



**WATFORD
BOROUGH
COUNCIL**

CABINET

Monday, 6th June, 2016

7.00 pm

Town Hall Watford

Publication date: 26 May 2016

Contact

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Welcome to this meeting. We hope you find these notes useful.

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Cabinet Membership

Mayor	D Thornhill	(Chair)
Councillor	P Taylor	(Deputy Mayor)
Councillors	K Collett, S Johnson, I Sharpe and M Watkin	

Agenda

Part A – Open to the Public

- 1. Apologies for Absence**
- 2. Disclosure of Interest (if any)**
- 3. Minutes of previous meeting**

The minutes of the meeting held on 7 March 2016 to be submitted and signed.

Copies of the minutes of this meeting are usually available seven working days following the meeting.

(All minutes are available on the Council's [website](#).)

- 4. Conduct of meeting**

The Cabinet may wish to consider whether there are any items on which there is general agreement which could be considered now, to enable discussion to focus on those items where the Cabinet sees a need for further debate.

- 5. Watford Borough Council's reviewed vision, priorities and values and the Corporate Plan 2016-2020 (Pages 5 - 32)**

Report of Managing Director

- 6. Delivering a bold & progressive future for Watford: Organisational and Management changes to drive delivery of the corporate plan priorities (Pages 33 - 44)**

Report of Managing Director

- 7. Approval for consultation of proposed changes to a section of the Residential Design Guide (Pages 45 - 74)**

Report of Head of Regeneration and Development

8. Hemming Way- Watford (Pages 75 - 86)

Report of Regeneration and Property Section Head

9. Atrium - Property Asset Management System, contract extension (Pages 87 - 114)

Report of Head of Regeneration and Development

**10. Procurement of the franking machine - exemption to contract procedure rules.
(Pages 115 - 120)**

Report of Head of Community and Customer Services

11. The future of ICT (Pages 121 - 136)

Report of Managing Director

Part A

Report to: Cabinet
Date of meeting: 6 June 2016
Report of: Managing Director
Title: Revised corporate planning framework and draft corporate plan 2016-2020

1.0 **Summary**

- 1.1 Over the last year, Watford BC has undertaken a review of its corporate vision, priorities and values as part of its annual review of the council's corporate planning framework.
- 1.2 A report to Cabinet on 7 March 2016 set out the overall direction for the new vision, priorities and values and approval was given to take this work forward with a further report to be presented to Cabinet covering: the final recommendations on the new corporate planning framework and the council's draft corporate plan for 2016 -2020.

These are, therefore, set out in this report for consideration and approval.

2.0 **Recommendations**

- 2.1 To approve the final recommendations for the council's new vision, values and priorities and to note that these form the basis for the council's corporate planning framework including the corporate plan, service plans and individual work objectives.
- 2.2 To note the draft corporate plan 2016-20, propose any amendments and recommend it to Council (Appendix I).
- 2.3 To note that the new corporate planning framework will be supported by communications and engagement with staff to ensure ownership and understanding.

Contact Officer:

For further information on this report please contact: Kathryn Robson
telephone extension: 8077 e-mail: kathryn.robson@watford.gov.uk

Report approved by:

Manny Lewis, Managing Director

3.0 **Detailed Proposal**

The council's framework for corporate and service planning and setting individual work objectives for staff through the performance development review process is underpinned by its vision, priorities and values. Through these, the council sets out its direction and purpose in order to:

- Address new challenges and opportunities
- Maintain focus on delivery and outcomes
- Establish priority areas of work
- Highlight areas for improvement or transformation
- Improve employee performance and motivation

The last review undertaken of the vision, priorities and values was in 2012 and led to a new corporate framework for the council. Four years on, the drivers that informed this review have changed considerably. The organisation itself is in a very different place, and operating in a very different environment, in terms of both national and local challenges and opportunities. It has also successfully delivered on a number of priority areas identified at this time and, through this, is in a position to refine the areas of work that will help deliver the council's ambitions for Watford and the organisation itself.

In view of this, work has been undertaken to establish a revised corporate planning framework that would then be used to develop the corporate plan 2016-2020, service plans as well as individual work objectives.

This work has been tested with portfolio holders, staff through workshops and discussions and initial progress shared with Cabinet in March 2016. This collective approach has helped refine all three main elements of the framework (the vision, priorities and values) and ensured they reflect a shared view of both the council and town in terms of its ambitions and the type of place and organisation we want to be.

3.1 **The new corporate planning framework: vision, priorities and values**

3.1.1 **Council vision**

A vision is a statement of aspiration and the high level goals we are hoping to achieve. It should be clear, straight forward, concise and reflect the council's own identity so that it is not generic (i.e. could belong to any area) and not bureaucratic. The vision also needed to be about what the organisation is aiming to achieve – not 'the how' but 'the what'.

3.1.2 In reviewing the vision and developing one to reflect our future goals for the council and the town a number of key themes emerged. These themes reflected the strengths

of Watford – its vibrancy, prosperity, a place where residents and businesses can thrive - and the council’s role in making this happen. These include ‘championing’ the town and being forward looking , innovative, bold and progressive

3.1.3 From these themes, the following vision was agreed and is recommended for approval:

To create a bold and progressive future for Watford

A vision cannot tell the whole story and, just as important, will be the narratives developed to expand on the vision and what it means in terms of delivery. For example, what might ‘bold’ mean for our business community or our community groups and, equally, what might ‘progressive’ mean to our residents and partners.

Certainly a bold Authority is one that has ambition, takes measured risks, empowers its staff and the community, uses its leverage, takes responsibility and delivers directly as well as through partnerships. A progressive authority is welcoming, invests in community cohesion and equalities, is inventive and plans continuously for the future.

These themes will inform the corporate framework going forward in terms of our key competencies for staff and ‘how we work’.

3.1.4 **Council priorities**

The new priorities have been developed to support the council deliver its vision. Priorities by their very nature signal what is important to an organisation and what areas require focus and attention. This does not mean that other areas are not valued or do not make a significant contribution to the council’s success. Priorities are where challenges and opportunities have been identified and where focused effort is required to bring about the outcomes and results that match the council’s ambitions.

3.1.5 The five new priorities are set out below:

- Identify ways to manage the borough’s housing needs
- Champion smart growth and economic prosperity
- Provide for our vulnerable and disadvantaged communities
- Deliver a digital Watford to empower our community
- Secure our own financial future

- 3.1.6 Housing has been identified as a priority because of the huge pressure the town faces in this area and the significant amount of work that is being, and needs to continue to be, done to address the issues that have arisen from high demand and the high cost of housing in the borough both within the rental sector and in terms of house prices. The costs of, and increase in demand for temporary accommodation combined with a serious shortfall in affordable homes are big issues for the Council. In addition we need to provide a mix of high quality housing particularly in our own major projects and tackle inappropriate development.
- 3.1.7 A priority that emphasises the importance of well-planned and managed growth and the town's economic prosperity has been retained because these are vitally important to Watford's future. Our plans for growth are critical for ensuring the town has a strong economic base but we want to achieve this so the town retains its distinctiveness and appeal for all our communities.

Smart growth is a better way to build and maintain our towns and cities. Smart growth means building urban, suburban and rural communities with housing and transportation choices near jobs, shops and schools. This approach supports local economies and protects the environment. It is exactly our strategy through the developments along the route of the MLX from west Watford through to Watford Junction.

We must ensure that, where possible, growth benefits all and that those who are most vulnerable are given the support they need – this is reflected in our third priority, to provide for our vulnerable and disadvantaged communities.

Census 2011 shows the town's changing demography with 38% black & ethnic minority community and a significant increase in the 'white non-British' community particularly Polish and other eastern European. Good community cohesion continues to be a measure of the town's success. And the pressures in terms of homelessness are significant with over 200 households in temporary accommodation at the start of the year (a 29% increase on previous year) and a 35% increase in homeless applications. It is also likely that there will be pressure in future for local authorities to take more refugees. As our equality landscape changes we need to ensure that:

- The good work led by the Community Safety Partnership on protecting vulnerable groups is continued
- We have a good understanding of the changes needed to ensure services across the town are responsive to the different needs
- We are engaging effectively with new communities and providing them with the opportunity to succeed and achieve economic independence
- Our third sector and relevant community groups are well placed to provide

support.

- 3.1.8 The final two new priorities do signpost the step change we want to deliver as an organisation. The council has not yet had the opportunity to fully address and make the most of the benefits the digital world can offer the organisation, our residents and customers. The digital agenda is transformational and brings together so much more than IT and new technologies. Our challenge is understanding what this means for the council and the town and providing the leadership needed to take this forward. We have already started work on this and so have built the initial understanding of the important areas of work and projects that will deliver this priority but there is a lot more to do.

We need to:

- rapidly develop the Council's IT infrastructure, and this is taking place through the modernisation investment
- transform our corporate customer services by introducing a more responsive 24/7 self- service online capability
- devise and invest in a long term digital strategy
- streamline the customer journey through customer accounts to reduce the amount of duplication and double entry
- reengineer our back office services to share single databases and improve workflow
- build on the functionality of the new website
- optimise the use and development of the town centre wi-fi

- 3.1.9 Finally, the challenges faced by the change to local government finances cannot be underestimated and will require the organisation to look at its finances in new and innovative ways. This brings a number of opportunities that will need to be considered and pursued if the council wants to achieve its priority of securing its own financial future.

Government revenue support grant disappears completely for the Council in 2019/20 reducing from a level of £1.3m in 2016/17. The Council faces in £3m gap by the end of this medium term and the strategy to address the gap is centred on driving income upwards, particularly commercial income through the Property Investment Board, business rate growth, returns on investment from our major projects and selling services. Further efficiencies will also be necessary.

- 3.1.10 Whilst these five priority areas are recommended for approval, the council understands that there are other important themes that underpin the corporate work programme and should be reflected in all that we do. These themes are:

- Effective two-way engagement and communication
 - to ensure effective resident and stakeholder engagement
 - to proactively make the case for investment in growth and the

- town's economy
 - to win hearts and minds on the need for increased, high quality housing whilst protecting the character of the town
- Sound management and high performance
 - to ensure services requiring improvement are rapidly addressed
 - to set and achieve upper quartile performance targets
 - to benchmark our performance against the best councils
- Improving the Town's environment
 - to continue to tackle pockets of neighbourhood degradation
 - to improve private sector rental accommodation standards
 - to enhance areas of the town centre that need further investment

3.1.11 Council values

Values are an integral part of the corporate framework and the right values will support the vision, shape the culture and clearly set out the council's principles and expectations in terms of behaviours.

3.1.12 The new vision challenges staff to be bold and progressive – both behaviours that will help deliver the transformation and innovation that the council will require over the next four years. In view of this, it is recommended that clarity of the proposed new vision should be carried through, and reinforced by, the council's values. The previous values of integrity, fairness and inclusiveness are still key features of the organisation's expectations of staff but are well-embedded within our behaviours and our approach.

3.1.13 The new set of values, therefore, are:

BOLD: We work as a team and we make things happen

PROGRESSIVE: We are ambitious, we are innovative and we are welcoming

3.2 Delivery and monitoring

3.2.1 To support the delivery of the corporate plan 2016-20 a detailed delivery plan is being developed. This delivery plan 'sits beneath' the corporate plan and sets out how the projects and development areas within the plan will be delivered in the short-term (2016/17). It contains quarterly milestones, identifies the key staff resources that will be required to ensure effective project delivery and outlines how the organisation will measure success at the end of 2016/17. This delivery plan informs service planning and quarterly reviews and is, therefore, adaptable across a number of the council's business planning processes.

3.3 Communications and engagement with staff

3.3.1 The new corporate planning framework is a significant departure from the council's previous vision, priorities and values and clearly signals the need for change and new

ways of thinking and working.

3.3.2 It is important for staff to understand why the change has taken place and the thinking that underpins the new framework. In view of this a comprehensive communications and engagement programme is planned so that all staff understand their role in delivering the council's ambitions and programme of work.

3.4 **Organisational and management changes to drive delivery of the corporate plan priorities**

3.4.1 A number of strategic and leadership changes are necessary to achieve the challenging requirements of the new corporate plan. In summary these are to:

- ensure our financing disciplines are strong, with clear integration of revenue, capital and project finance, robust cost analysis and accurate forecasting
- enhance the senior capacity to drive the leadership of priority areas and integrate our service delivery more effectively
- provide for the leadership of Digital Watford and technology innovation
- reinforce the move from strategy development to strategy delivery through increased project management support

3.4.2 These organisational and management changes required are set out in a separate report on the Cabinet agenda.

4.0 **Implications**

4.1 **Financial**

4.1.1 **Finance**

4.1.2 The importance of securing the council's financial future is recommended as a new priority and work to achieve this is outlined within the draft corporate plan 2016-2020. The council has developed a Medium Term Financial Plan, which supports the synergy between its financial and corporate planning and identifies how the council will make sure it links its financial decisions to the delivery of the corporate plan. .

4.2 **Legal Issues** (Monitoring Officer)

4.2.1 The Head of Democracy and Governance comments that the corporate plan is one of the policy framework documents listed in the constitution that has to be approved by Council. The current draft document will be updated for approval at Council in July 2016.

4.3 **Equalities**

4.3.1 The Corporate Plan is informed by the Watford context, including an understanding of the demographic make-up of the borough's community and feedback from local people on the issues that are important to them. The council has identified developing

a profile of our communities as an area of work within the corporate plan to support the delivery of Corporate Priority 3: 'Provide for our vulnerable and disadvantaged communities. Impact analyses are undertaken on specific projects/programmes where relevant. An overall equality impact analysis has been undertaken on the corporate plan.

4.4 Potential Risks

Potential Risk	Likelihood	Impact	Overall score
The council's corporate plan and its Medium Term Financial Strategy work together to achieve outcomes identified within the plan. Failure to link the two effectively might result in insufficient financial resourcing for areas of work identified or failure to meet financial targets.	1	4	4
The council has acknowledged the importance of the organisation taking ownership of its corporate planning framework to ensure there is commitment to delivery and that targets are achieved. Failure to achieve this 'buy-in' could delay projects and programmes and impact on overall deliver. A full communications plan is being developed to engage and communicate with staff.	2	4	8
The Corporate Plan represents a significant programme of work. The organisation needs to understand the interdependencies of the areas of work identified and their call on time / resources. Failure to do so effectively would risk delivery.	2	4	8
The Corporate Plan represents a significant programme of work. There is potential for slippage and failure to meet milestones without robust project and programme management.	2	4	8

4.5 Staffing

4.5.1 The corporate plan is a key document for staff and provides an important part of the council's performance framework that supports services to develop their own delivery plans, which in turn inform individual staff objectives and outcomes. The corporate values provide staff with clear expectations on the way we work and the behaviours we expect.



MAKING
WATFORD
BOLD & PROGRESSIVE

Watford Borough Council's Corporate Plan to 2020



Introduction to our Corporate Plan

This Corporate Plan introduces our new vision, priorities and values for Watford and makes a clear statement about our ambitions for the town over the next four years.

Whilst we achieved a lot over the period of our last Corporate Plan, we want to use our success, and the considerable range of achievements we have delivered for the town, to spur us on to do even more.

We are clear we need to modernise as an organisation, taking full advantage of the new digital world that is open to us, and making sure our staff perform at the highest level to deliver the high quality services our residents expect.

At the same time our ambitions for the town remain at the heart of what we do and we have identified a challenging but exciting number of projects that will deliver our vision of creating 'a bold and progressive future for Watford'.

Over the lifetime of this Plan we will see some of the transformational projects we have been driving and supporting come to fruition including the exciting development at Intu and the Metropolitan Line Extension. It is through these projects that we can secure the town's prosperity, which is important to us all, and ensure that it continues to be a great place to live, work and visit.

Over the last year, I have been delighted that time and again Watford is appearing at, or near, the top of the list as somewhere people want to be. This doesn't happen by accident, keeping somewhere vibrant, attractive and welcoming takes effort and really bold forward thinking. I am pleased that, even through difficult financial and economic times, we have achieved this for the town and we are determined to continue to shape and influence Watford's future success.

Like all councils achieving our goals is set against a very challenging financial picture. The way councils are financed is going to change fundamentally with the government ending the grant it pays to local authorities by 2020. However, whilst difficult it does present opportunities for us to do things differently and explore ways of working that will help us secure our financial future.

A key theme throughout this Plan is the importance we place on communicating with our residents and community and ensuring you have every opportunity to feedback to us and share your views. I, along with your local councillors, welcome hearing from you and would encourage you to get involved in shaping our plans and decisions.

As ever, if you have any comments on the Corporate Plan, our plans, major projects or the Council, then email me on themayor@watford.gov.uk or call 01923 226400 and ask for the Mayor's office.

Baroness Dorothy Thornhill MBE

Elected Mayor of Watford

Shaping our Corporate Plan

Our Corporate Plan sets out our ambitions for both Watford and how we will deliver these commitments by 2020.

Over the last year, we have undertaken a fundamental review of our plan and the vision, priorities and values which provide the framework for our planning. We did this based on:

1. the significant successes we have delivered against the priorities we set in previous corporate plans; and
2. the need to respond to the challenges and opportunities we know are facing councils over the next few years
3. our elected Mayor's manifesto commitments and the priorities she has set the organisation for the town during her fourth period in office

The review clearly shows us two things: firstly, we cannot meet the financial challenge ahead without making fundamental changes to the way we do business, and secondly, we cannot afford to scale back our ambition for the borough and the Council. That means we will need to be more creative and more resilient than ever as an organisation, if we want to continue to be successful as we go forward.

