and will provide the financial backdrop to significant reform in Local Government finance systems including what the government say will be an updated, robust and transparent distribution methodology to set the baseline funding levels, the resetting of business rates baselines and the proposed introduced of further reforms to the business rates retention scheme. It is considered highly likely that any resulting funding redistribution will impact negatively upon Tower Hamlets.

LG Settlement 2019-20 – Technical Consultation

- 3.6.4. On the 24th July, the government published a technical consultation on the 2019/20 funding settlement. The consultation paper sets out the government's intended approach for the final year of the multi-year local government finance settlement and includes:
- arrangements for those who accepted the offer and arrangements for those who did not
 - The governments proposed position on the New Homes Bonus Threshold
 - Council tax referendum principles for 2019/20
 - Proposals for dealing with negative RSG (although this is not an issue for Tower Hamlets directly).
- 3.6.5. The government proposes to allocate funding in 2019/20 in accordance with the agreed methodology announced by the Secretary of State in 2016/17, which ensures councils delivering similar services receive a similar percentage change in core funding for those services.
- 3.6.6. The consultation concluded on the 18th September and the outcome will be published later this year.

National Non Domestic Rates - Business Rates

- 3.6.7. An increasing proportion of the Council's services are funded through locally generated resources such as Business Rates and Council Tax.
- 3.6.8. Business Rates income in Tower Hamlets is expected to increase from £131m in 2017/18 to around £140m by 2020/21.
- 3.6.9. In the autumn 2017 budget the Government formally confirmed its agreement to establishing a 100% business rate retention pilot in London from April 2018. This was agreed through a memorandum of understanding (MOU) signed by the Chair of London Councils, the Mayor of London, the Minister for London and the Secretary of State for Communities and Local Government.
- 3.6.10. The Council agreed to participate in the London pool during 2018/19 and, based on London wide estimates of business rate growth additional income of £10.4m, above that which would have been received had the Council not participated in the scheme, is expected for 2018/19.
- 3.6.11. London Government submitted an initial written proposal for extending the London pilot to MHCLG by the deadline of 25 September. Discussions have since been held with London Councils' elected officers and more widely with Leaders' Committee on 9 October which provided a steer for the negotiations with MHCLG and the Treasury that will now follow. If the pilot is agreed it will be confirmed in the provisional Local Government Finance settlement in December.

Current arrangements (100% BR Pilot)

- 3.6.12. The 2018/19 London pilot scheme required participation from all 33 London Boroughs and the Mayor of London to pool income from business rates.
- 3.6.13. A no detriment guarantee from the Treasury meant that no authority could be worse off than under the previous 67% scheme but would retain a share of any aggregate growth across London in excess of the baseline. In the event significant anticipated growth was forecast resulting in the distribution of an additional £300m across London authorities. This strongly suggests that the 2019/20 position will again be in excess of the baseline and, as in 2018/19, the guarantee will not be a relevant consideration.
- 3.6.14. Whilst the proposal submitted is based on the continuation of a 100% scheme in London it is understood that a 75% retention scheme is preferred by the government; this would clearly limit the estimated additional resources retained by London authorities.

Distributing the benefits of pooling

- 3.6.15. The current pooling agreement sets out the principles and method for distributing any net financial benefits that may be generated. The principles are based on four objectives agreed by Leaders and the London Mayor:

Incentivising growth (15%) by allowing those boroughs where growth occurs to keep some proportion of the additional resources retained as a result of the pool

Recognising the contribution of all boroughs (35%) through a per capita allocation

Recognising need (35%) through the needs assessment formula; and

Facilitating collective investment (15%) through the strategic investment pot designed to promote economic growth and lever additional investment funding from other sources.

Strategic Improvement Pot (SIP)

- 3.6.16. A bidding process was agreed and put in place to access funding from the SIP. Bids were invited in April 2018 with a deadline at the end of May. A total of 22 bids were received for a total of £123.4m; the available resources for distribution were estimated at £52m and proposals for £47m have now been agreed. All London authorities were represented on at least one bid and a maximum of seven; and bids were received from all sub-regions. Tower Hamlets submitted one direct bid and was included in another joint bid with a number of adjoining authorities led by Hackney Council.
- 3.6.17. A shortlist of successful bids was circulated in August for consultation and agreement by all London authorities. The mixture of successful bids will directly grow London's business rates by providing new or refurbished commercial space, as well as ones which will indirectly generate growth by providing transport and digital infrastructure, supporting employment and businesses, and creating frameworks for development.
- 3.6.18. Tower Hamlets welcomed the criteria and approach adopted in respect of allocating funds through the SIP and it has now been confirmed that the Council will benefit from a £7m income to deliver the South Dock bridge project.

Previous Scheme (67% BRR)

- 3.6.19. Under previous arrangements London Boroughs and the Greater London Authority collectively retained 67% of the business rates yield with Central Government retaining the remaining 33%.
- 3.6.20. The Baseline Funding Level is the share of the Settlement Funding Assessment (SFA) that the Ministry of Housing Communities and Local Government (MHCLG) intends to be funded via locally retained business rates (with the remainder coming from RSG).
- 3.6.21. Baseline Business Rates are MHCLG's projection of retained business rates based on the position at the start of the scheme and increasing each year in line with the small business rate multiplier.
- 3.6.22. A Levy Rate is applied to growth in an authority's business rate revenue which exceeds its Baseline Business Rates. The figures below show illustrative figures for Tower Hamlets should there be a reversion to the scheme that operated prior to the 100% Business Rate Pilot

Table 1- Current NNDR Income assumptions for 2019-20

NNDR Income	2019/20 £m
Baseline Funding level	109.655
Baseline Business Rates	115.58
Top up or (Tariff)	(5.925)
Levy Rate (pence in the £)	0.05
	£m
Retained Business Rates income	147.200
Top up or (Tariff)	(5.925)
Levy	(1.621)
Revised Business Rates	139.654

Council Tax

- 3.6.23. Council Tax also continues to be an important source of revenue for the Council with £98m estimated from that source in 2019/20. At the time of the provisional settlement in 2017, the government announced changes to the Adult Social Care (ASC) precept. Local authorities could increase the ASC precept by up to 3% per annum. However, authorities are only permitted to go ahead with a maximum of 3% increase each year provided that the total increase over the three-year period 2017-2020 does not exceed 6%.
- 3.6.24. However, in the context of the need for savings being front loaded and the significant cost pressures being seen in ASC services, the Council considered it appropriate to phase the 6% rise in the precept over the period to 2020 on the basis of increases of 3%, 2%, and 1% with the 1% rise being attributable to 2019/20. This was agreed in principle and there appears to be no financial reason to vary this.
- 3.6.25. No updated view has yet been taken on the potential for increases to the Council tax level over the MTFS period as this consideration will be guided by the outcome of the budget consultation and the development of other budget options. It is anticipated that the Council taxbase could rise by up to 3%.
- 3.6.26. Referendum levels are currently set at 'no more than 3%' (excluding ASC Precept) and any proposals to increase Council Tax levels beyond this will require a referendum. This reflects the government's determination of excessive Council tax increase based on, amongst other things, their assessment of inflationary pressures in the Local Government sector.

Core Grants

- 3.6.27. In addition to Revenue Support Grant, the Council is in receipt of a number of other grants to support specific service priorities. Current assumptions for each of these are summarised in the table below:

Table 2 - Summary of Core Grants 2019-22

Core Grants	2019-20 £m	2020-21 £m	2021-22 £m
New Homes Bonus	19.914	16.521	11.098
Improved Better care Grant	14.851	12.777	12.773
Public Health Grant	34.319	34.319	34.319
Strategic School Improvement	0.200	0.200	0.200
Local Lead Flood	0.036	0.000	0.000
Total	69.320	63.817	58.390

New Homes Bonus

- 3.6.28. This scheme was introduced in 2011/12 with the intent to reward authorities who increased their housing stock either through new build or by bringing empty property back into use.
- 3.6.29. In December 2016, the government announced it was changing how the New Homes Bonus would be calculated and for how long it would be paid. This saw a phased reduction from 6 to 4 years. For 2017/18 and 2018/19, a deadweight of 0.4% was also set meaning only authorities with growth above 0.4% received an in-year allocation.
- 3.6.30. The settlement consultation document suggests in order for the scheme not to overspend in 2019/20, the deadweight will need to be increased. It also suggests for 2020/21 onwards, the government intends to explore how to best incentivise housing growth most effectively.

Improved Better Care Fund

- 3.6.31. As part of the government's 2015 Spending review, an initial tranche of Improved Better Care Fund was allocated; with another tranche in the Chancellors 2017 Spring Budget. This funding has been utilised to support continued investment in adult social care.
- 3.6.32. The future of this fund and its treatment under the Fair Funding review is not known. The MTFs assumes funding for 2020/21 and 2021/22 will remain at the level of the initial IBCF allocation in 2019/20 which assumes continuation in some form and is therefore a potential risk due to uncertainty.

Adult Social Care funding for Winter pressures

- 3.6.33. The Government has recently announced that the social care sector will receive £240m in 2018/19 to better cope with winter pressures. The

additional funding is being made available to ensure that those who are medically fit can quickly be discharged from hospital and return home, and to avoid older people unnecessarily ending up in hospital.

- 3.6.34. Recent announcement has clarified that this will mean an additional £1.5m in 2018/19 for Tower Hamlets although any conditions have yet to be announced. However, the fact that this is one off resources limits Councils' ability to plan and use the funding as effectively. For Tower Hamlets the latest budget monitoring information identifies Adult Social care pressures of at least £1.7m after the recognition of the ASC precept and other growth resources made available in 2018/19.

Fair Funding Review

- 3.6.35. The government has committed to reforming the way local authorities are funded through its fair funding review which is aiming to introduce a new funding formula from April 2020.
- 3.6.36. The government has said that its Fair Funding Review will:
- Set new baseline funding allocations for local authorities
 - deliver an up-to-date assessment of the relative needs of local authorities
 - examine the relative resources of local authorities
 - focus initially on the services currently funded through the local government finance settlement; and
 - be developed through close collaboration with local government to seek views on the right approach.
- 3.6.37. The initial consultation was published by the DCLG on the 19th December 2017. This was a technical consultation on relative need and focussed specifically on potential approaches that have been identified to measure the relative needs of local authorities.
- 3.6.38. The consultation closed on 12 March 2018 and feedback indicates;
- Broad support for a having a single foundation formula that determines the overall funding allocation and maintaining a smaller number of service specific formulas
 - Mixed views regarding use of the key cost drivers; population, deprivation and rurality
- 3.6.39. Changes in population, levels of deprivation together with allowances for area cost adjustments are significant factors in Tower Hamlets and how they are used in the new formula could have a material impact on Council funding under the new arrangements.
- 3.6.40. Whilst the council's Medium Term Financial Strategy (MTFS) has been produced on a best estimate basis it is clear that there is significant uncertainty relating to the 2020 financial year onwards. However, it is also probable that whatever changes are introduced there will be associated transitional mechanisms put in place to ensure that the financial impact on an individual authority is not unmanageable.

- 3.6.41. The next government consultation on relative needs, resources and principles for transitional arrangements is planned for the 'autumn' but no publication date has been set yet.

3.7. Growth and Inflation

- 3.7.1. Within the MTFS, officers have made a number of assumptions concerning the impact of demographic growth pressures and inflation for all of the years covered by the MTFS.
- 3.7.2. Following a review to update the MTFS for the period 2019 - 2022, additional growth arising from demographic changes, funding reductions, new requirements or responsibilities has been identified.
- 3.7.3. In addition to these demographic and responsibility changes, the MTFS assumes additional inflation requirement both in respect of pay and other non-pay costs which are estimated to amount to £6.5m in 2021-22.
- 3.7.4. In total additional growth and inflation requirements over the MTFS period are estimated at £20.2m. Appendix 1 summarises the current planning assumptions and impact.

3.8. Savings Programme

- 3.8.1. Full council have approved previously savings of £14.7m (2019-20) and £9.0m (2020-21). Additional growth means that there is a need to identify further savings of £20.2m over the MTFP period to 2021/22. The total savings required over the MTFS period to 2019-22 are therefore **£44m**.
- 3.8.2. A number of Budget meetings have been held in August through to October, which have allowed officers, in discussion with lead Cabinet members and the Mayor to consider their approach to the upcoming budget. As a result a thematic approach is being applied to continue to support the Council's transformation programme – Smarter Together.

The Smarter Together Themes

- Centralised enabling services - consolidation to reduce costs and adopt a more systematic and joined up approach.
- Digital first – maximisation the use of digital solutions in the way we do business
- Data analytics - developing and strengthening our analytical capability to ensure the better targeting of need.
- Alternative Delivery Options – the development of alternative delivery models for council services based on the experience of others.
- Asset management – making the best use of our assets
- Contract management - Centralise, strengthen and streamline contract management.
- Community assets and resources - Develop the utilisation of existing assets

- Build independence and resilience - Intervening at the earliest opportunity to avoid costs later.

3.8.3. Additional savings proposals continue to be identified for 2019/20. Officers are developing detailed business cases which will be available for consultation with all relevant stakeholders during November and December. This will not obviate the need for further detailed consultation where there are service implications.

3.9. Income Strategy

3.9.1. The Council has needed to deliver savings of approximately £15m to £20m per year for a number of years and current indications are that savings of this magnitude will continue to be required to ensure services can continue to be provided to the most vulnerable in our communities.

3.9.2. With greater powers to charge for services and the continued budget gap, the Council will need to take a more strategic approach to income generation. To ensure that we only develop proposals that are appropriate for Tower Hamlets, whilst looking to and learning from what others do, we will develop a comprehensive income generation strategy.

3.9.3. This work will be in addition to a continued focus on existing fees and charges levied by the Council for services where it is permissible to make charges; this will ensure that costs are fully recovered and remain competitive where markets exist.

3.9.4. Work is being undertaken to review opportunities across all Council services, using information from work done by the Association of Public Excellence (APSE) on commercialisation and income generation as well as what other local authorities have done, to develop a tailored income strategy for the Council.

3.10. Capital Strategy and Programme 2018/19 onwards

3.10.1. In February 2017 the council approved a capital strategy setting out the intention to ensure that capital expenditure was clearly focussed on its strategic objectives. It described adopting a longer term planning horizon and developing financing strategies and governance arrangements that would underpin this new approach.

3.10.2. The current programme covers an extended planning period to 2028, amounts to some £574m and identifies the Council's investment in priority areas as a means of supporting the council's Community Plan through its Transformation Programme (Smarter Together) which also underpinned the approach to its Medium Term Financial Strategy for revenue expenditure.

Governance Arrangements

3.10.3. The current capital governance arrangements have been reviewed in order to create a more streamlined process that enables decisions to be made in a timely manner for the efficient delivery of an ambitious capital programme.

3.10.4. Prioritised programmes which meet the council's objectives will progress through a revised governance structure to the Capital Board where

funding and scheduling will be discussed and agreed. The new structure will enable funding to be available as required to ensure delivery and allow for pro-active treasury management.

- 3.10.5. A number of sessions are being arranged to take place from October to December to allow officers and members the opportunity to review the current capital programme, identify future investment needs aligned with the councils strategic priorities, and scrutinise investment to maximise funding and deliver the council's longer term objectives.
- 3.10.6. A revised capital programme will be presented to Cabinet at its meeting on the 9th January 2019 alongside an updated capital strategy document.

3.11. The Housing Revenue Account (HRA) and Rent Setting

- 3.11.1. The Welfare Reform and Work Act 2016 includes the requirement that rents on social housing properties must be reduced by 1% a year for four years from 2016/17. In line with this legislation, the Mayor in Cabinet is asked to approve the reduction that will apply to the Authority's rents in 2019/20 in order for the Council to comply with its statutory duty to notify tenants. Consideration of any proposed changes to service charges will be proposed later in the budget setting process following discussion with the Cabinet.
- 3.11.2. The HRA relates to the activities of the Council as landlord of its dwelling stock. Since 1st April 1990 the Housing Revenue Account has been "ring-fenced". This means that deficits on the Housing Revenue Account cannot be met from the General Fund and the HRA must remain in balance.
- 3.11.3. From April 2012, HRA Subsidy was abolished and replaced by self-financing, under which local authorities retain their rental income, but are responsible for meeting all costs relating to council housing.
- 3.11.4. Under HRA Self-Financing, local authorities were able to decide on the level of rental increase that they implemented each year, and although they were expected to have regard to government guidance on the matter, this was not compulsory. Previously, government guidance had suggested increases of 1% above the Consumer Price Index measure of inflation. However, with the publication of the Welfare Reform and Work Act, the discretion that local authorities previously had in this matter was removed for four years, starting in 2016/17.

1% Rent Reduction for Four Years

- 3.11.5. Section 23 of the Welfare Reform and Work Act 2016 provides that social rents will be subject to a 1% reduction for four years, starting in April 2016. The Authority must therefore implement a rent reduction of 1% in 2019/20. This equates to an average weekly rent reduction of £1.08.
- 3.11.6. The current year's budget for rents is £64.6 million. As a result of the rent reduction and the movements in stock arising from current year property acquisitions and disposals (including right to buy sales), the 2019/20 budget is estimated at approximately £63.8 million. This figure will continue to be reviewed as further stock movements occur during this financial year, with the final estimate being incorporated into the budget report that will be considered by the Mayor in Cabinet in January 2019.

Social Rent policy post 2019/20

- 3.11.7. On September 13th 2018 the government published a consultation 'Rents for social housing from 2020/21' in which the government set out its proposals in relation to social rent policy from 2020/21.
- 3.11.8. In the consultation the government is proposing that the Regulator of Social Housing's rent standard will permit Registered Providers (RPs) to increase their rents by a maximum of CPI + 1% for at least five years and that this will also now apply to Local Authorities
- 3.11.9. If the government's proposals are implemented then this would mean that in future local authorities would have less discretion over their rent policy and would have to adhere to the Regulator's rent standard.
- 3.11.10. Historically local authorities have been able to make decisions on their rent policy with the only control mechanism being the annual 'Limit Rent', used to control Housing Benefit grant paid to the Authority by the Government.
- 3.11.11. With the introduction of HRA Self-Financing in April 2012, in return for being responsible for all items of expenditure within the HRA, local authorities were meant to have discretion over their rent policy. As rent is the largest income stream within the HRA, having discretion over rent levels is crucial in terms of running the HRA as a 'business'.
- 3.11.12. However, since 2012, the government has – in relation to rents –:
- ended their rent restructuring policy a year early;
 - implemented legislation to impose a 1% rent cut for four years;
 - is now proposing that the Regulator's rent standard will apply to local authorities (as well as RPs) so that annual rent increases will be set out by the Regulator
- 3.11.13. Until the government publishes its final proposals the impact on the HRA cannot be definitively quantified, however, the most recent HRA 30 year financial modelling already assumes that after the four years of 1% rent cuts, HRA rents will increase by CPI + 1% for five years, and then by CPI only.

3.12. The Dedicated Schools Budget Strategy

- 3.12.1. The Dedicated Schools Grant (DSG) is a ring-fenced grant used to fund pupil-led education spending. The initial notification of the value of the grant is received in the December preceding the financial year in question and updated at various stages as new data becomes available. As a ring-fenced grant any under or overspends are carried forward into future years.
- 3.12.2. The grant is split into four blocks:
- The Schools Block (SB). The SB is fully allocated to schools through the Schools Funding Formula, except for the Growth Fund of £2.471m which is distributed to schools during the course of the year. The SB includes funding for local academies and free schools; the formula allocations for these are removed (recouped) from the DSG and paid

directly to the institutions by the Education and Skills Funding Agency (ESFA).

- Central Schools Services Block (CSSB). This is to fund ongoing central services such as Admissions and a reducing level of historical commitments. The CSSB is reducing annually as the Block is moved to a formulaic distribution.
- High Needs Block (HNB). This funds the additional cost of pupils with high needs. It includes the funding of places in special schools, alternative provision and Private, Voluntary and Independent (PVI) provision. It also provides top-up funding for pupils with special needs in mainstream provision. The HNB covers students in further education to the age of 25. The ESFA recoups funding in respect of academies and other direct payments.
- Early Years Block (EYB). The majority of this is delegated to maintained schools, nursery schools and providers in the PVI sector. It covers the statutory universal provision of part-time education to all three and four year olds, the provision of full-time education for three and four year olds with working parents and the provision of part-time education to eligible two-year olds. The Local Authority (LA) can retain 5% of three and four year old funding to provide central services, the use of which requires Forum permission

DSG 2019-20.

- 3.12.3. The indicative DSG allocation based on October 2017 pupil numbers and the guaranteed Primary and Secondary Units of funding (PUF and SUF) for 2019-20 was issued in July. This will be updated in mid-December when the October 2018 census data becomes available. Both the HNB and the PUF and SUF have been uplifted to include the 0.5% per-pupil increase agreed by the Government, in the case of the SUF the increase is 0.7%. Table 3 sets out the indicative allocation.
- 3.12.4. In September 2017, the Department for Education confirmed the introduction of the national funding formula for schools, high needs and central services for 2018-19 and 2019-20. The DFE has also confirmed in order to support a smooth transition, local authorities will continue to determine local formulae in 2020-21.
- 3.12.5. The Schools Forum which is a statutory consultative body in respect of some matters and the decision making body in respect of other matters relating to the DSG will continue to receive reports relating to the 2019-20 DSG strategy.

Table 3: Indicative DSG Allocation 2019-20.

Block	2019-20	2018-19	Change
	£m	£m	£m
Schools Block	260.193	259.176	1.017
CSSB	4.798	4.851	(0.053)
High Needs Block	49.574	49.058	0.516
Early Years Block	29.528	29.528	0.0
Total	344.093	342.613	1.480

Note: The EYB will not be updated from 2018-19 until the January 2019 census is available.

3.13. Next Steps

- 3.13.1. A further report will be brought to the January Cabinet which will provide a detailed update of the financial planning assumptions underpinning the current MTFS. The outcome of this will be a confirmation of the estimated funding gap over the period to 2022.
- 3.13.2. In the January Cabinet report, Members will be presented with updated information relating to our assumptions for Council tax and Business Rates and any impact those changes have on the MTFS.
- 3.13.3. The report will also bring forward the response to the Council's budget consultation processes and seek to finalise draft savings and investment proposals, covering in full the medium term planning period to 2022 alongside a strategy that fully meets the identified funding gap.
- 3.13.4. The draft timetable for the budget setting process is as follows:

Activity	Date
Capital Strategy and Long term capital programme	October – December 2018
Budget Gap and proposals to close Income generation strategies	
Fair Funding review update post consultation	
Future of Business rates pool and Impact on the MTFP	
Budget consultation	
Review of the Existing MTFS in light of the settlement.	9 th and 30 th January Cabinet
Capital Strategy & programme.	
Identification of potential gap and options to close the gap	
Agree Final budget and setting of the Council Tax	By 1 st March 2019 Full Council

3.14. Budget Consultation and Scrutiny Process 2019-22

- 3.14.1. The council must undertake statutory budget consultation with Business Rate payers in the borough and it is also good practice to consult with Council Tax payers and a broad range of other stakeholders. In addition, meaningful consultation must take place with service users before any changes to service provision are implemented. Furthermore, the Councils budget framework sets out the need for the Overview and Scrutiny committee to be fully involved in the setting of the councils budget.
- 3.14.2. This report will be presented to the Overview and Scrutiny Committee to keep them informed of the progress against confirming the budget gap and towards developing proposals aimed at bridging the funding gap over the MTFs planning period to 2022. The Cabinet are also asked to note that the Council's budget consultation will commence on 29 October 2018 and will run until 10 December; a period of six weeks.
- 3.14.3. The Overview and Scrutiny Committee are able to review and comment on the principles set out in this report including specifically the broad range of themes being developed at this early stage as described in Section 3.8. This is in advance of their detailed scrutiny of proposals once they have reached the point where Cabinet will be asked to consider their final budget proposals.
- 3.14.4. The scrutiny and consultation processes will recognise that developing proposals over a three year period means that business cases will be more fully developed for proposals in the early years but that others will continue to be developed later on. The on-going role of the Overview and Scrutiny Committee in scrutinising developed business cases and undertaking targeted reviews in a number of key areas identified by them is key to maintaining the rigour of budget scrutiny of the Medium Term Financial Strategy (MTFS).
- 3.14.5. This report will initiate public consultation on the broad areas of the developing themes and other key considerations such as any changes to the level of the Council tax.
- 3.14.6. In addition to the scrutiny of relevant revenue savings and investment proposals the O&S Committee will undertake similar scrutiny of capital programme proposals. They will also have an overview of the Medium Term Financial proposals being considered for approval by the Board of Tower Hamlets Homes (THH), and also the budget strategy for the Dedicated Schools Budget (DSB) which will be proposed for approval by the Cabinet, from the Schools Forum.

Activity	Date	Outcome
Budget Consultation	6 weeks (November to December 2018)	Outcome reported to OSC, Cabinet and reflected in detailed budget proposals.
Budget and Policy Framework – Budget Scrutiny meeting	14th & 28th January 2019 4th February 2019 (if there are any changes to budget following Cabinet on 30th Jan)	Review final Cabinet budget proposals and provide comments for consideration by Cabinet and Full Council.

4. COMMENTS OF THE CHIEF FINANCE OFFICER

- 4.1. This report is primarily financial in nature and reflects the advice of the Council's Chief Financial Officer. No additional comments are required.

5. LEGAL COMMENTS

- 5.1. The report proposes consideration of a revised medium term financial plan. This is a matter that informs the budget process and may be viewed as a related function. It is, in any event, consistent with sound financial management and the Council's obligation under section 151 of the Local Government Act 1972 for the Council to adopt and monitor a medium term financial plan.
- 5.2. The report provides information about risks associated with the medium term financial plan and the budget. This is, again, consistent with the Council's obligation under section 151 of the Local Government Act 1972 to make proper arrangements for the management of its financial affairs. It is also consistent with the Council's obligation under the Accounts and Audit Regulations 2015 to have a sound system of internal control which facilitates the effective exercise of the Council's functions and which includes arrangements for the management of risk. The maintenance and consideration of information about risk, such as is provided in the report, is part of the way in which the Council fulfils this duty.
- 5.3. The Council is a best value authority within the meaning of section 1 of the Local Government Act 1999. As such the Council is required 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 (the best value duty). The setting of a medium term financial plan is one of the ways in which the Council can achieve best value.
- 5.4. The Council is required to consult for the purposes of deciding how to fulfil its best value duty. It must consult with representatives of council tax payer, business rates payers, persons likely to use services and persons appearing to have an interest in any area within which the Council carries out functions.

As the adoption of a medium term financial plan is one of the Council's existing arrangements, it is arguable that consultation is not required prior to its amendment. However, best value consultation will likely be required at the time of preparing the 2019/2020 budget.

- 5.5. When considering the medium term financial plan, any savings proposals and the strategic plan, 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 don't (the public sector equality duty). A proportionate level of equality analysis is required to inform the consideration required by the public sector equality duty. To the extent that savings proposals involve service changes which impact on individuals, consultation may be required to understand the impacts on those people.
- 5.6. Any consultation carried out for the purposes of either the best value duty or the public sector equality duty will need to comply with the following requirements: (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.

6. EQUALITIES IMPLICATIONS

- 6.1. Strategic budget implications in respect of the Council's available funding and budget risks will tend to apply equally across all groups with protected characteristics or otherwise. This is because with few exceptions funding resources are un-hypothecated.
- 6.2. The Adult Social Care precept must be allocated to expenditure on ASC services, the HRA and DSG are ring-fenced funding allocations with prescriptions governing their use. In addition a number of grants received by the Council can only be used in accordance with specified conditions.
- 6.3. The Council must maintain a Local Council Tax Reduction Scheme which will prescribe those individuals that can gain relief from the full cost of their Council tax bill. Government legislation also preserves some historic protections for other groups such as those not of working age.
- 6.4. Individual budget proposals will also be subject to consultation which will consider specifically the impact on groups with protected characteristics and where appropriate put in place mitigation measures.

7. BEST VALUE (BV) IMPLICATIONS

- 7.1. 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 budget, Members satisfy themselves that

resources are allocated in accordance with priorities and that best value is achieved.

8. SUSTAINABLE ACTION FOR A GREENER ENVIRONMENT

- 8.1. The sustainable action for a greener environment implications of individual proposals in the budget will be set out in the papers relating to those proposals.

9. RISK MANAGEMENT IMPLICATIONS

- 9.1. Managing financial risk is of critical importance to the Council and maintaining financial health is essential for sustaining and improving service performance. Setting a balanced and realistic budget is a key element in this process. Specific budget risks will be reported to Cabinet as the budget process develops.
- 9.2. In addition the Council will maintain a range of budget provision (contingency) earmarked reserves for specific risks and general reserves for unforeseen events and risks.

10. CRIME AND DISORDER REDUCTION IMPLICATIONS

- 10.1. The crime and disorder implications of individual proposals in the budget will be set out in the papers relating to those proposals.

11. SAFEGUARDING IMPLICATIONS

- 11.1. The safeguarding implications of individual proposals in the budget will be set out in the papers relating to those proposals.

Linked Reports, Appendices and Background Documents

Linked Report

- None.

Appendices

Appendix 1 – Summary MTFS Position 2019 – 2022

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


- None.

Officer contact details for documents:

Ruth Ebaretonbofa-Morah x1698

Summary MTFS Position 2019 – 2022

MTFS Summary 2019-2022				
	2019-20	2020-21	2021-22	Total 2019-2022
	£'000	£'000	£'000	£'000
Agreed MTFS (Feb 2018)	331,895	329,422	0	
Additional Budget Requirement	5,222	(2,327)	13,371	16,266
Revised Budget Requirement	337,117	332,317	345,688	16,266
Funding Assumptions	(331,032)	(329,753)	(327,388)	
Changes in Funding		2,034	1,724	3,758
Planned Use of Reserves/ Transfer into	(863)	331	532	0
Total Funding	(331,895)	(327,388)	(325,664)	3,758
Budget Gap	5,222	4,929	20,024	20,024

<p>Cabinet</p> <p>31 October 2018</p>	 <p>TOWER HAMLETS</p>
<p>Report of: Zena Cooke, Corporate Director, Finance</p>	<p>Classification: Unrestricted</p>
<p>Revenue and Capital Monitoring 2018-19 Quarter 2 – September 2018</p>	

Lead Member	Councillor Candida Ronald, Cabinet Member for Resources and the Voluntary Sector
Originating Officer(s)	Kevin Miles – Chief Accountant
Wards affected	All
Key Decision?	No
Forward Plan Notice Published	September
Reason for Key Decision	N/A
Strategic Plan Priority / Outcome	Supports all strategic priorities in ensuring resources are in place.

Executive Summary

This report introduces the Quarterly Budgetary monitoring report for Quarter 2 (September 2018). It includes details of the Capital and Revenue outturn position, the projected position of the Housing revenue account and outlines progress made against Savings targets.

Recommendations:

The Mayor in Cabinet is recommended to:

1. Note the Council’s projected outturn position against General Fund, Dedicated Schools Budget and Housing Revenue Account budgets agreed for 2018-19, based on information as at the end of September as detailed in the Appendices.
2. Note the summary savings position.

In respect of the new capital scheme proposals (Annex 1-3)

3. Cabinet are recommended to approve the following changes to the current capital programme
 - Approve the additional resource requirement of £22.691m for the 6 existing capital schemes detailed in Annex 1
 - Approve the 14 new capital projects, totaling £4.363m that need to

be delivered in 2018/19, as detailed in Annex 2. This includes the design phase of the South Dock Bridge Project.

- Approve the allocation of £50k from the feasibility pot in the approved programme to carry out new cycle route design and options
4. To authorise the Corporate Director (Place), after consultation with the Corporate Director (Governance), to acquire leasehold interests on identified council-owned development sites to enable the delivery of Phase 2 of the pipeline programme.

1. REASONS FOR THE DECISIONS

- 1.1. The Council could choose to monitor its budgetary performance against an alternative timeframe but it is considered that the reporting schedule provides the appropriate balance to allow strategic oversight of the budget by members and to manage the Council's exposure to financial risk. More frequent monitoring is undertaken by officers and considered by individual service Directors and the Council's Corporate Leadership Team (CLT) including approval of management action.
- 1.2. To the extent that there are options for managing the issues identified these are highlighted in the report in order to ensure that members have a full picture of the issues and proposed solutions as part of their decision making.

2. ALTERNATIVE OPTIONS

- 2.1. The regular reporting of Revenue and Capital Budget Monitoring information through the year and the preparation of the provisional outturn position after the year end provides detailed financial information to members, senior officers and other interested parties on the financial performance of the Council. It sets out the key variances being reported by budget holders and the management action being implemented to address the identified issues.
- 2.2. Further information across the Council's key financial activities is also included to ensure that CLT and Members have a full picture to inform their consideration of any financial decisions set out in this report and also their broader understanding of the Council's financial context when considering reports at the various Council Committees.

- 2.3. Set alongside relevant performance information it also informs decision making to ensure that Members' priorities are delivered within the agreed budget provision.
- 2.4. It is important that issues are addressed to remain within the approved budget provision or where they cannot be contained by individual service management action, alternative proposals are developed and solutions proposed which address the financial impact; CLT and Members have a key role in approving such actions as they represent changes to the budget originally set and approved by them.

3. DETAILS OF THE REPORT

- 3.1. On the 21st of February 2018 the council considered and agreed the Revenue Budget and Council Tax for 2018-19; and a capital programme showing resources available for investment in assets and infrastructure for ten years until 2027-28. The Council also agreed the Housing Revenue Account (HRA) budget from 2018-19 which includes the rent setting and other charges.
- 3.2. The net budget requirement for 2018-19 has been set at 343.7m. The MTFP indicates a balanced budget for 2018-19, which includes delivering savings of £23.8 (£18.3m for 2018-19, and £5.5m slippage from previous years) and anticipates the Council will still need to deliver further annual savings of £14.7m and £9.0m in 2019-20 and 2020-21 respectively.
- 3.3. The General Fund is projected to show an overspend £0.5m after the application of reserves and corporate contingency. The HRA is projecting an underspend of £0.9m. Full details are included in the attached report and appendices.

4. EQUALITIES IMPLICATIONS

- 4.1. There are no equality implications in the report

5. OTHER STATUTORY IMPLICATIONS

- 5.1. This section of the report is used to highlight further specific statutory implications that are either not covered in the main body of the report or are required to be highlighted to ensure decision makers give them proper consideration. Examples of other implications may be:
 - Best Value Implications,
 - Consultations,
 - Environmental (including air quality),

- Risk Management,
- Crime Reduction,
- Safeguarding.

5.2 There are no other statutory implications contained in this report

6. COMMENTS OF THE CHIEF FINANCE OFFICER

6.1. The attached report is primarily financial in nature and the financial implications of the issues raised have been included in the main report.

7. COMMENTS OF LEGAL SERVICES

7.1 The Council is required by section 151 of the Local Government Act 1972 to make arrangements for the proper administration of its financial affairs. The Council's chief finance officer has established financial procedures to ensure the Council's proper financial administration. These include procedures for budgetary control. It is consistent with these arrangements for the Cabinet to receive information about the revenue and capital budgets as set out in this report.

7.2 There are no specific equalities issues arising from this report

Linked Reports, Appendices and Background Documents

Linked Report

- None

Appendices

Appendix 1 – Directorate Summary Report

Appendix 2 – Revenue and Capital Control Budget

Appendix 3 – Savings Tracker Summary and Detail

Appendix 4 – Mayoral Priorities

Appendix 5 – Capital Monitoring - Detail

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

- None

Officer contact details for documents:

- N/A

Corporate Budget Monitoring Report

Quarter 2 2018-19

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Circulated to	Cabinet
Date	31 st October 2018
Classification	Unrestricted
Report of	Corporate Director of Resources
Lead Member	CLr Ronald, Cabinet Member for Resources and the Voluntary Sector
Originating Officer(s)	Kevin Miles, Chief Accountant
Wards affected	All Wards
Key Decision?	No

General Fund Outturn variance £0.5m overspend

DSG Outturn variance £2.3m overspend

Housing Revenue Account (HRA) £0.9m underspend

£m	2018/19 Outturn Variance			2018/19 Annual Figures		Figures to 30 Sept 2018	
	Estimated impact on General Fund GF/ DSG/ HRA	Variance before reserve adjustments	Contribution (to) / from Reserves	Current Budget (1)	Forecast Outturn Position	Budget to Date	Actual
Children's (GF)	5.6	5.6	-	104.7	110.3	52.3	50.9
Resources	1.1	11.3	10.2	22.5	33.8	11.3	16.3
HA&C	-	0.3	0.3	140.8	141.1	70.4	58.8
Place	0.8	0.8	-	64.4	65.2	32.2	22.8
Governance	-	-	-	13.1	13.1	6.6	8.6
Corporate	(7.0)	(7.0)	-	(1.8)	(8.8)	(0.9)	2.4
General Fund	0.5	11.0	10.5	343.7	354.7	171.9	159.8
Ringfenced - Items							
Children's (DSG)	0	2.3	2.3	0.0	2.3	0.0	82.5
Public Health	0	(1.0)	(1.0)				
HRA	0	(0.9)	(0.9)	(7.4)	(10.2)	(4.3)	(35.9)
Overall Position	0.5	11.4	10.9	336.3	346.8	167.6	206.4

Conventions: The use of brackets denotes either an income budget or a positive variance (underspend)

Note 1: The current budget reflects the original budget approved by Members in February 2018 adjusted for any subsequent approved budget virements. The budget history is included as Appendix 1.

In February 2018 the Council approved a revenue budget of £343.7m which was to be financed by external funding sources such as Council tax, business rates; grants and drawdown from the Council's Earmarked and General Fund reserves.

The current position is estimated to be a £0.5m overspend on the general fund after the application of £10.2m from the IT transformation reserve.

The HRA is currently projected to show a £0.9m surplus.

The MTFP outlined for 2018-19 approved savings of £18.3m in order to deliver a balanced budget. An additional £5.5m relating to slippage from previous years must also be achieved. In total therefore £23.8m of savings are to be delivered.

Quarter 2 in two sentences and five numbers

This is the second monitoring report Members have received for the 2018-19 financial year, forecasts show an overspend on the general fund of £0.5m. This is an improvement over the Q1 position when an overspend of £1.5m was estimated. Approval is sought for the inclusion of a number of new capital schemes to deliver member priorities against approved budget provision.

£0.5m **Overspend on General Fund:** after application of Transformation Reserve.

£23.8m **Savings:** our total savings requirement for the current year taking into account slippage from earlier years'; we believe that £7.1m will slip into future years and that around £0.2m is at risk.

£165m **Approved Capital budget;** we are currently projecting spend position at the end of the financial year of £143m.

£391m **Collectable income:** from our share of Council Tax and NNDR.

£458m **Treasury Investments:** a strategy for delivering additional income which was included in the budget proposals is well advanced.

Outturn variance £5.6m General fund overspend

Outturn variance £2.3m DSG overspend

	Outturn Variance			Annual Figures		Figures to 30 Sept 2018		
	£m	Estimated impact on General Fund (GF)	Variance before reserve adjustments	Contribution (to) / from Reserves	Current Budget ⁽¹⁾	Forecast Outturn Position	Budget to Date	Actual
Children's (GF)		5.6	5.6	-	104.7	110.3	52.3	50.9
Children's (DSG)		0	2.3	2.3	0.0	2.3	0.0	82.5

The general fund is projected to be overspent by £5.6m. Most of this overspend is within Children's Social Care - £1.6m, and Youth Services and Commissioning - £1.7m.

The forecast has increased in Qtr 2 due to unachievable Early Years Savings of £1.3m and School redundancy costs of £0.4m.

Children's Social care was overspent in 2017/18, and nationally there is a trend toward overspending in this area.

After the Ofsted report in April 2017, Children's Services has formulated its approved Improvement plan. We are part way through this 2 year plan which identifies a one-off £4.2m cost which will be met by Council Reserves subject to meeting certain targets.

Details of the significant variances on the General Fund are shown below.

(in numerical descending order)	Over £m	Variance commentary
Fieldwork Advice and Assessment + Family Support Agency workers – 79% recruited to fully staff the team.	1.4	To ensure the service is able to deliver to the most vulnerable children in LBTH, agency workers have been recruited. This will continue until we can stabilise the workforce with permanent staff. The introduction of the social work academy in October 2018 will support the ability to increase ASYE and "grow our own" SW resulting in an expected cost reduction in this area.
Contract Services Full review of service	1.3	Options for the future delivery of Contract Services were presented to the Mayor in August 2018. Several recommendations are being considered in order to reduce pressures on the budget for this service which primarily covers the meals and cleaning services.
Early Years Unachievable Savings	1.3	These savings are unachievable in 2018/19 due to pressures on Early Years budgets. The services will need to look for alternative savings options.
Special Educational Needs Higher than expected transportation costs	0.5	The increased numbers of pupils with EHCPs and therefore who qualify for transport continues to leave the budget under-resourced in relation to the need. A further growth bid was submitted for this financial year to reduce the financial impact of the predicted over spend. Transport both home to school and external Transport costs have accelerated over the couple of years, due to the increased uptake for both services, child numbers continue to rise and as does the service provision costs (fuel). A transport spending review across Children and Adult Services is currently underway, and this will not be completed until the end of FY 18/19. The re-tendering process for delivery of the service was carried out over the Summer and the increased numbers have already identified the need for further investment in an additional 30 seater coach. The School Transport Advisory Group is being convened to enable all stakeholders to discuss improvements to the delivery of the service.

School Redundancies	0.4	These costs associated with school reorganisations are met corporately and are increasing as schools restructure to meet budget pressures.
Building and Technical services	0.3	This overspend is the cost of providing security and NNDR charges for vacant buildings.

The Dedicated Schools Grant (DSG)

	£m	Variance commentary
Schools Block (SB)	(0.6)	There is currently an anticipated underspend in the Schools Block in relation to the growth fund and contingency elements which have not been fully utilised.
Early Years Block (EYB)	0.3	The DSG EYB budget and forecast are based on the DfE's expected attendance hours at the January 2017 census data and an estimate of the take-up of the additional 15 hours available to working parents. The DfE will recalculate the amount of DSG due to the Authority in July 2019 based on the January 2018 and January 2019 census data.
High Needs Block (HNB)	2.6	<p>This budget is under significant pressure; last year the overall block had an in-year overspend of £1.424m which was supported by the DSG carried forward reserves. There continues to be significant growth in demand for Education Health and Care Plans (EHCPs) and in the complexity and cost of SEN provision across the whole age range. This growth mirrors the national position and is expected to increase further with a projected 28% increase in Plans over the next 10 years.</p> <p>Action taken to address the pressures includes increasing in-borough provision and developing the Special Educational Need and Disability Strategy, The High Needs working group will make their recommendations in January 2019 to reduce costs over the next 3 years.</p>

Outturn variance £1.1m overspend

£m	Outturn Variance			Annual Figures		Figures to 30 Sept 2018	
	Estimated impact on General Fund (GF)	Variance before reserve adjustments	Contribution (to) / from Reserves	Current Budget ⁽¹⁾	Forecast Outturn Position	Budget to Date	Actual
Resources	1.1	11.3	10.2	22.5	33.8	11.3	16.3

The Resources directorate has a net budget of £22.5m. It is currently forecasting an outturn of £33.8m. £10.2m of this will be funded from the ICT Transformation Reserve leaving a potential directorate overspend of £1.1m.

Details of the areas at risk of overspending are summarised below.

(in numerical descending order)	Over £m	Variance commentary
Corporate Finance Delayed implementation of finance and procurement restructure.	0.7	The service has a savings target of £1m that needs to be delivered through a service review and restructure however slippage of c.£700k is expected.
Customer Access Historic budget pressure from Reduced SLA income	0.25	The service still has a historic budget pressure due to reductions in SLA income following the withdrawal of THH from this service. This is being addressed through a service review/restructure.
Council Tax Admin Additional court costs income cannot be realised	0.15	Continued budget pressure due to income levels not being sufficient to meet additional cost pressures and historic savings.
Other comments		
Use of Reserves		Approximately £10.2 m will be needed from the ICT Transformation reserve to fund ICT Transformation projects which were agreed by cabinet in 2017/18 for delivery in 2018/19.

Outturn variance £1.0m underspend on Public Health (Ring fenced)

£m	Outturn Variance			Annual Figures		Figures to 30 Sept 2018	
	Estimated impact on General Fund (GF)	Variance before reserve adjustments	Contribution (to) / from Reserves	Current Budget ⁽¹⁾	Forecast Outturn Position	Budget to Date	Actual
HA&C	-	0.3	0.3	140.8	141.1	70.4	58.8

The Health, Adults and Community Directorate forecast outturn for 2018-19 is balanced once the ring-fenced Public Health grant is taken into account. We have summarised the main variances below.

The 2018-19 budgets include £3.5m of savings including £0.8m of savings from prior years. The directorate is forecasting to achieve £3.4m (97%) of these savings in 2018-19.

Actual expenditure to date is lower than budget to date due to contractual invoices still to be received and paid.

(in numerical descending order)

£m

Variance commentary

Adult Social Care

An overspend due to demand for residential and community-based care services for disabled and older people.

1.7 The forecast outturn variance is a £1.7m overspend against a net budget of £89.5m. This is after the expected further allocation of £0.7m inflationary pressures budget, and an expected drawdown from general reserves of £0.5m for Care Act implementation projects.

The overspend is caused by pressures in demand led residential and community based care services for adults with disabilities and older people.

Outstanding income from health partners is being reviewed and engagement is underway to resolve historical debt queries.

Integrated Commissioning

An underspend due to procurement efficiencies.

(1.2) The forecast outturn variance is a £1.2m underspend against a net budget of £12.7m, following efficiencies achieved through the procurement programme. This is after an expected drawdown from general reserves of £0.3m for Care Act implementation projects.

Community Safety

An underspend due to temporary vacancies in staffing.

(0.5) The forecast outturn variance is a £0.5m underspend against a net budget of £3.6m. This is after the allocation of an expected £0.5m funding for extra police posts.

The underspend is attributable to a number of temporarily vacant posts being held, due to a pending safer communities service redesign (to achieve a 2019-20 MTFs saving of £0.255m) and due to delays in recruitment.

Public Health

An underspend due to procurement efficiencies and demand management.

(1.0) The forecast outturn variance is a £1.0m underspend against the budget of £35.0m. This underspend has been achieved through procurement efficiencies and the management of demand in primary care, sexual health and substance misuse services.

The unapplied grant of £1.0m will need to be retained in reserves for Public Health initiatives in future years, in line with the ring-fenced nature of the grant.

Outturn variance £1.1m overspend

£m	Outturn Variance			Annual Figures		Figures to 30 Sept 2018	
	Estimated impact on General Fund (GF)	Variance before reserve adjustments	Contribution (to) / from Reserves	Current Budget ⁽¹⁾	Forecast Outturn Position	Budget to Date	Actual
Place	0.8	0.8	-	64.4	65.2	32.2	22.8

An overall overspend of £0.8m for 2018-19. Historical savings of £0.20m will not be achieved and continues to be a budget pressure in the current year.

(in numerical descending order)	Variance £m	Variance commentary
Property & Major Programmes	0.50	There is a forecast £0.5m overspend due to a reduction of rental income following the THH move from Jack Dash House which will continue until a new tenant is secured. The service is actively marketing the property and also looking for additional ways in which the pressure can be managed.
Public Realm Historical savings unachieved.	0.20	<p>The savings target for the income generating opportunity from CCTV network of £200k. This saving will not be achieved and continues to be a budget pressure.</p> <p>There is potential to offset some of this pressure with additional Streetworks income and staff vacancies.</p>
Resources Overspend from unbudgeted Management costs	0.20	<p>There is an overspend of £130k in respect of Kemnal Park whilst demand for burial plots does not meet originally estimated levels. Marketing continues to take place to highlight the availability of plots there.</p> <p>An independent review of Tower Hamlets Homes is being carried out to consider the Councils options following the end of the current management agreement. This is to cost between £40-50k and approval is sought for this to be met from general reserves.</p> <p>There are unbudgeted costs due to senior management being brought in to support the directorate. These costs are expected to be contained within the overall Place budget at year end.</p>

Other comments

Planning & Building Control Unbudgeted Plan Making Team.	The unbudgeted Plan Making Team remains a budget pressure which will need to be continually reviewed. In the past the costs have been mitigated by increased planning income. The delay in delivering the Local Plan may impact on income expected to be received.
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£m	Outturn Variance			Annual Figures		Figures to 30 Sept 2018	
	Estimated impact on General Fund (GF)	Variance before reserve adjustments	Contribution (to) / from Reserves	Current Budget ⁽¹⁾	Forecast Outturn Position	Budget to Date	Actual
Governance	-	-	-	13.1	13.1	6.6	8.6

Other comments

Overall Governance outturn on target The directorate has a net budget of £13.1m and it is currently forecasting to come in on budget at year end. With the exception of the potential risk SPP service (mentioned below), all other services are currently expected to achieve a balanced position.

SPP (Strategy, Policy and Performance) risks overspend, but the position is being monitored. The SPP service had a savings target of £600k which it needed to deliver through a service review and restructure. The savings have been taken from the SPP budget. The potential risk of overspend comes from appointing temporary staff to vacancies. The revised budget for the new service is currently being finalised. Having permanent staff in place and reviewing the budget should minimise any possible risk of an overspend. The budget and recruitment is kept under review.

Outturn Position of £8.8m underspend

£m	Outturn Variance			Annual Figures		Figures to 30 Sept 2018	
	Estimated impact on General Fund (GF)	Variance before reserve adjustments	Contribution (to) / from Reserves	Current Budget ⁽¹⁾	Forecast Outturn Position	Budget to Date	Actual
Corporate and financing costs	(7.0)	(7.0)	-	(1.8)	(8.8)	(0.9)	2.4

Other comments

Corporate and Central budgets This includes Council-wide budgets for financing costs, savings, growth and inflation. If during the year a Directorate demonstrates that there has been service growth in its area, resources are moved into their budget to help cover the cost of that growth.

Contingency Budget £3.1m This provision allows for any costs for unforeseen circumstances. This currently has been applied to reduce the over spend pressures projected for the year.

Housing Revenue Account (HRA)

4

Outturn variance for HRA £0.9m underspend

£m	Outturn Variance			Annual Figures		Figures to 30 Sept 2018	
	Contribution (to) / from HRA	Contribution (to) / from Reserves	Outturn Variance before Adjustments	Revised Budget	Forecast Outturn Position	Budget to Date	Actual
HRA	(0.9)	-	(0.9)	(7.4)	(8.3)	(4.3)	(35.9)

The overall forecast variance is made up of a number of over and underspends, the main ones being: -

(in numerical descending order)	Variance £m	Variance commentary
Leasehold Service Charges	(0.5)	The leasehold service charge budget shows a forecast variance of £0.5m of additional income. An element of this relates to the recovery of block insurance charges which have increased significantly during 2018-19. The corresponding higher costs of insurance are included within the Supervision and Management (Special Services) budget, but are partly offset by projected lower expenditure on energy.
Additional income recovered		
Repairs and Maintenance	(0.4)	A projected underspend of £0.4m is forecast within the repairs & maintenance budget where small underspends are being forecast on some projects such as home decorations, play areas and lower than anticipated revenue expenditure on repairs to void properties. In addition to these, the estate curtilage programme is forecast to underspend as the project will not be commencing until the second half of 2018/19. It should be noted that demand for repairs often increases during the winter months which may result in future demand pressures on the budget. This position will continue to be closely reviewed.
Underspends across a number of areas		
Other Issues		
Tower Hamlets Homes (THH) Delegated: Special Services, Rents, Rates & Taxes/ Supervision & Management/ Repairs & Maintenance		Although small net variances are currently being projected on the delegated budgets managed by Tower Hamlets Homes, some large demand led services are managed within this area, including the Repairs and Maintenance budget outlined above. These budgets are closely monitored in order that demand pressures are identified and financial implications addressed.

Capital expenditure: **Table 5.1**

	Forecast (under)/ over spend for year	Spent to date vs Budget		This year's fig (£m)		
		This year (month 5)	Last year (Q2)	Projection for year	Annual budget	Spent to date
		£m A = D - E	% B = F/E	% C	£m D	£m E
Housing Revenue Account	(24.8)	6%	11%	50.4	75.2	4.4
Corporate	(0.8)	11%	7%	10.3	11.1	1.2
Children's Services	0.1	19%	32%	15.1	15.1	2.8
Place	5.2	38%	54%	63.9	58.8	22.6
Health, Adult, Communities	0.3	0%	11%	3.2	2.8	0.0
Resources	(1.2)	0%	0%	0.8	2.0	0.0
Total	(21.3)	19%	26%	143.7	165.0	31.0

We've spent 19% of budget as at month 5, compared to 26% at quarter 2 (month 6) last year – as per last year, we spend more later on in the financial year. We are still however projecting slippage of £21m, mainly within the Housing Revenue Account (HRA). Below is detail of projected variances. Overleaf are Capital Receipts.

	(Under)/ overspend £m	
Purchase of properties for use as temporary accommodation	18.5	A Programme of purchasing properties to be used as temporary accommodation is progressing and funds from future years' budgets will be brought forward.
Housing Capital Programme	(9.6)	The significant element impacting the capital programme delivery relates to procurement delays following an issue with one of the main contractors on the LCP Framework. This required additional due diligence, but led to delays to the start of the larger programmes of work in Better Neighbourhoods, with current forecasts of c£5.5m slippage. There are also some procurement issues affecting some of the mechanical and electrical works programmes, with current projections indicating c£3.6m of slippage in this area.
New Housing Supply – schemes on site	(6.3)	Watts Grove has now completed, awaiting final defects costs to come through. Remaining budget to transfer to New Supply Budget Provision.
Establish a Housing Wholly-Owned Company	(5.0)	This represents the Council's equity investment in the housing company. The company has been established and the first acquisitions are anticipated in Q3 this financial year.
Housing Pipeline Schemes Phase 2a (1-4-1)	(3.9)	New pipeline schemes are currently being identified and are under review.

Establish a Housing Community Benefit Society	(2.5)	This represents the S106 resources allocated for use by the Community Benefit Society. It is likely to be advanced in 2019/20.
Conversion of council buildings to temporary accommodation	(2.4)	Buildings have been identified for conversion to temporary accommodation and works are underway.
Community Benefit Society – 1-4-1 Receipts	(2.2)	The process of establishing a company is underway. On track for first purchase in Q3.

Capital receipts from sale of Housing and General Fund assets

Capital receipts: **Table 5.2**

	This year
	£m
Dwellings sold under Right to Buy (RTB)	
Receipts from RTB sales	9.5
Less: poolable amount paid to DCLG	(0.9)
Sale of other HRA assets	
Preserved Right to Buy receipts	0.4
2 Trinity Green	0.4
47 Old Ford Road change of use	0.1
RTB lease extensions	0.03
Sale of General Fund assets	
Atlee House deed of release	0.3
Total	9.8

Receipts shown gross before costs of sale are deducted

Accounting – a reminder: Retained Right to Buy receipts must be set aside to meet targets on housing provision as set out in regulations governing the pooling of housing capital receipts, so they must be ring-fenced for this purpose and are not available for general allocation.

There are a number of new capital approval requests and these are detailed in Annex 1-3

Annex 1 – Existing Schemes	Annex 1 provides details of 5 existing capital schemes which require additional resources totalling £21.941m. .
Annex 2 – New Capital Projects	Annex 2 details 14 new capital projects totalling £4.363m and cabinet are asked to approve these projects for inclusion in the Councils capital programme for 2018/19. Some of these projects have future year implications, such as the South Dock Bridge Project, which will be incorporated into the overall MTFS report later in the year.
Annex 3 – Approval to reallocate.	This requests approval to allocate £50k from the feasibility pot to carry out new cycle route design and options.

Current projections will :

This table shows the balance on the general fund, HRA and useable reserves held for the previous 2 years as well as showing the projected impact on reserves for 2018-19.

Reduce our General Fund by £6.4m**Increase our HRA by £0.9m****Reduce our earmarked Reserves by £21.4m**

	Balance at 31 March 2017	Balance at 31 March 2018	Contribution (to) / from Reserve	Projected Balance 31 March 2019
	£m	£m	£m	£m
General Fund Reserve	31.7	33.3	6.4	26.9
Housing Revenue Account (HRA)	39.1	47.6	(0.9)	48.5
Earmarked Reserves	159.4	141.9	21.4	120.5
				-
Total Usable Reserves	230.2	221.2	26.9	194.3

	Balance at 31 March 2017	Balance at 31 March 2018	Contribution (to) / from Reserve	Projected Balance 31 March 2019
£m	£m	£m	£m	£m
Earmarked reserves consist of				
Transformation	25.0	15.0	1.9	13.1
ICT / Finance Systems	23.1	21.0	10.2	10.2
Other	1.0	0.9		0.9
Parking Control	3.3	3.3		3.3
Building Control	0.4	0.2		0.2
Land Charges	0.7	0.7		0.7
Insurance	20.8	21.2		21.2
Public Health Grant	-	1.3	(1.0)	2.3
Schools Balances	24.7	23.4		23.4
New Civic Centre	20.0	17.2		17.2
New Homes Bonus	7.3	12.1		12.1
Free School Meals	6.0	4.0	2.0	2.0
Mayor's Investment Priorities	10.0	7.0	1.9	5.1
Risk Reserve	10.5	8.8	4.0	4.8
Revenue Grants	1.6	1.7		1.7
Mayor's Tackling Poverty Reserve	5.0	4.1	2.4	1.7
Totals	159.4	141.9	21.4	120.5

Target for year £23.8m

£m	Saving Target	18/19 Target	Prior Year Slippage	Forecast Savings	Slippage	Under Recovery	Over recovery
	A = B + C	B	C	(D = E + F + G) = A	E	F	G
				✓	✗	✗	✓
Children	3.3	2.6	0.7	1.4	1.9	-	-
HA&C	3.5	2.7	0.8	3.4	0.1	-	-
Place	2.8	1.9	1.0	2.3	0.3	0.2	-
Governance	0.7	-	0.7	0.7	-	-	-
Resources	3.1	2.1	1.0	1.1	2.0	-	-
All	10.4	9.0	1.3	7.5	2.9	-	-
Total	23.8	18.3	5.5	16.4	7.2	0.2	0.0

tick: a higher level of confidence that savings are on track to be delivered.

cross: either timing issues, i.e. slippage into future years, or at risk of non-delivery.

Total target for 2018-19 is £23.8m (£18.3m relates to approved savings as part of the 2018-19 budget setting process, and £5.5m as a result of previous year savings not delivered)

- £16.4m is identified as being on track to deliver savings;
- A net position of 7.2m is forecast to slip into future years due to timing issues
- £0.2m has been identified as unrecoverable

This section shows the amount of money we have collected from Tax payers of the borough, and the split between the amount that is retained and the amounts paid over to central and government and the GLA.

NNDR

We are expected to collect £460m for 2018/19.

We are expected to collect £460m in Business Rates. To the end of August we have collected £215 (47%).

NNDR is split between

GLA 36%,
LBTH 64%

At the end of the previous year there was also an outstanding debt of £21m relating to historic periods. Of this £11.5m (54%) has been collected.

Council Tax

We are expected to collect £123m for 2018/19.

We are expected to collect £123m in Council Tax. We are on target to achieve a full collection with £51.9m (42%) having been collected by the end of August.

CT is split between

Government 23%,
LBTH 77%

We also have historic Council tax debt of £19m at the end of last year. Of this we have collected £2.7m or 14%. This is a little lower than we would expect, but we have had to make a large refund during the year for properties that have changed tax status.

Overall Position

For this period our portfolio totals £458m, and we are current receiving an average return of 0.85%.

We have £458m of investments

We currently have 8.3% of the total portfolio Investments, held in the Money Market Funds to provide liquidity and to diversify risk. Almost 32% (£146m) of the outstanding investments (including Money Market Funds) have less than 3 months until they mature. Of the remaining £312m, £185m (40%) will mature in less than 1 year and a further £127m (28%) of investments are held for periods longer than 12 months.

Income Position

At the start of the year we budgeted £4m investment income. As at 31st August 2018 we have received £1.25m, this is slightly below the budgeted amount, due to delay in setting up some pooled investments. We believe that by the end of the year we will be in-line with budget set if prevailing market buoyancy persists.

Budgeted income of £4m.**Benchmarking****We compare favourably for the return we get from our internally managed funds, but at present we do not hold external investments**

According to the information we receive from our advisors Arlingclose, we are out performing both a group of London councils, and a group of national local authorities (both averaging 0.48% on internally invested funds). We are looking at alternative approaches to retain and protect the capital value of the investment, with our Treasury Management advisors investigating options which will balance the risks and rewards whilst including Equity, Bonds and Property in the portfolio.

Inflation**Inflation is eroding the value of our investments.**

At the moment the Consumer Prices Index (CPI) inflation is running at 2.4%, and therefore the average return of 0.85% is lower. This means that the future value of the funds invested today will be less. The move of some funds into externally managed pooled funds is designed to improve this position.

Pension fund**Fund outperformed over the quarter.**

The Fund marginally outperformed its benchmark return of 2.95% by 0.2% for the quarter.

Seven mandates matched or Achieved benchmark set.

For this quarter, seven mandates matched or achieved returns above the set benchmark. Three mandates performed below benchmark returns

The latest estimated Fund Valuation of £1.525bn represents a £40m increase over the quarter.

The next valuation of the Pension Fund will take place at March 2019 with any changes to pension contributions taking effect from April 2020

Fund outperformed over twelve months.

For the twelve months to June 2018, the Fund returned 7.56% outperforming the benchmark of 6.26%, the Fund is ahead of its benchmark by 1.3%.

Four mandates matched or achieved benchmark set.

Four mandates underperformed their respective benchmark.

Fund is broadly in line with the strategic benchmark weight.

Looking at the longer term performance, the three year return for the Fund was 10.04%, which is above its benchmark return by 0.4% for that period. Over the five years, the Fund posted a return of 9.53% outperforming the benchmark return of 9.03% by 0.5%.

The Fund remains in line with its long term strategic equity asset allocation and the distribution of the Fund's assets amongst the different asset classes is broadly in line with the strategic benchmark weight.

Equity Protection Strategy

During this quarter the fund implemented an equity protection strategy designed to minimise the exposure to equity falls in the period leading to the next valuation (March 2019)

Cabinet approval is required for the following increases to existing Capital schemes

Alie Street Highways	0.322	<p>The current capital programme includes an estimate of £0.405m to deliver a number of traffic management improvements in Alie Street, incorporating modelling for improved crossing facilities at the junction of Commercial Road with Alie Street. A further £0.322m is being requested to complete the programme of works and the total cost of £0.727m can be funded through Section 106 funding.</p> <p>Outcomes of the project include improved pedestrian and cycle environments, improved air quality and greening of the street to improve public realm. In addition to this, by encouraging a model shift to walking and cycling, it is hoped that this project will result in a reduction of car travel and an improvement in air quality.</p>
Bartlett Park Landscape Improvement Project	0.550	<p>In November 2013 a capital estimate of £3.71m was adopted for this project, including landscape improvements in the park, the canal side path and changing rooms. The extent of the works has increased since the outset and recent tender return has demonstrated that costs have increased. A contractor has now been appointed and it is anticipated that work will start on site in October 2018. The revised project cost is £4.26m and £0.550m is required in 2018/19.</p>
Aberfeldy Practice	0.119	<p>The shell and core health facility within the Aberfeldy New Village development is scheduled for completion and hand over to the NHS in June 2019. Works to undertake the fit out of the shell and core premises will enable a re-provision for the Aberfeldy GP Practice. A further £0.119m is required to complete the fit-out works and this could be funded through Section 106 funds. The current capital programme includes an estimate of £3m for this project; this approval would increase total cost of the project to £3.119m.</p>
Maximising Health Infrastructure	1.100	<p>Tower Hamlets CCG undertook an exercise to identify any additional capacity that could be provided in existing premises, primarily by converting non clinical space to clinical space. 11 GP Practices have been identified that could make improvements to their premises in order to increase capacity and access to provide more clinical appointments to the local population. The current capital programme includes an estimate of £0.771m; An additional £1.1m in required to complete the project and the total cost of the project would be £1.871m.</p>
Acquisition of Properties	20.000	<p>A provision of £20m is requested to enable further acquisitions of properties, mainly for use as temporary accommodation. This sum would be brought forward from future years' programmes for this purpose.</p>
Boiler Replacement Programme	0.600	<p>The Council had delivered a pilot project replacing old and inefficient boilers for households. Following the success of the project it is intended to continue this project which contributes to reducing carbon emissions and tackling fuel poverty in the borough. The scheme replaces old inefficient gas boilers and faulty radiators as well as upgrading heating controls. The scheme is open to eligible homeowners who are on low income and in receipt of a qualifying benefit.</p>
Total	22.691	

Cabinet approval is required for the following new Capital schemes

Healthcare ICT Infrastructure	<p>0.493 This project involves an upgrade of healthcare IT and technology across the borough at GP surgeries and the accident and emergency department at the Royal London Hospital, as well as targeting increased accessibility to services and information for residents.</p> <p>The project has five components:</p> <ul style="list-style-type: none"> - Improving the ease of registering for GP services in Tower Hamlets through online access - Creating a Tower Hamlets health mobile app - Provision of surgery pods in practices - Provision of laptops equipped with 'EMIS Anywhere' and Skype to GP surgeries - Improving the front-line technology at GP surgeries <p>£0.493m is urgently required to progress this project in 2018/19. The total cost of the project is £1.503m and the amounts required for future years will be incorporated into the Council capital programme as part of the MTFS report.</p>
Improve the look and feel of Tower Hill Terrace	<p>0.359 This project aims to improve Tower Hill Terrace by installing a new garden, covered seating, and new entrances, creating an improved public open space that would be more fitting for a high profile tourist destination.</p>
SEND Review Implementation – Harpley	<p>0.400 This project will deliver additional special school places identified as required under the recent SEND review of demand. This follows on from an earlier review conducted during 2016, which found that projections of demand for places in SEND were poorly developed.</p>
Learning Disability accommodation for supported accommodation at Stewardstone/Antill Road	<p>0.200 The council proposes to carry out alteration works at these two buildings in its ownership. This is the first year requirement for the estimated £2m project. The balance will be brought into the capital programme as part of the MTFS report.</p>
Capital Investment Programme – Council Owned Assets	<p>0.500 A programme of plant replacement and fabric maintenance for the Council's general fund assets.</p>
South Dock Bridge Programme Overview	<p>1.370 The new South Dock Bridge will provide a fully accessible link between South Quay and Canary Wharf and its new Elizabeth and Jubilee Line Stations. It will unlock the delivery of new housing and commercial development on the Isle of Dogs, and improve access to new jobs, retail and other town centre services at Canary Wharf. South Dock Bridge will also help ease congestion on the existing Wilkinson Eyre Pedestrian Bridge which is approaching capacity. The total cost of the project is estimated to be in the region of £15m (TBC) and approximately £7m has been secured through a successful bid from the 'Strategic Investment Pot (SIP)'. The SIP is funded through business rates growth from the London wide Business rates pooling pilot.</p> <p>The overall project will be incorporated into the Council's Capital programme through the MTFS and budget process 2019/20. However it is necessary to allocate an urgent sum of £1.370m in 2018/19 to fund initial project management, design and scope</p>

		development.
Inclusive Playgrounds (phase 1)	0.300	This project will deliver the first phase of a three year playground refurbishment programme (£1.4m in total). The borough is poorly provided with inclusive play opportunities for children with disabilities and active play. This phase will reanimate 3 to 4 run down playgrounds in key areas of the borough based on analysis of the most recent play equipment inspection in the borough and create inclusive play in areas that have little or no inclusive play equipment and high need.
Improvements to sports facilities in parks	0.075	<p>The Urban Adventure Base (UAB) is a dedicated youth activity centre located in Mile End Park, which provides adventurous activities for young people such as climbing, canoeing, kayaking and the Duke of Edinburgh's Award Scheme. It consists of two buildings, the main base and an urban gym. The project will mitigate the impact of high levels of criminal behaviour taking place around the site:</p> <ul style="list-style-type: none"> - Improvements to CCTV / Cameras on sight to aid intelligence and assist the Police with enforcement action - Crown trees around the area and remove overgrown shrubbery and to improve sightlines and reduce the number of low visibility sheltered areas where criminal behaviour can thrive - Fence the urban gym with 2 metre high fencing - Improve lighting in and around the area to help act as a deterrent for criminal and anti-social behaviour and improve CCTV camera footage - Relocate the teenage shelter in the park - Install a vehicle deterrent mechanism at Mile End Park Leisure Centre to reduce out of hours use of the car park for criminal and Anti-social behaviour
Quality Parks: Master plan for the south of the Isle of Dogs	0.040	This project will deliver a master plan linking the three main open spaces in the south of the Isle of Dogs: Millwall Park, Island Gardens and Mudchute Park & Farm. The project will produce a blueprint for improvements in line with the Open Space Strategy which identifies this area as a priority ward/area where the parks and open spaces fall below the quality standard and require investment to bring them up to standard or improve accessibility to existing sites.
Improved Air Quality	0.070	Installation of on street Electric Vehicle Charging Points & Mobile Parklet design and construction.
Improving local accessibility	0.100	Improving access to kerbside parking with innovative improvements to parking arrangements.
Sustainable Schools	0.390	Streetscene improvements outside schools to improve road safety and encourage walking to school initially targeting Sir William Borough School, Central Foundation Girls school, John Scurr school and Harry Gosling school.
Bus priority	0.030	To support and deliver the Mayor's Transport strategy to improve bus services and reduce cars on road.
Go Ultra Low City Scheme (GULCS)	0.036	Install streetlight column Electric Vehicle Charging Points; install medium charge Bluepoint units; install TfL rapid chargers.
Total	4.363	

Proposed Feasibility Studies

Cycling Future Route 5	0.050	A sum of £1.5m was set aside in 2018/19 for feasibility studies. To date approximately £685k has been allocated to specific feasibility studies and £815k remains available. A sum of £50k is requested for this feasibility and concept design work.
Total	0.050	

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CONTROL BUDGET 2018-19

	Total General Fund	Health, Adults & Community	Children's Services	Place	Governance	Resources	Corporate Costs and Central Financing
Gross Expenditure Budget	811,959,766	168,425,485	158,770,113	170,956,794	20,734,853	287,891,923	5,180,598
Gross Income Budget	(468,229,962)	(27,451,103)	(51,542,957)	(106,573,176)	(7,604,483)	(265,575,243)	(9,483,000)
Nex Expenditure Budget	343,729,804	140,974,382	107,227,156	64,383,618	13,130,370	22,316,680	(4,302,402)
Growth awarded - Heritage Collections Backlog	0					115,000	(115,000)
Pay inflation adjustment 2018-19	0		(47,799)				47,799
Additional contribution from Public Health grant to support Children's Centres	0	(120,709)	(2,500,000)				2,620,709
Delivery Manager for Borough WiFi	0					95,500	(95,500)
Growth awarded - Planning Enforcement	0			151,000			(151,000)
	0						
	0						
Total Adjustments	0	(120,709)	(2,547,799)	151,000	0	210,500	2,307,008
Revised Net Expenditure Budget	343,729,804	140,853,673	104,679,357	64,534,618	13,130,370	22,527,180	(1,995,394)

Capital Control Budget 2018-19	Total	Health, Adults & Community	Children's Services	Place	Resources	Corporate	Housing Revenue Account
	£	£	£	£	£	£	£
Original Budget (Council, February 2018)	115,861,714	2,567,000	7,887,787	31,481,926	500,000	26,263,000	47,162,000
Slippage from 2017-18	60,329,045	2,034,708	8,701,614	21,552,629	280,487	6,964,145	20,795,463
Quarter 1 Total Adjustments	(8,434,191)	(2,018,085)	4,048,696	57,770	1,163,000	(11,748,699)	63,126
Cabinet Approvals							
Island Medical Centre - Public Health (July 2018)	986,000	986,000					
Beatrice Tate - Temporary Classrooms - Conditions and Improvement (July 2018)	250,000		250,000				
Healthy Pupil Capital Funding (July 2018)	259,000		259,000				
SEND Review Implementation - Tommy Flowers House - Special Provision Capital Fund (July 2018)	100,000		100,000				
Capital Footway & Carriage Programme - Public Realm Improvements (July 2018)	2,730,000			2,730,000			
Depot relocation - Public Realm Improvements (July 2018)	100,000			100,000			
Open Space and Parks Planned Maintenance Assessment - Public Realm Improvements (July 2018)	85,000			85,000			
Remote Monitoring of Streetlighting - Public Realm Improvements (July 2018)	400,000			400,000			
Asset Maximisation (July 2018)	500,000			500,000			
Montefiore Centre Refurbishment Programme (July 2018)	1,000,000			1,000,000			
St Georges Town Hall Refurbishment Programme (July 2018)	750,000			750,000			
Section 55 Programme - Transport and Improvements (July 2018)	440,000			440,000			
Local Presence Project (July 2018)	50,000				50,000		
Pipeline Schemes (July 2018)	7,370,000						7,370,000
Decisions Delegated to Corporate Directors							
Principal Road Network - Hackney Road between Cambridge Heath Road & Goldsmiths Row - TfL Schemes	200,000			200,000			
Central Foundation Girls School - Transport S106 Funded Schemes	183,622			183,622			
Budgets Re-profiled							
Island Medical Centre - Public Health	(732,785)	(732,785)					
Bow Site - SEN Provision - Basic Need/Expansion	(600,000)		(600,000)				
Reines Foundation School - Basic Need/Expansion	(560,000)		(560,000)				
Canon Barnett - Boiler Replacement Phase 2 - Conditions and Improvement	(68,760)		(68,760)				
Halley - Kitchen Canopy - Conditions and Improvement	(30,000)		(30,000)				
Marners - Roofing Phase 2 - Conditions and Improvement	(90,000)		(90,000)				
Mayflower - Hot & Cold water pipework - Conditions and Improvement	(134,000)		(134,000)				
Smithy Street - Hot and Cold Water Pipework - Conditions and Improvement	(77,000)		(77,000)				
Bow South - Temporary Phoenix SEN provision - Conditions and Improvement	(200,000)		(200,000)				
Victoria Park Lodges - Parks	(146,824)		(146,824)				
Bartlett Park - Playground activity - Parks	(486,912)		(486,912)				
Bartlett Park Landscape Improvement Project - Parks	(3,000,000)		(3,000,000)				
Cavell Street Gardens - Parks	(190,000)		(190,000)				
Four Outdoor / Urban Gyms - Mayor's Priority - Parks and Open Spaces	60,000		60,000				
Leisure Centre Improvements - Culture	(900,000)		(900,000)				
Ford Square - Culture	(131,000)		(131,000)				
Schools Energy Retrofit Programme - S106 Schemes	(195,275)			(195,275)			
Conversion of council buildings to temporary accommodation	(172,000)			(172,000)			
Other Adjustments / Approvals							
Schools Urgent Works - Conditions and Improvement	(425,000)		(425,000)				
- Arnhem Wharf - Damp Issues	350,000		350,000				
- George Green's - Hygiene Room	25,000		25,000				
- Bow South - Temporary Phoenix SEN provision	50,000		50,000				
Improve the look and feel of Tower Hill Terrace (IDSG)	358,798		358,798				
Schools Carbon Reduction Programme - Boiler Replacements - S106 Schemes (Duplicate scheme in programme)	(180,000)			(180,000)			
Registered Provider new supply, grant funded through 1-4-1 receipts	(1,003,275)			(1,003,275)			
- Registered Provider Grant Scheme - Swan	1,003,275			1,003,275			
Additional S106 schemes - Transport S106 Funded Schemes (Complete)	(180,000)			(180,000)			
Provision for New Schemes	(9,666,750)					(9,666,750)	
Provision for Feasibility Studies	(685,000)					(685,000)	

Capital Control Budget 2018-19	Total	Health, Adults & Community	Children's Services	Place	Resources	Corporate	Housing Revenue Account
	£	£	£	£	£	£	£
Short Life Properties (Complete)	(144,795)						(144,795)
Quarter 2 Total Adjustments	(2,748,681)	253,215	(5,586,698)	5,661,347	50,000	(10,351,750)	7,225,205
Revised 2018-19 Budget	165,007,887	2,836,838	15,051,400	58,753,672	1,993,487	11,126,696	75,245,794

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MTFS Savings Tracker 2018-21 as at 31 August 2018 - Summary

	2018-19						2019-20						2020-21					
	Savings target	Slippage from previous year	Revised Savings target *	Forecast savings	Variance - Slippage	Variance - Under / (over) delivery	Savings target	Slippage from previous year	Revised Savings target	Forecast savings	Variance - Slippage	Variance - Under / (over) delivery	Savings target	Slippage from previous year	Revised Savings target	Forecast savings	Variance - Slippage	Variance - Under / (over) delivery
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Directorate																		
Children's Services	2,604	686	3,290	1,371	1,919	-	3,002	1,919	4,921	1,223	3,698	-	350	3,698	4,048	350	3,698	-
Health, Adults & Community	2,733	792	3,533	3,409	129	(5)	2,652	129	2,781	2,781	-	-	1,000	-	1,000	1,000	-	-
Place	1,880	950	2,830	2,279	351	200	1,376	351	1,727	1,727	-	-	880	-	880	880	-	-
Governance	-	680	680	680	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Resources	2,075	995	3,070	1,120	1,950	-	525	1,950	2,475	2,475	-	-	2,550	-	2,550	2,550	-	-
All	9,027	1,340	10,367	7,527	2,840	-	7,119	2,840	9,959	9,959	-	-	4,250	-	4,250	4,250	-	-
Total	18,319	5,443	23,770	16,386	7,189	195	14,674	7,189	21,863	18,165	3,698	-	9,030	3,698	12,728	9,030	3,698	-
Savings Achievement Status																		
Savings Delivered / On Target	11,750	1,843	13,601	12,816	790	(5)	9,315	790	10,105	10,105	-	-	9,030	-	9,030	9,030	-	-
Savings Slipping but Achievable	5,065	3,175	8,240	3,470	4,770	-	3,540	4,770	8,310	8,060	250	-	-	250	250	-	250	-
Not Deliverable / Not Achievable	1,504	425	1,929	100	1,629	200	1,819	1,629	3,448	-	3,448	-	-	3,448	3,448	-	3,448	-
Total	18,319	5,443	23,770	16,386	7,189	195	14,674	7,189	21,863	18,165	3,698	-	9,030	3,698	12,728	9,030	3,698	-

* Total 2018-19 revised savings, £23.770m;

- 2018-21 MTFS, £1.758m
- 2017-20 MTFS, £20.621m
- Historic, £1.391m

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Reference	PMO Project Reference	Directorate	Service Area	Title	Savings Achievement Status	2018-19										2019-20							2020-21						
						Savings target	Slippage from previous year	Revised Savings target	Delivered / cashed	Forecast savings	Variance - Slippage	Variance - Under / (over) delivery	FTE Impact	Forecast savings RAG	Status update	Savings target	Slippage from previous year	Revised Savings target	Forecast savings	Variance - Slippage	Variance - Under / (over) delivery	FTE Impact	Savings target	Slippage from previous year	Revised Savings target	Forecast savings	Variance - Slippage	Variance - Under / (over) delivery	FTE Impact
						£'000	£'000	£'000	£'000	£'000	£'000	£'000				£'000	£'000	£'000	£'000	£'000	£'000		£'000	£'000	£'000	£'000	£'000	£'000	
Savings Delivered / On Target																													
SAV/ CHI 01 / 18-19		Children's Services	Sport Leisure and Culture	Events In Parks - Income Generation	Savings Delivered / On Target	300	-	300		300			Green	1. This will be fully achieved by additional event income.															
CHI001/17-18		Children's Services	Youth Services and Commissioning	Youth Service Transformation	Savings Delivered / On Target		400	400		400			Green	1. £400k slippage from 2017-18 will be fully achieved in 2018-19 as new structure was implemented in October 2017.															
CHI002/17-18	FS04-EHH	Children's Services	Youth Services and Commissioning	Better support for families through early help, and reduction in social care demand	Savings Delivered / On Target										1,000		1,000	1,000											
CHI004/17-18		Children's Services	Children's Social Care	Integrating Employment Services for Young People	Savings Delivered / On Target										143		143	143								9.0			
CLC002/17-18		Children's Services	Sport Leisure and Culture	Income Optimisation Opportunities	Savings Delivered / On Target	300	40	340		300	40		Green	1. The 2018-19 savings target of £0.300m should be achievable by additional event income. 1. Future year savings in 2020-21.															
SAV/ HAC 01 / 18-19		Health, Adults & Community	Adult Social Care	Adult Social Care Transformation	Savings Delivered / On Target																								
ADU001/17-18		Health, Adults & Community	Adult Social Care	Social Care Services for Older People	Savings Delivered / On Target	300		300	238	300			Green	1. Intensive Housing Support model (agreed at Cabinet 20/3/18) is being implemented for sheltered accommodation sites.															
ADU002/17-18	FS02-CES	Health, Adults & Community	Adult Social Care	Community Equipment Service	Savings Delivered / On Target		88	88	88	88			Green	1. Catalogue was reviewed in 2017-18 to reduce high cost special orders. 2. Full year effect in 2018-19 will achieve 2017-19 savings in full.													0.0		
ADU003/17-18	FS03-SIN	Health, Adults & Community	Adults Social Care	Helping People with Learning Disability live Independently	Savings Delivered / On Target	582	184	766	170	766			Green	1. Project will achieve full savings over the 2017-20 period, through reviews of out of borough placements, price negotiation with providers, and review of care packages in line with Care Act eligibility levels. 2. This is managed through the Supporting Independence project.															
ADU004/17-18		Health, Adults & Community	Adult Social Care	Reshaping Reablement Services	Savings Delivered / On Target	467		467	195	467			Green	1. On track to be delivered.															
ADU005/17-18		Health, Adults & Community	Adult Social Care	Workforce Efficiencies in Adults Social Care	Savings Delivered / On Target	220		220	220	220		9.0	Green	1. Full year effect in 2018-19 of efficiencies actioned in 2017-18.															
ADU006/17-18		Health, Adults & Community	Adult Social Care	Substance Misuse	Savings Delivered / On Target	50		50	50	50			Green	1. Savings have been achieved.															
ADU009/17-18		Health, Adults & Community	Public Health	Public Health – 0-19 Public Health Programme Savings	Savings Delivered / On Target	409		409	409	409			Green	1. Saving has been achieved through the combined procurement of school health, and the child and family weight management service.															
ADU010/17-18		Health, Adults & Community	Public Health	Public Health- Adult Weight Management	Savings Delivered / On Target	48	40	88	88	88			Green	1. 2017-19 savings target of £96k has been achieved on Fit4Life Groups contract.															
ADU011/17-18		Health, Adults & Community	Public Health	Public Health- Community Development Programme	Savings Delivered / On Target	50		50	50	50			Green	1. Re procurements have achieved 2017-19 savings of £255k.															
ADU012/17-18		Health, Adults & Community	Public Health	Public Health – Primary Care Prevention Programme	Savings Delivered / On Target	30	(38)						Green	1. Re-procurement of smoking cessation services achieved 2017-19 saving of £100k against £92k target (over-achievement of £8k). 2. 2017-18 target was over-achieved by £38k due to savings being achieved quicker than originally profiled.															
ADU013/17-18		Health, Adults & Community	Public Health	Public Health - Sexual Health Services	Savings Delivered / On Target	158		158	158	158			Green	1. Savings have been achieved through Pan-London tariff prices and channel shift to more modern and accessible services.															
ADU014/17-18		Health, Adults & Community	Public Health	Public Health - Specialist Smoking Programme	Savings Delivered / On Target	54	(7)	47	52	52		(5)	Green	1. Re-procurement has achieved 2017-19 savings of £155k against the target of £150k (over-achievement of £5k). 2. 2017-18 target was over-achieved by £7k due to savings being achieved quicker than originally profiled.															
CLC003a/17-18		Health, Adults & Community	Community Safety DAAT and ASB	Service Redesign - Safer Communities	Savings Delivered / On Target									1. Future year savings in 2019-20.															
ADU001/16-17		Health, Adults & Community	Adults Social Care	Review of Day Services for Older People	Savings Delivered / On Target		161	161	161	161			Green	1. Mayfield House day centre was closed on 30/11/17. 2. Full-year effect of the savings target has been achieved in 2018-19.															
ADU007/16-17		Health, Adults & Community	Adults Social Care	Sharing Services with NHS Partners	Savings Delivered / On Target		200	200	200	200			Green	1. Final restructure (sight and hearing) took effect in January 2018. 2. Full year effect of the savings target has been achieved in 2018-19.															
SAV/ PLA 01 / 18-19		Place	Public Realm	Waste, Recycling & Street Cleansing Contract	Savings Delivered / On Target																								
SAV/ PLA 02 / 18-19		Place	Housing /THH	Review of Housing Delivery (THH/TH)	Savings Delivered / On Target																								
SAV/ PLA 03 / 18-19		Place	Corporate Property & Capital Delivery	Reduction in Running costs/ Liability of Council Assets	Savings Delivered / On Target																								
SAV/ PLA 04 / 18-19		Place	Public Realm	Street Lighting Efficiencies	Savings Delivered / On Target																								
SAV/ PLA 05 / 18-19		Place	Sport Leisure and Culture	Review of Parks	Savings Delivered / On Target																								
CLC001/17-18		Place	Public Realm	Waste Management Contract Efficiencies	Savings Delivered / On Target	1,008		1,008		1,008			Green																
CLC004/17-18		Place	Public Realm	Smarter Working – Parking, Mobility & Transport Services Efficiencies	Savings Delivered / On Target	300		300		300			Green																
D&R001/17-18		Place	Planning & Building Control	Responding to Competition in Planning	Savings Delivered / On Target	72		72		72			Green																
D&R002/17-18		Place	Housing Options	Maximising use of technology in Housing Options Service	Savings Delivered / On Target																								
D&R003/17-18		Place	Housing Options	Purchase of Private Sector Units within the General Fund for use as Temporary Accommodation	Savings Delivered / On Target	500		500		500			Green	1. MTFS assumes benefits will all accrue earlier in 2018-19. Original saving profile was £200k in 18-19 and £300k in 19-20.															
D&R008/16-17		Place	Corporate Property & Capital Delivery	Generating more income from council assets	Savings Delivered / On Target		50	50		50			Green																
RES005/17-18		Resources	Risk Assessment	Review and Revise Risk Management Service	Savings Delivered / On Target		45	45		45			Green	1. Achieved through staffing changes within the service.															
SAV/ RES 01 / 18-19		Resources	Benefits	Improved Recovery of Housing Benefits Overpayments	Savings Delivered / On Target																								
SAV/ RES 02 / 18-19		Resources	Human Resources	HR Services - Additional Staffing Efficiencies	Savings Delivered / On Target																						2.0		
SAV/ RES 03 / 18-19		Resources	Risk Assessment	Internal Audit – Streamline Management and Explore Shared Service Options	Savings Delivered / On Target																						0.5		