Watford is changing

We know Watford is changing. Its success as a town means it is an extremely popular place to live, work and visit. This means the pace of economic and population growth is high. This has impacted on house and rental prices over the last few years and housing is now certainly top of the challenges we need to address as a council. We also know we have a shifting demographic, with a growing young, diverse population, and rising pressure on local infrastructure and services.

Additionally, the expectations of our communities continue to rise; they expect high quality and responsive services and a Council that is prepared to listen to them and deliver services not just in office hours but in many cases 24/7. The pace of life is fast, supported by new technologies, and citizens expect their councils to modernise in line with the opportunities new technologies bring.

We are committed not just to keeping up with change but to keeping ahead of it where it supports our goals.

Fulfilling our ambitions

Our Corporate Plan needs to reflect how we can seize every opportunity that comes our way to deliver new homes and create jobs and opportunities for our residents and to make economic growth work for Watford so that our residents can share in our borough's success. We need to understand how we can secure our own finances and protect services we know are important to residents whilst also ensuring we listen and respond to our community in a way that meets their needs.

A critical driver for this Corporate Plan is our need to respond to the government's ongoing reduction in funding to local government. In December 2015, we learned that this includes the removal of revenue support

grant by 2020. The revenue support grant has been an integral part of funding for local government for many years and so this presents a real step change for all councils. For Watford Borough Council, it means a loss of around of £3million of revenue (on top of the £5million worth of savings we have already had to make since 2010), which is a significant proportion of our current £16.035 million budget. Everything we outline in this Plan is informed and influenced by our requirement to meet this financial challenge without diminishing our ambitions. This is why it is so important that this Plan sits alongside our Medium Term Financial Strategy. Together they set out how we will establish the basis for successful future growth and deliver on our key priorities which are intended to maintain Watford as an exceptional borough providing opportunities for all that live and work here.

This Corporate Plan, therefore, responds to our new vision by challenging us to be bold and progressive so that we create the environment the Council needs to thrive and fulfil its ambitions for the town.

We will need to be an excellent organisation

To do these things and to do them well, we will need to be a high performing organisation. We need to have the people, skills and key infrastructure, such as IT systems, in place so that we can be dynamic and responsive, fast and flexible, innovative and creative. We also want to be outward looking as an organisation, engaging with our communities and building partnerships across the private, public and voluntary sectors that support us deliver for the town. For our staff, this Corporate Plan provides the direction on how they can contribute to the town and the Council's success and challenges them to look at how they work to see if there are new and better ways to deliver services.

How we will deliver

This plan outlines how we will deliver our priorities whilst ensuring we maintain the high quality we have achieved in delivering our core areas of business such as waste and recycling, street cleaning, revenues and benefits and planning performance. Indeed, ensuring we manage performance across the Council so that our key business areas provide the service levels our residents expect is a key theme underpinning everything set out in this plan.

Part One

The Council's Vision, Priorities and Values

OUR VISION: To create a bold and progressive future for Watford

Our new vision reflects our approach to the current challenges and opportunities facing the Council as an organisation and the town as a place to live, work, visit and learn. We want to champion our town so that it is a place where all our communities thrive and prosper, benefitting from strong economic growth and good quality local services and facilities. This will require the Council to be innovative and explore new ways of working and champion initiatives that will transform the town and the organisation. More of the same isn't going to secure the future we want for Watford, which is why **bold** and **progressive** lie at the heart of our ambitions.

OUR FIVE PRIORITIES:

Supporting this vision, the Council has 5 new priority areas of work. These have been developed from what we know about the challenges and opportunities we will face over the next few years and our Mayor's manifesto commitments. Our priorities are critical to the Council achieving successful outcomes for its ambitions for the town.

1. Identify ways to manage the borough's housing needs
2. Champion smart growth and economic prosperity
3. Provide for our vulnerable and disadvantaged communities
4. Deliver a digital Watford to empower our community
5. Secure our own financial future

In addition, our core, day to day business underpins everything we do and all of our work and effort contribute to our success. In particular, we recognise the importance of 3 key areas in making us an effective organisation, in touch with our residents and delivering in the areas and in a way that they expect. These are:

- Effective two-way engagement and communication
- Sound management and high performance
- Improving the town's environment.

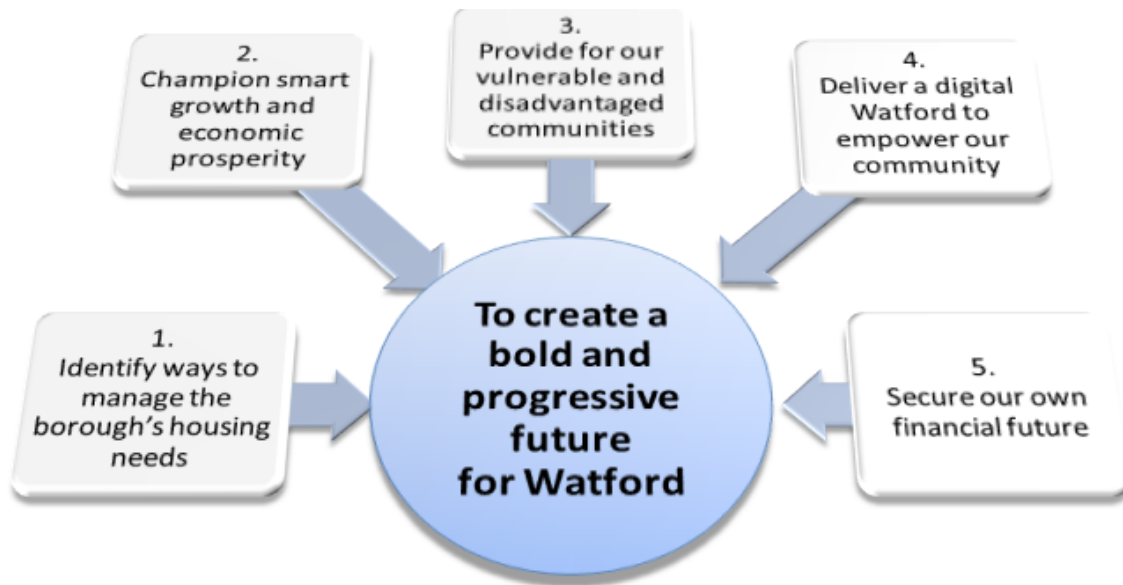
OUR VALUES:

Our revised corporate values reflect the behaviour we expect our staff to demonstrate in their work and clearly establish how they contribute to delivering our new vision.

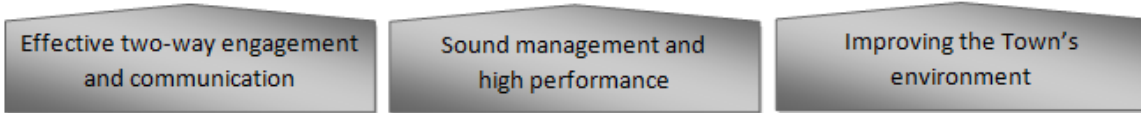
1. **BOLD:** We work as a team and we make things happen
2. **PROGRESSIVE:** We are ambitious, we are innovative and we are welcoming

Our values focus on taking forward our new corporate agenda. We are more confident that the behaviours of being fair, showing integrity, and being inclusive are now embedded across the organisation.

OUR CORPORATE FRAMEWORK



VISION AND PRIORITIES



DAY TO DAY BUSINESS

BOLD: We work as a team and we make things happen

PROGRESSIVE: We are ambitious, we are innovative and we are welcoming

VALUES

Part Two

Watford today

Watford is a place to be proud of, and as a council, we plan to keep it that way. We value our clean streets, well-kept parks, and places for children to play, the vibrant high street and diverse range of activities and facilities across our borough. We have a cohesive community who add to the vibrancy of our town and our residents are generally satisfied with the Council and their local services. Understanding our town and our community helps us to identify what shapes Watford and the challenges and opportunities we face as a council to champion our town.



Population: 95,500 over an area of **8.5 sq miles**

Young population: average age **36.46** years

Diverse population: **38% BME**

38,485 households

Average household size: **2.44** people

High proportion of single person households: **31%**

High number of households in rental accommodation: **37%**



High growth in house prices and demand:

Most in demand place to live on the tube map (2015)



Voted 9th happiest place to live in the country

6 Green Flag award winning parks



Career Builders: Singles and couples in their 20s and 30s progressing in their field of work from commutable properties – most common MOSAIC group: **12%**



5th best connected borough in UK - M1, M25, West Coast Mainline, Overground, Underground

Direct services to London Euston in **16** mins



3,500 businesses **57,000** jobs

Low unemployment / high level of qualifications

48% of Watford employment is in Knowledge Sectors

12.7% self-employment rate



72% of residents are satisfied with how Watford BC runs things (2nd highest in Hertfordshire)

Part Three

How we will deliver our priorities

1. Identify ways to manage the borough's housing needs

Watford is a popular place to live. Its location close to London, great road and rail links, good schools and employment opportunities have seen demand for homes in the town increase over recent years. However, it has also meant rising house prices and rental costs, which has put affordability under pressure.

As demand and housing costs rise, we have seen unparalleled numbers of people presenting at the Council with housing issues and the solutions available to us have been severely under pressure. We have already started some innovative work to tackle the supply of housing available, including setting up a joint venture with the Watford Community Housing Trust to deliver new homes.

Our challenges

- Over-heated housing market – high demand and high prices
- High use of temporary accommodation
- Affordability under pressure
- High rental costs
- Growing population
- Limited space in the borough for new homes
- Household and demographic changes

Our opportunities

- New models of delivery including the joint venture
- Strategic sites identified for the delivery of new homes
- Innovative solutions to achieving our new homes target

We will do this by:

- Supporting the delivery of the Council's target of 260 new homes per annum
- Identifying and manage ways to tackle the demand and supply for housing in the borough including taking forward our Joint Venture company in partnership with Watford Community Housing Trust, developing new cost effective temporary accommodation, reviewing how we manage homeless applications and re-assessing the future role and resources required for the housing management function
- Implementing measures to maintain and improve conditions within homes to ensure they are suitable for use and promote the health, safety and welfare of residents through the revised Private Sector Renewal Policy.
- Ensuring our planning policies are sufficiently flexible to support the delivery of more affordable homes

2. Champion smart growth and economic prosperity

One of Watford's achievements over the lifetime of our previous Corporate Plan was its success in maintaining its economic prosperity through the recent recession and having the right plans in place to be ready to take full advantage when the upturn came. By being forward thinking, we have secured local employment, retained businesses and remain an attractive place for investment. The Council has played its part through investment in the town, such as the improvements to the top of the town and our parks and open spaces, and by securing the right partnerships to take forward some of our major projects such as Charter Place and Watford Business Park.

Even with so much achieved, we know the town cannot stand still if it wants to remain successful and prosperous. As a council we want to shape our town, which is why we are proud of our Local Plan that clearly sets out our commitment to well-planned and managed growth – without this we would be at risk of poor quality, unplanned developments and back filling. We want to continue to attract investment and address the issues we know are important to our residents such as congestion and parking.

Our challenges

- Competing demands for land within the borough
- Limited land for new business / industrial space
- Traffic congestion and parking
- Shortage of fit for purpose office and light industrial accommodation
- Ensuring sufficiently skilled local labour force to meet needs of local employers and businesses

Our opportunities

- Location remains a strong driver for prosperity – regional centre for retail, culture and leisure
- Sound Local Plan provides robust framework for managing growth
- Strategic development sites located close to good transport links
- Inward investment in Watford – Intu, Watford Health Campus, Watford Business Park, Metropolitan Line Extension
- Strong local partnerships such as Watford BID, Skillmakers, creative leaders to promote prosperity

We will do this by:

- Progressing investment in infrastructure and public realm: Town Hall Square, Charter Place, Watford Health Campus, Metropolitan Line Extension, Watford Junction, Clarendon Road, Watford Business Park
- Supporting Watford BID to ensure the vibrancy and success of the town centre
- Working in partnership with Hertfordshire County Council on tackling congestion and promoting more sustainable methods of transport including improving cycling and walking routes
- Delivering the Cassiobury Park 'Parks for People' HLF project

- Delivering the first phase of Sports Facilities Strategy
 - Woodside
 - Oxhey Park North
 - Gaelic Football Club
 - Cassiobury Site (Fullerians)
 - Cassiobury Croquet Club
- Delivering Local Plan Part 2 – Site Allocations, Development Management Policies, Town Centre Policies
- Developing a narrative on the benefits of our approach to smart growth to inform our community and build understanding

Smart growth is a better way to build and maintain our towns and cities.

Smart growth means building urban, suburban and rural communities with housing and transportation choices near jobs, shops and schools. This approach supports local economies and protects the environment. Our Local Plan has, at its heart, the positive outcomes that can be achieved through smart growth.

3. Provide for our vulnerable and disadvantaged communities

We are fortunate in Watford that the majority of our population enjoy a high standard of wellbeing, healthy lives and are able to access help when they may need it. We recognise that this is not the case for everyone and people’s circumstances can change. We need to understand where these pressure points are for our town and for individuals and ensure that we are working with our partners to minimise the issues vulnerability can bring.

Work to support people affected by Welfare Reform changes has included close working with a range of partners to ensure that advice is correct and consistent. With the introduction of Universal Credit, there is more focus on providing practical support through partners to advise and enable local people to adapt to the new arrangements.

Our challenges

- Harnessing prosperity to benefit all our citizens
- Changing demographics and emerging communities
- Impact of cuts and changes to benefits and other support
- Pockets of deprivation and health inequalities within the borough

Our opportunities

- Targeting our support to those most in need
- Working with partners, such as the police, to understand vulnerabilities and our emerging communities
- Public health funding to address our identified health need

We will do this by:

- Evaluating the impact and outcomes of the Voluntary and Community Sector Commissioning Framework 2013-2016 and the contribution to 'community wellbeing' of the borough
- Understanding our borough profile including Census 2011 analysis and using this knowledge to support our engagement and shaping our decisions
- Delivering a refreshed Sports Development Framework to support improved health and wellbeing
- Delivering improved play facilities

4. Deliver a digital Watford to empower our community

Developing a digital strategy for Watford is a key area of work for this priority. Through our digital strategy our aim is to empower local people and communities, to improve their lives, make things easier and quicker, and to give them access to things they might not have been able to take advantage of before.

We also aim to support businesses to better exploit the digital age, to promote their services, create new avenues of business and become better connected.

Successful digital transformation requires effective leadership in order to bring together all the elements required and this will be provided through establishing a Digital Transformation Board.

We also see this priority delivering the next step up to our approach to customer services across all our service areas, led by our successful Customer Services team.

Our challenges

- Speed and complexity of some of our processes and transactions
- Citizen expectations on how they access our services
- Current workforce skills in the digital arena
- Speed of technological change
- Not all residents and businesses have online or digital skills or experience

Opportunities

- Harnessing the potential of our new website
- New model of IT delivery and IT transformation will support change
- Town wide Wi-Fi established to promote digital inclusion
- High level of take up of new technologies and social media in Watford

We will do this by:

- Establishing a Digital Transformation Board to provide leadership and direction for the digital agenda in Watford
- Developing a digital transformation strategy for Watford which identifies how we will deliver a digital workforce, digital customer services and a digital town
- Delivering the next stage of the website project as part of our digital journey to fully maximise its potential to improve: customer experience, access to services and engagement and communication with our residents. Priority areas identified include online payments, reporting street care, fly tipping, missed bins, statutory nuisance and abandoned vehicles
- Exploring introducing 'citizens accounts'
- Building a new approach to two way engagement with our residents through the use of social media and other channels so they can make a contribution to local issues, policy development and service improvement
- Progressing a step up in our customer services including embedding our new customer service standards and improving the face to face experience
- Reengineer back office services to produce more efficient processes

5. Secure our own financial future

All of the work in this Corporate Plan is dependent on the Council getting its finances right and securing a sound financial base. This has never been more challenging with the Council facing the loss of around £2.5million revenue support grant by 2020. However, this also brings the drive to innovate and look for ways to do things differently that will deliver savings or generate additional income.

Our challenges

- Loss of revenue support grant by 2020
- Savings or additional income of £3 million needed to 'balance the books' by 2020
- Need to finance our ambitions as well as business as usual
- Growing population means an increasing demand for services

Our opportunities

- Access funding streams to support our ambitions
- Identify opportunities to trade our services
- Work with other organisations (both private and public sector) to deliver services

We will do this by:

- Undertaking an analysis of the Council's cost base to build a more thorough understanding of the costs of our services
- Developing a 'commercial strategy' including how we enhance our commercial skills and experience and how we can trade our services
- Managing our property portfolio to stimulate growth, generate returns and meet changing service needs including review of:
 - Council accommodation
 - our community assets
- Establishing a new approach to the Council's fees and charges policy
- Developing a corporate debt policy
- Ensuring our contracts are delivering value for money and high quality services through robust tendering and procurement processes and ongoing review including: Leisure Management, Veolia, ICT
- Progressing an energy company for Watford
- Driving business rate income growth
- Capturing returns on investment from our major projects and joint ventures

Part Four

Underpinning themes

Whilst this Corporate Plan focuses on our priorities and the areas of work that will drive delivery, there are some key, important foundations that ensure our success and also build our effectiveness as an organisation. These are the themes that underpin the organisation and reflect our ongoing commitment to being a quality organisation, achieving high performance across all we do.

Effective two-way engagement and communications

Our local community and residents are the heart of the town. We want them to feel confident that they are kept well-informed about all that is going on in the town and that their voice can be heard on issues that matter to them. Whatever we do must be underpinned by effective and relevant communication and be responsive to how people want to engage with us, whether this be through meetings, consultation, our website or social media. At the same time we need to keep up to date with the way new technology is rapidly changing how people choose to communicate – our local population is relatively young and many are early adopters of new technologies. Our challenge is to keep up with them whilst still responding to those with more traditional ways of staying in touch.

Sound management and high performance

Successful delivery of our ambitions relies on making sure we have the best people, systems, processes and management arrangements in place to deliver efficient, high quality services that represent real value for money to the community.

Our vision challenges us to continually improve and ensure we are amongst the top performing councils across all the services we deliver – whether we do these ourselves or through effective partnerships. This means we need to set ourselves targets that really stretch what we do and how we work and look to the best authorities for our benchmark. We need to embed a culture of ‘delivery’ through sound programme and project management and rapidly identify and address any areas where there is a risk to meeting milestones.

Our support services like IT, HR and Finance continue to be the essential building blocks for our success. IT remains critical for all that we do and whilst real step change has begun, we need to ensure IT continues to improve and that we have the right strategy in place to make the most of the opportunities it offers. We want our staff and members to be equipped with the best IT solutions available, including making sure our critical business applications are up to date and that we modernise where better solutions present themselves.

Talented, well skilled staff are vital if we are to achieve what we have set out in this Corporate Plan. We want to retain and grow our own talent where possible but when we do recruit we want to make sure we attract the best from elsewhere. We will work with our HR team on embedding a culture where strong performance and delivery are recognised, people are encouraged to be innovative and strive to make a real contribution to the Council and the town.

Improving the town's environment

An attractive, well maintained environment is fundamental to our town and, we know, is really important to local people. We will ensure that the refuse, recycling and street cleaning service remains high quality and we will identify pockets where a focused, partnership approach to bring the neighbourhood up to standard would be beneficial. This is part of our ongoing commitment to enhancing the public realm including building on the successful improvements to the top of the town, which have seen this area revitalised, with work planned for the civic area outside of the library and Town Hall.

Our finances

Our finances are perhaps the most critical building block for our plans. We need our finances to not only support our day to day activities and provide our services (through our revenue budget) but also to deliver the major, transformational projects that make such a difference to our town and local neighbourhoods (through our capital budget).

Our Medium Term Financial Strategy is a four year forecast that sets out our budget and looks at factors likely to impact on our expenditure.

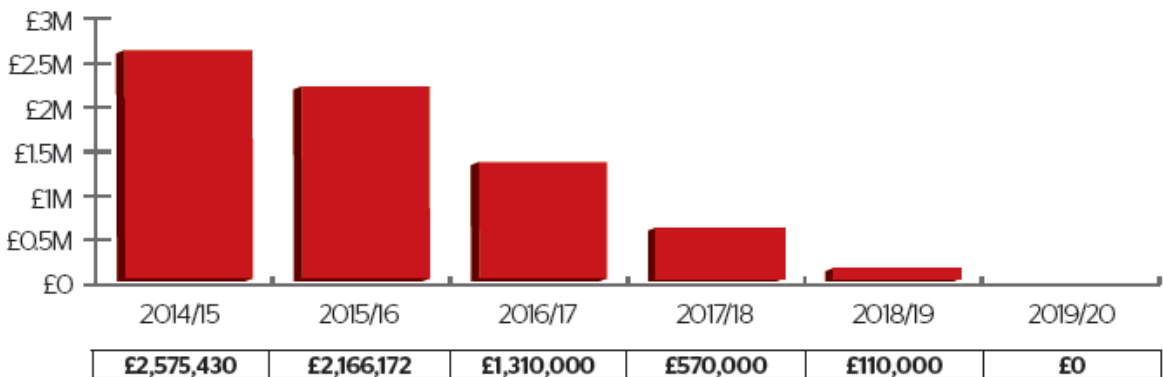
For 2016/17, the strategy shows that our budget requirement is **£16,035,060**.

There are a number of ways this is funded:

- Settlement Funding Assessment
- Specific Government Grants
- New Homes Bonus
- Council Tax
- Collection Fund Surplus
- Revenue Reserves

Changes to government funding

In terms of the Settlement Funding Assessment, this is the grant councils receive from government to help support the cost of the services they deliver. In December 2015, the government announced that this funding will come to an end – for Watford this will be in 2019/20. What this means is shown in the chart below – indicating a loss of £2,575,430 by 2020.



As set out in this Plan, this presents a significant challenge for Watford – in percentage terms it is around 16% less budget to spend by 2020. Addressing how to bridge this gap will be a major area of focus for the Council over the next four years. Our goal is to ensure we maintain the quality of the services that are important to our residents whilst still being able to innovate where this delivers improvements or in response to new opportunities.

Use of reserves

With the savings we need to make over the next year (and following three years), it is not always easy to be exact as to the timing and the final sums that will be achieved. In view of this, the Council is allowed to, and will, make prudent use of some of its reserves to ‘smooth’ the delivery of the savings. Obviously using reserves to support the revenue deficit is not sustainable in the longer term and, therefore, this means that savings and efficiencies will still need to be made. It does, however, ensure that the Council is able to set a balanced budget whilst the organisation undertakes the work necessary to achieve a permanently secure financial footing. Our medium term financial strategy has allowed for the use of £761,500 of reserves in the next financial year.

Council tax

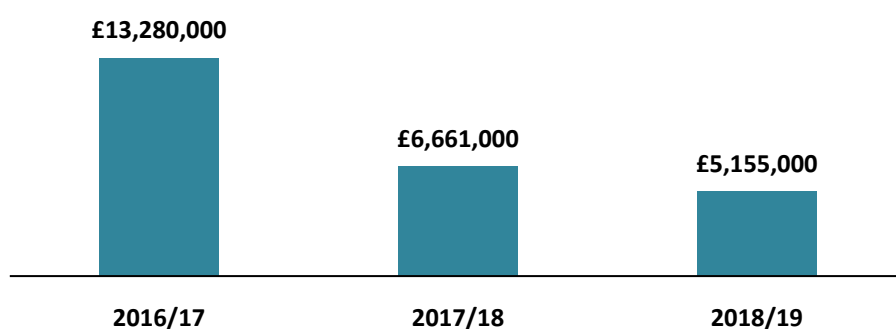
With the ongoing reduction in government funding, council tax is now the major source of funding for the Council. Unlike many other councils, including Hertfordshire County Council, which have increased council tax for 2016/17 in response to funding cuts, Watford has managed to freeze its element of council tax for 7 years in a row.

The money brought in by council tax for 2016/17 is £7,823,667. With the freeze in place, the average charge of £249.84 remains unchanged this year.

Capital spending

The Council’s plans are supported by its capital budget. Even if there is pressure on the revenue budget, councils are not allowed to use money in their capital budgets to support revenue spending on day to day activities and service delivery. It has to be used to either acquire or create a new asset or to enhance an existing asset.

The capital budget for the next three years is:



There is a huge amount of capital investment in Watford over the next few years and the Council is committed to use its own capital budgets to leverage this funding. Below are some of the major projects and areas of work we have identified for capital expenditure.

Cassiobury Park Heritage Lottery Fund	£6,149,000
Watford Health Campus	£4,500,000
Watford Business Park	£11,300,000
Green spaces	£574,000
Cemetery improvements <i>NEW for 2016/17</i>	£250,000
Cassiobury Strategic Sports Site Development with Fullarians <i>NEW for 2016/17</i>	£200,000
Review of play <i>NEW for 2016/17</i>	£1,250,000

Part Five

Monitoring the Plan

Ensuring we deliver our Corporate Plan is critical to our success as an organisation and builds our residents confidence that we keep our promises.

We ensure delivery is on track through:

- Making sure all our Corporate Plan areas of work are reflected in service plans, work programmes and individual performance development review objectives, building the 'golden thread' through the organisation
- Identifying the key milestones for our work and holding ourselves to account for delivery – this will include regular updates to Cabinet and Leadership Team
- Establishing a robust set of performance measures that are regularly monitored by Leadership Team, Portfolio Holders and our Scrutiny Committees. These measures extend to our outsourced services
- Providing challenge and assurance through robust governance including: Programme Management Board for our major projects, Property Investment Board for our property related work and Digital Board for our digital agenda



How do I find out more?

www.watford.gov.uk/councilplan

Part A

Report to: Cabinet
Date of meeting: 6 June 2016
Report of: Managing Director
Title: Delivering a bold & progressive future for Watford:
Organisational and Management changes to drive delivery of
the corporate plan priorities

1.0 **Summary**

1.1 The new corporate priorities are set out on the Cabinet agenda and have been recommended for approval. This report presents the key management and organisational changes required to deliver the priorities.

2.0 **Recommendations**

2.1 To approve the new corporate structure as set out in Appendix 1.

2.2 To approve the establishment of a new post of Deputy Managing Director to enhance the level of leadership of Watford's place shaping agenda, integrate the key functions and drive up corporate performance.

2.3 To approve the establishment of a new post of Head of Service Transformation to lead the customer service and digital Watford change management, ensuring our future technology strategy is developed and delivered and catalyse the reengineering of back office services.

2.4 To approve the disestablishment of the posts of Head of Regeneration & Development, Head of Corporate & Client Services (this post from 1/4/17), Section Head of Communications (this post from 1/4/17) and Economic Development Manager.

2.5 To approve the establishment of the Integrated Finance Review Board to be chaired by the Mayor, terms of reference to be agreed with the Mayor and Portfolio Holder for Resources and Customer Services.

2.6 To approve the establishment of the Digital Watford Board, chaired by the

Portfolio Holder for Resources & Customer Services, terms of reference to be agreed with the Mayor and Portfolio Holders.

Contact Officer:

For further information on this report please contact: Manny Lewis, Managing Director

3.0 Detailed proposal

The existing corporate structure was established in December 2012 and is set out in Appendix 2. The structure has met its objectives to deliver savings (circa £5m achieved), progress the major projects to delivery, and prepare the Council well for its future success for example through the Core Strategy adopted in 2013 and the development of a much more sophisticated partnership delivery/contract management approach.

Drivers for change

The new corporate plan priorities on the Cabinet agenda today sets the objectives which are to:

- Identify ways to manage the borough's housing needs
- Champion smart growth and economic prosperity
- Provide for our vulnerable and disadvantaged communities
- Deliver a digital Watford to empower our community
- Secure our own financial future

The report identified that we need to:

- ensure our financing disciplines are strong, with clear integration of revenue, capital and project finance, robust cost analysis and accurate forecasting
- enhance the senior capacity to drive the leadership of priority areas and integrate our service delivery more effectively
- provide for the leadership of Digital Watford and technology innovation and
- reinforce the move from strategy development to strategy delivery through increased project management support.

Below I have set out the management and organisational changes

recommended to progress these requirements.

Specific Proposal - Financial Sustainability

Across all priorities, achieving financial sustainability is the underpinning requirement. This means that we need to be clear about our financial risks. Forecasting, financial monitoring, cost analysis and project financing needs to be comprehensive. Capital, revenue, income and project finance need to be reported in an integrated way. With a £3m gap in the MTFS in 2018/19, maximising commercial income is critical. This means optimising our property portfolio, increasing returns by disposing of low yield non strategic assets and reinvesting proceeds for better revenue returns. Health Campus, Charter Place and Watford Business Park revenue payments will begin to kick in in this period. Fees and charges will also need to be more realistically set.

We should also continue to reduce our cost base where possible although there is a need to strengthen capacity in project management. Services that have not been tested for new forms of delivery include development management, environmental health and licensing, housing and these services should be best value reviewed in a rolling programme through to 2017/18.

To enable corporate focus on financial sustainability, it is proposed that the Mayor should chair bi-annually (July & October) a formal Integrated Finance Review Board (IFR), covering revenue, capital and project financial reporting. This would then feed into budget panel and the budget setting process. Financial profiling, variances from approved budgets and targets, forecast income and expenditure and risk management will be key content for the IFR. The Board will comprise officers and members and make recommendations to Cabinet. Terms of reference will be drawn up and any changes required to delegated authorities will be reviewed by the Mayor.

Specific proposal – Place Shaping & Housing

The Mayor and the portfolio holder for Housing have raised considerably the profile and priority given to tackling our housing need. Progress is being made on securing new housing sites (for example with proposals to develop surplus garage sites), increasing temporary accommodation (for example Harrow hostel lease), commissioning a new WBC hostel at Croxley View and establishing the Housing company with Watford Community Housing Trust. However Housing is not demonstrably a corporate leadership team priority and in our development negotiations we do not always ensure we have sufficient focus on affordable housing delivery. We can be too accepting of government constraints and could be bolder in our development management decision making and be willing to contest appeals where we have a strong policy objective and refute the

assumption that social housing is no longer deliverable. Housing is the Council's top service delivery priority and this needs to better influence our place shaping.

The new Housing Section Head will be reviewing our operational delivery of homelessness management including through the NPSS (National Practitioner Support Service) benchmark which provides a framework for sector led peer review to help authorities deliver more efficient and cost effective homelessness prevention services.

The functioning of the Council's Programme Management board (chaired by the MD) and Property Investment board (chaired up to now by the Portfolio Holder for Regeneration & Development) has significantly improved the delivery process for our housing specific schemes but the need for much better alignment and integration across development management, planning policy, property and housing is very clear. We need to enhance our place shaping services at a senior strategic level to both increase our decision making capacity as well as provide greater delegated authority to deliver outcomes more rapidly.

It is proposed to create a new post of Deputy Managing Director (DMD) to join up the place shaping delivery, linking in with the new combined portfolio holder role for housing and property who is also vice-chair of development management committee. The DMD enhances the leadership of a broader set of services and would lead to the disestablishment of the Head of Regeneration & Development role.

Specific Proposal - Economic Growth

Watford is in a very strong position. Forecasts for GVA (Gross Value Asset) increases arising from the MLX (Metropolitan Line Extension) and our major projects reach £8b, creating thousands of permanent and temporary jobs. Our projections for employment and housing growth have doubled. Commercial stock is at full capacity and business growth is strong. With its skilled workforce, connectivity and major projects, investors are looking at all Watford opportunities. The scale and complexity of delivering our major projects however is stretching almost beyond our capacity. Each major redevelopment requires its own governance – programme boards or delivery vehicles requiring executive management. The deal making process is demanding and complex, converting these to final agreements time consuming. Most of this leadership at the sharp end sits with the MD and the section head for Property. There is a need to widen senior management leadership in this area which the Deputy MD role will provide. In addition there is no longer a need for a dedicated economic development function. Our priority is no longer to create business networks and

produce economic strategy. Both these original objectives are well in place including for example Big Business Connect and the Developers Forum, both led by the Mayor and the MD. Our focus now, and over the next decade, is to capture the deliverables and secure growth outcomes. These relate to the major projects at the Watford Business Park, Ascot Road, Croxley View, WHC (Watford Health Campus), Charter Place and Watford Junction. But as important is expanding our commercial stock in Clarendon Road and building the homes required to support our growing population. It is proposed that the economic strategy role is incorporated within the wider role of Corporate Strategy & Communications in the new structure. Business engagement would be joined up with other key stakeholder engagement under this brief.

The communications function will also be merged with the new Corporate Strategy role.

Specific Proposal - Digital Watford

This is a key new cross cutting priority. We are behind in this field – channel shift, 24/7 services, online transactions, integrated backend services, integrated customer services, customer accounts are all non-existent or underdeveloped. We need a step change in our innovation and service transformation to benefit service users and drive further savings. Securing town centre Wi-Fi, the new website and a more modern council IT infrastructure all provide constructive platforms for building and delivering Digital Watford. It will need strong executive and political leadership and must not be seen only as an IT project. To give this priority clout and momentum it is proposed we establish a Digital Watford Board, chaired by the PH (Resources and Customer Services) and supported by the PH (Community). The Board will comprise officers and members and make recommendations to Cabinet. Terms of reference will be drawn up and any changes required to delegated authorities will be reviewed by the Mayor.

A new Head of Service Transformation is proposed to drive this step change across customer services and IT, bringing new ideas on how to quickly modernise our services and help capture savings by moving appropriate activity online. The role would be the lead officer for the Digital Watford Board.

Specific Proposal - Corporate & Client Services

This department has successfully embedded improved procurement and contract management processes and has taken positive responsibility for optimising outcomes through our outsourced services. The Head of Service is able to retire next year and this provides the opportunity to achieve savings by deleting the post and combining the majority of the functions with the Head of

Community services role. The Head of Community services would then become the main lead for providing most of the council's operational services which would in due course enable further efficiencies through integration and realignment of teams. The Corporate Strategy and Communication teams would be merged to report to the MD. These changes would take effect from 1 April 2017.

Specific Proposal - Overall Corporate Performance

The Mayor has rightly identified the need to achieve continuous improvement in our service performance. Whilst our KPIs are reviewed regularly in PH meetings and Overview and Scrutiny committee, there is no clear set of reported benchmarks to compare our service performance against, and we have not in recent times had external review to validate how we are measuring up as a council. Already proposed for this year is a housing external review – the NPSS benchmark referred to earlier - and I propose we use this as a pilot to roll out either a series of external reviews where we know improvements need to be made and/or we go for a comprehensive whole council peer review through for example the LGA. The new structure will give this brief clear impetus and to bring a fresh appraisal of our performance this corporate process will be led by the Deputy MD working with the Corporate Strategy & Communications role.