Reference	PMO Project Reference	Directorate	Service Area	Title	Savings Achievement Status	2018-19							2019-20							2020-21														
						Savings target	Slippage from previous year	Revised Savings target	Delivered / cashed	Forecast savings	Variance - Slippage	Variance - Under / (over) delivery	FTE Impact	Forecast savings RAG	Status update	Savings target	Slippage from previous year	Revised Savings target	Forecast savings	Variance - Slippage	Variance - Under / (over) delivery	FTE Impact	Savings target	Slippage from previous year	Revised Savings target	Forecast savings	Variance - Slippage	Variance - Under / (over) delivery	FTE Impact					
						£'000	£'000	£'000	£'000	£'000	£'000	£'000				£'000	£'000	£'000	£'000	£'000	£'000		£'000	£'000	£'000	£'000	£'000	£'000						
SAV/ RES 04 / 18-19		Resources	Revenue Services	Revenue Services – Workforce efficiencies through greater self-service and automation	Savings Delivered / On Target	-	-	-																		100	-	100	100	-	-	-	3.0	
SAV/ RES 05 / 18-19		Resources	ICT	ICT Savings	Savings Delivered / On Target	-	-	-																		750	-	750	750	-	-	-		
SAV/ RES 06 / 18-19		Resources	Corporate Finance	Finance Services – Process improvements and new Finance System Implementation	Savings Delivered / On Target	-	-	-																		100	-	100	100	-	-	-	2.0	
SAV/ RES 07 / 18-19		Resources	Wi-Fi Concession Contract	Income Through Wi-Fi Concession Contract	Savings Delivered / On Target	-	-	-																		300	-	300	300	-	-	-		
SAV/ RES 08 / 18-19		Resources	Housing	Income Through Housing Companies	Savings Delivered / On Target	-	-	-																		250	-	250	250	-	-	-		
SAV/ RES 09 / 18-19		Resources	Housing	THH - Potential support service Savings	Savings Delivered / On Target	-	-	-																		100	-	100	100	-	-	-		
SAV/ RES 10 / 18-19		Resources	Customer Access	Additional Local Presence Efficiencies	Savings Delivered / On Target	-	-	-																		300	-	300	300	-	-	-		
RES002/17-18		Resources	Benefits	Benefits Service Admin Savings	Savings Delivered / On Target	525	-	525	250	525	-		Green	1. On track; will be delivered through a reduction in the resilience contract, reduction in overtime and other staffing efficiencies, none of which will effect levels of service provision.	525	-	525	525	-	-	-													
ALL005/17-18		Governance	Corporate Strategy & Equalities	Consolidation of Strategy, Policy & Performance Functions	Savings Delivered / On Target	-	600	600		600	-		Green	1.Restricture completed and savings realised		-	-		-	-	-													
LPG002/15-16		Governance	Registrars & Democratic Services	Implementation of Registration Service new business model	Savings Delivered / On Target	-	80	80		80	-		Green	1.Service changes have been implemented; budget forecasted to be on target and thus savings have been realised		-	-		-	-	-													
SAV/ CORP 01 / 18-19		All	All	Treasury Management Investment Opportunities	Savings Delivered / On Target	1,458	-	1,458	700	1,458	-	0.0	Green	1. On track; treasury investment performance to date suggests this target will be achieved through additional investment income.		-	-		-	-	-													
SAV/ CORP 02 / 18-19		All	All	Contract Management Efficiencies	Savings Delivered / On Target	-	-	-																		4,250	-	4,250	4,250	-	-	-	0.0	
ALL002/17-18		All	All	Fees & Charges	Savings Delivered / On Target	419	-	419	200	419	-		Green	1. On track; budget monitoring report indicates that directorates are achieving relevant income targets.	419	-	419	419	-	-	-													
ALL003/17-18	SS03-IC	All	All	Debt Management & Income Optimisation	Savings Delivered / On Target	3,000	-	3,000		3,000	-	0.0	Amber	1. Expecting to deliver target. 2. Exact amounts from different income streams are currently being verified.	3,000	-	3,000	3,000	-	-	-	0.0												
ALL008/17-18		All	All	Treasury Management Efficiencies	Savings Delivered / On Target	500	-	500		500	-		Green	1. On track.		-	-		-	-	-													
ALL009/17-18	SS02-BSH	All	All	Consolidation of Business Support and Administration Functions	Savings Delivered / On Target	1,000	-	1,000		250	750	-	36.0	Amber	1. Project progressing but there is likely to be slippage; level of slippage being verified.		750	750	750	-	-	-												
ALL010/17-18		All	All	ICT Centralisation	Savings Delivered / On Target	-	-	-																		400	-	400	400	-	-	-		
Savings Delivered / On Target						11,750	1,843	13,601	3,229	12,816	790	(5)	45.0		9,315	790	10,105	10,105	-	-	-	18.0		9,030	-	9,030	9,030	-	-	-	7.5			

Reference	PMO Project Reference	Directorate	Service Area	Title	Savings Achievement Status	2018-19											2019-20							2020-21						
						Savings target	Slippage from previous year	Revised Savings target	Delivered / cashed	Forecast savings	Variance - Slippage	Variance - Under / (over) delivery	FTE Impact	Forecast savings RAG	Status update	Savings target	Slippage from previous year	Revised Savings target	Forecast savings	Variance - Slippage	Variance - Under / (over) delivery	FTE Impact	Savings target	Slippage from previous year	Revised Savings target	Forecast savings	Variance - Slippage	Variance - Under / (over) delivery	FTE Impact	
						£'000	£'000	£'000	£'000	£'000	£'000	£'000				£'000	£'000	£'000	£'000	£'000	£'000		£'000	£'000	£'000	£'000	£'000	£'000		
Savings Slipping but Achievable																														
CHI006/17-18		Children's Services	Childrens Social Care	Regional Adoption Agency	Savings Slipping but Achievable	250	-	250			250	-	Amber	1. Slow progress is being made regionally to create the agency. 2. Savings slippage to 2020-21 when it is expected the London agency will be in place.		250	250		250					250	250		-			
CLC005/17-18		Children's Services	Sport Leisure and Culture	Culture, Learning & Leisure Service Efficiencies	Savings Slipping but Achievable	250	21	271		271		-	Amber	1. £21k Income generation for the Urban Duke of Edinburgh awards was deferred to year 2. 2. The project is assessed as amber as although there is a potential £250k savings		-	-		-	-				-	-		-			
ADU007/17-18		Health, Adults & Community	Adults Social Care	Improving Employment Support for Adults with Disabilities	Savings Slipping but Achievable	55	164	219	121	190	29	-	Amber	1. Map Squad savings have been achieved. 2. Development of employment services will reduce usage of day services. 3. This is managed through the Supporting Independence project.		100	29	129	129	-	-			-	-		-			
ADU008/17-18		Health, Adults & Community	Adult Social Care	Day Opportunities Provision	Savings Slipping but Achievable	310	-	310		210	100	-	Amber	1. Efficiency by merging Riverside and Redcoat daycare services onto one site. 2. Reduce daycare usage of clients in residential and nursing placements.		140	100	240	240	-	-			-	-		-			
CLC005/16-17		Place	Public Realm	Alternative Service Delivery Model for Animal Warden Service	Savings Slipping but Achievable	-	160	160		160	-	-	Amber	1. To be delivered as part of the Enforcement review in 2018-19.			-		-	-			-	-		-				
CLC007/16-17		Place	Public Realm	Review of Enforcement Function-More Generic Working	Savings Slipping but Achievable	-	451	451		100	351	-	Amber	1. £100k will be delivered in 2018-19 with the balance of £351k being realised in 2019-20 through the Enforcement Review. 2. The shortfall for 2018-19 will be mitigated from the deferred waste efficiencies.			351	351	351	-	-			-	-		-			
CLC008/16-17		Place	Public Realm	School Crossing Patrols to be delivered by Schools	Savings Slipping but Achievable	-	89	89		89	-	-	Amber	1. Alternative options for funding are now being considered for achieving the saving.			-	-	-	-			-	-		-				
RES001a/17-18		Resources	Human Resources	Human Resources	Savings Slipping but Achievable	1,250	250	1,500		250	1,250	-	25.0 Red	1. Restructure completed; £250k savings achieved. 2. The balance of savings will need to be delivered through non staffing budgets and through the agency reduction project and the terms and conditions review. Significant slippage expected in 2018-19 hence Ragged RED			1,250	1,250	1,250	-	-			-	-		-			
ALL004/17-18		Resources	Corporate Finance	Centralisation of Finance	Savings Slipping but Achievable	300	700	1,000		300	700	-	15.0 Amber	1. Restructure progressing; full target will be achieved, but there will be slippage in 2018-19. Full savings due from 2019-20.			700	700	700	-	-			-	-		-			
RES001b/17-18		All	All	Human Resources	Savings Slipping but Achievable	1,500	-	1,500		1,500		-	Amber	1. Savings to be delivered through reductions in agency spend. 2. Project progressing, level of savings being verified.		2,000	-	2,000	2,000	-	-			-	-		-			
RES006/17-18		All	All	Functional Consolidation of Procurement	Savings Slipping but Achievable	-	250	250		-	250	-	Amber	1. Incorporated into the finance restructure project. See comments above on 'centralisation of finance'.		-	250	250	250	-	-			-	-		-			
ALL001/17-18	SS04-RPG SS06-MPS	All	All	Review of Printing/ Scanning/ Use of Multi-Functional Devices (MFD's)	Savings Slipping but Achievable	500	490	990		300	690	-	Red	1. Project progressing, however significant slippage expected; hence Ragged RED 2.Savings need to be verified;		500	690	1,190	1,190	-	-			-	-		-			
ALL006/17-18	SS01-CS SS05-LP	All	All	Local Presence / Contact Centre Review	Savings Slipping but Achievable	650	600	1,250		100	1,150	-	3.0 Red	1. Project progressing, however savings will not be achieved till 2019-20; hence Ragged RED		800	1,150	1,950	1,950	-	-	54.0		-	-		-			
Savings Slipping but Achievable						5,065	3,175	8,240	121	3,470	4,770	-	43.0			3,540	4,770	8,310	8,060	250	-	54.0		-	250	250	-	0.0		
Not Deliverable / Not Achievable																														
CHI003/17-18		Children's Services	Learning & Achievement	Increasing the involvement of partners in Early Years services	Not Deliverable / Not Achievable	1,204	125	1,329		1,329		-	Red	1. IEYS savings for LADN cannot be made due to the budget being funded by DSG. 2. CS forecast increased in Qtr 2 by £1.3m due to unachievable savings. This will be offset by additional income in Resources Directorate agreed by NM 18/9/18.		1,079	1,329	2,408	2,408	-	-			2,408	2,408		-			
CHI005/17-18	FS05-SEN	Children's Services	Learning & Achievement	Better targeting of services for children with special educational need and disabilities (SEND)	Not Deliverable / Not Achievable	300	100	400		100	300	-	3.0 Amber	1. It is likely the £100k savings slipped from 2017-18 will be achieved by the Educational Psychologist Service. 2. There are still concerns about whether the 2018-19 savings of £300k are achievable as stated in the original business case. Divisional Director is writing an exception report.		740	300	1,040	1,040	-	-			1,040	1,040		-			
CLC006/16-17		Place	Public Realm	Income Generation Opportunity from CCTV Network	Not Deliverable / Not Achievable	-	200	200			200		Red	1. This saving will not be achieved.			-	-	-	-			-	-		-				
Not Deliverable / Not Achievable						1,504	425	1,929	-	100	1,629	200	3.0			1,819	1,629	3,448	-	3,448	-	0.0		-	3,448	3,448	-	3,448	-	0.0
Total						18,319	5,443	23,770	3,350	16,386	7,189	195	91.0			14,674	7,189	21,863	18,165	3,698	-	72.0		9,030	3,698	12,728	9,030	3,698	-	7.5

Reference	Directorate	New / 2017-20 MTF5 / 2017-20 MTF5 Extension	Title	Strategic Priority Outcome	Revenue (One Off)						Revenue (Ongoing)						Capital						Housing Revenue Account					Status update								
					2017-18 Brought forward £'000	2018-19 £'000	2018-19 Forecast £'000	2019-20 £'000	2020-21 £'000	Total £'000	2017-18 Brought forward £'000	2018-19 £'000	2018-19 Forecast £'000	2019-20 £'000	2020-21 £'000	Total £'000	2017-18 Slippage £'000	2018-19 £'000	2018-19 Forecast £'000	2019-20 £'000	2020-21 £'000	Total £'000	2018-19 £'000	2018-19 Forecast £'000	2019-20 £'000	2020-21 £'000	Total £'000									
MPG/CHI 01 / 18-19	Children's Services	New	Implementation of the Ethical Care Charter	1.2 Children and young people are protected so they can realise their potential								109	109																							Growth on track to be fully utilised in 2018-19 - Children with Disabilities Service
MPG/CHI 02 / 18-19	Children's Services	New	Early Years Provision Victoria Park and St Hilda's Community Centre	1.2 Children and young people are protected so they can realise their potential		88	25	31	31	150																									Decision awaited for Victoria Park (£57k). St Hilda's/Toyhouse forecast to spend £25k in 2018-19.	
MPG/CHI 03 / 18-19	Children's Services	2017-20 MTF5 Extension	Continuing to provide universal free school meals	1.2 Children and young people are protected so they can realise their potential		2,250	2,250	2,000	2,000	6,250																									£2m for free school meals for primary schools. £0.250m for loss of income April to August 2018 (due to Election, meal increase is w/e September). This budget has previously overspent. Contract Services to be reviewed in 2018-19.	
MGRO CHI 17 / 17	Children's Services	2017-20 MTF5	Supporting our Care Leavers to find work opportunities through employment initiatives	1.2 Children and young people are protected so they can realise their potential							472	472																						Leaving Care Service are expected to utilise the full growth bid for 2018-19 for targeting employment service for care leavers (NEET)		
MGRO CHI 2 / 17	Children's Services	2017-20 MTF5	Children's Centre commissioning of voluntary and community sector (VCS) organisations	1.2 Children and young people are protected so they can realise their potential	93	120	135	120		333																									Outreach service provided by the Voluntary Sector for 'hard to reach' families. It is expected that £135k will be spent in 2018-19. The balance of the £360k total allocation (£198k) will be spent in 2019-20 when a more comprehensive summer programme is planned with the VCS.	
MGRO CLC 5 / 17	Children's Services	2017-20 MTF5	Provision of four new outdoor gyms to improve health outcomes to all parts of the community	1.3 People access joined-up services when they need them and feel healthier and more independent							90	90					2	123	125	60		185												£108k capital spent in June/July 2018. Growth on track to be fully spent in 2018/19		
Children's Services Total					93	2,458	2,410	2,151	2,031	6,733	562	109	671	-	-	-	2	123	125	60	-	185	-	-	-	-	-	-	-	-	-	-	-			
MPG/HAC 01 / 18-19	Health, Adults and Community	New	Community Safety, ASB & Crime	2.3 People feel safer in their neighbourhoods and anti-social behaviour is tackled		315	180	273	277	865																									The new posts have been advertised and the business continuity planning IT system is being project managed and discussed with Agilisys.	
MPG/HAC 02 / 18-19	Health, Adults and Community	New	Additional Police officers for Neighbourhoods	2.3 People feel safer in their neighbourhoods and anti-social behaviour is tackled		500	500	1,250	1,250	3,000																									The Metropolitan Police Service is recruiting extra police officers to work directly in response to residents' concerns around community safety. This is a partnership initiative between the Council and Tower Hamlets Police, and replaces the previous partnership taskforce (PTF) agreements.	
Health, Adult & Community Total					-	815	680	1,523	1,527	3,865	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
MPG/PLA 01 / 18-19	Place	New	Enabling Unemployed Parents to Move into Childcare Jobs	1.1 People access a range of education, training, and employment opportunities		450	454	451	451	1,352																									Working Start Parents into Childcare jobs - Procurement for training provider completed. Pre-placement training set for this programme and will start in August. Training deliverer secured. An additional 9 trainees are scheduled to start in the schools in September. Programme has been reprofiled to take account of engagement and preplacement courses. 9 started the placement and 1 is awaiting the DBS. Open days are planned for the 1st, 15th, 29th, for the next cohort. 6 will be upskilled for the existing staff. This is due to start 12.11.18.	
MPG/PLA 02 / 18-19	Place	New	Watney Market Shop Front for 'Young WorkPath'	1.2 Children and young people are protected so they can realise their potential		60	60	60	60	180						(7)	300	293				293													The New Young WorkPath shop has been refurbished and occupied by the Careers Service staff. Opened to the public on Monday 6th August. The project will achieve it's target for the year to embed Young WorkPath into the wider Workpath employment partnership model.	
MPG/PLA 03 / 18-19	Place	New	Private Tenants Charter	2.2 People live in good quality and affordable homes and well-designed neighbourhoods							100	85																							Trading Standards and EH Officers appointed currently being covered by agency. Staff have now started and have been filled by agency in the interim.	
MPG/PLA 04 / 18-19	Place	New	Air Quality Assistant	2.1 People live in a borough that is clean and green		71	71	50	50	171																									Air quality officer started and backfilled by agency in the interim.	
MPG/PLA 05 / 18-19	Place	New	Bursary for Environmental Health Trainees	2.1 People live in a borough that is clean and green		30	30	30	30	90																									Officers appointed full spend expected	
MPG/PLA 06 / 18-19	Place	New	ASB & Crime Neighbourhood Management	2.3 People feel safer in their neighbourhoods and anti-social behaviour is tackled		145	145	200	200	545																									Will be delivered as part of the Enforcement review.	
MGRO D&R 1-17	Place	2017-20 MTF5	Creating community hubs and regularising the usage of community buildings to provide high quality, low cost space for community groups	3.2 People say we work together across boundaries in a strong and effective partnership to achieve the best outcomes for our residents	60	60	60			120						(180)	1,140	960	950		1,910														Works have been completed at the Tramshed and the St Andrews (A12) building to create the second and third community hubs. Planning consent has been achieved and works at Granby Hall are due to start in October 2018. A planning submission has been made for Raines House and works are also scheduled to start in October 2018.	
MGRO D&R 2-17	Place	2017-20 MTF5	Enhancing services to support people in overcoming the barriers to accessing skills and toward employment	1.1 People access a range of education, training, and employment opportunities	26	221	181	226		473																									ESOL delivery 18/19 - 32 learners have been trained through pilot programmes with 18 moving onto accredited higher level training and 13 moving onto the WorkPath Working Start job placement programme. 200 clients have been identified by WorkPath, as having English as a primary barrier to employment. 12 training programmes have been scheduled for 2018-19 (up to 244 residents trained). Courses will commence in October 2018 in line with Idea Store Learning Term Time. Initial Assessments are currently being completed with potential learners. A networking/consultation event being arranged for November 2018 will enable a soft launch of mapping online that will allow residents to access details of ESOL provisions around the borough via a centralised point. The online ESOL Hub test page has been set up and drafted. The ESOL borough partnership has seen an increase in member organisations from 20 to 32. To facilitate the increase, the organisations will be arranged into 2 new groups. The terms are currently being revised for approval. Regular communication will also be established via Monthly bulletins. The template is work in progress and the first edit is proposed to circulate in Mid October 2018.	
MGRO D&R 3-17	Place	2017-20 MTF5	Introducing new off-street parking arrangements in our housing estates due to changes in national legislation	2.1 People live in a borough that is clean and green		(10)	(10)	(80)		(90)						186	500	686	1,300	1,300	3,286	(300)	(300)	(250)											TMO report due to be considered at Cabinet in September prior to implementation.	
MGRO D&R 4-17	Place	2017-20 MTF5 Extension	Supporting young people realise their potential through the Mayor's Apprenticeship Fund	1.1 People access a range of education, training, and employment opportunities	(20)	203	135	199	84	467																									Target delivery of creating 1000 apprenticeship opportunities by 2020 is on course. Outreach with various partners have successfully contributed to the number of apprenticeship creations. Currently, 481 apprenticeships have been created with 201 of these already been filled (191 started and 10 pending pending provider approval on DAS). 332 leads are being progressed. The existing commissioned contract is being terminated by mutual agreement due to exhausting all contacts. A new officer is being appointed to inform and support local SMEs and employers to maximise placements and promote apprenticeships for residents to access. We are currently at around 50% of the target with two years left to run and confident at reaching the required achievement. The programme has been reprofiled to take account of the change in delivery mechanism.	

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Reference	Directorate	New / 2017-20 MTF5 / 2017-20 MTF5 Extension	Title	Strategic Priority Outcome	Revenue (One Off)						Revenue (Ongoing)					Capital					Housing Revenue Account					Status update							
					2017-18 Brought forward £'000	2018-19 £'000	2018-19 Forecast £'000	2019-20 £'000	2020-21 £'000	Total £'000	2017-18 Brought forward £'000	2018-19 £'000	2018-19 Forecast £'000	2019-20 £'000	2020-21 £'000	Total £'000	2017-18 Slippage £'000	2018-19 £'000	2018-19 Forecast £'000	2019-20 £'000	2020-21 £'000	Total £'000	2018-19 £'000	2018-19 Forecast £'000	2019-20 £'000		2020-21 £'000	Total £'000					
MGRO D&R 5-17	Place	2017-20 MTF5	Supporting residents aged 50 and above through training and support to help them access employment opportunities	1.1 People access a range of education, training, and employment opportunities	71	109	212	101			280																					Working Start 50+. 16 in first cohort of which 4 have already progressed into work. Interviews taking place for a further placements in August. Roles are BA, Gardener, Handy Person, Community Outreach & Marketing Officer. These roles are to start 30th September 2018. Planning training for the next cohort are registered and being assessed. Celebration event with Mayor and Cabinet Member attendance. 50+ ambassador now part of Marketing and press campaign. The programme has had a slow but very successful start and is being reprofiled to take account of the changes to the scheduled cohorts going forward. Current cohort 1 will finish programme on 22.10.18. A further trainee has left due to securing employment and 1 trainee has been offered a role within their placement as a Paralegal in the Legal Advice Centre. Cohort 2 all recruited and will start placements on the 8.10.18. An Induction will take place with Placement hosts being invited. Itres GIS taking place tomorrow for BA roles.	
MGRO D&R 6-17	Place	2017-20 MTF5	Helping women to progress from unemployment into health care careers.	1.1 People access a range of education, training, and employment opportunities	327	736	848	705			1,768																					Working Start for Women into Health and Social Care - Currently training 33 and an additional 14 on pre-placement training following recent recruitment event. All are business administration roles. 118 booked onto recruitment days held 10th and 11th of July. Results will be reported next quarter. Literacy & Numeracy Course for WHSC- 5 week course. Clients improved from E2 to L1. Next course is planned for September for 10 weeks. An extra recruitment event outside the planned cohorts will be done in September to get Health Care Assistants trainees with an expectation of 20 residents onto the programme. The programme has been reprofiled to take account of shifting engagement and start dates for 18/19 cohort numbers. DBS checks an issue because of delays by the MET. NHS OH so we have 9 trainees ready to start. Will proceed with this start which will now be the 8.10.18. Recruitment day set for 29th October 2018 to recruit for HCA and BA. Conducting open days at Outreach sites tbc. Current cohort will end on 11.11.18 and GIS for Itres will be done mid-November - date tbc.	
MGRO D&R 7-17	Place	2017-20 MTF5	Planning Enforcement	2.1 People live in a borough that is clean and green								151		151																		Successful appointment of a Planning Compliance Manager and two new officers. Proactive implementation of Planning Compliance ventures such as the construction management working group. A successful project dealing with the proliferation of unlawful adverts in Brick Lane has also been completed. Planning Compliance Policy, which will be a public guidance for the work of the team, has now been adopted. Current pro-active projects include a cross-departmental effort to clear the Thames Path of unlawful obstructions. Future projects include work to help remedy and regularise the proliferation of unlawful short term lets within the borough and to deal with the renovation of key heritage assets in the borough.	
HRA Budget	Place	2017-20 MTF5	HRA funding set aside for ASB Initiatives	2.3 People feel safer in their neighbourhoods and anti-social behaviour is tackled																												The 7 police officers are funded by the HRA at a total cost of £490k per annum for 3 years. This is matched funded by MOPAC to provide additional 7 police officers (free of charge).	
MGRO CLC 1	Place	2017-20 MTF5	Investing in public realm to improve the local environment for residents	2.1 People live in a borough that is clean and green									455	1,000	1,455	1,000							2,455									Programme of works to be agreed with Lead Member.	
MGRO CLC 2	Place	2017-20 MTF5	Improving the quality of living environment for our residents through re-deployment of enforcement officers	2.3 People feel safer in their neighbourhoods and anti-social behaviour is tackled								150		150																		Will be delivered as part of the Enforcement review.	
MGRO CLC 3	Place	2017-20 MTF5	Improving Air quality in Tower Hamlets	2.1 People live in a borough that is clean and green	50	50	50				100		50	50	100								100									Mayoral grants - applications received being assessed, will all be allocated	
MGRO CLC 4	Place	2017-20 MTF5	Incentivising better waste collection arrangements on housing estates	2.1 People live in a borough that is clean and green	505	250	300	250			1,005																					The full £1.02m including is still required as it links to the full 2 year plan for the estates recycling project, communications and interventions. Revised profile 18-19 £300k; 19-20 £700k	
Place Total					1,019	2,375	2,536	2,191	875	6,461		301	100	386	-	-	-	401	504	2,990	3,494	3,250	1,300	8,044	536	191	486	-	1,022				
MGRO RES 1	Resources	2017-20 MTF5	Providing free Wi-Fi in Tower Hamlets for all	3.1 People say we are open and transparent putting residents at the heart of everything we do								250								500		500	500	1,500								Project progressing	
MGRO RES 2	Resources	2017-20 MTF5 Extension	Tackling Poverty Fund - Tackling poverty in Tower Hamlets by creating a Welfare Support Scheme to support residents	1.3 People access joined-up services when they need them and feel healthier and more independent	733	1,667	1,700	1,667	1,667		5,734																						Tackling poverty initiatives are progressing. Forecasting to spend £1.7m
Resources Total					733	1,667	1,700	1,667	1,667	5,734		250	-	-	-	-	-	250	-	500	-	500	500	1,500	-	-	-	-	-	-	-		
Total					1,845	7,315	7,326	7,532	6,101	22,793		1,113	209	1,057	-	-	-	1,322	506	3,613	3,619	3,810	1,800	9,729	536	191	486	-	1,022				


APPENDIX 5 - CAPITAL Q2 (month 5) 2018/19

Directorate	Latest Budget 2018/19 (£m)	Spend to Q2 (month 5) 2018/19 (£m)	Spend to date as % of annual budget	Projected Spend to 31/3/2019 (£m)	Projected Variance for 2018/19 (£m)	Projected Variance for 2018/19 (%)	2019/20 Budget (£m)	2020/21 and Future Years' Budgets (£m)	Total Future Years Budget (£m)	Spend in previous years for current projects (£m)	Total Budget - All Years (£m)	Total Projection - All Years (£m)
Health, Adults and Communities	2.837	0.005	0%	3.169	0.332	12%	4.756	6.241	10.997	3.666	17.500	17.500
Children's Services	15.051	2.809	19%	15.130	0.079	1%	26.519	19.499	46.018	63.237	124.306	124.306
Place	58.753	22.562	38%	63.905	5.152	9%	39.185	76.218	115.404	37.142	211.299	211.299
Housing Revenue Account (HRA)	75.246	4.426	6%	50.420	-24.826	-33%	96.530	227.542	324.072	156.775	556.093	556.093
Resources	1.993	0.005	0%	0.780	-1.213	-61%	0.887	0.500	1.387	0.201	3.582	3.582
Corporate	11.127	1.242	11%	10.312	-0.815	-7%	51.594	43.864	95.458	4.771	111.356	111.356
Grand Total	165.007	31.049	19%	143.716	-21.291	-13%	219.472	373.865	593.337	265.793	1024.136	1024.136

Directorate	Programme	Current Year						Explanations for Projected Variance and for % Spend to Date	Future Years			All Years (inc Future and Past)		
		Latest Budget 2018/19 (£m)	Spend to Q2 (month 5) 2018/19 (£m)	Spend to date as % of annual budget	Projected Spend to 31/3/2019 (£m)	Projected Variance for 2018/19 (£m)	Projected Variance for 2018/19 (%)		2019/20 Budget (£m)	2020/21 and Future Years' Budgets (£m)	Total Future Years Budget (£m)	Spend in previous years for current projects (£m)	Total Budget - All Years (£m)	Total Projection All Years (£m)
Children's	Mayor's Priority - Parks and Open Spaces	0.235	0.164	70%	0.175	-0.060	-26%	Project nearly completed	0.000	0.000	0.000	0.015	0.250	0.250
Children's	Parks	0.345	0.111	32%	0.673	0.327	95%	Large proportion of the budget is the Bartlett Park project which is still in its infancy as far as works carried out	5.002	2.520	7.522	3.222	11.089	11.089
Children's	Conditions and Improvement	5.782	0.454	8%	5.723	-0.059	-1%	Projected variance: Underspend of £59k relates to completed projects for Marner and Bangbandhu re-roofing . % spend to date: Majority of Condition projects have been taking place during the school summer holidays, their invoicing should ensue in the upcoming periods. The remainder of the projects are due to commence during the upcoming school holidays.	2.100	0.000	2.100	10.039	17.920	17.920
Children's	Bishop Challenor	0.000	0.000	0%	0.000	0.000	0%		0.000	0.590	0.590	0.010	0.600	0.600
Children's	Basic Need/Expansion	6.375	1.864	29%	6.376	0.000	0%	Awaiting valuation invoicing of works in the upcoming periods.	18.086	16.189	34.275	47.764	88.414	88.414
Children's	Provision for 2 year olds	1.164	0.019	2%	1.021	-0.142	-12%	Several projects completed and any underspends to be used to cover ongoing statutory requirements subject to approval	0.000	0.000	0.000	1.321	2.485	2.485
Children's	Culture	0.791	0.198	25%	0.804	0.013	2%		1.331	0.200	1.531	0.866	3.189	3.189
Children's	Healthy Pupil Capital Funding (HPCF)	0.259	0.000	0%	0.259	0.000	0%	Programme being devised, still projecting to spend allocation at this stage.	0.000	0.000	0.000	0.000	0.259	0.259
Children's	Special Provision Capital Fund	0.100	0.000	0%	0.100	0.000	0%	£800k commitment was reduced in the Q2 budget as Programme still being revised.	0.000	0.000	0.000	0.000	0.100	0.100
Children's Total		15.051	2.809	19%	15.130	0.079	1%		26.519	19.499	46.018	63.237	124.306	124.306
Corporate	Whitechapel Civic Centre	9.812	1.242	13%	9.812	0.000	0%		51.324	43.864	95.188	4.771	109.771	109.771
Corporate	CORP - Indicative Schemes - Other	1.315	0.000	0%	0.500	-0.815	-62%	This budget includes a provision of £500k for the replacement cost of 2 underground refuse vehicles. The order has been placed and the vehicles should be delivered by March 2019 - Full spend is anticipated Unallocated budget for feasibility studies of £465k is yet to be allocated. Further approvals anticipated in year - Spend unlikely in 2018/19	0.270	0.000	0.270	0.000	1.585	1.585
Corporate Total		11.127	1.242	11%	10.312	-0.815	-7%		51.594	43.864	95.458	4.771	111.356	111.356
HAC	Tele Care/Telehealth Equipment	0.000	0.000	0%	0.000	0.000	0%		0.097	0.000	0.097	0.275	0.372	0.372
HAC	Public Health	2.837	0.005	0%	3.169	0.332	12%	There is a delay in the spend to date because we are waiting for invoices from the NHS CCG who in turn are waiting to be invoiced by NHS property Services. This issue has been flagged by the Finance Business Partner (AO) to DLT so that a resolution can be arrived at. Variances are due to 2 projects (Andrew Street & Bow School) that are not expected to happen.	4.660	6.241	10.901	3.296	17.033	17.033
HAC	Condition	0.000	0.000	0%	0.000	0.000	0%		0.000	0.000	0.000	0.095	0.095	0.095
HAC Total		2.837	0.005	0%	3.169	0.332	12%		4.756	6.241	10.997	3.666	17.500	17.500
HRA	Housing Capital Programme	37.857	3.312	9%	28.246	-9.611	-25%	The significant element impacting the capital programme delivery relates to procurement delays following an issue with one of the main contractors on the LCP Framework. This required additional due diligence, but led to delays to the start of the larger programmes of work in Better Neighbourhoods, with current forecasts of c£5.5m slippage. There are also some procurement issues affecting some of the mechanical and electrical works programmes, with current projections indicating c£3.6m of slippage in this area.	29.257	65.520	94.777	110.198	242.832	242.832
HRA	Ocean Estate Regeneration	0.316	-0.096	-30%	0.316	0.000	0%		0.000	0.000	0.000	2.117	2.433	2.433
HRA	Blackwall Reach	3.252	0.038	1%	3.252	-0.000	0%		0.000	0.000	0.000	2.284	5.537	5.537
HRA	Fuel Poverty Works	0.429	-0.026	-6%	0.029	-0.400	-93%	No further spend is expected for Fuel Poverty Works. Funding will be re-allocated within the 2019-20 HRA Capital Programme.	0.000	0.000	0.000	3.878	4.307	4.307
HRA	Short Life Properties	0.005	0.002	33%	0.002	-0.003	-60%	Completed, no further costs expected. Funding will be re-allocated within the 2019-20 HRA Capital Programme	0.000	0.000	0.000	1.551	1.556	1.556
HRA	Phase 2a Pipeline Schemes (1-4-1)	8.653	0.351	4%	4.767	-3.886	-45%	New Pipelines are currently being identified and are under review	23.600	39.980	63.580	0.397	72.630	72.630
HRA	New Supply - Budget Provision	1.197	0.000	0%	0.000	-1.197	-100%	New Pipelines are currently being identified and are under review	4.000	19.092	23.092	2.416	26.705	26.705
HRA	Buybacks 1-4-1 Receipts	0.000	-0.000	0%	0.000	0.000	0%		0.000	0.000	0.000	0.061	0.061	0.061
HRA	New Supply - On site	12.985	0.552	4%	6.717	-6.268	-48%	Watts Grove has now completed, awaiting final defects costs to come through, remaining budget to transfer to New Supply Budget Provision (HRA-011)	10.000	13.500	23.500	30.284	66.769	66.769
HRA	New Supply - Pre construction (Phase 1)	3.716	0.115	3%	2.713	-1.003	-27%	Works are progressing with 3 schemes now on site in September. Budget profiles are under review.	11.173	43.400	54.573	3.564	61.853	61.853

Directorate	Programme	Current Year							Future Years			All Years (inc Future and Past)		
		Latest Budget 2018/19 (£m)	Spend to Q2 (month 5) 2018/19 (£m)	Spend to date as % of annual budget	Projected Spend to 31/3/2019 (£m)	Projected Variance for 2018/19 (£m)	Projected Variance for 2018/19 (%)	Explanations for Projected Variance and for % Spend to Date	2019/20 Budget (£m)	2020/21 and Future Years' Budgets (£m)	Total Future Years Budget (£m)	Spend in previous years for current projects (£m)	Total Budget - All Years (£m)	Total Projection All Years (£m)
HRA	HRA - Mayoral Priority Growth 2017-18 to 2019-20	0.000	0.000	0%	0.000	0.000	0%		0.000	0.000	0.000	0.000	0.000	0.000
HRA	Community Benefit Society - 1-4-1 receipts	4.500	0.000	0%	2.300	-2.200	-49%	Process of establishing a company is underway. On track for first purchase in Q3	0.000	0.000	0.000	0.000	4.500	4.500
HRA	Mayor's Priority - Housing	0.686	0.010	1%	0.686	-0.000	0%		1.300	1.300	2.600	0.014	3.300	3.300
HRA	Phase 2b Mixed Tenure Schemes (1-4-1)	1.650	0.169	10%	1.392	-0.258	-16%		17.200	44.750	61.950	0.011	63.611	63.611
HRA Total		75.246	4.426	6%	50.420	-24.826	-33%		96.530	227.542	324.072	156.775	556.093	556.093
Place	Contaminated Land Works	0.063	0.010	16%	0.000	-0.063	-100%		0.106	0.106	0.212	0.058	0.333	0.333
Place	ICT Solution - Handheld Devices	0.373	0.109	29%	0.373	0.000	0%		0.000	0.000	0.000	0.171	0.544	0.544
Place	TfL Schemes	3.485	0.367	11%	3.417	-0.068	-2%	Minor adjustments to the funding streams from TfL have occurred since start of the financial year due to changes in the scope of works of certain projects	2.868	1.015	3.883	7.630	14.998	14.998
Place	Public Realm Improvements	5.901	-0.011	0%	4.456	-1.445	-24%	Principally brought about by the limitations imposed upon the existing Street Lighting Contract. It is capped at £1m p.a. Contract negotiations are on-going with a view to the issue of an invitation to tender to cover the whole contract commitment associated with the renewal of the programme of Streetlighting in the Borough.	4.283	7.700	11.983	3.662	21.547	21.547
Place	Transport S106 Funded Schemes	2.902	0.081	3%	2.728	-0.175	-6%	Minor adjustments to the programme have occurred since start of the financial year due to changes in the scope of works of certain projects and that some of the funds have been passported onto TfL	0.233	0.623	0.856	1.355	5.114	5.114
Place	OPTEMS	0.219	-0.000	0%	0.161	-0.058	-27%	£57.5k funding withdrawn.	0.000	0.000	0.000	0.530	0.749	0.749
Place	PLACE - Mayoral Priority Growth 2017-18 to 2019-20	0.100	0.000	0%	0.100	0.000	0%	Mayoral grants - applications received being assessed, will all be allocated.	0.000	0.000	0.000	0.000	0.100	0.100
Place	Private Sector Improvement Grants	0.043	0.012	28%	0.043	-0.000	-1%		0.100	0.800	0.900	0.009	0.953	0.953
Place	Disabled Facilities Grants	1.687	0.557	33%	1.400	-0.287	-17%	Distribution of grant is demand and need led, unused resources will be carried forward into future years	1.500	3.000	4.500	0.110	6.296	6.296
Place	Section 106 Passport Funding	4.538	0.000	0%	4.488	-0.050	-1%		0.125	0.000	0.125	0.372	5.035	5.035
Place	S106 Schemes	2.011	0.258	13%	1.334	-0.677	-34%	Budget provision for schemes to be approved in year	0.610	0.000	0.610	0.942	3.562	3.562
Place	Conversion of council buildings to temporary accommodation	4.288	0.221	5%	1.931	-2.357	-55%	Buildings have been identified and works are under way	0.172	0.000	0.172	0.090	4.550	4.550
Place	Community Hubs/Buildings	1.120	0.178	16%	1.433	0.313	28%	More extensive works required in year - funds brought forward from 19/20	0.950	0.000	0.950	1.090	3.160	3.160
Place	Registered Provider Grant Scheme (from 1-4-1)	5.221	0.280	5%	5.221	0.000	0%		2.269	1.674	3.943	2.902	12.066	12.066
Place	Purchase of Properties for use as temporary accommodation	11.505	19.912	173%	30.000	18.495	161%	Programme of purchasing properties for TA is progressing and funds from future years budgets will be brought forward.	24.970	58.300	83.270	13.854	108.629	108.629
Place	Thriving High Streets Pilot Programme	0.851	0.101	12%	0.851	-0.000	0%		0.000	0.000	0.000	0.149	1.000	1.000
Place	Establish a Wholly Owned Company	6.000	0.000	0%	1.000	-5.000	-83%	Process of establishing company has started, anticipate first acquisitions Q3/4	0.000	0.000	0.000	0.000	6.000	6.000
Place	Establish a Community Benefit Society	2.500	0.000	0%	0.000	-2.500	-100%	Slippage into 19-20	0.000	0.000	0.000	0.000	2.500	2.500
Place	CCTV	0.067	0.000	0%	0.067	-0.000	-1%		0.000	0.000	0.000	0.000	0.067	0.067
Place	BSF ICT Infrastructure	0.978	0.000	0%	0.000	-0.978	-100%	The BSF programme is finished and final accounts are being concluded. Once this is resolved a proposal will be brought forward to utilise any remaining resources. It is anticipated this will happen in 18-19	0.000	0.000	0.000	2.900	3.878	3.878
Place	Mayor's Priority - Public Realm Improvements	1.455	0.013	1%	1.455	-0.000	0%		1.000	3.000	4.000	0.545	6.000	6.000
Place	Investment works to LBTH Assets	0.561	0.419	75%	0.593	0.032	6%		0.000	0.000	0.000	0.768	1.329	1.329
Place	WorkPath / Young WorkPath	0.193	0.052	27%	0.193	0.000	0%		0.000	0.000	0.000	0.007	0.200	0.200
Place	Asset Maximisation	0.500	0.000	0%	0.470	-0.030	-6%		0.000	0.000	0.000	0.000	0.500	0.500
Place	Montefiore Centre Refurbishment Programme	1.000	0.002	0%	1.000	0.000	0%		0.000	0.000	0.000	0.000	1.000	1.000
Place	St Georges Town Hall Refurbishment Programme	0.750	0.001	0%	0.750	0.000	0%		0.000	0.000	0.000	0.000	0.750	0.750
Place	Section 55 Programme - Transport and Improvements	0.440	0.000	0%	0.440	0.000	0%		0.000	0.000	0.000	0.000	0.440	0.440
Place Total		58.753	22.562	38%	63.905	5.151	9%		39.185	76.218	115.404	37.142	211.299	211.299
Resources	Idea Store	0.280	0.000	0%	0.280	0.000	0%		0.000	0.000	0.000	0.201	0.482	0.482
Resources	RESOURCES - Mayoral Priority Growth 2017-18 to 2019-20	0.500	0.000	0%	0.000	-0.500	-100%		0.500	0.500	1.000	0.000	1.500	1.500
Resources	Local Presence Project	1.213	0.005	0%	0.500	-0.713	-59%		0.387	0.000	0.387	0.000	1.600	1.600
Resources Total		1.993	0.005	0%	0.780	-1.213	-61%		0.887	0.500	1.387	0.201	3.582	3.582
Grand Total		165.007	31.049	19%	143.716	-21.291	-13%		219.472	373.865	593.337	265.793	1,024.137	1,024.137

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<p>Cabinet</p> <p>31 October 2018</p>	 <p>TOWER HAMLETS</p>
<p>Report of: Zena Cooke Corporate Director, Resources</p>	<p>Classification: Unrestricted</p>
<p>Local Council Tax Reduction Scheme 2019/2020</p>	

Lead Member	Councillor Candida Ronald, Cabinet Member for Resources & the Voluntary Sector
Originating Officer(s)	Lee Fearon and Steve Hill – Benefits Services
Wards affected	All
Key Decision?	No
Strategic Plan Priority / Outcome	We continuously seek innovation and strive for excellence to embed a culture of sustainable improvement

Executive Summary

The Council needs to consider whether to make changes to its Local Council Tax Reduction Scheme for 2019/2020.

This report seeks the views from the Mayor in Cabinet following public consultation to decide whether any proposed changes should be considered to the Council’s existing Local Council Tax Reduction scheme for 2019/20.

Recommendations:

The Mayor in Cabinet is recommended to:

1. Note the feedback from responses received to the full public consultation.
2. Agree the following changes to the current LCTRS scheme:
 - a. To apply a maximum weekly deduction of £4 for disabled non dependants from April 2019.
 - b. To retain the principle of applying the minimum income floor for self-employed residents including the use of minimum wage levels for self-employed residents aged under 25.
 - c. To provide an enhanced support package for self-employed residents and the application of S13A discounts to avoid hardship.
 - d. To increase the current four week backdating provision to 52 weeks from April 2019.
 - e. Change child allowances in the assessment of Local Council Tax Reduction to reflect those used in the assessment of Child Tax

Credit, Universal Credit and Housing Benefit.

3. Note that a report will be presented to Full Council for approval of the LCTRS scheme in January 2020.

1. REASONS FOR THE DECISIONS

1.1 Background

- 1.2 Each year the Council needs to consider whether to make changes to its local Council Tax Reduction scheme (LCTRS).
- 1.3 The national scheme, Council Tax Benefit, was abolished with effect from 1st April 2013. A national scheme for pensioners identical to Council Tax Benefit has remained in place since 2013 and Local Authorities assumed responsibility for the design and administration of a local replacement scheme for working age residents.
- 1.4 Under Council Tax Benefit all awards were fully funded by central Government via an annual subsidy grant predicated on the total amount of benefit awarded. However, subsidy for LCTRS awards has been frozen at the amount awarded for 2012/13 less 10% since April 2013, representing a national reduction of funding to Local Authorities of £500m.
- 1.5 The Council continued to operate a LCTRS for working age residents which was broadly based on Council Tax Benefit from April 2013 to March 2017. Although this protected residents, the reduction in Government Subsidy meant there was a cost to the Council estimated at between £2m and £4m per annum.
- 1.6 Due to increasing financial pressures and the need to respond to the introduction of Universal Credit, the Council decided to change its LCTRS with effect from 1st April 2017.
- 1.7 In changing the scheme in 2017, the Council ensured that residents on the lowest incomes continue to receive 100% rebate of their Council Tax liability. Tower Hamlets remains one of only a handful of London councils who have retained this provision within their LCTRS since April 2013 and in doing so the Council has and continues to offer one of the most generous schemes in London.

2. ALTERNATIVE OPTIONS

- 2.1 The Council can consider making any changes to its LCTRS annually. Changes cannot be made in year.
- 2.2 Changes can only be made in relation to working age households as pensioners are protected. Any changes must be subject to a meaningful full public consultation as required by the Local Government Finance Act 1992

which stipulates that changes can only be enacted from the start of the subsequent financial year.

- 2.3 The council can decide not to make any changes to the current scheme.

DETAILS OF REPORT

3.1 Local Council Tax Reduction (LCTRS) in the poverty context

- 3.2 In recognition of the levels of poverty within the Borough and the detrimental effect of the national welfare reform programme on low income residents, the Council has essentially maintained an LCTRS broadly similar to the previous national Council Tax Benefit scheme from 2013. However, this has meant that the cost of doing so (between £2m and £4m per annum) has had to be funded by the Council.
- 3.3 Therefore the ongoing challenge to the Council is to ensure the scheme is both cost effective and remains fair to both residents who rely on it and Council Tax payers.
- 3.4 To provide context as to the level of the challenge, the borough's latest poverty profile illustrates that according to HMRC's children in low income families local measure, around 18,875 children in Tower Hamlets were living below the national poverty line in 2015; this represents 31% of the children in the Borough, the highest rate in Great Britain. However, HMRC poverty rates take no account of the housing costs families pay, so understate poverty levels. Indeed 35,900 children in Tower Hamlets live in families that rely on Housing Benefit to pay their rent; this represents 58% of children, the highest rate in Great Britain (2016).
- 3.5 In view of this the Council has previously decided to retain a scheme based on 100% Council Tax liability
- 3.6 Consequently 69% of households entitled to LCTRS receive a 100% reduction, so they pay no council tax. This equates to 19,030 households against a total LCTRS caseload of 27,697.

3.7 Our current Local Council Tax Reduction Scheme

- 3.8 The Council's current LCTRS has been operating since April 2017 and is based primarily on the assessment criteria used for Council Tax Benefit. Consequently:
- Maximum entitlement is based on 100% of Council Tax liability
 - Entitlement is based on the claimant's and partner's joint income and capital
 - Income is compared to set allowances identical to those used in the assessment of Housing Benefit

- If total income is at or below the set allowances, maximum CTR is awarded less any non-dependant deductions
- If total income is above the set allowances, 20% of the excess is subtracted from Council Tax liability and the remainder is awarded as CTR less any non-dependant deductions. Consequently the amount of Council Tax the resident is required to pay is the lower of either 20% of their income above the applicable allowances or the full Council Tax liability
- Deductions from CTR are made in respect of non-dependants (adults other than the claimant and partner who live in the household)

3.9 Cabinet considered a report on possible LCTRS scheme changes in July and agreed that a full public consultation on the possible changes to the scheme be undertaken. The questions asked and responses received are detailed below:

3.10 Disabled Non Dependand deductions

3.11 Non dependant deductions are applied based on non dependants income. An unintended consequence of the scheme has been that some disabled non dependants attract a non dependant deduction higher than £4 per week, which is the lowest non dependant deduction. A change is therefore under consideration to apply a maximum £4 deduction to disabled non dependants, regardless of their income.

3.12 The consultation asked do you agree that the council should limit the maximum deduction to £4 for disabled non dependants.

3.13 89 responses were received

Should the council limit disabled non dependant deductions to £4 per week?	Percentage
Agree	55%
Disagree	26%
Don't know	19%

3.14 Self-employed claimants under 25 years

3.15 A minimum income floor (MIF) equivalent to 35 hours at National Living Wage is applied to claimants who have been self-employed for 12 months or more and have declared earnings below the MIF level. A benefit of using the MIF for self-employed people allows the Council to support and encourage residents to increase their earnings and reduce the risk of a significant loss of benefits entitlement when they migrate to Universal Credit.

3.16 The MIF was applied from 1 April 2017 for claimants who had completed 12 months self-employment at this date and from the date on which 12 months self-employment is completed for claimants who had worked less than 1 year at 1st April 2017.

3.17 The consultation asked do you agree the minimum level of income for under 25's who are self-employed should be adjusted to reflect minimum age rules.

3.18 89 responses were received

Should the minimum level of income for self-employed under 25's be adjusted to reflect minimum age rules?	Percentage
Agree	69%
Disagree	21%
Don't know	10%

3.19 Self-employed claimants – enhanced support package

3.20 Tower Hamlets Benefits Service is currently working with the Enterprise Team established within Workpath to set up an enhanced referral process for self-employed residents affected by the MIF. Those residents referred will be able to access specialist employment support and advice provided by one of the Enterprise Teams partner organisations.

3.21 The Enterprise team will initially contact resident to establish their requirements to enable them to tailor the support provided to the resident's individual needs.

3.22 A S13A discount is likely to be initially applied to help avoid hardship whilst the referral process is undertaken and will be reviewed periodically as progress is assessed.

3.23 The consultation asked do you agree that support for self-employed claimants should be enhanced to increase their earnings and income.

3.24 89 responses were received

Should the support for self-employed claimants be enhanced to increase earnings and income?	Percentage
Agree	54%
Disagree	34%
Don't know	12%

3.25 Backdating – increase in provision

3.26 An award of CTR will usually start from the week following receipt of an application and there is currently provision to backdate an award for one month if there are valid reasons for the delay in applying. However, the introduction of Universal Credit appears to have caused some confusion and we are experiencing increasing incidents of residents who delay claiming CTR for longer than 1 month, consequently residents are having to pay more council tax than they can reasonably be expected to afford.

- 3.27 Increasing backdating provision from one month to 52 weeks should help to avoid this.
- 3.28 The consultation asked do you agree that entitlement to claim should be increased to up to 52 weeks.
- 3.29 89 responses were received

Should the council increase its backdating provision up to 52 weeks?	Percentage
Agree	70%
Disagree	26%
Don't know	4%

3.30 Child allowances used in the assessment of Council Tax Reduction

- 3.31 Currently the Local Council Tax Reduction scheme assessment process is not aligned with Child Tax Credit, Universal Credit and Housing Benefit in respect of child allowances. Consequently to bring the LCTR scheme into line a change is proposed whereby the same child allowances are used in the assessment of Council Tax Reduction.
- 3.32 The consultation asked do you agree that the council should change child allowances in the assessment of Local Council Tax Reduction to reflect those used in the assessment of Child Tax Credit, Universal Credit and Housing Benefit.
- 3.33 89 responses were received

Should the council use the same child allowances in LCTRS as that used in Child Tax Credit, Universal Credit and Housing Benefit?	Percentage
Agree	65%
Disagree	20%
Don't know	15%

3.34 Summary of consultation feedback

- 3.35 The consultation commenced on Wednesday 5th September and ran until Wednesday 24th October.
- 3.36 All households in the borough were contacted either via email where email addresses were held or by post to encourage wide participation in the consultation.
- 3.37 The council's communication team advertised the consultation on the council's website, through tweets and Facebook posts and included it in the members' bulletins to encourage participation.

3.38 As the precepting authority the GLA have been consulted as have local Advice Agencies.

3.39 An analysis of the consultation responses shows that the majority of responders support the proposed changes and this is reflected in the recommendations in the report.

4. EQUALITIES IMPLICATIONS

4.1 Any changes to the Local Council Tax Reduction Scheme will require a full equality impact assessment and a full EQIA will be conducted if the Council decides to change its scheme.

4.2 There are client groups within the LCTRS who are fully protected e.g. pensioners.

4.3 A decision not to change the LCTRS would mean in effect that nobody has any more to pay, all classes of people would therefore be protected through the continuation of the means tested local scheme.

4.4 As part of any EQIA we will ensure that no individual or group will be adversely affected by any proposed 2019/2020 scheme changes.

5. OTHER STATUTORY IMPLICATIONS

5.1 Statutory implications are covered within the main body of the report.

5.2 The report acknowledges the financial pressures on the Council and proposes that the Council undertakes an options review for its 2019/2020 Local Council Tax Reduction scheme.

6. COMMENTS OF THE CHIEF FINANCE OFFICER

6.1 This paper seeks the Mayor in Cabinet's view on proposed changes to LCTRS for 2019-20 following the public consultation. The current scheme cost for 2018-19 is £25m. When the resources to meet the cost of council tax reductions schemes was transferred to councils a 10% topslice was applied which is estimated to have increased the net cost by between £2m and £4m.

6.2 The proposed recommendations in this report, if accepted by the Cabinet need to be financially modelled and evaluated on the latest available data to confirm the impact on the Councils MTFS and this analysis will be included in the overall MTFS report to Cabinet as well as being presented to Full Council for consideration and approval.

7. COMMENTS OF LEGAL SERVICES

- 7.1 The Council has a Local Council Tax Reduction Scheme (LCTRS) in accordance with powers contained in section 13A of and Schedule 1A of the Local Government Finance Act 1992.
- 7.2 The above legislation provides the Council with additional discretionary powers to enable it to reduce the council tax liability where statutory discounts, exemptions and reductions do not apply. These discretionary awards can be given to:
- i. Individual council taxpayers;
 - ii. Groups defined by a common circumstance;
 - iii. Council taxpayers within a defined area; or
 - iv. To all Council taxpayers within the Council's area
- 7.3 For each financial year, the Council must consider whether to revise its scheme or to replace it with another scheme. Any revision to its scheme, or any replacement scheme, must be made no later than 31 January in the financial year preceding that for which the revision or replacement scheme is to have effect.
- 7.4 Before revising or replacing its scheme, the Council must (in the following order):
- a. consult any major precepting authority which has power to issue a precept to it;
 - b. publish a draft scheme in such manner as it thinks fit; and
 - c. consult such other persons as it considers are likely to have an interest in the operation of the scheme.
- 7.5 The report confirms that a consultation process commenced on the 5th September 2018 and expired on the 24th October 2018 and that the representations made as a result of that process will inform the ultimate decision.
- 7.6 The Council shall publish a draft scheme following the Cabinet decision.
- 7.7 When deciding whether or not to proceed with the proposals, 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 don't (the public sector equality duty). A proportionate level of equality analysis must be undertaken prior to the ultimate decision being taken in order to enable the Council to adequately discharge its equality duty.
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Linked Reports, Appendices and Background Documents

Linked Report

- Cabinet report – Local Council Tax Reduction Scheme 25th July 2018
<http://democracy.towerhamlets.gov.uk/documents/g8858/Public%20reports%20pack%2025th-Jul-2018%2017.30%20Cabinet.pdf?T=10>

Appendices

Final LCTRS consultation responses

(to be provided upon closure of the consultation)


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

- NONE

Officer contact details for documents:

Steve Hill - Head of Benefits Services steve.hill@towerhamlets.gov.uk

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<p>Cabinet</p> <p>31 October 2018</p>	
<p>Report of: Ann Sutcliffe, Acting Corporate Director, Place</p>	<p>Classification: Unrestricted</p>
<p>Neighbourhood Planning: Determination of Poplar Regen Alliance Forum Application</p>	

Lead Member	Councillor Rachel Blake, Deputy Mayor for Regeneration and Air Quality
Originating Officer(s)	Steven Heywood, Planning Officer
Wards affected	Poplar
Key Decision?	No
Forward Plan Notice Published	N/A
Reason for Key Decision	N/A
Community Plan Theme	A Great Place to Live

Executive Summary

Neighbourhood planning was introduced by the Localism Act 2011 and allows communities to help shape their local area by preparing Neighbourhood Development Plans (NDP), or Neighbourhood Development Orders (NDOs). In parished areas neighbourhood planning processes are led by parish or town councils; in other areas Neighbourhood Forums must apply to the LPA to be designated as the qualifying body. As LPA, the Council is required to determine applications for Neighbourhood Area designation in accordance with the Town and County Planning Act 1990 (as amended) (TCPA 1990) and the Neighbourhood Planning (General) Regulations 2012.

Following the designation of the Poplar Neighbourhood Area on 30 January 2018, the Council has received an application by the community group Poplar Regen Alliance to be designated as the Neighbourhood Forum for the Poplar Neighbourhood Area. This report assesses the application against the relevant legislation and guidance. The recommendation is to **approve** the application.

Recommendations:

The Mayor in Cabinet is recommended to:

1. Note the outcome of the consultation as set out in Appendix 4
2. Approve the application for the designation of Poplar Regen Alliance as the Neighbourhood Forum for the Poplar Neighbourhood Area
3. Note the specific equalities considerations as set out in Paragraphs 4.1 to 4.3

1. REASONS FOR THE DECISIONS

- 1.1 Following the designation of the Poplar Neighbourhood Area on 30 January 2018, the Council has received an application to designate a Neighbourhood Forum for the Poplar Neighbourhood Area.
- 1.2 The Council is required to determine applications for the designation of Neighbourhood Forums in accordance with the Town and County Planning Act 1990 (as amended) ("TCPA 1990") and the Neighbourhood Planning (General) Regulations 2012 ("the 2012 Regulations")
- 1.3 The Government's Planning Practice Guidance ("PPG") on Neighbourhood Planning (Ref ID: 41) also provides guidance on the determination of such applications, which states that the role of the Local Planning Authority (LPA) is to take decisions at key stages in the neighbourhood planning process.
- 1.4 The Poplar Regen Alliance application has been assessed by Officers against relevant provisions of the TCPA 1990, the 2012 Regulations and the PPG. Officers are satisfied that the Poplar Regen Alliance application meets with the requirements for designation. The application is therefore recommended for approval and a decision should be taken in accordance with the LPA's statutory duties.

2. ALTERNATIVE OPTIONS

- 2.1 An LPA may designate or refuse a Neighbourhood Forum application. Where the LPA is satisfied that a prospective Forum meets the requirements of section 61F of the TCPA 1990, the Forum must be approved. Where the LPA is not satisfied that a prospective Forum meets the said requirements, the LPA may refuse the application and give reasons for the refusal to the prospective Neighbourhood Forum.
- 2.2 Officers consider that the Poplar Regen Alliance application meets the relevant legislative provisions and therefore recommends the designation of the Neighbourhood Forum in accordance with relevant legislation. As the application accords with the statutory criteria, there is no alternative option.

3. DETAILS OF THE REPORT

- 3.1 This report provides an overview of the assessment of the Poplar Regen Alliance Neighbourhood Forum application. It is important to note that the designation of a Neighbourhood Forum can only be made for a designated Neighbourhood Area. The decision to designate the Poplar Neighbourhood Area was made by the Mayor in Cabinet on 30 January 2018.

Introduction to Neighbourhood Planning: A Community Led Process

- 3.2 The Localism Act 2011 amended the TCPA 1990 to make provision for neighbourhood planning, which gives communities direct power to develop a shared vision for their neighbourhood and shape the development and growth of their local area.
- 3.3 The legislative provisions concerning neighbourhood planning within the TCPA 1990 are supplemented by the Neighbourhood Planning (General) Regulations 2012 (as amended by the Neighbourhood Planning (General) (Amendment) Regulations 2015) and the Neighbourhood Planning (Referendum) Regulations 2012.
- 3.4 PPG issued by the Secretary of State for Communities and Local Government provides detailed advice relating to the neighbourhood planning system, addressing the key stages of decision-making including the designation of Neighbourhood Areas.
- 3.5 Neighbourhood planning provides communities with the ability to prepare a Neighbourhood Development Plan (NDP) and/or Neighbourhood Development Orders (NDO), in Neighbourhood Areas designated by the LPA on application. Neighbourhood planning powers may only be exercised by bodies authorised by the legislation. In a Neighbourhood Area where there is a parish council, only a parish council may make proposals for a NDP or NDO. In Neighbourhood Areas without a parish council, only a body designated by the LPA as a Neighbourhood Forum may bring forward proposals. A Neighbourhood Forum designation expires 5 years after it is made. A Forum can apply for redesignation. If the LPA considers the Forum to no longer meet the required criteria, the LPA can withdraw designation.
- 3.6 NDPs set out policies in relation to the development and use of land in all or part of a defined Neighbourhood Area and may include site allocations, or development principles for allocated sites. They may also include character appraisals and seek to establish community facilities and/or identify areas for public realm improvements. NDOs allow for planning permission to be granted in the circumstances specified and exempt certain types of development, or development in certain areas, or on particular sites, from the usual requirement to apply to the LPA for a grant of planning permission.
- 3.7 Both NDPs and NDOs need to be in general conformity with the strategic policies of the Development Plan, the Council's 'Local Plan': currently the

Core Strategy (2010) and Managing Development Document (MDD) (2013) and the London Plan.

- 3.8 An NDP 'made' in accordance with the relevant legislative provisions forms part of the Council's statutory 'Development Plan' and, as such, will be accorded full weight when determining planning applications. NDPs will form a new spatial layer to the Council's planning policy and guidance.
- 3.9 NDP policies will be developed by a Neighbourhood Forum through consultation with stakeholders in their relevant Neighbourhood Area and through engagement with Council Officers. Proposed NDP policies must be supported by an up-to-date evidence base to ensure that they are reasonable, sound and justified. Before the NDP is 'made' it must be subject to pre-submission publicity and consultation, submitted to the LPA for a legal compliance check, publicised for consultation, submitted for independent examination, found by the independent examiner to meet the basic conditions specified in the legislation, and passed at a referendum.

Community Infrastructure Levy and Neighbourhood Planning

- 3.10 The Community Infrastructure Levy Regulations 2010, as amended by the Community Infrastructure Levy (Amendment) Regulations 2013 ("the CIL Regulations") were supplemented by the Government's online PPG on 6 March 2014.
- 3.11 The CIL Regulations, as explained by the PPG, make provision for how CIL receipts may be used in relation to neighbourhood planning in those areas which have Parish Councils and those which do not. Tower Hamlets currently does not have any Parish Councils and, as such, the Council retains the revenue generated by CIL.
- 3.12 The Community Infrastructure Levy PPG states (at paragraph 072) that:
- "... In England, communities that draw up a neighbourhood plan or neighbourhood development order (including a community right to build order), and secure the consent of local people in a referendum, will benefit from 25 per cent of the levy revenues arising from the development that takes place in their area. This amount will not be subject to an annual limit. ..."*
- 3.13 Therefore, where an NDP or NDO has been adopted, the Council must consult with the relevant local community as to how this 25 per cent proportion of CIL receipts will be spent. However, in Tower Hamlets, following the decision made in Cabinet in December 2016, the Council will be consulting all residents across the borough as to how this 25 per cent of CIL should be spent, irrespective of neighbourhood planning status.

Overview of Neighbourhood Planning at LBTH

- 3.14 The determination of applications to designate Neighbourhood Areas and Neighbourhood Forums are decisions exercised by the Mayor of Tower Hamlets.

- 3.15 Such applications are required by the Council to be submitted using the Council's neighbourhood planning application forms.
- 3.16 The Council has published guidance to assist prospective Neighbourhood Forums to understand what is involved in becoming a Forum and designating an area and the criteria the Council use to make decisions.
- 3.17 This guidance advises prospective Forums to liaise with officers prior to applications being submitted. This allows those proposing to make neighbourhood planning obligations to meet relevant legislative requirements.
- 3.18 The Council is required to publicise applications for the designation or Neighbourhood Areas and Forums for a period of six weeks. In addition to that legislative requirement, Officers are guided by best practice and also consult with the following:
- Government agencies
 - Associated Ward Councillors

Relevant Legislation and Guidance

- 3.19 The Council has a statutory duty to determine applications to designate Neighbourhood Forums in accordance with the relevant legislation: TCPA 1990 Section 61F and the Neighbourhood Planning (General) Regulations 2012.
- 3.20 Regulation 8 of the 2012 Regulations 2012 specifies the criteria that:
- "Where an organisation or body submits a neighbourhood forum application to the local planning authority it must include—*
- (a) the name of the proposed neighbourhood forum;*
 - (b) a copy of the written constitution of the proposed neighbourhood forum;*
 - (c) the name of the neighbourhood area to which the application relates and a map which identifies the area;*
 - (d) the contact details of at least one member of the proposed neighbourhood forum to be made public under regulations 9 and 10; and*
 - (e) a statement which explains how the proposed neighbourhood forum meets the conditions contained in section 61F(5) of the 1990 Act."*
- 3.21 Upon receipt of an application, it is validated in accordance with the above.

3.22 In accordance with Regulation 9 of the Neighbourhood Planning (General) Regulations 2012, the authority must publish the following on their website and in such a manner as to bring the application to the attention of people who live, work or carry on business in the area to which the application relates:

- "(a) a copy of the application;*
- (b) a statement that if a designation is made no other organisation or body may be designated for that neighbourhood area until that designation expires or is withdrawn;*
- (c) details of how to make representations; and*
- (d) the date by which those representations must be received, being not less than 6 weeks from the date on which the application is first publicised."*

3.23 Section 61F of the TCPA (1990) specifies that an LPA may designate a relevant body as a Neighbourhood Forum if the authority is satisfied that it meets conditions identified in 61F(5) relating to purpose, membership and a constitution. The conditions are as follows:

- a) It [the Forum] is established for the express purpose of promoting or improving the social, economic and environmental wellbeing of an area that consists of or includes the neighbourhood area concerned (whether or not it is also established for the express purposes of promoting the carrying on of trades, professions or other businesses in such an area).*
- b) It [the Forum] has a membership is open to:*
 - (i) Individuals who work in the neighbourhood area concerned*
 - (ii) Individuals who work there (whether for business carried out there or otherwise)*
 - (iii) Individuals who are elected members of a county council, district council or London borough council any of whose area falls within the neighbourhood area concerned.*
- c) It [the Forum] membership includes a minimum of 21 individuals each of whom –*
 - (i) Lives in the neighbourhood area concerned*
 - (ii) Works there (whether for business carried on there or otherwise), or*
 - (iii) Is an elected member of a county council, district council or London Borough Council any of whose area falls within the neighbourhood area concerned.*
- d) It [the Forum] has a written constitution*
- e) Such other conditions as may be prescribed.*

3.24 Section 61F(6) states a local planning authority may also designate an organisation or body as a Neighbourhood Forum if they are satisfied that the

organisation or body meets prescribed conditions. The Secretary of State has not prescribed any conditions in the 2012 Regulations.

3.25 Section 61F(7) of the Act also requires that a LPA

- "(a) must in determining under subsection (5) whether to designate an organisation or body as a neighbourhood forum for a neighbourhood area, having regard to the desirability of designating an organisation or body –*
- (i) which has secured (or taken reasonable steps to attempt to secure) that its membership includes at least one individual falling within each of the sub-paragraphs (i) to (iii) of subsection (5)(b).*
 - (ii) whose membership is drawn from different places in the neighbourhood area concerned and from different sections of the community in that area*
 - (iii) whose purpose reflects (in general terms) the character of that area*
- (b) may designate only one organisation or body as neighbourhood forum for each neighbourhood area*
- (c) may designate an organisation or body as a neighbourhood forum only if the organisation or body has made an application to be designated, and*
- (d) must give reasons to an organisation or body applying to be designated as a neighbourhood forum where the authority refuse the applications."*

3.26 The Forum application is assessed against the above legislative criteria and public consultation responses. The following section assesses the application against the above criteria.

3.27 Once designated, section 61F(8) states that the Forum designation expires after 5 years to the day of designation. In addition, section 61F(9) states that:

A local planning authority may withdraw an organisation or body's designation as a neighbourhood forum if they consider that the organisation or body is no longer meeting—

(a) the conditions by reference to which it was designated, or

(b) any other criteria to which the authority were required to have regard in making the designation;

and, where an organisation or body's designation is withdrawn, the authority must give reasons to the organisation or body.

3.28 This section provides the background to the Poplar Regen Alliance application and a summary of the assessment. This section of the report outlines how the Poplar Regen Alliance application was processed and assessed under the following headings: 1) making an application; 2) consulting on an application; and 3) determining an application.

Making an application.

3.29 An application to be designated as the Neighbourhood Forum for the Poplar Neighbourhood Area was received from the community group Poplar Regen Alliance on 3 July 2018. The application contained:

- The name of the proposed Neighbourhood Forum;
- A copy of the written constitution of the proposed Neighbourhood Forum
- The name of the Neighbourhood Area to which the application relates and a map which identifies the area
- The contact details of at least one member of the proposed Forum which could be made public
- A statement which explains how the proposed Neighbourhood Forum meets the conditions contained in 61F(5) of the 1990 Act.

3.30 The submitted application was validated on 6 July 2018 in accordance with regulation 8 of the 2012 Regulations.

Consulting on an application

3.31 In accordance with regulation 9 of 2012 Regulations, the six week public consultation period on the Poplar Regen Alliance Forum application is between 9 August 2018 and 20 September 2018. A consultation statement is attached as Appendix 4, containing details of the completed consultation.

3.32 In summary, 16 responses were received to the consultation, of which none objected to the proposed neighbourhood forum designation. 7 neutral responses were provided from statutory consultees, and 9 supportive responses. It is noted that a concern was raised in an otherwise supportive response from New City College, noting that the forum should make more effort to include the East End Community Foundation and Transport for London, due to their redevelopment plans in the area. No response was received from the East End Community Foundation., Transport for London responded in their statutory function (stating that they have no objection to the application)..

Determining an Application: Section 61F(5) considerations

3.33 In accordance with section 61F(5)(a), is the Forum established for the express purpose of promoting or improving promoting or improving the social, economic and environmental wellbeing?

3.34 The proposed Forum was established for the express purpose of promoting or improving the social, economic and environmental wellbeing of the Poplar

Neighbourhood Area. The proposed Forum application outlines that, amongst other aims and objectives, the Forum seeks to encourage greater affordable housing in the area, improve opportunities for training and apprenticeships, promote the use of heritage assets by the community, and invest in planting and gardening projects to improve environmental wellbeing.

- 3.35 In accordance with section 61F(5)(b), is Forum membership open to everyone who lives, works (for business carried out there or otherwise) or represents the Area as an elected member?
- 3.36 Forum membership is open to everyone who lives, works or represents the Area as an elected member. The Constitution of the Poplar Regen Alliance (dated 2 July 2018) states that Forum membership is open to everyone, and that at least 21 of the members must be residents of, working or carrying out business in, or representing the Poplar Neighbourhood Area as an elected member.
- 3.37 The Constitution also states that the Forum may terminate or suspend the membership of any member who behaves in a racist, sexist, or otherwise inflammatory manner, and that such an individual has a right to a hearing of the management committee before a final decision is made.
- 3.38 It is considered that the constitution is in conformity with 61F(5)(b).
- 3.39 In accordance with 61F(5)(c), does the Forum have a membership which includes a minimum of 21 people, each of whom lives, works or represents the Area as an elected member?
- 3.40 The Forum has a membership which includes a minimum of 21 people who live, work (whether for business carried out there or otherwise) or represent the Poplar Neighbourhood Area as an elected member. The application form provides the names of 32 members. Through a mapping exercise of the provided Forum members' postcodes and consideration of their interests and relevant backgrounds, it can be discerned that the list of members provided are drawn from across the Neighbourhood Area and represent those who live in, work in or represent the Area.
- 3.41 In accordance with 61F(5)(d), does the Forum have a written constitution?
- 3.42 The Forum submitted a written constitution entitled Poplar Regen Neighbourhood Planning Forum Constitution and dated 2 July 2018 with their application.
- 3.43 In accordance with 61F(5)(e), does the Forum meet other conditions as may be prescribed?
- 3.44 No other legislative or regulatory conditions have been prescribed and as such there are no matters for consideration as part of this application.
- 3.45 In terms of the Council's guidance, the Forum's application demonstrates how the Forum will embed the Council's aspirations within the Community Plan, Local Plan and Single Equality Framework into their activities. The Forum will

be running a series of workshops over the summer on the Community Plan themes; and have taken steps to include local religious groups from Poplar in their discussions. The application form also recognises the need for the Forum to conduct a policy review of the Managing Development Document and workshops on the Isle of Dogs and South Poplar Opportunity Area Planning Framework, in order to ensure that the implications of these documents are fully understood and policies are not needlessly duplicated.

3.46 In accordance with 61F(6) does the Forum meet other prescribed conditions?

3.47 The Secretary of State has not prescribed any conditions in the 2012 Regulations.

Determining an application: Section 61F(7) considerations

3.48 In accordance with 61F(7)(a)(i) does the Forum secure or take reasonable attempts to secure at least one individual who lives in the area, works in the area or is an elected member of the representing the area?

3.49 The proposed Forum secures membership of at least one individual who lives in the area, works in the area or is an elected member of the representing the area. Forum membership includes residents, local community and religious organisations representatives, local business representatives and an elected Tower Hamlets Councillor.

3.50 The Forum has taken reasonable steps to secure these members, including meetings with a number of organisations and with residents on estates in the area. This included meeting representatives from Docklands Light Railway, Woolmore Primary School, Our Lady and Saint Joseph's School; Hale Street Mosque; and All Saints Health Centre. Estate-based meetings with residents have been held on the St Vincent, Birchfield, Will Crooks, Cottage Street, Holmesdale House, and Robin Hood Gardens estates.

3.51 In accordance with 61F(7)(a)(ii), does the Forum's membership draw from different places in the area and different sections of the community?

3.52 The proposed Forum secures membership from different places in the area. Through the use of a mapping exercise and with reference to Forum members' postcodes, and consideration of the interest and relevant background of the persons identified as members in the application form, it can be discerned that the Forum's membership is drawn from different places in the area and different sections of the community. A concern was raised by New City College that the Forum had not done enough to engage with Transport for London and the East End Community Foundation. It is considered that the Forum has undertaken sufficient outreach, but the Forum will also be encouraged to continue community engagement and consultation after designation, and to take on board the concerns raised.

3.53 The majority of members are residents; however members include business owners, religious leaders, representatives from the local college, and the ward councillor.

- 3.54 In accordance with 61F(7)(a)(iii), does the Forum's purpose reflect the character of the Area?
- 3.55 The purpose of the proposed Forum (as stated in the application) and the objectives of its Constitution state that the Forum seeks to promote and improve the social and economic and environmental wellbeing of the Neighbourhood Area. Specifically it includes encouraging social and affordable housing in the area, providing training and apprenticeship opportunities for local people, and protecting and enhancing the area's heritage. This purpose reflects the character of the Poplar Neighbourhood Area, where over 50% of housing is social rented (significantly higher than in Tower Hamlets as a whole, London, or the whole of England), and which has a relatively high level of deprivation. The area also contains a number of statutorily and locally listed heritage buildings, including two listed churches.
- 3.56 In accordance with 61F(7)(b) will designation result in only one organisation or body as Neighbourhood Forum for each Neighbourhood Area?
- 3.57 The designation will result in the creation of one Forum for one area. There is no other Forum currently designated for the Poplar Neighbourhood Area.
- 3.58 In accordance with 61F(7)(c) will designation of an organisation or body as a Neighbourhood Forum only occur where an organisation or body has made an application to be designated?
- 3.59 The proposed Forum made an application for designation on 3 July 2018, and the application was subsequently validated.
- 3.60 In accordance with 61F(7)(d) will reasons be given to an organisation or body applying to be designated as a Neighbourhood Forum where the authority refuse the applications?
- 3.61 This section is not relevant to this application as the Forum is recommended for approval.

Conclusions

- 3.62 The Poplar Regen Alliance has demonstrated that its application meets the relevant requirements to be designated as the neighbourhood Forum for the Poplar Neighbourhood Area, as designated by the Mayor in Cabinet on 30 January 2018.
- 3.63 As such, Officers are satisfied that the proposed Forum meets the conditions and provisions within section 61F of the TCPA 1990, the 2012 Regulations 2012 and the Tower Hamlets Neighbourhood Planning Guidance Note.

Officer Recommendation

- 3.64 Designate the Poplar Regen Alliance as the Neighbourhood Forum for the Poplar Neighbourhood Area.

4. EQUALITIES IMPLICATIONS

- 4.1 The implications of determining applications to become Neighbourhood Forums on the protected characteristics outlined in the Equalities Act 2010 have been considered using the Council's Equality Analysis Quality Assurance Checklist and it has been considered that no further action needs to be taken at this stage.
- 4.2 Due regard for the nine protected groups will be embedded in the preparation and production of any resultant Neighbourhood Development Plan (NDP) or Neighbourhood Development Order (NDO).
- 4.3 Furthermore, NDPs and NDOs are required to be in general conformity with the Council's Local Plan and as such will give due consideration to equalities considerations and the Community Plan.

5. OTHER STATUTORY IMPLICATIONS

- 5.1 This section of the report is used to highlight further specific statutory implications that are either not covered in the main body of the report or are required to be highlighted to ensure decision makers give them proper consideration. Examples of other implications may be:
- Best Value Implications,
 - Consultations,
 - Environmental (including air quality),
 - Risk Management,
 - Crime Reduction,
 - Safeguarding.

Best Value Implications

- 5.2 Under Section 3 Local Government Act 1999 the Council 'must 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'.
- 5.3 During the determination of this application the Council has worked with the prospective Forum where appropriate, having regard to economy, efficiency and effectiveness, and in conformity with statutory requirements as detailed in the TCPA (1990).
- 5.4 At the stage when Forums are developing Neighbourhood Development Plans (NDPs) and Neighbourhood Development Orders (NDOs), the plans and orders will add an additional layer of detail to the Council's Development Plan and look to steer the future development of land in the relevant area. This will better allow the existing and future community to contribute to economic,

environmental and social improvements in their area and benefit from the resultant development.

Environmental Implications

- 5.5 Determining Neighbourhood Forums applications does not have any discernible impacts on the environment.
- 5.6 At the stage where established Neighbourhood Forums are developing NDPs or NDOs for designated Neighbourhood Areas consideration will be given to environmental implications. Under Article 3(3) and 3(4) of the Strategic Environmental Assessment (SEA) Directive 2001/42/EC an SEA may be required of plans and programmes which “determine the use of small areas at a local level. In accordance with Regulation 9(1) of the Environmental Assessment of Plans and Programmes Regulations 2004 (“the ‘Regulations’”), the responsible authority will determine whether a Strategic Environmental Assessment (SEA) is necessary. The Council will act as necessary to provide advice to designated Forums in respect of the requirements to carry out an SEA.

Crime and Disorder Reduction Implications

- 5.7 Determining Neighbourhood Forums applications does not have any discernible impacts on crime and disorder.
- 5.8 At the stage where established Neighbourhood Forums are developing NDPs or NDO’s for the designated Neighbourhood Areas consideration may be given to crime and disorder where the Forum wish to pursue the implications of crime and disorder on the built environment.

6. COMMENTS OF THE CHIEF FINANCE OFFICER

- 6.1 Following approval by the Mayor in Cabinet on 30th January 2018, of the application to designate an area of Poplar as a Neighbourhood Planning Area in accordance with the statutory requirements of the Localism Act 2011, this report seeks consideration of an application to establish a Neighbourhood Planning Forum within the area.
- 6.2 The Council has a duty to provide support and advice to Area Forums which will incur additional administration costs, and these must be contained within existing budgets. Funding has historically been made available by the MHCLG to assist with these costs, subject to an annual maximum sum dependent upon the number of determinations within the particular financial year. Since 1st April 2016 however, the funding arrangements have been changed so that they are no longer year specific. A local planning authority is able to claim £5,000 for each of the first five area designations that it makes, with a further £5,000 for each of the first five forum designations. The Council has already approved five forum designations and as a consequence it will

therefore not receive any funding towards the costs associated with the Poplar Neighbourhood Planning Forum.

- 6.3 An element of any Community Infrastructure Levy (CIL) that is generated within a Neighbourhood Planning Area can be allocated specifically to support development within that same area, depending on the status of the Neighbourhood Planning Forum. The appropriate conditions are set out in paragraphs 3.10 to 3.13 of this report. The level of these resources could be substantial and will need to be taken into consideration when determining the allocation of other funding streams across the borough in conjunction with the Council's capital strategy.
- 6.4 In certain circumstances Neighbourhood Development Orders would exempt certain types of development, or development on a particular site, from requiring planning permission (paragraph 3.6). If this is the case, the Authority will not receive a planning fee, although it will also not incur the costs of processing and determining the application. It is anticipated that the exemption will only relate to a limited number of smaller developments, so any reduction in planning fee income should be relatively minor, however the impact must be closely monitored once the new system is in place.

7. COMMENTS OF LEGAL SERVICES (SA/18/10)

- 1.1. The legal framework is adequately set out in the body of the report. The Council is required to conscientiously take into account the results of the consultation. The appendix to the report provides a comprehensive analysis of the outcome of consultation.
- 1.2. Pursuant to section 9D of the Local Government Act 2000 all functions of an authority are executive functions unless they are specified as not in either the 2000 Act or the Local Authorities (Functions and Responsibilities) (England) Regulations 2000 (as amended). Whilst some Planning functions cannot be the responsibility of the Executive, the decision whether a neighbourhood plan meets the statutory requirements and should proceed to referendum is not a specified function. This is therefore a decision for the Executive. The next consideration is whether this is a key decision.
- 1.3. Part A2 - Articles of the Constitution defines a key decision as an executive decision which is likely(a)to result in the relevant local authority incurring expenditure which is, or the making of savings which are, significant having regard to the relevant 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 or electoral divisions in the area of the relevant local authority.
- 1.4. Paragraph 6.3 of the Chief Finance Officer's report flags the potential financial consequences and states that they "could be significant" in terms of the allocation of CIL. If this is likely to represent significant expenditure having regard to the budget for the planning service or function then it will be a key

decision, otherwise it will not. Since the decision only affects one ward the 2nd limb of the 'key decision' test is not met. Accordingly the decision stands or falls as a Key decision based on the first limb.

Linked Reports, Appendices and Background Documents

Linked Report

- [Neighbourhood Planning: Determination of Poplar Neighbourhood Area Report](#)

Appendices

- Appendix 1: Poplar Regen Alliance Neighbourhood Forum Application Form and Constitution
- Appendix 2: Poplar Neighbourhood Area Map
- Appendix 3: Equality Analysis Quality Assurance Checklist
- Appendix 4: Consultation Summary Report

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

- NONE

Officer contact details for documents:

Steven Heywood

steven.heywood@towerhamlets.gov.uk

020 7364 4474

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Neighbourhood Planning Forum Application Form



This form should be completed electronically.

Important Information:

This application form should be completed using the information provided in the Tower Hamlets [Neighbourhood Planning Guidance Note Stage 1](#).

In order to increase the speed and ease of decision making, and to make the process more manageable for prospective Forums, the Council strongly suggests that this application should be completed and submitted after a Neighbourhood Area application. Once the Neighbourhood Area has been formally designated, a Neighbourhood Forum application can be submitted.

The Council wants to ensure that your applications are approved in a smooth and timely manner. In order to support this process, we encourage interested groups to meet and begin discussions with the Plan Making Team, well in advance of submitting an application.

This meeting will provide advice and guidance on key considerations, which will help to ensure that the Area and Forum, as applied for can be designated without delays.

Email neighbourhoodplanning@towerhamlets.gov.uk or call 020 7364 5009 to set up the meeting.

Contact information

Forum name

Poplar Regen Alliance

Contact details of the Forum (complete as relevant)

Email address	splashcommunity@outlook.com
Website address	www.splashcommunity.com – in progress
Facebook page	Click here to enter text.
Twitter account	Click here to enter text.
Other	1 Wigram House Community Centre, Wades Place, E14 0DA

Public Information

Neighbourhood Planning Forum application information

Public information

This section needs to be completed to ensure the Council has the information needed to determine whether the Forum meets the **four conditions** stated in the Localism Act. The four conditions are numbered below.

1	The Forum is established to promote or improve the social, economic and environmental well-being of its neighbourhood.
1a. How will the Forum seek to promote or improve the Neighbourhood Planning Area in terms of its social, economic and environmental well-being?	
Social well-being	<p>The forum will address the 7 items on our Charter which have been discussed in many different contexts and at consultation meetings, since 2016. Our social well-being inextricable linked with safe and secure socially affordable housing. We believe that “Houses are homes and neighbourhoods need to be shaped by our vision of community, not simply by the market”.</p> <p>Our key social well-being requirement is the provision of socially affordable housing in the Poplar Regen Alliance (South Poplar OAPF Area). We will work together with existing social housing providers, in particular Tower Hamlets Homes and SWAN Housing seeking to maintain and improve existing stock. We will work with developers to explore other ways of providing socially affordable housing in the area. We will actively involve residents in discussions and workshops around holistic planning and our committee is especially interested in the developments in “human spaces for human and community living”. Our holistic plan will include provision of Schools, Health Centers, healthy play areas and community leisure space. We will also explore ways of involving Community Land Trust in order to identify and develop areas for council new builds.</p>
Economic well-being	<p>Training for employment is high on our list of priorities. We are very aware of the high unemployment in the Poplar Ward (6th highest in Tower Hamlets). Bearing in mind our proximity to Canary Wharf, this is appalling. New developments will bring new jobs in the DLR area, Billingsgate, McDonalds, Poplar High Street New City College Campus and The Workhouse. We are worried that not many local residents will have the training to benefit from these opportunities. Therefore, Training for Employment, apprenticeships and Job Training opportunities are an essential part of the economic growth and well-being of this Ward.</p>
Environmental well-being	<p>We will be working to promote our 4 heritage assets in the area, their environment and their use. Poplar Ward contains four Grade Two Listed buildings. These are: St. Matthias Community Centre, The Old Council Chambers (Lansbury Heritage Hotel), All Saints Anglican Church and Poplar Baths. Some of these would benefit by community planning so that their usage is increased. We also have the fantastic Poplar Park with its open play area, football pitch and extremely well used tennis courts. A newly developed landscape area is about to be opened on Poplar High Street alongside New City College. This will include a planting program which hopefully, later in the year, will become a project for local residents. There are areas in the Ward which require investment and planning in order to be of greater service to</p>

	<p>people in the local community (Cottage Street Square and Pennyfields). All the Estates on Poplar High Street have environmental well-being possibilities and opportunities and many more would benefit from Gardening Projects.</p>
<p>1b. How will the Forum embed the Council’s guidance and aspirations within the Community Plan, Single Equality Framework, Core Strategy, and Managing Development Document into their activities?</p>	
<p>Community Plan and Single Equality Framework</p>	<p>The Neighbourhood Forum plan to run a series of workshops during the coming summer relating to the community plan themes, which are:</p> <ul style="list-style-type: none"> • A great place to live • A fair and prosperous community • A healthy and supportive community • A safe and cohesive community <p>These themes are very close to our aspirations and allow us to promote inclusive programs open to all. This community, led by SPLASH, has always had inclusion and equality as its core values. Throughout our years we have planned community celebrations and meetings which were inclusive of everyone in the community. The creation and encouragement of a confident community in which people feel both safe and valued and have a voice is an essential part of our vision.</p> <p>The forum supports the aspirations of the councils Single Equality Framework and we have already involved the local Mosque community and the All Saints Congregation in our discussions. We have identified two Primary Schools, one Health Centre, one College, the Poplar DLR Station and St. Matthias Community Centre as being essential partners in our meetings. We will set-up meetings with local residents to study the importance of the opportunity area planning framework (OAPF) and the management development document. We will need time as a Forum to understand the implications of these two documents on our plans and the limitation and possibilities they will allow.</p>
<p>Core Strategy & Managing Development Document</p>	<p>The Isle of Dogs and South Poplar Opportunity Area Planning Framework has identified areas of development within South Poplar, identifying it as “The gateway to the Docklands” with Blackwall and South Poplar designated as “areas of change”.</p> <p>Awareness of the OAPF is placing added importance on the activities we carry out in ensuring that local people who live, study and work in the area have an understanding of the policies and projects proposed for this Ward and which will absorb all our energies over the coming 25-35 years! Workshops looking at the character, issues and opportunities for different places within the neighbourhood, including existing housing estates, will be extremely important. Currently within the area we have five large Tower Hamlets Homes (THH) estates contrasting with Manhattan Plaza and Woodstock Terrace, properties which sell for upwards of £800,000! On the edge of our area is the enormous Blackwall Reach Project with its 1575 Homes, spanning an area of 20 acres, this will change the character of the area, necessitating new schools, health centres and other social amenities. This will also introduce to the area a new community which will need to integrate with the existing communities.</p> <p>One of the activities we will need to carry out is a policy review: looking at</p>

the specific policies in the Managing Development Document (MDD) and ensuring that we aren't duplicating or contradicting these in the local plans. We will ensure that any documents such as these are available for the community to scrutinise and discuss.

1c. How will the Forum envisage engaging with other local forums and groups? (for example, has a Memorandum of Understanding, which could provide the basis for joint working agreements with other local forums/groups been explored?)

Members of the group have attended several meetings organised by the Isle of Dogs Neighbourhood Forum and were present at the recent Examination of the Plan by an independent examiner. We are also in communication with Canary Wharf PLC who have discussed with us the possibilities of setting up an Neighbourhood Plan. We would hope to continue liaising with both bodies as we are geographically so close to each. The consultation has been in progress for over 2yrs with Estate based groups covering Birchfield, Will Crooks, Cottage Street, Bazley Street and Robinhood Gardens. During the course of this summer it is hoped that the plans will be discussed by residents and community groups. The Primary schools and the College have also been involved and will be much more so during the coming academic year. We have been in touch with the College with a view to have some of their students assist us with the consultation. The group under Churches and people of Faith Together in Poplar have discussed the Vision which have been drawn up by the steering group.

2

The Forum's membership is open to everyone who lives in, works in or represents the area as an elected member.

2a. How have the Forum taken steps to promote the opportunity to be involved in the Forum and engage with local people prior to submitting this application? This may include evidence of discussions, meetings and consultations.

Members of SPLASH registered Charity (1056985) has been meeting since August 2016 when the first draft of our Charter was produced. Since then we have had several meetings, some small community estate based at which residents were able to examine the Charter and make amendments; others were public meetings attended by local Councillors: August 2016, May 2017, July 2017, June 2017 and September 2017. The Mayor attended our June meeting. At the end of April 2018 SPLASH celebrated its 30th Anniversary with a weekend of activities at which the Charter was further discussed. The Charter describes the priorities expressed by the community over the last two year, which would form the basis of our planning.

All our meetings have been inclusive and we have been careful to include residents for whom English is not their first language. During the coming summer months we hope to increase our planning and workshop opportunities, leading to an open public meeting in September. Our new local Councillor, Sufia Alam, has shown strong support for our Plan.

3

The Forum's membership includes a minimum of 21 people, each of whom lives in, works in or represents the area as an elected member.

3b. Does it have a membership of at least 21 people?

Yes No

3b. How have the Forum secured (or taken reasonable steps to attempt to secure) at least one person from those who live in, work in or represent the area as an elected member in its membership? This may include evidence of discussions, meetings and consultations.

Our members have come from the local community which has included members of our local Round Table (a quarterly meeting of Police, Housing Officers, Council Officers, New City College, the local

Health Directorate and community groups) ; DLR Reps, with whom we are discussing the “adoption” of the Poplar DLR Station; Woolmore Primary School and Our Lady and St. Joseph’s School; Hale Street Mosque and All Saints Health Centre. We have had estate based meetings on St. Vincent’s, Birchfield, Will Crooks, Cottage Street, Holmesdale House and Robin Hood Gardens.

3c. Do members come from different places within the neighbourhood and do they reflect the diversity of the people within the neighbourhood? Please provide the name, postcode and interests & relevant background of each member.

#	Name	Postcode	Interests & relevant background
1	Muna Ali	E14 0AS	School Governor
2	Moksud Choudhury	E14 0DB	Housing Officer
3	Christine Frost	E14 0BX	School Governor
4	Lucy McLagan	E14 0HE	Teaching Assistant
5	Rene Felici	E14 8ES	Neighbours In Poplar
6	Ann Leafold	E14 8ES	Chair Birchfield TRA
7	Sultana Begum	E14 0AT	Teacher
8	Denis Glackin	E14 0BT	Resident
9	Junur Wahab	E14 0BX	Accountants
10	Soyful Ahmed	E14 0BT	Youth Representative
11	Asma Begum	E14 0HG	Resident
12	Mary Stackable	E14 0HG	Nurse
13	Manna Mahmudur	E14 8HS	Legal Advisor
14	Patrick Devereux	E14 0DB	Head Teacher
15	Abdullah Hossain	E14 0HG	SWAN Housing
16	James Turner	E14 9YQ	T.H.H Housing – resigned post May 2018
17	Sufia Alam	E14 1SA	Poplar Ward Councillor
18	Nick Steward	E14 0AF	New City College
19	Faruk	E14 0BT	Chair Hale Street Mosque
20	Rev Jane Hodges	E14 0FZ	Rector All Saints Church – workplace
21	Martina Logan	E14 0HF	New City College
22	Sophie James	E14 8HS	Resident
23	Stacey Haig	E14 8HS	Resident
24	Abdul Faruk	E14 0HF	Resident
25	Alpona Begum	E14 0DH	Resident
26	Sadia Begum	E14 0DH	Resident
27	Yvone Taylor	E14 0AA	Chair Cottage Street TRA
38	Sherrill Evarschu	E14 0AE	Retired University Lecturer
29	Hassan Miah	E14 0BB	Hotel Owner
30	Thufayel Hasan	E14 0BT	Apprentice Youth Rep
31	Alkhad Ali	E14 0AF	Manager Workhouse
32	Claire Kick	E14 8AU	Resident
33	Mohammed Iqbal	E14 0DA	Resident

	Hussain		
34	Chris Ley	E14 OEY	LAP 7 Health Director

4	The Forum has a written constitution.
4a. Has the Forum completed and attached a written constitution?	
Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	
4b. Has the written constitution been developed in a correct and proper manner? (in accordance with Locality Guidance)	
Yes.	

Meeting Log: Please provide dates of your meetings with the Plan Making Team	11 th October 2017 12 th February 2018 16 th May 2018
Applicant name	Christine Frost
Date	21 st June 2018

Please note: Forums will be required to inform the Council of any change to the original content and intentions detailed in its application form. Specifically, any change to the membership of the Forum and written constitution will require the Forum to immediately notify the Council of these changes, in writing to the neighbourhood planning email address.

Poplar Regen Neighbourhood Planning Forum Constitution Summer 2018

1. Background

The Neighbourhood Forum area (the Neighbourhood Area) is situated between East India Dock Road E14 and Aspen Way, The

Westferry Junction and Leamouth. It has a strong and supportive community.

It comprises diverse residents of different religious, ethnic and cultural backgrounds. It is a community built on strong relationships; some over generations where adults and children feel secure.

It has a mix of homes including over 2,000 local and ex Local Authority homes (now being managed by Tower Hamlets Homes THH) and newer homes all of which are occupied by tenants, leaseholders and freeholders.

There is also a mix of property sizes.

There is a wealth of community assets in the area; two primary schools, New City College, community centres, nurseries, play areas, three shopping areas, two Mosques, one Church and a Health Centre being well used by all residents.

The Ward has seen years of development and regeneration as part of the LDDC, with the growth of Canary Wharf. The Ward has not always benefitted positively from the Wharf development. Currently we see the development of Manhattan Plaza & Blackwall Reach with its promise of over 1,500 homes, how many of these will be socially affordable?

2. Aims

The Poplar Regen is a neighbourhood forum defined in the Town & Country Planning Act 1990 as amended by the Localism Act 2011 ('the Act')

The aim of the Forum is to further social, economic and environmental well-being of all who live and work in the designated area.

To achieve this, we aim:

- To produce a shared vision for the area;
- To produce a Neighbourhood Plan,
- To positively build the future for the next generation amalgamating the wealth of experience of our older community members with the expertise and exuberance of the younger generation;
- To honour the spirit of Poplar's Legacy!

Our Vision is to encourage and nurture an inclusive community in which everyone has a voice and all share a concerned ownership and responsibility for the Poplar Regen area. All are united in

campaigning and working for a replacement of our 500 socially affordable Council Homes lost in the 1990s to the Limehouse Link, Docklands Light Railway and the regeneration managed by the London Docklands Development Corporation.

We are committed to working to ensure no one has to leave this area because of excessive exorbitant rents and service charges.

“It takes a community to grow a child”

3. Membership

The membership is open to anyone and in any event, must comprise at least 21 individuals who are either:

- (a) residents living in the Neighbourhood Area,
- (b) elected ward councillors for the Area, and /or
- (c) individuals working in the Area and/or
- (d) individuals carrying on business within the area boundary.

The forum will take reasonable steps to ensure that its membership includes one individual falling within each of (a), (b), (c) and (d).

Anyone wishing to become a Forum member must complete a simple application form.

A membership list will be kept by the Secretary and all records will be kept according to GDPR regulations.

The Forum's membership is representative of the diversity of the neighbourhood area and is fully representative of the entire area.

The forum's membership should be representative of the diversity of the neighbourhood area.

The forum will regularly assess any apparent disproportionate representation within the forum and will positively attempt to remedy this situation.

Members must declare any potential conflict of interest prior to the start of the Forum or sub-group meetings.

For the avoidance of doubt, a conflict of interest may exist where a member of the Forum has other interests or loyalties outside the Forum (whether personal, professional or financial) which may conflict with the aims of the Forum. The secretary will keep a register of interests.

It is expected that everyone will be treated with respect and each will treat others with respect and equality and everyone's views will be respected.

The Forum is non-party politically affiliated.

Ceasing to be a member

Members may resign at any time in writing to the secretary. Any offensive behaviour, including racist, sexist or inflammatory remarks, will not be permitted. Anyone behaving in an offensive way or breaking the equal opportunities policy may be asked not to attend further meetings or to resign from the group if an apology is not given or the behaviour is repeated. The individual concerned shall have the right to be heard by the management committee, accompanied by a friend, before a final decision is made.

4. Equal opportunities

Poplar regen management will not discriminate on the grounds of gender, race, colour, ethnic or national origin, sexuality, disability, religious or political beliefs, marital status or age.

5. Officers and committee

The business of the Forum will be carried out by a committee elected at the Annual General Meeting (AGM). The committee will meet as necessary and not less than 4 times a year.

The committee will consist of 8 members and be composed of 4 officers and 4 committee members. Up to 2 additional members may be co-opted on to the committee at the discretion of the committee.

The officers' roles are as follows:

- Chair, who shall chair both general and committee meetings
- Secretary, who shall be responsible for the taking of minutes and the distribution of all papers.
- Membership secretary, who shall be responsible for keeping records of members
- Treasurer, who shall be responsible for maintaining accounts.

In the event of an officer standing down during the year a replacement will be elected by the next General Meetings of members.

Any committee members not attending a meeting without apology for three months will be contacted by the committee and asked if they wish to resign.

The committee meetings will be open to any member of the Forum wishing to attend, who may speak but not vote.

6. Meetings

6.1 Annual general meetings

An AGM will be held within 15 months of the previous AGM. All members will be notified in writing at least 3 weeks before the date of the meeting giving the venue, date and time. Nominations for the committee may be made to the secretary before the meeting, or at the meeting. The quorum for the AGM will be 10% of the membership or 10 members whichever is the greater number.

At the AGM:

- The committee will present a report of the work of the forum over the year.
- The committee will present the accounts for the previous year.
- The officers and committee for the next year will be elected.
- Any proposals given to the secretary at least 7 days in advance of the meeting, will be discussed.

6.2 Special General Meetings

The secretary will call a Special General meeting at the request of the majority of the committee or at least 8 other members giving a written request to the chair or secretary stating the reason for their request.

The meeting will take place within twenty one days of the request.

All members will be given 2 weeks notice of such a meeting, giving the venue, date, time and agenda and notice may be telephone, email or post.

The quorum for the Special General Meeting will be 10% of the membership or 10 members, whichever is the greater number.

6.3 General Meetings

General meetings are open to all members and will be held at least once every 3 months or more often if necessary.

All members will be given 2 weeks notice of such a meeting, giving the venue, date, time and agenda and notice may be by telephone, email or post.

The quorum for the General Meeting will be 10% of the membership or 10 members, whichever is the greater number.

Minutes of each meeting will be circulated directly to members of the Forum and published on the community website within fourteen days following each meeting.

General meetings co-ordinate, prioritise, implement and publicise the work of the Forum including the development of a Neighbourhood Plan for the area.

6.4 Rules of procedure for meetings

Decisions are made by consensus. If a consensus cannot be reached a vote will be taken and a decision will be made by a simple majority of members present.

If the number of votes cast on each side is equal the chair of the meeting will have an additional casting vote.

The aim is to ensure that we work hard and carefully to achieve:

- The greatest possible levels of inclusion and community
- The greatest possible benefit for the local community
- The strongest possible voice for the community within the Neighbourhood Planning Forum Area.

7. Finance

A bank account may be opened with the agreement of a Forum meeting.

A treasurer will be elected at the Annual General Meeting of the Forum to serve for a period of 12 months.

The treasurer maintains financial records and presents annual accounts.

A Forum account must always have three signatories for cheques.

All cheques must be signed by at least 2 unrelated signatories.

- For other payments such as BACS payments, cash withdrawals, debit card payments or cash payments, (a requisition note will be signed by 2 signatories and held by the treasurer).

All money raised by or on behalf of the Forum can only be used to further the aims of the Forum as specified in item 2 of this constitution.

8. Amendments to the Constitution

Amendments to the Constitution may only be made at the AGM or a special general meeting. Any proposal to amend the Constitution must be given to the secretary in writing. The proposal must then be circulated with a notice of meeting. Any proposal to amend the Constitution will require a 2 thirds majority of those present and entitled to vote.

9. Dissolution

If a meeting by simple majority decides that it is necessary to cease the work of the Forum, it may call a special general meeting to do so. The sole business of this meeting will be to dissolve the Forum.

If it is agreed to dissolve the group, all remaining money and other assets, once outstanding debts have been paid, will be donated to a local charitable organisation. The organisation will be agreed at the meeting which agrees the dissolution.

This Constitution was agreed at the SPLASH Committee meeting on:

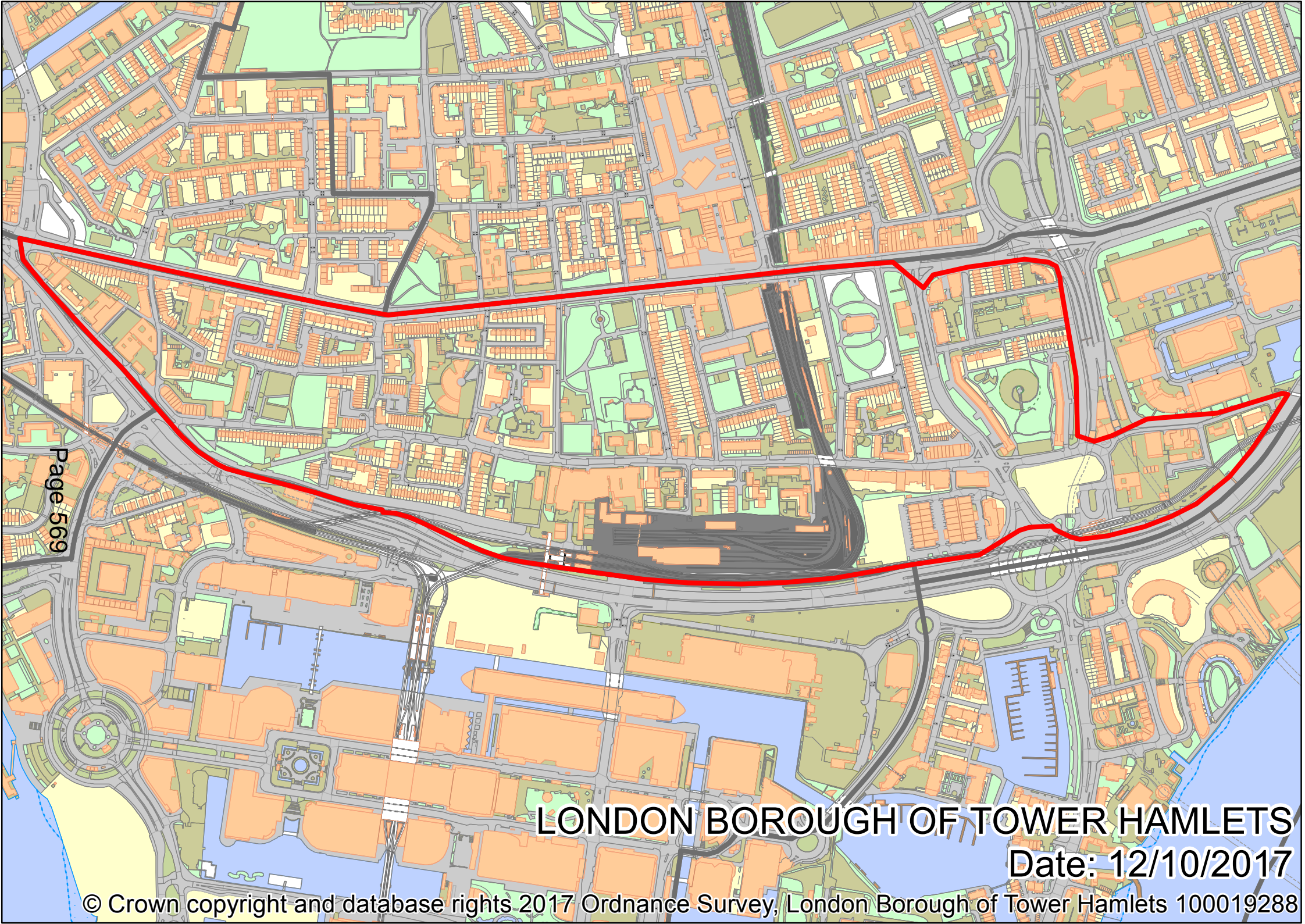
Date 02/07/2018

Name and position in Forum MUNA ALIC (CHAIR)

Signed M. Ali, S. Christine, L. Neegan, M. Kebold

Ahead: M. Kebold
Name and position in Forum S. CHRISTINE FROST (SECRETARY)

Signed S. Christine Frost Page 568




LONDON BOROUGH OF TOWER HAMLETS

Date: 12/10/2017

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Appendix 3: 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)	Determination of Poplar Regen Alliance Neighbourhood Planning Forum Application
Directorate / Service	Development & Renewal
Lead Officer	Steven Heywood
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;">  <p>Proceed with implementation</p> </div> <p>Based on the QA a Full EA will not be undertaken at this stage. As a result of performing the QA checklist the proposed decision making process for Neighbourhood Planning Forum applications does not appear to have any adverse effects on people who share Protected Characteristics and no further actions are recommended at this stage.</p> <p>Due regard for the nine protected groups will be embedded in the preparation and production of any resultant Neighbourhood Development Plan (NDP) or Neighbourhood Development Order (NDO).</p>

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	
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>At this stage, the impacts of the proposals will not be felt upon persons with protected characteristics.</p> <p>At the stage when a Neighbourhood Development Plan or Order is being prepared, officers will work with the Neighbourhood Planning Forum and Equalities team to make sure that actions will be undertaken to mitigate the likely adverse impacts on people who share Protected Characteristics. Officers can share information on the latest Council's Borough Profile to provide an overview of the equality groups to the Forum.</p> <p>Any Neighbourhood Development Plan or Order will need to be in general conformity with the Council's Local Plan.</p>
2	Monitoring / Collecting Evidence / Data and Consultation		
a	Is there reliable qualitative and quantitative data to support claims made about impacts?	n/a	There are no identified impacts upon persons with protected characteristics.
	Is there sufficient evidence of local/regional/national research that can inform the analysis?	n/a	There are no identified impacts upon persons with protected characteristics.
b	Has a reasonable attempt been made to ensure relevant knowledge and expertise (people, teams and partners) have been involved in the analysis?	Yes	Public consultation and the Council's reporting cycle allow for input into the recommendations for determining applications.
c	Is there clear evidence of consultation with stakeholders and users from groups affected by the proposal?	Yes	Formal public consultation will be carried out for six weeks. This is the statutory period of public consultation.
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?	n/a	There are no identified impacts upon persons with protected characteristics, therefore no links have been established.

b	Is there a clear understanding of the way in which proposals applied in the same way can have unequal impact on different groups?	n/a	There are no identified impacts upon persons with protected characteristics.
4	Mitigation and Improvement Action Plan		
a	Is there an agreed action plan?	n/a	There are no identified impacts upon persons with protected characteristics, therefore no mitigation has been identified.
b	Have alternative options been explored?	n/a	Because no mitigation actions have been identified as necessary, alternative options for mitigation have not been assessed. The Council has no option but to designate the proposed Forum if it meets the statutory requirements.
5	Quality Assurance and Monitoring		
a	Are there arrangements in place to review or audit the implementation of the proposal?	Yes	At the stage when a Neighbourhood Development Plan or Order is being prepared, officers will work with the Neighbourhood Planning Forum and Equalities team to make sure that actions will be undertaken to mitigate the likely adverse impacts on people who share Protected Characteristics. At the stage of submitting the Neighbourhood Development Plan or Order, the Council will consider the impact of the plan or order on the protected characteristics.
b	Is it clear how the progress will be monitored to track impact across the protected characteristics?	Yes	At the stage when a Neighbourhood Development Plan or Order is being prepared, officers will work with the Neighbourhood Planning Forum and Equalities team to make sure that actions will be undertaken to mitigate the likely adverse impacts on people who share Protected Characteristics. At the stage of submitting the Neighbourhood Development Plan or Order, the Council will consider the impact of the plan or order on the protected characteristics.
6	Reporting Outcomes and Action Plan		
a	Does the executive summary contain sufficient information on the key findings arising from the assessment?	n/a	There is no executive summary

(Sample) Equality Assessment Criteria

Decision	Action	Risk
<p>As a result of performing the QA checklist, it is evident that due regard is not evidenced in the proposal and / or a risk of discrimination exists (direct, indirect, unintentional or otherwise) to one or more of the nine groups of people who share Protected Characteristics. It is recommended that the proposal be suspended until further work or analysis is performed – via a the Full Equality Analysis template</p>	<p>Suspend – Further Work Required</p>	<p>Red</p> 
<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 Protected Characteristics and no further actions are recommended at this stage.</p>	<p>Proceed with implementation</p>	<p>Green:</p> 

Designation of Poplar Neighbourhood Planning Forum Consultation Statement September 2018

Introduction

1. On 3 July 2018, the Poplar Regen Alliance applied to the Council to be designated as the Neighbourhood Planning Forum for the Poplar Neighbourhood Planning Area. The application was assessed to be in keeping with the relevant regulations, and in accordance with Regulation 9 of the Neighbourhood Planning (General) Regulations 2012 a six week public consultation period was held between 9 August 2018 and 20 September 2018.
2. This document provides a summary at the level of representation of matters raised during the consultation period. The report takes account of relevant planning matters in representations submitted to the London Borough of Tower Hamlets. This paper has been prepared for public information and to inform the Council's decision making process – it is not intended to address any of the issues raised during the consultation period.

Consultation activities undertaken by the Council

3. Consultation activities undertaken by the Council were carried out in accordance with the Neighbourhood Planning Regulations and the principles expressed in the Council's Statement of Community Involvement. The activities undertaken were as follows:
 - The Poplar Regen Alliance application and consultation information were placed on the Council's website
 - The same information was made available in paper copy at the Town Hall and Idea Store Chrisp Street
 - The same information was sent directly to the elected councillor for the Poplar ward
 - An email announcing the consultation and explaining where the relevant information could be found was sent to everyone on the Plan Making Team's consultation database
 - A public notice was published in the Docklands & East London Advertiser
4. All consultation material made clear that although it was expected that representations would primarily be received from residents, businesspeople, and organisations based within the Poplar Neighbourhood Area, representations from those outside of this area would also be welcome.

Approach to categorising representations made

5. During the public consultation period, the public are able to make representations on the contents of the area and forum applications submitted to the Council. Typically, representations are made by local residents, local Councillors, landowners, businesses, interests groups, statutory consultees and neighbouring Local Authorities. Representations were not made by all parties directly consulted.
6. This document presents representations in no particular order. Representation figures calculate submitted responses and as such do not limit representations to one per household or one per business. The following categories have been used to categorise representations:

Support	Have stated explicit support, or support has been inferred from the contents of the representation
Object	Have stated explicit objection, or objection has been inferred from the contents of the representation
Neutral	Have offered comments but not determined if they object or support the application
Petition	A written objection signed by multiple signatories
No comment	Where no comment has been made and no position on the matter can be inferred
Concerned	Do not state they object but highlight areas of concern

7. The following summaries have been derived from an analysis of the consultation responses. Please note, representations did not always specify support or objection to the area and Forum. The summary of responses paraphrases comments made by representors and, to avoid repetition, makes reference to the same matter once only.

8. When analysing the representations, regard is given to legislative requirements related to the Forum and Area proposals.

Summary of representations


Number of representations received

Support	Objection	Neutral	No comment	Petition	Concerned	Total
9	0	1	6	0	0	16

9. A total of 16 responses were received to the consultation. One of these, from Historic England, addressed the issue of the Neighbourhood Planning Area boundary which was not being consulted on. This was brought to their attention but they chose not to submit a further representation on the Forum application. This was treated as a 'no comment' submission.

10. The following organisations responded to state that they had no comment to make on the application: The Canal and River Trust, Environment Agency, National Grid, Natural England, and the Port of London Authority.
11. Transport for London indicated that they had no objection to the application in their statutory function, but noted that they have a number of assets within the Neighbourhood Planning Area, and would be keen to work with the Forum and the Council throughout the development of any Neighbourhood Plan to ensure compliance with relevant transport strategies and to discuss the various transport interventions required as part of the Isle of Dogs and South Poplar Opportunity Area Planning Framework. It was stated that Transport for London's commercial property arm would also submit a representation, but no further representation was provided.
12. There were 9 responses received that supported the application – these were from the New City College, Poplar Regen Alliance itself, the Blackwall Reach Residents Board and 6 individual residents.
13. Some elements of the responses did not address the issue of the Neighbourhood Planning Forum designation. However, a number of points were raised in support of the application:
 - Residents have a right to express their views about an area which is receiving a large amount of regeneration work
 - The forum provides an outlet for a variety of perspectives
 - The forum provides an opportunity for residents of areas that have already undergone regeneration to explain their experience
 - The forum would encourage the Council to provide green spaces, healthcare provision, training and job opportunities, and other services
 - The forum will encourage the Council to provide more affordable and social housing in the area
 - The forum is led by the local community
 - The New City College in the area have been involved, sending two representatives, and with an intention to send a third representing their position as a landowner with redevelopment plans in the area
14. The response from Poplar Regen Alliance stated that Tower Hamlets Homes, New City College, two primary schools in the Poplar Ward, two of the mosques in the ward and All Saints Church all support the application. It is noted that, of these organisations, a response was only received from New City College.
15. It is noted the New City College did raise a concern in relation to the involvement of the East End Community Foundation and Transport for London, who are also landowners in the area, with redevelopment plans, but were not listed in the membership list. They suggested these organisations should be included in the work of the new Forum. As noted above, Transport for London responded to the consultation with no

objection. No response was received from the East End Community Foundation.

<p>Cabinet</p> <p>31st October 2018</p>	
<p>Report of: Ann Sutcliffe, Acting Corporate Director, Place</p>	<p>Classification: Unrestricted</p>
<p>Approval to consult on a new Community Infrastructure Levy Draft Charging Schedule</p>	

Lead Member	Councillor Rachel Blake, Cabinet Member for Regeneration and Air Quality
Originating Officer(s)	Matthew Pullen, Infrastructure Planning Manager
Wards affected	All wards
Key Decision?	Yes
Forward Plan Notice Published	27 September 2018
Reason for Key Decision	Because the Council's Community Infrastructure Levy will help the Council raise significant resources to contribute towards the delivery of infrastructure to support development.
Community Plan Theme	A great place to live

Executive Summary

The Community Infrastructure Levy (CIL) is a pound per square metre charge on most types of new development, charged to pay for supporting infrastructure. The rates currently chargeable in Tower Hamlets (which exclude the area of the borough within the London Legacy Development Corporation area which is subject to a separate charge) are set out in a Charging Schedule that was adopted by the Council in April 2015.

This item seeks approval for the undertaking of at least one public consultation on a new CIL Draft Charging Schedule and approval to submit the proposed Charging Schedule for Public Examination. The newly proposed Charging Schedule seeks to increase the rates the Council currently charges.

Recommendations:

The Mayor in Cabinet is recommended to:

1. Approve the *Tower Hamlets CIL Draft Charging Schedule* (Appendix A of this report) and supporting evidence (listed below) for a 6 week public consultation.
2. Authorise the Corporate Director of Place to:
 - Approve minor modifications to the Draft Charging Schedule (“DCS”) following the public consultation;
 - Where no material modifications are required following the consultation on the DCS, to approve the submission of the Council’s proposed Charging Schedule and associated evidence base for public examination.
3. Note that if material modifications to the DCS are required following consultation, that approval to undertake a subsequent consultation or submit for public examination as necessary will be referred to the Mayor in Cabinet.
4. Note BNP Paribas Real Estate’s *CIL Viability Study* (Appendix B) that forms part of the supporting evidence for the DCS. The document appended is less its appendices (as they run to hundreds of pages) – the full document including the appendices is available separately as a background document. The full document will be published for consultation.
5. Note the *Supporting Evidence and Funding Gap Report* attached at Appendix C. This document explains the infrastructure planning criteria the Council must account for in adopting a new CIL Charging Schedule.
6. Note the *Additional Evidence and Information Document* attached at Appendix D. This document sets out the Council’s position with respect to a number of matters and evidence in order to provide context to the approach it has taken to forming the rates described in its Draft Charging Schedule.
7. Note the *Summary of Consultation Responses Report* attached at Appendix E. This document sets out and summarises the responses the Council received in respect of its consultation on its Preliminary draft Charging Schedule.
8. Note other associated documents that will be published alongside the DCS, including:
 - A Payment in Kind and Infrastructure Payments Policy (Appendix F);
 - Charging Schedule Explanatory Notes (Appendix G).

9. Note that an Equality Assurance Checklist was completed and referred to the Mayor in Cabinet in respect of the approval to consult on a previous iteration of the Draft Charging Schedule that is the subject of this cabinet Report. This Equality Assurance Checklist is attached at Appendix H.

1. REASONS FOR THE DECISIONS

- 1.1 The reason for the decision is to ensure that the Council's CIL rates are set at an appropriate level, to allow the Council to maximise the funding to deliver much needed supporting infrastructure.
- 1.2 Consultations on the proposed Charging Schedule are required by regulations prior to the examination and adoption of a new Charging Schedule.

2. ALTERNATIVE OPTIONS

- 2.1 One alternative option would be to not seek to renew the Council's CIL Charging Schedule. This is not considered appropriate because this would result in the Council not maximising its CIL income.

3. DETAILS OF THE REPORT

Background

What is CIL?

- 3.1 CIL is a pounds per square metre charge on most new development and must be used to help deliver infrastructure to support the development of the area. It can be used to provide new infrastructure, increase the capacity of existing infrastructure or to repair failing existing infrastructure, if that is necessary to support development. Please note that the Council currently collects the Mayor of London's CIL as well as local CIL – this document only pertains to the local CIL Charging Schedule.
- 3.2 CIL is payable on the commencement of relevant planning permissions. It generally takes many months for any development to go from permission to commencement and it can take up to three years for larger developments to commence.
- 3.3 CIL is charged on most types of development and the CIL Regulations are highly prescriptive on the way CIL is calculated and applied to development; unlike with Section 106 Planning Obligations there is no negotiation. However, developers may apply for relief from the CIL payment for affordable housing dwellings or for developments by charity and, if permitted by the local authority, exceptional circumstances although the Council has never approved an application on this basis.

- 3.4 Seeking CIL contributions and Section 106 Planning Obligations to pay for the same type of infrastructure is generally prohibited (the only exception to this relates to financial contributions from development for Crossrail). The Council has a Regulation 123 List (within Appendix C) which identifies the types of projects on which the Council intends to spend its CIL which the Council will be considering as part of the consultation process.

How can a Charging Authority spend CIL?

- 3.5 Subject to the restrictions set out in paragraph 3.1 above, it is the authority of the Executive to decide how to spend CIL. All expenditure decisions of the Council are the function of the Council's Executive unless regulatory functions require otherwise.. CIL was provided for in the Planning Act 2008. It is a financial charge that local authorities can levy on developments to help fund infrastructure such as schools, health, open space and transport facilities to support growth in an authority's area. Please note that the proposals described in this document do not relate to how the Council will spend current or future CIL income.

How are CIL rates set?

- 3.6 A requirement of CIL rate setting is the need to demonstrate that the Council needs, in financial terms, to charge a CIL to deliver infrastructure to support development. Therefore, the Council must identify a funding gap in delivering infrastructure to support development. This information is set out in Appendix C.
- 3.7 CIL rates are based on what development across the borough can viably afford. The Council commissioned BNP Paribas Real Estate to undertake a Viability Study to establish the rates that can apply in Tower Hamlets' Charging Authority Area. It should be noted that rates cannot be set to reflect the Council's entire funding gap as CIL must be based on what development can viably afford. CIL is only one funding stream that should be utilised to fund infrastructure.
- 3.8 The Viability Study undertakes testing on generic development types across the borough as well as a number of selected "Strategic Sites" which are made up of a selection of the Council's site allocations in the Tower Hamlets Local Plan 2031: Managing Growth and Sharing the Benefits (submission version). The Viability Study takes account of all of the policy costs attached to the new draft Local Plan. Please find the Viability Study attached at Appendix B.

What is the process for adopting a new CIL Charging Schedule?

- 3.9 In order to implement a new Charging Schedule for Tower Hamlets, the CIL Regulations 2010 (as amended) require that a Charging Schedule setting out CIL rates must be the subject of at least two stages of consultation – one of these consultations, on a Preliminary Draft Charging Schedule, has already taken place.

- 3.10 Guidance states that Charging Authorities should make these consultations at least 6 weeks long. Before the Charging Schedule can be adopted it must then be approved at a public examination and then adopted in a Full Council meeting.

A national review of the CIL process

- 3.11 Earlier in 2018, the Ministry for Housing Communities and Local Government published a document named *Supporting housing delivery through developer contributions: Reforming developer contributions to affordable housing and infrastructure*. This document proposed a number of changes to the process for adopting and collecting a CIL, including:

- The alignment of CIL rate setting and plan-making processes.
- The removal of restrictions on how S106 Planning Obligations can be used.
- Removing Regulation 123 Lists and requiring the annual publication of Infrastructure Funding Statements: Regulation 123 Lists are the lists Charging Authorities must publish to describe on what they intend to spend their CIL.
- Changing the way CIL rates are indexed.

- 3.12 However, the outcomes of the consultation and the extent to which they will be implemented have not yet been confirmed. Officers do not consider it is appropriate to wait for new measures to be implemented before proceeding as no timelines for implementation have been confirmed. It is not clear as to whether the Council would need to undertake further consultations on its newly proposed CIL Charging Schedule if these measures were adopted before the Council were to adopt its new CIL Charging Schedule.

Consultation on Preliminary Draft Charging Schedule

- 3.13 The Council consulted on a previous iteration of the Draft Charging Schedule that is the subject of this report, from the 11th January to the 22nd February 2018. The Council received 18 responses to the consultation from various entities including the public, developers and public authorities. As per the normal process, the Council will be publishing all of the consultation responses on the Council's website.
- 3.14 Alongside the consultation responses, the Council is required to publish a report that summarises the responses received. This document also sets out key issues raised and how the Council has taken consultation responses into account. This document is attached at Appendix E.

Proposals

Proposed rates

3.15 The following table identifies the Council's current CIL rates (in brackets) alongside the rates proposed (bold, red) in the new Charging Schedule:

Development type	Proposed CIL rate per sq. m (GIA) of development			
Residential (Sale)	Zone 1	Zone 2	Zone 3	Large Allocated Sites*
	(£200) £280	(£65) £150	(£35) £50	(Nil) N/A
Offices	City Fringe	North Docklands	Large Allocated Sites	Rest of Borough
	(£90) £100	(Nil) £100	(Nil) N/A	(Nil) N/A
Retail (Except Convenience Supermarkets/ Superstores and Retail Warehousing)	(£70) £100	(£70) £100	(Nil) TBC	(Nil) N/A
Convenience Supermarkets/ Superstores and Retail Warehousing	Borough Wide, except Large Allocated Sites			Large Allocated Sites*
	(£120) £130			(Nil) N/A
Hotel	Borough Wide, except Large Allocated Sites			Large Allocated Sites*
	(£180) £190			(Nil) N/A
Student Housing Let at Market Rents	Borough Wide, except Large Allocated Sites			Large Allocated Sites*
	(£425) £450			(Nil) N/A
Student Housing Let at Below Market Rents	Borough Wide, except Large Allocated Sites			Large Allocated Sites*
	(Nil) Nil			(Nil) N/A
All Other Uses	Borough Wide			
	(Nil) Nil			

* Note that the Council's current Charging Schedule has a nil rate for four sites (Wood Wharf, Westferry Printworks, Bishopsgate Goods Yard and London Dock) that were rated as such by the examiner of the Council's current Charging Schedule. The newly proposed Charging Schedule does not intend to nil rate these sites.

3.16 The Council's DCS attached at Appendix A describes the rates proposed.

3.17 Please note that changes have occurred to the proposed rates from those consulted on earlier in 2018, for which a separate Cabinet approval was granted. The changes proposed are based on updated viability evidence that takes account of representations received in respect of the consultation on the

Preliminary Draft Charging Schedule and changes in market conditions, including general increases in build costs and stagnation in sales values. The CIL Viability Study attached at Appendix B describes the changes proposed.

3.18 In terms of the extent of the changes described in the paragraph above:

- Residential rate, Zone 2: This has been reduced from £180 at Preliminary Draft Charging Schedule Stage, to £150 at DCS stage. The rate applicable to this zone in the Council's adopted Charging Schedule is £65 per sq. m.
- Residential rate, Zone 3: This has been reduced from £85 at Preliminary Draft Charging Schedule Stage, to £50 at DCS stage. The rate applicable to this zone in the Council's adopted Charging Schedule is £35 per sq. m.
- Retail rate (applicable in City Fringe and North Docklands area): This rate has been increased from £90 at Preliminary Draft Charging Schedule Stage, to £100 at DCS stage. This is to ensure that the rate proposed better reflects the evidence

3.19 Whilst CIL income is very difficult to project, it is estimated that a new Charging Schedule could raise up to an additional £28.7m above the currently adopted CIL Charging Schedule for the Council up to the end of the year 2030/31.

Proposed consultations

3.20 The aim is to undertake consultation from mid-November for a period of six weeks. However, the Council's proposed DCS must follow the outcomes of the examination on the Council's new proposed Local Plan which is currently proposed to take place in September and October 2018. Should the Examination for the Local Plan raise any issues that directly impact on the proposed DCS there may be a need for further work to be undertaken which could delay the consultation. This is considered unlikely, but should it occur then the consultation will be commenced as soon as possible.

3.21 Following the close of the consultation on the DCS, representations made will be considered and amendments to the Charging Schedule will be made as necessary. All representations will be published on the Council's website.

3.22 Following the close of the consultation the DCS will be submitted for public examination. It is possible that a further consultation will be undertaken prior to the public examination, should feedback from the consultation warrant material changes to the proposed new Charging Schedule, but this is considered unlikely.

Modifications to the Charging Schedule following consultation

3.23 This report recommends that the Corporate Director of Place is authorised to approve minor modifications to the DCS following consultation and approve

the referral of the DCS for public examination or if necessary a further consultation.

- 3.24 Minor modifications include any changes made for accuracy and clarity such as changes to terminology or formatting and includes changes to the rates of 10% or less. Substantial amendments will be referred back to the Mayor in Cabinet for approval.

4. EQUALITIES IMPLICATIONS

- 4.1 An Equality Assurance Checklist was completed and referred to the Mayor in Cabinet in respect of the approval to consult on a previous iteration of the DCS that is the subject of this Cabinet Report. This Equality Assurance Checklist (which is attached at Appendix H) found that the proposal:

Does not appear to have any adverse effects on people who share Protected Characteristics and no further actions are recommended at this stage.

- 4.2 Because the proposals have not changed in any way that would have any equalities implications, it has not been considered necessary to carry out another Equality Assurance Checklist.

5. OTHER STATUTORY IMPLICATIONS

- 5.1 This section of the report is used to highlight further specific statutory implications that are either not covered in the main body of the report or are required to be highlighted to ensure decision makers give them proper consideration. Examples of other implications may be:

- Best Value Implications,
- Consultations,
- Environmental (including air quality),
- Risk Management,
- Crime Reduction,
- Safeguarding.

- 5.2 The consultation(s) proposed will be carried out in accordance of the requirements of the Community Infrastructure Levy Regulations 2010 (as amended) and the Council's Statement of Community involvement.

- 5.3 The proposals have limited impact on best value implications and no safeguarding implications arise from the proposals.

- 5.4 In terms of risk management the proposals set out in this report seek to maximise the Council's income through CIL. Maximising CIL income will help mitigate against the risk of the Council being unable to provide enough infrastructure to support development.

- 5.5 In terms of crime reduction implications proposals set out in this report seek to maximise the Council's income through CIL. This will help the Council deliver infrastructure that might assist with the Council's crime and disorder objectives.
- 5.6 In terms of environmental implications, the infrastructure delivered using the Council's CIL can help the Council meet its sustainability and environmental objectives.

6. COMMENTS OF THE CHIEF FINANCE OFFICER

- 6.1 This report seeks approval for amendments to be made to the charging schedule for the Tower Hamlets Community Infrastructure Levy and, following the earlier statutory consultation on the preliminary draft charging schedule, for a further statutory consultation process to be undertaken on the revised schedule. The charging schedule will then be subject to an independent examination by the Planning Inspectorate, following which it will be submitted to full Council for implementation in April 2019.
- 6.2 The updated charging schedule has been developed and revised by officers in conjunction with external advisors, and has been prepared in accordance with the Authority's infrastructure needs and development viability assessment. The revised draft charging schedule is attached at Appendix A. Based on the latest development assumptions and the revised charging schedule, it is anticipated that in the period from 2018/19 to 2030/31, CIL will generate resources of approximately £254 million. This is a significant increase on the £225 million that would have been received based on the existing charging schedule rates.
- 6.3 The revised likely infrastructure needs within the borough over the period to 2030/31 were assessed as part of the evidence base that was prepared to support the revision of the CIL rates. This assessment is included as Appendix C. These are valued at approximately £1.901 billion, of which indicative funding of £976 million has potentially been identified across the various public agencies. This leaves a funding gap of approximately £925 million before CIL charges. It should be noted that these are the infrastructure needs of all the major public sector organisations within the borough, and it is not solely the Council which must seek additional resources to meet the assumed infrastructure need.
- 6.4 The infrastructure needs and the likely resources available must be continually reviewed, but based on assessments within the evidence base, the funding gap of £925 million will be partly filled through the estimated CIL income of £293 million, leaving an overall indicative funding need of £632 million across the organisations within the Borough.
- 6.5 The costs of the consultation and inspection processes will be met from within existing resources.

6.6 In addition to the Council's own CIL, the Borough will continue to be responsible for the collection of the Mayor of London's CIL which is independent of the Council's CIL requirement.

7. COMMENTS OF LEGAL SERVICES

7.1 This item seeks approval to publish for consultation a revised CIL Draft Charging Schedule and subject to the outcome of consultation the approval to submit the proposed Draft Charging Schedule for Public Examination.

7.2 Part 11 of the Planning Act 2008 provides for the imposition of a charge known as the Community Infrastructure Levy ("CIL") by a Charging Authority. The Council is a Charging Authority. The detailed provisions are set out in the Planning Act 2008 and the Community Infrastructure Levy Regulations 2010 as amended ("The Regulations").

7.3 Regulation 15 of the Regulations provides that a Charging Authority which proposes to revise a charging schedule must prepare a preliminary draft charging schedule for consultation. This report confirms that the Council carried out such a consultation from the 11th January to the 22nd February 2018. The Council received 18 responses to the consultation from various entities including the public, developers and public authorities. By paragraph 15(7) the charging authority must take into account any representations made to it under this regulation before it publishes a draft of the charging schedule for examination.

7.4 Regulation 16 provides that before submitting a draft charging schedule for examination, the charging authority must make a copy of the draft charging schedule, the relevant evidence and a statement of the representations procedure available for inspection and a statement of the fact that the draft charging schedule and relevant evidence are available for inspection and of the places at which they can be inspected and how representations can be made. The period for making representations must not be less than four weeks.

7.5 Regulation 17 states that any person is entitled to make representations on the draft schedule.

7.6 Regulation 19 requires that following the Regulation 16/17 representations period the charging authority must submit the following to the examiner:(a)the draft charging schedule;(b)a statement setting out if any, the number of representations made to the draft charging schedule and a summary of the main issues raised by the representations and(c) copies of any representations made in accordance with regulation 17 (d)where the charging authority modified the draft charging schedule after it was published in accordance with regulation 16, a statement of modifications; and (e)copies of the relevant evidence.

7.7 Attention is drawn to paragraph 2.34 and 2.35 of the PNB Paribas report. This reminds the decision maker that the CIL regulations state that in setting a

charge, local authorities must strike “an appropriate balance” between revenue maximisation on the one hand and the potentially adverse impact upon the viability of development on the other. The regulations also state that local authorities should take account of other sources of available funding for infrastructure when setting CIL rates.

Taking account of representations

- 7.8 The report states that the Regulation 17 Representations have been taken into account. The report identifies five main issues and addresses them. Members are reminded to have regard to all the issues set out in the appendix and not just the five main issues identified in the report

Linked Reports, Appendices and Background Documents

Linked Report

None

Appendices

- Appendix A: Proposed Draft Charging Schedule
- Appendix B: Viability Study (less appendices)
- Appendix C: Supporting Evidence and Funding Gap Report
- Appendix D: Additional Evidence and Information Document
- Appendix E: Summary of Consultation Responses Received Document
- Appendix F: A Payment in Kind and Infrastructure Payments Policy
- Appendix G: Charging Schedule Explanatory Notes
- Appendix H: Equality Assurance Checklist

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

Full Viability Study, including Appendices
The Council’s Infrastructure Delivery Plan (submission version)

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Community Infrastructure Levy (CIL)
Draft Charging Schedule

xxDatexx

1. The Charging Authority

The London Borough of Tower Hamlets is a Charging Authority for the purposes of Part 11 of the Planning Act 2008 and may therefore charge the Community Infrastructure Levy (CIL) in respect of development in its Charging Authority area.

2. Date of Approval

2.1 This Charging Schedule was approved by the Council on xxxxxxxx.

3. Date of Effect

3.1 This Charging Schedule will come into effect on xxxxxxxx.

4. Liability to Pay CIL

4.1 A chargeable development is one for which planning permission is granted and or which is liable to pay CIL in accordance with the CIL Regulations 2010 (as amended). CIL will be chargeable on the net additional floorspace (gross internal area¹) of all new development apart from those exempt under Part 2 and Part 6 of the Community Infrastructure Levy Regulations 2010 (as amended). These exemptions include:

- Developments where the gross internal area of new build² on the relevant land will be less than 100 square metres except where the development will comprise one or more dwellings;
- Buildings into which people do not normally go, or go into only intermittently for the purpose of inspecting or maintaining fixed plant or machinery;
- Development where the owner of a material interest in the relevant land is a charitable institution³ and the development will be used wholly (or mainly) for charitable purposes.

4.2 In addition, the Regulations also allow exemptions to be claimed for self-build housing, and residential annexes and extensions over 100 square metres (regulation 42A and 42B). Affordable housing will be eligible for relief from CIL (regulation 49).

¹ Please refer to the accepted method of calculation set out in the Royal Institution of Chartered Surveyors' Code of Measuring Practice: A Guide for Professionals.

² Please refer to Part 2 of the CIL Regulations 2010 (as amended).

³ Please refer to Part 5 of the CIL Regulations 2010 (as amended).

5. CIL Rates

5.1 The Council intends to charge different rates of CIL by the land use of a proposed development (expressed as pounds per square metre) and by the area where a proposed development is situated, as set out in the Table 1 below.

5.2 The Council is designated as the 'Collecting Authority' for the CIL of the Mayor of London. This requires a Mayor of London CIL to be charged in addition to the rates described in the table below.

Table 1 Proposed Rates

Development Type	Proposed CIL rate per m ² (GIA) of development		
	Zone 1	Zone 2	Zone 3
Residential	£280	£150	£50
Offices	City Fringe and North Docklands		Rest of Borough
	£100		Nil
Retail (Except Convenience Supermarkets/ Superstores and Retail Warehousing)	£100	£100	TBC
Convenience Supermarkets/ Superstores* and Retail Warehousing**	Borough Wide		
	£130		
Hotel	£190		
Student Housing Let at Market Rents***	£450		
Student Housing Let at Below Market Rents****	Nil		
All Other Uses	Nil		

* Convenience Supermarkets/Superstores are defined as shopping destinations in their own right, where weekly food needs are met, catering for a significant proportion of car-borne customers, and which can also include non-food floorspace as part of the overall mix of the unit.

** Retail Warehousing is defined as shopping destinations specialising in the sale of household goods (such as carpets, furniture and electrical goods), DIY items and other ranges of goods, catering for a significant proportion of car-borne customers.

*** Student housing not falling with the definition at **** below.

**** Student housing, provided in the form of affordable student housing as defined by the *Tower Hamlets Local Plan 2031: Managing Growth and Sharing the Benefits (Regulation 19 version)*, secured by a s106 planning obligation.

6. Charging Zones

- 6.1 The charging areas (Zones 1 to 3, City Fringe and North Docklands) referred to in the above table are illustrated on the Charging Zones Maps, attached at Appendix 1 of this document. The maps also identify the area of Tower Hamlets that falls within the boundary of London Legacy Development Corporation. Developments in these locations are not covered by this document and are subject to a Community Infrastructure Levy Charging Schedule adopted by the London Legacy Development Corporation.

7. Calculating the Chargeable Amount

- 7.1 CIL will be calculated on the basis set out in Part 5 of the Community Infrastructure Levy Regulations 2010 (as amended).

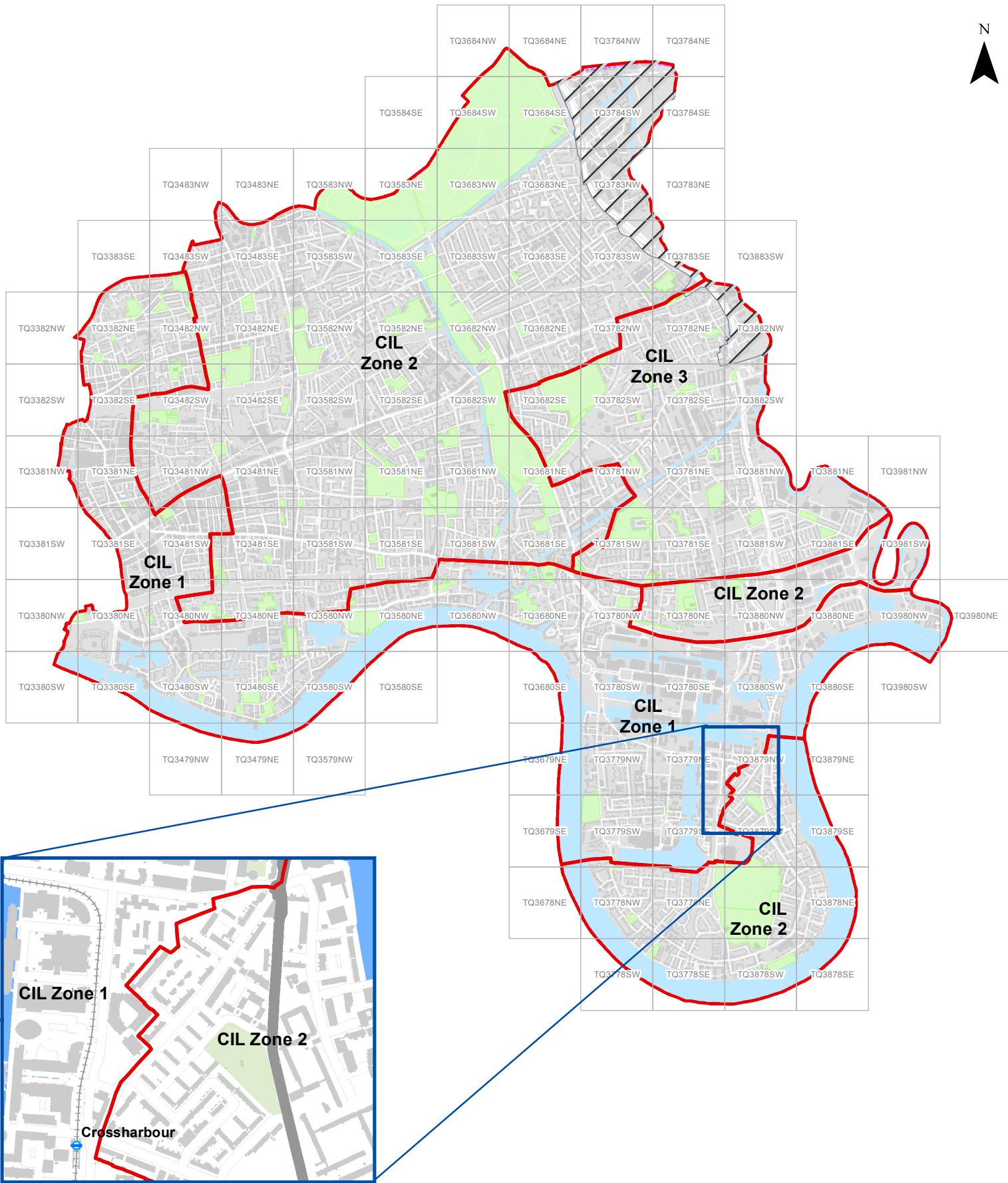
8. Inflation and Indexation

- 8.1 The rates referred to in Table 1 above shall be subject to annual indexation in keeping with the “All-in Tender Price Index” published by the Building Cost Information Service (BCIS). The rates should be increased by an amount equivalent to the increase in the index from the date hereof until the date on which the sums are payable provided that in the event that the “All-in Tender Price Index” shall decrease, the sum not fall below the figures set out.

9. Further Information



- 9.1 Further information on the Community Infrastructure Levy is available on the Council’s website www.towerhamlets.gov.uk/CIL

Appendix 1: Charging Area Maps

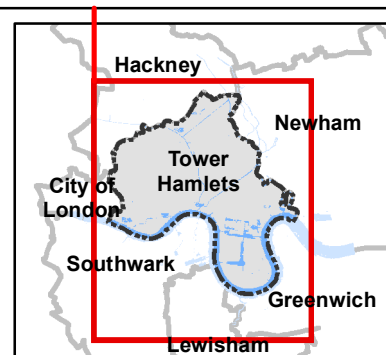


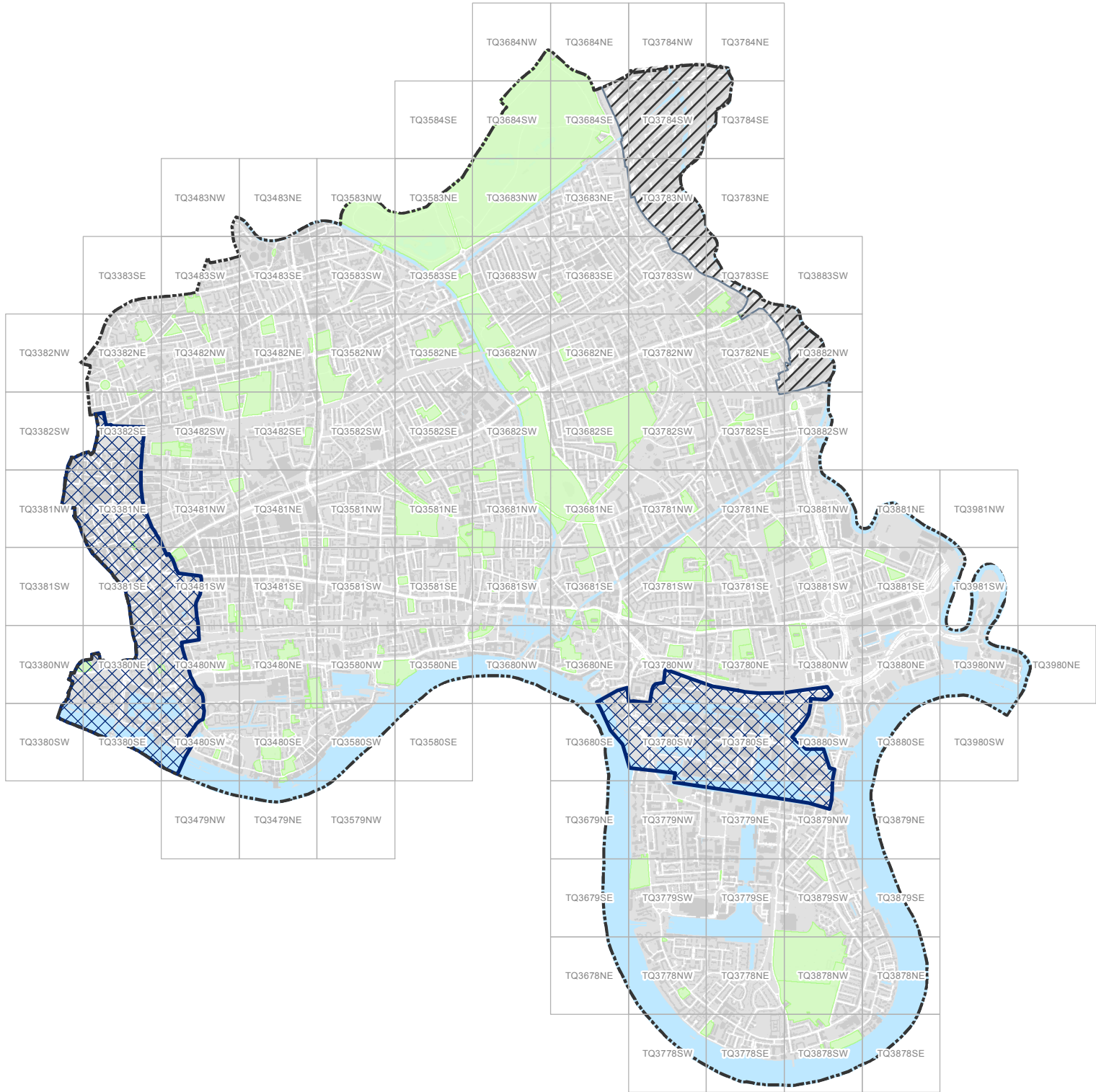
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Proposed new CIL Residential Charging Zone Boundaries

 LLDC Boundary
 Proposed CIL Residential Charging Zone Boundaries



Scale @ 1:35,000
 500 250 0 500 1,000 1,500 Meters



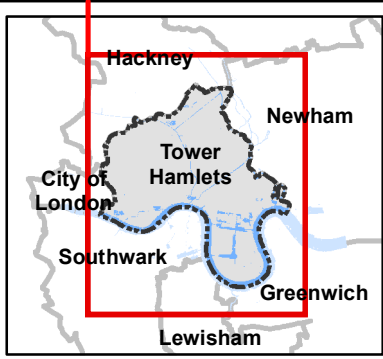


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Office and Retail (except Convenience Supermarkets, Superstores and Retail Warehousing) Charging Zones

 LLDC Boundary
 Office and Retail Charging Zones

Scale @ 1:35,000
 510 255 0 510 1,020 1,530 Meters



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Community Infrastructure Levy Review



Prepared for
London Borough of Tower Hamlets

August 2018

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Appendices

Appendix 1	- WT Partnership Build Cost Advice
Appendix 1	- Residential appraisal results (Affordable Rent, Tower Hamlets Living Rent, London Living Rent and Shared Ownership) at base costs and values
Appendix 2	- Residential appraisal results (Affordable Rent, Tower Hamlets Living Rent, London Living Rent and Shared Ownership) at base costs and values
Appendix 3	- Residential appraisal results (Affordable Rent, Tower Hamlets Living Rent and Shared Ownership) at base costs and values
Appendix 4	- Residential appraisal results (Affordable Rent, Tower Hamlets Living Rent, London Living Rent and London Living Rent) at base costs and values
Appendix 5	- Residential appraisal results (Affordable Rent, Tower Hamlets Living Rent, London Living Rent and Shared Ownership) at +10% sales values and +5% build costs
Appendix 6	- Residential appraisal results (Affordable Rent, Tower Hamlets Living Rent, London Living Rent and Shared Ownership) at -5% sales values
Appendix 7	- Commercial appraisal results
Appendix 8	- Strategic sites testing results
Appendix 9	- Stratgic Sites Appraisals
Appendix 10	- Proposed CIL Maps

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1 Executive Summary

- 1.1 This report reviews the Community Infrastructure Levy (“CIL”) rates in the London Borough of Tower Hamlets’ (“the Council”) Charging Schedule, adopted on 25 February 2015 and implemented on 1 April 2015. Levels of CIL have been tested in combination with the cumulative impact of the requirements of the emerging Tower Hamlets Local Plan 2031, Managing growth and sharing the benefits, Regulation 19 Consultation document (October 2017) (“STHLP”). This is in line with the requirements of the National Planning Policy Framework 2018 (“NPPF”) and the Local Housing Delivery Group guidance ‘Viability Testing Emerging Local Plans: Advice for planning practitioners’ (June 2012). The report builds upon the Local Plan Viability testing update undertaken on behalf of the Council by BNP Paribas Real Estate in June 2017 and updates the September 2017 CIL Viability Review report.

Methodology

- 1.2 The study methodology compares the residual land values of a range of development typologies on sites throughout the borough to their value in current use (plus a premium), herein after referred to as ‘benchmark land value’. If a development incorporating the Council’s policy requirements including a given level of CIL generates a higher residual land value than the benchmark land value, then it can be judged that the site is viable and deliverable. Following the adoption of policies, developers will need to reflect adopted levels of CIL and policy requirements in their bids for sites, in line with requirements set out in the RICS Guidance on ‘Financial Viability in Planning’¹ and the updated National Planning Practice Guidance (‘NPPG’) on Viability (July 2018).
- 1.3 The study utilises the residual land value method of calculating the value of each development typology. This method is used by developers when determining how much to bid for land and involves calculating the value of the completed scheme and deducting development costs (construction, fees, finance, sustainability requirements, Section 106 contributions, CIL² and developer’s profit). The residual amount is the sum left after these costs have been deducted from the value of the development, and guides a developer in determining an appropriate offer price for the site.
- 1.4 The housing and commercial property markets are inherently cyclical and the LBTH is testing the viability of potential development sites at a time when the market has experienced a period of sustained growth. Forecasts for future house price growth point to continuing growth in mainstream London housing markets, although there is a degree of uncertainty following the referendum on the UK’s membership of the European Union. We have allowed for this medium term growth over the plan period by running a sensitivity analysis which applies growth to sales values and inflation on costs to provide an indication of the extent of improvement to viability that might result. This analysis is indicative only, but is intended to assist the Council in understanding the ability of developments to absorb its requirements both in today’s terms but also in the future.
- 1.5 The viability analysis in this study provides a high level understanding of the viability of potential development sites in the context of the cumulative impact of the Council’s emerging planning policies. It should be noted that some sites may require more detailed site and scheme specific viability analysis when they come forward through the development management process due to specific site circumstances that cannot be reflected in an area wide assessment³.

¹ This guidance notes that when considering site-specific viability “Site Value should equate to the market value subject to the following assumption: that the value has regard to development plan policies and all other material planning considerations and disregards that which is contrary to the development plan”. Providing therefore that Site Value does not fall below a site’s existing use value, there should be no reason why policy requirements cannot be achieved.

² Mayoral CIL 2 and Borough CIL as appropriate.

³ The Local Housing Delivery Group Guidance ‘Viability Testing Local Plans: Advice for Planning Practitioners’ notes that “the role of the test is not to provide a precise answer as to the viability of every development likely to take place during the plan...”

Key findings

1.6 The key findings of the study are as follows:

- The results of this study are reflective of current market conditions, which will inevitably change over the medium term. It is therefore important that the Council keeps the viability situation under review so that policy requirements can be adjusted should conditions change markedly. Since the 2013 Viability Study was completed, there has been an improvement in sales values, which has been partially offset by an increase in build costs. The net result is a degree of improvement in viability and increased capacity to contribute towards local infrastructure.
- As was the case in the 2013 Viability Study, some schemes tested were unviable due to market factors, rather than the impact of the Council's policy requirements. These schemes will not come forward until changes in site specific market conditions and their current unviable status should not be taken as an indication that the Council's requirements cannot be accommodated on other schemes. It reflects the increasing viability of commercial development, with some existing forms of commercial generated higher values than residential development, reducing pressure for commercial buildings to be redeveloped for alternative (residential) use.

Residential

- In many cases, schemes can accommodate the Council's affordable housing requirement at a level of circa 35%, with the capacity to make CIL payments increasing with lower affordable housing proportions.
- Our appraisals indicate that the Council's currently adopted rates of CIL could increase without adversely impacting on viability of developments. The currently adopted and suggested CIL rates are summarised in Table 1.6.1.

Table 1.6.1 Table showing adopted and suggested residential CIL rates

Area	Existing Borough CIL charge Borough (£s per sq m) (indexed charge)	Suggested Borough CIL after buffer (£s per sq m)
CIL Z1	£200 (£211.58)	£280
CIL Z2	£65 (£68.76)	£150
CIL Z3	£35 (£37.03)	£50

Commercial

- In the City Fringe and North Docklands, rents for both offices and retail developments have increased and our appraisals (including affordable workspace) indicate that these uses will be able to absorb a CIL rate of £100 per sq m.
- Viability of retail and office markets outside the City Fringe and North Docklands have not changed sufficiently to warrant any changes to the adopted rates.

³ continued... period. No assessment could realistically provide this level of detail. Some site-specific tests are still likely to be required at the development management stage". We further note that the NPPG on Viability identifies that "Assessing the viability of plans does not require individual testing of every site or assurance that individual sites are viable. Plan makers can use site typologies to determine viability at the plan making stage. Assessment of samples of sites may be helpful to support evidence. In some circumstances more detailed assessment may be necessary for particular areas or key sites on which the delivery of the plan relies." Given this position the NPPG acknowledges that there are likely to be particular circumstances which justify the need for a viability assessment at the application stage and provides an illustrative list of such circumstances. The onus is on the Applicant to provide the justification for this.

- Rents and yields of supermarkets and retail warehouses have improved since the adoption of the Charging schedule and appraisal identify that such uses should be able to support an increased CIL charge of £130 per sq m.
- Industrial and warehousing have seen increases in rents and a reduction in yields, partly as a result of a lack of available supply, however our appraisals identify that this does not generate a surplus above the benchmark land values and in this regard we recommend the Council maintains its existing nil charge on such uses.
- Market conditions for student housing and hotels have not changed significantly since the adoption of the Charging Schedule and we recommend no changes to the rates for these uses.
- The currently adopted and suggested CIL rates are summarised in Table 1.6.2.

Table 1.6.2 Table showing adopted and suggested Commercial CIL rates

Use and Location	Existing Borough CIL charge Borough (£s per sq m) (indexed charge)	Potential Borough CIL after buffer (£s per sq m)
Office in City Fringe	£90 (<i>indexed - £95.21</i>)	£100
Office in North Docklands	Nil	£100
Retail in City Fringe and North Docklands	£70 (<i>indexed - £74.05</i>)	£100
Supermarkets and retail warehouses	£120 (<i>indexed - £126.95</i>)	£130

Strategic Sites

- Our assessment of the identified strategic sites has concluded that the majority of the sites can viably support the Borough's proposed CIL. With regard to the sites identified as being unviable, we note that the majority the sites are in fact deliverable with between 20% - 30% affordable housing and that the CIL Charge does not have a significant impact on the viability of these schemes i.e. at a nil CIL charge these schemes would not be viable at 35% affordable housing with no CIL. That is that CIL is not making the schemes unviable, it is rather site or scheme specific issues.
- Of the four sites identified as having the most challenging viability three of these are gasworks sites which incur significant abnormal costs. Once again we would highlight that CIL is not the determining factor making these sites unviable, i.e. on three of the four sites adopting a nil CIL rate and 0% affordable housing would not result in the developments generating residual land values above the identified benchmark land value.
- To demonstrate this position we have undertaken an assessment of the proposed Borough CIL liability calculated for each of the strategic sites and compared this to the total development costs. This has identified that the proposed CIL rates result in a liability that is no more than 5% of development costs. In fact, in the four schemes where viability is identified as being most challenging, CIL amounts to no more than 1.12% of development costs. Further, on the schemes identified as being unviable at 35% affordable housing but viable with between 20% and 30% affordable housing CIL is no more than 1.68% of development costs (see Table 7.18.1).
- In light of our findings we recommend that the Council considers maintaining the proposed CIL rates across the Borough and to Strategic Sites as they are not deemed to be of a sufficient magnitude that is likely to threaten the development of the strategic

sites and as a result “undermine the deliverability of the plan” (NPPF paragraph 34) and NPPG Paragraph: 038 Reference. Further, we consider that the proposed approach “strike(s) an appropriate balance between the desirability of funding infrastructure from the levy and the potential impact upon the economic viability of development across (the Council’s) area.” (NPPG Paragraph 008).

1.7 We summarise in Table 1.7.1 overleaf the suggested updated CIL charging schedule rates.

Table 1.7.1: Suggested rates for LB Tower Hamlets’ Updated CIL Charging Schedule

Development Type	Suggested CIL Rate per sq m (GIA) of Development		
	Zone 1	Zone 2	Zone 3
Residential	£280	£150	£50
Offices and Retail (Except Convenience Supermarkets/ Superstores and Retail Warehousing)	City Fringe & North Docklands		Rest of Borough
	£100		Nil
Convenience Supermarkets/ Superstores and Retail Warehousing	Borough Wide		
	£130		
Hotel	£190		
Student Housing Let at Market Rents	£450		
Student Housing Let at Below Market Rents	Nil		
All other uses	Nil		

1.8 The application of CIL is unlikely to be an overriding factor in determining whether a developer brings forward a site or whether not a scheme is viable.

- For residential development, when considered in context of total scheme value, the recommended CIL rates will be a modest amount, typically accounting for between 0.5% and 4.7%. It is worth noting that some schemes would be unviable even if a zero CIL were adopted. We therefore recommend that the Council pays limited regard to these schemes as they are unlikely to come forward unless there are significant changes to main appraisal inputs.
- With respect to commercial schemes, as identified in section 8 of this study the proposed CIL is a marginal factor in a scheme’s viability i.e. between 1.45% and 3.13% of total development costs in terms of the uses where increases are proposed.
- In the case of the Strategic Sites, the increased CIL charges amount to no more than 5% of development costs i.e. between 0.71% and 4.5%, with the majority being below 3%.

2 Introduction

- 2.1 The Council has commissioned this update study to contribute towards a review of its adopted CIL Charging Schedule, which has been in place since 1 April 2015. The evidence base that underpinned that adopted CIL Charging Schedule was compiled in late 2012 early 2013 and there had been a significant movement in sales values before adoption. The aim of the study is therefore to identify changes in viability that might give rise to amendments to the adopted CIL Charging Schedule. In line with the viability evidence supporting the adopted CIL Charging Schedule, this report tests the cumulative impact of planning policies to determine whether there is scope for CIL rates to change.
- 2.2 In terms of methodology, we adopted standard residual valuation approaches to test the viability of nine development typologies and 14 strategic sites, including the impact on viability of the Council's planning policies alongside the adopted levels of CIL and alternative amounts of CIL. However, due to the extent and range of financial variables involved in residual valuations, they can only ever serve as a guide. Individual site characteristics (which are unique), mean that conclusions must always be tempered by a level of flexibility in application of policy requirements on a site by site basis. For CIL rates, this means leaving adequate headroom below the maximum rates to deal with the differences that often occur when individual schemes come forward through the development management process.
- 2.3 In light of the above we would highlight that the purpose of this viability study is to assist the Council in understanding changes to the capacity of schemes to absorb CIL and to support any proposed changes to Charging Schedule through Examination in Public. The Study therefore provides an evidence base to show that the requirements set out within the NPPF, CIL Regulations and National Planning Practice Guidance are met. The key underlying principle is that charging authorities should use evidence to strike an appropriate balance between the desirability of funding infrastructure from the levy and the potential impact upon the economic viability of development across their area.