Managing Director/Deputy Managing Director relationship

Both posts will work corporately with the Mayor, PHs, Members, Leadership Team and stakeholders operating flexibly. But the broad division of oversight will be as follows:

MD

- Council & Cabinet meetings
- Strategic engagement such as One Watford & Big Business Connect
- Service transformation & Digital Watford
- Financial strategy
- Programme Management Board
- Organisational development
- Governance
- Stakeholder engagement & Communications
- Corporate strategy
- Outsourced services
- Community services

Deputy MD

- Place shaping

- Housing strategy & delivery
- Planning strategy & development management
- Public realm & transportation
- Asset management
- Major Project delivery
- Property investment board

- Corporate Performance
 - External review
 - Benchmarking
 - Corporate KPIs

4.0 **Implications**

4.1 **Financial**

4.1.1 **Finance**

4.1.2 In a full year the changes will produce annual on-going savings of approximately £70k pa including on-costs (as four posts are to be deleted with the creation of two new posts). Severance costs (estimated to be £160k) will be met from utilising the net contribution to reserves from financial year 2015/16 (subject to confirmation of final outturn position).

4.2 **Legal Issues** (Monitoring Officer)

4.2.1 The Head of Democracy and Governance comments that there are no specific legal implications in this report. The Council will follow its HR policies in relation to the changes recommended where they affect specific post holders. Any changes to agreed budgets as a result of these proposals will have to be approved by Council.

4.3 **HR**

4.3.1 The Council's HR procedures will be applied to manage the changes and this will include redeployment, redundancy and retirement policies. Based on HR advice staff at risk will be considered for new roles where there is a suitable alternative position available. Where appropriate and subject to job descriptions and salary levels, roles may also be redesignated.

Trade unions and staff will be consulted.

4.4 Potential Risk

Potential Risk	Likelihood	Impact	Overall Score
<i>The Council is unable to recruit effectively to the new posts</i>	1	4	4
<i>The council is challenged for breach of procedure or employment law requirements</i>	2	4	8

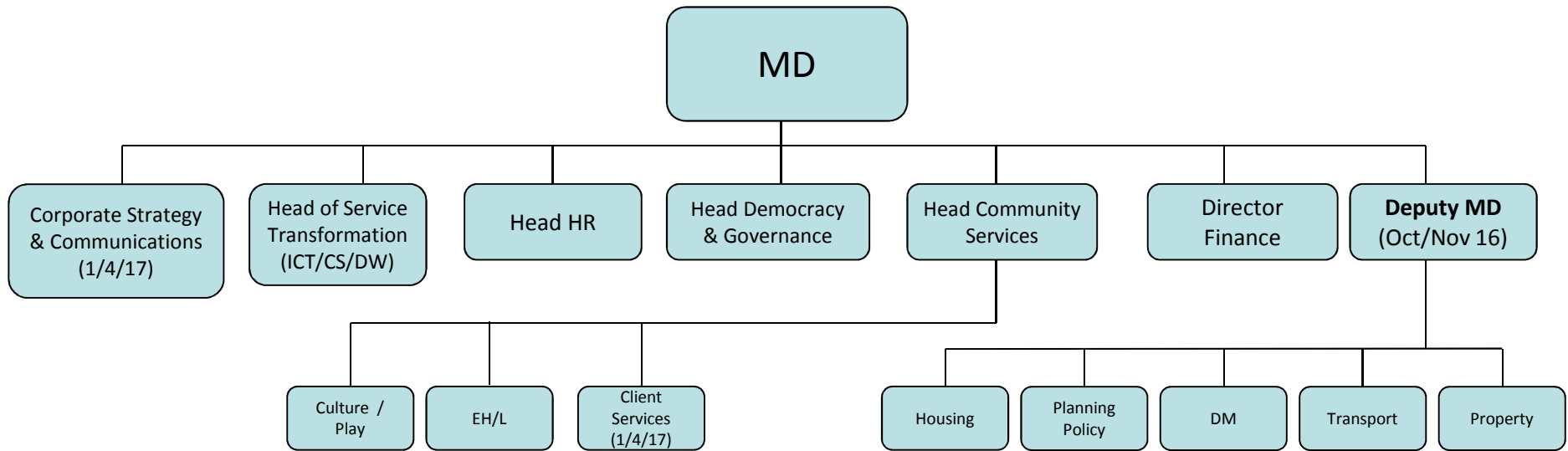
Appendices

Appendix 1: New Corporate Structure

Appendix 2: Existing Corporate Structure

Revised Structure

Appendix 1

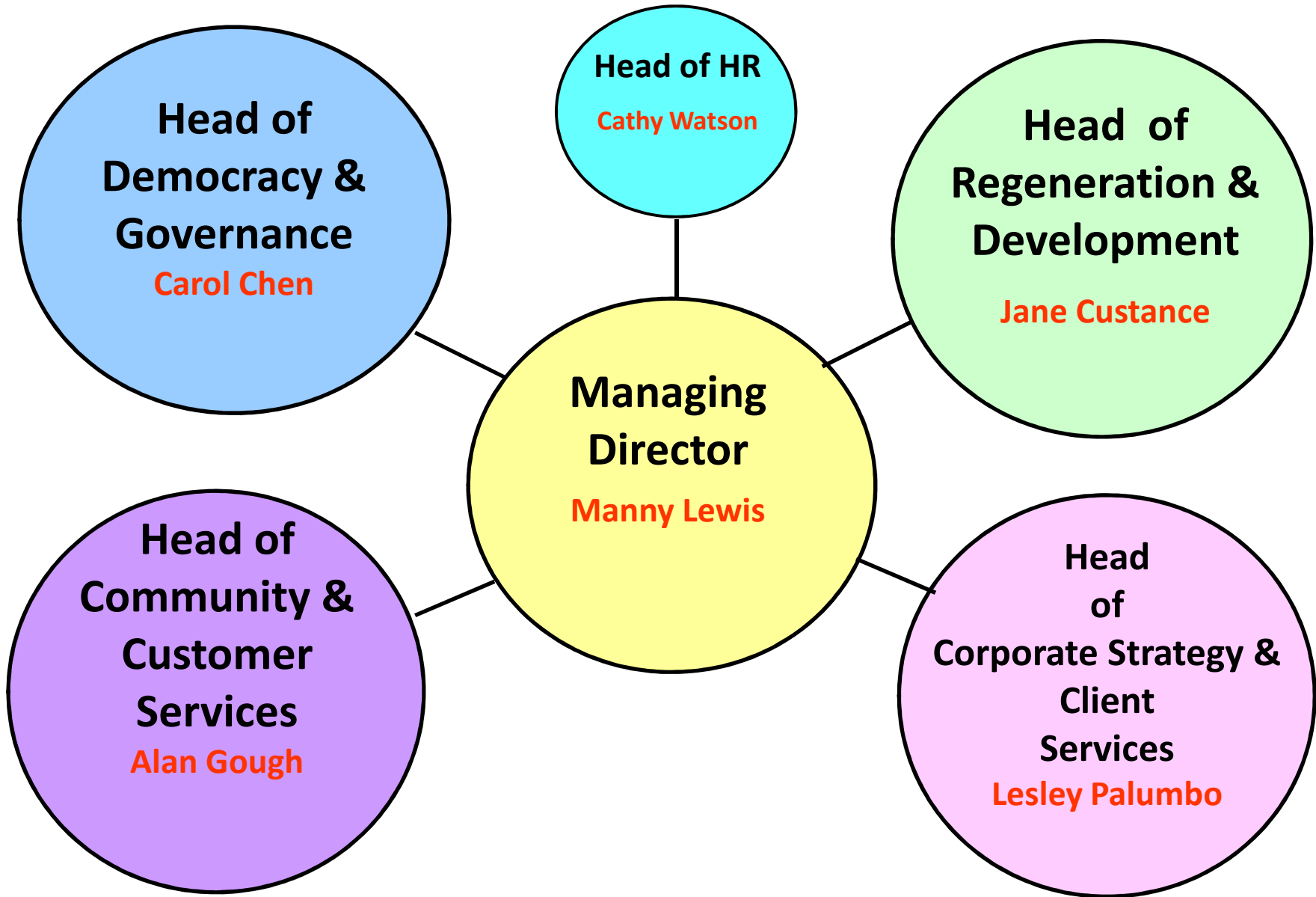


CS = Customer Services

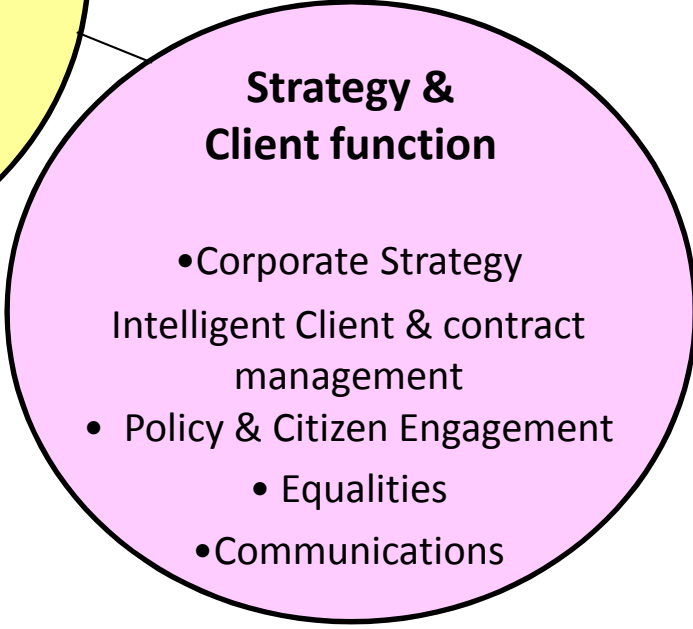
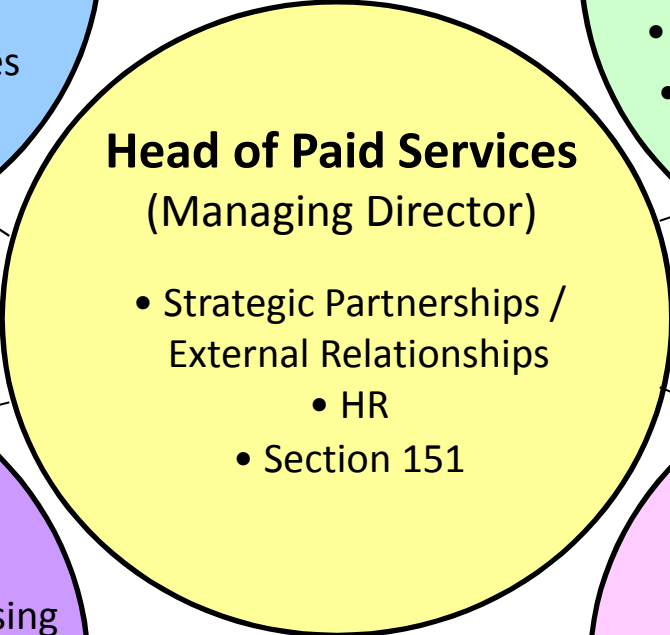
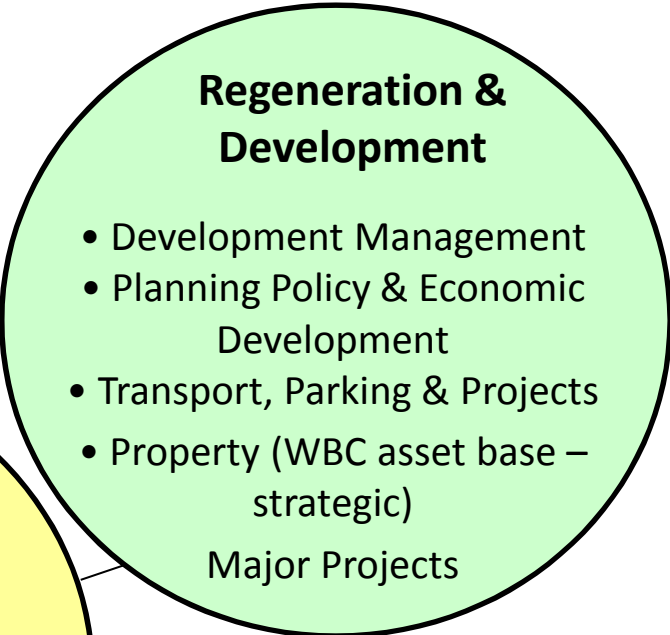
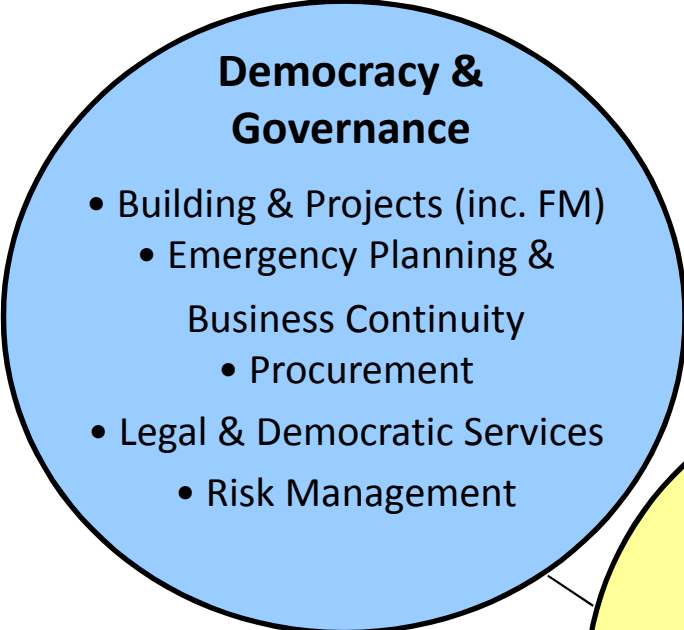
DW = Digital Watford

Council Structure

Appendix 2A



Appendix 2B



Part A

Report to: Cabinet
Date of meeting: 6 June 2016
Report of: Head of Regeneration and Development
Title: Approval for consultation of proposed changes to the section of the Residential Design Guide from paragraph 7.3.5 to 7.3.9 including the table at 7.3.6 showing minimum internal space standards in line with the optional National Standards Introduced by Government in March 2015.

1.0 **Summary**

- 1.1 In March 2015 Government introduced an optional national standard for internal space in new housing. Local Authorities are only permitted to use the new national standards where they have an existing policy (as at March 2015) in place requiring adherence to a local standard or a new policy relating to the new national standard. The ministerial statement issued in March 2015 on this matter (updated) considers that standards set out in Supplementary Planning Documents are included in this and allows internal space standards to be interpreted by reference to the new national standards.
- 1.2 However, this can be confusing for applicants when applying for new housing schemes as the standards in the Adopted Residential Design Guide (RDG) are not the same as the national standards. The proposed change involves amending the table at Para 7.3.6 of the RDG to reflect the national standards.
- 1.3 To ensure that the internal space standards can be required for all new housing development we will add a new policy to the publication version of the Local Plan 2 stating that all new residential development should comply with the standards set out in the RDG, including the national space standards. At present the only explicit reference to the RDG is in the supporting text for adopted policy UD1 in the Core Strategy.

2.0 Recommendations

- 2.1 Cabinet are asked approve for consultation the proposed changes to the table at 7.3.6 of the RDG as adopted in 2014.
- 2.2 To allow any post consultation changes of a minor nature to be agreed and signed off as the Council's adopted guidance by the Head of Regeneration and Development in consultation with the Portfolio Holder for Regeneration and Development
- 2.3 Delegated authority is also requested for the Head of Regeneration and Development in consultation with Portfolio Holder for Regeneration and Development to approve further regulatory or minor changes until such time as there is a full review of the RDG.

Contact Officer: For further information on this report please contact: Sian Finney MacDonald Urban Design and Conservation Manager.
telephone extension: 8278 email:sian.finney-macdonald@watford.gov.uk

Report approved by: Jane Custance, Head of Regeneration and Development

3.0 Detailed proposal

3.1.1 Background

3.1.2 At 7th July 2014 Cabinet meeting the revised Residential Design Guide (RDG) was adopted. One of the key discussion points and changes in the new guide is the internal space standards table at para 7.3.6 of the 2014 RDG. The Cabinet report for the July 7th meeting included an appendix setting out how the proposed new standards had been arrived at. At the time, there was discussion at a national level regarding a possible national standard and the merits of the standards set out in the London Housing Design Guide 2010.

3.1.3 A review of the standards used by other authorities was made by the policy team along with an assessment of what had actually been given permission in Watford during the preceding 12 months. In internal discussions with colleagues across the planning section it was felt that, whilst the standards as set out in the London Guide are useful and widely used, they were overly complex and we should simplify them for use in Watford. On this basis a simplified version was proposed and included in the RDG as adopted (the main table is set out below).

The main table sets out the basic requirement, but this is supplemented by further requirements in relation to bedroom and living areas which requires an increase in floor space as the number of bed spaces increases; so a 1 bedroom unit with 2 bed spaces requires more floor space than a 1 bedroom unit with a single bed space.

Gross Internal Area :

Dwelling type (bedrooms / persons)	Minimum GIA (square metres)
1 bedroom (includes studio flats)	37
2 bedrooms	61
3 bedrooms	74
4 bedrooms	90

Table showing the minimum bedroom sizes dependent on designed occupancy;

Bedroom size	Minimum floor area of bedroom (square metres)
Single	8
Double / twin	12

Table showing the minimum living dependent on designed occupancy:

Designed occupancy	Minimum combined floor area of living, dining and kitchen spaces (square metres)
2 bed spaces	23
3 bed spaces	25
4 bed spaces	27
5 bed spaces	29
6 bed spaces	31

- 3.1.4 The optional national standards are shown in the table set out below and take account of the number of bed spaces per unit as well as the bedrooms and consider the additional space needed to accommodate circulation space within multi-storey units; storage space is also required which reflects what is set out in para 7.3.9 of the RDG:

Table 1 Minimum gross internal floor areas and storage (m2)

Number of bedrooms (b)	Number of bed spaces (persons)	1 storey dwellings	2 storey dwellings	3 storey dwellings	Built- in storage
1b	1p	39(37)*			1.0
	2p	50	58		1.5
2b	3p	61	70		2.0
	4p	70	79		
3b	4p	74	84	90	2.5
	5p	86	93	99	
	6p	95	102	108	
4b	5p	90	97	103	3.0
	6p	99	106	112	
	7p	108	115	121	
	8p	117	124	130	
5b	6p	103	110	116	3.5
	7p	112	119	125	
	8p	121	128	134	
6b	7p	116	123	129	4.0
	8p	125	132	138	

* Where one person flat has a shower room rather than a bathroom, the floor area may be reduced from 39 sqm to 37 sqm.