Economic and housing market context

- 2.4 The housing and commercial property markets are inherently cyclical. The downwards adjustment in house prices in 2008/9 was followed by a prolonged period of real house price growth. By 2010 improved consumer confidence fed through into more positive interest from potential house purchasers. However, this brief resurgence abated with figures falling and then fluctuating in 2011 and 2012. The improvement in the housing market towards the end of 2012 continued through into 2013 at which point the growth in sales values improved significantly through to the last quarter of 2014, where the pace of the improvement was seen to moderate and continued to do so in 2015. The UK economy sustained momentum following the result of the UK's referendum on its membership of the European Union (EU), and as a result the UK housing market surprised many in 2016. The average house price rose 4.5%, which was 0.2% lower than our forecast and ahead of the level recorded in 2015. While first time buyer numbers continued to recover in 2016, overall transaction levels slowed as some home movers and investors withdrew from the market.
- 2.5 The referendum held on 23 June 2016 on the UK's membership of the EU resulted in a small majority in favour of exit. The immediate aftermath of the result of the vote was a fall in the Pound Sterling to a 31 year low and stocks overselling due to the earnings of the FTSE being largely in US Dollars. As the Pound dropped significantly this supported the stock market, which has since recouped all of the losses seen and is near the all-time highs. We are now in a period of uncertainty in relation to many factors that impact the property investment and letting markets. In March 2017 (the point at which Article 50 was triggered signalling the official commencement of the UK's exit from the EU), the Sterling Exchange Rate Index ("ERI") fell a further 1.5% from the end of February and was 10.5% lower compared with the end of March 2016. Since August 2017 the Bank of England's ("BoE's") Inflation Reports have identified that Sterling has broadly remained around 15%-20% below its pre-referendum peak (November 2015). The August 2018 Report identified that ERI was

- 2.5% lower than in its run up to the May 2018 Report and around 17% below the late-2015 peak.
- 2.6 There have been tentative signs of improvement and resilience in the market, however this has been tempered by heightened uncertainty relating to post EU exit arrangements. In BNP Paribas real Estate's Summer 2018 Residential Quarterly Update it identifies that the UK's exit from the EU *"is making gradual progress with details slowly being released. Theresa May has outlined the UK's desired position with regards to the UK's future relationship with the EU. However it is important to note this is just the government's preferred position and has yet to be agreed by the EU and could therefore change substantially over the coming months. The recent announcements have also highlighted the lack of consensus within the government, seeing both the Brexit Secretary and Foreign Secretary resigning."*
- 2.7 The International Monetary Fund ("IMF") revised its forecast for UK growth in 2016 on 4 October 2016 from 1.7% to 1.8%, thereby partly reversing the cut it made to the forecast shortly after the referendum (1.9% to 1.7%). Notwithstanding this, it further trimmed its 2017 forecast from 1.3% to 1.1%, which stood at 2.2% prior to the Referendum. This figure was subsequently increased to 2% in April 2017, however was reduced in July 2017 to 1.7%. This figure remains unchanged in the July 2018 World Economic Outlook ("WEO") Report Update. The IMF anticipates growth to slow in 2018 and 2019, with current forecasts of 1.4% and 1.5% respectively. The 2018 projection has been reduced from 1.6% projected in the April 2018 WEO. We understand that these figures reflect the anticipated higher barriers to trade and lower foreign direct investment following the UK's exit from the EU.
- 2.8 The BoE's August Inflation Report sets out that *"Quarterly GDP growth is estimated to have slowed to 0.2% in 2018. That was revised up from 0.1% in the preliminary estimate and, as set out in the May Report, it is expected to be revised up further to 0.3% in the mature estimate. In May, the MPC judged that growth in Q1 was probably depressed by around 0.1 percentage points by disruption from adverse weather. Developments since then have been broadly consistent with that judgement. For example, according to Bank calculations based on responses to the ONS Labour Force Survey, total hours worked were 0.15% lower in Q1 due to the adverse weather. GDP growth is expected to have recovered to 0.4% in Q2, as anticipated in May. That is slightly faster than the estimated growth rate of potential supply — the pace at which output can grow consistent with balanced inflationary pressures. Newly introduced ONS estimates of monthly GDP growth suggest that growth in the three months to May was 0.2%. That growth rate continued to be depressed by the impact of weak activity in March however, probably due to the adverse weather. By contrast, monthly growth in April and May averaged %. The recovery in GDP growth in Q2 is expected to have been driven by a pickup in consumption growth, to 0.5%. A number of indicators of household spending, including consumer credit growth and property transactions, which were weak in Q1, have bounced back since then, suggesting much of the earlier weakness was erratic. In addition, retail sales grew by 2.1% in Q2. Although in the past year the number of retail store closures have increased and retail footfall has fallen, contacts of the Bank's Agents suggest that mainly reflects shifts in consumer demand to online stores and from goods to services. And although growth in household money has slowed, that appears to reflect an unwind of past shifts in demand for different assets"*
- 2.9 A key issue at present is the above target levels of inflation that have been experienced. *The IMF April 2018 World Economic Outlook Report identifies that, "In most advanced economies, core inflation remains below target but appears to be edging up in response to stronger demand. The United Kingdom is an exception to the pattern of below-target inflation. At 2.4 percent in February, UK core inflation is below the peak it reached in 2017 in the aftermath of the June 2016 Brexit referendum pound depreciation, but remains above the Bank of England's target of 2 percent."* This remains the case in mid-2018 with the BoE's August 2018 Inflation Report stating that, *"CPI inflation was 2.4% in June, pushed above the 2% target by external cost pressures resulting from the effects of sterling's past depreciation and higher energy prices. The contribution of external pressures is projected to ease over the forecast period while the contribution of domestic cost pressures is expected to rise."*

Taking these influences together, and conditioned on the gently rising path of Bank Rate implied by current market yields, CPI inflation remains slightly above 2% through most of the forecast period, reaching the target in the third year."

- 2.10 The April 2018 Economic Outlook report by the IMF report identified that, *"The unemployment rate in the United Kingdom is close to historic lows; further declines could add to inflation pressure by triggering faster wage growth in a context of inflation that is already above target following currency depreciation after the June 2016 Brexit referendum. Gradual monetary tightening is therefore needed to ensure that inflation returns to target and expectations remain anchored."* This is recognised by the BoE, however they are also acutely aware of the uncertainty currently presiding and the impact any changes to monetary policy might have on jobs and activity. *"Developments regarding the United Kingdom's withdrawal from the European Union — and in particular the reaction of households, businesses and asset prices to them — remain the most significant influence on, and source of uncertainty about, the economic outlook. In such exceptional circumstances, the MPC's remit specifies that the Committee must balance any trade-off between the speed at which it intends to return inflation sustainably to the target and the support that monetary policy provides to jobs and activity."*
- 2.11 The BoE's August inflation Report identifies that the *"Bank of England's Monetary Policy Committee ("MPC") sets monetary policy to meet the 2% inflation target, and in a way that helps to sustain growth and employment. At its meeting ending on 1 August 2018, the MPC voted unanimously to increase Bank Rate by 0.25 percentage points, to 0.75%."* The rate remains low by historic standards and BNPPRE considers that any additional rise in interest rate that may occur will likely be introduced slowly and steadily to eliminate economic shock. Nationwide's Chief Economist, Robert Gardiner identifies in the July 2018 House Price Index Report that *"Providing the economy does not weaken further, the impact of a further small rise in interest rates on UK households is likely to be modest. This is partly because only a relatively small proportion of borrowers will be directly impacted by the change. Most lending on personal loans and credit cards is fixed or tends to be unaffected by movements in the Bank Rate. Similarly, in recent years, the vast majority of new mortgages have been extended on fixed interest rates."*
- 2.12 It is worth noting that stamp duty changes when purchasing residential property from December 2014, has also had an effect on the housing market, as it encourages first time buyers, who predominantly purchase lower priced properties, to pay lower stamp duty rates: up to £125,000 (0%), up to £250,000 (2%); and discourages wealthier families to buy property who have the capital to buy a £1,000,000 home but now have to pay 10% stamp duty rates, which will significantly impede their budgets and affordability. However, for overseas investors, the post-EU referendum fall in sterling has offset the impact of higher Stamp Duty to a large extent. As BNP Paribas Real Estate noted in our Q2 Housing Market Report and reaffirms in our Q3 2017 Housing Market Prospectus Report, *"the market has become increasingly reliant on first-time buyers, especially with the depletion of mortgaged movers from the market. Income weakness clearly has potential to dent activity amongst this group given the high average loan-to-value ratios needed to gain the first step on the ladder."*
- 2.13 This position remains relevant into 2018 with the BoE's April 2018 Inflation Report commenting that *"Around four fifths of housing investment consists of new buildings and improvements to existing buildings. Housing investment over 2017 has been supported in part by new home building, with housing starts having increased since 2016 Q1. Contacts of the Bank's Agents have reported that starts have been supported in part by demand for new-build properties from first-time buyers using the Help to Buy equity loan scheme. Starts fell back in 2017 Q3, however, which will weigh slightly on housing investment growth in the near term."* The BoE report goes on summarise that, *"Overall, activity in the housing market is projected to pick up a little in the near term, while house price inflation and housing investment growth are expected to slow slightly. Measures detailed in the November 2017 Budget to support homeownership — such as stamp duty relief for first-time buyers, an expansion of the Help to Buy equity loan scheme and measures aiming to boost*

housebuilding — may support activity, particularly for first-time buyers. The impact on the overall housing market is likely to be small, however.”

- 2.14 In addition, there remains the further impact on the market due to tax changes on the purchase of second properties. The August BoE’s August 2017 Inflation Report highlighted that, *“Much of the weakness in housing market activity over the past 18 months reflects a fall in the number of buy to let property transactions following policy changes such as the introduction of the stamp duty charge for additional properties in April 2016. Buy-to-let mortgage completions fell sharply in April 2016 and have remained broadly flat since then. Perhaps consistent with that, the slowdown in housing market activity over the past 18 months has been particularly pronounced in London and the South East, which together account for around 50% of buy-to-let transactions.”*
- 2.15 BNP Paribas Real Estate’s Q3 2017 Housing Market Prospectus Report, highlighted that the Council of Mortgage Lenders (CML) published a report entitled ‘Missing Movers: A Long-Term Decline in Housing Transactions?’, which investigates the reasons for the low level of housing transactions that have become a feature of the UK market since the financial crisis. The research finds long-term economic and demographic issues are responsible for the dip in activity, with ageing and equity-rich households reducing activity at one end of the market while affordability has sapped activity amongst mortgaged households, the former being the bedrock of housing activity. With little expectation of either improving real incomes, or a growth in equity to make potential moves worthwhile, the report concludes that in the absence of any radical changes to housing or indeed wider related policies *“we should expect for the foreseeable future movement among mortgaged households to remain constrained.”* It is notable therefore that more affordable regions of the country such as, the West Midland and the South West, benefiting from a solid economic base are currently *“showing more robust levels of activity (RICS)”*.
- 2.16 Nationwide’s July 2018 House Price Index Report identifies that the, *“There was a slight uptick in annual house price growth in July to 2.5%, from 2.0% in June. Nonetheless, annual house price growth remains within the fairly narrow range of c2-3% which has prevailed over the past 12 months, suggesting little change in the balance between demand and supply in the market.”* This position correlates with that reported in the August 2018 Halifax House Price Index Report, which states that *“House prices picked up in July, with the annual rate of growth rising from 1.8% in June to 3.3% in July, the largest increase since last November. The average house price is now £230,280, the highest on record. House prices in the three months to July were 1.3% higher than in the previous quarter, the fastest quarterly increase, again, since November.”*
- 2.17 A key feature of the market currently is a mixed regional picture with the UK’s house prices showing modest growth overall, but with some regions still outperforming. Robert Gardiner, Nationwide’s Chief Economist identified in the March 2018 that, *“For the fourth quarter in a row, regions in the North of England recorded stronger annual house price growth than those in the South.”* He further highlighted London to be the weakest performing market stating that *“London continued to experience modest annual price declines, with average house prices down 1% compared with a year ago.”* However, in BNP Paribas Real Estate’s opinion, these overall figures for London are likely to mask differences between the overheated central London markets versus the still affordable outer London markets, which are still seeing growth as a result of significant demand and regeneration.
- 2.18 Both Nationwide and Halifax, have highlighted the relationship between muted house price growth, Mortgages remaining affordable despite the recent BoE Base Rate increase and the continuing strength of the UK jobs market, however they differ on the point of the pressures on household finances.
- 2.19 Russell Galley, Managing Director of the Halifax identifies in the August 2018 report that *“While the quarterly and annual rates of house price growth have improved, housing activity*

remains soft. Despite the recent modest improvement in mortgage approvals, the latest survey data for new buyer enquiries and agreed sales suggest that approvals will remain broadly flat until the end of the year. In contrast, the labour market remains robust, with the numbers of people in employment rising by 137,000 in the three months to May with much of the job creation driven by a rise in full-time employment. Pressures on household finances are also easing as growth in average earnings continues to rise at a faster rate than consumer prices. With regards to the recent rise in the Bank of England Base Rate, we do not anticipate that this will have a significant effect on either mortgage affordability or transaction volumes”

- 2.20 Robert Gardiner of Nationwide considers in the July report that, *“Subdued economic activity and ongoing pressure on household budgets is likely to continue to exert a modest drag on housing market activity and house price growth this year, though borrowing costs are likely to remain low. Overall, we continue to expect house prices to rise by around 1% over the course of 2018.”*
- 2.21 Residential sales value forecasts by numerous property firms have continued to identify since June 2016 that uncertainty has weighed down the market slowing sales value growth. In BNP Paribas Real Estate’s Summer 2018 Residential Quarterly Update we identify that,
- “Now that there have been some initial agreements reached on Brexit, attention can move towards trade negotiations. The route Britain takes with these issues will have large implications on the nature of Brexit and the future strength of the UK economy. The fundamentals of the UK economy remain broadly positive, but sentiment remains very cautious.*
- Total transaction levels for England and Wales look to be relatively equivalent to this time last year. However, in PCL despite transactions picking up over the course of 2017, they continue to be low by historic standards. With substantial economic and political uncertainty continuing, it doesn’t look likely that this will change any time soon.”*
- 2.22 The future trajectory of house prices is currently uncertain. Vanessa Hale, Research Director at BNP Paribas Real Estate, states in the Summer 2018 Residential Quarterly Update that *“We continue to hold our residential house price forecasts for sales and lettings as the wider economic and political uncertainty remains. We maintain that from 2019 onwards it continues to be extremely difficult to forecast the housing market with any certainty, but we would expect some bounce back and a return to growth once more stability has returned to the UK.”*
- 2.23 Forecasts for house price growth identify that values are expected to increase over the next five years, however this price growth is identified as being more moderate than over the past 20 years. There is a consensus that a low level of price growth is expected over the next couple of years with a return to stronger sales value growth in 2020 -2022, when it is anticipated that there will be more certainty on the deal agreed for the UK’s exit from the EU and employment growth, wage growth and GDP growth return towards trend levels. Stephanie McMahon, BNP Paribas Real Estate’s Head of Research commented in Q1 2018 Residential Forecast that, *“Traditionally the most buoyant housing market in the UK, London experienced a slowdown following the EU Referendum and this may continue until 2020. Regional hotspots are likely to be the drivers of UK house price growth in the meantime, with 18% growth forecast for the UK over 5 years to 2022.”* We provide further detail on the mainstream London market sales value forecasts below.

Local housing market context

- 2.24 According to Land Registry as of August 2009, values had fallen in Tower Hamlets by circa 25% from the April 2008 peak of the market values. Subsequently values recovered steadily to April 2010, from which point values fluctuated within a 7% range until May 2013. From May 2013 average values have been seen to increase at a more rapid rate exceeding the April 2008 peak of the market value in October 2013. As of June 2018 residential sales

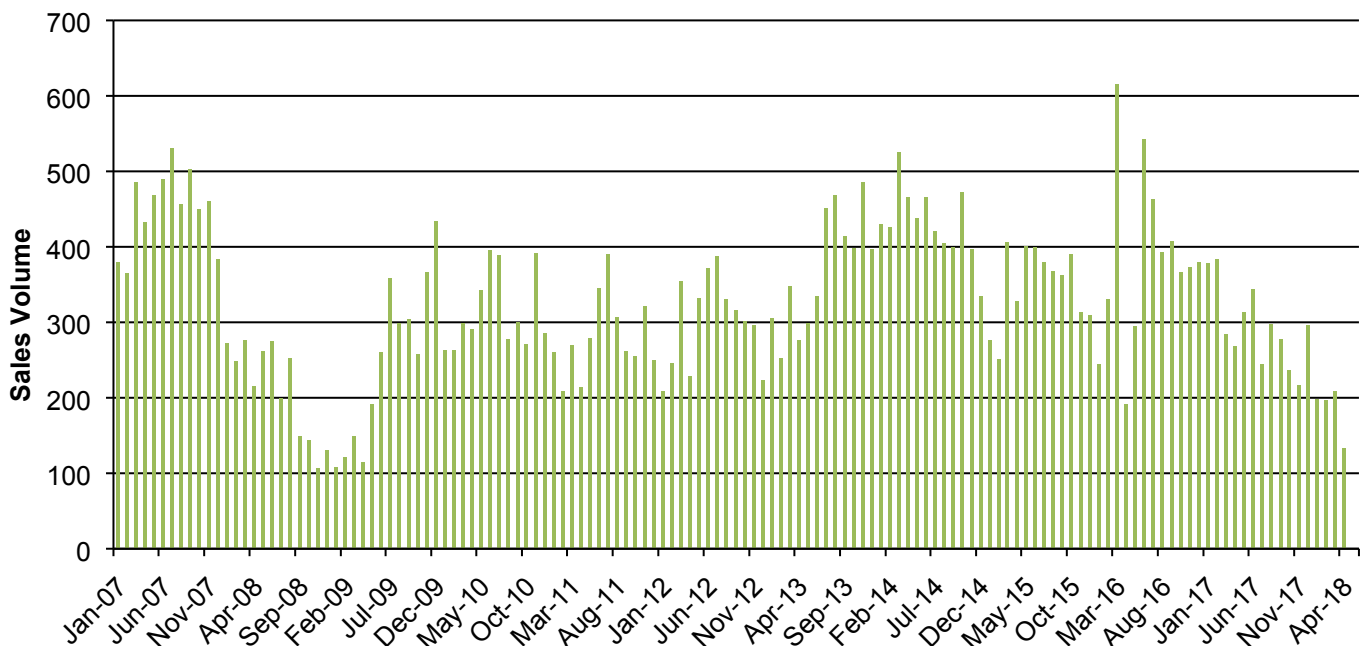
values in Tower Hamlets were circa 140% higher than the April 2008 peak of the market values.

2.25 Tower Hamlets has seen very strong growth in sales values across the borough, where values have been seen to almost double since BNP Paribas Real Estate prepared the Council's previous CIL viability evidence. Growth in values has resulted from a significant number of development schemes coming forward, regenerating the borough. Values in the city fringe, along the Thames and in Canary Wharf area also seen significant increases with a number of schemes achieving sales values in excess of £1,200 per sq ft. These areas are now considered part of the central London 'prime market'. Growth in values in these areas has resulted in part from active interest from domestic and overseas investors.

Figure 2.23.1: Average house prices in Tower Hamlets



Figure 2.23.2: Sales volumes in Tower Hamlets



Source: Land Registry

- 2.26 The future trajectory of house prices is currently uncertain, although BNP Paribas Real Estate, Knight Frank, JLL and Savills currently forecast growth in house prices over the next five years (see table 2.26.1 below). They identify that the Mainstream London market will grow by between 7.1% to 13.1% over the period between 2018 to 2022 inclusive. This is compared to a UK average of between 12.6% to 18% cumulative growth over the same period.

Table 2.26.1: House price forecasts for prime and mainstream London markets and the UK market as a whole

London Markets	2018	2019	2020	2021	2022	Cumulative growth
Mainstream London - Knight Frank (May 2018)	-0.5%	2.5%	3.0%	3.5%	4.0%	13.1%
Greater London – JLL (January 2018)	0.0%	1.5%	2.0%	3.5%	4.0%	11.4%
Mainstream London – Savills (April 2018)	-2.0%	0.0%	5.0%	2.0%	2.0%	7.1%
UK - Knight Frank (May 2018)	1.0%	2.0%	3.0%	3.5%	4.0%	14.2%
UK – JLL (January 2018)	1.0%	2.0%	2.5%	3.0%	3.5%	12.6%
UK- BNPPRE / Strutt & Parker (August 2018)	2.5%	2.5%	4.0%	4.0%	4.0%	18.0%
UK – Savills (April 2018)	1.0%	2.5%	5.0%	2.5%	2.5%	14.2%

National Policy Context

The National Planning Policy Framework

- 2.27 In July 2018, the government published a revised National Planning Policy Framework ('NPPF') and revised National Planning Practice Guidance ('NPPG').
- 2.28 Paragraph 34 of the NPPF states that "*Plans should set out the contributions expected from development. This should include setting out the levels and types of affordable housing provision required, along with other infrastructure (such as that needed for education, health, transport, flood and water management, green and digital infrastructure). Such policies should not undermine the deliverability of the plan*".
- 2.29 Paragraph 57 of the NPPF suggests that "*Where up-to-date policies have set out the contributions expected from development, planning applications that comply with them should be assumed to be viable. It is up to the applicant to demonstrate whether particular circumstances justify the need for a viability assessment at the application stage. The weight to be given to a viability assessment is a matter for the decision maker, having regard to all the circumstances in the case, including whether the plan and the viability evidence underpinning it is up to date, and any change in site circumstances since the plan was brought into force. All viability assessments, including any undertaken at the plan-making stage, should reflect the recommended approach in national planning guidance, including standardised inputs, and should be made publicly available*".
- 2.30 In London and other major cities, the fine grain pattern of types of development and varying existing use values make it impossible to realistically test a sufficient number of typologies to reflect every conceivable scheme that might come forward over the plan period. The Council's proposed approach of reflecting the Mayor of London's 'threshold' approach to affordable housing will allow schemes that cannot provide as much as 35% affordable housing to still come forward rather than being sterilised by a fixed or 'quota' based approach to affordable housing.

2.31 Prior to the publication of the updated NPPF, the meaning of a “*competitive return*” has been the subject of considerable debate over the past year. For the purposes of testing the viability of a Local Plan, the Local Housing Delivery Group⁴ concluded that the current use value of a site (or a credible alternative use value) plus an appropriate uplift, represents a competitive return to a landowner. Some members of the RICS considered that a competitive return is determined by market value⁵, although there was no consensus around this view. The revised NPPF removes the requirement for “competitive returns” and is silent on how landowner returns should be assessed. The revised PPG indicates that viability testing of plans should be based on existing use value plus a landowner premium. The revised PPG also expresses a preference for plan makers to test the viability of planning obligations and affordable housing requirements at the plan making stage in the anticipation that this may reduce the need for viability testing developments at the development management stage. Local authorities have, of course, been testing the viability of their plan policies since the first NPPF was adopted, but have adopted policies based on the most viable outcome of their testing, recognising that some schemes coming forward will not meet the targets. This approach maximises delivery, as there is flexibility for schemes to come forward at levels of obligations that are lower than the target, if a proven viability case is made. The danger of the approach in the revised NPPF is that policy targets will inevitably be driven down to reflect the least viable outcome; schemes that could have delivered more would not do so.

CIL Policy Context

- 2.32 As of April 2015 (or the adoption of a CIL Charging Schedule by a charging authority, whichever was the sooner), the ‘S106/planning obligations system’ i.e. the use of ‘pooled’ S106 obligations, was limited to a maximum of five S106 agreements. The adoption of a CIL charging schedule is discretionary for a charging authority; however, the scaling back of the use of pooled S106 obligations is not discretionary. As such, should the Council elect not to adopt a CIL Charging Schedule, it may have implications with regard to funding infrastructure in the District in future and the Council will need to be aware of such implications in their decision-making.
- 2.33 It is worth noting that some site specific S106 obligations remain available for negotiation, however these are restricted to site specific mitigation that meet the three tests set out at CIL Regulation 122 and to the provision of affordable housing. They cannot be used for securing payments towards infrastructure⁶ that benefit more than one development, unless they form part of a maximum of five S106 agreements, from which contributions to provide infrastructure can be pooled.
- 2.34 The CIL regulations state that in setting a charge, local authorities must strike “an appropriate balance” between revenue maximisation on the one hand and the potentially adverse impact upon the viability of development on the other. The regulations also state that local authorities should take account of other sources of available funding for infrastructure when setting CIL rates. This report deals with viability only and does not consider other sources of funding (this is considered elsewhere within the Council’s evidence base).
- 2.35 Local authorities must consult relevant stakeholders on the nature and amount of any proposed CIL at two stages; after publication of the Preliminary Draft Charging Schedule (“PDCS”) and the Draft Charging Schedule (“DCS”). Following consultation, a charging schedule must be submitted for independent examination.
- 2.36 The payment of CIL becomes mandatory on all new buildings and extensions to buildings with a gross internal floorspace over 100 square metres once a charging schedule has been adopted. The CIL regulations allow a number of reliefs and exemptions from CIL. Firstly, affordable housing and buildings with other charitable uses (if a material interest in the land is

⁴ Viability Testing Local Plans: Advice for planning practitioners, June 2012

⁵ RICS Guidance Note: Financial Viability in Planning, August 2012

⁶ This infrastructure should not be identified on the Council’s Regulation 123 list.

owned by the charity and the development is to be used wholly or mainly for its charitable purpose) are subject to relief. Secondly, local authorities may, if they choose, elect to offer an exemption on proven viability grounds. A local authority wishing to offer exceptional circumstances relief in its area must first give notice publicly of its intention to do so. The local authority can then consider claims for relief on chargeable developments from landowners on a case by case basis. In each case, an independent expert with suitable qualifications and experience must be appointed by the claimant with the agreement of the local authority to assess whether paying the full CIL charge would have an unacceptable impact on the development's economic viability.

- 2.37 The exemption would be available for 12 months, after which time viability of the scheme concerned would need to be reviewed. To be eligible for exemption, regulation 55 states that the Applicant must enter into a Section 106 agreement; and that the Authority must be satisfied that granting relief would not constitute state aid. It should be noted however that CIL cannot simply be negotiated away or the local authority decide not to charge CIL.
- 2.38 CIL Regulation 40 includes a vacancy period test for calculating CIL liability so that vacant floorspace can be offset in certain circumstances. That is where a building that contains a part which has not been in lawful use for a continuous period of at least six months within the last three years, ending on the day planning permission first permits the chargeable development, the floorspace may not be offset.
- 2.39 The CIL regulations enable local authorities to set differential rates (including zero rates) for different zones within which development would take place and also for different types of development. The CIL Guidance set out in the NPPG (paragraph 022) clarifies that CIL Regulation 13 permits charging authorities to levy *"differential rates by reference to different intended uses of development."* Charging Authorities taking this approach need to ensure that such different rates are justified by a comparative assessment of the economic viability of those categories of development. Further the NPPG clarifies that the definition of "use" for this purpose is not tied to the classes of development in the Town and Country Planning Act (Use Classes) Order 1987, although that Order does provide a useful reference point.' The NPPG also sets out (paragraph 023) that charging authorities may also set differential rates in relation to, scale of development i.e. by reference to either floor area or the number of units or dwellings.
- 2.40 The 2010 CIL regulations set out clear timescales for payment of CIL, which are varied according to the size of the payment, which by implication is linked to the size of the scheme. The 2011 amendments to the regulations allowed charging authorities to set their own timescales for the payment of CIL if they choose to do so. This is an important issue that the Council will need to consider, as the timing of payment of CIL can have an impact on an Applicant's cashflow (the earlier the payment of CIL, the more interest the Applicant will bear before the development is completed and sold).
- 2.41 The Government published the findings of the independent CIL review alongside the Housing White Paper in February 2017. The White Paper identified at paragraph 2.28 that the Government *"continue to support the existing principle that developers are required to mitigate the impacts of development in their area, in order to make it acceptable to the local community and pay for the cumulative impacts of development on the infrastructure of their area."* The White Paper summarised the main finding of the CIL review to be that *"the current system is not as fast, simple, certain or transparent as originally intended."*
- 2.42 As a result the Government committed to *"examine the options for reforming the system of developer contributions including ensuring direct benefit for communities, and will respond to the independent review and make an announcement at Autumn Budget 2017."* The government's recent consultation on changes to the NPPF includes proposed reforms of CIL, including the following potential changes:

- The potential for councils to adopt Strategic Infrastructure Tariffs ('SITs') to fund strategic infrastructure that cross borough boundaries. Any potential SIT proposals would need to be factored into the viability testing to ensure rates of CIL that are set are viable alongside SITs and Local Plan policies
- Potential changes to the approach to consultation with stakeholders, with the current formal process replaced with a statement on how the Authority has engaged, which would form part of the Examination in Public.
- Potential removal of pooling restrictions on Section 106. If councils intend to collect funds for infrastructure through pooled contributions, any such contributions would need to be incorporated into viability testing to ensure that the CIL rates charged alongside Section 106 remain viable.
- Encouragement for setting specific rates for all uses on large strategic developments would require the testing of individual strategic sites to determine an appropriate and specific rate. Councils would need to identify which sites this may apply to.
- Setting rates according to existing uses of sites is a key change proposed by the government. This would enable councils to set higher rates on sites that are currently in low value uses (e.g. secondary industrial).
- Changes to the way CIL is indexed, moving from indexation by reference to changes in build costs to changes in values across the borough.

Mayoral CIL

- 2.43 Tower Hamlets falls within Mayoral CIL Zone 2 in the currently adopted Mayoral CIL Charging Schedule, for which a CIL of £35 per square metre (un-indexed) is levied. In addition, the Crossrail and Mayoral CIL SPG⁷ identifies that in particular locations, where appropriate, the Mayor could negotiate Section 106 contributions over and above the Mayoral CIL towards Crossrail, dependent on the size and impact of the development and viability issues.
- 2.44 We note that the Mayor published the Mayor of London Community Infrastructure Levy 2 Preliminary Draft Charging Schedule (MCIL2 PDCS) on 26 June 2017 for consultation until 7 August 2017 and following this published the Draft Charging Schedule (MCIL2 DCS) for consultation between 18 December 2017 and 4 February 2018. We understand that the Mayor has submitted his Charging Schedule for Public Examination, which is scheduled to take place on 10-12 September 2018. The Mayor intends to introduce MCIL2 on 1 April 2019 which will supersede both the current Mayor's CIL (MCIL1) and the associated planning obligation/S106 charge scheme applicable to areas directly benefiting from Crossrail services.
- 2.45 The borough remains within Zone 2 of the emerging MCIL2 charging schedule, for which a rate of £60 per square metre will be levied. In addition, a portion of the borough on the eastern boundary is located within the identified MCIL2 Central London charging area and the majority of the Isle of Dogs is located within the Isle of Dogs MCIL2 charging area, Both of these locations are identified as charging areas for offices, retail and hotels at £185, £165 and £140 per square metre respectively.

Tower Hamlets CIL

- 2.46 Tower Hamlets adopted its CIL Charging Schedule on 25 February 2015 and it came into effect on 1 April 2015. Table 2.46.1 below summarises the rates of CIL charged (un-indexed).

⁷ The London Plan Supplementary Planning Guidance on 'Use of planning obligations and Mayoral Community Infrastructure Levy' (March 2016) ("Mayoral CIL and S106 SPG")

Table 2.42.1: CIL rates in the adopted Charging Schedule

Development Type	Proposed CIL Rate Per sq m (GIA) of Development			
	Zone 1	Zone 2	Zone 3	Large Allocated Sites
Residential	£200	£65	£35	Nil
Offices	City Fringe	North Docklands	Rest of Borough	Large Allocated Sites
	£90	Nil	Nil	Nil
Retail (Except Convenience Supermarkets/ Superstores and Retail Warehousing)	£70	£70	Nil	Nil
Convenience Supermarkets/ Superstores and Retail Warehousing	Borough Wide, Except Large Allocated Sites			Large Allocated Sites
	£120			Nil
Hotel	£180			Nil
Student Housing Let at Market Rents	£425			Nil
Student Housing Let at Below Market Rents	Nil			Nil
All other uses	Borough Wide			
	Nil			

Local Policy context

- 2.47 The study takes into account the emerging policies and standards set out in the Tower Hamlets Local Plan 2031, Managing growth and sharing the benefits, Regulation 19 Consultation document to be published in October 2017 (“STHLP”). These include *inter alia* affordable housing requirements; sustainability and developer contributions towards infrastructure. There are numerous policy requirements that are now embedded in base build costs for schemes (i.e. secure by design, landscaping, amenity space, internal space standards etc.).
- 2.48 We set out a summary of the policies identified as having cost implications for developments below:
- Policy D.SG5 – Developer contributions (sets out that requirements may include S106 agreements to make provisions to mitigate the impacts of the development and CIL and the Council’s approach to the Vacant Building Credit (“VBC”))
 - Strategic Policy S.H1 – (sets out the strategic affordable housing target of 50% and identifies the minimum requirement for 35%-affordable homes on sites providing net additional residential units (subject to viability);
 - Policy D.H2 - (requires the delivery of affordable housing in a 70% Rent and 30% Intermediate tenure split). It also requires developments for estate regeneration to

protect the existing quantum of affordable homes and provide an uplift in the number of affordable homes.

- Policy D.H3 – Housing Standards and Quality (in particular accessibility requirements in line with the London Plan)
- Policy D.ES5 – Sustainable Drainage (specifies requirements for SUDs and attenuation on development sites).
- Policy D.ES7 – A Zero Carbon Borough (identifies the Council's aspiration of achieving Zero Carbon development. From 2016 to 2019 a 45% CO2 emissions reduction from the 2013 building regulations is sought and Zero Carbon from 2019-2031 i.e. a minimum of 45% reduction of on-site with the remaining regulated carbon dioxide emissions to 100% to be off-set through a cash in lieu contribution for carbon saving projects elsewhere in the borough.)

Development context

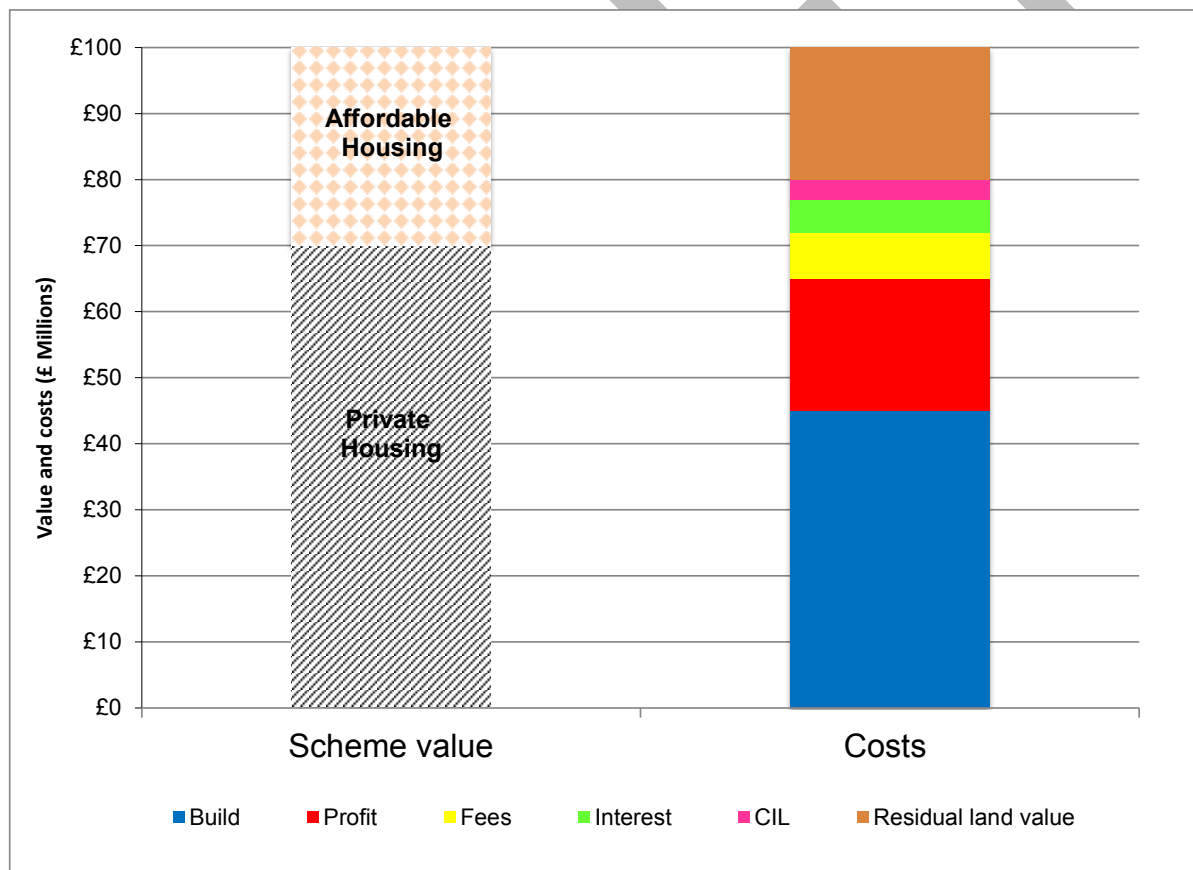
- 2.49 Tower Hamlets is an inner London borough and sits in an important strategic location for London, linking central London with the rest of the Thames Gateway growth corridor. The STHLP identifies that the borough is the second most densely populated in London, and the townscape is evolving with the increase in density. Many areas have undergone significant change and regeneration, with a mix of redevelopment and restoration/adaption/reuse of buildings. In particular there has been a marked increase in the number of tall buildings, particularly residential ones, causing notable changes to the borough's skyline, with positive and negative implications.
- 2.50 Developments in Tower Hamlets range from small in-fill sites to major regeneration schemes. The City Fringe and Canary Wharf are strategically important employment locations for London and are the location of the headquarters for a large number of multinational businesses so commercial development is important and strong within these key locations within the Borough.
- 2.51 The STHLP identifies that the 2015 Indices of Deprivation (DCLG, 2015) show that while Tower Hamlets has become relatively less deprived, deprivation remains widespread and the Borough also continues to have the highest rates of child and pensioner poverty in England (LBTH, 2016). However the borough also contains a number of wards which are within the least deprived in England. This disparity is reflected in the borough's pay ratio which is the largest, reflecting the greatest inequality in London (London Poverty Profile, 2015).
- 2.52 Given the above it is unsurprising that there are significant variations in residential sales values between different parts of the Borough, with values in the City Fringe, wards along the River Thames and in Canary Wharf generally being the highest and the areas to the north east of the borough achieving lower values. Notwithstanding this position, values in the entire borough have seen significant growth in the last few years with the construction of new residential dwellings (building starts) in the borough exceeding the other London boroughs and the growth shows little signs of abating.
- 2.53 The STHLP identifies that *'The London Plan (GLA, 2016) identifies a ten-year minimum housing supply target of 39,314 homes within Tower Hamlets over the period 2015-2025. This is equivalent to a minimum requirement of 3,931 homes per annum. The London Plan does not set out specific housing targets beyond 2025 but expects boroughs to 'roll forward' their annual target. The London Plan ten-year target, plus the annual rolled forward target, results in a housing supply target for the borough (2016 – 2031) of 58,965 homes.'*

3 Methodology

- 3.1 Our methodology follows standard development appraisal conventions, using locally-based sites and assumptions that reflect local market circumstances and emerging planning policy requirements. The study is therefore specific to Tower Hamlets and reflects the Council's planning policy requirements.

Approach to testing development viability

- 3.2 Appraisal models can be summarised via the following diagram. The total scheme value is calculated, as represented by the left hand bar. This includes the sales receipts from the private housing (the hatched portion) and the payment from a Registered Provider ('RP') (the chequered portion) for the completed affordable housing units. For a commercial scheme, scheme value equates to the capital value of the rental income after allowing for rent free periods and purchaser's costs. The model then deducts the build costs, fees, interest, CIL and developer's profit. A 'residual' amount is left after all these costs are deducted – this is the land value that the Developer would pay to the landowner. The residual land value is represented by the brown portion of the right hand bar in the diagram.



- 3.3 The Residual Land Value is normally a key variable in determining whether a scheme will proceed. If a proposal generates sufficient positive land value (in excess of existing use value, discussed later), it will be implemented. If not, the proposal will not go ahead, unless there are alternative funding sources to bridge the 'gap'.
- 3.4 Problems with key appraisal variables can be summarised as follows:
- Development costs are subject to national and local monitoring and can be reasonably accurately assessed in 'normal' circumstances. In boroughs like Tower Hamlets, the

majority of sites will be previously developed. These sites can sometimes encounter 'exceptional' costs such as decontamination. Such costs can be very difficult to anticipate before detailed site surveys are undertaken;

- Assumptions about development phasing, phasing of Section 106 contributions and infrastructure required to facilitate each phase of the development will affect residual values. Where the delivery of the obligations are deferred, the less the real cost to the applicant (and the greater the scope for increased affordable housing and other planning obligations). This is because the interest cost is reduced if the costs are incurred later in the development cashflow; and
 - While Developer's Profit has to be assumed in any appraisal, its level is closely correlated with risk. The greater the risk, the higher the profit level required by lenders. While profit levels were typically up to around 15% of completed development value at the peak of the market in 2007, banks currently require schemes to show a profit level that is reflective of current risk. Typically developers and banks have been targeting between 17-20% profit on value of the private housing element.
- 3.5 Ultimately, the landowner will make a decision on implementing a project on the basis of return and the potential for market change, and whether alternative developments might yield a higher value. The landowner's 'bottom line' will be achieving a residual land value that sufficiently exceeds 'existing use value'⁸ or another appropriate benchmark to make development worthwhile. The margin above existing use value may be considerably different on individual sites, where there might be particular reasons why the premium to the landowner should be lower or higher than other sites.
- 3.6 Clearly, however, landowners have expectations of the value of their land which often exceed the value of the current use. Ultimately, if landowners' expectations are not met, they will not voluntarily sell their land and (unless a Local Authority is prepared to use its compulsory purchase powers) some may simply hold on to their sites, in the hope that policy may change at some future point with reduced requirements. However, the communities in which development takes place also have reasonable expectations that development will mitigate its impact, in terms of provision of community infrastructure, which will reduce land values. It is within the scope of those expectations that developers have to formulate their offers for sites. The task of formulating an offer for a site is complicated further still during buoyant land markets, where developers have to compete with other developers to secure a site, often speculating on increases in value.

Viability benchmark

- 3.7 The NPPF (2018) sets out at paragraph 34 that, "*Plans should set out the contributions expected from development. This should include setting out the levels and types of affordable housing provision required, along with other infrastructure (such as that needed for education, health, transport, flood and water management, green and digital infrastructure). Such policies should not undermine the deliverability of the plan.*" The July 2018 updated NPPG on Viability indicates that for the purposes of testing viability, local authorities should have regard to existing use value of land plus a premium to incentivise release for redevelopment.
- 3.8 The Mayor's Affordable Housing and Viability SPG focuses on decision making in development management, rather than plan making, but indicates that benchmark land values should be based on existing use value plus a premium which should be "*fully justified based on the income generating capacity of the existing use with reference to comparable evidence on rents, which excludes hope value associated with development on the site or alternative uses*".

⁸ For the purposes of this report, existing use value is defined as the value of the site in its existing use, assuming that it remains in that use. We are not referring to the RICS Valuation Standards definition of 'Existing Use Value'.

- 3.9 The Local Housing Delivery Group published guidance⁹ in June 2012 which provides guidance on testing viability of Local Plan policies. The guidance notes that “*consideration of an appropriate Threshold Land Value [or viability benchmark] needs to take account of the fact that future plan policy requirements will have an impact on land values and landowner expectations. Therefore, using a market value approach as the starting point carries the risk of building-in assumptions of current policy costs rather than helping to inform the potential for future policy*”.
- 3.10 In light of the weaknesses in the market value approach, the Local Housing Delivery Group guidance recommends that benchmark land value “*is based on a premium over current use values*” with the “*precise figure that should be used as an appropriate premium above current use value [being] determined locally*”. The guidance considers that this approach “*is in line with reference in the NPPF to take account of a “competitive return” to a willing land owner*”.
- 3.11 The examination on the Mayor of London’s first CIL charging schedule considered the issue of an appropriate land value benchmark. The Mayor had adopted existing use value, while certain objectors suggested that ‘Market Value’ was a more appropriate benchmark. The Examiner concluded that:
- “The market value approach.... while offering certainty on the price paid for a development site, suffers from being based on prices agreed in an historic policy context.” (paragraph 8)* and that “*I don’t believe that the EUV approach can be accurately described as fundamentally flawed or that this examination should be adjourned to allow work based on the market approach to be done*” (paragraph 9).
- 3.12 In his concluding remark, the Examiner points out that
- “the price paid for development land may be reduced [so that CIL may be accommodated]. As with profit levels there may be cries that this is unrealistic, but **a reduction in development land value is an inherent part of the CIL concept.** It may be argued that such a reduction may be all very well in the medium to long term but it is impossible in the short term because of the price already paid/agreed for development land. The difficulty with that argument is that if accepted the prospect of raising funds for infrastructure would be forever receding into the future. In any event in some instances it may be possible for contracts and options to be re-negotiated in the light of the changed circumstances arising from the imposition of CIL charges. (paragraph 32 – emphasis added).*
- 3.13 It is important to stress, therefore, that there is no single threshold land value at which land will come forward for development. The decision to bring land forward will depend on the type of owner and, in particular, whether the owner occupies the site or holds it as an asset; the strength of demand for the site’s current use in comparison to others; how offers received compare to the owner’s perception of the value of the site, which in turn is influenced by prices achieved by other sites. Given the lack of a single threshold land value, it is difficult for policy makers to determine the minimum land value that sites should achieve. This will ultimately be a matter of judgement for each planning authority.
- 3.14 Respondents to consultations on planning policy documents in other authorities in London have made various references to the RICS Guidance on ‘Viability in Planning’ and have suggested that councils should run their analysis on market values. This would be an extremely misleading measure against which to test viability, as market values should reflect *existing policies already in place*, and would consequently tell us nothing as to how future (as yet un-adopted) policies might impact on viability. It has been widely accepted elsewhere that market values are inappropriate for testing planning policy requirements.
- 3.15 Relying upon historic transactions is a fundamentally flawed approach, as offers for these sites will have been framed in the context of current planning policy requirements, so an

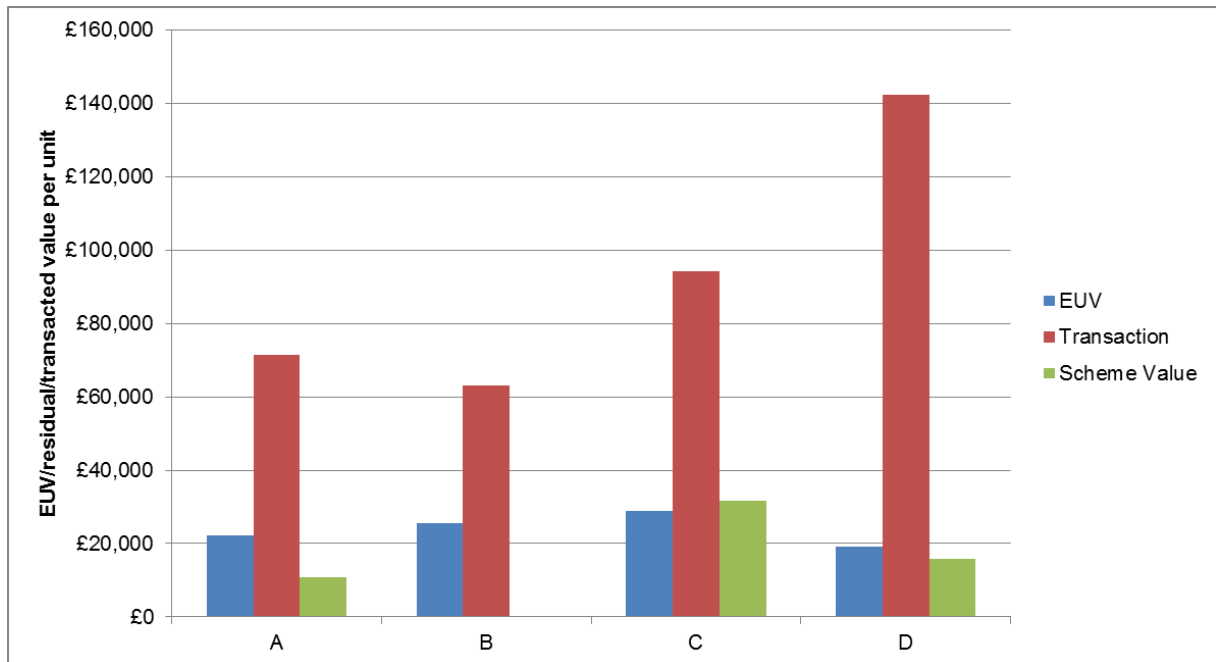
⁹ Viability Testing Local Plans. Advice for planning practitioners, Local Housing Delivery Group, Chaired by Sir John Harman, June 2012

exercise using these transactions as a benchmark would tell the Council nothing about the potential for sites to absorb as yet unadopted policies. Various Local Plan inspectors and CIL examiners have accepted the key point that Local Plan policies and CIL will ultimately result in a reduction in land values, so benchmarks must consider a reasonable minimum threshold which landowners will accept. For local authority areas such as Lambeth, where the vast majority of sites are previously developed, the 'bottom line' in terms of land value will be the value of the site in its existing use. This fundamental point is recognised by the RICS at paragraph 3.4.4. of their Guidance Note on 'Financial Viability in Planning':

"For a development to be financially viable, any uplift from current use value to residual land value that arises when planning permission is granted should be able to meet the cost of planning obligations while ensuring an appropriate Site Value for the landowner and a market risk adjusted return to the developer in delivering that project (the NPPF refers to this as 'competitive returns' respectively). The return to the landowner will be in the form of a land value in excess of current use value".

- 3.16 The Guidance goes on to state that *"it would be inappropriate to assume an uplift based on set percentages ... given the diversity of individual development sites"*.
- 3.17 Commentators also make reference to 'market testing' of benchmark land values. This is another variant of the benchmarking advocated by respondents outlined at paragraph 3.14. These respondents advocate using benchmarks that are based on the prices that sites have been bought and sold for. There are significant weaknesses in this approach which none of the respondents who advocate this have addressed. In brief, prices paid for sites are a highly unreliable indicator of their actual value, due to the following reasons:
- Transactions are often based on bids that 'take a view' on squeezing planning policy requirements below target levels. This results in prices paid being too high to allow for policy targets to be met. If these transactions are used to 'market test' CIL rates, the outcome would be unreliable and potentially highly misleading.
 - Historic transactions of housing sites are often based on the receipt of grant funding, which is no longer available in most cases.
 - There would be a need to determine whether the developer who built out the comparator sites actually achieved a profit at the equivalent level to the profit adopted in the viability testing. If the developer achieved a sub-optimal level of profit, then any benchmarking using these transactions would produce unreliable and misleading results.
 - Developers often build assumptions of growth in sales values into their appraisals, which provides a higher gross development value than would actually be achieved today. Given that our appraisals are based on current values, using prices paid would result in an inconsistent comparison (i.e. current values against the developer's assumed future values). Using these transactions would produce unreliable and misleading results.
- 3.18 These issues are evident from a recent BNP Paribas Real Estate review of evidence submitted in viability assessments where the differences between the value ascribed to developments by applicants and the amounts the sites were purchased for by the same parties. The prices paid exceeded the value of the consented schemes by between 52% and 18,000%, as shown in Figure 3.18.1. This chart compares the residual value of four central London development proposals to the sites' existing use values and the price which the developers paid to acquire the sites (all the data is on a per unit basis).

Figure 3.18.1: Comparison of scheme residual value to existing use value and price paid for site



- 3.19 For the reasons set out above, the approach of using current use values is a more reliable indicator of viability than using market values or prices paid for sites, as advocated by certain observers. Our assessment follows this approach, as set out in Section 4.
- 3.20 The NPPG 2018 indicates that planning authorities should adopt benchmark land values based on existing use values. It then goes on to suggest that the premium above existing use value should be informed by land transactions. This would in effect simply level benchmark land values up to market value, with all the issues associated with this (as outlined above). The NPPG 2018 does temper this approach by indicating that *“the landowner premium should be tested and balanced against emerging policies”* and that *“the premium should provide a reasonable incentive for a land owner to bring forward land for development while allowing a sufficient contribution to comply with policy requirements”*. The guidance also stresses in several places that “price paid for land” should not be reflected in viability assessments. This would exclude use of transactional data thus addressing the issues highlighted in paragraphs 3.17 and 3.18.

4 Appraisal assumptions

Residential development

- 4.1 We have appraised 9 development typologies, reflecting both the range of sales values/capital values and also sizes/types of development and densities of development across the borough. The Council have reviewed historic planning applications and have based the appraisal typologies on a range of actual developments within the borough. These typologies are therefore reflective of developments that have been consented/delivered as well as those expected to come forward in Tower Hamlets in future. Details of the schemes appraised are provided below in tables 4.1.1 and 4.1.2 below.

Table 4.1.1 Development typologies

Typology No.	Number of units	Housing type	Development density units per ha	Net developable area (ha)
1	3	Houses	100	0.03
2	6	Flats	350	0.02
3	10	Flats	235	0.04
4	11	Flats	235	0.05
5	25	Houses and flats	375	0.07
6	50	Flats	380	0.13
7	100	Flats	210	0.48
8	250	Flats	280	0.89
9	400	Flats	630	0.63

Table 4.1.2: Unit Mix (as identified in the SHMAA)

Unit Size	Market	London Living Rent / Intermediate	Social Target Rent / Tower Hamlets Living rent	
1 bed	30%	15%	25%	
2 bed	50%	40%	30%	
3 bed	20%	35%	45%	30%
4 bed		10%		15%
Total	100%	100%	100%	

- 4.2 For typology 1 we have assumed 100% of the units are delivered as 3 bed houses and Typology 5 we have assumed that 10% of the 3 bed units are delivered as houses.
- 4.3 With respect to the size of units adopted in the study, these are set out in Table 4.3.1 below and have been informed by the minimum gross internal floor areas set out in Policy 3.5 and Table 3.3 of the adopted London Plan Consolidated with Alterations since 2011 published in March 2016, Policy D4 and Table 3.1 in the Submission Draft New London Plan and the DCLG's Technical Housing standards' nationally described space standard published in March 2015.

Table 4.3.1: Unit Sizes adopted in study

Unit type	1 Bed flat	2 bed flat	3 bed flat	4 bed flat	3 bed house
Unit size (sq m)	50	70	95	108	102

Residential sales values

- 4.4 Residential values in the area reflect national trends in recent years but do of course vary between different sub-markets. We note that since our March 2013 CIL Viability Report was published (with research undertaken in mid-2012), the Land Registry's database identifies that house prices in the borough have increased by circa 65%.
- 4.5 We have undertaken research on updated residential values in the borough using online database sources including Molior London, the Land Registry, Rightmove and discussions with active local agents. We also have an excellent understanding of values attributed to new build developments from viability work undertaken on behalf of the Council. We have considered all of this evidence of transacted properties in the area as well as properties on the market and pricing of new developments to establish appropriate values for testing purposes. This exercise indicates that in general, developments in the city fringe, Thames waterfront regions (such as St Katherine's docks and Wapping), Canary Wharf and docklands will attract average the highest sales values in the borough ranging from circa £8,342 per square metre (£775 per square foot) to £14,531 per square metre (£1,350 per square foot). Lower values are generally achieved in the east of the borough, however in peripheral areas values of new build development have been seen to increase significantly over the last few years. We have established high medium and low values for each of the three adopted CIL Zones as identified in Table 4.5.1.

Table 4.5.1: Average sales values adopted in Tower Hamlets appraisals

Area	Ave values £s per sq m	Ave values £s per sq ft
CIL Zone 1 - High	£14,531	£1,350
CIL Zone 1 - Medium	£10,710	£995
CIL Zone 1 - Low	£8,342	£775
CIL Zone 2 - High	£10,764	£1,000
CIL Zone 2 - Medium	£8,450	£785
CIL Zone 2 - Low	£7,266	£675
CIL Zone 3 - High	£8,611	£800
CIL Zone 3 - Medium	£7,266	£675
CIL Zone 3 - Low	£6,189	£575

- 4.6 As noted earlier in the report, BNP Paribas Real Estate, Knight Frank and Savills predict that sales values will increase over the medium term. Whilst this predicted growth cannot be guaranteed, we have run a sensitivity analysis assuming growth in sales values of 10%, accompanied by cost inflation of 5%. This sensitivity analysis provides the Council with an indication of the impact of changes in values and costs on scheme viability.

Affordable housing tenure and values

- 4.7 With respect to affordable housing, the Council's Strategic Policy S.H1 identifies that the Council's strategic target for affordable homes of 50% will be achieved by requiring a minimum of 35% to 50% affordable homes on sites providing net additional residential units (subject to viability). Policy D.H2 'Affordable housing' goes on to identify that the Council will seek to maximise affordable housing in line with Policy S.H1 and will require delivery of housing in accordance with a 70% Rent and 30% Intermediate tenure split. The supporting text at paragraph 4.18 identifies that the plan:

"... sets a target of achieving 50% affordable homes through private development as well as council-led initiatives. This target is considered to best reflect local housing need. On developments that yield 11 or more net additional residential units, at least 35% of

affordable housing is expected. Developments are expected to maximise the provision of affordable housing, having regard to availability of public subsidy, implications of phased development (including provision for re-appraising scheme viability at different stages of development) as well as financial viability. Affordable housing calculations will be made using habitable rooms. Given the extent of local need, it is considered necessary and appropriate to seek financial contributions towards the provision of affordable housing from sites of less than 10 units. Financial contributions will be calculated using our preferred methodology as set out in the Planning Obligations Supplementary Planning Document. Over the plan period, developments on small sites have the potential to contribute over 3,000 new homes and could make a significant contribution towards meeting local affordable housing need (see appendix 7). Financial contributions will be calculated using a sliding-scale target starting at 3.5% across the whole site and increasing to 3.5% for each additional home, reaching 35% for sites of 11 units or more. Further detail (including on financial viability assessments) is provided in the developer contributions policy (D.SG5) and in the latest Planning Obligations Supplementary Planning Document. Policy S.H1 also requires ‘a mix of housing sizes and tenures on all sites providing new housing’ and further supports “a variety of housing products in the market and affordable tenure”.

- 4.8 Policy D.H2 ‘Affordable housing’ sets out that The Council will seek to ‘maximise the provision of affordable housing in accordance with a 70% rented and 30% intermediate tenure split. The supporting text in paragraphs 4.28 and 4.29 identify that:
- 4.28 *Where the development provides up to 35% affordable housing, as per policy S.H1 above, the affordable housing provision should be comprised of:*
- *70% rented element, of which 50% should be London affordable rents and 50% should be Tower Hamlets living rent; and*
 - *30% intermediate element, which can include London living rent, shared ownership and other intermediate products.*
- 4.29 *Larger intermediate units (3 or more bedrooms) should be prioritised as London Living Rent products, and generally, shared ownership will not be considered appropriate where unrestricted market values of a unit exceed £600,000 (as per the Affordable Housing and Viability Supplementary Planning Guidance [GLA, 2016]). Where the development provides more than 35% affordable housing, the tenure of the additional affordable homes will be subject to negotiation. GLA developed products (including the London Affordable Rent and London Living Rent) may be subject to change over the plan period. Our affordable housing service will provide further guidance on suitable products when assessing applications. Rent levels are determined as part of the viability assessment of each planning application and undertakings are made to retain similar rent levels at the point of completion. The ownership of affordable homes must be transferred to one of our approved local registered providers or other approved affordable housing providers.*
- 4.9 The Council have identified that given the identified need in the borough they require forthcoming applications to split the 70% rented affordable element between SR and THLR. These will be equally split 50/50 between all unit sizes.
- 4.10 With respect to the 30% intermediate units, the Council has indicated that they are willing to be flexible on these units and have requested that three options of this provision be tested as follows:
- 50% LLR and 50% SO;
 - 100% SO; and
 - 100% LLR.
- 4.11 We set out in Table 4.11.1 the weekly rents for Social Rent (based on London Affordable Rent (“LAR”), Tower Hamlets Living Rent and London Living Rent adopted in our appraisals.

Table 4.11.1 Social Rent (based on London Affordable Rent), Tower Hamlets Living Rent and London Living Rent weekly rents adopted in appraisals

Sub Market	London Living Rent (LLR) (18/19)				Tower Hamlets Living Rent (THLR) (18/19)				Social rent/London Affordable Rent (18/19)			
	1 Bed	2 Bed	3 Bed	4 Bed	1 Bed	2 Bed	3 Bed	4 Bed	1 Bed	2 Bed	3 Bed	4 Bed
Z1 High	£268.94	£298.82	£328.71	£358.59	£191.90	£211.09	£230.28	£249.48	£150.03	£158.84	£167.67	£176.49
Z1 Med	£202.77	£225.30	£247.83	£270.36	£191.90	£211.09	£230.28	£249.48	£150.03	£158.84	£167.67	£176.49
Z1 Low	£202.77	£225.30	£247.83	£270.36	£191.90	£211.09	£230.28	£249.48	£150.03	£158.84	£167.67	£176.49
Z2 High	£260.34	£289.27	£318.19	£347.12	£191.90	£211.09	£230.28	£249.48	£150.03	£158.84	£167.67	£176.49
Z2 Med	£221.75	£246.38	£271.02	£295.66	£191.90	£211.09	£230.28	£249.48	£150.03	£158.84	£167.67	£176.49
Z2 Low	£179.29	£199.22	£219.14	£239.06	£191.90	£211.09	£230.28	£249.48	£150.03	£158.84	£167.67	£176.49
Z3 High	£248.27	£275.85	£303.44	£331.02	£191.90	£211.09	£230.28	£249.48	£150.03	£158.84	£167.67	£176.49
Z3 Med	£196.76	£218.62	£240.48	£262.35	£191.90	£211.09	£230.28	£249.48	£150.03	£158.84	£167.67	£176.49
Z3 Low	£179.29	£199.22	£219.14	£239.06	£191.90	£211.09	£230.28	£249.48	£150.03	£158.84	£167.67	£176.49

- 4.12 We have used our bespoke model to value the affordable housing, which replicates how RPs undertake such appraisals. This model runs cashflows for the rented tenures in the borough over a period of circa 35 years which capitalises the net rental income stream. With respect to the social rented accommodation the model calculates the gross rent for these properties derived from a combination of property values (as at January 1999). The net rent is then calculated by taking into account factors such as: standard levels for individual registered providers (RP's) management and maintenance costs; finance rates currently obtainable in the sector; allowances for voids and bad debt.
- 4.13 In the July 2015 Budget, the Chancellor announced that Registered Providers ('RPs') will be required to reduce rents by 1% per annum for the next four years. This will reduce the capital values that RPs will pay developers for completed affordable housing units. From 2019/20 onwards, RPs will be permitted to increase rents by CPI plus 1% per annum. Given that rents will be increasing by CPI plus 1% by the time the new Charging Schedule will be in place, we have applied this assumption to our appraisals
- 4.14 The CLG/HCA 'Shared Ownership and Affordable Homes Programme 2016-2021: Prospectus' document clearly states that Registered Providers will not receive grant funding for any affordable housing provided through planning obligations on developer-led developments. Consequently, all our appraisals which we rely upon for testing the LBTH's emerging planning policies assume nil grant. Clearly if grant funding does become available over the plan period, it should facilitate an increase in the provision of affordable housing when developments come forward.
- 4.15 For shared ownership units, we have assumed that RPs will sell 25% initial equity stakes and maximum rent charge of 2.75% on the retained equity. A 10% charge for management is deducted from the rental income and the net amount is capitalised using a yield of 5%.

Build costs

- 4.16 The Council have commissioned WT Partnership ('WTP') to advise on build costs. WTP have provided advice on base build costs as well as the adjustments to the base costs necessary to reflect the LBTH's emerging policy requirements which are not already included in these base build costs. In addition to the build costs outlined below adopted in this study, our appraisals include a contingency of 5% of build costs. We set out below the details of the costs adopted.

Table 4.16.1 Base Build costs adopted in study

Typo	No. units	Housing type	Dev density units per ha	Net developable area (ha)	Gross to net for flats	Base build costs per sq m	External Works
1	3	Houses	100	0.03	n/a	1,900	15%
2	6	Flats	350	0.02	80%	2,000	7.5%
3	10	Flats	235	0.04	80%	2,000	7.5%
4	11	Flats	235	0.05	80%	2,000	7.5%
5	25	Houses and flats	375	0.07	75%	1,900 2,600	7.5%
6	50	Flats	380	0.13	75%	2,600	7.5%
7	100	Flats	210	0.48	75%	2,600	7.5%
8	250	Flats	280	0.89	75%	2,600	7.5%
9	400	Flats	630	0.63	75%	3,400	7.5%

- 4.17 WTP have undertaken an assessment of the existing and proposed THLP and London Plan policies and set out the following additional costs over and above the above base costs.
- 4.18 An allowance of circa 1% on base build costs should be allowed for achieving BREEAM excellent on commercial type buildings, based on the 2014 BRE / Sweet Group study.
- 4.19 Wheelchair accessible homes will incur an additional cost and from WTP's benchmarks, equating to an additional circa £5,000 per residential unit.
- 4.20 With respect to the costs associated with meeting the Council's Energy policy WTP has relied upon published reports. The most recent study London Plan Viability Study dated December 2017 indicates to meet the desired performance a premium of circa £1,500 per dwelling is required to be added and in their opinion this should be added to the base costs above.
- 4.21 WTP advise that in their experience waste reduction requirements will increase the extent of waste storage required for the extent of recycling and an allowance of £250 per dwelling should be added for additional cupboard space.

Professional fees

- 4.22 In addition to base build costs, schemes will incur professional fees covering design, valuation highways and planning consultants and the cost of preparing and submitting the planning application and so on. Our appraisals incorporate an allowance of 10-12%, which is at the middle to higher end of the range for most schemes.

Development finance

- 4.23 Our appraisals assume that development finance can be secured at a rate of 7%, inclusive of arrangement and exit fees, reflective of current funding conditions.

Marketing costs

- 4.24 Our appraisals incorporate an allowance of 3% for marketing costs, which includes show homes and agents' fees, plus 0.5% for sales legal fees.

Section 106 and CIL

- 4.25 We have adopted an allowance of £1,220 per unit for residual S106 contributions as per the Council's previous CIL viability study, which we understand from the Council remains a

reasonable assumption based on elements they would seek S106 towards from such schemes.

- 4.26 In addition to an allowance for Borough CIL tested at a range of costs, we have also included Mayoral CIL based on the MCIL2 PDCA rate of £60 per sq m.
- 4.27 CIL applies to net additional floorspace¹⁰. Given the urban nature of Tower Hamlets our appraisals assume a deduction of 15% for existing floorspace.

Development and sales periods

- 4.28 Development and sales periods vary between type of scheme. However, our sales periods are based on an assumption of a sales rate of 8 units per month (which accounts for an element of off plan sales). This is reflective of current market conditions, whereas in improved markets, a sales rate of 10 to 12 units per month might be expected. We also note that many schemes in London have sold entirely off-plan, in some cases well in advance of completion of construction. Clearly markets are cyclical and sales periods will vary over the economic cycle and the extent to which units are sold off-plan will vary over time. Our programme assumptions assume that units are sold over varying periods after completion, which is a conservative approach that ensures that the proposed CIL rates are viable for most developments.

Developer's profit

- 4.29 Developer's profit is closely correlated with the perceived risk of residential development. The greater the risk, the greater the required profit level, which helps to mitigate against the risk, but also to ensure that the potential rewards are sufficiently attractive for a bank and other equity providers to fund a scheme. In 2007, profit levels were at around 15-17% of development costs. However, following the impact of the credit crunch and the collapse in interbank lending and the various government bailouts of the banking sector, profit margins have increased. It is important to emphasise that the level of minimum profit is not necessarily determined by developers (although they will have their own view and the Boards of the major house builders will set targets for minimum profit).
- 4.30 The views of the banks which fund development are more important; if the banks decline an application by a developer to borrow to fund a development, it is very unlikely to proceed, as developers rarely carry sufficient cash to fund it themselves. Consequently, future movements in profit levels will largely be determined by the attitudes of the banks towards development proposals.
- 4.31 The near collapse of the global banking system in the final quarter of 2008 has resulted in a much tighter regulatory system, with UK banks having to take a much more cautious approach to all lending. In this context, and against the backdrop of the current sovereign debt crisis in the Eurozone, the banks were for a time reluctant to allow profit levels to decrease. Perceived risk in the UK housing market had receded with a range of developer profit of between 17% to 20% being seen on developments across London, but the outcome of the referendum on the UK's membership of the European Union has resulted in a degree of uncertainty about the future trajectory of house prices. We have therefore adopted a profit margin of 20% for testing purposes (being at the higher end of the range previously experienced), although individual schemes may require lower or higher profits, depending on site specific circumstances.
- 4.32 Our assumed return on affordable housing GDV is 6%. A lower return on the affordable housing is appropriate as there is very limited sales risk on these units for the developer; there is often a pre-sale of the units to an RP prior to commencement. Any risk associated with take up of intermediate housing is borne by the acquiring RP, not by the developer. A reduced profit level on the affordable housing reflects the GLA 'Development Control Toolkit'

¹⁰ Existing buildings must be occupied for their lawful use for at least six months out of the previous 36 months (three years) prior to grant of planning permission to qualify as existing floorspace for the purposes of calculating CIL liability.

guidance (February 2014) and HCA's guidelines in its Development Appraisal Tool (August 2013). This issue was considered in detail by the Inspector of the Former Holsworthy Showground, Trewyn Road, Holsworth Appeal¹¹.

Exceptional costs

- 4.33 Exceptional costs can be an issue for development viability on previously developed land. Exceptional costs relate to works that are 'atypical', such as remediation of sites in former industrial use and that are over and above standard build costs. However, in the absence of detailed site investigations, it is not possible to provide a reliable estimate of what exceptional costs might be, further these costs will vary on a site by site basis. Our analysis therefore excludes exceptional costs, as to apply a blanket allowance would generate misleading results.
- 4.34 It is expected however, that when purchasing previously developed sites developers will have undertaken reasonable levels of due diligence and would therefore have reflected obvious remediation costs/suitable contingencies into their purchase price.

Benchmark land values

- 4.35 Benchmark land values, based on the existing use value or alternative use value of sites are key considerations in the assessment of development economics for testing planning policies and tariffs. Clearly, there is a point where the Residual Land Value (what the landowner receives from a developer) that results from a scheme may be less than the land's existing use value. Existing use values can vary significantly, depending on the demand for the type of building relative to other areas. Similarly, subject to planning permission, the potential development site may be capable of being used in different ways – as a hotel rather than residential for example; or at least a different mix of uses. Existing use value or alternative use value are effectively the 'bottom line' in a financial sense and therefore a key factor in this study.
- 4.36 We have arrived at a broad judgement on the likely range of benchmark land values. On previously developed sites, the calculations assume that the landowner has made a judgement that the current use does not yield an optimum use of the site; for example, it has fewer storeys than neighbouring buildings; or there is a general lack of demand for the type of space, resulting in low rentals, high yields and high vacancies (or in some cases no occupation at all over a lengthy period). We would not expect a building which makes optimum use of a site and that is attracting a reasonable rent to come forward for development, as residual value may not exceed current use value in these circumstances.
- 4.37 Redevelopment proposals that generate residual land values below current use values are unlikely to be delivered. While any such thresholds are only a guide in 'normal' development circumstances, it does not imply that individual landowners, in particular financial circumstances, will not bring sites forward at a lower return or indeed require a higher return. If proven current use value justifies a higher benchmark than those assumed, then appropriate adjustments may be necessary. As such, current use values should be regarded as benchmarks rather than definitive fixed variables on a site by site basis.
- 4.38 The four benchmark land values used in this study have been selected to provide a broad indication of likely land values across the Borough, but it is important to recognise that other site uses and values may exist on the ground. There can never be a single threshold land value at which we can say definitively that land will come forward for development, especially in urban areas.

¹¹ Appeal Ref: APP/W1145/Q/13/2204429

- 4.39 It is also necessary to recognise that a landowner will require an additional incentive to release the site for development¹². The premium above current use value would be reflective of specific site circumstances (the primary factors being the occupancy level and strength of demand from alternative occupiers). For policy testing purposes it is not possible to reflect the circumstances of each individual site, so a blanket assumption of a 20% premium has been adopted to reflect the 'average' situation.
- 4.40 **Benchmark Land Value 1:** This benchmark assumes higher value secondary office space on a hectare of land, with 40% site coverage and 4 storeys. The rent assumed is based on lettings of second hand offices in the Borough at £25 per sq ft. We have assumed a £50 per sq ft allowance for refurbishment and a letting void of two years. The capital value of the building would be £55.254 million, to which we have added a 20% premium, resulting in a benchmark of £66.306 million.
- 4.41 **Benchmark Land Value 2:** This benchmark assumes medium value secondary office space on a hectare of land, with 40% site coverage and 4 storeys. The rent assumed is based on lettings of second hand offices in the Borough at £20 per sq ft. We have assumed a £50 per sq ft allowance for refurbishment and a letting void of two years. The capital value of the building would be £25.531 million, to which we have added a 20% premium, resulting in a benchmark of £38.11 million.
- 4.42 **Benchmark Land Value 3:** This benchmark assumes lower value secondary office space or community use on a hectare of land, with 50% site coverage and 2 storeys. The rent assumed is based on such lettings of second hand premises in the Borough at £15 per sq ft. We have assumed a £35 per sq ft allowance for refurbishment and a letting void of two years. The capital value of the building would be £16.379 million, to which we have added a 20% premium, resulting in a benchmark of £19.655 million.
- 4.43 **Benchmark Land Value 4:** This benchmark assumes lower value secondary industrial space on a hectare of land, with 60% site coverage and 1.5 storeys. The rent assumed is based on lettings of secondary industrial floorspace in the Borough at £8.50 per sq ft. We have assumed a £20 per sq ft allowance for refurbishment and a letting void of two years. The capital value of the building would be £8.768 million, to which we have added a 20% premium, resulting in a benchmark of £10.521 million.

Table 4.43.1: Summary of Benchmark Land Values

Use	Benchmark per gross hectare
Higher Value Secondary Offices	£66,305,933
Medium Value Secondary Offices	£45,731,626
Lower Value Secondary Offices / Community Use	£19,654,906
Secondary Industrial/Warehousing	£10,521,240

Commercial development

- 4.44 We have appraised a series of commercial development typologies, reflecting a range of use classes at average rent levels achieved on lettings of commercial space in actual developments. In each case, our assessment assumes an intensification of the site, based on three current commercial uses of the site, providing a range of current use values. In each case, the existing use value assumes that the existing building is 30%-50% of the size of the new development, with a lower rent and higher yield reflecting the secondary nature of the building.

¹² This approach is therefore consistent with the NPPG, which indicates at paragraph 013 that "The premium for the landowner should reflect the minimum return at which it is considered a reasonable landowner would be willing to sell their land." The Premium should provide a reasonable incentive.

Commercial rents and yields

- 4.45 Our research on lettings of commercial floorspace indicates a range of rents achieved, as summarised in Table 4.46.1. This table also includes our assumptions on appropriate yields to arrive at a capital value of the commercial space. New build developments are on the whole likely to attract a premium rent above second hand rents, particularly in such areas of the borough where commercial development achieves higher rents i.e. City Fringe and Docklands areas. The rents and yields adopted in our appraisals are summarised in Table 4.46.1.
- 4.46 Our appraisals of commercial floorspace test the viability of developments on existing commercial sites. For these developments, we have assumed that the site could currently accommodate one of three existing uses (i.e. thereby allowing the site to be assessed in relation to a range of three current use values ('CUVs')) and the development involves the intensification of site. We have assumed lower rents and higher yields for existing space than the planned new floorspace. This reflects the lower quality and lower demand for second hand space, as well as the poorer covenant strength of the likely occupier of second hand space. A modest refurbishment cost is allowed for to reflect costs that would be incurred to secure a letting of the existing space. A 20% landowner premium is added to the resulting existing use value as an incentive for the site to come forward for development. The actual premium would vary between sites, and be determined by site-specific circumstances, so the 20% premium has been adopted as a 'top of range' scenario for testing purposes.

Commercial build costs

- 4.47 We have sourced build costs for the commercial schemes from the BCIS, which is based on tenders for actual schemes. These costs vary between different uses and exclude external works and fees (our appraisals include separate allowances for these costs). Costs for each type of development are shown in Table 4.46.1.
- 4.48 It is noted that the Council's Policy D.ES7: "A zero carbon borough" in the STHLP sets out the Council's aspiration to achieve at least BREEAM 'very good' with an aim to achieve 'Excellent' on all non-residential development. In this regard we have included an allowance of 1% of base build costs towards achieving BREEAM 'very good' in our commercial appraisals, which reflects the advice contained in the BREEAM and Sweett Group Research 'Delivering Sustainable Buildings: savings and payback' 2014.

Profit

- 4.49 In common with residential schemes, commercial schemes need to show a risk adjusted profit to secure funding. Profit levels are typically around 20% of developments costs and we have incorporated this assumption into our appraisals.

Residual Section 106 costs

- 4.50 The extent to which the Council will seek Section 106 contributions on commercial floorspace is unclear at this stage, but we have incorporated a notional £20 per square metre allowance. This figure is considered to be a reasonable proxy for likely sums to be sought after CIL is adopted. It is noted that Section 106 contributions will remain negotiable and in this regard there is scope for these to flex according to viability.

Mayoral CIL

- 4.51 We have allowed for Mayoral CIL based on the submission DCS MCIL2 rates as set out in Table 4.51.1 below.

Table 4.51.1 MCIL2 PDCS rates

Use and location	MCIL 2 £ per sq m
Office (Docklands and City Fringe)	£185
Retail (Docklands and City Fringe)	£165
Hotel (Docklands and City Fringe)	£140
All other uses and the above developments outside of the Docklands and City Fringe area	£60

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Table 4.46.1: Commercial appraisal assumptions for each use

Appraisal input	Source/Commentary	Offices	Industrial and warehousing	Supermarkets and Retail warehousing	All other Retail (A1-5)	Hotels	Student Accommodation
Total floor area (sq ft)	Scheme	30,000	15,000	30,000	9,000	4* Hotel - 190 rooms (93,496 sq ft) 5* Hotel – 155 rooms (136,584 sq ft) Budget Hotel – 189 rooms (54,649 sq ft)	500 rooms (142,500 based on 285 sq ft per room)
Rent (£s per sq ft)	Based on average lettings sourced from Costar and property market reports from property companies including BNP Paribas Real Estate, Colliers, Savills, Knight Frank, Cushman and Wakefield, Glenny's etc.	City Fringe - £65 North Docklands and Canary Wharf ("CW") - £45 South Docklands - £35 Rest of Borough - £20	£12.75	£24	Prime (North Docklands CW & City Fringe) - £50 Rest of Borough - £30	4* Hotel - £313,158 cap val per room 5* Hotel – £1,161,290 cap val per room Budget Hotel – £185,185 cap val per room	£224 per week for private let room £155 per week for affordable room
Rent free/void period (years)	BNPPRE assumption	2	2	0.6	1.5	n/a	95% occupancy of rooms
Yield	Knight Frank yield schedule and property company reports as above.	City Fringe - 4.75% North Docklands and Canary Wharf ("CW") – 4.75% South Docklands – 5.5% Rest of Borough - 6.5%	4.75%	4.75%	Prime (North Docklands CW & City Fringe) - 4.5% Rest of Borough - 6%	4.75% - 5%	4.5%
Purchaser's costs (% of GDV)	Stamp duty 5%, plus agent's and legal fees	6.80%	6.80%	6.80%	6.80%	6.80%	6.80%
Demolition costs (£s per sq ft of existing space)	Based on experience from individual schemes	£8	£8	£8	£8	£8	£8
Gross to net (net as % of gross)	Based on experience from individual schemes	82%	90%	82%	82%	N/A as rent based on per room and room size based on gross area per room.	N/A as rent based on per room and room size based on gross area per room.
Base construction costs (£s per sq ft)	BCIS costs	City Fringe - £219 North Docklands and Canary Wharf ("CW") – £219 South Docklands - £208 Rest of Borough - £191	£90	£155	Prime (North Docklands CW & City Fringe) - £242 Rest of Borough - £190	£176 - £224	£196
BREEAM Very Good (% of base build costs)	BREEAM and Sweett Group Research 'Delivering Sustainable Buildings: savings and payback' 2014	1%	1%	1%	1%	1%	1%
External works (% of base build costs)	BNPPRE assumption	10%	10%	10%	10%	10%	10%
Contingency (% of build costs)	BNPPRE assumption	5%	5%	5%	5%	5%	5%
Letting agent's fee	(% of first year's rent)	10%	10%	10%	10%	10%	N/A
Agent's fees and legal fees	(% of capital value)	1.75%	1.75%	1.75%	1.75%	1.75%	1.5%
Interest rate	BNPPRE assumption	7%	7%	7%	7%	7%	7%
Professional fees (% of build)	BNPPRE assumption, relates to complexity of scheme	10%	10%	10%	10%	10%	10%
Profit (% of costs)	BNPPRE assumption based on schemes submitted for planning	20%	20%	20%	20%	20%	20%

Table 4.46.2 Commercial appraisal assumptions for each use – current use benchmarks

Appraisal input	Source/Commentary	Offices	Industrial and warehouses	Supermarkets and Retail warehousing	All other Retail (A1-5)	Hotels	Student Accommodation
Existing floorspace	Assumed to be between 30% to 50% of new space (N.B. appraisals do not discount existing floorspace)	50%	50%	50%	50%	50%	50%
Rent on existing floorspace (£s per sq ft)	Reflects three types of poor quality second hand space (industrial, office and retail as appropriate), low optimisation of site etc. and ripe for redevelopment.	City Fringe - £35 -£55 North Docklands and Canary Wharf ("CW") – £20 - £30 South Docklands - £15 - £25 Rest of Borough - £9 - £15	£7 - £9	£13 - £20	Prime (North Docklands CW & City Fringe) - £30 - £40 Rest of Borough - £9 - £15	Docklands 7& City Fringe - £25 - £45 Docklands and Rest of Borough - £15 - £25	£20
Yield on existing floorspace	BNPPRE assumption, reflecting lower covenant strength of potential tenants, poor quality building etc.	City Fringe - 5.5% - 5% North Docklands and Canary Wharf ("CW") – 6.25% - 5.75% South Docklands - £7% - 6% Rest of Borough – 7.5% - 7%	7%	7% - 6.5%	Prime (North Docklands CW & City Fringe) - 5.75% – 5.25% Rest of Borough - 7%	Docklands 7& City Fringe – 6% - 5.25% Docklands and Rest of Borough – 7% - 6%	6.25%
Rent free on existing space	Years	2	2	2	2	2	2
Refurbishment costs (£s per sq ft)	General allowance for bringing existing space up to lettable standard	£50	£30	£35	£50	£50	£50
Fees on refurbishment (% of refurb cost)	BNPPRE assumption	7%	7%	7%	7%	7%	7%
Landowner premium	BNPPRE assumption – in reality the premium is likely to be lower, therefore this is a conservative assumption	20%	20%	20%	20%	20%	20%

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5 Appraisal outputs

Residential appraisals

5.1 The full outputs from our appraisals of residential development are attached as **Appendix 1 to 5**. We have modelled nine site types, reflecting different densities and types of development, which are tested in the nine broad housing market areas identified in Section 4 and against the typical land value benchmarks for the borough.