- 3.1.5 It can be seen from looking at these two tables that the standards shown in the RDG are at the lower end of the standards for each size based on number of bedrooms. There will be an impact on housing schemes coming forwards once the optional standard is adopted as developers will have to provide more floor space per unit than they do under the current RDG standards. However, since the national space standards were issued developers have been advised to use these in favour of those shown in the RDG.
- 3.1.6 The proposed change to this table will clarify the position and bring our own document up to date in respect of the national standards.
- 3.1.7 The supporting tables relating to bedroom size and the text at paragraph 7.3.9 should be amended to bring them up to date with the national standards and technical requirements. The bedroom sizes will be changed so that the single bedroom size is a minimum of 7.5 sq m minimum but a minimum width requirement of 2.15m; the two person bedroom size will be 11.5 sqm in area and at least 2.75m wide in the case of the first two person room and 2.55m wide for every subsequent two person room.
- 3.1.8 In terms of the storage areas there is no minimum standard provision but there are

constraints around what can be included in the gross internal area (GIA). These constraints include:

- any area with a headroom of less than 1.5m is not counted within the Gross Internal Area unless used solely for storage (if the area under the stairs is to be used for storage, assume a general floor area of 1m² within the Gross Internal Area)
- any other area that is used solely for storage and has a headroom of 900-1500mm (such as under eaves) is counted at 50% of its floor area, and any area lower than 900mm is not counted at all
- a built-in wardrobe counts towards the Gross Internal Area and bedroom floor area requirements, but should not reduce the effective width of the room below the minimum widths set out above. The built-in area in excess of 0.72m² in a double bedroom and 0.36m² in a single bedroom counts towards the built-in storage requirement
- the minimum floor to ceiling height is 2.3m for at least 75% of the Gross Internal Area

3.1.9 The proposed changes are shown on the Appendix document.

3.1.10 To ensure that the Council complies fully with the conditions set out in the Ministerial Statement regarding the use of the optional national standards it is proposed to include a new policy in the emerging Local Plan 2 in the Urban Design and The Historic Environment Chapter explicitly requiring that all new residential development complies with the guidelines in the RDG including the national internal space standard. This will be policy UD5 and will be consulted on at the same time as the proposed changes to the RDG in June.

4.0 **Implications**

4.1 **Financial**

4.1.1 There are no financial implications contained within this report.

4.2 **Legal Issues** (Monitoring Officer)

4.2.1 Currently the adopted Core Strategy policies do not refer explicitly for the need for all new development to comply with the guidance in the RDG; it is referred to in the supporting text for UD1 at paragraphs 12.1.4 and 12.1.5 where the design framework is outlined and in the Housing chapter at paragraph 8.2.2 which supports HS2 housing mix.

4.2.2 In the Ministerial Statement setting out the national standards the section on Decision taking, transition and compliance is not absolutely clear on whether going forwards guidance which is contained in a supplementary planning document is considered to be policy. It states:

“ From 1 October 2015: Existing Local Plan, neighbourhood plan and supplementary planning document policies relating to water efficiency, access and internal space should be interpreted by reference to the nearest equivalent new national technical standard. Decision takers should only require compliance with the new national technical standards where there is a relevant current Local Plan policy.”

4.2.3 To ensure that we comply with this requirement going forwards it is proposed to introduce a new policy at the publication stage of Local Plan 2 which explicitly states that we expect all new housing development to comply with the guidance set out in the RDG, which includes the national space standards.

4.3 **Equalities**

4.3.1 None

4.4 **Potential Risks**

Potential Risk	Likelihood	Impact	Overall score
Developers being caught between a pre-application based on one set of figures and submission when the new standards would apply. This can be resolved by issuing a note stating how we are treating applications.	2	4	8

4.5 **Staffing**

4.5.1 This will clarify the existing situation and avoid staff having to explain to developers what we are doing.

4.6 **Accommodation**

4.6.1 n/a

4.7 **Community Safety**

4.7.1 n/a

4.8 **Sustainability**

4.8.1 Issues of sustainability have been considered and incorporated in the document.

Appendices

Appendix 1

- Revised RDG guide section showing changes.

Background Papers

- Ministerial Statement 25th March 2015
- Technical Housing Standards – nationally described space standard March 2015

File Reference

- None.

Track changes version of the Section of the RDG to be changed so that it reflects the new national standards for internal space as published in March 2015 and made policy through the Deregulation Bill 2015 and draft new Local Plan policy UD5

Internal Space Standards

7.3.5 All residential properties need to provide enough internal space to allow varied domestic activities to take place comfortably. By defining overall space standards for a range of occupancy levels based on bed spaces per unit, providing minimum standards for bed room sizes and storage areas and ~~breaking these down into suggested standards for individual rooms,~~ the following guidance aims to ensure that new homes will meet the needs of occupiers in the long term.

7.3.6 In accordance with Government policy all new residential units should accord with the Technical housing standards – nationally described space standard. The current standards were issued in March 2015 and are set out in the table below.

Minimum gross internal floor areas and storage (m2)

<u>Number of bedrooms (b)</u>	<u>Number of bed spaces (persons)</u>	<u>1 storey dwellings</u>	<u>2 storey dwellings</u>	<u>3 storey dwellings</u>	<u>Built- in storage</u>
<u>1b</u>	<u>1p</u>	<u>39(37)*</u>			<u>1.0</u>
	<u>2p</u>	<u>50</u>	<u>58</u>		<u>1.5</u>
<u>2b</u>	<u>3p</u>	<u>61</u>	<u>70</u>		<u>2.0</u>
	<u>4p</u>	<u>70</u>	<u>79</u>		
<u>3b</u>	<u>4p</u>	<u>74</u>	<u>84</u>	<u>90</u>	<u>2.5</u>
	<u>5p</u>	<u>86</u>	<u>93</u>	<u>99</u>	
	<u>6p</u>	<u>95</u>	<u>102</u>	<u>108</u>	
<u>4b</u>	<u>5p</u>	<u>90</u>	<u>97</u>	<u>103</u>	<u>3.0</u>
	<u>6p</u>	<u>99</u>	<u>106</u>	<u>112</u>	
	<u>7p</u>	<u>108</u>	<u>115</u>	<u>121</u>	
	<u>8p</u>	<u>117</u>	<u>124</u>	<u>130</u>	
<u>5b</u>	<u>6p</u>	<u>103</u>	<u>110</u>	<u>116</u>	<u>3.5</u>
	<u>7p</u>	<u>112</u>	<u>119</u>	<u>125</u>	
	<u>8p</u>	<u>121</u>	<u>128</u>	<u>134</u>	
<u>6b</u>	<u>7p</u>	<u>116</u>	<u>123</u>	<u>129</u>	<u>4.0</u>
	<u>8p</u>	<u>125</u>	<u>132</u>	<u>138</u>	

7.3.6 New residential units must be built to the following minimum gross internal areas (GIAs)*:

Dwelling type (bedrooms / persons)	Minimum GIA (square metres)
1 bedroom (includes studio flats)	37
2 bedrooms	61
3 bedrooms	74
4 bedrooms	90

7.3.7 A dwelling with two or more bedspaces should have at least one double (or twin) bedroom. The minimum width of a room providing a single bed space should be 2.15m and length of that of a double and or twin bedrooms should be 2.75m for the first room and 2.55m wide in every other double or twin bed room. (in most of the length of the room.) The following minimum floor areas for bedrooms should also be met*:

Bedroom size	Minimum floor area of bedroom (square metres)
Single	8–7.5
Double / twin	12– 11.5

7.3.8 The following combined floor areas for living, kitchen and dining space should also be met*:

Designed occupancy	Minimum combined floor area of living, dining and kitchen spaces (square metres)
2 bed spaces	23
3 bed spaces	25
4 bed spaces	27
5 bed spaces	29
6 bed spaces	31

7.3.9 8 The built in storage space required by the standards is set out in the table at 7.3.6 . The following constraints apply when considering which elements of built-in storage can be included in the GIA figure for a particular dwelling.

1. any area with a headroom of less than 1.5m is not counted within the Gross Internal Area unless used solely for storage (if the area under the stairs is to be used for storage, assume a general floor area of 1m² within the Gross Internal Area)
2. any other area that is used solely for storage and has a headroom of 900-1500mm (such as under eaves) is counted at 50% of its floor area, and any area lower than 900mm is not counted at all
3. a built-in wardrobe counts towards the Gross Internal Area and bedroom floor area requirements, but should not reduce the effective width of the room below the minimum widths set out above. The built-in area in excess of 0.72m² in a double bedroom and 0.36m² in a single bedroom counts towards the built-in storage requirement
4. the minimum floor to ceiling height is 2.3m for at least 75% of the Gross Internal Area

Built-in general internal storage space, which is free of hot water cylinders and other obstructions, should have a minimum internal height of 2m. A minimum area of 1.5 sq m should be provided for 2 person dwellings, in addition to storage provided by furniture in habitable rooms. For each additional occupant an additional 0.5 sq m of storage space is required.*

***All standards based on the London Housing Design Guide (2010)**

Draft New policy UD5:

Residential Design Guide and Optional technical housing standard – nationally described space standard

Why is this policy needed?

10.1. In March 2015 the Government introduced an optional national standard for internal space within new housing - The Ministerial Statement which introduced the national standard requires local planning authorities to opt in to the standard by means of an explicit policy reference in a Local Plan Policy. These will replace first the local internal space standard contained in the revised Residential Design Guide 2014 which is based on a simplified version of the 2010 London Standards. Now that the national standard has been issued by Government the adopted local standards cannot be used and local planning authorities are required to refer to the relevant national standard instead. This can be confusing for developers and does require an explicit Local Plan policy. The existing Core Strategy policies do not refer explicitly to the need to comply with the Residential Design Guide, but make reference to the document in the supporting text (paragraphs 12.1.4 and 12.1.5).

10.2. The new policy is needed to meet the requirement set out in the Ministerial Statement and to ensure that new housing development complies with the national space standards.

What is it intended to do?

10.3. This policy supports Core Strategy Policy UD1 (Delivering High Quality Design). Policy UD1 provides an overarching policy for the design of new development in the Borough and is supported by a suite of local design guides and character assessments. These documents include a Residential Design Guide (2014); Shopfront Design Guide (2013), Streetscape Design Guide (2013), character appraisals for conservation areas and the Watford Character of Area Study (2011).

10.4. This policy will require that all new housing development complies with the guidance in the Residential Design Guide and in particular with the nationally described space standard which is contained in a revision to the Residential Design Guide.

Policy UD 5

Design policy: residential design guide and optional technical housing standards – nationally described space standard.

The Council will require a high standard development for all new residential schemes and has adopted a Residential Design Guide which sets out guidance and required standards for new development.

In particular the Residential Design Guide includes the nationally described space standards for new housing. All new housing schemes will be expected to comply with this national standard or/and subsequent revisions to this standard.



Department for
Communities and
Local Government

Technical housing standards – nationally described space standard



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Technical housing standards – nationally described space standard

Introduction

1. This standard deals with internal space within new dwellings and is suitable for application across all tenures. It sets out requirements for the Gross Internal (floor) Area of new dwellings at a defined level of occupancy as well as floor areas and dimensions for key parts of the home, notably bedrooms, storage and floor to ceiling height.
2. The requirements of this standard for bedrooms, storage and internal areas are relevant only in determining compliance with this standard in new dwellings and have no other statutory meaning or use.

Using the space standard

3. The standard Gross Internal Areas set out in Table 1 are organised by storey height to take account of the extra circulation space needed for stairs to upper floors, and deal separately with one storey dwellings (typically flats) and two and three storey dwellings (typically houses).
4. Individual dwelling types are expressed with reference to the number of bedrooms (denoted as 'b') and the number of bedspaces (or people) that can be accommodated within these bedrooms (denoted as 'p'). A three bedroom (3b) home with one double bedroom (providing two bed spaces) and two single bedrooms (each providing one bed space) is therefore described as 3b4p.
5. This allows for different combinations of single and double/twin bedrooms to be reflected in the minimum Gross Internal Area. The breakdown of the minimum Gross Internal Area therefore allows not only for the different combinations of bedroom size, but also for varying amounts of additional living, dining, kitchen and storage space; all of which are related to the potential occupancy.
6. Relating internal space to the number of bedspaces is a means of classification for assessment purposes only when designing new homes and seeking planning approval (if a local authority has adopted the space standard in its Local Plan). It does not imply actual occupancy, or define the minimum for any room in a dwelling to be used for a specific purpose other than in complying with this standard.
7. Minimum floor areas and room widths for bedrooms and minimum floor areas for storage are also an integral part of the space standard. They cannot be used in isolation from other parts of the design standard or removed from it.

8. The Gross Internal Area of a dwelling is defined as the total floor space measured between the internal faces of perimeter walls¹ that enclose the dwelling. This includes partitions, structural elements, cupboards, ducts, flights of stairs and voids above stairs. The Gross Internal Area should be measured and denoted in square metres (m²).
9. The Gross Internal Areas in this standard will not be adequate for wheelchair housing (Category 3 homes in Part M of the Building Regulations) where additional internal area is required to accommodate increased circulation and functionality to meet the needs of wheelchair households.

Technical requirements

10. The standard requires that:
 - a. the dwelling provides at least the gross internal floor area and built-in storage area set out in Table 1 below
 - b. a dwelling with two or more bedspaces has at least one double (or twin) bedroom
 - c. in order to provide one bedspace, a single bedroom has a floor area of at least 7.5m² and is at least 2.15m wide
 - d. in order to provide two bedspaces, a double (or twin bedroom) has a floor area of at least 11.5m²
 - e. one double (or twin bedroom) is at least 2.75m wide and every other double (or twin) bedroom is at least 2.55m wide
 - f. any area with a headroom of less than 1.5m is not counted within the Gross Internal Area unless used solely for storage (if the area under the stairs is to be used for storage, assume a general floor area of 1m² within the Gross Internal Area)
 - g. any other area that is used solely for storage and has a headroom of 900-1500mm (such as under eaves) is counted at 50% of its floor area, and any area lower than 900mm is not counted at all
 - h. a built-in wardrobe counts towards the Gross Internal Area and bedroom floor area requirements, but should not reduce the effective width of the room below the minimum widths set out above. The built-in area in excess of 0.72m² in a double bedroom and 0.36m² in a single bedroom counts towards the built-in storage requirement
 - i. the minimum floor to ceiling height is 2.3m for at least 75% of the Gross Internal Area

¹ The internal face of a perimeter wall is the finished surface of the wall. For a detached house, the perimeter walls are the external walls that enclose the dwelling, and for other houses or apartments they are the external walls and party walls.

Table 1 - Minimum gross internal floor areas and storage (m²)

Number of bedrooms(b)	Number of bed spaces (persons)	1 storey dwellings	2 storey dwellings	3 storey dwellings	Built-in storage
1b	1p	39 (37) ²			1.0
	2p	50	58		1.5
2b	3p	61	70		2.0
	4p	70	79		
3b	4p	74	84	90	2.5
	5p	86	93	99	
	6p	95	102	108	
4b	5p	90	97	103	3.0
	6p	99	106	112	
	7p	108	115	121	
	8p	117	124	130	
5b	6p	103	110	116	3.5
	7p	112	119	125	
	8p	121	128	134	
6b	7p	116	123	129	4.0
	8p	125	132	138	

² Where a one person flat has a shower room rather than a bathroom, the floor area may be reduced from 39m² to 37m².



Written statement to Parliament Planning update March 2015

From: Department for Communities and Local Government
(<https://www.gov.uk/government/organisations/department-for-communities-and-local-government>) and The Rt Hon **Sir Eric Pickles MP**
(<https://www.gov.uk/government/people/eric-pickles>)

Delivered on: 25 March 2015

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(<https://www.gov.uk/government/policies/planning-system>)

This speech was published under the 2010 to 2015 Conservative and Liberal Democrat coalition government

Steps the government are taking to streamline the planning system, protect the environment, support economic growth and assist locally-led decision-making.



I would like to update the House on further steps we are taking to streamline the planning system, protect the environment, support economic growth and assist locally-led decision-making.

Solar energy: protecting the local and global environment

Last year, the coalition government published a comprehensive solar photovoltaic strategy setting out our ambitions for the technology as an important part of the United Kingdom's energy mix. In doing so, the strategy underlines the importance of focusing growth on domestic and commercial roof space and previously developed land.

My department supported this by consulting on reforms to permitted development rights which will encourage the take up of much larger scale solar power generation (solar photovoltaic) on non-domestic buildings and complement the existing flexibilities for home owners. These reforms allow for a 20-fold increase in the amount of solar that can go onto the roofs of non-domestic buildings such as warehouses and offices without having to submit a full planning application, subject to strict safeguards to protect local amenity. The proposals have been widely welcomed by the solar industry, and the measure will come into force from 15 April 2015.