Scenarios tested

5.2 The purpose of the exercise is to test whether the rate of CIL can be varied from the current rates in the adopted Charging Schedule. We have therefore tested the eight development typologies with 50% to 10% affordable housing to reflect the range of affordable housing required by the Council's policies. We set out below the scenarios tested:

- 1 Policy position with base sales values and base costs (including extra overs for planning policy requirements);
 - 35% affordable housing:
 - Current costs and values:
 - AH split 35% SR, 35% THLR, 15% LLR and 15% SO;
 - AH split 35% SR, 35% THLR, 30% SO; and
 - AH split 35% SR, 35% THLR, 30% LLR.
- 2 As (1) above with 50%, 40%, 30%, 20%, 10% and 0% affordable housing;
- 3 As (1) above with 10% increase in sales values and 5% increase in build costs; and
- 4 As (1) above with 5% fall in sales values.

5.3 CIL applies to net additional floor area only. Our base appraisals assume no deduction for existing floorspace, thereby providing the worst case scenario¹³.

5.4 The residual land values from each of the scenarios above in each housing market area are then compared to the benchmark land value based on the assumptions set out in paragraphs 4.40 to 4.43. The outcome of this analysis is compared to This comparison enables us to determine whether the imposition of higher rates of CIL than those in the adopted Charging Schedule (with indexation) would have a demonstrably more significant impact on development viability in comparison to the adopted rates. In some cases, the equation RLV less BLV results in a negative number, so the development would not proceed, whether the adopted level of CIL was imposed or not. Given that the rates would apply to such scenarios currently, as the CIL is in force, the question we need to explore is the extent to which a higher rate of CIL would significantly change the result, such that the scheme would almost certainly not come forward.

5.5 The results for each site type are presented in tables showing the CIL rate and the corresponding RLV (which is then converted into a RLV per hectare). The RLV per hectare is then compared to the four benchmark land values, which are also expressed as a per hectare value. Where the RLV exceeds the benchmark, the amount of CIL entered into the appraisal is considered viable.

¹³ Existing buildings must be occupied for their lawful use for at least six months in the three years prior to grant of planning permission to qualify as existing floorspace for the purposes of calculating CIL liability.

5.6 A sample of the format of the results is provided in Figure 5.6.1 below. This sample relates to site type 5.

Figure 5.6.1: Sample format of residential results

Community Infrastructure Levy LB Tower Hamlets		Benchmark Land Values (per gross ha)			
		BLV1	BLV2	BLV3	BLV4
		Benchmark land value 1 - Higher value secondary offices	Benchmark land value 2 - Medium value secondary offices	Benchmark land value 3 - Lower value secondary office or community use	Benchmark land value 4 - Lower value secondary industrial
		£66,305,933	£45,731,626	£19,654,906	£10,521,240

Site type 5		Affordable %		Site area	
Houses & Flats		35%		0.07 ha	
No of units	25 units	% Social Rent	35%	Net to gross	100%
Density:	375 dph	% LBTH Living Rent	35%	Growth	
		% Lon Living Rent	15%	Sales	0%
		% Shered Ownership	15%	Build	0%

CIL Z1 Med (£995 psf)		Private values	
		£10710 psm	

Maximum CIL rates (per square metre)						
BLV1	BLV2	BLV3	BLV4			
#N/A	#N/A	£450	£450			

CIL amount per sq m	RLV	RLV per ha	RLV less BLV 1	RLV less BLV 2	RLV less BLV 3	RLV less BLV 4
0	2,978,583	44,678,747	-21,627,186	-1,052,879	25,023,841	34,157,508
80	2,837,065	42,555,980	-23,749,954	-3,175,647	22,901,074	32,034,740
100	2,814,493	42,217,398	-24,088,536	-3,514,229	22,562,492	31,696,158
125	2,786,277	41,794,160	-24,511,774	-3,937,467	22,139,254	31,272,920
150	2,758,062	41,370,936	-24,934,997	-4,360,690	21,716,031	30,849,697
175	2,729,848	40,947,713	-25,358,220	-4,783,913	21,292,807	30,426,474
200	2,701,632	40,524,475	-25,781,459	-5,207,152	20,869,569	30,003,235
225	2,673,417	40,101,252	-26,204,682	-5,630,375	20,446,346	29,580,012
250	2,645,201	39,678,013	-26,627,920	-6,053,613	20,023,108	29,156,774
275	2,616,986	39,254,790	-27,051,143	-6,476,836	19,599,884	28,733,550
300	2,588,771	38,831,567	-27,474,367	-6,900,060	19,176,661	28,310,327
325	2,560,555	38,408,329	-27,897,605	-7,323,298	18,753,423	27,887,089
350	2,532,340	37,985,105	-28,320,828	-7,746,521	18,330,199	27,463,866
375	2,504,125	37,561,882	-28,744,051	-8,169,744	17,906,976	27,040,642
400	2,475,910	37,138,644	-29,167,290	-8,592,983	17,483,738	26,617,404
450	2,419,479	36,292,182	-30,013,751	-9,439,444	16,637,276	25,770,943

Commercial appraisals

5.7 Our research on rents achieved on commercial lettings indicates a range of rents within each main use class. Our commercial appraisals therefore model base position and test the range of rates (higher and lower than the base level) and changes to yields. This enables us to draw conclusions on maximum potential rates of CIL. For each type of development tested, we have run appraisals of a quantum of floorspace, each with rent levels reflecting the range identified by our research.

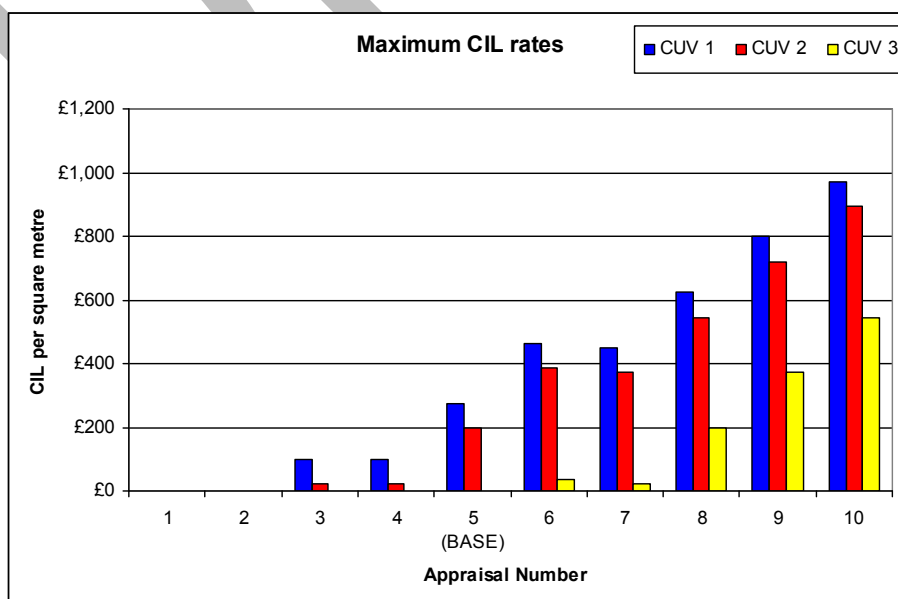
5.8 The appraisals include a 'base' rent level, with sensitivity analyses which model rents above and below the base level (an illustration is provided in Chart 5.8.1). The maximum CIL rates are then shown per square metre, against three different current use values (see Table 4.46.1). Chart 5.8.2 provides an **illustration** of the outputs in numerical format, while Chart 5.8.3 shows the data in graph format. In this example, the scheme could viably absorb a CIL of between £0 and £275 per square metre, depending on the current use value. The analysis demonstrates the significant impact of very small changes in yields (see appraisals 4 and 6, which vary the yield by 0.25% up or down) on the viable levels of CIL.

Chart 5.8.1: Illustration of sensitivity analyses

	£s per sq ft	Yield	Rent free
Appraisal 1	£21.00	6.50%	2.00 years
Appraisal 2	£22.00	6.50%	2.00 years
Appraisal 3	£23.00	6.50%	2.00 years
Appraisal 4	£24.00	6.75%	2.00 years
Appraisal 5 (base)	£24.00	6.50%	2.00 years
Appraisal 6	£24.00	6.25%	2.00 years
Appraisal 7	£25.00	6.50%	2.00 years
Appraisal 8	£26.00	6.50%	2.00 years
Appraisal 9	£27.00	6.50%	2.00 years
Appraisal 10	£28.00	6.50%	2.00 years

Chart 5.8.2: Maximum CIL rates – numerical format

	Change in rent from base	CUV 1	CUV 2	CUV 3
Appraisal 1	-14%	£0	£0	£0
Appraisal 2	-9%	£0	£0	£0
Appraisal 3	-4%	£100	£23	£0
Appraisal 4	0%	£99	£21	£0
Appraisal 5 (base)	-	£275	£197	£0
Appraisal 6	0%	£465	£387	£38
Appraisal 7	4%	£449	£371	£23
Appraisal 8	8%	£624	£546	£197
Appraisal 9	11%	£798	£720	£371
Appraisal 10	14%	£972	£894	£546

Chart 5.8.3: Maximum CIL rates – graph format


6 Assessment of the results

- 6.1 This section sets out the results of our appraisals with the residual land values calculated for scenarios with sales values and capital values reflective of market conditions across the Borough. These RLVs are then compared to benchmark land values for each site.
- 6.2 Development value is finite and – in densely developed Boroughs such as Tower Hamlets - is rarely enhanced through the adoption of new policy requirements. This is because existing use values are sometimes relatively high prior to development. In contrast, areas which have previously undeveloped land clearly have greater scope to secure an uplift in land value through the planning process.
- 6.3 In assessing the results, it is important to clearly distinguish between two scenarios; namely, schemes that are unviable *regardless of the Council's policy requirements, including the level of CIL* (including a nil rate) and schemes that are viable *prior* to the imposition of policy requirements. If a scheme is unviable before policy requirements and CIL are levied, it is unlikely to come forward and policy requirements and CIL would not be a factor that comes into play in the developer's/landowner's decision making. The unviable schemes will only become viable following an increase in values and sites would remain in their existing use.
- 6.4 The CIL regulations state that in setting a charge, local authorities must "strike an appropriate balance" between revenue maximisation on the one hand and the potentially adverse impact of CIL upon the viability of development across the whole area on the other. Our recommendations are that:
- Firstly, councils should take a strategic view of viability. There will always be variations in viability between individual sites, but viability testing should establish the most typical viability position; not the exceptional situations.
 - Secondly, councils should take a balanced view of viability – residual valuations are just one factor influencing a developer's decision making – the same applies to local authorities.
 - Thirdly, while a single charge is attractive, it may not be appropriate for all authorities, particularly in areas where sales values vary between areas.
 - Fourthly, markets are cyclical and subject to change over short periods of time. Sensitivity testing to sensitivity test levels of CIL to ensure they are robust in the event that market conditions improve over the life of a Charging Schedule is essential.
 - Fifthly, local authorities should not set their rates of CIL at the limits of viability. They should leave a margin or contingency to allow for change and site specific viability issues.
- 6.5 CIL rates should not necessarily be determined solely by viability evidence, but should not be logically contrary to the evidence. Councils should not follow a mechanistic process when setting rates – appraisals are just a guide to viability and are widely understood to be a less than precise tool.
- 6.6 This conclusion follows guidance in paragraph: 019 of the CIL Guidance set out in the NPPG, which states that *'there is no requirement for a proposed rate to exactly mirror the evidence... There is room for some pragmatism.'* The Council should not follow a mechanistic process when setting rates – appraisals are just a guide to viability and are widely understood to be a less than precise tool. Further, Paragraph: 021 of the NPPG identifies that, *'Charging authorities that plan to set differential levy rates should seek to avoid undue complexity.'*

Assessment – residential development

- 6.7 CIL operates as a fixed charge and - as was previously the case with the adopted rates - the Council will need to consider the impact on two key factors. Firstly, the need to strike a balance between maximising revenue to invest in infrastructure on the one hand and the need to minimise the impact upon development viability on the other. CLG guidance recognises that CIL may make some developments unviable, although experience to date indicates that this is a very rare occurrence. Secondly, as CIL will effectively take a ‘top-slice’ of development value, there is a potential impact on the percentage or tenure mix of affordable housing that can be secured.
- 6.8 As previously stated, in assessing the results it is important to clearly distinguish between two scenarios; namely, schemes that are unviable regardless of the level of CIL (including a nil rate) and schemes that are viable prior to the imposition of CIL at certain levels. If a scheme is unviable before CIL is levied, it is unlikely to come forward and CIL would not be a critical factor. We have therefore disregarded the ‘unviable’ schemes in recommending an appropriate level of CIL. The unviable schemes will only become viable following a degree of real house price inflation, or in the event that the Council agrees to a lower level of affordable housing in the short term¹⁴.

Determining maximum viable rates of CIL for residential development

- 6.9 As noted in paragraph 6.8, where a scheme is unviable the imposition of CIL at a zero level will not make the scheme viable. Other factors (i.e. sales values, build costs or benchmark land values) would need to change to make the scheme viable. For the purposes of establishing a maximum viable rate of CIL, we have had regard to the development scenarios that are currently viable and that might, therefore, be affected by a CIL requirement. All the results summarised below assume that current affordable housing requirements are met in full. In addition, the rates discussed below are **inclusive of the MCIL2 (£60 per sq m)**.
- 6.10 We set out below the results of our appraisals identifying the maximum CIL rates against each of the four benchmark land values for the nine typologies we have tested all of which include affordable housing at 35% provided as 70% rented (split 35% Social Rent and 35% THLR) and 30% intermediate (split 15% LLR and 15% SO).

Table 6.10.1: Site type 1 (3 houses)

Site type	T1 - 3 Houses			
	BLV1	BLV2	BLV3	BLV4
CIL Z1 High (£1,350 psf)	N/V ¹⁵	450	450	450
CIL Z1 Med (£995 psf)	N/V	N/V	450	450
CIL Z1 Low (£775 psf)	N/V	N/V	250	450
CIL Z2 High (£1,000 psf)	N/V	N/V	450	450
CIL Z2 Med (£785 psf)	N/V	N/V	350	450
CIL Z2 Low (£675 psf)	N/V	N/V	N/V	450
CIL Z3 High (£800 psf)	N/V	N/V	450	450
CIL Z3 Med (£675 psf)	N/V	N/V	N/V	450
CIL Z3 Low (£575 psf)	N/V	N/V	N/V	200

¹⁴ However, as shown by the sensitivity analyses (which reduce affordable housing to 30%, 20%, 10% and 0%) even a reduction in affordable housing does not always remedy viability issues. In these situations, it is not the presence or absence of planning obligations that is the primary viability driver – it is simply that the value generated by residential development is lower than some existing use values. In these situations, sites would remain in their existing use.

¹⁵ N/V = not viable

Table 6.10.2: Site type 2 (6 flats)

Site type	T2 - 6 Flats			
	BLV1	BLV2	BLV3	BLV4
CIL Z1 High (£1,350 psf)	450	450	450	450
CIL Z1 Med (£995 psf)	N/V	450	450	450
CIL Z1 Low (£775 psf)	N/V	N/V	450	450
CIL Z2 High (£1,000 psf)	N/V	450	450	450
CIL Z2 Med (£785 psf)	N/V	N/V	450	450
CIL Z2 Low (£675 psf)	N/V	N/V	400	450
CIL Z3 High (£800 psf)	N/V	N/V	450	450
CIL Z3 Med (£675 psf)	N/V	N/V	400	450
CIL Z3 Low (£575 psf)	N/V	N/V	N/V	275

Table 6.10.3: Site type 3 (10 flats)

Site type	T3 - 10 Flats			
	BLV1	BLV2	BLV3	BLV4
CIL Z1 High (£1,350 psf)	175	450	450	450
CIL Z1 Med (£995 psf)	N/V	N/V	450	450
CIL Z1 Low (£775 psf)	N/V	N/V	450	450
CIL Z2 High (£1,000 psf)	N/V	N/V	450	450
CIL Z2 Med (£785 psf)	N/V	N/V	450	450
CIL Z2 Low (£675 psf)	N/V	N/V	N/V	450
CIL Z3 High (£800 psf)	N/V	N/V	450	450
CIL Z3 Med (£675 psf)	N/V	N/V	N/V	450
CIL Z3 Low (£575 psf)	N/V	N/V	N/V	N/V

Table 6.10.4: Site type 4 (11 flats)

Site type	T4 - 11 Flats			
	BLV1	BLV2	BLV3	BLV4
CIL Z1 High (£1,350 psf)	175	450	450	450
CIL Z1 Med (£995 psf)	N/V	N/V	450	450
CIL Z1 Low (£775 psf)	N/V	N/V	450	450
CIL Z2 High (£1,000 psf)	N/V	N/V	450	450
CIL Z2 Med (£785 psf)	N/V	N/V	450	450
CIL Z2 Low (£675 psf)	N/V	N/V	N/V	450
CIL Z3 High (£800 psf)	N/V	N/V	450	450
CIL Z3 Med (£675 psf)	N/V	N/V	N/V	450
CIL Z3 Low (£575 psf)	N/V	N/V	N/V	N/V

Table 6.10.5: Site type 5 (25 houses and flats)

Site type	T5 - 25 Houses and Flats			
	BLV1	BLV2	BLV3	BLV4
CIL Z1 High (£1,350 psf)	450	450	450	450
CIL Z1 Med (£995 psf)	N/V	N/V	450	450
CIL Z1 Low (£775 psf)	N/V	N/V	N/V	400
CIL Z2 High (£1,000 psf)	N/V	N/V	450	450
CIL Z2 Med (£785 psf)	N/V	N/V	N/V	450
CIL Z2 Low (£675 psf)	N/V	N/V	N/V	N/V
CIL Z3 High (£800 psf)	N/V	N/V	0	450
CIL Z3 Med (£675 psf)	N/V	N/V	N/V	N/V
CIL Z3 Low (£575 psf)	N/V	N/V	N/V	N/V

Table 6.10.6: Site type 6 (50 flats)

Site type	T6 - 50 Flats			
	BLV1	BLV2	BLV3	BLV4
CIL Z1 High (£1,350 psf)	450	450	450	450
CIL Z1 Med (£995 psf)	N/V	N/V	450	450
CIL Z1 Low (£775 psf)	N/V	N/V	N/V	N/V
CIL Z2 High (£1,000 psf)	N/V	N/V	450	450
CIL Z2 Med (£785 psf)	N/V	N/V	N/V	N/V
CIL Z2 Low (£675 psf)	N/V	N/V	N/V	N/V
CIL Z3 High (£800 psf)	N/V	N/V	N/V	0
CIL Z3 Med (£675 psf)	N/V	N/V	N/V	N/V
CIL Z3 Low (£575 psf)	N/V	N/V	N/V	N/V

Table 6.10.7: Site type 7 (125 flats)

Site type	T7 - 100 Flats			
	BLV1	BLV2	BLV3	BLV4
CIL Z1 High (£1,350 psf)	N/V	N/V	450	450
CIL Z1 Med (£995 psf)	N/V	N/V	N/V	450
CIL Z1 Low (£775 psf)	N/V	N/V	N/V	N/V
CIL Z2 High (£1,000 psf)	N/V	N/V	N/V	450
CIL Z2 Med (£785 psf)	N/V	N/V	N/V	N/V
CIL Z2 Low (£675 psf)	N/V	N/V	N/V	N/V
CIL Z3 High (£800 psf)	N/V	N/V	N/V	N/V
CIL Z3 Med (£675 psf)	N/V	N/V	N/V	N/V
CIL Z3 Low (£575 psf)	N/V	N/V	N/V	N/V

Table 6.10.8: Site type 8 (250 flats)

Site type	T8 - 250 Flats			
	BLV1	BLV2	BLV3	BLV4
CIL Z1 High (£1,350 psf)	N/V	275	450	450
CIL Z1 Med (£995 psf)	N/V	N/V	150	450
CIL Z1 Low (£775 psf)	N/V	N/V	N/V	N/V
CIL Z2 High (£1,000 psf)	N/V	N/V	200	450
CIL Z2 Med (£785 psf)	N/V	N/V	N/V	N/V
CIL Z2 Low (£675 psf)	N/V	N/V	N/V	N/V
CIL Z3 High (£800 psf)	N/V	N/V	N/V	N/V
CIL Z3 Med (£675 psf)	N/V	N/V	N/V	N/V
CIL Z3 Low (£575 psf)	N/V	N/V	N/V	N/V

Table 6.10.9: Site type 9 (400 flats)

Site type	T9 - 400 Flats			
	BLV1	BLV2	BLV3	BLV4
CIL Z1 High (£1,350 psf)	N/V	350	450	450
CIL Z1 Med (£995 psf)	N/V	N/V	N/V	N/V
CIL Z1 Low (£775 psf)	N/V	N/V	N/V	N/V
CIL Z2 High (£1,000 psf)	N/V	N/V	N/V	N/V
CIL Z2 Med (£785 psf)	N/V	N/V	N/V	N/V
CIL Z2 Low (£675 psf)	N/V	N/V	N/V	N/V
CIL Z3 High (£800 psf)	N/V	N/V	N/V	N/V
CIL Z3 Med (£675 psf)	N/V	N/V	N/V	N/V
CIL Z3 Low (£575 psf)	N/V	N/V	N/V	N/V

Sensitivity analysis: growth in sales values and increases in build costs

- 6.11 We have re-run our appraisals to test the impact that growth in sales values alongside inflation on costs might have on scheme viability and the consequential impacts on how increased levels of CIL might be absorbed by developments.
- 6.12 We have run two sensitivity analyses, the first assuming 10% growth in sales values alongside cost inflation of 5%, while the second assumes 20% growth in sales values alongside cost inflation of 10%. This represents medium term (5 year) growth and inflation but is not a prediction.
- 6.13 See appendices 4 and 5 for the results of these sensitivity analyses. In some cases, there is no change, but in others the maximum CIL rate would increase as values increase. However, we would caution against attaching significant weight to these results as the future trajectory of house prices is inherently uncertain.

Sensitivity analysis on affordable housing percentage

- 6.14 All the results above reflect the Council's 35% affordable housing target, which is applied to individual schemes having regard to viability. In order to test the relationship between different affordable housing percentages and levels of CIL, we have run a series of sensitivity analyses which test the affordable housing percentage from 50% to 0%. The results at **Appendix 1** test 50%, 40%, 35%, 30%, 25%, 20%, 10% and 0%.
- 6.15 Given that affordable housing has a much more significant bearing on viability than CIL (with the latter having a much smaller impact on residual land value than the latter), the maximum CIL rate increases when lower affordable housing percentages are applied.

Suggested CIL rates

- 6.16 Although the results indicate that viability of residential development is currently challenging in certain locations and on certain types of development at full affordable housing policy levels, it is possible for the Council to continue to levy rates across all areas and increase the rates in the borough subject to allowing for a buffer or margin to address risks to delivery.
- 6.17 As previously identified we reiterate that it is important to consider that where a scheme is shown as unviable before the application of CIL, it will be other factors such as sales values and build costs that will need to adjust for the scheme to become viable.
- 6.18 We set out below a summary of the maximum residential CIL charges as indicated by the results of our appraisals in **Appendix 1**. We have then analysed the maximum borough CIL i.e. by deducting MCIL2 from the maximum CIL. From this we have then derived the potential CIL charges allowing for a 25% buffer from the maximum borough CIL, which we consider to be a reasonable margin to deal with the risks associated with site specific development and changes to the market.

Table 6.18.1 Table showing maximum CIL charges indicated by appraisals

Area	Max CIL indicated by appraisals ¹⁶ (£s per sq m)	Max Borough CIL indicated by appraisals (£s per sq m)	Potential Borough CIL after buffer (£s per sq m)	Existing Borough CIL charge Borough (£s per sq m) (<i>indexed charge</i>)
CIL Z1	£450	£390	£280	£200 (£211.58)
CIL Z2	£250	£190	£150	£65 (£68.76)
CIL Z3	£125	£65	£50	£35 (£37.03)

¹⁶ Covering both Borough and Mayoral CIL requirements.

Assessment - Commercial development

6.19 As there are existing CIL charges in place for certain types of commercial development in certain locations of the Borough, our testing considers whether there have been significant changes in viability that would give rise to an enhanced capacity for commercial development to absorb a higher CIL rate than currently levied. We have allowed for the MCIL2 rates in our commercial appraisals and therefore the **maximum rates stated below are net of the MCIL2 liability**.

Offices

6.20 The current charging schedule has a CIL charge of £90 per sq m (£95.21 per sq m indexed) on office development in the city fringe area and a nil rate elsewhere. We have undertaken research which has identified that rents have increased and yields moved in since the last charging schedule was examined in the City Fringe and North Docklands areas.

6.21 The results of our appraisals identify that:

- the City Fringe area could accommodate a significant increase with a maximum borough CIL rate of between £0 and £1,929 per sq m dependant on the current use of the site, however this is identified as being sensitive to changes in inputs, for example a shift in yield out by 0.25% would reduce the maximum CIL by circa £500 per sq m;
- the North Docklands area could accommodate a borough CIL charge of between £0 and £1,292 per sq m dependant on the current use of the site. However, as with the City Fringe results the maximum CIL rate is identified as being sensitive to changes in rents and yield e.g. the Maximum CIL rate drops by circa £350 per sq m where the yield increases by 0.25%; and
- in the South Docklands and Elsewhere it remains unchanged that no CIL charge can be levied.

6.22 Our appraisals of the office space in the City Fringe and North Docklands areas include an allowance for 10% of the floorspace to be delivered as affordable workspace as required by the Council's emerging Local Plan. We have applied a rent at 50% of the market rent and a higher yield of 6%.

6.23 We set out below analysis of the potential borough CIL charge, allowing for indexed Mayoral CIL and Crossrail S106 and a reasonable buffer taking into consideration the aforementioned sensitivity of the results.

Table 6.23.1 Table showing maximum and recommended CIL charges indicated by appraisals

Area	Maximum CIL indicated by appraisals ¹⁷ (£s per sq m)	BNPPRE Suggested Borough CIL (£s per sq m)	Existing Borough CIL charge Borough (£s per sq m) (indexed charge)
City Fringe	Nil - £1,929	£100	£90 (£95.21)
North Docklands	Nil - £890	£100	Nil (Nil)
South Docklands and Elsewhere	Nil	Nil	Nil (Nil)

¹⁷ Covering both Borough and Mayoral CIL requirements.

Industrial and warehousing

- 6.24 The current Charging Schedule has a nil rate on industrial development across the borough as a whole. Rents have increased and yields compressed since the previous CIL Viability Study, but cost increases have offset increased value to an extent.
- 6.25 Our appraisals of industrial and warehousing development are attached as **Appendix 6**. The schemes do not generate residual land values that exceed the existing use values. On this basis we recommend that the Council considers maintaining a nil rate on such uses.

Supermarkets and retail warehouse

- 6.26 The current Charging Schedule applies a rate of £120 per sq m (£126.95 per sq m indexed) on supermarket and retail warehouse development across the borough as a whole.
- 6.27 The results of our appraisals suggest that maximum CIL charge of between £0 per sq m and £401 per sq m can be levied. Adopting benchmark land value 2 indicates a maximum borough CIL charge of £203 per sq m. We would suggest the Council considers a Borough CIL charge of £130 per sq m which would allow for an appropriate buffer form the maximum CIL charge.

All other retail

- 6.28 The current charging schedule applies a CIL charge of £70 per sq m (£74.05 per sq m indexed) on retail development (except supermarkets and retail warehousing) in the city fringe and North Docklands area and a nil rate elsewhere.
- 6.29 The results of our appraisals have identified that:
- Prime retail in the City Fringe and North Docklands areas could accommodate a maximum CIL rate of between £0 per sq m and £892 per sq m; and
 - Elsewhere it remains unchanged that no CIL charge can be levied.
- 6.30 Considering the maximum CIL rate indicated when measured against benchmark land value 2 of £230 per sq m we therefore suggest the Council considers a borough CIL charge of £100 per sq m in the City Fringe and North Docklands areas, which allows for a suitable buffer from the maximum CIL charge. Elsewhere in the Borough we recommend the Council maintains the existing nil CIL charge on such uses.

Hotel

- 6.31 The current Charging Schedule applies a rate of £180 per sq m (£190 per sq m indexed) on hotel development across the borough as a whole.
- 6.32 The results of our appraisals suggest a maximum CIL charge of between £0 per square metre and £2,577 dependant on the scheme and benchmark land value. We note that the maximum CIL rates vary significantly and given the results we suggest that the Council considers maintaining the CIL charge at £190 per sq m.

Student housing

- 6.33 The current Charging Schedule applies a rate of £425 per sq m (£449.62 per sq m indexed) on student accommodation development at market rents across the borough as a whole.
- 6.34 The results of our appraisals identify that with no affordable student accommodation (at the London Housing Supplementary Planning Guidance 2016 rental level) the maximum borough CIL charge (i.e. having already deducted MCIL 2) of £920 per sq m. Our appraisal allowing for 35% affordable student accommodation identifies a maximum borough CIL charge of £300 per sq m. Reducing the affordable student accommodation to 30% and 25%

identifies maximum borough CIL charges of £426 per sq m and £535 per sq m respectively. Given this position we suggest the Council maintains the existing indexed student accommodation CIL charge.

DRAFT

7 Strategic sites

7.1 We have run high level appraisals of 14 strategic sites selected by the Council to test the viability of key sites in the Borough which will be instrumental in the delivery of the STHLP's growth strategy.

7.2 The sites considered and their key features are summarised in Table 7.2.1 below.

Table 7.2.1 Details of strategic sites assessed

Site No.	Site name	Existing use	Gross Site size (ha)	Infrastructure requirement	Current ownership
1	Bishopsgate Goods Yard	Shoreditch High Street Overground Station; "Box Park" Football Pitches Vacant Land	4.24	1. Strategic Open space 2. Local Presence Facility 3. Leisure Uses – Football Pitches	Private
2	Bow Common Gas Works	Gas Works	3.94	1. Secondary School 2. Strategic Open Space	Private
3	Billingsgate Market	Wholesale Market	5.74	1. Secondary School 2. Open Space	Private
4	North Quay	Vacant land	3.48	1. Open space	Private
5	Vacant land adjacent to new Reuters Ltd server building	Vacant land	2.71	1. Primary School 2. Open space	Private
6	Limeharbour - Skylines Site	Industrial and office space	1.56	Primary School	Private
7	Marsh Wall East - Thames Key site	Offices	1.6	Primary School	Private
8	Marsh Wall West - Marsh Wall, Alpha Square	Medical centre Pub Business uses	0.4	1. Primary School 2. Health facility	Private
9	Millharbour - Mastmaker Road/ Lightermans Road Site	Education and Training Centre	0.97	Health Centre	Private
10	Crossharbour Town Centre	Supermarket, car parking	6.06	1. Local Presence Facility 2. Health Facility 3. Primary School	Private
11	Leven Road Gas Works	Active gas holders	8.56	1. Secondary School 2. Open Space	Private
12	Whitechapel South - Site bound by raven row	Warehouse Facility used for sports	1.39	None	Private
13	Millharbour South - 5, 6, 7, 8 Greenwich View Place	Secondary Offices	0.95	1. Primary School	Private
14	Marian Place Gas Works	Gas works	1.9	1. Strategic Open Space	Private

Methodology

- 7.3 We have used *Argus Developer* (“Argus”) to undertake the high level appraisals of developments on the 14 strategic sites. Argus is a commercially available development appraisal package in widespread use throughout the development industry. It has been accepted by a number of local planning authorities for the purpose of viability assessments and has also been accepted at planning appeals. Banks also consider Argus to be a reliable tool for secured lending valuations. Further details can be accessed at www.argussoftware.com
- 7.4 Argus is essentially a cash-flow model. Such models all work on a similar basis:
- Firstly, the value of the completed development is assessed.
 - Secondly, the development costs are calculated, including either the profit margin required or land costs. In our appraisals we include profit as a development cost.
- 7.5 The difference between the total development value and total costs equates to the residual land value (“RLV”). The model is normally set up to run over a development period from the date of the commencement of the project until the project completion, when the development has been constructed and is occupied.
- 7.6 The cash-flow approach allows the finance charges to be accurately calculated over the development period. This approach can accommodate more complex arrangements where a number of different uses are provided or development is phased.
- 7.7 In order to assess whether a development scheme can be regarded as being economically viable, with a given level of planning obligations, it is necessary to compare the RLV that is produced with a benchmark land value. If a development generates a RLV that is higher than the benchmark it can be regarded as being economically viable and therefore capable of providing a greater quantum of obligations. However, if a development generates a RLV that is lower than the benchmark, it should be deemed economically unviable and the quantum of planning obligations would need to be reduced until viability is achieved.
- 7.8 The approach taken to appraising the larger sites (Bishopsgate Goods Yard, Billingsgate Market, Crossharbour Town Centre and Leven Road Gas Works) is based on the assessment of an un-g geared and un-grown IRR assuming a fixed land cost (the identified benchmark land value). For long term projects of this nature it would not be unreasonable for a developer / landowner to measure profitability on this basis.

Inputs

- 7.9 Further details of the schemes tested and the inputs adopted in the appraisals for the 14 sites are set out clearly in **Appendix 7**. The Council have also commissioned WTP to provide advice on the base build costs, policy extra over costs and likely abnormal costs associated with the redevelopment of the 14 strategic sites. This is set out at **Appendix 1**.

Viability Benchmarks

- 7.10 We have undertaken an assessment of the existing use values (“EUVs”) of each of the sites, using either pro-rata values from the benchmark land values identified in section 4 or an assessment of the existing floorspace and uses on the site (See appendix 7). In order to encourage the landowners to bring the sites forward for development we have added a premium of 20% to the value. The benchmark land values that result from this assessment are shown in Table 7.10.1 below.

Table 7.10.1: Viability benchmarks

Site No.	Site	Existing Use Value (£ millions)
1	Bishopsgate Goods Yard	£30.333
2	Bow Common Gas Works	£28.186
3	Billingsgate Market	£41.064
4	North Quay	£24.896
5	Vacant land adjacent to new Reuters Ltd server building	£19.387
6	Limeharbour - Skylines Site	£42.265
7	Marsh Wall East - Thames Key site	£59.900
8	Marsh Wall West - Marsh Wall, Alpha Square	£7.681
9	Millharbour - Mastmaker Road/ Lightermans Road Site	£10.532
10	Crossharbour Town Centre	£56.167
11	Leven Road Gas Works	£30.619
12	Whitechapel South - Site bound by raven row	£32.990
13	Millharbour South - 5, 6, 7, 8 Greenwich View Place	£43.778
14	Marian Place Gas Works	£13.592

Appraisal results allowing for proposed Borough CIL and MCIL2 rates

7.11 Table 7.11.1 below shows the residual land value for each site taking into account the proposed Borough CIL and MCIL2 rates against the viability benchmark, whilst Table 7.11.2 identifies the ungrown IRR for the four large sites tested.

Table 7.11.1: Appraisal results of smaller sites with 35% affordable housing, proposed Borough CIL and MCIL2 rates

Site No.	Site/scenario	Residual Land Value (£ millions)	Viability Benchmark (£ millions)	Surplus / deficit against benchmark (£ millions)
2	Bow Common Gas Works	-£17.522	£28.186	-£45.71
5	Vacant land adjacent to new Reuters Ltd	£10.808	£19.387	-£8.58
6	Limeharbour – Skylines Site	£18.690	£42.265	-£23.58
7	Marsh Wall East – Thames Key Site	£50.600	£59.900	-£9.30
8	Marsh Wall West – Marsh Wall, Alpha Square	£15.293	£7.681	£7.61
9	Millharbour – Mastmaker Road	£36.930	£10.532	£26.40
12	Whitechapel South – Site bound by Raven Row	£18.757	£32.990	-£14.23
13	Millharbour South – 5,6,7,8 Greenwich View Place	-£6.599	£43.778	-£50.38
14	Marian Place Gas Works	-£44.830	£13.592	-£58.42

Table 7.11.2: Appraisal results of large sites with 35% affordable housing, proposed Borough CIL and MCIL2 rates measured using IRR

Site No.	Site/scenario	Fixed Land cost (£ millions)	Ungrown and ungeared IRR achieved
1	Bishopsgate Goods Yard	£23.472	21.79%
3	Billingsgate Market	£31.775	22.54%
4a	North Quay (as previous)	£24.896	21.75%
4b	North Quay (25% Residential)	£24.896	22.62%
10	Crossharbour Town Centre	£56.167	13.25%
11	Leven Road Gas Works	£30.619	4.28%

Assessment and Suggested CIL rates

- 7.12 We have undertaken an assessment of each of the strategic sites identified by the Council, applying the applying the CIL liability that the sites would incur, based on the suggested CIL charges as set out in section 6 of this report. We have also allowed for MCIL2. See **Appendix 7 and 8** for a copy for the results and appraisals of the testing and sensitivity testing undertaken.
- 7.13 With respect to the larger sites we appreciate that developers often suggest that they are targeting an IRR of 20%, however, it has been our experience on large schemes in London that this is often based on grown IRRs given the long term nature of such schemes. Further, we are aware of developers having agreed to proceed with developments identified as generating IRRs of 13% (ungrown). On this basis we are of the opinion that the large majority of the sites tested can viably deliver the suggested CIL rates along with the emerging STHLP policy requirements.
- 7.14 With respect to the sites identified as being unviable we highlight that the majority although unviable at 35% affordable housing are deliverable where the Council's affordable housing policy is applied flexibly. Site 7 Marsh Wall East - Thames Key is identified as being deliverable with between 25% and 30% affordable housing. For sites 5 Vacant land adjacent to new Reuters Ltd, 6 Limeharbour - Skylines and 12 Whitechapel South – Site bound by Raven Row and 14 Marian Place Gas Works, the results of our sensitivity testing has identified that they are deliverable with between 20% and 25% affordable housing.
- 7.15 Three of the sites identified as having challenging viability are gas works site (2 Bow Common Gas Works, 11 Leven Road Gas Works and 14. Marianne Place Gas Works). These sites are identified as having challenging viability regardless of CIL i.e. it is not CIL that is impacting on the viability of these sites. Given the nature of the existing use on the sites these sites incur significant abnormal costs. On the advice of WTP we have included an allowance of £260 pa square metre of gross site area for site remediation works based on their experience of the costs associated with decontamination of similar gasworks sites in London. We have also included allowances of £100 per square metre of gross site area for demolition costs, removal costs of £1 million per existing gasholder and £18 million for the retention of two gasholders on Site 14 Marianne Place Gas Works. This amounts to abnormal costs of £16.184 million, £33.816 million and £26.840 respectively. We have assumed a worst case scenario in our testing in that we have allowed for the full EUV plus a 20% premium of the site as well as the demolition and decontamination of the site being paid by the developer. In reality a developer is likely to take these costs into consideration in bidding for the site or alternatively and more often than not, the landowner will bear the cost of the decontamination, delivering a clean site to the market and recovering the costs through a higher purchase price than would otherwise have been achieved.

- 7.16 Our sensitivity testing has identified that Site 2 Bow Common Gas Works and Site 14 Marianne Place Gas Works sites are unviable regardless of the Council's policies i.e. it is not CIL and or the requirement for affordable housing which is making the sites unviable, rather it is the significant abnormal costs associated with the regeneration of these sites.
- 7.17 With respect to Site 11 Leven Road Gas Works, our sensitivity testing has confirmed that where the decontamination of the site is assumed to be carried out by the landowner and the full EUV plus 20% premium is paid, the site can deliver between 5% and 10% affordable housing.
- 7.18 The results of our updated appraisals on Site 13 Millharbour South - 5, 6, 7, 8 Greenwich View Place identify the proposed development to be unviable regardless of CIL and or the requirement for affordable housing in the current market.
- 7.19 The proposed borough CIL, which will deliver much needed infrastructure to support the growth envisaged by these sites, has been identified as being no more than circa 5% of scheme costs (see table 7.18.1 below). This is considered to be a very small part of a development's cost and should not be the determining factor as to whether or not a development goes ahead.

Table 7.18.1 Analysis of Borough CIL as a percentage of development costs

Site No.	Site/scenario	LBTH CIL	Costs excluding LBTH CIL	CIL as a % of costs
1	Bishopsgate Goods Yard	£28,191,229	£1,093,629,417	2.58%
2	Bow Common Gas Works	£1,425,684	£199,821,005	0.71%
3	Billingsgate Market	£47,765,374	£1,444,502,280	3.31%
4a	North Quay	£39,677,307	£1,359,953,115	2.92%
4b	North Quay	£35,835,306	£1,283,743,188	2.79%
5	Vacant land adjacent to new Reuters Ltd server building	£7,608,522	£219,672,606	3.46%
6	Limeharbour - Skylines Site	£10,351,518	£469,187,343	2.21%
7	Marsh Wall East - Thames Key site	£7,323,344	£537,560,811	1.36%
8	Marsh Wall West - Marsh Wall, Alpha Square	£10,254,072	£449,859,819	2.28%
9	Millharbour - Mastmaker Road/ Lightermans Road Site	£4,921,644	£243,535,350	2.02%
10	Crossharbour Town Centre	£27,933,594	£673,801,917	4.15%
11	Leven Road Gas Works	£4,462,878	£541,136,070	0.82%
12	Whitechapel South - Site bound by raven row	£1,786,348	£333,272,611	0.54%
13	Millharbour South - 5, 6, 7, 8 Greenwich View Place	£3,082,227	£255,516,221	1.21%
14	Marian Place Gas Works	£5,757,570	£335,189,266	1.72%

- 7.20 In light of the above findings, we recommend the Council considers maintaining the proposed CIL rates across the Borough as they are not deemed to be of a sufficient magnitude that is likely to threaten the development of the strategic sites and as a result *"undermine the deliverability of the plan"* (NPPF paragraph 34) and NPPG Paragraph: 038 Reference. Further, we consider that the proposed approach "strike(s) an appropriate balance between the desirability of funding infrastructure from the levy and the potential impact upon the economic viability of development across (the Council's) area." (NPPG Paragraph 008).

8 Conclusion and recommendations

- 8.1 The NPPF states that the cumulative impact of emerging local planning authority standards and policies “*should not undermine the deliverability of the plan*”. This report reviews the CIL rates in the Council’s Charging Schedule, adopted on 1 April 2015. The study takes account of the cumulative impact of the Council’s current planning requirements, in line with the requirements of the NPPF and the Local Housing Delivery Group guidance ‘Viability Testing Local Plans: Advice for planning practitioners’. In addition, we have reflected the impact of the emerging Mayoral CIL2.

Key findings and suggested revisions to CIL rates

- 8.2 The key findings of the study are as follows:

- The results of this study are reflective of current market conditions, which will inevitably change over the medium term. It is therefore important that the Council keeps the viability situation under review so that policy requirements can be adjusted should conditions change markedly. Since the 2013 Viability Study was completed, there has been an improvement in sales values, which has been partially offset by an increase in build costs. The net result is a degree of improvement in viability and increased capacity to contribute towards local infrastructure.
- As was the case in the 2013 Viability Study, some schemes tested were unviable due to market factors, rather than the impact of the Council’s policy requirements. These schemes will not come forward until changes in site specific market conditions and their current unviable status should not be taken as an indication that the Council’s requirements cannot be accommodated on other schemes. It reflects the increasing viability of commercial development, with some existing forms of commercial generated higher values than residential development, reducing pressure for commercial buildings to be redeveloped for alternative (residential) use.

Residential

- In many cases, schemes can accommodate the Council’s affordable housing requirement at a level of circa 35%, with the capacity to make CIL payments increasing with lower affordable housing proportions.
- Our appraisals indicate that the Council’s currently adopted rates of CIL could increase without adversely impacting on viability of developments. The currently adopted and suggested CIL rates are summarised in Table 8.2.1. We also set out an analysis of the proposed CIL charge as a percentage of the development costs.

Table 8.2.1 Table showing suggested changes to residential CIL charges

Area	Existing Borough CIL charge Borough (£s per sq m) (indexed charge)	Suggested Borough CIL after buffer (£s per sq m)	Proposed CIL as % of Development Costs
CIL Z1	£200 (£211.58)	£280	1.9% - 4.7%
CIL Z2	£65 (£68.76)	£150	1.3% - 2.9%
CIL Z3	£35 (£37.03)	£50	0.5% - 1.1%

Commercial

- In the City Fringe and North Docklands, rents for both offices and retail developments have increased and our appraisals indicate that these uses, including affordable workspace, will be able to absorb a CIL rate of £100 per sq m.
- Viability of retail and office markets outside the City Fringe and North Docklands have not changed sufficiently to warrant any changes to the adopted rates.
- Rents and yields of supermarkets and retail warehouses have improved since the adoption of the Charging schedule and appraisal identify that such uses should be able to support an increased CIL charge of £130 per sq m.
- Industrial and warehousing have seen increases in rents and a reduction in yields, partly as a result of a lack of available supply, however our appraisals identify that this does not generate a surplus above the benchmark land values and in this regard we recommend the Council maintains its existing nil charge on such uses.
- Market conditions for student housing and hotels have not changed significantly since the adoption of the Charging Schedule and we recommend no changes to the rates for these uses.
- The currently adopted and suggested CIL rates are summarised in Table 8.2.2. We also set out an analysis of the proposed rate as a percentage of the total scheme costs.

Table 8.2.2 Table showing suggested changes to Commercial CIL charges

Use and Location	Existing Borough CIL charge Borough (£s per sq m) (indexed charge)	Potential Borough CIL after buffer (£s per sq m)	Proposed CIL as % of Dev Costs
Office in City Fringe	£90 (<i>indexed - £95.21</i>)	£100	1.46%
Office in North Docklands	Nil	£100	1.67%
Retail in City Fringe and North Docklands	£70 (<i>indexed - £74.05</i>)	£100	1.45%
Supermarkets and retail warehouses	£120 (<i>indexed - £126.95</i>)	£130	3.13%

Strategic Sites

- Our assessment of the identified strategic sites has concluded that the majority of the sites can viably support the Borough's proposed CIL. With regard to the sites identified as being unviable, we note that the majority the sites are in fact deliverable with between 20% - 30% affordable housing and that the CIL Charge does not have a significant impact on the viability of these schemes i.e. at a nil CIL charge these schemes would not be viable at 35% affordable housing with no CIL. That is that CIL is not making the schemes unviable, it is rather site or scheme specific issues.
- Of the four sites identified as having the most challenging viability three of these are gasworks sites which incur significant abnormal costs. Once again we would highlight that CIL is not the determining factor making these sites unviable, i.e. on three of the four sites adopting a nil CIL rate and 0% affordable housing would not result in the developments generating residual land values above the identified benchmark land value.
- To demonstrate this position we have undertaken an assessment of the proposed Borough CIL liability calculated for each of the strategic sites and compared this to the total development costs. This has identified that the proposed CIL rates result in a liability that is no more than 5% of development costs. In fact, in the four schemes

where viability is identified as being most challenging, CIL amounts to no more than 1.12% of development costs. Further, on the schemes identified as being unviable at 35% affordable housing but viable with between 20% and 30% affordable housing CIL is no more than 1.68% of development costs (see Table 7.18.1).

- In light of our findings we recommend that the Council considers maintaining the proposed CIL rates across the Borough and to Strategic Sites as they are not deemed to be of a sufficient magnitude that is likely to threaten the development of the strategic sites and as a result “*undermine the deliverability of the plan*” (NPPF paragraph 34) and NPPG Paragraph: 038 Reference. Further, we consider that the proposed approach “strike(s) an appropriate balance between the desirability of funding infrastructure from the levy and the potential impact upon the economic viability of development across (the Council’s) area.” (NPPG Paragraph 008).

8.3 We summarise in Table 8.3.1 below the suggested updated CIL charging schedule rates.

Table 8.3.1: Suggested rates for LB Tower Hamlets’ Updated CIL Charging Schedule

Development Type	Suggested CIL Rate per sq m (GIA) of Development		
	Zone 1	Zone 2	Zone 3
Residential	£280	£150	£50
Offices and Retail (Except Convenience Supermarkets/ Superstores and Retail Warehousing)	City Fringe & North Docklands		Rest of Borough
	£100		Nil
Convenience Supermarkets/ Superstores and Retail Warehousing	Borough Wide		
	£130		
Hotel	£190		
Student Housing Let at Market Rents	£450		
Student Housing Let at Below Market Rents	Nil		
All other uses	Nil		

Appendix 1 - WT Partnership Build Cost Advice

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Appendix 2 - Residential appraisal results
(Affordable Rent, Tower Hamlets Living Rent,
London Living Rent and Shared Ownership) at
base costs and values

DRAFT

Appendix 3 - Residential appraisal results
(Affordable Rent, Tower Hamlets Living Rent and
Shared Ownership) at base costs and values

DRAFT

Appendix 4 - Residential appraisal results
(Affordable Rent, Tower Hamlets Living Rent,
London Living Rent and London Living Rent) at
base costs and values

DRAFT

Appendix 5 - Residential appraisal results
(Affordable Rent, Tower Hamlets Living Rent,
London Living Rent and Shared Ownership) at
+10% sales values and +5% build costs

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Appendix 6 - Residential appraisal results
(Affordable Rent, Tower Hamlets Living Rent,
London Living Rent and Shared Ownership) at -5%
sales values

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Appendix 7 - Commercial appraisal results

DRAFT

Appendix 8 - Strategic sites testing results

DRAFT

Details of Strategic sites

No.	Site name	Existing use	Site size (ha)	Infrastructure requirement	Current ownership	Basis of EUV	Rounded EUVs
1	Bishopsgate Goods Yard	Shoreditch High Street Overground Station; "Box Park" Football Pitches Vacant Land	4.24	1. Strategic Open space 2. Community Use Facility (e.g. Idea Store or Archives Facility)	Private	Vacant Land/Open Storage at £7,193,520 per Ha based on 90% of site cover at £4 per sq ft @ 6.5% and 20% premium.	£23,472,000
2	Bow Common Gas Works	Gas Works	3.94	1. Secondary School 2. Strategic Open Space	Private	Vacant Land/Open Storage at £7,193,520 per Ha based on 90% of site cover at £4 per sq ft @ 6.5% and 20% premium.	£21,811,000
3	Billingsgate Market	Wholesale Market	5.74	1. Secondary School 2. Open Space	Private	Vacant Land/Open Storage at £7,193,520 per Ha based on 90% of site cover at £4 per sq ft @ 6.5% and 20% premium.	£31,775,000
4	North Quay	Vacant land	2.22	1. Open space	Private	Vacant Land/Open Storage at £7,193,520 per Ha based on 90% of site cover at £4 per sq ft @ 6.5% and 20% premium.	£12,289,000
5	Vacant land adjacent to new Reuters Ltd server building	Vacant land	2.71	1. Primary School 2. Open space	Private	Vacant Land/Open Storage at £7,193,520 per Ha based on 90% of site cover at £4 per sq ft @ 6.5% and 20% premium.	£15,002,000
6	Limeharbour - Skylines Site	Industrial and office space	1.56	Primary School	Private	Rent of £20 per sq ft capitalised at 6.5% and 20% premium.	£42,265,000
7	Marsh Wall East - Thames Key site	Offices	1.60	Primary School	Private	Rent of £20 per sq ft capitalised at 6.5% and 20% premium.	£43,773,000
8	Marsh Wall West - Marsh Wall, Alpha Square	Medical centre Pub Business uses	0.40	1. Primary School 2. Health facility	Private	Rent of £15 per sq ft capitalised at 7% and 20% premium.	£5,982,000
9	Millharbour - Mastmaker Road/ Lightermans Road Site	Education and Training Centre	0.97	Health Centre	Private	Rent of £15 per sq ft capitalised at 7% and 20% premium.	£8,202,000

No.	Site name	Existing use	Site size (ha)	Infrastructure requirement	Current ownership	Basis of EUV	Rounded EUVs
10	Crossharbour Town Centre	Supermarket, Car parking,	6.06	1. Idea Store 2. Health Facility 3. Primary School	Private	Rateable Value rental Value adopted and capitalised at 4.5% allowing for 20% premium.	£56,167,000
11	Leven Road Gas Works	Active gas holders	8.56	1. Secondary School 2. Open Space	Private	Vacant Land/Open Storage at £7,193,520 per Ha based on 90% of site cover at £4 per sq ft @ 6.5% and 20% premium.	£23,693,000
12	Whitechapel South - Site bound by raven row	Warehouse Facility used for sports	1.39	None	Private	Rent of £8.50 per sq ft capitalised at 6.75% and 20% premium.	£26,045,000
13	Millharbour South - 5, 6, 7, 8 Greenwich View Place	Secondary Offices	0.95	1. Primary School	Private	Rent of £20 per sq ft capitalised at 6.5% and 20% premium.	£31,992,000
14	Marian Place Gas Works	Gas works	1.9	1. Strategic Open Space	Private	Vacant Land/Open Storage at £7,193,520 per Ha based on 90% of site cover at £4 per sq ft @ 6.5% and 20% premium.	£13,592,000

Appendix 9 - Strategic Sites Appraisals

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Appendix 10 - Proposed CIL Maps

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Community Infrastructure Levy (CIL)
Supporting Evidence and Funding Gap
Report

xxDatexx

1. Introduction

1.1 This document has been formed to describe and summarise the infrastructure planning evidence required to support the adoption of the Council's new Charging Schedule. In particular, it will set out:

- What the Council intends to fund using its CIL;
- The matters for which the Council will continue to secure using S106 planning obligations;
- The amount of funding collected in recent years through S106 Agreements;
- The extent to which the Council has met its affordable housing target;
- The Council's funding gap, in order to justify charging a CIL, alongside a levy funding target.

2 What the Council intends to fund using CIL

2.1 The list of types of projects on which the Council intends to spend its CIL is described in the Council's new draft Regulation 123 List, attached at Appendix A.

2.2 The only substantive amendment currently proposed to the Council's Regulation 123 List is that it removes a specific reference to infrastructure required by the Council's Managing Development Document on the Wood Wharf, Westferry Printworks, Bishopsgate Goods Yard and London Dock sites being excluded from the list. Also removed is a reference to one type of project ("Electricity supplies to all Council managed markets") as this has been completed so is no longer relevant in CIL funding terms.

2.3 The Council is reconsidering the terminology used in the Regulation 123 List to improve clarity and will consult on any further amendments proposed. It is very unlikely that any amendments required will affect the viability work supporting the proposed Charging Schedule, affecting the rates proposed. The Council intends to adopt the new Regulation 123 List at the same time as the newly proposed Charging Schedule.

2.3 The proposed Charging Schedule will help the Council raise funding to deliver the projects described in the Council's Infrastructure Delivery Plan (IDP). The IDP identifies a range of projects required to support the development of the Council's area as described in the Local Plan and London Plan. The Infrastructure projects described in

the IDP will help ensure development in Tower Hamlets is sustainable.

- 2.4 The Council decides on the allocation of CIL and S106 funding through its Infrastructure Delivery Framework decision-making process. This process was referred to and approved by the Mayor in Cabinet in January and October 2016.

3 The matters for which the Council will secure S106 Planning Obligations

- 3.1 The matters for which the Council will continue to secure using S106 planning obligations are described in detail in the Council's adopted Planning Obligations Supplementary Planning Document (SPD).

- 3.2 In summary, non-financial matters (such as the provision of affordable housing) will continue to be secured using S106 Planning Obligations. The Council intends to continue to secure a few financial non-infrastructure related matters through S106, including:

- **Construction Phase Skills and Training Contribution:** This financial contribution is sought to support and provide the training and skills needs of local residents in accessing the new job opportunities in the construction of development.
- **End User Phase Skills and Training Contribution:** This financial contribution is sought to support and provide the training and skills needs of local residents in accessing the new job opportunities created by the development.
- **Carbon Offset Contribution:** Where development proposals are unable to Development Plan carbon reduction targets on-site, contributions to a carbon offsetting fund will be sought to meet the shortfall.

- 3.3 The Council may continue to secure other site-by-site matters via S106 contributions where securing them would not conflict with the Council's Regulation 123 List.

4 The amounts collected in recent years through S106 and CIL

- 4.1 The following table summarises the amounts that the Council has collected in recent years through S106 and CIL:

Table 1: Amount of CIL/S106 collected by the Council, 14/15 – 17/18

	CIL	S106
2014/15	N/A	£14,900,000
2015/16	£6,785,260	£18,600,000
2016/17	£18,338,813	£16,400,000
2017/18	£13,991,578	£26,276,924
Total	£39,115,651	£76,176,924

5 The extent to which the Council has met its affordable housing target in recent years

- 5.1 Tower Hamlets has an overarching affordable housing target of 50%, with a target for individual schemes of 35% - 50%.
- 5.2 Using information from the London Development Database, Table 2 below evidences the Council's performance against its housing target between 2012/13 and 2016/17:

Table 2: The extent to which the Council has met its housing target

	2012/13	2013/14	2014/15	2015/16	2016/17
No. of Affordable Units Delivered	262	691	730	822	1,008
% of Affordable Housing Delivered (by habitable room)	34%	34%	35.6%	41%	23.6%

- 5.3 More information in this regard can be found in the Council's Housing Delivery Strategy which is part of the Council's evidence base supporting its new draft Local Plan. When information relating to delivery in 2017/18 is available the Council will make it available as appropriate.

6 The Council's funding gap

- 6.1 Detailed information on the Council's Funding Gap is set out in chapter 2 ('Infrastructure Funding Position') of the Council's draft Infrastructure Delivery Plan supporting the Council's Regulation 19 version of its new draft Local Plan. The work in this section has been updated slightly to reflect new information on projects.

Cost of Infrastructure Described in the IDP

- 6.2 The following table describes the cost of the infrastructure projects set out in the Council's IDP.

Table 3: Costs of infrastructure projects in the Council's IDP

Infrastructure Category	Total Combined Cost of Projects	% of Total Cost	Number of Projects	Number of uncosted projects
Early Years Infrastructure	£1,047,768	0%	18	0
Primary Education Infrastructure	£123,240,000	6%	12	2
Secondary Education Infrastructure	£222,200,000	12%	9	1
Special Education Infrastructure	£15,000,000	1%	2	0
Health Facilities	£14,640,665	1%	21	8
Leisure and Sports Facilities	£550,000	0%	11	10
Idea Stores and Libraries	£38,500,000	2%	7	0
Transportation, Connectivity and Public Realm Infrastructure	£1,319,140,000	69%	72	7
Publicly Accessible Open Space	£74,910,000	4%	38	32
Employment and Enterprise Infrastructure	£40,000,000	2%	3	0
Community Centres	£2,240,000	0%	6	2
Youth Centre Facilities	£350,000	0%	2	1
Strategic Energy and Sustainability	£4,000,000	0%	2	0
Strategic Flood Defence Infrastructure	£1,600,000	0%	2	1
Council Managed Markets Infrastructure	£2,950,000	0%	5	0
Public Safety and Emergency Services Infrastructure	£31,936,000	2%	5	0
Utilities and Telecommunications Infrastructure	£4,500,000	0%	3	2
Waste Management Infrastructure	£4,000,000	0%	3	2
Total	£1,900,804,433	100%	221	68

6.3 Please note that the amount set out relating to Transportation, Connectivity and Public Realm Infrastructure includes an upgrade to the entire DLR network, costing approximately £700m. This amount cannot yet be disaggregated to establish what only applies to the Council's authority area. Note that this amount is assumed to be funded entirely by TfL's Business Plan so does not affect the Funding Gap.

6.4 There are 68 projects for which the Council does not yet have costs as these projects are not yet developed enough. The Council estimates that these projects would cost in the region of £150m - £300m to deliver although this figure depends on a number of unknown factors.

Potential Funding Sources

- 6.5 The following table summarises the Council's position with regard to the availability of funding to spend on infrastructure. Please note that the Council is not necessarily in receipt of the amounts stated, rather it reasonably expects these amounts to be available based on the information available.

Table 4: Availability of funding for infrastructure

Type of Funding	Amount Available	Source
1. Capital Grants	£792.68m	Council's Capital Programme 2017/18 – 2020/21.
2. S106 Funding: Existing account and projections up to 2028/29	£183.5m	Council's bespoke projections.
3. CIL Funding, existing and projections up to 2030/31	£292.75m	Council's bespoke Projections
Total	£1.268m	

Capital Grants

- 6.6 This funding projection was partially derived from the Council's adopted Capital Programme which sets out the Council's funding position from 2017/18 to 2020/21. The draft Isle of Dogs and South Poplar Opportunity Area Planning Framework has also identified potential funding from TfL's Business Plan and this funding is also included under this category.
- 6.7 The table below provides a breakdown of the funding sources that fall under this category:

Table 5: Capital grant funding sources

Funding Source	Amount	Notes
Schools Basic Need/ Expansion Grant	£53.85m	
Transport for London's Local Improvement Programme	£10.828m	
Transport for London's Business Plan	£728m	Assumed to be spent on DLR Improvement Programme and the Crossharbour Station project.
	£792.68m	

S106 Funding

- 6.8 S106 is payable in accordance with triggers set out in S106 agreements. The Council's S106 income will, like CIL, depend upon the timings for delivery of individual development sites. The below table provides a breakdown of these funding sources.

Table 6: S106 on account and forecasted income

Year	Annual Amount (£)
Funding on account as at 31/03/2017	£79,535,461
2017/18 (estimate)	£26,276,924
2018/19 – 2028/29 (estimate)	£77,760,019
Total	£183,572,404

CIL Funding

- 6.9 The following table sets out projected income over the period of the Council's Regulation 19 version of its new draft Local Plan, assuming both the existing and proposed rates:

Table 7: Projected CIL income

	Proposed CIL Charging Schedule	Current CIL Charging Schedule
2017/18	£13,991,578	£13,991,578
2018/19	£16,033,797.17	£16,033,797
2019/20	£13,866,385.13	£13,866,385
2020/21	£16,178,203.78	£16,178,204
2021/22	£29,390,322.70	£25,775,569
2022/23	£28,158,376.68	£24,944,980
2023/24	£27,943,086.64	£24,426,533
2024/25	£23,897,568.74	£20,742,081
2025/26	£19,713,478.01	£16,674,785
2026/27	£19,912,020.84	£16,819,327
2027/28	£19,684,062.60	£16,593,499
2028/29	£16,795,060.20	£14,317,851
2029/30	£15,572,846.86	£13,099,898
2030/31	£6,492,564.94	£5,458,111
Total	£292,753,425	£264,046,670

- 6.10 Note that income projections above assume a new Charging Schedule is adopted in 2019/20 and the applications permitted after this point start to come forward from the year 2021/22.
- 6.11 The Council has to date collected £39m in CIL funding. In accordance with table 1 above, approximately £25m of those receipts were collected in the years 2015/16 and 2016/17. The remainder was collected in the year 2017/18 to date.

Funding Gap

Aggregate Funding Gap

6.12 The aggregate funding gap is the total cost of infrastructure, less funding from sources other than CIL:

Table 8: Aggregate funding gap for CIL

Total cost of infrastructure	£1,900,804,433
Less	
Funding from sources other than projected CIL Income	£1,011,360,000
Equals	
Aggregate Funding Gap	£889,444,433

Residual Funding Gap

6.13 The residual funding gap is calculated by subtracting the projected CIL income from the aggregate funding gap:

Table 9: Residual funding gap for CIL

Aggregate Funding Gap	£889,444,433
Less	
CIL Funding Projections up to 2030/31	£292,753,425
Equals	
Residual Funding Gap	£596,691,000

6.14 The Council are able to demonstrate a significant residual funding gap so are able to continue to charge a local CIL, in accordance with paragraph 16 of the CIL Planning Practice Guidance.

6.15 The scale of growth projected in Tower Hamlets means that the vast majority of funding for infrastructure will need to come from sources other than CIL.

Levy Funding Target

6.16 Given the Council has a significant funding gap, the Council's funding target for CIL will represent the maximum viable amount over the Local Plan period which has been identified as £292.75m (see table 7 above).

Appendix A: The Council's Regulation 123 List



Community Infrastructure Levy (CIL)

Regulation 123 List

xxxDatexxx

Regulation 123 List

List of Infrastructure Projects

xxxDatexxx

The list below sets out those types of infrastructure projects that Tower Hamlets Council intends will be, or may, be wholly or partly funded by CIL.

The inclusion of a type of infrastructure in this list does not signify a commitment from the Council to wholly or partly fund it through CIL.

Types of strategic infrastructure (including new provision, replacement or improvements to existing infrastructure, operation and maintenance)*: -

- **Community facilities**
- **Employment and training facilities**
- **Energy and sustainability (including waste) infrastructure**
- **Flood defences**
- **Health and social care facilities**
- **Infrastructure dedicated to public safety (for example, wider CCTV coverage)**
- **Leisure facilities such as sports facilities, libraries and Idea Stores**
- **Open space, parks and tree planting**
- **Public art provision**
- **Public education facilities**
- **Roads and other transport infrastructure**

* For the purposes of the CIL Regulation 123 List, 'strategic' is defined as infrastructure that is designed to serve more than those residents or workers within one particular development by contributing to infrastructure improvements across the wider Borough.



Community Infrastructure Levy (CIL)

Additional Evidence and Information Document

October 2018

1. Introduction

1.1 This document has been formed to set out the Council's position with respect to a number of matters and evidence in order to provide context to the approach it has taken to forming the rates described in its Draft Charging Schedule. More specifically, the relevant matters and evidence addressed is listed below:

- The Council's position on the provision of 'In-kind' infrastructure in lieu of monetary Community Infrastructure Levy (CIL);
- The Council's position on selecting strategic sites for testing as part of its viability evidence base;
- The most prominent land use on which residential led development generally comes forward on, in order to provide context to the benchmark land values used in the Council's Viability Study;
- Information relating to gross to net floor space ratios achieved on residential led development in the borough;
- Information relating to monetary S106 amounts secured through development proposals permitted since the adoption of the Council's current CIL Charging Schedule;
- Information relating to Internal Rates of Return achieved on Strategic Sites;
- Clarification in terms of the approach to the establishment of development timescales for strategic sites;
- Clarification of the approach to allowing for build costs in its Viability Study; and
- Clarification of the Council's position on decisions made by the Examiner in respect of the Council's adopted Charging Schedule.

2. Using CIL ‘In-Kind’ measures to deliver infrastructure on development sites

- 1.2 This section will set out the Council’s position on accepting land and/or physical infrastructure in lieu of monetary CIL and how this position is taken account of in the appraisals supporting the Council’s CIL Viability Evidence Base.
- 1.3 Provisions relating to Charging Authorities being able to accept land and/or infrastructure in lieu of monetary CIL can be found in:
 1. The CIL Regulations 2010 (as amended): Regulations 73, 73A, 73B and 74.
 2. CIL Planning Practice Guidance: Paragraphs 61 to 64.
- 1.4 The principle of CIL in-kind measures are that a developer can provide land or physical infrastructure onto an authority in lieu of a proportion of or a full CIL liability. For the purposes of this document, where a developer provides land in lieu of monetary CIL, it is known as a “Land Payment”. Where a developer provides physical infrastructure in lieu of monetary CIL, it is known as an “Infrastructure Payment”.
- 1.5 CIL Regulation 73 sets out the requirements relating to Land Payments. It directs a broad methodology for entering into an agreement that involves a valuation process to establish the amount of monetary CIL the provision of a piece of land will equate to in respect of a party’s CIL liability. The valuation is carried out by an independent party.
- 1.6 CIL Regulation 73A sets out the requirements relating to Infrastructure Payments. Essentially, an Infrastructure Payment should equate to the cost to the developer of delivering the infrastructure in question. The amount of an Infrastructure Payment is determined by an independent party.
- 1.7 Following the establishment of the amount(s) that will be secured via Land and Infrastructure Payments, the Council then enters into a formal agreement with the party liable to pay CIL. This agreement sets out the obligations of the parties relating to the delivery of the infrastructure, including the discount to the overall monetary liability and information relating to the timings of the provision of the land/infrastructure.
- 1.8 The Council has entered into one such agreement to deliver a school on the Millharbour Village development site and is in advanced discussions regarding entering into another agreement to deliver a Primary School on another site.

- 1.9 For the purposes of the Council's CIL Viability evidence base, the Council has assumed that all infrastructure allocated for provision on the Council's site allocations will be delivered using CIL in-kind measures. This negates the need to include separate costs for the delivery of infrastructure as these costs will in reality be reduced from a relevant party's monetary CIL liability.
- 1.10 The reason the Council has taken this approach is because:
- All of the types of social infrastructure allocated on the Council's site allocations are included on the Council's proposed Regulation 123 List, meaning that the Council intends to secure these types of infrastructure using CIL. As such, the only appropriate mechanism to do so is via a CIL "In-Kind" Agreement. The fact that the types of infrastructure allocated on the Council's site allocations are included on the Council's Regulation 123 List means that the Council would not be in compliance with the CIL Regulations if it were to seek the delivery of allocated infrastructure using Section 106 planning obligations.
 - Securing allocated infrastructure using S106 planning obligations is unlikely to comply with the current CIL Regulations. Because the infrastructure to be secured on site allocations is strategic infrastructure that will serve a population wider than that produced by the development site then delivering the infrastructure using S106 planning obligations wouldn't comply with the requirements of paragraph 122 (2) (c) which requires that planning obligations must be "fairly and reasonably related in scale and kind to the development".
- 1.11 The Council is aware that parties who have submitted representations have concerns over the CIL In-Kind approach. Whilst the Council accepts that the CIL Regulations in general and with reference to payments in kind are somewhat unclear, the Council has decided that, on balance, it is currently the most reasonable and appropriate approach to assume strategic infrastructure can be delivered on the Council's strategic sites using CIL 'In-Kind' measures. If amendments to the CIL Regulations are made in due course then the Council may change its position.

3. How the Council have selected sites for viability testing

1.12 This section seeks to clarify how the Council has selected the strategic sites tested in the Viability Study supporting its Charging Schedule.

1.13 The Council's overarching approach to selecting sites for testing has involved undertaking a sampling exercise that focuses on sites on which the Council's new Local Plan will rely whilst avoiding excessive detail.

1.14 Guidance relating to viability testing of Local Plans describes that not every site needs to be tested. In particular, paragraph 6 of the Viability and Plan Making Planning Practice Guidance states:

“Assessing the viability of plans does not require individual testing of every site.....Assessment of samples of sites may be helpful to support evidence and more detailed assessment may be necessary for particular areas or key sites on which the delivery of the plan relies”.

1.15 In addition, a number of further practical matters have been considered, including the following:

- Policy requirements of residential development are much more likely to impact on viability, so testing has focused on residential led schemes.
- Testing the sites that propose to deliver the most housing (i.e. contribute most to the delivery of the Local Plan).
- Not testing sites where there is a planning permission in place that is likely to be delivered or has already been implemented.
- Where a number of sites have similar characteristics, only one of these sites has been tested.
- Testing the sites that have the most significant cost burdens which may include the provision of on-site social infrastructure.
- Where there may not be sufficient information to facilitate the robust testing of a site then the site has not been tested.

4. Viability, Planning and Development Context: Significant schemes granted permission since the Council adopted its CIL

- 1.16 This section will analyse data from permissions on schemes providing 10 or more residential units granted by the Council between the 1st April 2015 (which is when the Council's adopted CIL Charging Schedule came into effect) and the 29th March 2018. Data from these permissions is going to be the most appropriate to use for analysis purposes as they will provide a reasonable sample of planning permissions to analyse. In addition, these permissions were granted under the Council's adopted CIL Charging Schedule so are subject to a similar planning/development context as schemes moving forward.
- 1.17 More specifically, the aim of this section is to provide some evidence to help establish the most appropriate approach the Council should take to some of the assumptions included within the Council's Viability Study as well as the interpretation of the study's results. The aspects of the Council's Viability Study that will be considered are:
- Development efficiencies (otherwise known as 'gross to net ratio'): This is a metric used to establish the ratio between the floor space constructed against the floor space that attracts a value. This is calculated by dividing the net internal area (or net sales area) floor space by the gross internal area of the development. Consideration of this matter will help the Council to consider the most appropriate ratio to apply to its viability appraisals.
 - Residual S106 assumptions: Following the adoption of CIL, the Council still secures S106 contributions for non-infrastructure items. These are specific to the site in question and represent a cost to the developer. Consideration of this matter will help the Council establish how much per residential unit the Council should allow in terms of S106 payments.
 - Land uses being brought forward for development: The Council's Viability Study undertakes testing of generic development typologies assuming four different benchmark land values. Consideration of this matter will help the Council interpret the results of its Viability Study more effectively, establishing the benchmark land value assumptions that should be given greater weight.
- 1.18 In terms of the methodology the Council has undertaken to analysing the set of information, the Council:
1. Undertook a search for all 'major' residential led planning applications permitted since the 1st April 2015.

2. Associated each of the applications with one of the generic typology schemes tested, on the basis of the number of units being offered by the scheme.
3. Reviewed application documents, such as application forms, accommodation schedules and final S106 Agreements to establish the information required for each of the permissions.
4. Undertook an analysis of the results of the data collected to establish how the Council's Viability evidence base can be more accurate.

1.19 Please refer to Appendix A for the data the Council has analysed to ensure its approach to evidence is appropriately informed. Please find below a description of the results of the analysis undertaken.

Development efficiencies (gross to net ratio)

1.20 The following table shows the assumptions for development efficiencies made in the Viability Study supporting its PDCS against the average development efficiency of proposals granted permission.

Table 1

Information in PDCS Stage Viability Study		Average development efficiency by typology	Notes
Typology in Viability Study	Development efficiency		
1	N/A	N/A	3 exclusions: • PA/14/03003 (no data available); • PA/17/00028 (no data available); • PA/14/03424 (seems to be an anomaly).
2	0.8	N/A	
3	0.8	0.86	
4	0.8	0.81	
5	0.75	0.83	
6	0.75	0.81	
7	0.75	0.81	
8	0.75	0.82	
9	0.75	0.81	
Strategic Sites	0.75	0.77	

1.21 It is clear from table 1 above that the assumptions in the Council's Viability Study that supported its PDCS are conservative.

Residual S106 assumptions

1.22 The research and analysis undertaken involves establishing the S106 payments for the sample of permissions that would apply in the event that the schemes were technically policy compliant. For example, a lot of the permissions in the sample failed to meet the Council's carbon reduction policy requirements so are required to make a "carbon offset" payment to mitigate the deviation from the Council's

requirements. Because the Council's Viability Study allows for build costs for zero carbon development, the Council can therefore exclude this payment from being included in the data.

1.23 Only payments that would be payable on schemes if the scheme in question was policy compliant are appropriate to include within the dataset. These payments will comprise of:

- Construction Phase Skills and Training Contributions: This financial contribution is sought to support and provide the training and skills needs of local residents in accessing the new job opportunities in the construction of development.
- End User Phase Skills and Training Contributions: This financial contribution is sought to support and provide the training and skills needs of local residents in accessing the new job opportunities created by the development.
- Other site specific contributions, such as those requested by Transport for London for site specific transport improvements.

1.24 Table 2 below sets out the Council's findings regarding residual S106 payments:

Table 2

Information in PDCS Stage Viability Study		Average residual S106 payment by typology	Notes
Typology	Residual S106 per unit in Viability Study		
1	£1,220	N/A	<ul style="list-style-type: none"> • 1 exclusion: PA/14/03003 (no data available); • 2 permissions (PA/16/01538 and PA/17/00028) that contribute to the results associated with typology three have been identified as potential anomalies although they have not been excluded from the results as these are the only 2 permissions that relate to this typology.
2	£1,220	N/A	
3	£1,220	£911.50	
4	£1,220	£501.78	
5	£1,220	£578.21	
6	£1,220	£709.30	
7	£1,220	£384.79	
8	£1,220	£373.92	
9	£1,220	£634.77	
Strategic Sites	£1,220	£625.78	
Average	£1,220	£575.84	

1.25 It is clear from table 2 above that the assumptions in the Council's Viability Study that supported its PDCS are conservative. The Council has decided to retain the assumed allowance of £1,220 per unit within

the Viability Study supporting the Draft Charging Schedule to make sure this assumption incorporates a built-in buffer.

Land uses being brought forward for development

1.26 The use of land on which development will be brought forward is a significant factor that influences the viability. In terms of the typology testing undertaken, the schemes have been tested against four different benchmark land values (against which the residual land value is compared) based on four different land uses. The benchmarks tested at Preliminary Draft Charging Schedule stage are set out in table 3 below:

Table 3

	Use
1	Higher Value Secondary Offices
2	Medium Value Secondary Offices
3	Lower Value Secondary Offices / Community Use
4	Secondary Industrial/ Warehousing

1.27 Whilst the values for the above benchmarks have been updated in the Viability Study supporting the consultation on the Draft Charging Schedule, the uses remain the same.

1.28 The Council has undertaken an exercise to establish the type of land use on which planning permissions granted in the Tower Hamlets charging area predominantly comes forward. This involved analysing the schemes granted permission between the 1st April 2015 (which is when the Council’s adopted CIL Charging Schedule came into effect) and the 29th March 2018. The results are summarised in table 4 below:

Table 4

	Use	No. of permissions granted under this benchmark	% of permissions granted under each benchmark
1	Higher Value Secondary Offices	1	4.00%
2	Medium Value Secondary Offices	0	0.00%
3	Lower Value Secondary Offices / Community Use	10	40.00%
4	Secondary Industrial/ Warehousing	14	56.00%
	Total	25	100%

1.29 The exercise undertaken clearly demonstrates that the vast majority of development comes forward against benchmarks 3 and 4 inferring

that greater weight should be applied to the results of the typology appraisals where testing is undertaken against benchmarks 3 and 4.

5. Profit on large development and Internal Rate of Return as a measure of profit

- 1.30 This section seeks to clarify the approach to profit taken in respect of the larger strategic sites tested in the Viability Study supporting the Council's Draft Charging Schedule.
- 1.31 Internal Rate of Return (IRR) has been adopted as the measure of profit for 5 of the largest strategic sites tested. The sites are:
- Bishopsgate Goods Yard.
 - Billingsgate Market.
 - North Quay.
 - Crossharbour Town Centre.
 - Leven Road Gas Works.
- 1.32 The Viability Study supporting the Council's Draft Charging Schedule describes that BNP Paribas are aware of developers proceeding with the development of schemes that generate an IRR of 13%.
- 1.33 It is challenging to produce evidence to support 13% IRR (or indeed any % of IRR) as representing the appropriate threshold at which major development will come forward. To help establish whether assuming a 13% IRR is reasonable, the Viability Study also sets out the profit on these schemes as a % of Gross Development Value to allow benchmarking against other schemes tested in the Viability Study. The Council is aware however that for larger, multi-phased schemes coming forward over a long period of time and often having significant upfront infrastructure costs, developers have submitted their viability assessments on an IRR basis.
- 1.34 Appeal decisions relating to the matter of IRR are very limited, due to the rarity of schemes against which this method of profit applies. One recent appeal (ref APP/W5780/W/16/3164036) provides some guidance of at what level of IRR a scheme will proceed. Both the appellant and their consultants as well as the London Borough of Redbridge and their consultants agreed that an ungrown IRR of 12.4% reasonable as a target rate of return was acceptable. The Council notes the specific nature of the scheme underpinning this appeal case and the ways it may vary from the strategic sites tested in the Viability Study but considers it a reasonable proxy to consider in the absence of better information.
- 1.35 The Council is also aware of the level of IRRs deemed acceptable during the course of site specific negotiations for sites within Tower Hamlets. These schemes identified that ungrown IRRs i.e. at current costs and values, were still deliverable despite not being at or above 20%. The 20% target was to be achieved through growth.

6. The approach to development programmes

- 1.36 This section seeks to clarify the approach the Council has taken to establish the development programmes for the testing undertaken in its Viability Study.
- 1.37 The approach taken in the Council's Viability Study is based upon the experience of such schemes by BNP Paribas Real Estate and of Council officers who consider the development programmes adopted to be reasonable.

7. The approach to build costs

- 1.38 This section seeks to clarify the approach the Viability Study takes in terms of the application of build costs.
- 1.39 The Viability Study supporting the Preliminary Draft Charging Schedule uses base build costs that are sourced from the RICS Building Cost Information Service (BCIS), which is based on tenders for actual schemes and is adjusted to reflect local circumstances in Tower Hamlets. It should be noted that professional Build Cost Consultants WT Partnerships provided advice on the BCIS base build cost rates adopted. On top of the base build costs allowances have been made for external works and where appropriate abnormal costs (see below). In addition, the Council sought specific advice from WT Partnership who have provided advice in respect of additional policy costs including that associated with delivering Sustainable Urban Drainage Systems, meeting the Council's draft carbon zero policy and also in respect of meeting accessibility requirements for residents with wheelchairs. A contingency allowance of 5% on top of build costs has also been allowed.
- 1.40 The Council has commissioned WT Partnerships to provide an update of its build costs adopted in the Viability Study supporting the Draft Charging Schedule. The approach to updating the build costs in respect of the typology testing has been approached by WT Partnerships in two ways, by looking at the addition of an allowance for inflation on top of the 2016 costs and by reviewing on a benchmark basis i.e. reviewing the costs of actual schemes in Tower Hamlets and the surrounding area, which best reflects the anticipated development. The latter is a mixture of actual costs, tendered costs and developer and quantity surveyor's estimates.
- 1.41 In terms of the testing of strategic sites in the Viability Study supporting the Draft Charging Schedule, the Council has again commissioned WT Partnership. WT Partnership has provided site specific advice in respect of costs that should apply in the case of the strategic sites tested. This approach has been undertaken in response to representations submitted.

8. The Examiner's report on the Council's current Charging Schedule

- 1.42 This section seeks to clarify the Council's approach to its new Charging Schedule in the context of the Examiner's report on the Council's adopted Charging Schedule.
- 1.43 The Examiner's report on the Council's adopted Charging Schedule has been taken into consideration in the formation of the evidence to support the newly proposed Charging Schedule. However, the Council's approach must be directed by the provisions of the Planning Act 2008, the CIL Regulations and relevant Planning Practice Guidance.
- 1.44 Section 211(7A) of the Planning Act 2008 requires that "appropriate available evidence" must be used to inform a Draft Charging Schedule. Given a significant amount of the evidence that supported the Viability Study for the Council's adopted Charging Schedule was collected in mid-2013, it would be incorrect for the Council to apply much weight to the Examiner's report for its adopted Charging Schedule, the economic circumstances of development has changed significantly since this point.
- 1.45 The Council has undertaken robust viability testing which has to supersede decisions made by an Examiner that were based on different circumstances.

Appendix A: Analysis of planning permissions granted between the 1st April 2015 and the 29th March 2018 in respect of S106 contributions, gross to net ratio and use of land of existing site

PA Ref	Site Address	Which Typology Scheme most similar to?	Residual S106 Allowances			Gross to Net Ratio (%)		Land Use of Site in Existing Use	
			S106 financial contributions secured (excluding carbon offset)	S106 contributions per unit	Use for data compilation purposes?	Gross to Net Ratio	Use for data compilation purposes?	Land use of site at the point of planning application (as per application form)	Which Benchmark is Land use most similar to
PA/14/01246/A1	Enterprise Business Park, 2 Millharbour, London	Strategic Site	£265,889 Employment and Enterprise £100,000 public art Total: £365,889	£403.41	Yes	0.75		Vacant, cleared site (since 1996)	4
PA/14/01946/EX	62-66 Cavell Street, London, E1 2JA	4	Monitoring: £1,500 Enterprise and employment: £2,242 Total: £3,742	£311.83	Yes	0.83		Vacant site with vegetation and hoarding at perimeter.	4
PA/14/03166/A1	Bethnal Green Mission Church, 305 Cambridge Heath Road, London, E2 9LH	4	Monitoring: £2,000 Employment: £8,376 Total: £10,376	£691.73	Yes	0.80		Church/Community Centre	3
PA/14/03424/EX	281-285 Bethnal Green Road, London, E2 6AH	5	Monitoring Fee: £314.78 Employment and Enterprise: £5,839.00 Total: £6,153.78	£293.04	Yes	0.98	No - seems to be an anomaly	Warehouse	4
PA/14/03594/A1	Hercules Wharf Castle Wharf And Union Wharf, Orchard Place, London, E14	Strategic Site	Bus-stops: £399,000 Construction Phase Employment Skills and Training: £355,620 End User Commercial Phase Employment skills and Training: £45,878 Monitoring: £5,000 Total: £805,498	£1,001.86	Yes	0.77		Class B1c/ B2, B8	4
PA/14/03660/A1	219-221 Bow Road and 27-31 Payne Road, Bow, London E3	7	Employment and Enterprise: £28,788 Monitoring Fee: £3,000 Total: £31,788	£357.17	Yes	0.83		Vacant - previously warehouse, workshop, 2 x residential apartments and car parking	4
PA/15/00039/A1	Land At 160 To 166, Chrisp Street, London	5	Skills and Training Contribution: £17,547 Monitoring fee: £500 Total: £18,047	£71.05	Yes	0.79		"industrial buildings"	4

PA Ref	Site Address	Which Typology Scheme most similar to?	Residual S106 Allowances			Gross to Net Ratio (%)		Land Use of Site in Existing Use	
			S106 financial contributions secured (excluding carbon offset)	S106 contributions per unit	Use for data compilation purposes?	Gross to Net Ratio	Use for data compilation purposes?	Land use of site at the point of planning application (as per application form)	Which Benchmark is Land use most similar to
PA/15/01789/A1	Site Bound by Raven Row, Stepney Way Sidney Street, London E1	Strategic Site	Construction Phase Employment Skills and Training: £211,104 End User Commercial Phase Employment skills and Training: £86,715 Bus facilities: £40,000 Monitoring: £5,000 Total: £342,819	£607.84	Yes	0.81	Yes	Storage (b8) and temporary pop up sport facility.	4
PA/15/02045/A1	221 Burdett Road, London, E3 4AR	5	Construction phase skills and training: £7,916 Pedestrian Crossing Contribution: £10,000 Monitoring fee: £18,000 Total: £35,916	£1,330	Yes	0.79	Yes	Poor quality petrol filling station buildings and hardstanding	3
PA/15/02148/A1	Our Ladys Primary School, Copenhagen Place, London, E14 7DA	6	Skills and Training Contribution: £16,432 Monitoring Contribution: £2,000 Total: £18,432	£409.60	Yes	0.89	Yes	Vacant - Formerly Primary School	3
PA/15/02156/A1	Attlee House, Sunley House, Profumo House and College East, 10 Gunthorpe Street, London	6	Construction, skills and training: £32,172.00 End User Commercial Phase Employment skills and Training: £46,899.00 Monitoring Fee - £3,000 Total: £82,071	£1,302	Yes	0.81	Yes	Mixed use - office, advice services, residential and HMO	3
PA/15/02675/B1	Hertsmere House, 2 Hertsmere Road, London	Strategic Site	£421,364 Construction Phase Employment Skills and Training £4,500 Monitoring Fee Total: £425,864	£490	Yes	0.76	Yes	The site is currently occupied by a four/five storey office building	1
PA/15/03073/B1	South Quay Plaza 4, Marsh Wall, London, E14	9	Construction, skills and training: £161,452. End User Commercial Phase Employment skills and Training: £1,200 Bus Improvements Contribution: £200,000 Monitoring fee £8,500 Total: £371,152	£937.25	Yes	0.83	Yes	Vacant	4

PA Ref	Site Address	Which Typology Scheme most similar to?	Residual S106 Allowances			Gross to Net Ratio (%)		Land Use of Site in Existing Use	
			S106 financial contributions secured (excluding carbon offset)	S106 contributions per unit	Use for data compilation purposes?	Gross to Net Ratio	Use for data compilation purposes?	Land use of site at the point of planning application (as per application form)	Which Benchmark is Land use most similar to
PA/16/01041/A1	42-44 Thomas Road, London	8	Construction, skills and training: £62,256 End User Commercial Phase Employment skills and Training: £3,046 Monitoring: £3,500 Total: £68,802	£373.92	Yes	0.82	Yes	Cash and carry (Use Class A1) and ancillary office space.	3
PA/16/01538/A1	34-40 Bow Road, London	3	Play space contribution: £13,230 Monitoring: £4,000 Total: £17,230	£1,723	No - specific site mitigation for child play space required.	0.86	Yes	Open amenity space associated with 34-40 Bow Road.	4
PA/16/01763/A1	Castle Wharf Esso Petrol Station, Leamouth Road, London, E14 0JG	9	Construction, skills and training: £98,596 End User Commercial Phase Employment skills and Training: £11,220 Monitoring: £2,500 Total: £112,316	332.295858	Yes	0.80	Yes	Vacant suis generis petrol filling station	3
PA/16/02140/A1	Leven Wharf (known as Glaucus Works), Leven Road, London, E14 0LP	7	Construction, skills and training: £61,984.77 Monitoring: £4,000 Total: £65,984.77	£412.40	Yes	0.79	Yes	Vacant former industrial use (metal galvanisers)	4
PA/16/02605/A1	(Locksley Estate Site A) Immediately To The North of 86-144, Rhodeswell Road, London	5	N/A - Council scheme	N/A - Council scheme	No as N/A	0.82	Yes	An underused car park is located to the south of the site. An area of hard standing in the centre of the site is used to store site cabins and shipping containers used for building works in the area. To the north of the site are a group of mature trees surrounded by soft landscape.	4
PA/16/02789/A1	William Brinson Centre, 3-5 Arnold Road, London, E3 4NT	6	N/A - Council scheme	N/A - Council scheme	No as N/A	0.75	Yes	Adult day learning centre	3

PA Ref	Site Address	Which Typology Scheme most similar to?	Residual S106 Allowances			Gross to Net Ratio (%)		Land Use of Site in Existing Use	
			S106 financial contributions secured (excluding carbon offset)	S106 contributions per unit	Use for data compilation purposes?	Gross to Net Ratio	Use for data compilation purposes?	Land use of site at the point of planning application (as per application form)	Which Benchmark is Land use most similar to
PA/16/02842/A1	38-44 White Horse Road, 611-613 & 619-623 Commercial Road, Limehouse, London E1	5	Construction Employment Skills Contribution: £8,796 Employment Skills and Training: £2,898.50 Monitoring Fee: £2,500 Total: £14,194.5	£645.20	Yes	0.93	Yes	retail at ground floor with ancillary storage	3
PA/16/02878/A1	11-31 Toynbee Street and 67-69 Commercial Street, London	5	Construction, Employment, Skills Training contribution: £13,088 End user phase skills and training contribution: £2,550.73 Monitoring fee: £3,500 Total: £19138.73	£832.12	Yes	0.83	Yes	11 derelict commercial units	3
PA/17/00028/A1	62-66 Cavell Street, London, E1 2JA	3	Monitoring fee: £1,000 Total: £1,000	£100	No - exceptional case where financial S106 not able to be charged.	Information not available.	No - data not available	Vacant site with vegetation and hoarding at perimeter.	4
PA/17/00254/A1	3-19 Caroline Street, London, E1 0JG	5	Construction Employment Skills Contribution: £6,148 Monitoring Fee: £1,000 Total: £7,148	£297.83	Yes	0.80	Yes	Class B8 Storage and Distribution	4
PA/17/00732/A1	Land Bounded By Watts Grove And Gale Street, London, E3	6	Employment, Skills, Training and Enterprise Projects Contribution: £23,560.00 Monitoring Fee: £3,500 Total: £27,060	£416.31	Yes	0.71	Yes	Vacant site, previously used as open storage.	4
PA/14/03003/A1	24-26 Bow Road, London	7	Monitoring: £1,000 Total: £1,000	£9.70	No - exceptional case where financial S106 not able to be charged.	Information not available.	No - data not available	Used Car Dealership with Class B1(a) offices	3



**Community Infrastructure Levy:
Preliminary Draft Charging Schedule
Summary of Consultation Responses**

London Borough of Tower Hamlets

October 2018

1. INTRODUCTION

- 1.1 On 11th January 2018 Tower Hamlets Council published its Community Infrastructure Levy (CIL) Preliminary Draft Charging Schedule (PDCS) and supporting evidence base. It invited responses from the public including local landowners and developers, as well as other public authorities and statutory consultees. The purpose of the consultation was to invite comments and additional evidence that will help the Council strike an appropriate balance when setting CIL rates.
- 1.2 In accordance with Regulation 15 (7) of the Community Infrastructure Levy Regulations 2010 (as amended) the Council has taken into account these representations before it publishes its Draft Charging Schedule (DCS). This document summarises how the Council has taken the representations into account alongside other appropriate available evidence. The requirement to “take into account” means that the council is to conscientiously consider the representations but is not bound to accept all or any of them
- 1.3 The Council received 18 representations in total. Table 1 below shows the parties who submitted representations:

Ref	Representor (Agent)
CIL_PDCS 1	Michael Byrne
CIL_PDCS 2	Port of London Authority
CIL_PDCS 3	Natural England
CIL_PDCS 4	Mayor of London
CIL_PDCS 5	Transport for London
CIL_PDCS 6	Ashbourne Beech Property Limited (DP9)
CIL_PDCS 7	Mid City Properties (MDA Associates)
CIL_PDCS 8	Big Yellow Group PLC (DWDLLP)
CIL_PDCS 9	Londonewcastle (DP9)
CIL_PDCS 10	Canary Wharf Group (DP9)
CIL_PDCS 11	Bishopsgate Goods Yard Regeneration Limited (DP9)
CIL_PDCS 12	Westferry Development Limited (DP9)
CIL_PDCS 13	The Ballymore Group (DS2)
CIL_PDCS 14	St William (Quod)
CIL_PDCS 15	House Builder Consortium (Savills)
CIL_PDCS 16	Berkeley Group (Quod)
CIL_PDCS 17	One Housing group (Quod)
CIL_PDCS 18	UKI Shoreditch and UKI Fleet Street Hill (DP9)

- 1.4 Please see Appendix A for a document which includes a more comprehensive summary of the representations received and provides the Council’s response in relation to each Representation.

2. THE MAIN ISSUES

Issue 1: Build costs and strategic sites

- 2.1 This issue relates to strategic site owners in particular being concerned that the build costs allowed for do not reflect reality.

How issue has been accounted for

- 2.2 The Council has updated its Viability Study which has involved seeking further build cost advice from specialist build cost consultants, WT Partnership.

Issue 2: Residual Section 106 assumptions

- 2.3 Following the adoption of CIL, the Council still secures Section 106 Planning Obligations contributions for a few non-infrastructure items. These are specific to the site in question and represent a cost to the developer, so an allowance must be made in the Council's Viability Study.

- 2.4 The Council has made an allowance of £1,220 per unit in respect of payments for Section 106 Planning Obligations within its Viability Study. Several representations contended that this allowance was too low. This allowance was previously agreed as acceptable in the case of the evidence supporting the Council's adopted CIL Charging Schedule.

How issue has been accounted for

- 2.5 The Council has undertaken research on this matter and found that, per unit, the assumption made is reasonable and significantly higher than the costs developers generally incur in this regard. The exercise undertaken to demonstrate this is set out in the Council's Additional Evidence and Information document which has been published for consultation alongside the Council's Draft Charging Schedule.

Issue 3: Current economic circumstances are too challenging to impose higher CIL rates

- 2.6 Multiple representors stated that construction cost increases, a challenging sales environment and limited funding opportunities are constraining the delivery of development.

How issue has been accounted for

- 2.7 The Council has considered this matter and has made sure its viability testing is up to date, so that it reflects market conditions as best as possible. The Council notes that the majority of evidence that informed the Council's adopted Charging Schedule was collected in 2012 and 2013 and that there has been a significant upturn in the economy since

this time.

Issue 4: The development efficiencies applied are too high

- 2.8 Several representors stated that the assumptions relating to the gross to net ratio of floorspace (i.e. the sales area vs the construction area) are too high which artificially improves the viability position.

How issue has been accounted for

- 2.9 The Council has undertaken research in respect of the gross to net ratios of schemes granted permission since the Council's CIL was adopted. This research found that the gross to net ratios achieved were actually higher than the assumptions adopted, meaning the assumptions made by the Council are reasonable and actually provide a buffer. The exercise undertaken to demonstrate this is set out in the Council's Additional Evidence and Information document which has been published for consultation alongside the Council's Draft Charging Schedule.

Issue 5: The approach to securing on-site infrastructure

- 2.10 A number of representations describe concerns with the Council's proposed approach to use CIL "In-Kind" mechanisms to secure the delivery of on-site strategic infrastructure and that using Section 106 Planning Obligations is more appropriate.

How issue has been accounted for

- 2.11 The Council has set out its position in the "Additional Information and Evidence" document published alongside its Draft Charging Schedule. Several representations refer to the review of CIL described in the 2017 budget and some proposed changes to the national system. The Council notes that no changes have yet been made so the Council isn't able to amend its position but will be keeping the situation under close review.
- 2.12 In terms of using Section 106 Planning Obligations to secure the delivery of strategic infrastructure, the Council has concerns that doing so would fail to meet the three tests described in CIL Regulation 122 and in particular the test relating to "reasonably related in scale".

3. CONCLUSIONS

- 3.1 Further to this round of public consultation, Tower Hamlets' proposed CIL Charging Schedule has been amended to take account of appropriate available evidence.

Appendix A: Detailed Schedule of Representations and the Council's Responses

Comment ID	Representor (Agent)	Summary of Representation	Proposed Response
CIL_PDCS 1	Michael Byrne	<p>Whilst I generally support the ideas contained within your consultation, I would like to suggest that splitting the Isle of Dogs into two separate zones for CIL would have added complexity and drive behaviours that would be undesirable – the whole of the Isle of Dogs should be zone 1.</p> <p>The Mayor has previously ruled that the Isle of Dogs is a homogenous area when he allowed a Local Plan to be written for the area as a whole; to treat it as two separate areas would confuse this and create difficulties in construction of the detailed plan for that area.</p> <p>The Mayor has previously ruled that the Isle of Dogs is a homogenous area when he allowed a Local Plan to be written for the area as a whole; to treat it as two separate areas would confuse this and create difficulties in construction of the detailed plan for that area.</p> <p>There are also developments which span this border from zone 1 to zone 2 which would be unworkable in the future. The Landmark Pinnacle development has two parts to the development – one of them would be in zone 1 and one would be in zone 2. How would you deal with viability and affordable for a development which is spread over two zones? It would be very confusing and would drive developers to ‘game’ the system over the two.</p>	<p>The Council notes the views set out.</p> <p>Rates must be set with reference to viability and of particular relevance in this regard is sales values – in this regard evidence suggests that there is variation across the Isle of Dogs, pointing to separate rates being required.</p> <p>The fact that certain development may span two zones won't be a particularly challenging matter to deal with in the context of an application - different rates will apply to different areas of the development; this will be able to be accounted for in a CIL and development viability context.</p>
CIL_PDCS 2	Port of London Authority	I have now had the opportunity to review the documents and have no comments to make.	Noted.
CIL_PDCS 3	Natural England	Whilst we welcome this opportunity to give our views, the topic of the Community Infrastructure Levy Charging Schedule does not appear to relate to our interests to any significant extent. We therefore do not wish to comment.	Noted.
CIL_PDCS 4	Mayor of London	<p>The Mayor welcomes the principle of Tower Hamlets seeking to secure appropriate developer contributions in order to support the funding and delivery of improved transport infrastructure.</p> <p>He considers your evidence and the proposed charges derived from the evidence to comply with the requirements of CIL Regulations 14 (1) and 14 (3). He would wish to continue to work together in developing and bringing forward transport proposals in Tower Hamlets. He would like to draw your attention to the comments TFL have made especially concerning the use of Section 106 obligations.</p>	Noted.

CIL_PDCS 5	Transport for London	<p>Your proposals / appraisals have generally taken account of the Mayor's revised proposals for his own CIL, together with the current MCIL / Crossrail Funding s106 requirements. We have, separately, made you aware of some instances where the documents could be clearer in showing that these Mayor of London rates have been fully taken into account. You have indicated that you will review these references and this is welcomed.</p> <p>A significant concern to TfL is the Tower Hamlets approach outlined to transport mitigation. This restates the approach outlined in the earlier borough SPD Consultation on s106 Planning Obligations which is considered unworkable.</p> <p>The consequence of such an approach on referred planning applications requiring necessary transport mitigation to make an application acceptable would presumably require a formal arrangement in order that the necessary mitigation could be assured. This is not practical and would have implications for the wider funding of infrastructure across the borough. A review, and modification, of the wording of your proposed Regulation 123 list is strongly encouraged.</p>	<p>Noted. The Council has aimed to make the updated Viability Study clearer.</p> <p>The Council will be reviewing its Regulation 123 List on an ongoing basis and looks forward to working with you to find an appropriate solution.</p>
CIL_PDCS 6	Ashbourne Beech Property Limited (DP9)	<p>The BNPP document, Community Infrastructure Levy Review, September 2017, provides at paragraphs 2.43 – 2.44 the Local Policy Context. This includes reference to the emerging draft Local Plan and those policies that are likely to have cost implications for developments. It is unclear, however, why no reference is made to the adopted Core Strategy or Development Management Document as these provide the adopted local planning policy context and advice. The policies in the draft Local plan will be the subject of debate at an Examination in Public (likely later this year) and as such are subject to change. The PDCS should include reference to and an assessment of the policies in the adopted local planning policy documents;</p>	<p>The Council considers basing its proposed charges on its emerging Local Plan is appropriate. The proposed Local Plan which has been formed to be consistent with the emerging London Plan. The emerging Local and London Plans apply more cost burdens to development so the Council consider that the adopted approach is most appropriate.</p>
	Ashbourne Beech Property Limited (DP9)	<p>There does not appear in the BNPP document to be any specific assessment of the policies and guidance of the London Plan (2016) or (if following the approach in respect of the draft Local Plan) to the draft London Plan, December 2017. This is contrary the guidance in the NPPF and PPG. The Mayor of London published in August 2017 his Affordable Housing and Viability SPG which includes guidance that is reflected in the draft London Plan, particularly related to the provision of affordable housing at 35%. How has this guidance (which is currently being treated as policy and in due course most likely will become policy) been assessed in relation to strategic sites and the likely competing priorities associated with infrastructure provision and place creation?</p>	<p>The CIL Viability Study has been based on policies in the Council's emerging Local Plan. The Council's emerging Local Plan has been formed to be consistent with the new draft London Plan.</p>

Ashbourne Beech Property Limited (DP9)	<p>The PDCS, Table 1, p2, sets out proposed rates. The rates for each category of use to which a levy is to be applied have increased from those in the current Charging Schedule that has been in place since April 2015. The increase in rates ranges from an uplift of circa 10% (for convenience supermarket floorspace) to almost 300% (Zone 2 residential). Whilst the BNPP document concludes that the likely impact of the proposed CIL levy will form a relatively small proportion of the overall costs of development (others will I am sure contest this general assertion) and not be the cause of non-viability, the proposed increase in levy for all categories of development has the potential to significantly impact and hamper the delivery of schemes, and particularly housing, across the borough.</p> <p>Can it be explained how the PDCS has been informed by the GLA DIFS Study that is understood to have been carried out as part of the work associated with the preparation of the OAPF?</p>	<p>The Council has produced appraisals based on appropriate available evidence that indicates that the rates proposed can be accommodated.</p> <p>The extent of increase is not necessarily a relevant factor, particularly given the rates proposed are modest in light of rates adopted in other charging schedules across London.</p>
Ashbourne Beech Property Limited (DP9)	<p>The PDCS now no longer proposes an exception for Large Allocated Sites. The rationale for this is discussed in the BNPP report at section 7, Strategic Sites. Paragraph 7.19, p48 concludes that the proposed CIL rates should be maintained across the borough "...as they are not deemed to be of a sufficient magnitude that is likely to threaten the development of the strategic sites." There is no mention in the BNPP document to the extensive discussion regarding Allocated Sites that took place at the EIP to the current Charging Schedule. Paragraphs 63 – 86 of the Inspector Decision Letter (PINS/E5900/429/134) to the EIP to the Charging Schedule discuss the consideration of a nil charge for four of the Allocated Sites – Wood Wharf, Westferry Printworks, London Dock and Bishopsgate Goodsyard. At paragraph 80 the Inspector concludes:</p> <p>"...However, I have concluded that there is a reasonable likelihood of the charges proposed by the Council rendering development of the four sites unviable, in which case the developments would be highly unlikely to come forward and, thus, neither the necessary infrastructure nor any CIL payment in respect of the site would be delivered anyway."</p> <p>As noted at the outset of these representations the charging authority is to use appropriate available evidence (section 211(7) Planning Act 2008) to inform the draft charging schedule. The Council should explain why it is now considered that there is no need to exclude Allocated Sites from the CIL levy? The PDCS has been prepared less than 3 years after adoption of the Charging Schedule and now not only proposes that the borough CIL apply to all sites but that the levy be increased (in some instances quite considerably) from that set in 2015;</p>	<p>The Council's proposal to not exclude allocated sites from its proposed Charging Schedule is due to the fact that appraisal evidence indicates that these sites can accommodate CIL charges.</p> <p>The Council notes that a very different opinion was reached in respect of the Examination for the adoption of the CIL for the London Borough of Hackney where the Examiner allowed a charge on large strategic sites such as Bishopsgate Goods Yard which spans both Hackney and the London Borough of Tower Hamlets.</p>

Ashbourne Beech Property Limited (DP9)	The Crossharbour Town Centre site is an Allocated Site that should benefit from a zero CIL levy. Such an approach would reflect the guidance in the PPG, paragraph 021. As with other Allocated Sites the Local Plan requires that the development of the site deliver significant infrastructure, including a primary school, re-provided health centre and community space. This in-kind provision, no doubt alongside other site specific S106 obligations which will be sought, will ensure that any development proposal secures the delivery of its associated social infrastructure. The Council has a "Payment in Kind and Infrastructure Payments Policy" but it is not considered that the potential for an in-kind contribution will remove the significant cost and viability implications of a borough CIL levy being applied to the development out of the site;	In terms of the viability implications of the proposed CIL, the Council considers that the testing undertaken shows that this site can viably accommodate the proposed CIL rates.
Ashbourne Beech Property Limited (DP9)	The Council is aware that the Crossharbour Town Centre site benefitted from a November 2014 grant of planning permission for redevelopment – new supermarket, other retail and circa 850 residential units. The Council assessment that is included at the appendix of the BNPP document assesses a scheme of circa 1,650 units. It is not known what assumptions have been made regarding the various inputs to the viability appraisal that has been carried out.	The capacity allowed for in this regard reflects the entire site allocation within the Council's new Local Plan. The Council considers the capacity adopted is reasonable for testing purposes.
Ashbourne Beech Property Limited (DP9)	What abnormalities have been included? The BNPP document (paras 4.34 and 4.35) would imply that no provision is made for the significant abnormal cost of the main sewer diversion across the site.	Abnormal costs have been included where known. These have been established by specific cost consultancy work undertaken.
Ashbourne Beech Property Limited (DP9)	<p>The planning application submitted in June 2017 proposed circa 2,000 units and included a new supermarket, reconfigured and enhanced bus layover and terminus, additional retail and town centre uses, a 3FE primary school, a community centre, a theatre/arts space and, a new public square. There is no doubt that the site has the potential to fulfil a significant function in terms of housing and other mixed use delivery. The grant of planning permission, BNPP indicative assessment, planning application submission and, Local Plan site allocation, all confirm as much.</p> <p>The 2014 grant of planning permission (PA/11/03670) was in advance of the adoption of the borough CIL in April 2015. It was subject to S106 obligations totalling circa £7M and Mayoral CIL of circa £4M. So, an estimated CIL/S106 liability of £11M. The BNPP assessment of a circa 1,650 unit scheme identifies a borough CIL liability of circa £27M i.e. £16M more than the 2014 scheme of planning permission. The planning application submitted in June 2017 estimated a total CIL liability (borough and Mayoral) of circa £47M i.e. £36M more than the 2014 scheme of planning permission. Based on this estimated CIL the viability assessment that accompanied the application for planning permission identified that the scheme could not support any affordable housing. The submitted scheme proposed 11% by habitable room significantly below the target levels set out by the development plan.</p> <p>Whilst it is acknowledged that a like for like comparison is not possible there is no doubt that the introduction of a borough CIL levy to the proposals for the development of the Crossharbour Town Centre introduces a significant additional cost over that previously required and / or envisaged by ABPL. Such a cost is likely to threaten the ability to viably develop out the site and therefore achieve its contribution to the strategic housing target, affordable housing provision and delivery of other infrastructure, contrary the advice in the NPPF and PPG. What 'buffer' has been included in setting the rates (Para 019 PPG)?</p>	The Viability Study supporting the Preliminary Draft Charging Schedule allowed for a buffer of circa 25%. Please refer to the updated Viability Study for the buffer that applies in respect of the rates described in the Draft Charging Schedule.

Ashbourne Beech Property Limited (DP9)	ABPL strongly believes that the site at Crossharbour Town Centre should be subject of a zero borough CIL rate – Mayoral CIL alone is likely to give rise to a levy of circa £8M in any event. ABPL will pursue this line of representation to the EIP. That said, ABPL would also query the logic associated with the boundaries of the Charging Zones. The site at Crossharbour Town Centre is located on the southern and eastern edge of Zone 1. Properties immediately to the east are in Zone 2 (where the CIL levy is proposed at £180 as opposed to £280). The CIL Zone 1 designation covers City Fringe and North Docklands. It is clearly inappropriate to include Cubitt Town in the same zone. Consideration of the boundaries is clearly of importance to the setting of the levy and ABPL will be further investigating this aspect in advance of the publication of the Draft Charging Schedule;	The appraisal supporting the Crossharbour Town Centre site demonstrates that this site can accommodate the newly proposed local CIL rate. This site is certainly more comparable to other sites in zone 1 than those in zone 2 to the east - the site is able to accommodate higher densities and it has good links to social infrastructure including open space and schools.
Ashbourne Beech Property Limited (DP9)	The Crossharbour Town Centre site includes an existing supermarket building. This is circa 9,000 sq m GIA – see Scheme 10 summary appraisal sheet in the BNPP document. Paragraph 4.28, p 27 BNPP document states that the appraisals carried out to assess the likely impact of CIL “...assume a deduction of 15% for existing floorspace” bearing in mind the urban nature of Tower Hamlets. The BNPP appraisal summary sheet (Scheme 10) identifies a proposed GIA floor area of circa 180,000 sq m. The existing floorspace of the Crossharbour Town Centre site (circa 9,000 sq m) is circa 5% not 15%. The impact of a CIL levy on the provision of the net additional floorspace is significant and not reflective of the assumptions made by the BNPP document.	BNPPRE have applied the site specific floorspace discount to its calculations for the strategic sites - in this case 8,799 sq m as identified in Appendix 7.
Ashbourne Beech Property Limited (DP9)	The development out of Crossharbour Town Centre will occur in phases. It is estimated that the scheme could take 8 – 10 years to build out. As per the Regulations, the applicable CIL levy will only be quantified at the start of each phase of development. As such, ABPL is extremely concerned that not only will the likely CIL levy dramatically increase should the PDCS be adopted as currently drafted but that, on the basis the Council only adopted its Charging Schedule in April 2015, further revisions to the levy rates are likely well in advance of the build out of the later stages of this site. This is likely to add cost and significant uncertainty regarding the future development out of the Crossharbour Town Centre.	The Council doesn't disagree that this might be the case, however concerns raised are a factor of the CIL Regulations, not the proposals relating to a new CIL Charging Schedule. As the Law currently stands opportunities will be available to make representations at the point when the charging schedule undergoes a review.
Ashbourne Beech Property Limited (DP9)	The Council has not published a revised Regulation 123 list. It is important to understand the type of infrastructure that the proposed CIL is intended to fund and whether the list covers any infrastructure required to be provided to support the development out of the Crossharbour Town Centre? This should be clarified in order that the assumptions regarding the allowance for S106 costs contained in the BNPP document (para 4.26, p27) are reasonable.	The Council did publish a revised Regulation 123 List, in its <i>Supporting Evidence and Funding Gap Report</i> .
Ashbourne Beech Property Limited (DP9)	ABPL is concerned that the PDCS proposes to significantly increase the proposed rates for the CIL. This has real potential to frustrate the delivery of the Crossharbour site and other development across the borough threatening the ability to achieve strategic housing targets and delivery of infrastructure. There is a good case for Crossharbour Town Centre to be an Allocated Site that is subject to zero CIL. If the CIL is to apply at the current rates the levy will add circa £36M of cost to that which was previously anticipated. The Council should look carefully at the charging zones that are proposed relating to the application of the various levy rates.	The appraisal supporting the Crossharbour Town Centre site demonstrates that this site can accommodate the newly proposed local CIL rate.

Ashbourne Beech Property Limited (DP9)	The market commentary in section two notes that prices since the date of the 2013 study and the height of the market in 2008 have risen considerably. DS2 would not disagree with the Land Registry data presented in Figure 2.23.1, however, it would be worth analysing new build values rather than general market trends. Feedback from agents active in the market is that there has been considerable under-performance in new build sales values with volumes also significantly down over the last 12-18 months which in turn has had an impact on the use of incentives and discounts. The new build market is currently facing significant headwinds and uncertainty is now at a level comparable with 2008. Whilst table 2.24.1 reflects a range of agents' forecasts, these are inherently positive and there are several independent economic forecasts that present a less optimistic outlook;	The sales values adopted are based on available evidence of transactions of units, units available on the market and BNP Paribas Real Estate's extensive understanding of values from viability assessments undertaken on site specific schemes in the Borough on behalf of the Council.
Ashbourne Beech Property Limited (DP9)	The section identifies that Argus has been used to model the scenarios but no Argus appraisals are provided. We would ask that these are provided.	The Council and its consultants are considering its position with regards to the publication of Argus Appraisals
Ashbourne Beech Property Limited (DP9)	The site area in the Viability Study is 6.06 ha – the Managing Development Document Site 19 refers to 4.89 ha as does the draft Local Plan. The BNPP figure requires clarification.	It is considered that the size of 6.06 HA reflects an appropriate area of site to undertake testing against.
Ashbourne Beech Property Limited (DP9)	The current proposal is for a scheme to be delivered in three distinct phases. The first phase incorporates the delivery of a new retail store whilst their operations in the existing store continue (i.e. no disruption). The programme is elongated because of these operational requirements. It would be helpful if BNPP would provide their Argus appraisal with attached timings i.e. how are the five phases modelled structured timing wise.	The Council and its consultants are considering its position with regards to the publication of Argus Appraisals
Ashbourne Beech Property Limited (DP9)	The (private sales rate of £900 psf) figure included in the BNPP appraisal is c. 5% more than that in the Developer's own appraisal. In the current market that has been significantly impacted by the UK's decision to exit the European Union and changes to the SDLT regime, it is unlikely that this can be achieved, on a present-day basis, whilst seeking to maintain the sales absorption that is noted below. The market commentary section of the Viability Study also refers to significant value uplift since 2013. Further examination of new build inflation is being considered as the figures referred to in the Study relate to the market as a whole, whereas new build property has underperformed.	The sales values adopted are based on available evidence of transactions of units, units available on the market and BNP Paribas Real Estate's extensive understanding of values from viability assessments undertaken on site specific schemes in the Borough on behalf of the Council.
Ashbourne Beech Property Limited (DP9)	(The affordable sales rate is) Reasonable in the main. It would be helpful to see BNPP's calculation on shared ownership properties which may not be affordable at this price point (particularly in relation to the larger units). The £psf rate for intermediate rent (as opposed to SO) would be lower given the lack of equity sale.	Noted.
Ashbourne Beech Property Limited (DP9)	(In respect of Commercial timings) BNPP to provide assumptions albeit the zero void suggests capitalisation at PC.	No void and rent free period have been assumed as the tenant (ASDA) is known for the space and will be moving in on practical completion after the 36 month construction period.

Ashbourne Beech Property Limited (DP9)	Ground rent income is being excluded from a number of the large Surveying teams' Red Book valuation. This needs to be removed potentially or as a minimum, the yield increased to reflect risk.	The appraisal exercise undertaken represents an assessment of the value generated by the development on the basis that planning permission is in place. At the current time, there is no legislation in place which prevents ground rents being charged on leasehold flats. We are therefore not in a position to disregard the investment value of ground rents. Furthermore, any legislation which the government may choose to bring forward would be to remove 'onerous lease terms'. It is considered unlikely that the assumptions made in the updated Viability Study could be considered onerous. There is no timetable for bringing legislation before parliament on this matter.
Ashbourne Beech Property Limited (DP9)	(Regarding the Build Cost, this) Appears to relate to typology 8 from Table 4.16.1 on page 26 of the Viability Study. As a blended average this is significantly lower than the current cost plan for the emerging scheme for discussion.	The Council has sought further specialist advice to inform the costs applied in the appraisals that support this rates described in the Draft Charging Schedule. Please refer to the Council's updated Viability Study.
Ashbourne Beech Property Limited (DP9)	(Regarding the contingency of 5%) this is a very large complicated site and 7.5% to 10% would not be unreasonable in terms of combined design and construction contingency.	In our experience a 5% development contingency is a reasonable market assumption to allow for build cost contingency.
Ashbourne Beech Property Limited (DP9)	(Regarding exceptional/abnormal costs) A range of exceptional costs including but not limited to the delivery of a new retail store, temporary car park, energy centre, sewer diversion works, utilities connections, theatre costs and a community hub.	The updated Viability Study considers these matters in more detail.
Ashbourne Beech Property Limited (DP9)	(Regarding the allowances for Sales, Marketing & Legals (Resi.)) current market conditions would suggest that a combined figure for agent and marketing fees is at circa 5% over lifetime of the development.	The Council and its advisors consider an allowance of 3.5% is a reasonable market allowance.
Ashbourne Beech Property Limited (DP9)	(Regarding the allowances for Disposal, Sales & Marketing (Comm.)) 15% for joint agency on the letting fee %.	The Council does not consider the allowance of 10% made is unreasonable.
Ashbourne Beech Property Limited (DP9)	Clarification required on the CUV calculation.	This is based on capitalisation of supermarket and petrol forecourt VOA rateable market value assessment of £2,106,264 pa at 4.5% - which is the same yield as that adopted in the new store.
Ashbourne Beech Property Limited (DP9)	DS2 reserve judgment on the IRR derived until the Argus appraisal has been provided. The target rate of return is deemed to be 13% on a present day basis which is below other comparable schemes and there is no justification in the BNPP report for what is a low target return (note BNPP returns on BGY and Westferry – 14/15% respectively).	In BNPPRE and the Council's experience large multi-phased and complex schemes come forward on ungrown IRRS of 13%.

CIL_PDCS 7	Mid City Properties (MDA Associates)	<p>Why the southside of the A1203 should be treated any differently to the northside?</p> <p>There is evidence supplied by DWD on behalf of Big Yellow Group that demonstrates how residential values differ across this area. The higher values relate in particular to the recent London Dock scheme to the south of Pennington Street and other developments in Wapping leading down to the River Thames. The land north of Pennington Street, fronting The Highway is in a completely different environment and new residential development is very unlikely to achieve similar sales figures. In fact, as part of the London Dock development, the affordable housing element was located directly on The Highway rather than in the development scheme itself.</p> <p>Mid City Properties have been in discussion with the Council for some time now about the redevelopment of their site which would secure a new facility for VW (and retain local jobs) and provide new residential above. However, the current CIL charge of £200, is such that the Viability Assessment cannot justify the redevelopment costs involved let alone the delivery of any affordable housing. Consequently, we have direct evidence to show that this current level of CIL charge (£200) cannot be sustained in this location and therefore the proposed new charge of £280 cannot be justified.</p>	The Council has reconsidered the location of this boundary and has revisited appraisal work to test its appropriateness. The position is clarified in the updated Viability Study.
	Mid City Properties (MDA Associates)	<p>Why arterial routes are not considered separately?</p> <p>We would also ask that in respect of the Residential Charging Zones, the CIL rates should be reviewed completely for sites located on arterial routes such as The Highway, which are directly affected by noise and air quality issues. These factors add significantly to the development costs associated with creating good internal environments for the new properties and should therefore be factored in.</p>	The Council does not consider there is sufficient evidence to create separate CIL zones along arterial routes. The Council would presume that the value-affecting characteristics asserted would apply in other charging areas, however the Council is not aware of any examples of zoning undertaken in this manner.
	Mid City Properties (MDA Associates)	<p>Our representations therefore request the following:</p> <ol style="list-style-type: none"> 1. In respect of the CIL boundary between Zone 1 and Zone 2, this should be repositioned to fall along Pennington Street rather than The Highway. 2. Careful consideration should be given to creating separate CIL zones along arterial routes such as The Highway where much lower CIL rates would apply for residential development given the greater cost associated with developing in these locations. 3. The re-examination of the CIL rates for both Zones 1 and 2, given the affect these rates are having on fringe sites in both Zones. 	<ol style="list-style-type: none"> 1. The Council has considered the relocation of the boundary and has concluded that there is insufficient evidence to support the relocation of this boundary. 2. The Council does not consider there is sufficient evidence to create separate CIL zones along arterial routes. The Council would presume that the value-affecting characteristics asserted would apply in other charging areas, however the Council is not aware of any examples of zoning undertaken in this manner. 3. Appraisal evidence indicates the rates in zones 1 and 2 are appropriate.
CIL_PDCS 8	Big Yellow Group PLC (DWDLLP)	We consider that the draft Charging Schedule Zone 1 boundary should be moved so that it is positioned along Pennington Street not The Highway. Land between Pennington Street and The Highway should not be grouped with higher value locations to the south in Wapping and land closer to the River Thames. This land should form part of Zone 2 as it is not considered viable for residential development on this land to support a CIL payment of £280 per sqm.	The Council has considered the relocation of the boundary and believes that there is insufficient evidence to support the relocation of this boundary.

	Big Yellow Group PLC (DWDLLP)	Properties fronting the south side of The Highway are more aligned in value with property prices on the north side of The Highway. The residential values of land fronting The Highway are impacted by the proximity to this busy road with 4 lanes of traffic. This land differs considerably to the quieter and narrower roads located to the south which are proximate to the Canals and River Thames and attract higher residential values. This is supported by the Zoopla Zed Index Heat Map, which indicates that the average property values for properties to the north are lower than those located south of Pennington Street and closer to the River Thames (see Figure 1 below). For this reason land along the southern side of The Highway should not be classed at the same CIL rate as the higher value land to the south.	The Council has considered the relocation of the boundary and believes that there is insufficient evidence to support the relocation of this boundary.
	Big Yellow Group PLC (DWDLLP)	The difference in property prices is particularly evident when exploring the current quoting prices for the St George London Dock development. The quoting prices further highlight that residential properties fronting The Highway attract a lower value than those further to the south. Properties within Admiral Wharf and Clipper Wharf, which are located within the southern part of the London Dock development are on the market at a quoting price of 11-27% more than units within Emery Wharf, which fronts onto The Highway. The quoting prices are set out within Table 1 below and the Site Layout Plan for the St George London Dock development, see Figure 2 below, shows the position of these units within the development. These quoting prices are particularly comparable as the units are within the same scheme; they are designed to the same specification; they benefit from the same services; and they are on the market at the same time.	The Council notes the comments made. The Council has considered the relocation of the boundary and believes that there is insufficient evidence to support the relocation of this boundary.
	Big Yellow Group PLC (DWDLLP)	We therefore propose that the boundary line demarcating CIL Zone 1 should be amended and be positioned along Pennington Street instead of The Highway, thus excluding land between The Highway and Pennington Street from Zone 1. The CIL rate for this land should be re-examined and a lower rate adopted to ensure that development is not prohibited because of unviable CIL obligations.	The Council notes the comments made. The Council has considered the relocation of the boundary and believes that there is insufficient evidence to support the relocation of this boundary.
CIL_PDCS 9	Londonewcastle (DP9)	The supporting Viability Study prepared by BNP Paribas dated September 2017 suggest that adopted rates of CIL could increase without adversely impacting on the viability of developments. The Viability Study does not appear to take into consideration the current market conditions which have developed, in part, following Brexit. It is our clients view that Brexit has created a challenging commercial climate as a result of increased construction costs and falling sales values. In addition, constraints around funding the delivery of larger site are making it even more difficult to deliver commercially viable schemes. The proposed increase in CIL as set out within the PDCS, in addition to the challenging climate means that our client does not support the findings of the Viability Study and the proposed increase is considered to be unjustified.	The Council notes the comments around there being a challenging economic environment. The Council has undertaken new appraisal work to support its rates proposed in its Draft Charging Schedule. The new appraisal work is based upon up to date evidence. It should however be noted that the majority of evidence that informed the Council's adopted Charging Schedule was collected in 2012 and 2013 and that, irrespective of Brexit, there has been a significant upturn in the economy since this time.

Londonewcastle (DP9)		The NPPG notes that charging authorities should strike an appropriate balance between desirability of funding infrastructure from the levy and the potential economic impact. Based on the evidence provided within the BNP Paribas Viability Study, our client does not consider the proposed CIL increase, which is nearly threefold, to strike an appropriate balance. The current LBTH Charging Schedule was adopted in April 2015 and it is unclear as to what has dramatically changed since its adoption to warrant a significant increase in CIL rates. Conversely, the uncertainty of Brexit on the property market should be a key consideration with appropriate buffers accounted for to ensure the PDCS does not stifle future development.	The Council's Viability Study clearly describes significant changes in economic circumstances since the evidence that underpinned the adopted Charging Schedule was collected (mostly in 2013).
Londonewcastle (DP9)		CIL is considered to be a form of taxation on development which sits outside of Section 106 obligations. A significant increase in the CIL rate will directly impact the viability of schemes which in turn will impact the ability to provide affordable housing. This contradicts both the Mayor's aspirations to deliver affordable housing and the London Borough of Tower Hamlet's own Local Plan aspirations.	The Council notes this comment. It is inevitable that the imposition of any level of CIL will impact the delivery of affordable housing to some degree. The Council considers that the rates proposed strike an appropriate balance between securing funding to deliver infrastructure and the ability to secure affordable housing moving forward.
Londonewcastle (DP9)		Section 4.4. of the Community Infrastructure Levy Review ('CILR') evidence base states that Land Registry identifies that borough values have increased by 65% since the date of the 2013 Viability Evidence. This is not disputed. However, in order to provide the correct context it would be helpful to provide an analysis of new build pricing trends when compared to the wider market and also make reference to significant cost inflation over the same time period.	The Council notes that the Viability Study that supported its Preliminary Draft Charging Schedule consultation acknowledged that the increase in sales values had been partially offset by increases in build costs. This factor has therefore already been taken into account

Londonewcastle
(DP9)

Section 3.18 of the CILR under the heading Viability Benchmark makes reference to the 'market testing' of benchmark land values and that testing against market value is highly unreliable. We would not wholly disagree, however there is insufficient testing of the benchmark land values in the CILR. The Lord Harman report 'Viability Testing of Local Plans' prefers to a CUV based approach to benchmark land values however states on page 19 'Reference to market values can still provide a useful 'sense check' on the threshold values that are being used in the model (making use of cost-effective sources of local information), but it is not recommended that these are used as the basis for the input to a model'. The PPG, in relation to area-wide viability testing also states at paragraph 14 that 'site value should be informed by comparable, market-based evidence wherever possible. Where transacted bids are significantly above the market norm, they should not be used as part of this exercise'. Failure to do so potentially artificially deflates the cost of land to an unrealistic level and one at which sites may not be delivered. This in turn, puts the delivery of development sites and the subsequent delivery of the objectives of the Development Plan, at risk.

An EUV + approach to benchmark land values has been adopted. This has been accepted as a reasonable approach to assessing viability and in particular policy testing by numerous Examiners and Inspectors for CIL Charging Schedules and Local Plan testing. It has also as well as in respect of site specific testing within Tower Hamlets.

As identified in the Viability Study supporting the Preliminary Draft Charging Schedule, we have significant concerns as to the use of site purchase prices/market values and in particular set out why we consider these to be unreliable as follows:

"3.18 Commentators also make reference to "market testing" of benchmark land values. This is another variant of the benchmarking advocated by respondents outlined at paragraph 3.13. These respondents advocate using benchmarks that are based on the prices that sites have been bought and sold for. There are significant weaknesses in this approach which none of the respondents who advocate this have addressed. In brief, prices paid for sites are a highly unreliable indicator of their actual value, due to the following reasons:

- Transactions are often based on bids that 'take a view' on squeezing planning policy requirements below target levels. This results in prices paid being too high to allow for policy targets to be met. If these transactions are used to 'market test' CIL rates, the outcome would be unreliable and potentially highly misleading.
- Historic transactions of housing sites are often based on the receipt of grant funding, which is no longer available.
- There would be a need to determine whether the developer who built out the comparator sites actually achieved a profit at the equivalent level to the profit adopted in the viability testing. If the developer achieved a sub-optimal level of profit, then any benchmarking using these transactions would produce unreliable and misleading results. Developers often build assumptions of growth in sales values into their appraisals, which provides a higher gross development value than would actually be achieved today. Given that our appraisals are based on current values, using prices paid would result in an inconsistent comparison (i.e. current values against the developer's assumed future values). Using these transactions would produce unreliable and misleading results.

3.19 These issues are evident from a recent BNP Paribas Real Estate review of the differences between the value ascribed to developments by applicants and the amounts the sites were purchased for by the same parties. The prices paid exceeded the value of the consented schemes by between 52% and 18,000%."

Londonewcastle (DP9)	The CILR contains only nine scenarios below those sites which are considered to be strategic. Given that the PDCS includes a three-fold increase in the CIL rates for sites in Zone 2, and 6 of the 9 scenarios contain only 50 units or less, we would request more comprehensive testing of the sites that are in excess of 50 homes within Zone 2. We also request clarification of how the scenarios have been timed in terms of construction. Similarly, the evidence base for build costs based on BCIS rates needs further work as the rates are low when compared to current tender prices. It is not clear whether the BCIS rates have been sense checked against submitted viability assessments on projects of similar sizes and this is a key concern in the analysis.	In respect of the typology testing undertaken, the Council is Confident that its approach is reasonable and robust. In respect of the Council's approach to accounting for build costs, the Viability Study supporting the Draft Charging Schedule has taken a more robust approach.
Londonewcastle (DP9)	In respect of the development efficiencies, the appraisals assume 35% on-site affordable housing. Given the need to provide separate entrances and cores for social rented housing, the proposed efficiencies on the smaller schemes appear very optimistic and clarification is required as to whether the delivery of on-site affordable and its impact on efficiency where there is only one building, has been considered.	The efficiencies allowed for account for the provision of on-site affordable housing. Further work undertaken identifies that the Council has been modest in the gross to net ratios that apply in respect of the appraisals.
Londonewcastle (DP9)	Regarding fees, the document identifies 3% for residential marketing and agent's fees. This is not reflective of the market and is generally insufficient to achieve the values and sales rates that are incorporated into the appraisals.	In BNP Paribas Real Estate's experience, 3.5% is a reasonable allowance for marketing, agent's and legal fees.
Londonewcastle (DP9)	Similarly, the weighted return, comprising 20% on GDV for private residential and 6% for affordable, is not reflective of the market requirements, particularly on schemes that are modelled with 35% affordable housing. No analysis is provided for example, of the major PLC's target rate of returns for speculative development, which must be a key consideration in the effective 'market' rate.	The profit allowance made is reflective of the vast majority of schemes that seek planning permission in Tower Hamlets. These levels were also deemed acceptable in respect of the Council's adopted CIL Charging Schedule. The Council also notes that recently published Planning Practice Guidance expresses that between 15 and 20% return on GDV is likely to be an acceptable level on market tenure residential development.
Londonewcastle (DP9)	The PDCS has been published at a time when other related policy documents are also being considered. The NPPG states that charging authorities should consider linking a review of their charging schedule to any substantive review of the evidence base for the relevant Plan. There are clear advantages in coordinating the review of all documents to inform the PDCS. In particular, we note that the Council Draft Local Plan is at an advanced stage of review, the new draft London Plan and the Mayors own revised draft Charging Schedule (MCIL2) is currently the subject of consultation.	The Council notes this point. The Council's proposed CIL Charging Schedule has been formed with careful reference to emerging policy documents and the Mayor of London's newly proposed CIL.
Londonewcastle (DP9)	The evidence base supporting the draft London Plan identifies a range of new policies that will present additional costs to developers in London. It would appear that the cumulative impact of the draft London Plan have not been considered in the CILR and this should be a material consideration in the viability of sites.	The CIL Viability Study has been based on policies in the Council's emerging Local Plan. The Council's emerging Local Plan has been drafted to be in general conformity with the new draft London Plan. As such, the cumulative cost impacts of the new draft London Plan have been accounted for.

CIL_PDCS 10	Canary Wharf Group (DP9)	<p>The Council's PDCS makes no distinction for strategic sites. This is a fundamental change compared to the current adopted Charging Schedule, which sets a nil rate for four of the Borough's strategic sites (Bishopsgate Goods Yard, Wood Wharf, Westferry Printworks and London Dock).</p> <p>This is concerning given the conclusion made by the Examiner in his assessment of the current Charging Schedule in November 2014. This is still a very recent (only a little more than 3 years has past) and relevant conclusion. At the time the Examiner considered that there is 'a reasonable likelihood that the proposed charge rates would render unviable development on the four large allocated sites'. He explained that 'the charge would, in a material way, reduce the schemes' IRRs' and that 'the proposed CIL charges could be determinative of whether or not one or more of the large allocated site schemes would be likely to come forward'.</p>	The Council's decision to not exclude allocated sites from its proposed Charging Schedule is due to the fact that appraisal evidence indicates that these sites can accommodate CIL charges.
	Canary Wharf Group (DP9)	<p>CWG is not aware of any change since November 2014 that would have materially improved the viability outlook for the strategic sites. If anything, the factors impacting development viability have grown more challenging and uncertain. CWG is of the considered opinion that, in terms of market conditions, the delivery of the strategic sites is now as challenging commercially, as any time over the last decade. Significant cost increases combined with a very challenging sales environment caused in part by Brexit, and limited development funding opportunities, are constraining the delivery of large sites.</p>	<p>The Council notes the comments around there being a challenging economic environment.</p> <p>The Council has undertaken new appraisal work to support its rates proposed in its Draft Charging Schedule. The new appraisal work is based upon up to date evidence.</p> <p>It should however be noted that the majority of evidence that informed the Council's adopted Charging Schedule was collected in 2012 and 2013 and that, irrespective of Brexit, there has been a significant upturn in the economy since this time.</p>
	Canary Wharf Group (DP9)	<p>The explanatory notes and supporting evidence base for the PDCS do not provide any explanation as to why viability for the strategic sites has materially improved since November 2014. CWG request that the Council fully considers all of the points relevant to the strategic sites in the Examiner's Report and clearly sets out why a fundamentally different approach is now justified? This is especially relevant to the strategic sites previously considered by the Examiner (i.e. Bishopsgate Goods Yard, Wood Wharf, Westferry Printworks and London Dock) as well as any new strategic sites, namely North Quay.</p>	The Council's updated Viability Study clearly describes that Tower Hamlets has seen significant changes in economic circumstances since the evidence supporting the adopted Charging Schedule was collected. New evidence has been gathered and used to form appraisals based on appropriate available evidence. These appraisals indicate that strategic sites can accommodate CIL charges.
	Canary Wharf Group (DP9)	<p>The combination of the adopted 'Managing Development Document DPD' (2013) and the Draft Local Plan (2017) allocate various sites that are strategically important to the overall objectives and policies of the Council's Development Plan being met. Not all of these sites are included for assessment within the supporting Viability Study. Wood Wharf, for instance, is missing. No explanation is provided as to why this is the case. In this respect, CWG draw the Council's attention to the NPPG which specifically highlights that 'when reviewing their charging schedule, charging authorities should take account of the impact of revised levy rates on approved phased developments, as well as future planned development.' Wood Wharf falls into the category of an approved phased development.</p>	Please refer to the Council's Additional Evidence and Information document published alongside its Draft Charging Schedule which sets out the approach taken to selecting sites for testing.

Canary Wharf Group (DP9)	The absence of any appraisal of Wood Wharf is very concerning in light of the detailed and thorough assessment and examination of it as part of the preparation of the current Charging Schedule and the Examiner's findings, as noted above. In essence, Wood Wharf is proposed to go from a nil rate across all land uses to a charge of, for example in relation to residential use, £280 per sqm. This is a change of 100% without any explanation for a site that was considered not able to accommodate any CIL previously.	Please refer to the Council's Additional Evidence and Information document published alongside its Draft Charging Schedule which sets out the approach taken to selecting sites for testing.
Canary Wharf Group (DP9)	The Viability Study (at Appendix 7) does include an appraisal for North Quay. This has been reviewed and CWG's high-level comments are, as follows:	Noted
Canary Wharf Group (DP9)	The CIL appraisal is based on a policy compliant 35% affordable housing offer and an IRR of 32.43%, assuming a Benchmark Land Value of just £12m, despite the North Quay site benefiting from an extant planning consent for a commercial scheme. In this respect, we also note that the IRR is higher than that which was reported in viability evidence prepared to support the Draft Local Plan (2017), which was an IRR of 29.35%. It is unclear why this is the case.	The Benchmark Land Value has been updated to reflect the viability evidence supporting the draft local Plan.
Canary Wharf Group (DP9)	CWG has recently withdrawn a planning application for the redevelopment of North Quay. Viability work undertaken to support this planning application, which the Council is aware of, demonstrates that the CIL appraisal is not robust and unreflective of the actual viability associated with bringing the site forward.	The Council notes that the application was withdrawn and the viability position was not agreed. The Council does not consider that the negotiations that took place lead to a conclusion that the appraisal in the Council's Viability Evidence Base carried out is not reflective of reality.
Canary Wharf Group (DP9)	The CIL appraisal is unrealistic, insofar that it fails to relate to how a reasonable land owner would act. Simply on the basis of the viability provided the land owner would not release the site for development as there is insufficient incentive versus the value of the site with extant planning permission. Development of this site would be frustrated. The viability does not reflect commercial reality or risk, using the recent North Quay planning application, for example:	The updated Viability Study amends the approach to the Benchmark Land Value.
Canary Wharf Group (DP9)	Benchmark Land Value – the CIL appraisal assumes an EUV+ of £12.89m on the basis of a cleared vacant piece of land. This site benefits from an extant planning permission and the landowner has received valuation advice on the value of this extant consent. The landowner will not release this site for development for a land value of £12.89m	The updated Viability Study amends the approach to the Benchmark Land Value.
Canary Wharf Group (DP9)	Build costs – Within the CIL appraisal the build cost assumption, on the basis of BCIS + abnormal costs, equates to c£830m. This approach is not satisfactory for a scheme of the complexity of that proposed. The build costs assumed are c. £450m below those that CWG's specialist advisor has costed. This also affects other assumptions which are linked to cost e.g. professional fees and contingency.	The Council has sought further specialist advice to inform the costs applied in the appraisals that support this rates described in the Draft Charging Schedule. Please refer to the Council's updated Viability Study.

Canary Wharf Group (DP9)	Ground rents - The CIL appraisal includes a revenue for ground rents. Given recent Government announcements, and the clear direction of travel stopping revenue from ground rents for all new leasehold properties, this is not a feasible assumption to be included at the CIL feasibility testing stage.	The appraisal exercise undertaken represents an assessment of the value generated by the development on the basis that planning permission is in place. At the current time, there is no legislation in place which prevents ground rents being charged on leasehold flats. We are therefore not in a position to disregard the investment value of ground rents. Furthermore, any legislation which the government may choose to bring forward would be to remove 'onerous lease terms'. It is considered unlikely that the assumptions made in the updated Viability Study could be considered onerous. There is no timetable for bringing legislation before parliament on this matter.
Canary Wharf Group (DP9)	Car parking – The CIL Study assumes 187 car parking spaces generating revenue, this quantum of car parking is not considered to be feasible, nor would it be acceptable to the Council, and is 375% higher than what CWG consider is feasible, meaning revenue is significantly over stated.	The number of car parking spaces tested is based on what emerging planning policy says on the number of spaces that can be provided on the site. The updated Viability Study
Canary Wharf Group (DP9)	The reliance on reporting IRR and no comment on profit on GDV is of concern in providing a realistic view on the site's viability.	Please refer to the Council's updated Viability Study and Additional Evidence and Information document published alongside the Council's Draft Charging Schedule for further information on this matter.
Canary Wharf Group (DP9)	Cumulative Assessment of Planning Policies The PDCS has been published at a time when a number of other related policy documents are also in differing stages of preparation and consultation. The NPPG states that charging authorities should consider linking a review of their charging schedule to any substantive review of the evidence base for the relevant Plan (i.e. documents comprising the Development Plan). Even if the original charging schedule was not examined together with the relevant Plan, there may be advantages in coordinating the review of both. In particular, we note that the Council Draft Local Plan is at an advanced stage of review (Regulation 19 consultation having recently completed) and the new draft London Plan is currently the subject of consultation. We also note that the Mayor of London has recently completed a second round of consultation on his proposed 'MCIL2'.	The Council notes this point. The Council's proposed CIL Charging Schedule has been drafted by careful reference to emerging policy documents and the Mayor of London's newly proposed CIL.
Canary Wharf Group (DP9)	Paragraphs 173-177 of the NPPF are concerned with ensuring viability and deliverability in plan-making. Of particular note, is the point at paragraph 174, that the cumulative impact of all policies is to be taken into account in order to demonstrate that the implementation of the Development Plan is not put at risk. CWG is concerned that the viability work supporting the PDCS has not taken into account the full cumulative costs on development of all policies set out in the draft Local Plan, draft London Plan and draft MCIL2. We are conscious that there are the obvious costs associated with the provision of affordable housing, but many others that are relevant, for example, to name a few: zero carbon target; urban greening; low cost business space; affordable work space; affordable retail units; and, social infrastructure.	The Council considers that the viability appraisals undertaken do take account of the cumulative costs of the policies within the development plan.

Canary Wharf Group (DP9)	CWG request that the Council supplements and expands its viability evidence base to include a cumulative assessment, so that the PDCS can be considered alongside all other possible policy costs.	The policy costs allowed for are based on the emerging Local Plan which are understood to be in accordance with the London Plan policies and in this regard we consider that the cumulative impact of planning policies has been appropriately addressed.
Canary Wharf Group (DP9)	Proposed Office and Residential Charging Rates As a general comment and observation, CWG is very concerned about the lack of explanation and evidence associated with very significant increases in the CIL charging rates compared to the current Charging Schedule (including for indexation). This is especially the case in relation to the office rate for North Docklands and the residential rates across all charging zones.	The rates proposed are supported by appraisal evidence.
Canary Wharf Group (DP9)	Firstly, in relation to the office rate, the Viability Study suggests a significant increase in viability and remarks that this is backed up by research. No research appears to have been provided. CWG request clarification from the Council in this respect before providing any further comment. CWG is very concerned that the proposed rate for North Docklands will fetter office development, especially when considering the examination into the current Charging Schedule concluded that a CIL charge for office within North Docklands was not viable. This examination, as highlighted elsewhere in these representations, was recent and CWG would be surprised if any research could credibly demonstrate a material change in circumstance.	<p>The rents and yields for offices achievable in the Docklands and Canary Wharf area have improved significantly since the evidence for the adopted CIL Charging Schedule was gathered.</p> <p>Research identified that yields in the area on such space are at 4.75% with prime rental levels of £45 per sq ft (see reports on this by BNP Paribas Real Estate and Colliers) and headline rents reported at Canary Wharf of £47.50 per sq ft (JLL). We note that Savills have recently reported rents to be between £45 per sq ft and £50 per sq ft. An allowance of 24 months has been made to reflect a rent free and void period.</p> <p>Assumptions made in respect of the adopted Charging Schedule were values of circa £35 per sq. ft, yields of 6.25% and a 30 month rent free and void period. We note that during the course of the production of the Council's adopted CIL Charging Schedule the yield contracted to 5.75%.</p> <p>We would highlight that the CIL charge proposed is identified as being 1.67% of development costs.</p>
Canary Wharf Group (DP9)	Secondly, in relation to the residential rates, we are alarmed that the Viability Study explicitly highlights that the evidence demonstrates that viability of residential development is currently challenging, but then leaps to a recommendation that CIL rates can be materially increased. It is also unclear whether the proposed rates have been recommended on the basis of 35% affordable housing or on the basis of a high level of affordable housing, namely 50% - which is the policy target at both a local (Core Strategy / Draft Local Plan) and regional (London Plan) level. It is worth emphasising that the Draft Local Plan policy is for a minimum of 35%, therefore, clearly the CIL rates solely for this reason should be set assuming a higher than 35% requirement. We request clarification from the Council on this point before providing any further comment.	The reason the Council has chosen 35% affordable housing as the appropriate level to justify the charging of CIL is because this is the Council's site-by-site affordable housing requirement. 50% is a strategic target. We also note that the Mayor of London has adopted a "Threshold Approach" to viability where schemes can process through the planning application process without providing viability evidence. As such relying on the provision of 50% affordable housing to recommend CIL rates would be artificial and inappropriate.

	Canary Wharf Group (DP9)	The Council will, of course, recall that the Examiner during his consideration of the current Charging Schedule was especially focused on affordable housing assumptions and was concerned about the level of 'flex' the Council was assuming could be achieved to demonstrate that sites could come forward viably, alongside CIL. The Council will be aware of the very significant political and public attention on affordable housing and the new policies set out in the Draft London Plan as a response to this. It is unclear how the Draft London Plan approach has been taken into account – especially in terms of how the London Plan differentiates between sites in public and private ownership as well as site's in particular allocations e.g. Strategic Industrial Locations. A much clearer response to Draft London Plan affordable housing policies within the Viability Study is required.	The viability evidence underpinning the Council's newly proposed Charging Schedule is based on the policies described in the Council's new draft Local Plan which has been drafted to be in general conformity with the new London Plan.
CIL_PDCS 11	Bishopsgate Goods Yard Regeneration Limited (DP9)	The methodology applied is consistent with that presented in the 2013 Viability Study in that the residual value of the strategic sites is compared to a benchmark land value, being in turn based on the Current Use Value of the Sites plus a premium. DS2 agree that the methodology is acceptable albeit the Viability Study needs to ensure that the CUVs are robust;	Noted.
	Bishopsgate Goods Yard Regeneration Limited (DP9)	The market commentary in section two notes that prices since the date of the 2013 study and the height of the market in 2008 have risen considerably. DS2 would not disagree with the Land Registry data presented in Figure 2.23.1, however, it would be worth analysing new build values rather than general market trends. Feedback from agents active in the market is that there has been considerable under-performance in new build sales values with volumes also significantly down over the last 12-18 months which in turn has had an impact on the use of incentives and discounts. The new build market is currently facing significant headwinds and uncertainty is now at a level comparable with 2008. Whilst table 2.24.1 reflects a range of agents' forecasts, these are inherently positive and there are several independent economic forecasts that present a less optimistic outlook;	The Council notes the comments around there being a challenging economic environment. The Council has undertaken new appraisal work to support its rates proposed in its Draft Charging Schedule. The new appraisal work is based upon up to date evidence.
	Bishopsgate Goods Yard Regeneration Limited (DP9)	The section identifies that Argus has been used to model the scenarios but no Argus appraisals are provided. We would ask that these are provided.	The Council and its consultants are considering its position with regards to the publication of Argus Appraisals
	Bishopsgate Goods Yard Regeneration Limited (DP9)	BNPP reduce the number of residential units to reflect the inclusion of the provision of 5 a-side football pitches, in accordance with Sport England information. We understand there is currently no adopted policy which requires the provision of 5 a-side football pitches.	The assumption made in this regard relates to policies in the Council's emerging Local Plan.

Bishopsgate Goods Yard Regeneration Limited (DP9)	<p>Assumptions have been made by BNPP in the quantum that can be delivered on the Site but difficult to understand on what basis? Does the assumptions allow for the provision of community uses such as an Ideas Store?</p>	<p>The capacity assumptions for this site are based on:</p> <ul style="list-style-type: none"> • Using the previously submitted application as a proxy for capacity. • Reducing the unit numbers to reflect concerns relating to overdevelopment. • Reducing development to account for the provision of a leisure facility as required by the new draft Local plan. <p>The Council should be clear that this is a high level exercise, not one based on a specific Masterplan of the site.</p> <p>If Bishopsgate Goods Yard Regeneration Limited do not consider the quantum appropriate then the Council would welcome clarification of what capacity should apply alongside reasons.</p>
Bishopsgate Goods Yard Regeneration Limited (DP9)	<p>It is not clear why this unit mix has been adopted as it is not aligned with LBTH policy mix, which is as follows: Market housing should be 1B 50%, 2B 30% and 3B 20%. Intermediate should be 1B 25%, 2B 50% and 3B 25%. Social rent should be 1B 30%, 2B 25%, 3B 30% and 4B 15%.</p>	<p>The Council's testing is reflective of the unit mix in the Council's emerging Local Plan which carries weight and is the mix against which schemes that are being referred for decision are being tested against.</p>
Bishopsgate Goods Yard Regeneration Limited (DP9)	<p>(Regarding development efficiency, the rates applied is) Not Applicable for a complex scheme such as Bishopsgate Goods Yard.</p> <p>The Site has a considerable amount of ground constraints, with only 30% of the Site being foundable. The Site is likely to have a lower development efficiency than that assumed by BNP Paribas. We would like to understand how these figures have been arrived at.</p>	<p>The Council considers its allowance in respect of development efficiencies for this site as acceptable.</p>
Bishopsgate Goods Yard Regeneration Limited (DP9)	<p>(Regarding construction timings) It would be useful to understand how these timings have been derived and what information they are based upon.</p> <p>The Site is extremely complex and will require a significant amount of ground works prior to any substantial work taking place. Consideration have to be given to working around the East London Line, 4 Opencut Rail lines, 2 suburban line tunnels, 8 track, listed arches and other historic</p> <p>The programme seems significantly optimistic given BNP Paribas have assumed that a circa 2.3m sq ft GIA scheme is to be delivered. This has a fundamental impact on the results given that BNP Paribas are adopting an IRR profit target.</p> <p>We would ask that the Argus appraisal and cashflow/phasing is provided.</p>	<p>An allowance for a total timescale of 9 years and 8 months for this scheme (117 months) has been made. The further two 9 month allowances for pre-construction works during phases 2 and 3 are run concurrently with the final 9 months of construction of the previous phases.</p> <p>These timescales are based on the experience of BNP Paribas in respect of timescales for such schemes. Information on what the applicant considers reasonable would be welcome.</p>

<p>Bishopsgate Goods Yard Regeneration Limited (DP9)</p>	<p>(Regarding the Private Sales Rate) The figure included in the BNPP appraisal seems high, especially in this current market.</p> <p>We would ask for supporting information in order to support this assumption.</p> <p>It is very unlikely that a rate of £1,350 per sq ft could be achieved on the Tower Hamlets part of the Site.</p>	<p>The Council and its advisors note the following in respect of this matter:</p> <ul style="list-style-type: none"> • Values on the nearby Mondrian/Godfrey Place scheme have been achieving an average of £995 pr s sq ft. This scheme contains 193 residential units and buildings are from one to nine stories in height. Given the scale of BGY site and the quantum of amenities that will be created as a result of the scheme, significantly increased sales values will be achieved on the site by comparison to the Mondrian/Godfrey Place scheme. • The Long & Waterson scheme north of the site includes the erection of a new 10-storey building and two-storey extensions to the existing buildings at 1-3 Long Street and 5-9 Long Street to create 6-storey buildings along with associated refurbishment works to provide for 73 residential units. We understand that as of December 2017 47 of the 73 units had sold (64%) and values achieved were between £1,503 per sq ft and £1,077 per sq ft with an average of £1,358 per sq ft. • The Stage (Plough Yard) scheme in LB Hackney at Curtain Road is less than 0.2 miles from the site achieving sales values of between £2,083 per sq ft and £1,251 per sq ft with an average of £1,622 per sq ft. We understand that 160 units have been sold off plan by the end of Q4 2017 (38%) with completion identified as being Spring 2020. • Principal Tower (Principal Place / Bishops Place), adjacent to The Stage and of a similar distance from BGY site on Worship Street Norton Folgate - Bowl Court - Plough Yard - Hearn Street - Curtain Road in LB Hackney is achieving between £2,608 per s sq ft and £1,439 per sq ft with an average value of £1,818 per sq ft. At the end of 2017 the scheme is reported to be 60% sold with completion due in Q1 2019. • The Stage and Principal Tower schemes accommodate residential units in tall buildings of 40 storeys and 50 storeys respectively . Given this context and the smaller schemes identified above, which lie to the north of the site we consider our assumption of £1,350 not to be unreasonable.
<p>Bishopsgate Goods Yard Regeneration Limited (DP9)</p>	<p>(Regarding the Affordable Sales Rate) Reasonable in the main with some comments.</p> <p>It is very unlikely that at market values of £1,350 per sq ft that shared ownership properties will be affordable at this price.</p> <p>It would be helpful to see BNPP's calculation on shared ownership properties.</p> <p>The £ psf rate for intermediate rent (as opposed to SO) would be lower given the lack of equity sale</p>	<p>The testing undertaken accounts for the Council's draft policy D.H2 in its new Local Plan. The supporting text for this policy describes that shared ownership will not be an appropriate product where values exceed £600,000.</p> <p>The Council's Viability Study describes the approach to valuing shared ownership properties and is based on the following assumptions:</p> <ul style="list-style-type: none"> • Registered Providers will sell 25% initial equity stakes and charge a rent of up 2.75% on the retained equity based on the London Plan AMR household income cap of £90,000. • A 10% charge for management is deducted from the rental income and the net amount is capitalised using a yield of 5%.

Bishopsgate Goods Yard Regeneration Limited (DP9)	(Regarding sales absorption) 50% off plan sales in this current housing market seems reasonable however a rate of 10 units sold post practical completion per month seems optimistic.	BNP Paribas have identified a number of comparable developments where this level of off-plan sales was achieved.
Bishopsgate Goods Yard Regeneration Limited (DP9)	(Regarding office values, yield and incentives) The rate per sq ft seems reasonable but the yield seems a little optimistic. We would request that evidence is provided to support this assumption as a yield of 5.25% is more reasonable.	<p>A rent of £58 per sq ft and a yield of 4.75% have been adopted. In terms of additional justification for this rate:</p> <ul style="list-style-type: none"> • Aldgate Tower, E1 achieved a yield of 4.86% in April 2016. • Central House, 25 Camperdown Street, E1 achieved 4.17% in December 2016. • BNP Paribas Real Estate's Office Report identifies rents of £65 per sq ft for City Fringe locations and Colliers Report identifies rents of £60 - £65 per sq ft for city fringe locations and yields of 4.75% for Clerkenwell and Aldgate. • We are aware that We Work have taken a pre-let at The Stage development of 240,000 sq ft of office space for a rent of more than £65 per sq ft, which means the scheme is fully pre-let two years prior to completion. • We note that Brookfield Asset Management (UK) sold 1,754 Net sq m (18,876 sq ft) of Retail (A1) - General Retail space and 56,092 Net sq m (603,769 sq ft) of Business (B1a) - Office space at Principal Place, 115 Worship Street, London, EC2A 2BA to Ente Nazionale di Previdenza ed Assistenza Medici (ENPAM) for £400 million in May 2016 reflecting a yield of 4.25%. • We understand that Amazon took a lease of 8,300 Net sq m (89,342 sq ft) At the Stage in March 2017 in addition to their existing lease of 7,970 Net sq m (85,791 sq ft) agreed in June 2016 and 40,034 Net sq m (430,917 sq ft) in September 2014 the latter reported to be at £50 per sq ft. • We are also aware that Arnold Great Eastern Street guiding rents are from £65 per sq ft and this was sold recently achieving. <p>In light of the above and following discussions with our colleagues in our City investment team our assumptions are conservative and in fact the development could likely achieve £65 per sq ft and a 4.25% yield.</p>
Bishopsgate Goods Yard Regeneration Limited (DP9)	(Regarding office timings) Unclear if any void period has been assumed. Dependent upon the quantum of office space being let, it is likely a void period will be required in order to achieve a blended average of £58 per sq ft.	An allowance of void/rent free of 24 months has been included.

Bishopsgate Goods Yard Regeneration Limited (DP9)	(Regarding retail values, yield and incentives) The rate per sq ft seems reasonable but must be a blended rate, the early phases will be lower to try and establish a location. Therefore a yield of 5.25% would be reasonable.	We note that Brookfield Asset Management (UK) sold 1,754 Net sq m (18,876 sq ft) of Retail (A1) general retail space at The Stage at 4.25%. It is considered that this rate is reasonable.
Bishopsgate Goods Yard Regeneration Limited (DP9)	(Regarding retail timings) Unclear if any void period has been assumed. Dependent upon the quantum of retail space being let, it is likely a void period will be required in order to achieve a blended average of £50 per sq ft.	An allowance of 18 months has been made to reflect a rent free and void period.
Bishopsgate Goods Yard Regeneration Limited (DP9)	(Regarding additional income and in particular ground rents of £600 @ 5%) Ground rent income is being excluded from a number of the large Surveying teams' Red Book valuation. This needs to be excluded in light of Government comments (detail), or at the very least, the yield needs to be pushed out (GLA are suggesting 10%)	The appraisal exercise undertaken represents an assessment of the value generated by the development on the basis that planning permission is in place. At the current time, there is no legislation in place which prevents ground rents being charged on leasehold flats. We are therefore not in a position to disregard the investment value of ground rents. Furthermore, any legislation which the government may choose to bring forward would be to remove 'onerous lease terms'. It is considered unlikely that the assumptions made in the updated Viability Study could be considered onerous. There is no timetable for bringing legislation before parliament on this matter.
Bishopsgate Goods Yard Regeneration Limited (DP9)	(Regarding Build Costs) The relatively low build costs reflect an artificial viability position and further work in analysis the cost of delivering the site should be undertaken. We would request that a Argus appraisal is provided which indicates the total construction costs assumed for delivering the proposed scheme.	The Council has sought further specialist advice to inform the costs applied in the appraisals that support the rates described in the Draft Charging Schedule. Please refer to the Council's updated Viability Study.
Bishopsgate Goods Yard Regeneration Limited (DP9)	This is a complex scheme and therefore a contingency of 5% is not reasonable.	The Council considers its allowance for contingency is within a reasonable range..
Bishopsgate Goods Yard Regeneration Limited (DP9)	A figure of £100,000,000 has been included for decontamination and abnormal costs at pre-construction. We would request that a breakdown of how this figure has been derived at is provided.	This figure has been updated to reflect the abnormal costs submitted to the Council by DS2 as part of the Examination process of the Council's adopted charging Schedule but updated to reflect build cost inflation. Please refer to the Council's updated Viability Study.
Bishopsgate Goods Yard Regeneration Limited (DP9)	(Regarding the allowances for Sales, Marketing & Legals (Resi.)) Current market conditions would suggest that a combined figure for agent and marketing fees is at circa 5% over lifetime of the development. A budget for a marketing suite would sit separately to the rates stated.	In BNPPRE's experience our allowance of 3.5% is a reasonable market allowance.

	Bishopsgate Goods Yard Regeneration Limited (DP9)	(Regarding the allowances for Disposal, Sales & Marketing (Comm.)) 15% for joint agency on the letting fee %	The Council considers the assumptions made are reasonable.
	Bishopsgate Goods Yard Regeneration Limited (DP9)	(Regarding 12% professional fees) Again, this is a complex scheme and therefore a professional fees allowance of 12% is not reasonable.	Professional fees tend to range between 8%-12% and so 12% fees is at the top end of this scale and on a significant build cost should in our experience be a suitable allowance for such developments. Notwithstanding this we would be happy to receive and consider further evidence on this point.
	Bishopsgate Goods Yard Regeneration Limited (DP9)	(Regarding S106 allowances) What is the basis for assuming £1,220 per unit?	The assumption made in this regard is derived from the approach adopted in the case of the viability evidence supporting the Council's adopted CIL Charging Schedule. Due to unknown factors which will only be clarified on the submission and consideration of a planning application, it can be challenging to identify all of the S106 costs that would apply in respect of development. The Council's has undertaken some research (please refer to the "Additional Evidence and Information" document published alongside the Draft Charging Schedule) that identifies the allowance of £1,220 per unit is a very reasonable allowance and is higher than it could be.
	Bishopsgate Goods Yard Regeneration Limited (DP9)	(Regarding the benchmark land value) Clarification required on the CUV calculation	Current use on the site identified to be: Shoreditch High Street Overground Station; "Box Park", Football Pitches and Vacant Land The existing use value of the site is based on a site area of 4.24 HA valued at £5,535,771 per HA based on open storage land valued at £3 per sq ft, capitalised at a yield of 7%, allowing for a premium of 20%.
CIL_PDCS 12	Westferry Development Limited (DP9)	The absence of any assessment of the Site is very concerning in light of the detailed and thorough assessment and examination of it as part of the preparation of the current Charging Schedule and the Examiner's findings, as noted above. In essence, the Site is proposed to go from a nil rate across all land uses to a charge of, for example in relation to residential use, £280 per sqm. This is a change of 100% without any explanation for a site that was considered not able to accommodate any CIL previously.	Please refer to the Council's Additional Evidence and Information document published alongside its Draft Charging Schedule which sets out the approach taken to selecting sites for testing.
	Westferry Development Limited (DP9)	The methodology applied is consistent with that presented in the 2013 Viability Study in that the residual value of the strategic sites is compared to a benchmark land value, being in turn based on the Current Use Value of the Sites plus a premium. DS2 agree that the methodology is acceptable albeit the Viability Study needs to ensure that the CUVs are robust and the figures presented appear low and make no reference to alternative use values which in many cases would be higher;	The updated Viability Study provides more information on approaches to benchmark land values adopted.

	Westferry Development Limited (DP9)	The build costs in the strategic sites appraisals are low when compared to the subject Site appraisal and the other strategic sites (of which DS2 have sight of). The low build costs reflect an artificial viability position and further work in analysing the cost of delivering the strategic sites should be undertaken. The build costs, when compared back to those included in the 2016 FVA for Westferry Printworks are lower which you would not expect given the costs were undertaken over a year ago and therefore through cost inflation you would assume they would now be higher;	The Council has sought further specialist advice to inform the costs applied in the appraisals that support this rates described in the Draft Charging Schedule. Please refer to the Council's updated Viability Study.
	Westferry Development Limited (DP9)	In terms of profit return the 2016 FVA targeted a 17.5% Internal Rate of Return. BNPP in their review for the Council targeted a 15% present day IRR as opposed to the 13% that is now quoted in the Viability Study. Deloitte who were also appointed by the Council to review the FVA concluded that a 17.42% present day IRR was acceptable. A 13% IRR return is clearly not at a market acceptable level;	In BNP Paribas' experience, schemes do come forward against an IRR of 13%. Please refer to the Council's updated Viability Study and Additional Evidence and Information document published alongside the Council's Draft Charging Schedule for further information on this matter.
	Westferry Development Limited (DP9)	The market commentary in section two notes that prices since the date of the 2013 study and the height of the market in 2008 have risen considerably. DS2 would not disagree with the Land Registry data presented in Figure 2.23.1, however, it would be worth analysing new build values rather than general market trends. Feedback from agents active in the market is that there has been considerable under-performance in new build sales values with volumes also significantly down over the last 12-18 months which in turn has had an impact on the use of incentives and discounts. The new build market is currently facing significant headwinds and uncertainty is now at a level comparable with 2008. Whilst table 2.24.1 reflects a range of agents' forecasts, these are inherently positive and there are several independent economic forecasts that present a less optimistic outlook.	The Council notes the comments around there being a challenging economic environment. The Council has undertaken new appraisal work to support its rates proposed in its Draft Charging Schedule. The new appraisal work is based upon up to date evidence.
	Westferry Development Limited (DP9)	In addition, the evidence base presents a positive scenario in terms of headline values however the analysis does not recognise the significant market headwinds that currently exist and the significant rise in costs over the same time.	The Council notes the comments around there being a challenging economic environment. The Council has undertaken new appraisal work to support its rates proposed in its Draft Charging Schedule. The new appraisal work is based upon up to date evidence.
	Westferry Development Limited (DP9)	The Landowner would also note that the evidence base does not appear to make reference to the potential cumulative impact of the proposed policies in the draft London Plan.	The policy costs allowed for are based on the emerging Local Plan which are considered to be in consistent with the London Plan policies and in this regard we consider that the cumulative impact of planning policies has been appropriately addressed.
CIL_PDCS 13	The Ballymore Group (DS2)	It is unclear whether the viability work supporting the PDCS has taken into account the full cumulative costs on development of all policies set out in the draft Local Plan, draft London Plan and draft MCIL2.	The policy costs allowed for are based on the emerging Local Plan which are understood to be in accordance with the London Plan policies and in this regard we consider that the cumulative impact of planning policies has been appropriately addressed.
	The Ballymore Group (DS2)	We also note that the Mayor of London has recently completed a second round of consultation on his proposed 'MCIL2'. The BNP Viability report was prepared prior to the publication of these various documents and therefore does not appear to take these into consideration.	The full rates set out in respect of the Mayor of London's proposed CIL rates have been taken into account in the Viability Study. The Viability Study has been updated to make this fact clearer.