The National Planning Policy Framework includes strong protections for the natural and historic environment and is quite clear that local councils when considering development proposals should take into account the economic and other benefits of the best and most versatile agricultural land. Yet, some local communities have genuine concerns that when it comes to solar farms insufficient weight has been given to these protections and the benefits of high quality agricultural land. As the solar strategy noted, public acceptability for solar energy is being eroded by the public response to large-scale solar farms which have sometimes been sited insensitively.

Meeting our energy goals should not be used to justify the wrong development in the wrong location and this includes the unnecessary use of high quality agricultural land. Protecting the global environment is not an excuse to trash the local environment. When we published our new planning guidance in support of the framework, we set out the particular factors relating to large scale ground mounted solar photovoltaic farms that a local council will need to consider. These include making effective use of previously developed land and, where a proposal involves agricultural land, being quite clear this is necessary and that poorer quality land is to be used in preference to land of a higher quality.

We are encouraged by the impact the guidance is having but do appreciate the continuing concerns, not least those raised in this House, about the unjustified use of high quality agricultural land. In light of these concerns we want it to be clear that any proposal for a solar farm involving the best and most versatile agricultural land would need to be justified by the most compelling evidence. Of course, planning is a quasi-judicial process, and every application needs to be considered on its individual merits, with due process, in light of the relevant material considerations.

Brownfield land: increasing support for councils

We are clear that brownfield land that is suitable for housing has a vital role to play in meeting the need for new homes and have challenged local authorities to have Local Development Orders in place on more than 90% of brownfield land suitable for new homes by 2020. We have agreed funding for those local authorities who successfully bid for funding to help deliver 200,000 new homes on brownfield sites across the country. These councils will deliver Local Development Orders for housing on brownfield land which will help to speed up the delivery of housing on these sites.

Green belt: protecting against inappropriate development

The government continues to attach great importance to safeguarding the green belt. The fundamental aim of green belt policy is to prevent urban sprawl by keeping land permanently open; the essential characteristics of green belts are their openness and their permanence.

We remain concerned about harm to the green belt where there is unauthorised development of land in advance of obtaining planning permission. In such cases, there is no opportunity to appropriately limit or mitigate the harm that has already taken place.

For these reasons, we will be seeking to introduce a new evidenced-based planning and recovery policy for the green belt to introduce early in the next Parliament to strengthen protection against unauthorised development.

Unauthorised encampments: ensuring fair play in the planning system

My department, in conjunction with the Home Office and Ministry of Justice, is publishing an updated guide for councils, police and crime commissioners and police forces on unauthorised encampments, and the powers that public bodies have. We are making very clear that public bodies should not gold-plate human rights and equality laws and turn a blind eye to breaches of the rules. The cause of equality is assisted by taking firm and fair action against anyone who breaches planning rules, and stopping the small number of cases which undermine community relations and hinder integration.

We are also revoking today the following guidance from the last administration which is now redundant following previous changes to planning policy and planning legislation: DCLG, Local authorities and Gypsies and Travellers: a guide to responsibilities and powers, May 2007 and DCLG, Preparing Regional Spatial Strategy reviews on Gypsies and Travellers by regional planning bodies, May 2007.

Parking: helping local shops and preventing congestion

This government is keen to ensure that there is adequate parking provision both in new residential developments and around our town centres and high streets.

The imposition of maximum parking standards under the last administration lead to blocked and congested streets and pavement parking. Arbitrarily restricting new off-street parking spaces does not reduce car use, it just leads to parking misery. It is for this reason that the government abolished national maximum parking standards in 2011. The market is best placed to decide if additional parking spaces should be provided

However, many councils have embedded the last administration's revoked policies. Following a consultation, we are now amending national planning policy to further support the provision of car parking spaces. Parking standards are covered in paragraph 39 of the National Planning Policy Framework (<https://www.gov.uk/government/publications/national-planning-policy-framework--2>). The following text now needs to be read alongside that paragraph: "Local planning authorities should only impose local parking standards for residential and non-residential development where there is clear and compelling justification that it is necessary to manage their local road network."

Building on the success of our previous guidance to help householders rent out under-used car parking spaces, we have also updated planning guidance to local authorities to clarify that non-residential car parking space can be rented out. This will support the shared economy and increase the provision of competitively priced car parking spaces.

Planning applications: streamlining the process

As part of our commitment to streamline the planning application process, we have laid in Parliament a newly consolidated Development Management Procedure Order, to come into force on 15 April. The new order consolidates the 15 amendments made to the 2010 Order in order to simplify and improve the planning process for all users of the system. It will also bring into force a number of important new measures including; changes to improve the process of statutory consultation and the introduction of a new 'deemed discharge' of conditions to ensure that planning conditions are cleared on time so that homes and other development granted planning permission can start on site without delay.

Short term lets: championing the shared economy

The Deregulation Bill (<http://services.parliament.uk/bills/2014-15/deregulation.html>) takes forward our reforms to 1973 legislation which arbitrarily restricts the ability of Londoners to let out their homes on a short-term basis. The provisions in the bill will commence two months after Royal Assent.

We set out our policy on short-term letting in London in a paper published on 9 February. The bill allows for local authorities to request that the Secretary of State agrees to targeted localised exemptions from the new flexibility, where there is a strong amenity case to do so in exceptional circumstances.

Any application should be very localised – for example, specific properties or a specific street not for wider exemptions. Any local authority should consult with the public before making an application, and there should be clear evidence of specific harm once the new provisions have actually been introduced and operated. The Deregulation Bill contains provisions so that the flexibility can be withdrawn following a successful enforcement action against a statutory nuisance. We should be very clear that the broader goal of the policy is to deregulate, and to put London on a similar footing as the rest of the country.

Planning guidance: making the planning system more accessible

Alongside the consolidation of national policy through the National Planning Policy Framework, my department has also been working to streamline associated planning guidance and make it more accessible.

Following the 2014 review of the nationally significant infrastructure planning regime, we are updating guidance on the pre-application and examination stages. These changes clarify aspects of guidance, benefiting users of the regime.

Planning practice guidance on hazardous substances ('Seveso III') is being updated to reflect changes to new regulations being introduced on 1 June 2015. My department is producing draft guidance to help people understand and prepare for these changes. The guidance explains planning controls for storage of hazardous substances in England, which will streamline the current system and bring regulations in line with international standards. The guidance follows technical consultation last year on the role of land-use planning in preventing major-accident hazards involving hazardous substances.

Planning practice guidance is also being updated to explain the changes to the environmental impact assessment screening thresholds which will come into effect on 6 April 2015. The changes will remove unnecessary gold-plating of a European directive, reduce costs for local planning authorities and developers and provide more certainty about when an assessment is required.

The government is committed to tackling delays associated with Section 106 planning obligation negotiations. We have today published our response to the 'Section 106 Planning Obligations – speeding up negotiations' (<https://www.gov.uk/government/consultations/section-106-planning-obligations-speeding-up-negotiations>) consultation which supports our view that government should consider further strengthening the legislative framework for resolving delays in negotiating these agreements. Revised guidance will be published alongside this.

We have previously revised national policy on Section 106 thresholds to help small builders and to encourage empty buildings to be brought back into use. Some councils have misinterpreted the written ministerial statement of 28 November 2014 (<https://www.gov.uk/government/speeches/small-scale-developers>),

official report, column 54WS as just a change in guidance – to clarify, this was a change in national policy and we will be updating the online planning guidance/policy website to make this crystal clear. We are also publishing guidance tomorrow on the vacant building credit to assist in the delivery of the new policy.

We are also to publish guidance on the new social housing relief rules under the amended Community Infrastructure Levy regulations (<https://www.gov.uk/government/policies/giving-communities-more-power-in-planning-local-development/supporting-pages/community-infrastructure-levy>) which will help increase the delivery of affordable housing; on supporting the provision of dedicated student accommodation to take pressure off the private rented sector; on supporting the Built to Rent (<https://www.gov.uk/government/collections/build-to-rent-guidance-and-allocations>) sector and increasing institutional investment in new build rented accommodation; on ensuring effective pre-application discussions; and improving awareness of the New Homes Bonus (<https://www.gov.uk/government/policies/increasing-the-number-of-available-homes/supporting-pages/new-homes-bonus>) – taking forward recommendations from our New Homes Bonus evaluation.

In response to our commitment made during the passage of the Infrastructure Bill (<http://services.parliament.uk/bills/2014-15/infrastructure.html>) (26 January 2015, Official Report, Column 644), the government is also updating planning guidance to make clear that up to date assessments of housing need should not normally need to be updated for a full 12 months, and that untested assessments of housing need are inevitably less robust than those which have been subject to examination.

Change of use: supporting brownfield regeneration

To further reduce unnecessary planning regulations, we have brought forward new permitted development rights in line with our ‘third way’, reducing the number of development types which are required to go through the full planning process.

We consulted in the ‘Technical consultation on planning’ (<https://www.gov.uk/government/consultations/technical-consultation-on-planning>) on a range of measures to support housing, the high streets and growth. We have laid the Town and Country Planning (General Permitted Development) (England) Order 2015 (<http://www.legislation.gov.uk/uksi/2015/596/contents/made>) to introduce new permitted development rights from 15 April 2015.

These permitted development rights allow more development to take place without the need for a planning application. Where appropriate, the development may require prior approval, allowing consideration by the local planning authority of specific planning matters. These new measures will benefit businesses and householders.

The changes we are announcing today include:

- supporting mixed and varied high streets by allowing more change of use between shops and financial and professional services, allowing the change of such uses to restaurants or leisure use, and allowing retailers to adapt their facilities more freely to support click and collect
- increasing housing supply by allowing change of use from some business uses to residential and continuing to allow larger, rear domestic extensions; we have also clarified the wording on front extensions following requests by some local authorities

- supporting growth by allowing commercial filming for longer periods, allowing larger capacity solar panels on non-domestic buildings, making permanent larger business extensions, allowing like-for-like replacements within waste management facilities and allowing equipment housings for sewerage undertakers
- introducing this regulation also meets our red tape challenge commitment to simplify and reduce planning regulation, by consolidating the Town and Country Planning (General Permitted Development) Order 1995 and its 22 amendments
- delivering on our commitment in gambling protections and controls, we are also introducing a new requirement to enable local consideration of a planning application for any change of use to a betting shop or pay day loan shop

The government will further consider the case for extending the office to residential reforms, which are helping provided more new homes on brownfield land.

Zero Carbon Homes: supporting small builders

We are committed to implementing the zero carbon homes standard in 2016 and in addition to the future strengthening of minimum on-site energy performance requirements we have introduced in the Infrastructure Act 2015 the powers needed to enable off-site carbon abatement measures (Allowable Solutions) to contribute to achieving the zero carbon standard. However we recognise that achieving the zero carbon standard will be a challenge for home builders and in particular smaller home builders and so last year we consulted on how an exemption for small sites could operate and we will publish the government's response shortly.

We have decided there will be an exemption for small housing sites of 10 units or fewer, which are most commonly developed by small scale home builders and can be more expensive to develop irrespective of the size of the builder, from the allowable solutions element of the zero carbon homes target. This means that all new homes will be required to meet the strengthened on-site energy performance standard but those building on small sites will not be required to support any further off-site carbon abatement measures. We will also put in place legislation to ensure that this exemption is not abused.

Housing standards: streamlining the system

New homes need to be high quality, accessible and sustainable. To achieve this, the government has created a new approach for the setting of technical standards for new housing. This rationalises the many differing existing standards into a simpler, streamlined system which will reduce burdens and help bring forward much needed new homes.

The new system will comprise new additional optional Building Regulations on water and access, and a new national space standard (hereafter referred to as "the new national technical standards"). This system complements the existing set of Building Regulations, which are mandatory.

To implement this new regime, this written ministerial statement sets out the government's new national planning policy on the setting of technical standards for new dwellings. This statement should be taken into account in applying the National Planning Policy Framework, and in particular the policies on local standards or requirements at paragraphs 95, 174, and 177, in both plan making and decision-taking.

Plan making

From the date the Deregulation Bill 2015 (<http://services.parliament.uk/bills/2014-15/deregulation.html>) is given Royal Assent, local planning authorities and qualifying bodies preparing neighbourhood plans should not set in their emerging Local Plans, neighbourhood plans, or supplementary planning documents, any additional local technical standards or requirements relating to the construction, internal layout or performance of new dwellings. This includes any policy requiring any level of the Code for Sustainable Homes (<https://www.gov.uk/government/policies/improving-the-energy-efficiency-of-buildings-and-using-planning-to-protect-the-environment/supporting-pages/code-for-sustainable-homes>) to be achieved by new development; the government has now withdrawn the code, aside from the management of legacy cases. Particular standards or requirements for energy performance are considered later in this statement.

Local planning authorities and qualifying bodies preparing neighbourhood plans should consider their existing plan policies on technical housing standards or requirements and update them as appropriate, for example through a partial Local Plan review, or a full neighbourhood plan replacement in due course. Local planning authorities may also need to review their local information requirements to ensure that technical detail that is no longer necessary is not requested to support planning applications.

The optional new national technical standards should only be required through any new Local Plan policies if they address a clearly evidenced need, and where their impact on viability has been considered, in accordance with the National Planning Policy Framework and Planning Guidance (<http://planningguidance.planningportal.gov.uk/>). Neighbourhood plans should not be used to apply the new national technical standards.

For the specific issue of energy performance, local planning authorities will continue to be able to set and apply policies in their Local Plans which require compliance with energy performance standards that exceed the energy requirements of Building Regulations until commencement of amendments to the Planning and Energy Act 2008 (<http://www.legislation.gov.uk/ukpga/2008/21/contents>) in the Deregulation Bill 2015.

This is expected to happen alongside the introduction of zero carbon homes policy in late 2016. The government has stated that, from then, the energy performance requirements in Building Regulations will be set at a level equivalent to the (outgoing) Code for Sustainable Homes Level 4. Until the amendment is commenced, we would expect local planning authorities to take this statement of the government's intention into account in applying existing policies and not set conditions with requirements above a Code level 4 equivalent. This statement does not modify the National Planning Policy Framework policy allowing the connection of new housing development to low carbon infrastructure such as district heating networks.

Measures relating to flood resilience and resistance and external noise will remain a matter to be dealt with through the planning process, in line with the existing national policy and guidance. In cases of very specific and clearly evidenced housing accessibility needs, where individual household requirements are clearly outside the new national technical standards, local planning authorities may ask for specific requirements outside of the access standard, subject to overall viability considerations.

Decision taking, transition and compliance:

From the date the Deregulation Bill 2015 is given Royal Assent until 30 September 2015: The government's policy is that planning permissions should not be granted requiring, or subject to conditions requiring, compliance with any technical housing standards other than for those areas where authorities have existing policies on access, internal space, or water efficiency.

Planning permission may still be granted on the basis of existing Local Plan and neighbourhood plan policies on access, internal space, and water efficiency, even though they may have a degree of conflict with the new national technical standards.

Where there is an existing plan policy which references the Code for Sustainable Homes, authorities may continue to apply a requirement for a water efficiency standard equivalent to the new national technical standard, or in the case of energy a standard consistent with the policy set out in the earlier paragraph in this statement, concerning energy performance.

From 1 October 2015: Existing Local Plan, neighbourhood plan, and supplementary planning document policies relating to water efficiency, access and internal space should be interpreted by reference to the nearest equivalent new national technical standard. Decision takers should only require compliance with the new national technical standards where there is a relevant current Local Plan policy.

Planning policies relating to technical security standards for new homes, such as door and window locks, will be unnecessary because all new homes will be subject to the new mandatory Building Regulation Approved Document on security (Part Q) (<http://www.planningportal.gov.uk/buildingregulations/approveddocuments/partq/approved>). Policies relating to the external design and layout of new development, which aim to reduce crime and disorder, remain unaffected by this statement.

Where policies relating to technical standards have yet to be revised, local planning authorities are advised to set out clearly how the existing policies will be applied in decision taking in light of this statement.

If, in the light of experience in implementing this policy statement, the government considers that it is not being accorded sufficient weight by planning authorities, we will consider bringing forward new legislation to secure implementation.

Conclusion

This package of measures will help deliver more homes in a locally-led planning system, protect the environment, provide certainty for local residents and business, and contribute to the government's long-term economic plan and economic growth.

We will be placing in the Library of the House copies of the documents associated with these announcements.

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- Share on Twitter (<https://twitter.com/share?url=https%3A%2F%2Fwww.gov.uk%2Fgovernment%2Fspeeches%2Fplanning-update-march-2015&text=Planning%20update%20March%202015>)

Part A

Report to: Cabinet
Date of meeting: 6 June 2016
Report of: Martin Jones Regeneration and Property Section Head
Title: Hemming Way- Watford

1.0 **Summary**

1.1 Watford Community Housing Trust (WCHT) wish to redevelop their existing land holding at the above location. This will involve demolishing 10 affordable units which are single storey and replacing them with 32 new homes, all of which will be affordable. Planning consent for the scheme was granted in January 2016.

1.2 To implement the above scheme a small area of land is required which is in the Council's ownership and forms part of Leavesden Green. This land is classed as Open Space. Appropriating this land will enable WCHT to regularise the shape of their development site and significantly improve the entranceway to Leavesden Green. An assumption in their planning submission is that the land is included in the scheme

A plan showing the areas of land to be swapped are shown in Appendices 1.

1.3 WCHT and the Council have agreed that the land, if appropriated, will be exchanged for land that fronts onto Hemming Way and will significantly improve the entranceway to the park. Works to the improved entranceway will form part of WCHT's works

2.0 **Recommendations**

2.1 To APPROVE the appropriation of land shown blue on the attached from open space to planning under the provisions of s 122(2A) of the Local Government Act 1972. To declare the land surplus to requirements and to agree for the transfer of the land to WCHT and to acquire the land shown green on the attached plan from WCHT.