<p>The Ballymore Group (DS2)</p>	<p>It is considered that the residential charging rate will impact on the ability of site(s) to provide an acceptable level of affordable housing due to its inevitable impact on viability. This contradicts both the Mayor's aspirations to deliver affordable housing and the London Borough of Tower Hamlet's own Local Plan aspirations.</p>	<p>The Council notes this comment. It is inevitable that the imposition of any level of CIL will impact the delivery of affordable housing to some degree.</p> <p>The Council considers that the rates proposed strike an appropriate balance between securing funding to deliver infrastructure and the ability to secure affordable housing moving forward.</p>
<p>The Ballymore Group (DS2)</p>	<p>Section 3.18 under the heading Viability Benchmark makes reference to the 'market testing' of benchmark land values and that testing against market value is highly unreliable. We would not wholly disagree, however there is insufficient testing of the benchmark land values in the CILR. The Lord Harman report 'Viability Testing of Local Plans' prefers to a CUV based approach to benchmark land values however states on page 19 'Reference to market values can still provide a useful 'sense check' on the threshold values that are being used in the model (making use of cost-effective sources of local information), but it is not recommended that these are used as the basis for the input to a model'. The PPG, in relation to area-wide viability testing also states at paragraph 14 that 'site value should be informed by comparable, market-based evidence wherever possible. Where transacted bids are significantly above the market norm, they should not be used as part of this exercise'. Failure to do so potentially artificially deflates the cost of land to an unrealistic level and one at which sites may not be delivered. This in turn, puts the delivery of development sites and the subsequent delivery of the objectives of the Development Plan, at risk;</p>	<p>An EUV + approach to benchmark land values has been adopted. This has been accepted as a reasonable approach to assessing viability and in particular policy testing by numerous Examiners and Inspectors for CIL Charging Schedules and Local Plan testing.</p> <p>As identified in the Viability Study supporting the Preliminary Draft Charging Schedule, we have significant concerns as to the use of site purchase prices/market values and in particular set out why we consider these to be unreliable as follows:</p> <p>"3.18 Commentators also make reference to "market testing" of benchmark land values. This is another variant of the benchmarking advocated by respondents outlined at paragraph 3.13. These respondents advocate using benchmarks that are based on the prices that sites have been bought and sold for. There are significant weaknesses in this approach which none of the respondents who advocate this have addressed. In brief, prices paid for sites are a highly unreliable indicator of their actual value, due to the following reasons:</p> <ul style="list-style-type: none"> ■ Transactions are often based on bids that 'take a view' on squeezing planning policy requirements below target levels. This results in prices paid being too high to allow for policy targets to be met. If these transactions are used to 'market test' CIL rates, the outcome would be unreliable and potentially highly misleading. ■ Historic transactions of housing sites are often based on the receipt of grant funding, which is no longer available. ■ There would be a need to determine whether the developer who built out the comparator sites actually achieved a profit at the equivalent level to the profit adopted in the viability testing. If the developer achieved a sub-optimal level of profit, then any benchmarking using these transactions would produce unreliable and misleading results. Developers often build assumptions of growth in sales values into their appraisals, which provides a higher gross development value than would actually be achieved today. Given that our appraisals are based on current values, using prices paid would result in an inconsistent comparison (i.e. current values against the developer's assumed future values). Using these transactions would produce unreliable and misleading results. <p>3.19 These issues are evident from a recent BNP Paribas Real Estate review of the differences between the value ascribed to developments by applicants and the amounts the sites were purchased for by the same parties. The prices paid exceeded the value of the consented schemes by between 52% and 18,000%."</p>

The Ballymore Group (DS2)	Section 4.4. of the Community Infrastructure Levy Review (CILR) evidence base states that Land Registry identifies that borough values have increased by 65% since the date of the 2013 Viability Evidence. This is not disputed. However, in order to provide the correct context it would be helpful to provide an analysis of new build pricing trends when compared to the wider market and also make reference to significant cost inflation over the same time period. The 65% reference is misleading when taken out of context;	The Council notes that the Viability Study that supported its Preliminary Draft Charging Schedule consultation acknowledged that the increase in sales values had been partially offset by increases in build costs.
The Ballymore Group (DS2)	The Viability Study assumes a range of average sales values dependent upon the CIL Zone. Further information should be provided to understand how the average values £ per sq ft values have been arrived at i.e. CIL Zone 1 – High assumes an average £ per sq ft value of £1,200.	Please refer to the updated Viability Study supporting the Council's Draft Charging Schedule.
The Ballymore Group (DS2)	The evidence base supporting the draft London Plan identifies a range of new policies that will present additional costs to developers in London. It would appear that the cumulative impact of the draft London Plan have not been considered in the CILR and this should be a material consideration in the viability of sites across the Charging Authority area;	The CIL Viability Study has been based on policies in the Council's emerging Local Plan. The Council's emerging Local Plan has been formed to be consistent with the new draft London Plan. As such, the cumulative cost impacts of the new draft London Plan have been accounted for.
The Ballymore Group (DS2)	The CILR contains only nine scenarios below those sites seemed to be strategic. Given that the PDCS includes a three-fold increase in the CIL rates for sites in Zone Two, and 6 of the 9 scenarios contain only 50 units or less, we would request more comprehensive testing of the sites that are in excess of 50 homes within Zone Two;	In respect of the typology testing undertaken, the Council is confident that its approach is reasonable and robust.
The Ballymore Group (DS2)	It is not clear how the scenarios have been timed in terms of construction and this requires clarification;	The updated Viability Study contains timescales for the construction programmes for the typology testing.
The Ballymore Group (DS2)	Similarly, the evidence base for build costs, based on BCIS rates needs further work as the rates are low when compared to current tender prices. It is not clear whether the BCIS rates have been sense checked against submitted viability assessments on projects of similar sizes and this is a key concern in the analysis;	The Council has sought further specialist advice to inform the costs applied in the appraisals that support the rates described in the Draft Charging Schedule. Please refer to the Council's updated Viability Study.
The Ballymore Group (DS2)	In respect of the development efficiencies, the appraisals assume 35% on-site affordable housing. Given the desire of Registered Social Landlords ('RSL') to provide separate entrances and cores for social rented housing for ease of leaving/management, the proposed efficiencies on the smaller schemes appear very optimistic and clarification is required as to whether the delivery of on-site affordable and its impact on efficiency where there is only one building, has been considered;	The efficiencies allowed for account for the provision of on-site affordable housing. Further work undertaken identify that the Council has been modest in the gross to net ratios that apply in respect of the appraisals.
The Ballymore Group (DS2)	In the current market, 3% for residential marketing and agent's fees is not reflective of the market and is generally insufficient to achieve the values and sales rates that are incorporated into the appraisals;	In BNP Paribas Real Estate's experience, 3.5% is a reasonable allowance for marketing, agent's and legal fees.
The Ballymore Group (DS2)	This weighted return, comprising 20% on GDV for private residential and 6% for affordable, is not reflective of the market requirements, particularly on schemes that are modelled with 35% affordable housing. No analysis is provided for example, of the major PLC's target rate of returns for speculative development, which must be a key consideration in the effective 'market' rate;	<p>The profit allowance made is reflective of the vast majority of schemes that seek planning permission in Tower Hamlets. These levels were also deemed acceptable in respect of the Council's adopted CIL Charging Schedule.</p> <p>The Council also has had regard to the recently published Planning Practice Guidance expresses that between 15 and 20% return on GDV is likely to be an acceptable level on market tenure residential development.</p>

	The Ballymore Group (DS2)	The non-strategic sites do not appear to contain non-residential uses. These uses are often a planning requirement and can have a significant impact on the viability of a residential scheme;	It is not suitable to assume multiple uses for appraisals for the non-strategic sites. This is because certain uses may cross-subsidise other uses, making it difficult to establish what appropriate levels rates should be set at.
	The Ballymore Group (DS2)	No actual appraisals are provided and these are required in order to effectively analyse the appraisal work that has been collated.	The Council and its consultants are considering its position with regards to the publication of Argus Appraisals
CIL_PDCS 14	St William (Quod)	The retention of any Gasholders also has very significant cost implications. Even if not re-purposed for an active use their retention requires them to be dismantled, transported significant distances for refurbishment, reinforced when returned to the site during reassembly, and maintained and insured by future residents. The Draft Plan policies currently require retention of some of the heritage assets associated with the Gasworks on two of the sites: Leven Road and Marian Place/Oval. The impact of this on development capacity and costs does not appear to have been taken into account in the viability assessments. Furthermore, a recent application has been made by a third party to statutorily list the remaining buildings at Bow Common in addition to the Locally Listed building known as Bow Common Cottage.	The Council's updated appraisals account for the costs of retaining the gas holders.
	St William (Quod)	<u>Regarding the Leven Road Site</u> The Council's Draft Local Plan places requirements and restrictions on the site. These include:	
	St William (Quod)	• Requirements for employment floorspace. Generic policies also require 'affordable workspace'. No allowance appears to have been included for this in the Viability Assessment.	The updated Viability Study incorporates testing of the proposed draft affordable workspace policy in the Council's new draft Local Plan.
	St William (Quod)	• Retention, re-use or enhancement of the Poplar Gasholder, an issue which St. William is engaging with the Council on in pre-application discussions. No allowance appears to have been made for either the land take or other cost implications of this in the Viability Assessment;	The Council's updated appraisals account for the costs of retaining the gas holders.
	St William (Quod)	• As well as the provision of a 1 ha space the Plan also seeks to specify its location and uses and requires any developer to "provide and secure the necessary land to facilitate the delivery of a new bridge over the River Lea." No allowance for this land, nor for the capital cost of Open Space or enhanced public realm is made in the Council's Viability Assessment other than a deduction of land from the developable area and a general allowance for 'externals'.	The Council's updated Viability Study deals with these matters in more detail.

St William (Quod)	<p><u>Regarding the Bow Common Site</u> The Council's Draft Local Plan places requirements and restrictions on the site. These include:</p> <ul style="list-style-type: none"> • Active frontages along the railway to enhance the use and setting of the railway arches as a non-designated heritage asset; • Active frontages along the railway to enhance the use and setting of the railway arches as a non-designated heritage asset; • 'Multi-functional leisure and recreation uses' on the open space; • Family housing overlooking the open space; • 'Replace employment numbers' despite there being no employment on the site; and • Provision of SME spaces, creative uses and retail. • Again none of these considerations, including the capital cost of the open space, appears to be included in the Viability Assessment. In addition to the above, the capital cost and impact on the development of the retention of the remaining buildings on site, as a result of a statutory listing has also not been considered. • 	The Council's updated Viability Study considers these matters and requirements in more detail.
St William (Quod)	<ul style="list-style-type: none"> • St. William's response to the Draft Local Plan confirms that in practice the only way this site will be able to come forward viably is if the secondary school and/or the strategic open space allocations are reduced or removed. 	Noted.
St William (Quod)	<p><u>Regarding the Marian Place Gas Works Site</u></p> <ul style="list-style-type: none"> • With the exception of land take for the open space, no account appears to have been taken of the other requirements in the CIL viability assessment. As policy currently stands both the main restrictions and obligations sit on the part of the site in which St. William has an interest. Therefore, notwithstanding the fact that indicative viability assessments are included, neither the Local Plan or CIL viability assessments have considered properly the viability of the Strategic Allocation or the Gasworks part of the site within that and how it could be delivered. 	The Council considers that the updated appraisal work undertaken has taken account of the policy requirements that will apply to this site. This includes the costs of retaining the gas holder infrastructure.
St William (Quod)	<p>In addition to these site specific requirements the Draft New London Plan (2018) includes a range of generic policies which will apply to all development across London and will further increase development costs and obligations. These include:</p> <ul style="list-style-type: none"> • Affordable housing tenure mix (H5 and H7) • Design standards, including fire safety and housing standards (D3 and D4) • Urban greening (G5) • Energy/Zero carbon (GG6) • Parking standards and electric vehicle charging (T6 and T6.1) and cycle parking (T5) • Digital connectivity to exceed building regulations (SI6) • Air quality positive in Opportunity Areas (SI) • Industrial land and replacement employment uses (Policies E5 to 8) <p>We note that given the significant additional obligations relating to design, energy, transport, air quality and building standards in the draft new LBTH Local Plan and London Plan the assumed £1,220 per dwelling for S106 obligations is almost certainly a significant underestimate.</p>	<p>The Council does not consider the allowance made is a significant underestimate. Policy requirements are generally included within build costs. Where further financial contributions may be required they are covered by the £1,220 per unit assumption.</p> <p>The Council's has undertaken some research (please refer to the "Additional Evidence and Information" document published alongside the Draft Charging Schedule) that identifies the allowance of £1,220 per unit is a very reasonable allowance and is higher than it could be.</p>

St William (Quod)	We note, in the case of Marian Place Gasworks, the Local Plan Viability Study (2017) using the same methodology, concluded that the site was marginally viable. The new study concludes it is not. It can therefore only be the additional CIL liability (MCIL and LBTH) that has caused this change. As we note above an assessment of the Gasworks part of the site alone, given the constraints, obligations and requirements placed on it by policy would make it not just marginally unviable but very significantly unviable like the other two sites.	The Council notes this comment.
St William (Quod)	In relation to site remediation and land values St. William is also concerned that the approach to site remediation costs and land value does not meet the requirements to provide 'competitive returns to a willing buyer and willing seller' of paragraph 173 of the NPPF. This is particularly important for sites that are owned by a utility company which needs to be appropriately incentivised to bring its land forward for development and can take a long-term view of that. It also has a London-wide and national portfolio of sites and if sites aren't viable is able to prioritise its resources elsewhere. Without a reasonable return there is a significant risk that sites crucial to plan delivery will not be brought forward for development. We are therefore of the view that the approach suggested in paragraph 7.17 is both incorrect and inconsistent with guidance.	<p>The approach to land value is based on EUV+ as recommended by Guidance and accepted by Examiners and Inspectors at CIL and Local Plan Examinations. We have based our analysis of the site areas used for open storage purposes at a rent of £3 per sq ft capitalised at a yield of 7% and allowing for a 20% premium on top of this. We have allowed for significant decontamination costs on the sites of £3.2 million which we understand to be reasonable costs for such sites in London.</p> <p>The testing undertaken has assumed a worst case scenario in our testing in that we have allowed for the full EUV plus a 20% premium of the site as well as the decontamination bill being paid by the developer. In reality a developer is likely to take these costs into consideration in bidding for the site or alternatively the landowner will bear the cost of the decontamination, delivering a clean site to the market and recovering the costs through a higher purchase price than would otherwise have been achieved.</p>
St William (Quod)	It is therefore the view of St. William that, consistent with Guidance and the Council's own evidence, the Council should provide a zero CIL rate for the three Gasworks sites. This would not set a precedent for other sites as the viability study does not identify other sites that are required to provide on-site infrastructure and demonstrate significant viability issues.	<p>The Council takes an evidence based view that development in its borough, including the sites referred to, can afford to pay a CIL to contribute towards the delivery of infrastructure to support development.</p> <p>In terms of the delivery of the infrastructure identified, the Council's assumptions in this regard are clarified in the Additional Evidence and Information document published alongside the Draft Charging Schedule.</p>
St William (Quod)	We note that LBTH has suggested previously, and with the new PDCS, that it would seek to mitigate CIL impacts on strategic sites through the acceptance of in kind contributions of land and infrastructure. St. William is grateful for the Council's constructive approach but regards this as a less effective approach than setting a zero-rate given the legal and technical issues relating to securing and delivering such contributions. St. William notes that in its response to the recent review of CIL in the 2017 Budget the Government proposed to change the restrictions set out in Regulation 123 of the CIL regulations in relation to strategic sites. An announcement on that matter is expected along with the proposed revisions to the National Planning Policy Framework shortly. This may offer a better and more flexible approach to securing contributions from Strategic Sites that are required to provide on-site infrastructure than charging them CIL.	At the time writing, the government has not made any substantive changes on this matter. The Council remains concerned that securing strategic infrastructure requirements through S106 would not meet the requirements of the tests described in CIL Regulation 122.

CIL_PDCS 15	House Builder Consortium (Savills)	<p>It is noted that the viability of delivery that is set out within the BNP Viability Study, is assessed on the basis of any individual scheme delivering affordable housing at a rate of 35%. Though it is acknowledged that draft this is lower than the overall 50% target adopted in the current Local Plan and proposed for the Replacement Local Plan.</p> <p>The proposed change in policy to require a minimum of 35% affordable housing (subject to viability) from individual residential development sites is in accordance with recent GLA guidance but this potentially adds further pressure on the Council to achieve the overall target of 50% affordable housing.</p> <p>In light of this and given the existing under-delivery of both homes generally and affordable housing specifically versus the adopted Development Plan targets when considered against the current CIL Charging Schedule, any proposal to increase the adopted rates must be considered carefully so as not to negatively impact upon the delivery of the Development Plan overall (Ref: NPPF, paragraphs 173 and 174).</p>	<p>The reason the Council has chosen 35% affordable housing as the appropriate level to justify the charging of CIL is because this is the Council's site-by-site affordable housing requirement. 50% is a strategic target. We also note that the Mayor of London has adopted a "Threshold Approach" to viability where schemes can process through the planning application process without providing viability evidence. As such relying on the provision of 50% affordable housing to recommend CIL rates would be artificial and inappropriate.</p>
	House Builder Consortium (Savills)	It is imperative that a CIL rate is not set which could have a negative impact on housing delivery.	<p>The Council notes this comment. It is inevitable that the imposition of any level of CIL will impact the delivery of affordable housing to some degree.</p> <p>The Council considers that the rates proposed strike an appropriate balance between securing funding to deliver infrastructure and the ability to secure affordable housing moving forward.</p>
	House Builder Consortium (Savills)	The approach to viability testing must be grounded on the viability of strategic sites and other developments needed to support the delivery of the housing requirement identified in the adopted Local Plan Strategy and which supports the PDCS.	The Council has undertaken testing of strategic sites as required.
	House Builder Consortium (Savills)	The cost of Section 278 infrastructure is a relevant consideration for the viability evidence.	These costs are incorporated within the wider build costs allowed for.
	House Builder Consortium (Savills)	Gross to Net Assumption: Disagree the Consortium are aware of their own schemes over 25 units which demonstrate a lower gross to net. Further evidence should be provided in this regard.	The Council has provided further evidence in an Additional Evidence and Information Document which demonstrates the Council's assumptions are modest.
	House Builder Consortium (Savills)	Dwelling sizes: Clarification sought as to the inclusion of garages within GIA.	Whilst the Council doesn't necessarily fully understand this question, the Council can confirm it has not allowed for garages within its viability assessments.
	House Builder Consortium (Savills)	Sales Values (Market): No evidence has been provided to justify these rates.	Please refer to the updated Viability Study supporting the Council's Draft Charging Schedule.
	House Builder Consortium (Savills)	<p>Acquisition Costs: Confirmation if the following costs have been assumed should be provided:</p> <p>1.5% Agent's Fee; 0.75% Legal Fee; SDLT at HMRC rate.</p>	Total site acquisition costs of 6.8% have been allowed for which include agents and legal fees and Stamp Duty.

House Builder Consortium (Savills)	MCIL: It is unclear what has been accounted for.	The full rates set out in respect of the Mayor of London's proposed CIL rates have been taken into account in the Viability Study. The Viability Study has been updated to make this fact clearer.
House Builder Consortium (Savills)	Construction programme: Clarification is required.	The updated Viability Study contains timescales for the construction programmes for the typology testing.
House Builder Consortium (Savills)	Sales program: The Consortium are concerned that the sales rates is too high and based on their experience would expect a sales rate of 4-6 units pcm to be a more reasonable assumption.	The Council and advisors considers the sales rate adopted is reasonable. We would welcome evidence of this from the consortium.
House Builder Consortium (Savills)	<p>Typologies: In light of the status of the Local Plan, we highlight that there is no guarantee that schemes similar to the typologies tested will be delivered. We therefore recommend that more typologies to reflect a wider range of scenarios are tested. These should include mixed housing and flatted schemes and more schemes between 5-400 units at varying densities.</p> <p>In addition, given the makeup of the borough, the Consortium would expect to see mixed use developments including within modelling e.g. retail / resi and office space.</p>	<p>In respect of the typology testing undertaken, the Council is confident that its approach is reasonable and robust.</p> <p>Testing mixed use schemes is not appropriate in terms of typology testing. This is because some uses may cross subsidise others, making it difficult to establish what appropriate CIL rates are.</p>
House Builder Consortium (Savills)	<p>Benchmark Land Values: We note that no transactional evidence has been provided to support the Benchmark Land Values adopted by BNP. Furthermore, it is unclear if the BLVs are reflective of all potential sites in the Borough.</p> <p>We would urge that any supporting evidence relied upon by BNP from additional sources is summarised and tabulated within consultation documentation with the source and date of document clearly stated.</p>	The updated Viability Study provides more information on approaches to benchmark land values adopted.
House Builder Consortium (Savills)	Build Costs: The Consortium have a vast amount of experience in delivering a wide range of typologies sizes across the Charging Zones and as such, they are concerned that the build costs assumed are far too low. The Consortium have indicated that flatted schemes of circa 300 units would cost over 10% more than the highest cost assumed. We would ask that BNP undertake additional research to sense check their build cost assumptions against delivered schemes within the Charging Area.	The Council has sought further specialist advice to inform the costs applied in the appraisals that support this rates described in the Draft Charging Schedule. Please refer to the Council's updated Viability Study.
House Builder Consortium (Savills)	<p>S106 financial Contributions: The Council have not published information relating to the extent to which the Council has met its S106 targets.</p> <p>The Council has outlined that the viability appraisals incorporate an assumption of £1,220 per dwelling however there is no evidence provided which supports this assumption. The Consortium are concerned that this assumption on a per unit basis is low and have provided evidence to highlight that additional contributions are also being sought by the GLA.</p> <p>The Consortium would therefore ask for further detail on the anticipated Section 106 contributions to be sought by LBTH to ensure that a realistic figure is included in the viability assessments.</p>	<p>The Council did publish information relating to the extent to which it met its S106 targets. This was incorporated within its "Supporting Evidence and Funding Gap Report".</p> <p>It should be noted that policy requirements will generally be included within build costs.</p> <p>The Council's has undertaken some research (please refer to the "Additional Evidence and Information" document published alongside the Draft Charging Schedule) that identifies the allowance of £1,220 per unit is a very reasonable allowance and is higher than it could be.</p>

House Builder Consortium (Savills)	Abnormal costs: Abnormal costs capture the impact of additional development costs such as archaeological investigation, water diversion, ground remodelling and stabilisation and pumping stations, which may be required on both Brownfield and Greenfield sites. BNP make no allowance for these works within the Viability Appraisal. We therefore urge that an appropriate allowance is modelled either within a combined cost per dwelling for infrastructure or as a standalone development cost.	Abnormal costs such as remediation and decontamination, archaeological investigation, water diversion, ground remodelling and stabilisation and pumping stations understandably vary from site to site in terms of scale and actual requirement for such expenditure. This cannot be taken account of in such a study when such costs are so site specific. The buffer from the maximum rate of CIL that could be charged is considered to be reasonable to allow for such abnormal costs. Additionally we note that a similar point was raised in Bristol (a City with a range of Brownfield sites being redeveloped) and the Examiner concluded that it was not acceptable to burden all sites in viability testing with what would be a worst case scenario of abnormal costs.
House Builder Consortium (Savills)	Contingency: Whilst a 5% contingency has been allowed within the generic modelling, it has been calculated against the sum of the construction costs. No contingency has been assumed for other development costs such as fees, servicing and infrastructure. We would strongly disagree with this approach and advocate that a 5% contingency is applied to wider development costs, inclusive of infrastructure.	BNPPRE's appraisals model professional fees on construction costs, externals and other additional costs as well as the 5% contingency allowance, which is calculated on the aforementioned construction costs, externals and other additional costs allowed for.
House Builder Consortium (Savills)	Research carried out by Savills and the House Builders' Federation indicates that the minimum profit level used within viability testing should be the minimum KPIs (the hurdle rates) indicating a Site Level Net Margin of 20% - 25% on GDV, blended across all tenures, subject to also achieving a minimum site level hurdle rate of 25% Return on Capital Employed (ROCE). We would advocate than a minimum allowance of between 20-25% of Gross Development Value is assumed. This range is reflective of the complexity of the project, scale and embedded sales risk and we consider this to be reasonable in the current market conditions for previously developed land.	The profit allowance made is reflective of the vast majority of schemes that seek planning permission in Tower Hamlets. These levels were also deemed acceptable in respect of the Council's adopted CIL Charging Schedule. The Council also notes that recently published Planning Practice Guidance expresses that between 15 and 20% return on GDV is likely to be an acceptable level on market tenure residential development.

House Builder Consortium (Savills)	<p>Interpretation of results: It is clear that a number of the typologies across the three charging zones when the four BLVs are applied, are unviable.</p> <p>The Consortium have fundamental concerns with this approach which essential renders the majority of the policy compliant appraisals obsolete. This is particularly concerning in light of incorrect value assumptions being applied within the viability analysis.</p> <p>By only analysing the results of those scheme showing viability to propose rates across the entire borough will only consider those sites falling within the lower value BLV3 and BLV4 categories. In reality, sites will be delivered in the BLV1 and BLV2 categories.</p> <p>Furthermore, as included within Appendix 1 of the BNP Viability Study, all of the results across all four BLVs for typologies 6-9 show no viability across all values zones when modelled at the policy level 50% affordable housing.</p>	<p>As identified in the Viability Study supporting the PDCS, in assessing the results it is important to clearly distinguish between two scenarios; namely, schemes that are unviable regardless of the level of CIL (including a nil rate) and schemes that are viable prior to the imposition of CIL at certain levels. If a scheme is unviable before CIL is levied, it is unlikely to come forward and CIL would not be a critical factor. We have therefore disregarded the 'unviable' schemes in recommending an appropriate level of CIL. The unviable schemes will only become viable following a degree of real house price inflation, or in the event that the Council agrees to a lower level of affordable housing in the short term. However, as shown by the sensitivity analyses (which reduce affordable housing to 40%, 30% and 20%) even a reduction in affordable housing does not always remedy viability issues. In these situations, it is not the presence or absence of planning obligations that is the primary viability driver – it is simply that the value generated by residential development is lower than some existing use values. In these situations, sites would remain in their existing use.</p> <p>The Council has undertaken some further work to identify against what benchmarks that development has historically come forward against. the results of this exercise which is described in detail the Additional Evidence and Information Document published alongside the Council's Draft Charging Schedule shows that nearly all planning applications permitted over the past few years have uses on them that are most similar to either benchmark 3 or 4.</p>
House Builder Consortium (Savills)	<p>Buffer: Upon calculation of the maximum borough CIL across the typologies and value zones, bearing in mind the unviable results were discounted, a buffer of 25% was applied to calculate the proposed updated CIL rates.</p> <p>The Consortium are concerned that this is not a sufficient buffer in light of the status of the emerging Local Plan and therefore the inability to be certain on the nature of the sites to be delivered over the plan period. We would therefore strongly recommend that a minimum viability cushion of 50% should be adopted.</p>	The Council considers the buffer allowed for is appropriate and in line with buffers allowed for by other Charging Authorities.
House Builder Consortium (Savills)	Boundaries: The Consortium are concerned that insufficient evidence has been undertaken in order to justify the change in zone boundaries and the differential rates.	The Council disagrees with this contention, fine grained consideration of sales values and boundary locations has occurred. In addition, a range of different scheme typologies have been tested.

	House Builder Consortium (Savills)	Relief: We suggest that Tower Hamlets clearly sets out whether the discretionary Social Housing, Exceptional Circumstances and Discretionary Charitable Relief are available from the adoption of the updated CIL Charging Schedule.	The Council notes that this is not a requirement attached to the adoption of a Charging Schedule. The Council has never allowed claims for exceptional circumstances relief or the types of discretionary relief set out in the representation.
	House Builder Consortium (Savills)	Instalments Policy: The Consortium suggests the instalments proposed reflect the length of the permission granted, with equal instalments due annually post commencement of development. For example, if the permission has a time limit requiring commencement within 5 years, 20% of the CIL tariff should be due annually for the 5 consecutive years post commencement. This is particularly applicable to those permissions with CIL liabilities over £500,001.	The Council is content with its new approach to an Instalments Policy and has no immediate plans to change it.
	House Builder Consortium (Savills)	Payment in kind: The scope to reduce the CIL liability via utilisation of Payment in Kind is restricted to those items of infrastructure which are not required to mitigate the impact of a development, which for large sites would exclude most (if not all) site-specific and 'scheme specific' infrastructure. Payment in Kind is therefore not a credible option, which further emphasises the need to ensure that the Regulation 123 List does not include any items of infrastructure intended to be delivered through Section 106 agreements.	The Council is concerned that securing the strategic infrastructure requirements from the Council's allocated sites through S106 would not meet the requirements of the tests described in CIL Regulation 122.
CIL_PDCS 16	Berkeley Group (Quod)	We note that LBTH has suggested previously, and with the new PDCS, that it would seek to mitigate CIL impacts on strategic sites through the acceptance of in kind contributions of land and infrastructure. Berkeley Group is grateful for the Council's constructive approach but regards this as less effective than setting a zero rate given the legal and technical issues relating to securing and delivering such contributions.	The Council is concerned that securing the strategic infrastructure requirements from the Council's allocated sites through S106 would not meet the requirements of the tests described in CIL Regulation 122.
	Berkeley Group (Quod)	We would note, in the case of London Dock that although the site has commenced it is a phased development that will be completed over a number of years and that changes to the current permission, either through Section 73 applications or new applications could be liable for the new LBTH CIL, in the latter case in full. The Council has provided no evidence on this site to suggest that the zero rating should be removed and Berkeley would submit that the current designation should be maintained.	The Council takes the evidence based view that development in its borough, including London Dock, can afford to pay a CIL to contribute towards the delivery of infrastructure to support development.
	Berkeley Group (Quod)	It is therefore the view of the Berkeley Group that the Council should retain the zero rating for London Dock, and also, based on its own evidence, extend that to the Gasworks sites. This would be consistent with Government guidance and the Council's own evidence base. It would not undermine the delivery of infrastructure to support development in the Borough, in fact the opposite, it will help those sites come forward to deliver items of strategic infrastructure which have been allocated in the new Draft Local Plan. Further, it would only apply to the small number of sites with evidenced viability issues from LBTH's own evidence base.	The Council takes the evidence based view that development in its borough, including the sites referred to, can afford to pay a CIL to contribute towards the delivery of infrastructure to support development. In terms of the delivery of the infrastructure identified, the Council's assumptions in this regard are clarified in the Additional Evidence and Information document published alongside the Draft Charging Schedule.

	Berkeley Group (Quod)	<p>Four large allocated sites have a zero CIL charge for all uses, including one in which Berkeley has an interest, London Dock. Tower Hamlets council had intended to charge standard CIL rates for the relevant zones for those sites. However, based on evidence provided at the Examination of the Draft Charging Schedule the Examiner concluded that they should be zero rated.</p> <p>The conclusions on this matter are set out in paragraphs 63 to 86 of this report but it is worth re-stating some of the key principles:</p> <ul style="list-style-type: none"> • A minimum IRR of 20% was a reasonable benchmark for whether sites would be brought forward (para 68); • That although CIL requirements would be a relatively low proportion of development costs, what was important was that it would still have a material impact on returns and therefore viability (para 74); • Those sites for which evidence was presented should have a zero CIL rate, this didn't extend to all strategic sites but did to those where evidence was available and presented (para 76) • The delivery of individual strategic sites should be considered when striking 'the appropriate balance', i.e. they are material to the delivery of the Local Plan when considering the statutory tests for CIL setting (paras 78 and 79) <p>There is no reason for any of those principles to have changed since that examination and as we have noted above the cumulative requirement placed on developments, and sites, in the Borough is proposed to be increased through the Draft New Local Plan, the Draft New London Plan and through the Mayor of London's proposed increases to his CIL rates.</p>	The Council's updated Viability Study describes that Tower Hamlets has seen significant changes in economic circumstances since the evidence supporting the adopted Charging Schedule was collected. New evidence has been gathered and used to form appraisals based on appropriate available evidence. These appraisals indicate that strategic sites can accommodate CIL charges.
CIL_PDCS 17	One Housing group (Quod)	The main change on the Isle of Dogs is that Zones 2 and 3 have been merged, at the proposed higher rate (Zone 2). The Viability Study accompanying the PDCS does not provide any explanation of the revisions to these zones or the detailed drawing of the boundary line. Paragraphs 4.4 to 4.6 seem to imply it is based on development values but this is not explicit and simply lists broad value assumptions by zone, covering wide parts of the Borough. There appears to be no commentary or plotting of values against boundaries in the supporting maps.	The merging of the zones in the southern section of the Isle of Dogs has been done to reflect similarities in viability characteristics across this section of the Isle of Dogs.
	One Housing group (Quod)	The precise boundary between the east and west of the Isle of Dogs has been revised to, it would appear, take account of the social housing estates around Eastferry Road, including them in the lower charging Zone (now Zone 2, previously Zone 3) although the benefit of this has been significantly reduced by the very significant increase in proposed rate: from £35 to £180. Nevertheless, it was a suggestion made by One Housing in response to the consultation on the adopted Charging Schedule and is therefore welcomed.	Noted.

One Housing group (Quod)	<p>The proposed CIL rates could have very significant effects on the ability to bring forward such options due to the specific costs associated with Estate Regeneration projects, a point reinforced by the policies in the Draft Local Plan, Draft New London Plan, and the Mayor of London's Best Practice Guide on Estate Regeneration. Policy requirements include:</p> <ul style="list-style-type: none"> • Policy DH2 (5) & (6) of the New Draft Local Plan which sets out the criteria for assessing estate regeneration proposals (noted at Paragraph 2.44 of the Viability Study); • Policy H10 of the Draft New London Plan; • Various elements of the Best Practice Guidance including the approach on offers to existing tenants, leaseholders and freeholders. <p>One Housing recognises that it is difficult for the Council to consider the viability issues relating to such obligations in the absence of any clear proposals. As noted above, One Housing is working with residents to consider the potential for proposals including viability and deliverability issues. Should this result in proposals which have the support of residents, One Housing would be keen to engage with the Council to consider CIL implications at that point. Ideally this would be before the Draft Charging Schedule is published to allow time to consider revisions if necessary.</p>	The Council would welcome engagement to discuss Estate Regeneration and CIL matters.
CIL_PDCS 18	<p>UKI Shoreditch and UKI Fleet Street Hill (DP9)</p> <p>The PDCS has been published at a time when a number of other related policy documents are also in differing stages of preparation and consultation. The NPPG states that charging authorities should consider linking a review of their charging schedule to any substantive review of the evidence base for the relevant Plan (i.e. documents comprising the Development Plan). There are clear advantages in coordinating the review of all documents to inform the PDCS. In particular, we note that the Council's Draft Local Plan (October 2017) is at an advanced stage of review (Regulation 19 consultation having recently completed) and the new draft London Plan (December 2017) is currently the subject of consultation. The evidence base supporting the draft London Plan identifies a range of new policies that will result in additional costs to developers in London. It would appear that the cumulative impact of the additional costs proposed within the draft London Plan have not been considered in the Community Infrastructure Levy Review (CILR), and this should be a material consideration in assessing the viability of sites across the Charging Authority area.</p>	The CIL Viability Study has been based on policies in the Council's emerging Local Plan. The Council's emerging Local Plan has been formed to be consistent with the new draft London Plan. The Council considers that the Viability Study does take account of the cumulative policies of relevant material considerations.
UKI Shoreditch and UKI Fleet Street Hill (DP9)	We also note that the Mayor of London has recently completed a second round of consultation on his proposed 'MCIL2' where an increase to the LBTH CIL rate from £35 per sqm to £60 per sqm is proposed for residential developments. The BNP Viability report (September 2017) was prepared prior to the publication of these various documents and therefore does not appear to take these into consideration.	The full rates set out in respect of the Mayor of London's proposed CIL rates have been taken into account in the Viability Study. The Viability Study has been updated to make this fact clearer.

<p>UKI Shoreditch and UKI Fleet Street Hill (DP9)</p>	<p>It is questioned whether the viability work supporting the PDCS has not taken into account the full cumulative costs on development of all policies set out in the draft Local Plan, draft London Plan and draft MCIL2. We are conscious that costs associated with the provision of affordable housing, reduction in carbon emissions, affordable work space, urban greening, low cost business space, affordable retail units and social infrastructure are applicable to many planning applications and any increase in costs such as these by way of changes in policy should be taken into account as part of the viability assessment associated with the CILR.</p>	<p>The policy costs allowed for are based on the emerging Local Plan which are understood to be in accordance with the London Plan policies and in this regard we consider that the cumulative impact of planning policies has been appropriately addressed.</p>
<p>UKI Shoreditch and UKI Fleet Street Hill (DP9)</p>	<p>Our client would argue that market conditions, and delivery of developments is as challenging commercially as any time over the last decade. Significant construction cost increases combined with a very challenging sales environment (caused in part by Brexit), and limited development funding opportunities are constraining the delivery of sites. As such, an increase in CIL rates is considered to decrease the viability of developments and we therefore do not support the findings of the BNP Viability Study. The three-fold increase in residential rates within CIL Zone 2 are therefore unjustified.</p>	<p>The Council notes the comments around there being a challenging economic environment.</p> <p>The Council has undertaken new appraisal work to support its rates proposed in its Draft Charging Schedule. The new appraisal work is based upon up to date evidence.</p>
<p>UKI Shoreditch and UKI Fleet Street Hill (DP9)</p>	<p>Section 3.18 (Viability Benchmark) of the Viability Study, makes reference to the 'market testing' of benchmark land values and highlights that testing against market value is highly unreliable. We would not wholly disagree, however there is insufficient testing of the benchmark land values in the CILR. The Lord Harman report 'Viability Testing of Local Plans' prefers to use a CUV based approach to benchmark land values however states on page 19 'Reference to market values can still provide a useful 'sense check' on the threshold values that are being used in the model (making use of cost-effective sources of local information), but it is not recommended that these are used as the basis for the input to a model'. The PPG, in relation to area-wide viability testing also states at paragraph 14 that 'site value should be informed by comparable, market-based evidence wherever possible. Where transacted bids are significantly above the market norm, they should not be used as part of this exercise'. Failure to do so potentially artificially deflates the cost of land to an unrealistic level and one at which sites may not be delivered. This in turn, puts the delivery of development sites and the subsequent delivery of the objectives of the Development Plan, at risk.</p>	<p>An EUV + approach to benchmark land values has been adopted. This has been accepted as a reasonable approach to assessing viability and in particular policy testing by numerous Examiners and Inspectors for CIL Charging Schedules and Local Plan testing.</p> <p>As identified in the Viability Study supporting the Preliminary Draft Charging Schedule, we have significant concerns as to the use of site purchase prices/market values and in particular set out why we consider these to be unreliable as follows:</p> <p>"3.18 Commentators also make reference to "market testing" of benchmark land values. This is another variant of the benchmarking advocated by respondents outlined at paragraph 3.13. These respondents advocate using benchmarks that are based on the prices that sites have been bought and sold for. There are significant weaknesses in this approach which none of the respondents who advocate this have addressed. In brief, prices paid for sites are a highly unreliable indicator of their actual value, due to the following reasons:</p> <ul style="list-style-type: none"> ■ Transactions are often based on bids that 'take a view' on squeezing planning policy requirements below target levels. This results in prices paid being too high to allow for policy targets to be met. If these transactions are used to 'market test' CIL rates, the outcome would be unreliable and potentially highly misleading. ■ Historic transactions of housing sites are often based on the receipt of grant funding, which is no longer available. ■ There would be a need to determine whether the developer who built out the comparator sites actually achieved a profit at the equivalent level to the profit adopted in the viability testing. If the developer achieved a sub-optimal level of profit, then any benchmarking using these transactions would produce unreliable and misleading results. Developers often build assumptions of growth in sales values into their appraisals, which provides a higher gross development value than would actually be

			<p>achieved today. Given that our appraisals are based on current values, using prices paid would result in an inconsistent comparison (i.e. current values against the developer's assumed future values). Using these transactions would produce unreliable and misleading results.</p> <p>3.19 These issues are evident from a recent BNP Paribas Real Estate review of the differences between the value ascribed to developments by applicants and the amounts the sites were purchased for by the same parties. The prices paid exceeded the value of the consented schemes by between 52% and 18,000%."</p>
	UKI Shoreditch and UKI Fleet Street Hill (DP9)	The CILR contains only nine scenarios below those sites deemed to be strategic, six of which relate to 50 units or less. The appraisals should test a wider range of development sites which should be spread across the Borough and be of varying sizes in order to present a more representative outcome. We would request more comprehensive testing of sites in this regard.	In respect of the typology testing undertaken, the Council is Confident that its approach is reasonable and robust.
	UKI Shoreditch and UKI Fleet Street Hill (DP9)	Further clarification is required in relation to the assumed timeframes for construction associated with each of the scenarios presented as part of the appraisals, and additional evidence in relation to build costs should be provided as the rates currently presented are low when compared to current tender prices. It is not clear whether the BCIS rates have been sense checked against submitted viability assessments on projects of similar sizes and this is a key concern in the analysis.	<p>The updated Viability Study contains timescales for the construction programmes for the typology testing.</p> <p>Viability appraisals undertaken have been updated, including in respect of build costs.</p>
	UKI Shoreditch and UKI Fleet Street Hill (DP9)	In respect of the development efficiencies, the appraisals assume 35% on-site affordable housing. Given the need to provide separate entrances and cores for social rented housing, the proposed efficiencies on the smaller schemes appear very optimistic and clarification is required as to whether the delivery of on-site affordable housing and its impact on efficiency where there is only one building, has been considered.	The Council has provided further evidence in an Additional Evidence and Information Document which demonstrates the Council's assumptions are modest.

	UKI Shoreditch and UKI Fleet Street Hill (DP9)	In the current market, 3% for residential marketing and agent's fees is not reflective of the market and is generally insufficient to achieve the values and sales rates that are incorporated into the appraisals.	In BNP Paribas Real Estate's experience, 3.5% is a reasonable allowance for marketing, agent's and legal fees.
	UKI Shoreditch and UKI Fleet Street Hill (DP9)	The weighted return, comprising 20% on GDV for private residential and 6% for affordable, is not reflective of the market requirements, particularly on schemes that are modelled with 35% affordable housing. No analysis is provided for example, of the major PLC's target rate of returns for speculative development, which must be a key consideration in the effective 'market' rate.	<p>The profit allowance made is reflective of the vast majority of schemes that seek planning permission in Tower Hamlets. These levels were also deemed acceptable in respect of the Council's adopted CIL Charging Schedule.</p> <p>The Council also notes that recently published Planning Practice Guidance expresses that between 15 and 20% return on GDV is likely to be an acceptable level on market tenure residential development.</p>
	UKI Shoreditch and UKI Fleet Street Hill (DP9)	Finally, no actual appraisals are provided and these are required in order to effectively analyse the appraisal work that has been collated.	The Council and its consultants are considering its position with regards to the publication of Argus Appraisals

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**Community Infrastructure Levy (CIL)
Payment In Kind and Infrastructure Payments
Policy**

xxDatexx

1. In accordance with Regulation 73, 73A, 73B and 74 of the Community Infrastructure Levy Regulations (2010) as amended, the London Borough of Tower Hamlets Council as the Charging Authority for the area hereby gives notice that the Council is offering the payment of CIL by way of the transfer of land to the Council, or by infrastructure payments.
2. This policy is effective from the day the London Borough of Tower Hamlets CIL Charging Schedule comes into effect on 01/04/2015.
3. The CIL Regulations 2010 (as amended) allow the Council to accept full or part payment of CIL liability by way of transfer of land to the Council. The Council may also enter into agreements in writing (subject to the criteria in Regulation 73A) to receive infrastructure payments, before the chargeable development is commenced¹. The infrastructure to be provided must be related to the provision of the types of projects listed in the Council's Regulation 123 list.
4. The Council is not obliged to accept any offer of payment in kind by land or infrastructure.
5. Please see the Community Infrastructure Levy Regulations 2010 (as amended), for the full details relating to payment in kind.

¹ See Regulation 7 of the CIL Regulations (2010) as amended for "Commencement of Development".



**Community Infrastructure Levy (CIL)
Charging Schedule Explanatory Notes**

xxDatexx

1. Relief from Payment of CIL

- 1.1 The following types of development will usually be exempt from CIL and can apply for relief from the payment of the London Borough of Tower Hamlets' CIL:
- Dwellings let by registered providers of social housing, in accordance with the specific provisions of Regulation 49 of the CIL Regulations (2010) (as amended).
 - Charities where the development will be used wholly, or mainly, for charitable purposes (regulation 43 of the CIL Regulations 2010 (as amended)).
- 1.2 Under sections 55 to 58 of the CIL Regulations 2010 (as amended), the Council has the option to provide discretionary relief in 'exceptional circumstances'.

2. Payment by Instalments

- 2.1 Regulation 69b and 70 of the CIL Regulations 2010 (as amended) provides options for a Charging Authority to adopt an instalment policy, which will allow developers/liable parties to pay for the levy by instalments.
- 2.2 The Council, from the 1st January 2018 has adopted a new Instalments Policy that will apply in respect of both the London Mayor's and the Tower Hamlets Local CIL. It allows payment for developments with a CIL liability of more than £100,000 to be made in two instalments. The Council will keep this policy under review.

3. Relationship with Planning Obligations

- 3.1 The Council's Planning Obligations Supplementary Planning Document sets out the Council's approach to planning obligations. The Council has an adopted Regulation 123 List which sets out the types of infrastructure on which the Council intends to spend its CIL and therefore for which planning obligations will not be sought.

4. Monitoring and Administration


- 4.1 The London Borough of Tower Hamlets will retain 5% of CIL charges for monitoring and administrative purposes in accordance with the CIL Regulations 2010 (as amended).

5. Reporting and Review

- 5.1 Regulation 62 of the CIL Regulations 2010 (as amended) requires the Charging Authority to publish annual reports for each financial year.
- 5.2 The Council will keep the operation of the CIL and the position regarding the funding and economic viability evidence under continual review and, where necessary, will seek to renew the Charging Schedule in accordance with relevant Government guidance and legislation.

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EQUALITY ANALYSIS QUALITY ASSURANCE CHECKLIST

<p>Name of 'proposal' and how has it been implemented (proposal can be a policy, service, function, strategy, project, procedure, restructure/savings proposal)</p>	<p>The Implementation of a New Community Infrastructure Levy (CIL) Charging Schedule</p> <p>The London Borough of Tower Hamlets is a Charging Authority for the purposes of Part 11 of the Planning Act 2008 and may therefore charge the Community Infrastructure Levy (CIL) in respect of development in Tower Hamlets.</p> <p>The proposal relates to undertaking consultations and going through the process of adopting a new Charging Schedule which will set new rates for the Council's Charging Schedule.</p> <p>Approval to consult will be sought from the Mayor in Cabinet and a subsequent approval to adopt will be referred to Full Council for approval.</p>
<p>Directorate / Service</p>	<p>Place</p>
<p>Lead Officer</p>	<p>Joseph Ward</p>
<p>Signed Off By (inc date)</p>	<p>Joseph Ward, 20/10/2017</p>
<p>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)</p>	<p>Example</p> <p> Proceed with implementation</p> <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>

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 proposals relate to approvals to consult on and submit for examination a new local Community Infrastructure Levy Charging Schedule which will help the Council raise funding to deliver infrastructure.
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	The proposals will provide residents with an opportunity to comment on the Council's proposals with regards to a new CIL Charging Schedule. The equality profile of residents is available from the Census or GLA population data/projects.
2	Monitoring / Collecting Evidence / Data and Consultation		
a	Is there reliable qualitative and quantitative data to support claims made about impacts?	Yes	It is not envisaged that the new Charging Schedule will have any unequal impacts on the nine protected groups. The new Charging Schedule will be the subject of two consultations prior to adoption. This will ensure that the public have an opportunity to comment prior to adoption.
	Is there sufficient evidence of local/regional/national research that can inform the analysis?	Yes	The equality profile of residents is available from the Census or GLA population data/projects.
b	Has a reasonable attempt been made to ensure relevant knowledge and expertise (people, teams and partners) have been involved in the analysis?	Yes	The CIL rates have been formed in collaboration with other teams in the Council in a way that will have reasonably accounted for any equalities issues.
c	Is there clear evidence of consultation with stakeholders and users from groups affected by the proposal?	Yes	The proposal relates to carrying out consultations, so this will occur in due course.
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	It is not envisaged that the proposals will have any unequal impacts on the nine protected groups.
b	Is there a clear understanding of the way in which proposals applied in the same way can have unequal	Yes	It is not envisaged that the proposals will have any unequal impacts on the nine protected groups.

	impact on different groups?		
4	Mitigation and Improvement Action Plan		
a	Is there an agreed action plan?	Yes	Not required.
b	Have alternative options been explored	Yes	Not required, the alternative option would be to not adopt a new Charging Schedule.
5	Quality Assurance and Monitoring		
a	Are there arrangements in place to review or audit the implementation of the proposal?	Yes	Following the consultations, if appropriate, the proposals will be referred to Full council for approval to adopt.
b	Is it clear how the progress will be monitored to track impact across the protected characteristics??	Yes	Equalities matters will be considered in any report for adoption. If appropriate, a plan will be formed to track any impacts across protected characteristics at that time.
6	Reporting Outcomes and Action Plan		
a	Does the executive summary contain sufficient information on the key findings arising from the assessment?	Yes	Yes

Appendix A - Equality Assessment Criteria

Decision	Action	Risk
As a result of performing the QA checklist, it is evident that due regard is not evidenced in the proposal and / or a risk of discrimination exists (direct, indirect, unintentional or otherwise) to one or more of the nine groups of people who share <i>Protected Characteristics</i> . It is recommended that the proposal be suspended until further work or analysis is performed – via a the Full Equality Analysis template	Suspend – Further Work Required	Red: 
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.	Proceed with implementation	Green: 

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APPENDIX FOURTEEN: 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)	Additional Licensing of the Private Rented Housing Sector
Directorate / Service	Place/ Public Realm
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: green; margin-right: 10px;"></div> <div>Proceed with implementation</div> </div> <p>As a result of performing the QA checklist, the policy 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>As the report identifies, equalities considerations will be reviewed as the project progresses.</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	This report considers the outcome of the consultation process undertaken for 12 weeks from 1st March 2018 on the possible for the introduction of a HMO licensing scheme for

			<p>the private rented sector. Cabinet is asked to:</p> <p>Note the results of the consultation undertaken in relation to the proposed Additional Licensing Scheme as summarised in the report.</p> <p>Designate all wards in the Borough as subject to Additional Licensing under section 56(1) of the Housing Act 2004 in relation to smaller multiple-occupied premises occupied by three or more persons in two or more households where some or all the facilities are shared. Such designation to take effect from 1st April 2019 and to last for five years, however, excluding the current area subject to a Selective Licensing Scheme.</p> <p>Agree the fee structure for the Additional Licensing Scheme as set out.</p> <p>Agree that the Additional Licensing Scheme licence conditions, fit and proper person protocol and amenity standards as detailed. The amenity standards will also apply to the existing Mandatory licensed Houses in Multi-occupied and Selective Licensing Scheme from the 1st January 2019 and to the Additional Licensing Scheme from 1st April 2019.</p> <p>Agree to delegate to the Corporate Director of Place to issue the required statutory notifications in relation to the commencement of the Additional Licensing Scheme designation.</p> <p>To agree that no further exemptions to the scheme should be considered in addition to the statutory exemptions.</p>
b	Is it clear who will be or is likely to be affected by what is being proposed (inc service users and staff)? Is	Yes	If the proposal is agreed and implemented, residents/tenants and landlords of the Additional Licensing Area will be

	there information about the equality profile of those affected?		affected.
2	Monitoring / Collecting Evidence / Data and Consultation		
a	Is there reliable qualitative and quantitative data to support claims made about impacts?	Yes	Yes, from the Mayhew and Harper report, approximately 9000 properties
	Is there sufficient evidence of local/regional/national research that can inform the analysis?	Yes	The service conducted a consultation from 1st March 2018 for 12 weeks.
b	Has a reasonable attempt been made to ensure relevant knowledge and expertise (people, teams and partners) have been involved in the analysis?	Yes	The extensive consultation was undertaken.
c	Is there clear evidence of consultation with stakeholders and users from groups affected by the proposal?	Yes	The consultation consisted of information about the scheme being placed on line, accompanied with an on-line questionnaire, public meetings, landlords, managing agents, adverts placed in local and neighbouring Boroughs newspapers and direct letters to landlord and tenant groups and neighbouring local authorities. The online questionnaire was aimed at three distinct groups; landlords/managing agents/agent – tenants/residents – businesses or service providers.
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	The support for licensing across the wards was neutral
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	Yes – on those that rent within the HMO sector and relevant landlords and managing agents
4	Mitigation and Improvement Action Plan		
a	Is there an agreed action plan?	Yes	The report identifies steps following the approval of a designation
b	Have alternative options been explored	Yes	See 'Options' in the report.
5	Quality Assurance and Monitoring		
a	Are there arrangements in place to review or audit the	Yes	Once the scheme is implemented, it will be monitored and

	implementation of the proposal?		reviewed.
b	Is it clear how the progress will be monitored to track impact across the protected characteristics??	Yes	The scheme will be reviewed.
6	Reporting Outcomes and Action Plan		
a	Does the executive summary contain sufficient information on the key findings arising from the assessment?	Yes	Yes

Equality Assessment Criteria

Decision	Action	Risk
As a result of performing the QA checklist, it is evident that due regard is not evidenced in the proposal and / or a risk of discrimination exists (direct, indirect, unintentional or otherwise) to one or more of the nine groups of people who share <i>Protected Characteristics</i> . It is recommended that the proposal be suspended until further work or analysis is performed – via a the Full Equality Analysis template	Suspend – Further Work Required	Red 
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	Proceed with implementation	Green: 

actions are recommended at this stage.		
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<p>Cabinet</p> <p>31 October 2018</p>	 <p>TOWER HAMLETS</p>
<p>Report of: Ann Sutcliffe, Acting Corporate Director, Place</p>	<p>Classification: Unrestricted</p>
<p>Fire Safety Scrutiny Review Action Plan</p>	

Lead Member	Councillor Sirajul Islam, Statutory Deputy Mayor and Cabinet Member for Housing
Lead Officer(s)	Mark Baigent, Interim Divisional Director – Housing and Regeneration (Place)
Wards affected	All Wards
Key Decision?	No
Community Plan Themes	A Great Place to Live

Executive Summary

This report submits an action plan in response to the recommendations of the Housing Scrutiny Sub-Committee’s scrutiny review of Fire Safety in high rises in Tower Hamlets.

Recommendations:

The Mayor in Cabinet is recommended to:

1. Note the report and recommendations of the Scrutiny Review Challenge Session on Fire Safety as set out in Appendix 1.
2. Approve the action plan in Appendix 2 which sets out the Council’s response to the recommendations of the Scrutiny Review.
3. Note the specific equalities considerations as set out in Paragraph 4.

1. REASONS FOR THE DECISIONS

- 1.1 The Council’s constitution requires the Executive to respond to recommendations from the scrutiny sub-committees. The action plan within this report outlines the Executive response to the fourteen recommendations from the Scrutiny Review on Fire Safety.

2. ALTERNATIVE OPTIONS

- 2.1 To take no action. This is not recommended as the report outlines work undertaken by Councillors and officers to identify areas of improvement. Further, the actions are strategic, measurable and attainable and a timetable for delivering the recommendations has been agreed by the Directorate and is attached in appendix 2.

3. DETAILS OF REPORT

- 3.1 As part of its work programme for 2017/18, the Housing Scrutiny Sub-committee carried out a scrutiny review on fire safety in high rises in Tower Hamlets (Scrutiny Review), which was led by Councillor Helal Uddin (then Chair of the Housing Scrutiny Sub-committee and Scrutiny Lead for Place). The Scrutiny Review took the form of one scoping meeting and four evidence gathering sessions (3 meetings and 1 call for written submissions).
- 3.2 The Scrutiny Review was prompted by the Grenfell Tower fire on 14 June 2017 in the London Borough of Kensington and Chelsea, which caused devastating loss of lives and homes. The Grenfell Tower fire was a tragic reminder of the importance of fire safety in residential high rise buildings and deemed particularly relevant for the London Borough of Tower Hamlets (Tower Hamlets), which has a significant number of tall buildings in London and some of the tallest residential buildings planned to be developed.
- 3.3 The Scrutiny Review aimed to drive improvement in fire safety policies, practices and compliance in existing and new developments; clarify roles and responsibilities across publicly and privately owned high rise buildings and amplify the voice and concerns of residents. The four main areas of focus for the Scrutiny Review were:
- Roles, Responsibilities and compliance throughout the lifecycle of the building.
 - Fire Safety Prevention
 - Emergency Responses
 - Resident Engagement
- 3.4 The Housing Scrutiny Sub-Committee agreed that the Review would focus on high rise residential buildings (above 18 metres high) and focus on residential, as opposed to commercial, premises.
- 3.5 The Scrutiny Review was carried out in the context of a number of ongoing national inquiries and reviews into fire safety.
- 3.6 The Scrutiny Review Report at Appendix 1 sets out a summary of issues from the evidence gathering sessions and 14 recommendations arising from these.

- 3.7 Appendix 2 sets out an action plan to implement the recommendations. Ten recommendations (1 to 3; 5 to 6; 9 and 10 to 13) have been accepted in full. One recommendation (7) has not been accepted on the basis that it is not the Council's responsibility to hold emergency contact details. Three recommendations (4, 8 and 14) have been accepted in part. Recommendation 4, relating to Fire Risk Assessment dashboards, has been limited to apply to Tower Hamlets Homes only. Recommendation 8 to engage private providers by developing a forum to share best practice has been limited to prioritise large private rented sector providers. Recommendation 14, relating to a feasibility study of automatic fire suppression systems in high rises and prioritising vulnerable residents and high risk buildings, has been limited to the Council's housing stock.

4. EQUALITIES IMPLICATIONS

- 4.1 The Public Sector Equality Duty (as set out in the Equality Act 2010) aims to embed equality considerations into the day to day work of public bodies, so that they tackle discrimination and inequality and contribute to making society fairer.
- 4.2 The actions set out in this review seek to implement recommendations on key equality considerations, including reflecting the diversity of the borough by developing communication materials in key languages spoken in the borough; improving transparency and clarity of fire risk assessments through exploring introducing a clear user-friendly dashboard; considering best practice models to engage disabled residents; promoting the need for Landlords to assist vulnerable residents (including residents with hoarding issues or who require assistance in evacuating), reviewing existing services for personalised emergency evacuation plans and prioritising remedial works or adaptations to facilitate safe evacuation.

5. OTHER STATUTORY IMPLICATIONS

- 5.1 This section of the report is used to highlight further specific statutory implications that are either not covered in the main body of the report or are required to be highlighted to ensure decision makers give them proper consideration. Examples of other implications may be:
- Best Value Implications,
 - Consultations,
 - Environmental (including air quality),
 - Risk Management,
 - Crime Reduction,
 - Safeguarding.
- 5.2 The recommendations in scrutiny review are made as part of the Housing Scrutiny Sub-Committee's role in helping to secure continuous improvement for the Council, as required under its Best Value duty.

- 5.3 There are no direct environmental implications arising from the report or recommendations.
- 5.4 The recommendations of the Scrutiny Review are based on areas of risk and for improvement for the Council and its partners and the actions seek to address these.
- 5.5 There are no direct crime and disorder reduction implications arising from the report or recommendations.

6. COMMENTS OF THE CHIEF FINANCE OFFICER

- 6.1 This report provides an update for the Mayor in Cabinet on the review of Fire Safety that has been undertaken by the Housing Scrutiny Sub-Committee and seeks approval for the adoption of the action plan that has been prepared to meet the recommendations arising from the review. The financial implications of the action plan, will need to be assessed and considered as part of the Council's Medium Term Financial Strategy. Efforts to secure central government funding will also need to continue to minimise the impact on local taxpayers and tenants.
- 6.2 The Scrutiny Report proposes fourteen recommendations providing a range of actions across the Council. The review covers all stock within the borough, both private and public sector.

Registered Providers of Social Housing and Private Sector

- 6.3 Although it is the responsibility of the owners of blocks to undertake fire risk assessments and to carry out any necessary works, it is the regulatory duty of local authorities to ensure that these statutory requirements are being met.
- 6.4 The Council has set aside an initial revenue budgetary provision of £100,000 to finance the appointment of temporary staffing resources within the environmental health and housing teams, and to fund the associated legal and administration costs. In addition, the Council has received an allocation of £113,000 from the MHCLG to support the financing of costs associated with the identification of all residential tower blocks within the borough with Aluminium Composite Material (ACM) cladding. These resources are funding activities being undertaken by the Council's Building Control and Environmental Health sections.
- 6.5 The Council is providing guidance and support for RPs, particularly in its lead role on the Tower Hamlets Housing Forum (THHF). As an activity relating to non-Council owned housing stock any costs are a charge to the General Fund and are currently being met from within approved budgets.

Council Stock (held within the Housing Revenue Account)

- 6.6 The Council's 2018-19 Budget Report and Medium Term Financial Strategy 2018-21 includes capital provision totalling £26.84 million for fire safety works to its Housing Revenue Account stock. Increases to the Tower Hamlets Homes management fee have also been approved to meet the revenue costs associated with the enhanced fire safety programme.
- 6.7 The scrutiny report highlights other measures that might become necessary in future e.g. the retro fitting of sprinkler systems to blocks. These will need to be considered as part of the Council's Medium Term Financial Strategy and form the basis of future reports to Cabinet. A review of the HRA capital programme and a significant reprioritisation of proposed future schemes will need to be completed, if the works are agreed and undertaken.
- 6.8 It is anticipated that the Government will shortly publish its response to the Independent Review of Building Regulations, in particular in relation to addressing fire safety. Once published, an assessment of the resource implications for the Council will be undertaken and reported to Cabinet. Although it is likely that Government funding is likely to be sought, this cannot be guaranteed and it is therefore likely that costs will fall upon various Council services. These financial implications will need to be considered as part of the Council's Medium Term Financial Strategy, before any funds are committed.

7. COMMENTS OF LEGAL SERVICES

- 7.1 The Council is required by Section 9F of the Local Government Act 2000 to have an Overview and Scrutiny Committee and to have executive arrangements which ensure the committee has specified powers. Consistent with that obligation Article 6 of the Council's Constitution provides that the Overview and Scrutiny Committee may consider any matter affecting the area or its inhabitants and may make reports and recommendations to the Full Council or the Executive, as appropriate, in connection with the discharge of any functions. It is consistent with the Constitution and the statutory framework for the Committee to be asked to comment on the matters set out in the report. Other Scrutiny Panels may be established by the Overview and Scrutiny Panel which include the Housing Scrutiny Sub Committee.

The report seeks the approval of the action plan which sets out the Council's response to the recommendations of the Scrutiny Review.

- 7.2 The recommendations in the plan appear to be capable of being carried out within the Council's powers. With regards to the recommendations and proposed actions, much of the relevant legislation is included in the body of the Fire Safety Review Report. Where it is not, comments are made below:

- 7.3 S.3 of the Housing Act 2004 (the Act) places a duty on local housing authorities to keep the housing conditions in their area under review with a view to identifying any action that may need to be taken by them. This includes undertaking inspections to identify hazards and taking appropriate enforcement action where serious hazards are identified. Hazards that can be addressed using these powers include the risk of harm associated with exposure to uncontrolled fire and associated smoke.
- 7.4 S.10 of the Act imposes a duty on local authorities to consult with the fire and rescue authority where enforcement action is to be taken under 1 in relation to a prescribed fire hazard.
- 7.5 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. Paragraph 4.2 of the report refers to various actions in the review that address equality considerations.

Linked Reports, Appendices and Background Documents

Linked Report

- NONE.

Appendices

- Appendix 1 – Fire Safety Scrutiny Review Report
- Appendix 2 – Fire Safety Scrutiny Review Action Plan


Local Government Act, 1972 Section 100D (As amended)

List of “Background Papers” used in the preparation of this report

- NONE

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Housing Scrutiny Sub-Committee



TOWER HAMLETS

Fire Safety Scrutiny Review Report

April 2018

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Chair's Foreword

The tragedy of the Grenfell Tower fire was a stark reminder of the paramount importance of the safety of our residents and the need to ensure housing in the borough meets requisite safety standards. The Grenfell Tower fire has particular relevance for the London Borough of Tower Hamlets, which has a significant number of existing high rise buildings and more planned to be developed.

Accordingly, I welcome the opportunity to present this report on the findings and recommendations of the Fire Safety Scrutiny Review. The review looked at fire safety in high rise residential buildings in Tower Hamlets and set out to strengthen existing fire safety practices and policies.

Notably, the review was carried out in the midst of ongoing national inquiries, which are likely to lead to significant changes for building regulations. Accordingly, this report's recommendations also aim to prepare the borough in the wake of a changing regulatory landscape.

Due to the scale of high rise buildings in the borough and rapid population growth, this report also recognises the continued resource challenges that the borough is facing and the need for additional finances from the Government.

I am grateful to the London Fire Brigade, Tower Hamlets Homes, our housing partners and Council officers for their time, insights and commitment in guiding the Housing Scrutiny Sub Committee throughout this Review. In particular, I would like to thank representatives from the London Fire Brigade for their continued excellent service.

Councillor Helal Uddin
Scrutiny Lead, Place

Summary of Recommendations

Recommendation 1

Tower Hamlets Homes, in consultation with the Council and members of the Tower Hamlets Housing Forum, develops, monitors and evaluates a clear, easy-to-use notifications process for residents to:

- raise fire safety concerns separately from general repair issues
- receive clear timeframes for remedial actions, according to the level of risk
- track the progress of remedial actions.

Recommendation 2

The Council develops performance indicators to monitor and manage residents' concerns on fire safety in High Rises in the borough, in consultation with the London Fire Brigade, Tower Hamlets Homes, Registered Providers and Private Providers, to report to the Housing Scrutiny Sub-committee.

Recommendation 3

The Council develops a clear position statement encouraging all Responsible Persons in the London Borough of Tower Hamlets to publish Fire Risk Assessments with a clear programme of works, outlining the scope and timing of the works.

Recommendation 4

The Council develops a Fire Risk Assessment dashboard template, in consultation with Tower Hamlets Homes, Registered Providers, Private Providers and resident representation to accompany published Fire Risk Assessments. The dashboard template should highlight:

- key risks
- works taken and planned to address the risks
- any implications for use of the building by residents.

Recommendation 5

The Council develops a joint communication strategy with clear consistent messages, in consultation with the London Fire Brigade, Tower Hamlets Homes, Registered Providers, Private Landlords and resident representation, to raise awareness with tenants and leaseholders on the following issues:

- communal area fire doors and external fire doors on individual flats must meet the appropriate fire safety standards
- means of escape need to be kept free of storage items (including barbecues on balconies) and obstacles (including grilles over flat windows and doors)
- external areas around entry/exits to buildings must be kept free of obstacles to ensure emergency services can access the building
- minimizing fire risks in homes through referral services, such as London Fire Brigade home visits and encouraging residents or family members to seek mental health support for hoarding issues
- installing smoke alarms to save lives
- certain internal refurbishment works require approvals (including Building Control approvals)

- what to do in an emergency, including when to stay put, when to evacuate and services available to develop personalised evacuation plans.

The Communication strategy needs to consider

- a) a variety of communication channels, including digital, non-digital and meetings or ‘fire safety awareness days’.
- b) the diversity of the borough and develop communication materials in key languages spoken in the borough.
- c) how information is accessible to those sub-letting and visiting the building
- d) best practice models in engaging elderly and disabled residents, such as the Social Model of Disability.

Recommendation 6

The Council invites Registered and Private Providers to the Tower Hamlets Resilience Forum and monitors attendance to ensure housing providers are aware of emergency protocols.

Recommendation 7

The Council develops and maintains an emergency contact database of Private Providers of dwellings in High Rises.

Recommendation 8

The Council improves engagement with Private Providers by developing a forum to share best practice.

Recommendation 9

The Council encourages Tower Hamlets Homes, Registered Providers and Private Providers in the borough to develop personalized emergency evacuation plans with residents, who need assistance to evacuate, and prioritises any remedial works or adaptations that are required to facilitate safe evacuation.

Recommendation 10

Within 6 months of the publication of the Government’s response to the findings of the Independent Review of Building Regulations, the Director of Place submits a report to the Housing Scrutiny Sub-Committee:

- detailing the legal, financial and resource implications on service areas
- advising how the Council proposes to implement the Review’s recommendations
- assessing the impact on residents and the provision of affordable housing
- outlining how the Council will work with Registered Providers and private sector housing providers to engage residents in the implementation of the proposals.

Recommendation 11

The Planning and Building Control Teams develop clear guidance for developers on the distinct fire safety responsibilities in tall buildings throughout the building process, taking account of:

- requirements under the New London Plan
- international best practice; and

- the findings of and Government response to the Independent Review of Building Regulations and Fire Safety.

Recommendation 12

The Council adopts a proactive approach to encourage residents to enter the Building Control and Planning professions and works with Local Authority Building Control (LABC), other boroughs and key partners, to develop a joint strategy with LABC to attract and retain a skilled Building Control and Planning workforce. The Council should consider:

- better use of shared resources
- apprenticeship schemes to support local residents and economic development
- incentives to attract young people onto university courses.

Recommendation 13

The Council continues to advocate for Government funding to fit automatic fire suppression systems in local authority housing in the borough.

Recommendation 14

The Council considers fitting automatic fire suppression systems in High Rises in the borough, prioritising Vulnerable Residents (including residents with hoarding issues or who require assistance to evacuate) and high risk buildings by carrying out a feasibility study by March 2019 on:

- the anticipated cost of works
- the impact of the works on other housing services provided by the Council.

1. Introduction

1.1 Reason for the Fire Safety Scrutiny Review

1.1.1 On 14 June 2017, a fire broke out at Grenfell Tower in the London Borough of Kensington and Chelsea, which caused devastating loss of lives and homes. The Grenfell Tower fire is a tragic reminder of the importance of fire safety in residential high rise buildings. This is particularly relevant for the London Borough of Tower Hamlets (Tower Hamlets), which has a significant number of tall buildings and some of the tallest residential buildings planned to be developed.

1.1.2 Accordingly, the Overview and Scrutiny Committee recommended that the Housing Scrutiny Sub-Committee undertake an in-depth fire safety scrutiny review to consider the Council's response to fire safety issues in the aftermath of Grenfell and identify any gaps in current policies or practices.

1.2 Scope and aims of the Fire Safety Scrutiny Review

1.2.1 On 13 December 2017, the Housing Scrutiny Sub-Committee held a scoping meeting to define the scope of the Fire Safety Scrutiny Review (Review) and agreed that the Review would seek to:

1.2.1.1 drive improvement in fire safety policies and practices in high rise buildings in the borough

1.2.1.2 review roles and responsibilities for fire safety across public and privately owned high rise buildings

1.2.1.3 amplify the voice of residents in respect of fire safety concerns.

1.2.2 The scoping meeting agreed that the Review would focus on:

1.2.2.1 high rise residential buildings (above 18 metres high)

1.2.2.2 both public and private sector housing.

1.3 Approach

1.3.1 Given the large residential stock in the borough and the fire at Grenfell Tower, which highlighted the risk of dwellings, the Review focused on residential, as opposed to commercial, premises.

1.3.2 Due to limited available contacts, private sector housing practices are not fully covered and the Review Committee is grateful to the participation of a representative from Ballymore Asset Management Limited in providing their expertise. A number of recommendations address the need to build better connections with the private sector.

1.3.3 The Housing Scrutiny Sub-Committee noted that a number of national inquiries and reviews into fire safety are ongoing. Although recent testing of Aluminium Composite Material (ACM) cladding supports the theory that ACM is likely to have acted as an accelerant in the Grenfell Tower fire, findings on the causes and circumstances surrounding the fire are yet to be determined.

1.3.4 Accordingly, the Housing Scrutiny Sub-Committee agreed to look beyond preliminary issues identified at Grenfell and carry out a comprehensive review of fire safety, focusing on the following four key areas:

1.3.4.1 Roles, Responsibilities and compliance throughout the lifecycle of the building.

1.3.4.2 Fire Safety Prevention

1.3.4.3 Emergency Responses

1.3.4.4 Resident Engagement

1.3.5 Due to the technical terminology used in this report, a glossary of terms is provided at the end. Defined terminology has been capitalised throughout this report.

1.4 Evidence Gathering Sessions

1.4.1 The Review was led by Councillor Helal Uddin, Chair of the Housing Scrutiny Sub-Committee and took the form of one scoping meeting and four evidence gathering sessions (3 meetings and 1 call for written submissions), as follows:

Area	Session focus	Session Date
Scoping Session	Aims of the review and areas of focus	13 December
Emergency Responses	Current policies/practices of the London Fire Brigade, THH and registered providers around emergency responses	18 January 2018
	How evacuation plans are tested	
	How partners work together in emergency responses	
	Challenges to emergency responses (including temporary accommodation provision)	
Roles and Responsibilities	Key regulations, roles and responsibilities of key stakeholders over the life cycle of buildings from design, construction, occupation and refurbishment	1 February 2018
	How stakeholders work together	
	Council's enforcement powers	

Area	Session focus	Session Date
Fire Safety Prevention	How fire risks/hazards are identified, assessed and remediated during occupation of the building	13 February 2018
Resident Engagement	Communication strategies to residents to address concerns (including any interim measures)	N/A – written submission
	Complaints systems	
	Residents' key concerns about fire safety	

1.5 Members of the Review (Review Committee) included:

Committee Member	Role
Cllr Helal Uddin	Housing Scrutiny Sub-Committee, Chair
Cllr John Pierce	Housing Scrutiny Sub-Committee, Vice Chair
Cllr Andrew Wood	Housing Scrutiny Sub-Committee Member
Anne Ambrose	Housing Scrutiny Sub-Committee Co-opted Member
Moshin Hamim	Housing Scrutiny Sub-Committee Co-opted Member
Cllr Dave Chesterton	Overview and Scrutiny Committee, Chair

The Review was supported by:

Elizabeth Bailey	Senior Strategy, Policy and Performance Officer
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1.6 Presenters

The Review Committee received evidence from the following experts:

London Fire Brigade

Stephen Dudeney	London Fire Brigade, Borough Commander for Tower Hamlets
Paul Stewart	London Fire Brigade
Paul Eastland	London Fire Brigade
Jim Flin	London Fire Brigade

Tower Hamlets Homes

Susmita Sen	Tower Hamlets Homes, Chief Executive
Will Manning	Tower Hamlets Homes
Ann Otesanya	Tower Hamlets Homes

Registered Providers

Robert Groom	Fire Safety Advisor, Peabody
Dan Hollas	Project Planning Director, Clarion Housing Group
Tony Hughes	Tower Hamlets Housing Forum; Head of Home Management at Southern Housing Group
Sandra Fawcett	Tower Hamlets Housing Forum, Chair; Executive

	Director, Swan Housing
Sally Whitaker	Health and Safety Lead, Poplar HARCA
Registered Providers who also submitted written evidence on resident engagement:	<ul style="list-style-type: none"> • Clarion Housing Association • Eastend Homes • London & Quadrant Housing Trust (including East Thames) • One Housing • Polar HARCA • Southern Housing Group • Spitalfields • Swan Housing Association • Tower Hamlets Community Housing

Private Housing Providers

Aaron Caffrey	Technical Director, Ballymore Construction, Ballymore Asset Management Ltd
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Tenant and Resident Associations

Burton Wharf TRA
Pitsea Estate TRA

London Borough of Tower Hamlets:

Agnes Adrien	Team Leader Enforcement and Litigation, Legal
Mark Baigent	Interim Divisional Director for Housing and Regeneration
David Williams	Deputy Divisional Director, Planning and Building Control
John McGeary	Head of Building Control
Paul Buckenham	Development Manager, Planning and Building control
David Tolley	Head of Trading Standards and Environmental Health
Barry McEwen	Environmental Health officer
Charles Griggs	Head of Community Safety
Sarah Steer	Business and Administration Services Manager
Andrea Stone	Civil Contingencies Officer, LBTH
Jonathan Baston	Principal Environmental Health Officer

2. National Context and Legislation

2.1. Current Fire Safety Regulatory Regime

2.1.1. Different regulatory regimes apply to the different stages of a building's life cycle, from planning, design and construction to occupation and refurbishment.

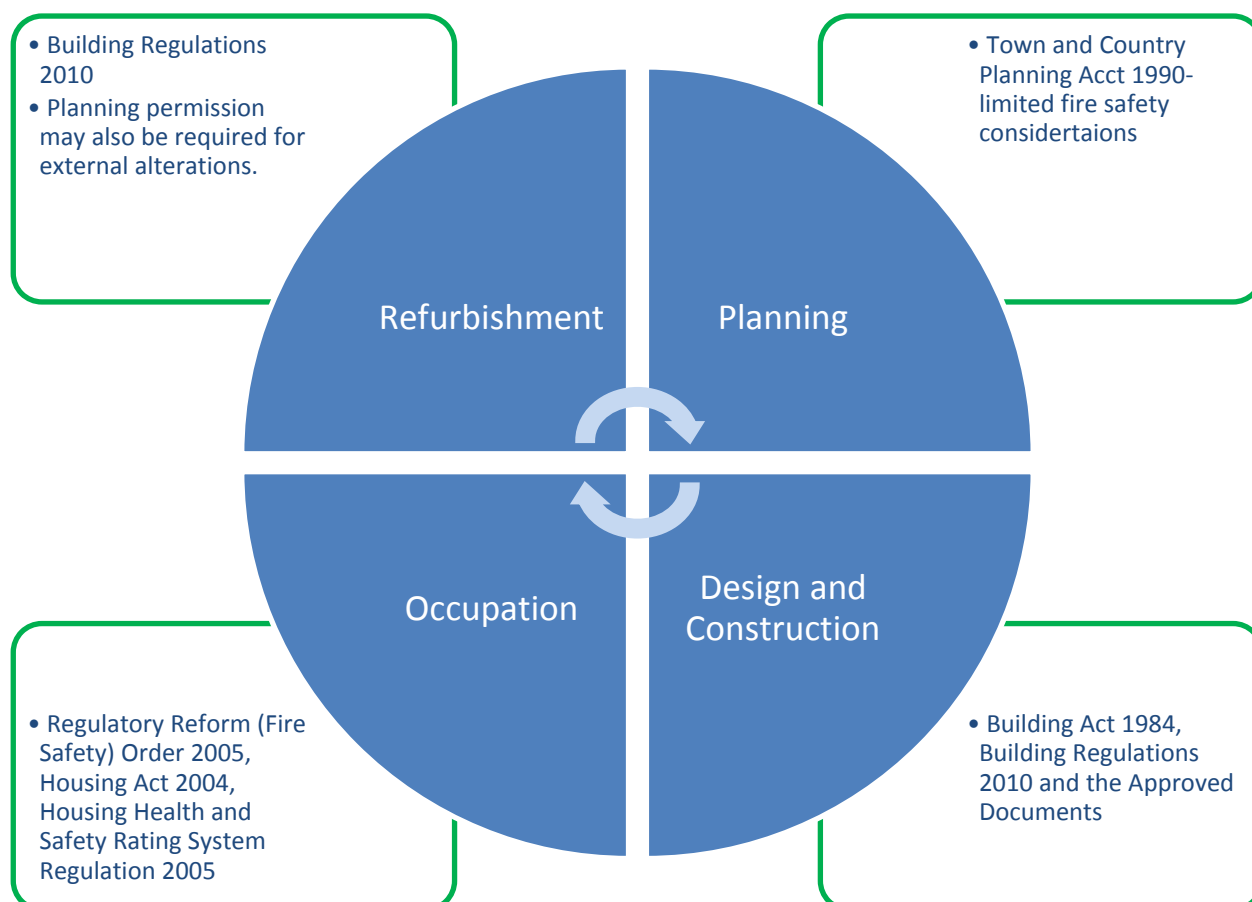


Diagram based on Building a Safer Future, Independent Review of Building Regulations and Fire Safety: Interim Report, Chapter 3.

2.1.2 Key regulations at each stage are as follows:

2.1.2.1 Planning, Design and Construction phases:

Fire safety has not historically been a material planning consideration (discussed below under the Draft New London Plan). Instead, fire safety is governed by the Building Regulations 2010 (Building Regulations) and supporting guidance (Approved Document B¹). Building Regulations approval is obtained either through approval from the local authority building control departments (Building Control) or entities authorised under the Building Act 1984 (Approved Inspectors). Building Control and Approved Inspectors will consult with the fire and rescue authority on the means of escape, access and

¹ <https://www.gov.uk/government/publications/fire-safety-approved-document-b>

facilities for fire services before issuing a formal building control approval².

2.1.2.2 Occupation of the building:

- The Regulatory Reform (Fire Safety) Order 2005 places responsibility on the “Responsible Person” to manage the risk in buildings by carrying out regular fire risk assessments of the common areas. The ‘Responsible Person’ in the case of a block of flats is the person or organisation with control of the premises, which is usually the owner³.
- The Housing Act 2004 and the Housing Health and Safety Rating System Regulations 2005 confer powers on local authorities to ensure fire safety in occupied buildings. Under the Housing Health and Safety Rating System, local authority Environmental Health officers check for 29 potential hazards to determine the likelihood of harm occurring and can issue sanctions to building owners where remedial action is not taken⁴.
- In addition to its emergency response services, the Fire and Rescue Authority plays a key role in fire prevention by inspecting premises to audit fire safety standards or become familiar with the building’s fire safety features and equipment. The Fire and Rescue Authority will advise the Responsible Person on how to comply with their obligations and, if necessary, enforce fire safety standards⁵.

2.1.2.3 Refurbishment:

During the refurbishment stage, the Building Regulations and potentially planning permission (depending on changes to the external appearance or use) will apply as per the Design and Construction phase.