- 2.2 To NOTE that Watford Borough Council will have 100% nomination rights for the new housing less any settlement of displaced tenants who wish to relocate within the scheme.
- 2.3 To NOTE the land received in exchange from WCHT will be used to improve the entranceway to the park.

Contact Officer: For further information on this report please contact: Martin Jones Regeneration and Property Section Head telephone extension 8408
martin.jones@watford.gov.uk

Report approved by: Jane Custance Head of Regeneration and Development.

3.0 **Detailed Proposal**

- 3.1 WCHT's existing ownership at this location consists of 10 bungalows. WCHT has obtained planning permission to build 32 new homes:-
- 6 one bedroom homes
 - 26 two bedroom homes

This represents a net gain of 22 housing units, additional parking will also be provided for the additional homes.

- 3.2 In addition to the new homes a new and improved park entrance will be provided. Elevations of the new development are shown in Appendix 2.
- 3.3 The Homes and Communities Agency (HCA) are providing finance towards this development to WCHT. The funding is time limited and an agreement to transfer the land shown edged red in appendix 1 is part of the HCA's condition of funding
- 3.4 The land to be transferred from the Council to WCHT comprises an area of 1071 sq m whilst the land to be acquired from WCHT in exchange comprises an area of 1,395 sq m. This will allow for a more efficient development as well as a much enhanced entranceway to the Park. WCHT are working with the Council to agree an appropriate landscaping specification which will also include upgrading a further 118 sq m of Council land.
- 3.5 During the duration of the works, estimated to be 12 months, a temporary diversion of the footpath leading to Leavesden Green will be necessary.

- 3.6 WCHT are finalising negotiations with the last tenant that needs to be relocated, agreements have been reached with all other tenants of existing bungalows.
- 3.7 As the land the WCHT require from the Council is designated open space the Council were required to advertise it's intention to dispose of it in a local newspaper for two consecutive weeks. This it did in the Watford Observer on 13 and 20 May 2016. No objections were received.
- 3.8 Cabinet is therefore asked to agree to appropriate the land shown edged red on the plan at appendix 1 from open space to planning and declare it surplus to requirements and agree to a transfer of it to WCHT. In return WCHT will transfer the land shown on the plan hatched red to the Council. This will result in a net gain of land for the Council and a better configured development for WCHT.

4.0 **Implications**

4.1 **Financial**

- 4.1.1 WCHT have agreed to pay the Council's costs associated with the statutory advertisement and legal costs associated with the disposal and acquisition and Corporate and Client services state that maintenance of the new area can be incorporated into the existing contract with Veolia at minimum cost.

All costs and risks associated with the development are at WCHT's risk.

4.2 **Legal Issues** (Monitoring Officer)

The Council can appropriate land for any purpose for which it is authorised to acquire land by agreement. The appropriation process is set out in the Local Government Act 1972. Section 122 (1) provides:

- (i) subject to the following provisions of this section, a principal Council may appropriate for any purpose for which the Council are authorised by this or any other enactment to acquire land by agreement any land which belongs to the Council and is no longer required for the purpose for which it is held immediately before the appropriation; but the appropriation of land by a Council by virtue of this sub section shall be subject to the rights of other persons in, over or in respect of the land concerned.

The Council is a principal Council and so must follow the process set out in Section 122. Cabinet should only resolve and authorise the Council to appropriate land for another purpose if it is satisfied that the land is no longer required for the purpose for which it is held. Whilst the Council currently holds the land as public open space, it is clearly required for the building of the new development and obtains replacement land in return. It should therefore be appropriated for planning purposes.

Requisite notices required under the 1972 Act were published in the Watford Observer on May 13th 2016 and May 20th 2016 notifying of the intention to appropriate the land from open space to planning purposes.

No objections have been received.

Due diligence has been carried out on both areas of the land to be exchanged and there are no significant issues.

4.3 Equalities

4.3.1 Consultation on the development took place via the planning process.

4.3.2 The council will be able to nominate tenants for the new properties to be built. The council's allocation policy will apply.

4.4 Potential Risks

Potential Risk	Likelihood	Impact	Overall score
Development is delayed because of land transfer issue.	2	3	6
Legal objections to the transfer of land	1	4	4
Delays in transferring the land add to development costs	2	3	6
Those risks scoring 9 or above are considered significant and will need specific attention in project management. They will also be added to the service's Risk Register.			

4.5 Staffing

4.5.1 None

4.6 Accommodation

4.6.1 None

4.7 Community Safety

4.7.1 Security by Design should make both the park and development safer with a much improved entranceway to the park.

4.8 Sustainability

4.8.1 The proposed new buildings will meet the latest building regulations and be far more efficient than the existing buildings

Appendices

Appendix 1----- Plan of Exchange Land

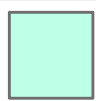
Appendix 2----- Plans of new development



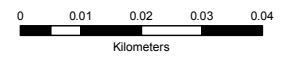
Filepath: I:\GIS_Job_Requests\LEGAL_SERVICES\PROPERTY_Land_Terrier_2013\Mapst\Tim_NewSites_101_APR16.mxd



Local Government Act 1972
Land to be appropriated
for affordable housing



Leavesden Green Recreation Ground
Hemming Way
Watford



Scale 1:1,250
Map Produced by: tims
Publication Date: 13/05/2016

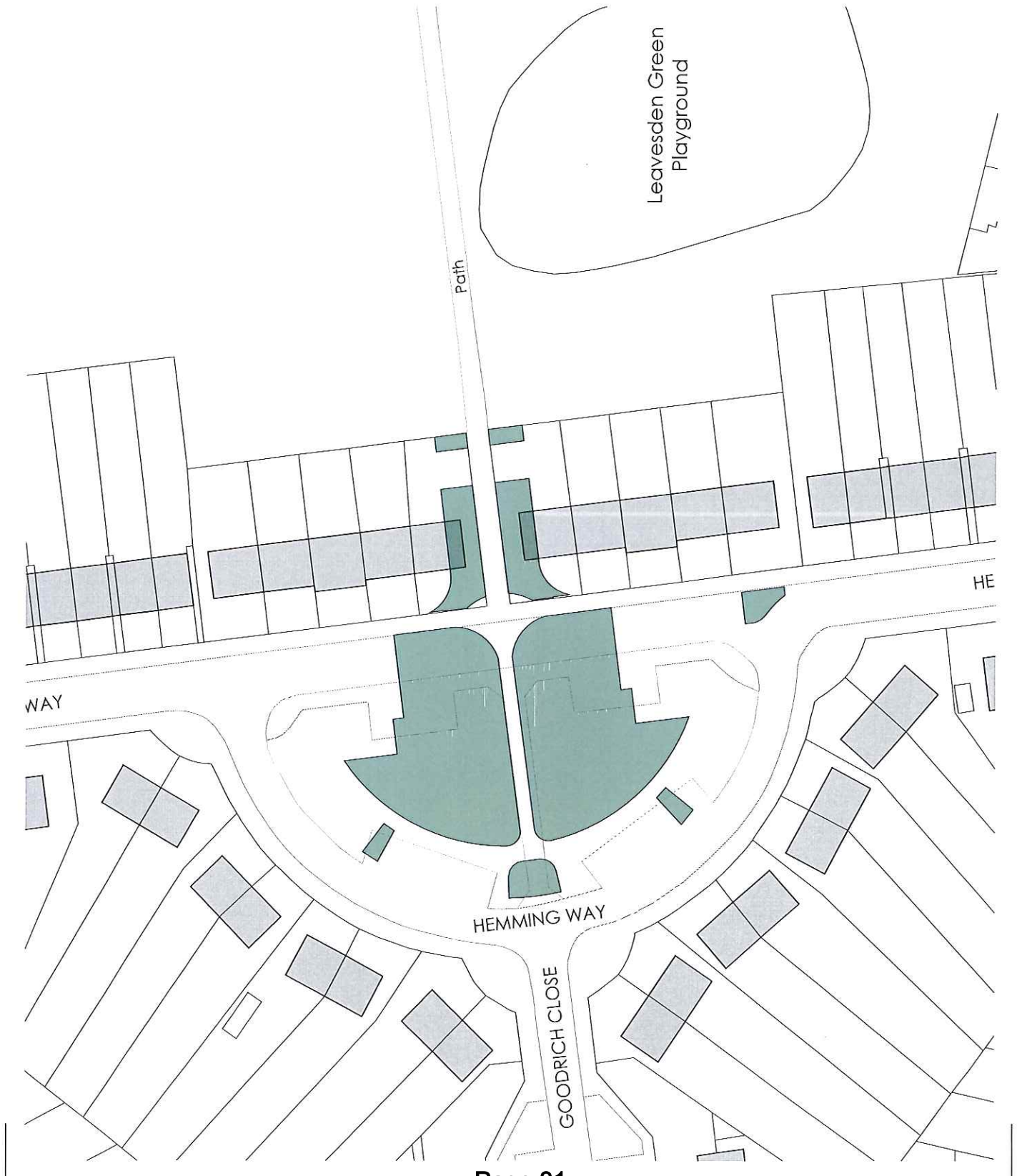
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NORTH

0 5m 10m 25m

Land swapped from WCHT to Watford Borough Council



Revision Date Amended Details

LEGAL

Any errors or discrepancies should be reported to the architect as soon as they are discovered. All information ©2025 Black Architecture Limited, subject to Statutory Approval



Black

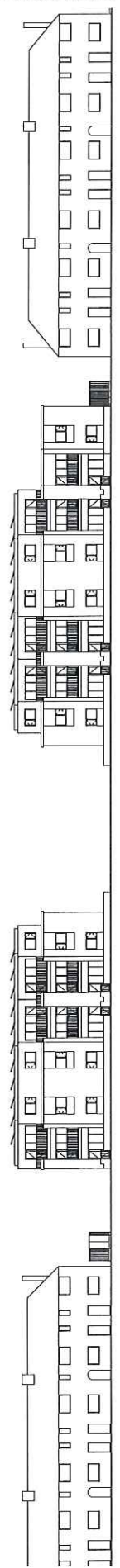
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Hemming Way
Watford Community Housing Trust

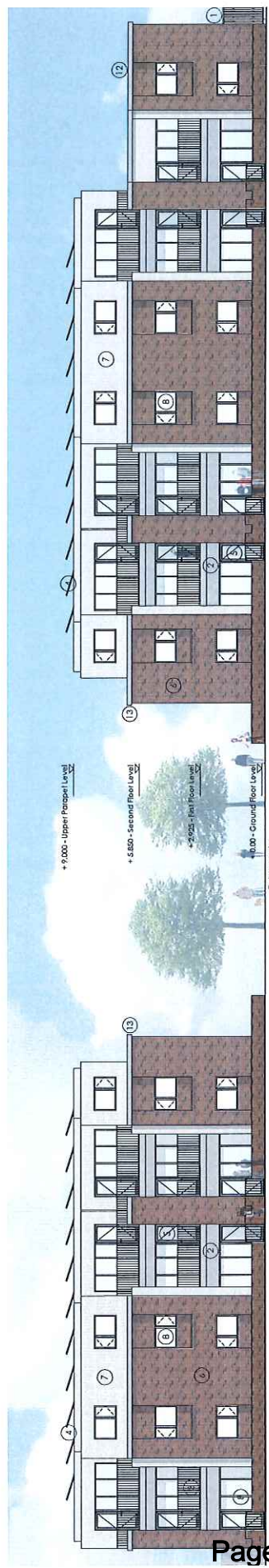
Land swap areas

Drawn ND	Checked SB	Date 22.02.2016	Scale 1:500@A3
Project 0408	Reference L	Number 020	Revision

- 1 Chew bonded linings
- 2 Fibrous reinforced steel panel
- 3 Coloured linings
- 4 Indicate location of (Prestressed and green roof)
- 5 Composite double glazed doors
- 6 Brick - Mansbridge Forest Vale
- 7 Brick - Mansbridge Pattern walls
- 8 Composite double glazed windows
- 9 Anodized grey
- 10 Concrete floor slabs
- 11 Coloured steel double glazing
- 12 Glass and Fibrous reinforced concrete board finishing in (Mansbridge Forest - Vale) Wed lower roof
- 13
- 14
- 15



1 Proposed West Elevation
1:200



2 Proposed West Elevation
1:100



3 Proposed North Elevation (Block A)
1:100

PROJECT	DATE	SCALE
PLANNING		
The above has been prepared for the use of the client and is not to be used for any other purpose without the written consent of the author.		
Hemming Way Harlow Community Housing Trust Proposed West and North Elevations		
DATE	PROJECT	SCALE
04/08	PL	200

- 1 Blue bonded brick
- 2 Horizontal galvanized steel panels
- 3 Coloured handrail
- 4 Indication markers of Photovoltaic and ground pool
- 5 Composite double glazed doors
- 6 IBC's - Wainscotting (Green Value)
- 7 IBC's - Wainscotting (Platinum White)
- 8 Composite double glazed windows
- 9 Aluminium gully
- 10 Concrete floor panels
- 11 Coloured steel double gate
- 12 Glass and French balcony (Cornwall brown cladding) (Aluminum core - Aztec)
- 13 WMS Downrill
- 14 Recycled concrete coping stone



Proposed East Elevation
1:100



Proposed South Elevation (Block B)
1:100

PLANNING
 Hemming Way
 Wallford Community Housing Trust
 Proposed East and South Elevations
 Block B
 D408 PL 201

Agenda Item 9

Report to: Cabinet
Date of meeting: 6 June 2016
Report of: Regeneration & Property Section Head
Title: Atrium – Property Asset Management System, contract extension

1.0 Summary

1.1 The Council's Contract Procedure Rules allow for exemptions to be made to the usual procurement process in exceptional circumstances. Proposed exemptions must be approved by the Managing Director and Head of Service and the decision reported to the next Cabinet meeting.

1.2 The purpose of this report is to inform Cabinet that an exemption has been approved in relation to the contract for the annual support and hosting of Atrium, the Council's Property Asset Management system.

2.0 Recommendations

2.1 That Cabinet notes that an exemption has been granted in line with the council's Contract Procedure Rules.

Contact Officer:

For further information on this report please contact: Martin Jones,
Regeneration and Property Section Head
Telephone extension: 8408 email: martin.jones@watford.gov.uk

Report approved by: Head of Regeneration & Development

3.0 Detailed proposal

3.1 The Council procured the Atrium package in 2010 for the management of its property assets.

3.2 The package is currently used by Property and Facilities Management. There are plans to increase the user base once the project described below is completed, to allow others teams to access information regarding the Council's land and buildings.

3.3 Since May 2015 a project has been underway to improve the quality of the data held

on the Council's property portfolio, ensuring all Council land is registered, as well as mapping the assets in GIS, to eventually enable Council land to be shown on the Watford web site (Explore Watford).

- 3.4 In order to complete the project and ensure full access of the package to users across Watford it was considered inappropriate to competitively retender the contract and a year's extension was granted to April 2017.
- 3.5 In addition a further project is underway to procure external management for the Council's property investment portfolio. As the detailed information relating to these properties is held on Atrium, it was believed that any change in the IT system could delay that procurement exercise.
- 3.6 The annual cost for the service is £16,847 and budget has been allocated this for 2016/17.
- 3.7 Once the new contracts for the Property Investment manager have bedded in, a piece of work will be needed to establish the future needs for managing Watford's properties, especially as the investment properties will be managed externally. This is likely to involve a procurement exercise to deliver a package to meet the Council's long term needs, which may or may not be Atrium.
- 3.8 This decision was approved by the Managing Director and Head of Regeneration and Development on 20 May 2016 and an entry logged on the register of exemptions.

4.0 **Implications**

4.1 **Financial**

- 4.1.1 The Shared Director of Finance comments that there are no additional budgetary implications to the recommendations of this report.

4.2 **Legal Issues** (Monitoring Officer)

- 4.2.1 The Head of Democracy and Governance comments that the legal implications are contained within the body of the report.

4.3 **Equalities**

- 4.3.1 There is not a new or revised policy implication to this report.

4.4 Potential Risks

Potential Risk	Likelihood	Impact	Overall score
By extending this contract for a further year WBC has not tested the market. (However, Trimble update their offering regularly to meet user requirements).	2	2	4

4.5 Staffing

4.5.1 There is no impact on staffing

4.6 Accommodation

4.6.1 There is no impact on accommodation

4.7 Community Safety

4.7.1 There is no impact on Community Safety

4.8 Sustainability

4.8.1 There is no impact on sustainability

Background Papers

- WBC Contract Procedure Rules

File Reference

- None

Contract Procedure Rules

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V 7.2 December 2013

Introduction:

These Contract Procedure Rules, issued in accordance with S.35 Local Government Act 1972, are intended to promote good practice and public accountability.