² Article 45 & 46, Regulatory Reform (Fire Safety) Order 2005

³ Local Government Association, Fire safety in purpose-built blocks of flats, May 2012, <https://www.london.gov.uk/moderngov/documents/s2394/>

⁴ Building a Safer Future, Independent Review of Building Regulations and Fire Safety: Interim Report, pp.32-33, https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/668831/Independent_Review_of_Building_Regulations_and_Fire_Safety_web_accessible.pdf

⁵ Protocol between Local Housing Authorities and Fire and Rescue Authorities to improve fire safety, https://www.cieh.org/uploadedFiles/Core/Policy/Publications_and_information_services/Policy_publications/Publications/Fire%20Protocol%20final.pdf

2.2 Changing Regulatory Landscape

2.2.1 Following the severity of the Grenfell Tower fire, a number of national reviews into fire safety were set up, particularly focusing on residential High Rises. The findings of these reviews are yet to be concluded but are likely to have significant impacts on the regulatory framework around fire safety and shape best practice in the long term.

2.2.2 In addition to a criminal investigation into the fire, the Government has commissioned the following reviews:

2.2.2.1 Grenfell Tower Inquiry (Inquiry): is an independent public inquiry, which aims to determine the causes of the Grenfell Tower fire and make recommendations as to the action needed to prevent a similar tragedy from re-occurring. In addition to the Grenfell Tower's original design and construction, the Inquiry will consider subsequent modifications to the building, fire safety inspections, management and fire advice to residents. The main hearings are due to commence in May 2018.⁶

2.2.2.2 Independent Review of Building Regulations and Fire Safety (Independent Review) reviews the national system of building regulations for all high-rise residential buildings and aims to "swiftly make any necessary improvements"⁷. The Independent Review's Interim Report, 'Building a Safer Future' was published in December 2017 (Interim Report). The Interim Report found that the current regulatory system for ensuring fire safety in high-rise and complex buildings is 'not fit for purpose' and focused on the following themes⁸:

- **Clear regulation and guidance:** complexity of building regulations.
- **Roles and Responsibilities:** lack of clarity of roles and responsibilities throughout the lifecycle of the building.
- **Early fire safety consultation:** fire and rescue safety services are an integral part of fire safety decisions and although consulted at an early stage, their advice is routinely not listened to.
- **Competence and ageing workforce:** different competency requirements in public and private sectors and a national skills shortage.

⁶ Grenfell Tower Inquiry website, <https://www.grenfelltowerinquiry.org.uk/about>

⁷ Government website: <https://www.gov.uk/government/news/independent-review-of-building-regulations-and-fire-safety>

⁸ https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/668831/Independent_Review_of_Building_Regulations_and_Fire_Safety_web_accessible.pdf

- **Fire Risk Assessments:** need for regular fire risk assessments to ensure an effective system.
- **Residents:** need to have a stronger voice in the process and know how to raise concerns and escalate them if not remediated or fear retribution of raising such concerns.

2.2.2.3 The Interim Report made seven interim recommendations around:

- Streamlining key building regulations guidance (the Approved Documents)
- Qualifications of those working on complex and high-risk buildings
- Early fire safety consultation and consideration of fire and rescue service advice
- Formal review and handover process from building developers to responsible person before occupation of the building
- Regular fire risk assessments, particularly after significant alterations
- Restricting the use of desktop studies to approve changes to cladding and other systems.

2.2.2.4 Building Safety: Independent expert advisory panel: focuses on immediate building safety measures following the Grenfell Tower fire to ensure public safety in high rise buildings. In particular, the Panel will consider actions needed following completion of the testing on ACM cladding systems and address immediate steps ahead of the Inquiry and Independent Review findings⁹.

2.3 Draft New London Plan

2.3.1 Fire safety has not historically been a material planning consideration. The National Planning Policy Framework (NPPF) sets out the purpose for planning decisions as sustainable development¹⁰ and the focus on the development and use of land. Planning is a separate regulatory system to building control and the Government has repeatedly

⁹ Department for Communities and Local Government, Terms of Reference, : <https://www.gov.uk/government/collections/building-safety-independent-expert-advisory-panel>

¹⁰ Communities and Local government, National Planning Policy Framework, https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/6077/2116950.pdf#page=7

emphasised that planning should not duplicate other regulatory regimes¹¹.

2.3.2 Further, “at the planning permission stage, there would rarely be enough information in the application and submitted plans to make informed decisions on planning conditions regarding fire safety”¹², with the exception of emergency service vehicle access. Indeed, there is no requirement under current legislation (primarily the Town and Country Planning Act 1990 and regulations) for specific fire safety-related knowledge of those reviewing planning applications. Instead, fire safety is considered at the design and construction phase under the Building Act 1984 and the Building Regulations.

2.3.3 However, the Draft New London Plan (London Plan), which is currently under consultation, advocates for the highest standards of fire safety and calls for fire safety to be considered from the earliest possible stage. The London Plan calls for robust fire safety strategies to be embedded in the design features at the outset to reduce the risk to life in the event of a fire, rather than applying products at a later stage to pre-determined developments¹³. Accordingly, the London Plan proposes:

- that fire statements should be produced by a third-party independent suitably qualified assessor and submitted with all major development proposals.
- that suitable suppression systems (such as sprinklers) are explored at an early stage of building design.

2.4 Current ‘stay put’ guidance in high-rise residential buildings

2.4.1 Following a fire at Lakanal House in Camberwell in London on 3 July 2009, in which six people died, the Assistant Deputy Coroner highlighted the following areas for improvement¹⁴:

- Inconsistent fire safety advice available to occupants in some high-rise buildings
- Use of sprinklers
- Use of fire alarms
- Role of fire risk assessments

¹¹ Royal Town Planning Institute, Summary: responsibility for fire safety during the development application process in England, <http://www.rtpi.org.uk/media/2568211/Planning-and-fire-safety-in-England.pdf>

¹² As above

¹³ Mayor of London Assembly, Draft New London Plan, Policy D11 Fire Safety, paragraph 3.11.1, <https://www.london.gov.uk/what-we-do/planning/london-plan/new-london-plan/draft-new-london-plan/chapter-3-design/policy-d11-fire-safety>

¹⁴ Letter from Frances M Kirkham CBE to Eric Pickles MP dated 28 March 2013, as cited in the Building a Safer Future Interim Report, <https://www.lambeth.gov.uk/sites/default/files/ec-letter-to-DCLG-pursuant-to-rule43-28March2013.pdf>

- Simplification of Building Regulation fire safety statutory guidance (Approved Document B)

2.4.2 Accordingly, the Local Government Association (LGA) developed new guidance for purpose-built blocks of flats to address these findings, including advice on the ‘stay put’ policy¹⁵.

2.4.3 The LGA guidance explains that the premise of the ‘stay put’ policy is built on effective compartmentation between flats so that a fire is contained within the flat of origin and does not spread to other parts of the building. Accordingly, the guidance advises that it is normally safe for residents to remain in their own flat if a fire has occurred elsewhere in the dwelling. The guidance advocates for the continuation of the ‘stay put’ policy on the basis that “experience has shown that most residents do not need to leave their flats when there is a fire elsewhere. Indeed, in some circumstances, they might place themselves at greater risk when they do so”¹⁶.

¹⁵ <https://www.local.gov.uk/fire-safety-purpose-built-flats>

¹⁶ Local Government Association, Fire safety in purpose-built blocks of flats, section 19 Stay put policy, <https://www.local.gov.uk/sites/default/files/documents/fire-safety-purpose-built-04b.pdf>

3. Local Context

3.1. New Local Plan for Tower Hamlets

- 3.1.1.** The Local Plan sets out Tower Hamlets' planning framework to manage future development by guiding sustainable development and meeting the needs of the local community. Following a six week consultation period, a draft new local plan has been submitted to the Government for independent examination to outline how homes will be delivered over the next 15 years¹⁷. Due to timing, the Review Committee has not recommended that planning considerations are included in the Local Plan.
- 3.1.2.** The Local Plan addresses population growth demands in the borough, in line with Government requirements, as set out in the London Plan. The London Plan (2015) allocates Tower Hamlets the highest target for housing in London, which amounts to a minimum of 39,314 additional new homes in the borough over a ten year period and a minimum target of 3,931 new homes each year¹⁸.

3.2. Population Growth and Housing Demand

- 3.2.1.** Tower Hamlets has recorded the fastest growing population in the country in recent years, growing almost 30 per cent between the 2001 and 2011 Census. Further, growth is expected to increase by 26 per cent from 296,300 in 2016 to 374,000 in 2026¹⁹. Accordingly, housing demands have significantly increased in the borough following rapid population growth. Tower Hamlets is now the second most densely populated borough in London²⁰.

3.3. Diversity

- 3.3.1.** According to the 2011 Census, 69 per cent of the borough's population are from a minority ethnic community. 43 per cent of the borough's population were born outside of the UK. Projections indicate that the proportion of Black and Minority Ethnic (BME) and white residents will not change significantly to 2031²¹.
- 3.3.2.** When compared by tenure, the White and Asian ethnic groups have the highest proportions of owner occupation (30 per cent for both groups) and the Black population of Tower Hamlets were least likely

¹⁷

https://www.towerhamlets.gov.uk/ignl/council_and_democracy/consultations/past_consultations/Local_Plan.aspx

¹⁸ Above, paragraph 2.4.3

¹⁹ Local Plan, paragraph 1.2.16,

<http://towerhamlets.objective.co.uk/portal/planning/newlp/nlpr18/reg18?pointId=s1477046029915>

²⁰ Above, paragraph 2.2.7

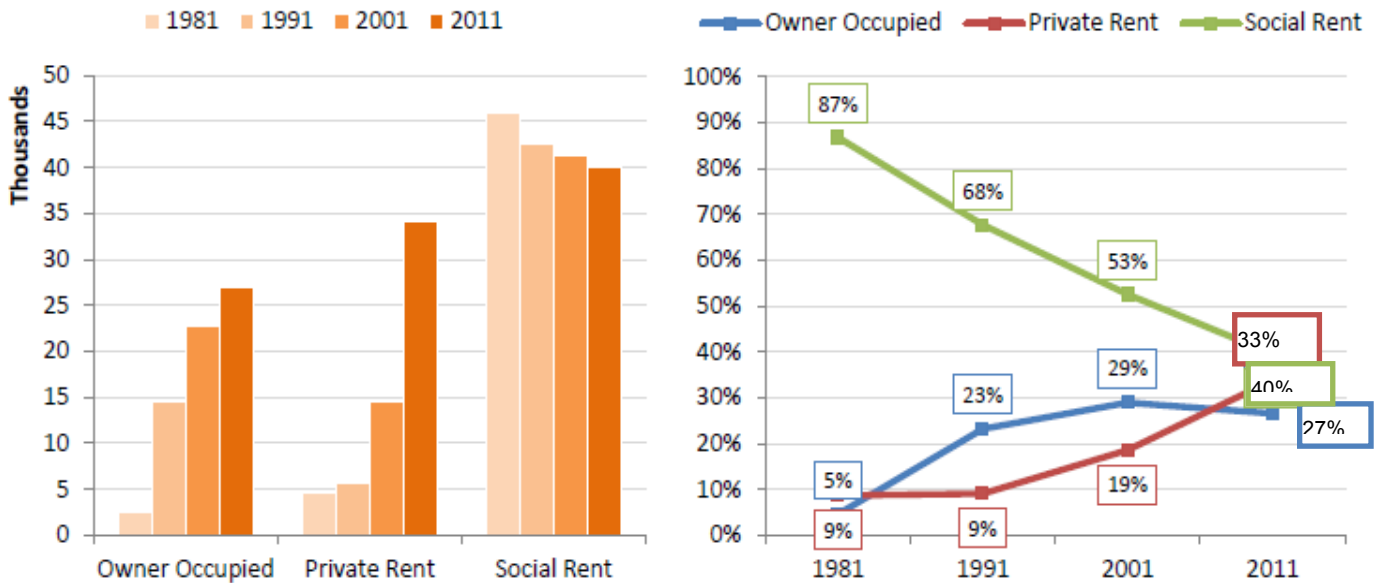
²¹ Above, paragraph 2.3.2

to be owner occupiers (6%). Those most likely to be living in social housing are Mixed (47%), Black (42%) and Asian (35%). According to the 2011 Census data, some Ethnic groups are more likely to be in the Private Rented Sector, particularly the White other group but also Black, and to a lesser extent, Asian, Indian and Chinese²².

3.4. Housing Tenures in the borough

3.4.1 There have been significant changes in the proportion of owner occupiers and tenants renting their homes over the last thirty years. In 1981, 5 per cent of households lived in owner occupied accommodation increasing to 27 per cent in 2011. Despite this increase, Tower Hamlets has the second lowest percentage of owner occupied households in England and Wales with the majority of residents renting social housing (40 per cent) or private rented accommodation (33 per cent)²³. Notably, privately rented households have increased from 17 per cent in 2001 to 33 per cent of households in 2011, which accounts for a rise of 152 per cent²⁴.

3.5. Number of Households by tenure 1981-2011 Percentage of households by tenure



Source: Opinion Research Services, London Borough of Tower Hamlets Strategic Housing Market Assessment Update, May 2017, p.88

²² General Housing Evidence Base, November 2016, p.36,

https://www.towerhamlets.gov.uk/Documents/Housing/LBTH_Evidence_Base.pdf

²³ Housing Tenure in Tower Hamlets, 2011 Census factsheet 2015-04, April 2015, p.2,

https://www.towerhamlets.gov.uk/Documents/Borough_statistics/Census_2011/2015_04_10_Tenure_key_facts_final.pdf

[Tenure_key_facts_final.pdf](https://www.towerhamlets.gov.uk/Documents/Borough_statistics/Census_2011/2015_04_10_Tenure_key_facts_final.pdf)

²⁴ Housing Tenure in Tower Hamlets, 2011 Census factsheet 2015-04, April 2015, p.1

3.6. Housing providers

3.6.1. Social housing in the borough is provided by:

3.6.1.1. **Tower Hamlets Homes (THH):** an arms-length management organisation (wholly owned by the Council) and responsible for managing and maintaining the Council's housing stock of some 21,000 social rented homes and leaseholder homes originally sold under the right to buy scheme.

3.6.1.2. **Registered providers:** The Council also works with 58 housing associations operating in the borough, which collectively own and manage more homes than the Council.

3.6.2. However, for the first time in the borough's history, less than half the housing stock is social housing²⁵. Given the sharp increase in privately rented accommodation, private landlords play an increasingly significant role in helping to meet the borough's housing demands. "Assuming the release back into the market of many dwellings in the private rented sector currently occupied by tenants in receipt of housing benefit would have significant consequences; therefore it remains appropriate to recognise that the private rented sector will continue to make an important contribution towards providing housing options for households unable to afford their housing costs in future"²⁶.

3.6.3. Importantly, engaging the private sector is crucial to ensure quality housing for residents. National trends in non-decent homes by tenure indicate that social rented properties are more likely to comply with standards, compared to three in ten of the private-rented sector currently estimated as non-decent²⁷.

3.7. Overcrowding

3.7.1. According to the 2011 Census occupancy rates, 34.8 per cent of households in the borough are overcrowded, which is higher than the rest of England (8.7 per cent)²⁸. From 2001 to 2011, overcrowding per tenure in Tower Hamlets is as follows:

- Reduced by 15 households in the social rented sector

²⁵ General Housing Evidence Base, November 2016, p. 16,

https://www.towerhamlets.gov.uk/Documents/Housing/LBTH_Evidence_Base.pdf

²⁶ Opinion Research Services, London Borough of Tower Hamlets Strategic Housing Market Assessment Update, p.69 https://www.towerhamlets.gov.uk/Documents/Planning-and-building-control/Strategic-Planning/Local-Plan/Strategic_Housing_Market_Assessment_2017.pdf

²⁷ Above, p. 47

²⁸ Above, p.10

- Increased by 1,814 households in the owner occupied sector
- Increased from 4,073 to 14,523 households in the private rented sector (an increase of 52%).

3.7.2. Notably, the number of multi-adult households living in the area has increased 94 per cent to 17,281 households. Multi-adult households refer to sleeping accommodation within a dwelling, which is only for the household's access, with shared facilities, including living rooms. The growth in multi-adult households is particularly high in the private rented sector, which represents 93 per cent of the total increase in multi-adult households in the borough²⁹.

3.8. Hoarding

3.8.1. During the evidence gathering sessions, the London Fire Brigade and the Council's Environmental Health Team reported increasing incidents of hoarding. A hoarding disorder can be described as collecting and being unable to discard excessive quantities of items³⁰. "The items can be of little or no monetary value and usually result in unmanageable amounts of clutter"³¹. In its most severe form, a hoarding disorder can interfere with the use of the home and negatively impact on the person's quality of life and mental health³². From a fire safety perspective, hoarding items can increase the risk of fire and prevent the means of or ability to escape.

3.8.2. The Review Committee noted that 10 days after Grenfell, there was a major fire incident at a Tower Hamlets Homes block of 16 properties. The fire started on the top floor and spread through the roof space. The fire was an exceptionally fast developing fire. The fire started in a flat with a large number of flammable items. The London Fire Brigade would usually expect to deal with a fire in 15-20 minutes but because of the fire loading, the fire spread into the roof and destroyed the entire roof. Fortunately, nobody was injured and the compartmentation of the building ensured the fire remained in the roof space. However, fire stopping in the roof space was inadequate and works have begun to improve roof space fire stopping across the Avebury Estate.

²⁹ Above, p.43

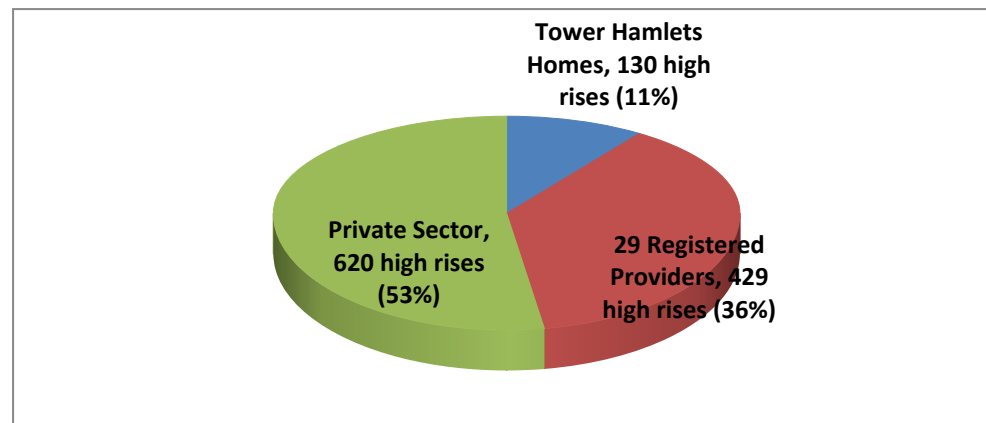
³⁰ Chartered Institute of Environmental Health, Professional Practice Note: Hoarding and how to approach it, 2 September 2012, p.1, https://www.cieh.org/uploadedfiles/core/policy/publications_and_information_services/policy_publications/publications/hoarding_ppn_may09.pdf

³¹ NHS UK website, Hoarding disorder <https://www.nhs.uk/conditions/hoarding-disorder/>

³² Chartered Institute of Environmental Health, Professional Practice Note: Hoarding and how to approach it, 2 September 2012, p.1, https://www.cieh.org/uploadedfiles/core/policy/publications_and_information_services/policy_publications/publications/hoarding_ppn_may09.pdf

3.9. High Rises and flatted accommodation

3.9.1. The borough has a high proportion of residential High Rises (buildings over 18m high). According to the latest figures, there are approximately 1,179 residential High Rises in the borough, which are divided between providers as follows:



Source: London borough of Tower Hamlets, Housing Options information, figures correct as at 13 February 2018

3.9.2 The borough's housing stock is dominated by flatted accommodation with 8 per cent of dwellings comprising of flats compared to 42 per cent in London and 16 per cent in England³³. This is significant in respect of the impact of the 'stay put' policy, clarifying evacuation plans and retrofitting sprinklers.

3.10 Post Grenfell Measures

3.10.2 Since the Grenfell Tower fire, the Government has introduced and paid for testing of samples of wall cladding systems consisting of ACM. The Building Research Establishment has also carried out large scale tests to establish how different types of ACM panels in combination with different types of insulation behave in a fire to help building owners make decisions on any further measures that may need to be put in place³⁴.

3.10.3 The Ministry of Housing, Communities and Local Government (MHCLG) is liaising directly with Registered Providers to determine whether their housing stock is known to have ACM cladding.

3.10.4 MHCLG has asked local authorities to compile a comprehensive list of privately-owned residential blocks over 18 metres and upload the data to a national database. Tower Hamlets is in the process of identifying whether cladding on privately-owned High Rises consists of ACM by:

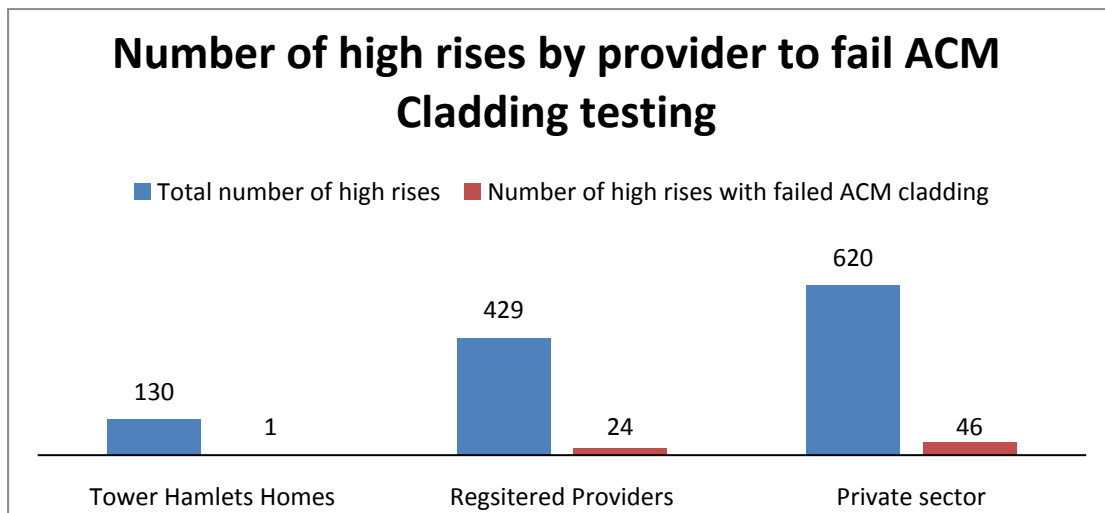
³³ General Housing Evidence Base, November 2016, p.17

³⁴ Government website: <https://www.gov.uk/government/news/expert-panel-recommends-further-tests-on-cladding-and-insulation>

3.10.4.1 Conducting site visits: from a visual inspection, Housing and Environmental Health officers have identified approximately 320 High Rises have a form of cladding.

3.10.4.2 Writing to owners and managing agents for information on cladding materials.

3.10.4.3 Where necessary, serving section 235 notices under the Housing Act 1984 requiring owners to provide cladding information. As at 13 February, Tower Hamlets is waiting to hear from approximately 100 privately-owned High Rises.



Source: London Borough of Tower Hamlets, Housing Options information, figures correct as at 13 February 2018

3.10.5 Only one block owned by the Council had ACM cladding, covering less than 20% of the building. This has now been removed and replaced. Two other Council blocks have non-ACM cladding that needs to be replaced. Works are underway to remove and replace this cladding.

3.10.6 24 High Rises managed by Registered Providers have failed ACM cladding testing. At least 3 Registered Providers have removed the cladding pending replacement. Some of these blocks have more decorative cladding (not covering the whole building). Pending a clear position from Government around decorative cladding, current London Fire Brigade advice is to remove this cladding where it surrounds the means of escape. In the case of new builds, removal of cladding may not be possible until a replacement system has been developed and approved.

3.10.7 Approximately 46 private sector High Rises have failed the ACM cladding testing, a number of which have decorative cladding, as opposed to entire coverage.

3.10.7.1 When a High Rise fails an ACM cladding test, the fire brigade then visit to ensure additional safety measures are in place until the cladding is removed and replaced. Typically this includes a “Waking Watch” in which fire marshals patrol the building to enable “Simultaneous Evacuation” in the case of a fire, rather than the usual “stay put” approach. 34 High Rise blocks in Tower Hamlets currently have Waking Watches and Simultaneous Evacuation measures in place (6 Registered Providers and 28 Privately owned)³⁵.

³⁵ London Borough of Tower Hamlets, Housing Options information, figures correct as at 30 April 2018

4. Findings and Recommendations

4.1 Recommendation categories

4.1.1 The Review Committee has made 15 recommendations, which address key challenges to fire safety and areas identified for improvement during the evidence gathering sessions on prevention measures, emergency responses, roles and responsibilities and resident engagement. The recommendations have been categorised around four desired outcomes, which are as follows:

- Engagement: Residents feel engaged and that their concerns have been heard and are being addressed
- Prevention: Residents know how to minimise fire risks and how to raise concerns
- Emergency responses: are as effective as possible for all residents
- Resources: are in place to ensure the Council's current and future obligations and fire safety standards are met.

4.2 Engagement: Residents Feel Engaged And That Their Concerns Have Been Heard And Are Being Addressed

"[...]it's clear that in the months and the years before the fire, the residents of Grenfell Tower were not listened to³⁶."

4.2.1 The Grenfell Tower fire demonstrates the importance of listening to residents as a key source of identifying fire safety issues and helping to improve fire safety standards.

4.2.2 Accordingly, in considering how the Council supports resident engagement, the Review Committee focused on the following mechanisms around:

- how fire safety concerns are raised
- how Fire Risk Assessments are carried out and monitored
- how residents are updated and engaged with the works carried out in their buildings.

4.2.3 Raising fire safety concerns

4.2.3.1 Feedback from a Chair of a Tenant and Resident Association of Tower Hamlets Homes suggests that fire safety concerns are not addressed promptly when raised, leaving residents "feeling disengaged and powerless". Accordingly, the Committee

³⁶ Communities secretary Sajid Javid, speech at the National Housing Federation, 19 September 2017

reviewed the existing mechanisms for raising fire safety concerns and identified areas of improvement.

4.2.3.2 The Review Committee heard that formal complaints about Council properties can be raised through the Council's general formal complaints process, which aims to provide a full response within 10 working days. If still not satisfied, residents can further escalate their complaint to stages 2 and 3³⁷. Similarly, the Review Committee noted that Registered Providers have similar formal complaints processes, including similar escalation stages.

4.2.3.3 The Review Committee acknowledged the importance of a formal complaints process as a method of recording and escalating concerns. However, a number of Registered Providers and Tower Hamlets Homes commented that formal complaints require both written submissions and responses and highlighted that remedying the risk rather than exchanging lengthy correspondence was a priority. This was echoed by a Chair of a Tenant and Resident Association, who commented that formal written submissions are a disincentive for residents to raise concerns. Indeed, according to the Council's complaint's log, only one formal complaint on fire safety was received between June 2017 and February 2018, which was escalated to Stage 2 (not including Member or Mayor enquiries or petitions).

4.2.3.4 As an alternative, the Review Committee noted that residents can raise fire safety concerns for Council properties by contacting the Tower Hamlets Homes Housing Service Centre through digital and non-digital channels³⁸. Similarly the Review Committee heard from nine registered providers in the borough, with informal mechanisms to raise concerns such as free phone repairs services and reporting to onsite estate services staff and customer relations teams. The Review Committee also noted some online services enable residents to log and track the progress of 'repair' issues.

4.2.3.5 However, the Review Committee heard that Tower Hamlets Homes and most Registered Providers do not have a separate process for raising fire safety concerns. Only one Registered Provider noted that it has a dedicated email inbox for fire safety related queries and another commented that it was considering a dedicated form on their website to report fire related issues.

³⁷ After the evidence gathering session (on 28 August 2018) the complaints process was changed to a two stage complaints process. Details of the process can be found here: https://www.towerhamlets.gov.uk/lgn/council_and_democracy/complaints/complaints.aspx

³⁸ http://www.towerhamletshomes.org.uk/Contact_us/Contact_us_home_page.aspx

Accordingly, fire safety issues are currently raised alongside other general 'repair' issues. By raising fire safety issues separately, the Review Committee considers that fire safety actions can be identified, prioritised and monitored to ensure residents' concerns are heard and addressed promptly.

Recommendation 1

Tower Hamlets Homes, in consultation with the Council and members of the Tower Hamlets Housing Forum, develops, monitors and evaluates a clear, easy-to-use notifications process for residents to:

- raise fire safety concerns separately from general repair issues
- receive clear timeframes for remedial actions, according to the level of risk
- track the progress of remedial actions.

4.2.4 Strengthening Fire Risk Assessments

4.2.4.1 Under Article 9 of the Regulatory Reform (Fire Safety) Order 2005, the 'Responsible Person' is required to carry out and regularly review a fire risk assessment of the common parts of the building. The Fire Risk Assessment will evaluate risks and existing fire safety measures to determine whether additional measures are necessary³⁹.

4.2.4.2 The Review Committee noted that there has been much emphasis in the media on the lack of any legislative definition of what constitutes "regular fire risk assessments" and the competency of fire risk assessors. The Review Committee heard that Tower Hamlets Homes carries out Fire Risk Assessments on high risk buildings (such as High Rises) every year and every three and four years for medium and low risk buildings respectively. Similarly, the Review Committee also heard that Registered Providers carry out Fire Risk Assessments annually for High Rises. Tower Hamlets Homes have engaged Savills, who are professionally accredited and independent fire safety engineers, to complete the Fire Risk Assessments.

4.2.4.3 The Review Committee was reassured that up-to-date Fire Risk Assessments have been carried out on all 911 blocks managed by Tower Hamlets Homes. The Review Committee noted that 902 blocks were rated as a 'moderate risk' and 9 rated as a 'substantial risk'. While the Review Committee noted that Fire Risk Assessments play an important role in dealing "with remaining risk to

³⁹ As above

protect people from death or injury in the event of a fire”⁴⁰, it acknowledged that the Fire Risk Assessment by itself is not sufficient.

4.2.4.4 The outcome of a Fire Risk Assessment is a suitable action plan, which lists the programme of works (prioritised according to risk⁴¹) Further, the Committee heard that carrying out the works promptly is equally important. The Review Committee noted that Tower Hamlets Homes has drawn up a programme of works with approximately 5,500 work items, which have been categorised according to the level of risk and technical and management issues identified in the Fire Risk Assessments. Similarly, the Review Committee heard that Registered Providers have defined clear processes to assess and categorise risks around technical and management issues in Fire Risk Assessments. Fire safety works to the ‘substantial risk’ blocks have begun and are due to be completed by the Summer of 2018⁴².

4.2.4.5 In terms of monitoring implementation of works, the Review Committee heard that Tower Hamlets Homes uses a database to determine the timeframes for completing works and monitor when these have been closed out. Registered Providers reported a similar approach to closing out items together with reporting structures on compliance for overdue actions.

4.2.4.6 The Review Committee noted that since the Grenfell Tower Fire, the London Fire Brigade are taking a tougher approach about how quickly matters need to be closed out and taking enforcement action, if needed. Tower Hamlets Homes work items were originally scheduled to take place over 5 years. At the Council’s request, delivery of these work items will be sped up to 3 years.

4.2.4.7 Under the Housing Acts 1985 and 2004, local authorities are responsible for keeping the condition of all housing in their area under review and for checking all aspects of health and safety, including fire safety⁴³. The Review Committee recommends closer monitoring of fire safety compliance by the Council by developing performance indicators around timely completion of Fire Risk Assessments and remedying identified actions. The Review

⁴⁰ London Assembly, Planning and housing Committee, Fire Safety in London, Fire risks in London’s tall and timber framed buildings, December 2010, <https://www.london.gov.uk/moderngov/documents/s2394/>

⁴¹ Local Government Association guidance on Fire Safety in purpose built blocks of flats, paragraph 37.1, <https://www.local.gov.uk/sites/default/files/documents/fire-safety-purpose-built-04b.pdf>

⁴² http://www.towerhamletshomes.org.uk/My_Home/Home_safety/Fire_Safety_FAQs.aspx

⁴³ London Assembly, Planning and housing Committee, Fire Safety in London, Fire risks in London’s tall and timber framed buildings, December 2010, <https://www.london.gov.uk/moderngov/documents/s2394/>

Committee acknowledges that actions will cover a range of works and recommends applying the London Fire Brigade risk matrix as a guide.

Recommendation 2

The Council develops performance indicators to monitor and manage residents' concerns on fire safety in High Rises in the borough, in consultation with the London Fire Brigade, Tower Hamlets Homes, Registered Providers and Private Providers, to report to the Housing Scrutiny Sub-committee.

“Transparency is the foundation of local accountability and the key that gives people the tools and information they need to enable them to play a bigger role in society”⁴⁴.

4.2.5 Updating and engaging residents

4.2.5.1 The Review Committee also considered how residents are kept informed of the risks in their buildings. For the ‘substantial risk’ blocks, Tower Hamlets Homes have sent residents a letter detailing the scope and timings of the works⁴⁵ and published Fire Risk Assessments. The Review Committee noted that all Fire Risk Assessments for Council properties will be published in April 2018, once residents’ personal details are redacted.

4.2.5.2 However, the Review Committee noted that some but not all Registered Providers have published the Fire Risk Assessments.

4.2.5.3 Registered Providers, who have published their Fire Risk Assessments, recommended presenting the Fire Risk Assessments with the programme of works so residents are reassured that action is being taken and can engage in the process. Accordingly, the Review Committee recommends that all Responsible Persons in the borough publish Fire Risk Assessments with a programme of works so that residents:

- can identify when Fire Risk Assessments have taken place, and if needs be, hold the ‘Responsible Person’ to account by requesting that they are carried out
- are aware of measures taken to mitigate and reduce risks
- are aware of risks and, if necessary adapt behaviours to ensure risks are not elevated.

⁴⁴ Department for Communities and Local Government, Local Government Transparency Code, February 2015, https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/408386/150227_PUBLICATION_Final_LGTC_2015.pdf

⁴⁵ http://www.towerhamletshomes.org.uk/My_Home/Home_safety/Fire_Safety_FAQs.aspx

4.2.5.4 Further, Registered Providers reported that some Fire Risk Assessments can use technical terminology. The Review Committee noted that helping residents understand Fire Risk Assessments and highlighting key risks will increase transparency and support resident engagement. The Review Committee discussed the importance of residents having access to the full Fire Risk Assessment but using an accompanying front page descriptive summary document or dashboard to highlight risks, works planned and timeframes. Members of the Review Committee further requested that residents should be actively involved in the development of the dashboards to ensure these are user friendly.

Recommendation 3

The Council develops a clear position statement encouraging all Responsible Persons in the London Borough of Tower Hamlets to publish Fire Risk Assessments with a clear programme of works, outlining the scope and timing of the works.

Recommendation 4

The Council develops a Fire Risk Assessment dashboard template, in consultation with Tower Hamlets Homes, Registered Providers, Private Providers and resident representation to accompany published Fire Risk Assessments. The dashboard template should highlight:

- key risks
- works taken and planned to address the risks
- any implications for use of the building by residents.

4.3 Prevention: Residents know how to minimise fire risks and how to raise concerns

“We believe that the most effective firefighting technique is prevention”⁴⁶.

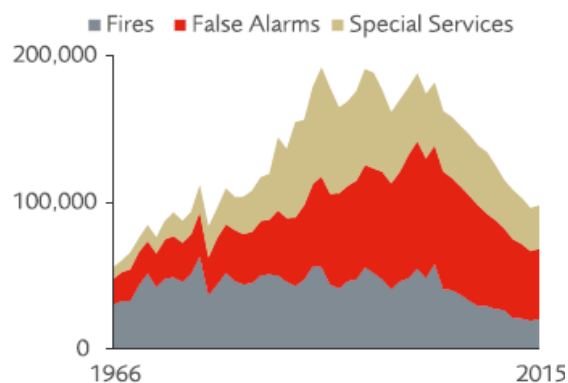
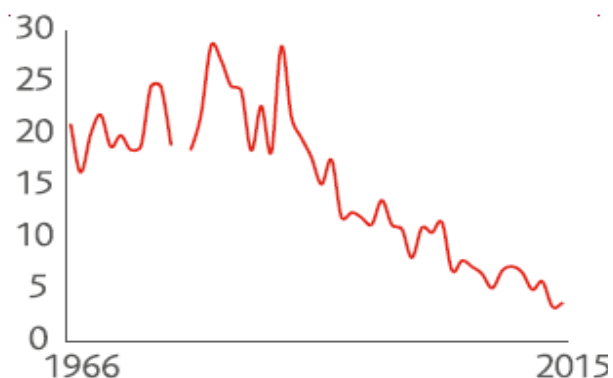
4.3.1 Since 1987 there has been a long-term decreasing trend in the number of fires in the home and resulting fire deaths across London⁴⁷.

⁴⁶ London Fire Brigade website, <https://www.london-fire.gov.uk/safety/>

⁴⁷ London Fire Brigade, London Safety Plan, p.14, <https://www.london-fire.gov.uk/media/1670/london-safety-plan-2017.pdf>

Fire fatalities (per million population)

All incidents attended



Graphs from the London Fire Brigade, London Safety Plan, pp.14-15

- 4.3.2** The decrease in fire deaths and injuries has been attributed to the introduction of the Furniture and Furnishing Regulations 1988, sustained campaigning around smoking, the increase in smoke alarm ownership and importantly fire prevention work⁴⁸.
- 4.3.3** Fire prevention work includes raising resident awareness of fire safety in buildings to reduce the risk of fires and promote safer living. This also includes ensuring that the integrity of the fire safety design of High Rises is not compromised.
- 4.3.4** In particular, the Review Committee noted that the fire safety design of High Rises is centered around compartmentation. Compartmentation is the sub-division of a building “*into compartments separated from one another by walls and/or floors of fire-resisting construction to:*
- *Prevent rapid fire spread which could trap occupants of a building.*
 - *Reduce the chance of fires becoming large, on the basis that large fires are more dangerous, not only to occupants and fire and rescue service personnel, but also to people in the vicinity of the building*”⁴⁹.
- 4.3.5** However, the Review Committee heard from a number of key stakeholders presenting evidence that some behaviours can compromise the integrity of fire safety designs, including compartmentation, and endanger homes and residents. These behaviours and risks are summarised in the table below.

⁴⁸ London Fire Brigade, London Safety Plan, p.15, <https://www.london-fire.gov.uk/media/1670/london-safety-plan-2017.pdf>

⁴⁹ Building Regulations, Approved Document B, B3 Section 5: Compartmentation, https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/485420/BR_PDF_AD_B1_2013.pdf

Fire Safety Strategy	Behaviour	Action	Risk to Resident if not addressed
Reduction of fire hazards	<ul style="list-style-type: none"> • Hoarding items (within flats) • Personal items in the common areas (ranging from door mats and pot plants, to barbecues on balconies) 	<ul style="list-style-type: none"> • If prejudicial to health or a nuisance, the council's Environmental Health Team have powers under Part 3 of the Environmental Protection Act 1990 to remove items. • Most Registered Providers liaise with the London fire brigade to ensure additional fire detection is in place. • Some Registered providers also work with specialist agencies, Health and Safety Advisors to address hoarding. • Some Registered Providers noted that known hoarders are regularly monitored and if the problem is unresolved, then legal action for eviction will be taken. • Some Registered Providers have developed a 'zero tolerance' approach, as opposed to Tower Hamlets Homes' 'managed use' approach. 	<ul style="list-style-type: none"> • Increased risk of fire • Increase rapid fire spread • Impeding escape in a fire to an area of safety
Compartmentation	<ul style="list-style-type: none"> • Fire doors not compliant with current fire safety standards • Communal area fire doors propped open or self-closers not fitted/working • Building/refurbishment works (particularly for homes modified 	Urgent works by Tower Hamlets Homes includes fire stopping between flats and roof spaces and replacing fire doors. Tower Hamlets Homes is also engaging with leaseholders to put in fire doors and in certain blocks has made contractors available and not charged to replace doors.	<ul style="list-style-type: none"> • Increasing the risk of the fire spreading to common areas • Reduced time to escape • Impeding access to escape routes in a fire

Fire Safety Strategy	Behaviour	Action	Risk to Resident if not addressed
	to be occupied by multiple households) not approved by Building Control		
Early detection	Lack of installation or maintenance of fire alarms	Some Registered Providers held fire safety awareness days and provided domestic smoke alarms.	<ul style="list-style-type: none"> Lack of early warning system to seek safety and call the Emergency Services
Means of escape	<ul style="list-style-type: none"> Linking balconies and pass doors sealed and used as personal private spaces storing items such as old cookers and washing machines. Grilles over doors and windows Exit / entry to properties obstructed by vehicles and motor scooters chained to fencing near exits/entries. Lack of evacuation plans – important to know when the ‘stay put’ policy applies and when to evacuate. 	<ul style="list-style-type: none"> If there is only a single means of escape, the London Fire Brigade will issue an enforcement notice to remedy this. Where alternative means of escape have been blocked off for private use⁵⁰, the London Fire Brigade commonly advise tenants and Responsible Persons to install compensatory measures, such as additional fire doors, fire alarms and/or sprinklers. 	<ul style="list-style-type: none"> Impeding access to escape routes in a fire Increasing the risk of the fire spreading to common areas

⁵⁰ From 2006, Approved Document B no longer specified that an alternative means of escape from maisonettes is necessary, provided that there is a protected entrance hall and either smoke alarms in each habitable room (heat alarm in the kitchen) or a sprinkler system, Local Government Association, May 2012, Fire safety in purpose-built blocks of flats, Paragraph A1.72, <https://www.local.gov.uk/sites/default/files/documents/fire-safety-purpose-built-04b.pdf>

4.3.6 The Review Committee noted that, while providers had taken action to address these behaviours, ongoing resident engagement is important to raise awareness and address underlying concerns, such as:

4.3.6.1 Need for consistent messages and regular enforcement: The Review Committee heard that after the Grenfell Tower fire, advice from Registered Providers and Tower Hamlets Homes differs on items residents are allowed to keep on their balconies and in some common areas. Some Registered Providers have developed a 'zero tolerance' approach, as opposed to Tower Hamlets Homes' 'managed use' approach. The Review Committee acknowledges that the housing stock across the borough is diverse and each block has a different construction (some with cladding/ part cladding). However, the Review Committee suggests that compliance would be better facilitated by consistent advice.

4.3.6.2 Lack of confidence in the 'Stay Put' policy: The Review Committee heard from the London Fire Brigade that, following the Grenfell Tower fire, residents understandably lack confidence in the 'stay put' policy and are evacuating from buildings, with or without cladding, with the risk of impeding emergency services' access.

4.3.6.3 Grilles: The Review Committee learned that some resident responses to required works had been mixed, particularly relating to grilles across balconies or doors. While Tower Hamlets Homes is clear that grilles need to be removed, a sensitive approach needs to be adopted, particularly when residents have experienced community safety issues.

4.3.7 The Review Committee also heard that Registered Providers will not always be aware of who occupies the building and noted that approximately 57 per cent of Tower Hamlets Homes' 9000 leasehold properties are sub-let. Further, it is suspected that a large proportion of these are sublet to multiple households. The Review Committee heard that it remains a challenge to know when the property has been sublet, additional family members move in and for how long. Further, as with the Lakanal House fire, there may be visitors on the premises during a fire incident, who are unfamiliar with the layout of the building.

4.3.8 Given the ethnic diversity of the borough, the Review Committee also noted the need to ensure that key information and fire signage is accessible and understood.

Recommendation 5:

The Council develops a joint communication strategy with clear consistent messages, in consultation with the London Fire Brigade, Tower Hamlets Homes, Registered Providers, Private Landlords and resident representation, to raise awareness with tenants and leaseholders on the following issues:

- communal area fire doors and external fire doors on individual flats must meet the appropriate fire safety standards
- means of escape need to be kept free of storage items (including barbecues on balconies) and obstacles (including grilles over flat windows and doors)
- external areas around entry/exits to buildings must be kept free of obstacles to ensure emergency services can access the building
- minimizing fire risks in homes through referral services, such as London Fire Brigade home visits and encouraging residents or family members to seek mental health support for hoarding issues
- installing smoke alarms to save lives
- certain internal refurbishment works require approvals (including Building Control approvals)
- what to do in an emergency, including when to stay put, when to evacuate and services available to develop personalised evacuation plans.

The Communication strategy needs to consider

- e) a variety of communication channels, including digital, non-digital and meetings or 'fire safety awareness days'.
- f) the diversity of the borough and develop communication materials in key languages spoken in the borough.
- g) how information is accessible to those sub-letting and visiting the building
- h) best practice models in engaging elderly and disabled residents, such as the Social Model of Disability.

4.4 Emergency responses: are as effective as possible for all residents

4.4.1 In considering Emergency Responses, the Review Committee reviewed the following:

4.4.1.1 A co-ordinated response in an emergency

4.4.1.2 How Vulnerable Residents' needs are met in emergency responses

4.4.1.3 Stay put policy and evacuation plans

4.4.2 The Review Committee heard that in large scale emergencies, such as the Grenfell Tower fire, partnership work and co-ordinated planning

are key. The Civil Contingencies Act 2004 establishes a clear set of roles and responsibilities for emergency responders, based on the following:

- 4.4.2.1** Category 1: the emergency services, local authorities, NHS bodies
- 4.4.2.2** Category 2: the Health and Safety Executive, transport and utility companies, who act as 'co-operating bodies'.
- 4.4.3** The Government's Emergency Response and Recovery guidance⁵¹, together with the Emergency preparedness guidance, provides a national framework for managing the local multi-agency response to emergencies. The guidance also provides a common frame of reference (such as concepts and language) between agencies responding to emergencies, which helps partners co-ordinate their response⁵². Accordingly, the Review Committee noted that every responder will understand the command structure, irrespective of which organisation they work in.
- 4.4.4** As a requirement of the Civil Contingencies Act 2004, the Tower Hamlets Local Resilience Forum (Resilience Forum) has been formed to help responders share learnings on civil contingencies, emergency preparedness, response and recovery. The Review Committee heard that the Forum meets quarterly with good attendance from the Emergency Services, Public Health England, the military, the Environment Agency, Tower Hamlets Homes and Poplar Harca. The Review Committee noted that more Registered Providers and private sector housing providers (Private Providers) would benefit from attending the Tower Hamlets Resilience Forum to assist a co-ordinated emergency response.
- 4.4.5** The Review Committee was reassured that the Council regularly tests its emergency procedures. Further, the Review Committee noted that the Council has signed a Memorandum of Understanding with the British Red Cross and a Pan London Memorandum of understanding is due to be signed in April 2018, to provide more assistance to residents. The Review Committee also heard that the Council has identified that it needs to work more closely with the community voluntary sector to co-ordinate designated foodbanks and donation centres and is liaising with community groups to set this up.

⁵¹https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/253488/Emergency_Response_and_Recovery_5th_edition_October_2013.pdf

⁵²<https://www.gov.uk/government/publications/emergency-response-and-recovery>

Recommendation 6:

The Council invites Registered and Private Providers to the Tower Hamlets Resilience Forum and monitors attendance to ensure housing providers are aware of emergency protocols.

- 4.4.6** The Review Committee noted that the London Fire Brigade will have primacy of the emergency scene, until the scene is safe and will then handover to the local authority. The local authority will then usually lead the recovery process via the Local Authority Liaison Officer⁵³.
- 4.4.7** The Local Authority Liaison Officer is a representative of the borough, who will react to requests for local authority assistance and is the on-scene liaison point for the Council⁵⁴. The Review Committee heard that the Council has a pool of over fifty staff and volunteers, which it can contact in an emergency, ranging from social work staff, administrative staff, Environmental Health officers and structural engineers.
- 4.4.8** The Review Committee heard that the Liaison Officer will also liaise with Registered Providers and Private Providers and, if needs be, provide temporary accommodation for residents. Depending on the scale of the incident, temporary accommodation may either be hotel accommodation or a 'rest centre' set up in local schools.
- 4.4.9** The Review Committee noted that support around languages is considered when setting up Rest Centres and staff have an on-site book to give instant translations to key questions.
- 4.4.10** The Council is responsible for providing temporary accommodation assistance to all residents who become legally homeless (which includes being unable to stay in social or private housing due to fire)⁵⁵. The Homelessness Reduction Act 2017 will increase local authorities' existing duties to tackle and prevent homelessness and extends this duty to all those affected. However, the Review Committee heard that the Council does not have a contact database for private providers and, in an emergency, it can be difficult to contact managing agents, owners and residents in private housing. For example, after the Grenfell Tower fire, the Council had logistical difficulties in obtaining cladding information about privately-owned

⁵³ HM Government, Emergency Response and Recovery. Non statutory guidance accompanying the Civil Contingencies Act 2004, p.92,

⁵⁴ LESLP Major Incident Procedure Manual, 2015, Paragraph 3.9, <https://www.met.police.uk/globalassets/downloads/about-the-met/major-incident-procedure-manual-9th-ed.pdf>

⁵⁵

http://england.shelter.org.uk/housing_advice/homelessness/guide/homeless_get_help_from_the_council/who_qualifies_for_housing

High Rises, which has taken up valuable resources. Further, the Review Committee noted that Land Registry records may not have up to date contact details of the owner or managing agent.

Recommendation 7:

The Council develops and maintains an emergency contact database of Private Providers of dwellings in High Rises.

- 4.4.11** The Review Committee also noted that the Tower Hamlet's Environmental Health team responds to tenant complaints on health and safety hazards, including fire risks. Under the Housing Act 2004 and Housing Health and Safety Rating System, local authorities have a duty to take appropriate enforcement action where a serious hazard (category 1) is identified in residential properties and discretion to take action for less serious hazards (category 2).
- 4.4.12** The Review Committee noted that addressing cladding issues under the Housing Act 2004 and the Housing Health and Safety Rating Scheme is untested and not designed for High Rises. In theory, Housing Health and Safety Rating Scheme applies to any type of accommodation in any building. However, to determine a Category 1 hazard in a block of flats, the Environmental Health Team would need to assess all hazards in every flat in that block before it can determine that fire safety is one of the risks present and write to every landlord and occupier before each visit. Accordingly, there are a number of hurdles before enforcement action can be taken.
- 4.4.13** In contrast, the Review Committee noted that a formal Environmental protection protocol was developed a couple of years ago to support collaborative work between the Environmental Health Team and Registered Providers and the Tower Hamlets Housing Forum set up to support best practice. In particular, the Tower Hamlets Housing Forum has focused on Registered Provider's interim responses around ACM cladding. The Review Committee noted that the Tower Hamlets Housing Forum, compared to other boroughs, is well developed. The Review Committee heard the benefits of shared learning and suggested that a forum could help to build the Council's rapport with the private sector.

Recommendation 8:

The Council improves engagement with Private Providers by developing a forum to share best practice.

- 4.4.14** The Liaison Officer will also identify any additional support for Vulnerable Residents. The Review Committee heard that the Council

holds risk registers to identify Vulnerable Residents with a live database of care packages to ensure resident information is up to date. Council staff will also collect information from the scene to identify whether residents are receiving support from other health providers and, if necessary, call on social workers, health services or nursing care organisations.

- 4.4.15** A written submission from a chair of a Tenant and Resident Association highlighted that residents with disabilities or needing assistance in an emergency “have serious concerns and worries about what they should do in the event of a fire emergency”. There appears to be a reliance on Vulnerable Residents contacting the London Fire Brigade or building management to develop a personalised emergency evacuation plan. The Review Committee recommends that the Council takes a more proactive approach to identify residents needing assistance in an evacuation through the Council’s risk register and assist residents develop personalised emergency evacuation plans.

Recommendation 9:

The Council encourages Tower Hamlets Homes, Registered Providers and Private Providers in the borough to develop personalized emergency evacuation plans with residents who need assistance to evacuate and prioritises any remedial works or adaptations that are required to facilitate safe evacuation.

4.5 Resources: are in place to ensure the Council’s current and future obligations and fire safety standards are met

- 4.5.1** The Review Committee considered the following resource implications to ensure that the Council can meet current and future fire safety standards:

- 4.5.1.1** The changing regulatory landscape
- 4.5.1.2** An ageing building control workforce
- 4.5.1.3** Retrofitting sprinklers

4.5.2 Changing regulatory framework

- 4.5.2.1** A number of national reviews into fire safety in residential High Rises are currently ongoing. In particular, the Review Committee

noted the Interim Report's findings that the current regulatory system is 'not fit for purpose' to ensure fire safety in high rise buildings⁵⁶.

4.5.2.2 In particular, the Review Committee focused discussions around:

- Suitable qualifications and competency of those working on complex and high risk buildings.
- Concerns about the independence of Approved Inspectors (private companies or individuals authorised under the Building Act 1984 to carry out building control services.
- Concerns that the regulatory system allows shortcuts for those minded to develop as cheaply as possible with weak enforcement sanctions to deter poor behavior.
- Whether relevant information is passed to the 'Responsible Person' throughout the building lifecycle, as required by the Regulatory Reform (Fire Safety) Order 2006.
- The current 'non-worsening' provision for refurbishment means out of date construction is not upgraded to current standards.

4.5.2.3 Accordingly, the Review Committee noted the likelihood of an increased role for Building Control and changes stemming from the following interim recommendations:

- a more rigorous risk based approach for High Rises
- simplification of building regulations statutory guidance on fire safety (Approved Document B⁵⁷),
- formal review handover process on occupation,
- clarification of Common Parts and responsibilities

4.5.2.4 Accordingly, the Review Committee considers it important to further understand the implications of these changes and monitor allocated resources.

⁵⁶ Building a Safer Future, Independent Review of Building Regulations and Fire Safety, Interim Report, p.5, https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/668831/Independent_Review_of_Building_Regulations_and_Fire_Safety_web_accessible.pdf

⁵⁷ https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/485420/BR_PDF_AD_B1_2013.pdf

Recommendation 10:

Within 6 months of the publication of the Government's response to the findings of the Independent Review of Building Regulations, the Director of Place submits a report to the Housing Scrutiny Sub-Committee:

- detailing the legal, financial and resource implications on service areas
- advising how the Council proposes to implement the Review's recommendations
- assessing the impact on residents and the provision of affordable housing
- outlining how the Council will work with Registered Providers and private sector housing providers to engage residents in the implementation of the proposals.

4.5.3 The Interim Report also recommends that consultation with fire rescue services by building control bodies and those commissioning or designing the buildings should take place at the earliest possible stage so fire safety can be "fully designed in"⁵⁸ The Review Committee noted the draft New London Plan, also seeks to ensure fire safety is considered at the earliest opportunity in the development process⁵⁹.

4.5.4 The Review Committee heard that the Planning Department welcomes the early consideration of fire issues. However, the Review Committee noted that planners are not experts in fire safety so Tower Hamlets Planning Department, as with other local authorities, does not currently have capacity to consider fire safety. The proposed policy states that the Building Control Team can be consulted to assist. The Review Committee considered that there is a need for clearly defined roles to ensure Council resources are not duplicated or issues missed due to overlapping responsibilities.

4.5.5 The Review Committee also noted that, given the borough's housing targets imposed by Government and proposed new developments, tall buildings are likely to increase. The Draft New London Plan states that "safety considerations must be central to the design and operation of tall buildings"⁶⁰. The Review Committee heard that expertise in High Rise and complex buildings is scarce. Accordingly, The Review Committee recommends that international guidance

⁵⁸ Building a Safer future – Independent Review of Building Regulations and Fire Safety: Interim Report, p. 22

⁵⁹ Mayor of London Assembly, Draft New London Plan, Policy D11 Fire Safety, paragraph 3.11.1

⁶⁰ Mayor of London Assembly, Draft New London Plan, Policy D8 Tall buildings, paragraph 3.8.9

should be considered to develop clear guidance to ensure developers consider fire safety issues at the outset.

Recommendation 11:

The Planning and Building Control Teams develop clear guidance for developers on the distinct fire safety responsibilities in tall buildings throughout the building process, taking account of:

- requirements under the New London Plan
- international best practice; and
- the findings of and Government response to the Independent Review of Building Regulations and Fire Safety.

4.6 An ageing building control workforce

- 4.6.1** The Review Committee heard that Building Control surveyors need considerable training, experience, skill and judgment to ensure development works meet the relevant functional requirements. This is particularly relevant for High Rises to understand the complexity of design.
- 4.6.2** The Review Committee heard that nationally and locally, the Building Control workforce is ageing and the availability of skilled surveyors with experience of high rise complex buildings is scarce. There is a lag between Building Control officers retiring and training up new staff to the requisite level. This is exacerbated by Approved Inspectors winning the market share and driving skilled Building Control officers into the private sector.
- 4.6.3** The Review Committee noted that compared to five years ago, the number of skilled officers in the borough has significantly decreased. To address this, Tower Hamlets Building Control has recently restructured and initiated a recruitment drive, hiring two new trainees and employing two apprentices, who have now become Building Control surveyors through training.
- 4.6.4** The Review Committee considered that other Local Authorities are experiencing the same problem and looking to share resources so experience can be used where it is needed.

Recommendation 12:

The Council adopts a proactive approach to encourage residents to enter the Building Control and Planning professions and works with Local Authority Building Control (LABC), other boroughs and key partners, to develop a joint strategy with LABC to attract and retain a skilled Building Control and Planning workforce. The Council should consider:

- better use of shared resources
- apprenticeship schemes to support local residents and economic development
- incentives to attract young people into university courses.

4.7 Sprinklers

4.7.1 The Review Committee learned from the London Fire Brigade Borough Commander for Tower Hamlets that sprinklers can be an effective way of slowing the spread of fire before fire services reach the fire and set up their fire attack (Intervention Time). According to the London Fire and Emergency Planning Authority, there is clear evidence that sprinklers (and other forms of automatic fire suppression systems) can be effective in rapidly suppressing fires and help to⁶¹ :

- reduce death and injury from fire
- reduce the risks to fire fighters
- protect properties
- reduce the effects of arson
- reduce the environmental impact of fire
- reduce fire costs and the disruption to community and business.

4.7.2 Since 2007, new build blocks over 30 metres must be fitted with sprinklers. However, there is no requirement to retrospectively fit sprinklers to older High Rises. The Review Committee noted that following the Grenfell Tower fire, several London boroughs with low numbers of High Rises, including Waltham Forest, Enfield and Wandsworth, have begun retrofitting sprinkler systems to their residential High Rises.

4.7.3 The Royal Institute of British Architects has recommended to the Independent Review of Building Regulations and Fire Safety that sprinklers are retrofitted to existing residential buildings over 18

⁶¹ https://www.london-fire.gov.uk/media/1824/think_sprinkler_leaflet.pdf

metres in height, and perhaps extended to all residential buildings above three storeys in height⁶².

- 4.7.4** The Review Committee heard that Tower Hamlets has looked at the costs of retrofitting new sprinkler systems but does not have the budget available. Further, due to the demand in sprinkler systems, costs are fluctuating and being driven up. The Government has deemed the installation of sprinklers as non-essential and therefore is not currently proposing to fund local authorities to retro-fit sprinklers to existing High Rises.
- 4.7.5** However, given the evidence of the impact of sprinklers and growing support and campaigning activities of the London Fire Brigade, the Review Committee supports the installation of sprinklers in existing High Rises and recommends that the Council makes representations to the Government for increased funding.
- 4.7.6** The Review Committee also proposes that the Council review the feasibility of procuring and installing sprinklers in Council High Rises (and encourages Registered Providers to do the same) and assess the impact on other planned housing projects, including the delivery of affordable housing (Feasibility Report). The Feasibility Report should also provide different models, accounting for risk factors, such as prioritising Vulnerable Residents and ‘high risk’ blocks.

Recommendation 13:

The Council continues to advocate for Government funding to fit automatic fire suppression systems in local authority housing in the borough.

Recommendation 14:

The Council considers fitting automatic fire suppression systems in High Rises in the borough, prioritising Vulnerable Residents (including residents with hoarding issues or who require assistance in evacuating) and high risk buildings by carrying out a feasibility study by March 2019 on:

- the anticipated cost of works;
- the impact of the works on other housing services provided by the Council.

⁶² <https://www.architecture.com/knowledge-and-resources/knowledge-landing-page/riba-submits-evidence-and-recommendations-to-review-of-building-regulations-and-fire-safety>

Glossary of terms

<p>Aluminium Composite Material (ACM) cladding</p>	<p>Cladding made of two layers of aluminium attached to a lightweight core material such as polyethylene or polyurethane.</p>
<p>Approved Document B</p>	<p>The 'Approved Documents' provide guidance for meeting the requirements of the building regulations in common building situations. Approved Document B covers fire safety matters within and around buildings.</p>
<p>Approved Inspector</p>	<p>Building regulations require that construction complies with the building regulations and is independently verified. Verification may be given by local authorities or privately appointed approved inspectors. Approved inspectors are companies or individuals authorised under the Building Act 1984 to carry out building control work in England and Wales and registered with the Construction Industry Council.</p>
<p>Building Regulations</p>	<p>The Building Regulations 2010 are minimum standards for construction and extensions to most buildings and set out:</p> <ul style="list-style-type: none"> • What qualifies 'building work' and falls under the control of the regulations • What types of buildings are exempt • The notification procedures that must be followed throughout the building work • Requirements for specific aspects of building design and construction.
<p>Cladding</p>	<p>A non-structural component attached to the external building surface. This differs from structural elements, such as brick walls or applied surfaces, such as render.</p>
<p>Common parts</p>	<p>The Common Parts in a high rise purpose built flat generally refer to all parts of the building that have not been allocated to an individual flat and are used by all occupiers of the building. Under the Fire Safety Regulatory Order</p>

Compartmentation	<p>Compartmentation is the sub-division of a building “into compartments separated from one another by walls and/or floors of fire-resisting construction to:</p> <ul style="list-style-type: none"> • Prevent rapid fire spread which could trap occupants of a building. • Reduce the chance of fires becoming large, on the basis that large fires are more dangerous, not only to occupants and fire and rescue service personnel, but also to people in the vicinity of the building’
Draft New London Plan	<p>The Draft New London Plan sets out the overall strategic plan for London, including an integrated economic, environmental, transport and social framework for the development over the next 20-25 years. This includes housing. Further the London Plan is legally part of each London’s Local Planning Authorities development Plan and must be taken into account when planning decisions are made in the borough.</p>
Environmental Health	<p>The Council department/team responsible for enforcing health and safety legislation in businesses, investigating food poisoning outbreaks, pest control, noise pollution and regulating private rented landlords and other environmental health services to residents and businesses in Tower Hamlets.</p>
Fire Loading	<p>Refers to the amount of combustible material in a building or flat and the amount of heat this can generate as a measurement to determine the severity of a fire.</p>
Fire Risk Assessment	<p>Review of the fire risk of a building and measures required to reduce or eliminate the risk of fire and identify persons at risk.</p>
High Rise	<p>There is no legal definition of a high-rise building. In this report the term refers to residential purpose built flats in a tower block above 18 metres.</p>

Hoarding	The collection of excessive quantities of objects (with an inability to discard them), which can inhibit the use of the home or personal function. This increases the risk of fire and can prevent the means of or ability to escape.
Local Authority Building Control	Not-for-profit membership organisation that represents all local authority building control teams in England and Wales.
Multiple occupation	An entire house or flat which is let to three or more tenants who form two or more households and who share a kitchen, bathroom or toilet (Housing Act 2004)
Registered Provider	Includes local authority landlords and private registered landlords (such not-for-profit housing associations and for-profit organisations) providing social housing
Responsible Person	The 'Responsible Person' in the case of a block of flats is the person or organization with control of the premises, usually the owner.
Simultaneous evacuation	All residents in a building reacting to the warning signal when a fire is discovered and leaving the premises.
Stay Put policy	Residents remain in their own flat where a fire has occurred elsewhere in the building
Tenure	Describes how dwellings are occupied
Vulnerable Residents	In this report means a person whose ability to protect themselves in the event of a fire is impaired through physical or mental disability or illness, age, emotional fragility or distress.
Waking watch	A system whereby staff continually patrol all floors and the exterior perimeter of the building to maintain safety of occupants of the building from fire.

Appendix 2 - Fire Safety Scrutiny Review Action Plan

Recommendation 1:

Tower Hamlets Homes, in consultation with the Council and members of the Tower Hamlets Housing Forum, develops, monitors and evaluates a clear, easy-to-use separate notifications process for residents to:

- raise fire safety concerns separately from general repair issues
- receive clear timeframes for remedial actions, according to the level of risk
- Track the progress of remedial actions.

Comments from Service:

Comments from Tower Hamlets Homes (THH) - The current system in place is working well and the reporting fire safety concerns has been widely publicised to residents. The current process has been discussed with TRA Chairs and Members. Fire safety enquiries/ concerns are logged on iCase with 'Health and Safety' code so can be easily monitored and extracted for reporting purposes.

Repairs system – THH record incidents that have happened on a separate code 'Caused by Fire'. Fire related repairs are logged as a repair and normal approach based on priority system and residents kept informed. Note that the majority of fire safety repairs come from routine inspections, walk about and FRAs findings rather than resident requests.

Accessing services is available to residents in a number of ways – in person, telephone, and writing. Further development work on recording fire incidents is planned for Q3 2018/19 which will automatically alert the Health and Safety Team to any fire related incidents.

It would be good to keep the detailed dialogue going as THH are considering adopting the findings of the Dame Judith Hackitt report (particularly on the Resident's voices section) and the national picture will continue to evolve.

Actions	Responsible Officer	Deadline
Housing and Regeneration set up a meeting with Tower Hamlets Homes to discuss <ul style="list-style-type: none"> • developing a separate fire safety notifications system / adapting current repairs system so residents can notify fire safety concerns separately (including for residents who do not have internet access); 	Mark Baigent / Susmita Sen	October 2018

<ul style="list-style-type: none"> • how monitoring and evaluation feeds into performance indicators referred to in Recommendation 2 • How to feedback to residents on the progress of these items. 		
<p>Tower Hamlets Homes to discuss fire safety notifications processes at the Tower Hamlets Housing Forum to establish best practice around</p> <ul style="list-style-type: none"> • timeframes for responding to residents • timeframes for addressing issues • How best to keep residents updated on progress (including residents without internet access). 	Tower Hamlets Homes	March 2019

Recommendation 2:

The Council develops performance indicators to monitor and manage residents' concerns on fire safety in high rise buildings, in consultation with the London Fire Brigade, Tower Hamlets Homes, Registered Providers and Private Providers, to report to the Housing Scrutiny Sub-Committee.

Comments from Service:

While Housing and Regeneration and Tower Hamlets Homes can consult with Registered Providers in the borough through the Tower Hamlets Housing Forum, the Council has no statutory powers over Registered Providers or Private Providers to require them to report on performance indicators.

Indicators being monitored at present by THH include (Business Critical Indicator) Fire Safety: reduce risk on 9 High Rise Blocks to tolerable, and (Key Performance Indicator) Fire Risk Assessments in place. A key challenge likely to have an impact on THH's ability to reduce the risk on 9 high rise blocks to tolerable, will be the replacement of leaseholder doors, which may receive objections from leaseholders. This could therefore keep the BCI in red status.

For Tower Hamlets, the Fire Brigade has a target of 800 fire safety visits per annum across residential (purpose built flats over 4 floors) and commercial properties. Safety vests which raise concerns are actioned with informal or formal action. Informal action which includes a written letter of deficiency and recommendations and formal action which includes enforcement notice leading to a prosecution if not actioned within the time allowed.

Actions	Responsible Officer	Deadline
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Reporting annually to the Housing Scrutiny Sub Committee on the percentage of tall buildings (over 18m) owned by the Council and RPs that have an up to date FRA in place, inclusive of recommendations outstanding for more than 12 months.	Mark Baigent / Alison Thomas / THHF	June 2019
THH to reduce risk on 9 high rise blocks to tolerable, with progress reported to the operational meetings, strategic meetings, Mayor's housing meeting and to the Place Directorate Leadership Team and the HSSC.	Susmita Sen / Mark Baigent	March 2019
Progress updates against the THH Fire Safety action plan (high risk and low risk blocks) reported to operational meetings, strategic meetings, Mayor's housing meeting and to the HSSC.	Susmita Sen	March 2019
London Fire Brigade to report annually to the Housing Scrutiny Sub Committee on the percentage of residential purpose built flats visited, where informal / formal action has been taken.	London Fire Brigade / Marc Gibbons	June 2019
Housing and Regeneration to set up an initial meeting with Tower Hamlets Homes to discuss the data available and potential performance indicators, particularly around timeframes to address remedial actions, keeping residents informed and responding to fire safety notifications. (link to Recommendation 1)	Susmita Sen / Mark Baigent	September 2018
Housing and Regeneration and Tower Hamlets Homes to discuss with Registered Providers of the Tower Hamlets Housing Forum what data is available to monitor and benchmark Tower Hamlets Homes' performance	Mark Baigent / Susmita Sen / Sandraw Fawcett	March 2019

Recommendation 3:

The Council develops a clear position statement encouraging all Responsible Persons in the London Borough of Tower Hamlets to publish Fire Risk Assessments with a clear programme of works, outlining the scope and timing of the works.

Comments from Service:

In 2017, the Council stated that all Fire Risk Assessments would be published for Council blocks. Accordingly Tower Hamlets Homes have committed to do this in their Business Plan. The Council has no statutory powers to require Registered Providers and Private Providers to publish Fire Risk Assessments but can publicise its expectations around this from other housing providers.

Actions	Responsible Officer	Deadline
Housing and Regen to liaise with Communications, the Cabinet Member for Housing and the Mayor to agree wording for the position statement	Mark Baigent / Andy Bate	October 2018
Communications team to develop and implement a plan of where this will be publicised (website, printed and digital media to be considered)	Housing and Regen / Communications officer	December 2018

Recommendation 4:

The Council develops a Fire Risk Assessment dashboard template, in consultation with Tower Hamlets Homes, Registered Providers, Private Providers and resident representation to accompany published Fire Risk Assessments. The dashboard template should highlight:

- key risks
- works taken and planned to address the risks
- Any implications for use of the building by residents.

Comments from Service:

The Council has no statutory powers over Registered Providers or Private Providers to require them to develop and publish dashboards, accompanied by Fire Risk Assessments.

Actions	Responsible Officer	Deadline
Housing and Regeneration and Tower Hamlets Homes to meet to discuss developing dashboard templates	Mark Baigent / Susmita Sen	October 2018

Recommendation 5:

The Council develops a joint communication strategy with clear consistent messages, in consultation with the London Fire Brigade,

Tower Hamlets Homes, Registered Providers, Private Landlords or their agents and resident representation, to raise awareness with tenants and leaseholders on the following issues:

- communal area fire doors and external fire doors on individual flats must meet the appropriate fire safety standards
- means of escape need to be kept free of storage items (including barbecues on balconies) and obstacles (including grilles over flat windows and doors)
- external areas around entry/exits to buildings must be kept free of obstacles to ensure emergency services can access the building
- minimizing fire risks in homes through referral services, such as London Fire Brigade home visits and encouraging residents or family members to seek mental health support for hoarding issues
- installing smoke alarms to save lives
- certain internal refurbishment works require approvals (including Building Control approvals)
- What to do in an emergency, including when to stay put, when to evacuate and how to develop personalized evacuation plans.

The Communication strategy needs to consider

- a) A variety of communication channels, including digital, non-digital and meetings or 'fire safety awareness days'.
- b) The diversity of the borough and develop communication materials in key languages spoken in the borough.
- c) how information is accessible to those sub-letting and visiting the building
- d) Best practice models in engaging elderly and disabled residents, such as the Social Model of Disability.

Comments from Service:

A joint Communications Strategy could be an effective method to ensure consistent messaging. The Council currently has very little access to Private Landlords and therefore proposes consulting with known private providers to share any lessons learned and approaches to fire safety messages to residents.

Environmental Health has contact details for about 300 of the 600 plus tall private sector residential buildings following the ACM work. Most private sector tall buildings are owned by companies who employ managing agents who would carry out the Fire Risk Assessments and communicate with residents.

Actions	Responsible Officer	Deadline
Communications Team to liaise with the Chair of Tower Hamlets Housing Forum to set up a working group with the Tower Hamlets Housing Forum Asset Management	Andy Bate / Sandra Fawcett	October 2018

Sub-group and the Council's communications team to develop key messages		
The working group to approach Chairs of Tenant and Resident Associations to better understand: <ul style="list-style-type: none"> residents' knowledge of the issues set out in the recommendation potential challenges or reasons for non-compliance to determine how best to address these in key messages to provide feedback/ experience from the Fire Safety specific meetings and training held with the THH TRA Chairs 	Tower Hamlets Housing Forum / Tower Hamlets Homes	January 2019
The Working Group approach private providers through the Landlord Forum and the Housing Forum to share experiences and practices	Alison Thomas / Tower Hamlets Housing Forum / Tower Hamlets Homes	March 2019
Based on its findings on residents' issues, the working group develops key messages in consultation with the London Fire Brigade	Tower Hamlets Housing Forum / Tower Hamlets Homes	March 2019
The Working Group to develop and implement a communications plan around how best to publicise the key messages: <ul style="list-style-type: none"> across a variety of communication channels in different languages spoken in the borough so visitors to buildings are aware of evacuation routes if applicable to engage older residents and those with a disability 	Tower Hamlets Housing Forum / Tower Hamlets Homes / Andy Bate	March 2019

Recommendation 6:

The Council invites Registered and Private Providers to the Tower Hamlets Resilience Forum and monitors attendance to ensure housing providers are aware of emergency protocols.

Comments from Service:

Following the Fire Safety Scrutiny Review the Civil Protection Unit have delivered a presentation on emergency planning to the Tower Hamlets Housing Forum, followed by Civil Contingencies training/exercising for Registered Providers who are members of the Forum. A representative from THHF is a regular member of the Tower Hamlets Resilience Forum. The CPU is also available to offer the same services to the Private Sector Landlords Forum and the Private Sector Housing Forum.

Actions	Responsible Officer	Deadline
Presentation to the Tower Hamlets Housing Forum Executive	Andrea Stone / Ann Corbett	May 2018
Registered Providers to be invited to Civil Contingencies Training/Exercising: Exercise Heron – Nov'17 Exercise Safer City – Mar'18 Exercise Corvus – Apr'18 BRF Workshop – May'18	Andrea Stone / Ann Corbett	May 2018
The CPU to ensure the Council's website is updated with clear protocols and guidance.	Andrea Stone / Ann Corbett	July 2018
The Council invites the Chair of the Tower Hamlets Housing Forum to the Tower Hamlets Borough Resilience Forum (BRF) so the Chair can feed back to other Registered Providers on the Tower Hamlets Housing Forum	Andrea Stone / Ann Corbett	On going
Civil Protection Unit (CPU) to deliver a presentation to the Private Sector Landlords Forum and to the Private Sector Housing Forum on emergency planning work that the unit delivers	Andrea Stone / Ann Corbett	March 2019
The CPU to offer Civil Contingencies Training on emergency Planning procedures to private landlords via the Private Sector Landlords Forum and the Private Sector Housing Forum	Andrea Stone / Ann Corbett	March 2019

Recommendation 7:

The Council develops and maintains an emergency contact database of Private Providers of dwellings in High Rises.

Comments from Service:

Due to limited access to general private providers, the Council will prioritise approaching large private rented sector providers in high rise buildings. Contact details for 300 of the +600 private blocks in the Borough are available, for those with some form of cladding. Cladding status updates is reported to the MHCLG monthly, however as at 8th August 18, there are approximately 8 buildings where contact details are available although cladding status is yet to be confirmed. Once confirmed this will be reported to MHCLG.

Emergency contact details should be visible and available on housing blocks; however can also range from managing agents (some off shore), lettings agents and various landlords. Building Owners are responsible for maintaining emergency contact details and to provide these details to their residents. The London Fire Brigade should pick up on emergency contact details as part of the Fire Risk Assessments. The Council already holds a comprehensive list of contact details for high rise blocks it's been involved with (300), but they are not emergency details – it is not the Councils responsibility to hold emergency contact details.

Actions	Responsible Officer	Deadline
N/A – See comments above.		

Recommendation 8:

The Council improves engagement with Private Providers by developing a forum to share best practice.

Comments from Service:

Due to limited access to general private providers, the Council will prioritise approaching large private rented sector providers in high rise buildings. Best practice will be shared via existing forums.

Actions	Responsible Officer	Deadline
Share best practice of Fire Safety through the Private Sector Landlords Forum and the Private Sector Housing Forum.	Marc Lancaster	March 2019

Recommendation 9:

The Council encourages Tower Hamlets Homes, Registered Providers and Private Providers in the borough to develop personalized emergency evacuation plans with residents who need assistance to evacuate and priorities any remedial works or adaptations that are required to facilitate safe evacuation

Comments from Service:

The responsibility of developing personalised evacuation plans rests with the landlord.

Comments from THH:

- a) Plans only developed for identified evacuation blocks. LFB advice on 'Stay Put' and 'know your escape plan' widely published by THH along with the LFB Fire Safety Visit offer which covers evacuation plans. LFB orchestrate evacuations

<p>during incidents. THH share vulnerability and mobility data with LFB. Signage is displayed in blocks for escape routes and signage improvements plans in place where identified in FRAs)</p> <p>b) Continued publicity and discussion by Neighbourhoods Fire Safety Team who are visiting all residents (6-9 storey blocks 2018/19 with 10+ storey blocks already visited)</p>		
Actions	Responsible Officer	Deadline
<p>Housing and Regeneration to discuss at the Tower Hamlets Housing Forum:</p> <p>a) THH and Registered Providers' existing services for developing personalised evacuation plans</p> <p>b) Current uptake</p> <p>c) How to improve outreach</p>	<p>Mark Baigent/Alison Thomas/Sandra Fawcett / Susmita Sen</p>	<p>March 2019</p>
<p>Presentation by the London Fire Brigade at the Private Sector Landlords Forum and the Private Sector Housing forum to raise awareness of fire safety and the need for evacuation plans including for those needing assistance.</p>	<p>Dave Tolley / Marc Lancaster / London Fire Brigade</p>	<p>March 2019</p>
<p>Promote services available in the borough under communication initiatives referred to in Recommendation 5.</p>	<p>Andy Bate</p>	<p>March 2019</p>

Recommendation 10:

Within 6 months of the publication of the Government's response to the findings of the Independent Review of Building Regulations, the Director of Place submits a report to the Housing Scrutiny Sub-Committee:

- detailing the legal, financial and resource implications on service areas
- advising how the Council proposes to implement the Review's recommendations
- assessing the impact on residents and the provision of affordable housing
- Outlining how the Council will work with Registered Providers and private sector housing providers to engage residents in the implementation of the proposals.

Comments from Service:

Actions	Responsible Officer	Deadline
<p>Produce a draft report on Independent Review of Building Regulations for Place</p>	<p>John McGeary</p>	<p>October 2018</p>

DLT support		
Submit Report to Housing Scrutiny Sub-Committee, to include resource implications, future actions and monitoring approaches	John McGeary/Mark Baigent	November 2018
Council services to work with THHF / Chairs of Sub Groups to support implementation of recommendations	Alison Thomas / John McGeary / Dave Tolley / Sandra Fawcett	December 2018
Deliver a presentation to the MHCLG on Tower Hamlets as a best practice model for the identification and remediation of ACM cladding on high rise blocks.	Mark Baigent / Alison Thomas	September 2018
Work with MHCLG to help set up a multi-disciplinary task force to enforce the removal of ACM cladding, providing advice	Mark Baigent / Alison Thomas	March 2019

Recommendation 11:

The Planning and Building Control Teams develop clear guidance for developers on the distinct fire safety responsibilities in tall buildings throughout the building process, taking account of:

- requirements under the New London Plan
- international best practice; and
- the findings of and Government response to the Independent Review of Building Regulations and Fire Safety

Comments from Service:

Actions	Responsible Officer	Deadline
To produce draft guidance including best practice for Developers on Fire safety and Tall Buildings	John McGeary and Paul Buckenham	March 2019
To define and confirm a clear planning and building control application process for Fire safety for Tall buildings - publishing this information onto the Councils website.	Paul Buckenham and Umbreen Qureshi	March 2019

Recommendation 12:

The Council adopts a proactive approach to encourage residents to enter the Building Control and Planning professions and works with the Local Authority Building Control (LABC), other boroughs and key partners, to develop a joint strategy to attract and retain a skilled Building Control and Planning workforce. The Council should consider:

- Better use of shared resources
- Apprenticeship schemes to support local residents and economic development
- Incentives to attract young people into university courses.

Comments from Service:

Actions	Responsible Officer	Deadline
Complete and launch the Graduate Planner programme	David Williams	October 2018
Develop an action plan with relevant partners for promoting Planning & Building Control as a career (to young people, schools, apprenticeships)	Vicky Clark / David Williams / Diane Lomas / Christine McInnes	March 2019
Building Control and Planning to consider market supplement approaches to address recruitment and retention issues at a more experienced level	John McGeary / Paul Buckenham	March 2019
Careers education programme pilot to be developed in the Autumn to identify current hard to fill vacancies in the Council, converting these to apprenticeships - Planners to attend and speak at the event.	Vicky Clark / John McGeary / Paul Buckenham	December 2018

Recommendation 13:

The Council continues to advocate for Government funding to fit automatic fire suppression systems in local authority housing in the borough

Comments from Service:

Actions	Responsible Officer	Deadline
Housing and Regeneration discusses with the Cabinet Member for Housing, the Mayor, Tower Hamlets Homes and Registered Providers to agree an approach to advocating for funding.	Mark Baigent	October 2018

Recommendation 14:

The Council considers fitting automatic fire suppression systems in High Rises in the borough, prioritizing Vulnerable Residents (including residents with hoarding issues or who require assistance in evacuating) and high risk buildings by carrying out a

feasibility study by March on: <ul style="list-style-type: none"> the anticipated cost of work; and the impact of the works on other housing services provided by the Council 		
Comments from Service: The Council can only consider the implementation of this recommendation in relation to its own housing stock, managed by Tower Hamlets Homes.		
Actions	Responsible Officer	Deadline
Housing and Regeneration, in consultation with Tower Hamlets Homes and Registered Providers, conduct a review on: <ol style="list-style-type: none"> The number of High Rise flats in the borough, according to tenure, known Vulnerable Residents and high risk flats Lease terms in mixed tenure to clarify whether the Council can gain access for the works to be carried out Whether the Council can recharge the costs of works to leaseholders 	Mark Baigent / Dave Tolley / Susmita Sen / Sandra / Sandra Fawcett	December 2018
THH stock - Finance prepares a feasibility report with different models of costings for works on: <ul style="list-style-type: none"> Its housing stock the number of flats with known Vulnerable Residents 	Mark Baigent / Paul Leeson	January 2019
Housing and Regeneration presents the feasibility report to MAB, suggesting a preferred option.	Mark Baigent	March 2019