Officers responsible for purchasing or disposal must comply with these Contract Procedure Rules (the Rules). Compliance is the best defence against any allegation that a procurement has been made incorrectly or fraudulently. These are minimum requirements and more detailed procedures may be appropriate for particular contracts. Where there is a requirement for communication to be in writing, this shall include e-mail and fax as well as hard copy. In summary you must:

- Comply with the Rules for all procurements and disposals except where explicitly exempted.
- Comply with the principles of Transparency, Proportionality, Equal Treatment and Non-Discrimination.
- Act with the highest standards of probity and integrity
- Take all necessary legal, financial and professional advice.
- Declare any personal financial interest or other conflict of interest.
- Conduct a Best Value review and appraise the procurement need.
- Comply with the Council's corporate aims, objectives and policies.
- Check if there is an existing Corporate Contract or Framework Agreement to use
- Ensure tender documents give a full, clear and accurate description of the work.
- Clearly specify the exclusion, evaluation, selection and award criteria and their weighting.
- Keep commercial information confidential.
- Notify unsuccessful bidders of why the decision was taken, the name of the successful bidder and the relative advantages of its bid, or of any decision not to award the contract.
- Complete a formal Contract or issue an Official Purchase Order before the supply, service or works begins.
- Assess the Contract Management skills available and identify any training needs and support required.
- Identify a contract manager with responsibility for ensuring the contract delivers as intended.
- Maintain proper Contract Management records..
- Undertake a post-contract review to monitor performance, how well it met the procurement need and the Value for Money.

The Rules are part of the Council's Constitution. They apply directly to every employee of the Council involved in any part of a procurement process. They apply equally to any partnership the Council may enter into and to contracts in respect of which the Council may nominate sub-contractors or suppliers.

The Rules must be followed by the Council, the Cabinet (including Cabinet Portfolio Holders) and by Agents, Consultants, including architects and engineers, and Public Private Partners, acting for or on behalf of the Council. These Rules apply to contracts involving the receipt of income as well as expenditure and to Concessions.

In accordance with the Constitution, the Chief Finance Officer may amend these Rules after consultation with the Head of Democracy & Governance and the Audit and Risk Managers.

If you are in doubt about whether these Rules apply to a contract or proposed contract, about their meaning or how to apply them, consult:-

- (a) Your Manager.
- (b) The Corporate Procurement Manager.
- (c) The Head of Democracy & Governance.
- (d) Chief Finance Officer
- (e) Internal Audit Service.

Procurement refers to the whole process relating to the purchase, acquisition or commissioning of Works, Supplies and Services. One definition is: Procurement is the business management function that ensures identification, sourcing, access and management of the external resources that an organisation needs or may need to fulfil its strategic objectives.

Contracts:

Contracts are legally binding agreements and in English law they do not need to be in writing. In simple terms a contract is formed when an offer, to do or to supply something for another party, is accepted by the party to whom the offer was made. Contracts may be formed in writing, by word of mouth, or by performance. Care must be taken when communicating, verbally or in writing, with bidders. You must only enter into contracts on behalf of the Council where there is current budget provision.

Relevant Contracts:

All Relevant Contracts must comply with these Rules, these include arrangements made by or on behalf of the Council for the:

- Supply of goods, materials or Services and the carrying out of Works
- Disposal of goods, materials, plant, vehicles or equipment
- Hire, Rental or Lease of goods, plant, vehicles or equipment
- Granting of Concession Contracts
- Delivery of Consultancy, Advisory and other Services, including but not limited to those related to the recruitment of staff, land and property transactions, legal, financial, construction and other consultancy services.

Relevant Contracts do not include:

- Contracts of Employment which make an individual a direct employee of the Authority. For the avoidance of doubt the Rules do apply to contracts with agencies or companies for the employment of staff.
- Acquisition and disposal of Land. For the avoidance of doubt the Rules do apply to advice and other services taken in relation to the disposal of land.

Officer Responsibilities:

Officers responsible for purchasing or disposal must:

- Comply with these Rules, the Financial Procedural Rules, the Code of Conduct for employees, other Council policies and all UK and European Union legal requirements.
- Ensure that any Agents, Consultants and Partners acting for or on behalf of the Council comply with these Rules.

- Check if a suitable Corporate Contract exists before seeking to procure another contract; where a suitable Corporate Contract exists, this must be used unless there is a sound business case not to do so. In that event the reasons must be documented and approved by the relevant Head of Service.
- Consult the participating Councils in the shared service partnership on any opportunity to aggregate demand for more efficient procurement where a new procurement requirement is identified
- Consider Collaborative Procurement opportunities with other Authorities, particularly other Councils in Hertfordshire.
- Assess if a Contract may have the consequence that any employee of the Council or of a current service provider might be affected by any transfer of the work or undertaking. Officers must ensure that the implications of the Transfer of Undertaking (Protection of Employment) Regulations (TUPE) are assessed. The advice of the Head of Democracy & Governance must be sought in any case involving the TUPE Regulations before proceeding with the procurement.
- Assess if the Construction (Design and Management) Regulations 2007 (CDM), which places legal duties on those involved in construction work, apply.
- Consult with and receive the approval of Head of Corporate Strategy & Client Services for all ICT Hardware and Software procurements, including licences, printers, telephony and ICT accessories.
- Consult with and receive the approval of Head of HR for all procurements involving the recruitment, appointment or employment of agency, self employed or contract staff. Such contracts must also be recorded on the Contract Register.

Officer Requirements:

- Assess the most appropriate procurement route to achieve Best Value. Including in house provision, using an existing contract, external procurement, Partnering, collaborative procurement with other local authorities, public body or purchasing consortium or use of an existing Framework Agreement let by others.
- Prepare a pre-tender estimate of the value of the supplies, services or works.
- Set out a clearly defined Specification for the supply, services or works with reference where necessary to appropriate standards etc.
- Clearly set out the Terms and Conditions, or Conditions of Contract that are to apply to the proposed contract. These include any Special Conditions of Contract where a standard form of contract is used. An example of a standard form of contract is the NEC3 Suite of contracts which are the preferred form for relevant Works and Professional Services.
- Consider how SME's and / or the 3rd Sector could engage with the procurement.
- Define clear Evaluation (selection and award) Criteria and their weightings for each stage of the procurement process.
- Ensure there is appropriate approval or delegated authority for the expenditure and the procurement accords with the approved policy framework and scheme of delegation set out in the Constitution.
- Carry out appropriate credit checks and observe any requirements for a surety.
- Observe any Standstill or "Alcatel" period as appropriate for procurements above the EU Thresholds.

Head of Service Responsibilities:

Heads of Service must ensure that:

- their staff comply with their Officer responsibilities
- contract registers are up to date and that copies of all contract documents are kept safe and accessible. Electronic copies are acceptable for lower value contracts but an additional hard copy of all major contracts must be retained for safekeeping.
- any exemptions are recorded.
- contract records are retained in accordance with the Council's Document Retention policy.
- The Corporate Procurement Manager is informed of all contracts that are awarded and that copies of all procurement and contract information are made available.

Exemptions:

- Acquisition or disposal of Land:

These Rules do not apply to the acquisition or disposal of Land except where a lease or licence is granted as a part of a principal contract for other Works, Supplies or Services.

- Unforeseeable emergency:

Where exemption from these Rules is unavoidable due to an unforeseeable emergency involving immediate risk to persons or property or likely to give rise to major or serious disruption to the Council's services, a Head of Service and the Managing Director may jointly approve an exemption. They must inform the relevant Portfolio Holder and make a report to the next Cabinet meeting on the action taken. Urgency caused by undue delay will not be a valid reason for an exemption.

- Exceptional Circumstances:

An exceptional exemption may be considered by the Managing Director in limited and unusual circumstances. This may, for example, apply where a key supplier has gone into Administration or Receivership. It applies where the event will involve significant risk to a key contract and is likely to give rise to a significant disruption to a Council service. In such an event a Head of Service and the Managing Director may jointly approve an exceptional exemption. This may, for example, be a single tender action or the use of a substitute contractor from the original tender responses to complete a contract or part of a contract. They must inform the relevant Portfolio Holder and make a report to the next Cabinet meeting on the action taken.

- Limited market:

A partial exemption may apply where a supply or service is only obtainable from a single or a very limited number of contractors. In such a case, evidence of the limited market must be provided, such as by public advertisement or detailed market research. A Head of Service and the Managing Director may jointly approve a partial exemption. They must inform the relevant Portfolio Holder and make a report to the next Cabinet meeting on the action taken.

- Prior approval:

Other than as specified above no exemption from these Rules shall be made unless prior approval has been granted at a Cabinet meeting.

Record of Exemptions – Heads of Service must ensure that full details of approved waivers and exemptions are recorded in a central register held by the Corporate Procurement manager on behalf of the MD.

E-Procurement:

E-procurement systems simplify the tender process, reduce the bureaucratic burden for suppliers, make it easier to tender and improve smaller organisations' ability to bid.

All procurements above a value of £5,000 must be procured via the Council's e-procurement portal, unless a specific exception has been agreed by the Head of Service.

The portal, Supply Hertfordshire, serves all the Councils and other public sector organisations in Hertfordshire. It is designed to simplify the procurement process, to make the process more secure and auditable and to improve accessibility to procurement opportunities for potential suppliers. It is a focal point for all businesses, including SME's, who want to supply the public sector in Hertfordshire.

Opportunities should be openly and widely publicised. The portal enables links to the UK Government's "Contracts Finder" website and to the Official Journal of the European Union (OJEU) / Tenders Electronic Daily (TED). Officers may also place Adverts in the local press or specialist journals if appropriate in addition to that posted on the portal.

Advice on using the portal should be taken from the Corporate Procurement Manager.

Records:

Contract records must be retained in accordance with the Council's Document retention policy and where relevant should include:

- Details of any exemptions granted
- Pre-procurement market testing / research
- The procurement route used
- Tender Adverts / Notices
- Pre Qualification Questionnaires (PQQ's) and expressions of interest received
- The evaluation criteria used and the evaluation record based on those criteria
- Credit checks and records of economic and financial standing
- Invitations to Tender and tender documentation
- Tenders received and tender records and registers
- Pre and post tender clarifications and, where relevant, records of dialogue and /or negotiation.
- The award criteria and the evaluation record based on those criteria
- Records of communications with the successful contractor
- Details of feedback offered and given to unsuccessful bidders
- Standstill / Alcatel letters
- Contract documents
- Contract Management records
- End of Contract Reviews

Approved or Standing Lists of Suppliers:

The Council does not maintain Standing or Approved Lists of Contractors or Suppliers. Approved Lists cannot be used where EU Procedures apply.

Where recurrent transactions of a similar type are likely a suitable framework agreement, or term contract, should be used. The framework agreement must include terms for calling off supplies, services or works from the framework supplier(s). A Framework Agreement may be

with a single supplier or have three or more suppliers on the list. Additional suppliers cannot be subsequently added to a framework agreement.

A formal and approved register of pre-qualified Contractors and Consultants maintained by or on behalf of the public sector (e.g. Construction line) may be used for the selection of a shortlist where appropriate. Any contractors or consultants from such a register must be assessed against the selection criteria published for the procurement.

It is not acceptable to use a random selection facility as available on some of these registers as this is not a substitute for the proper evaluation and selection of contractors and consultants, against a set of pre determined evaluation criteria, despite the pre-qualification stage achieved by inclusion on the register.

Framework Agreements and Collaborative Procurements:

A Framework Agreement is a contractual arrangement with one, three or more providers that set out terms and conditions under which specific purchases or call-off purchases or contracts can be made at any time throughout the term of the framework agreement. The term of a Framework Agreement should not exceed four years. A call off contract may be longer than four years and can exceed the term of and survive beyond the end date of the framework agreement.

Call-off or contracts formed under a Framework Agreements must be awarded in accordance with the procedure prescribed in the Framework Agreement. Where there is more than one provider under the framework it is usually necessary to hold a mini competition. The Council's Rules apply to a mini competition in the same manner as all other procurements.

Framework Agreements to which the Council has access may be let by another body e.g. the Government Procurement Service (GPS), another Local Authority (LA) or a consortium of LA's e.g. Eastern Shires Purchasing Organisation (ESPO).

Officers proposing to use a Framework Agreement must check that:

- The Framework Agreement has been let in full accordance with these Rules and where appropriate EU Regulations.
- The Council has the right to use the Framework Agreement.
- The procedures for call-offs or mini-competitions under the agreement accord with these Rules.

A Collaborative Procurement is a contractual arrangement with other parties e.g. other Local Authorities to jointly procure works, supplies or services.

Officers proposing to use a Framework Agreement must check that:

- The collaborative procurement contract has been let in full accordance with these Rules and where appropriate EU Regulations.
- The Council is a member of the collaboration or consortium and has the right to use the contract.
- The procedures for using the contract accord with these Rules.

Collaborative and Partnership arrangements are subject to all UK and EU procurement legislation and must follow the Council's Rules. If in doubt, Officers must seek the advice of the Corporate Procurement Manager.

Competition Requirements:

The requirements relate to the Estimated Total Value of the procurement:

The Value of a Contract is the total value over the whole potential duration of the contract including any possible extension to the term of the contract. Where the duration is uncertain a minimum of four years shall be assumed. The value of a concession is the total potential gross income or other assessment of value to the contracting parties. If in doubt, Officers must seek the advice of the Chief Finance Officer.

Minimum requirements:

Thresholds excl VAT	Minimum requirements
Less than £5,000	One written quotation demonstrating value for money through a combination of cost and quality. More than one quote is preferred and should be sought where appropriate.
£5,000 - £50,000	Advertise the requirement and invite at least three, and usually no more than six, written quotations or tenders demonstrating value for money through a combination of cost and quality.
Greater than £50,000 – EU Threshold	Advertise the requirement and, except where the Open procedure is used, invite Tenders from at least three and usually no more than six bidders.
Above EU Threshold	Advertise and follow EU Procedures and, except where the Open procedure is used, invite Tenders from at least five and usually no more than six bidders.

All tender opportunities should be advertised to comply with the principle of transparency.

Where it can be demonstrated that there are fewer suitably qualified bidders to meet the competition requirement, all suitably qualified Candidates must be invited. The Head of Service and the Corporate Procurement Manager must be consulted in such cases.

If more than one contractor is to be appointed, for example to a framework agreement or if a contract is split into Lots, the number of bidders invited to tender may be increased to more than six.

Contracts must not be disaggregated nor methods of calculating the Estimated Total Value used in order to undermine the intention and application of these Rules or the EU Regulations.

The normal procurement procedure to be used shall be the Restricted Procedure. Officers shall consult the Corporate Procurement Manager and / or the Head of Democracy & Governance if the Open or other procedures are proposed.

Assets for Disposal:

Assets (excluding land) for disposal must be sent to public auction except where better Value for Money is likely to be obtained by inviting Quotations or Tenders. The method of disposal of surplus or obsolete stock, plant, vehicles and equipment or assets, other than land, must be formally agreed with the Chief Finance Officer.

Providing Services to External Purchasers:

The Chief Finance Officer and Corporate Procurement Manager must be consulted where proposed contracts include supplies to or work for or on behalf of other organisations.

Appointment of Consultants:

The procurement of Consultants, including solicitors, architects, engineers, surveyors and other professionals, must comply with these Rules. Any Consultant appointed who acts for or on behalf of the Council must also comply with these Rules. A written contract or appointment may be in the form of a formal letter, for values below £25,000, or by a contract of appointment. A standard Professional Services form of contract, such as that in the NEC3 Suite should be used where appropriate.

Records of consultancy contracts must be maintained in the same manner as all other contracts and shown on the Contract Register.

Consultants shall be required to provide evidence of, and maintain Professional Indemnity insurance to the satisfaction of the Council's Insurance Officer.

Pre-Procurement or Soft Market Testing and Research:

Pre-procurement engagement is a range of activities to engage the market before starting a procurement process and may include a technical dialogue to inform a specification. Engaging with the market before starting the formal procurement process is best practice and helps to maximise value for money from the resulting procurement. (PPN04/12)

Officers should consider pre-procurement consultations with potential suppliers prior to the start of any part of the formal procurement process including a Tender Advert or Notice. Care must be taken not to prejudice the equal treatment of potential suppliers or to distort potential competition. Advice on pre-procurement strategies should be sought from the Corporate Procurement Manager.

Insurance:

Insurance requirements must be clearly specified in the contract. The Council's Insurance Officer will advise on the minimum limits of indemnity required for each contract. Prior to entering into a contract Officers must require the contractor to produce current insurance certificates in respect of Employers' Liability and Public Liability risks and for Professional Indemnity where appropriate for such limits and for such periods as are specified by the Council's Insurance Officer. The Contractor must be required to produce up to date Insurance Certificates at each subsequent renewal date during the term of the contract.

Specifications, Standards and Evaluation Criteria:

Specifications must set out the minimum required standards of technical and professional ability and reliability. Specifications must refer to relevant UK, EU or international standards which apply to the subject matter of the contract. The Head of Democracy & Governance must be consulted if it is proposed to use other than UK or EU standards.

Tenders should be assessed on the basis of the Most Economically Advantageous Tender (MEAT), where Quality and Price considerations both apply. In minor or exceptional cases

bids may be invited on a lowest price (where payment is to be made by the Council) or highest price (if payment is to be received by the Council).

The Officer must define and publish appropriate Price and Quality Evaluation Criteria and their respective weightings.

Quality Evaluation (selection or award) criteria may include experience, technical merit, programme and delivery proposals, environmental matters, social value, added value, whole life costs, aesthetic and functional characteristics, health and safety, after-sales service and response, technical assistance, CV's of key staff, accreditations, approach to collaborative working or partnering with a Local Authority and any other relevant matters.

Evaluation Criteria must not include non-commercial considerations or geographical limits which might discriminate against suppliers from the EU. It is acceptable to require submissions to be in English and priced in Pounds.

Accreditations should be considered where appropriate and relevant but must not be a substitute for other checks and due diligence. These should not be required or assessed in a manner that may inadvertently disadvantage potential providers, for example, SMEs, public service mutuals or third sector organisations.

Financial Assessment and Vendor Capabilities:

Financial assessment of potential providers should be undertaken in a manner that is proportionate, flexible and not overly-risk averse while ensuring taxpayer value and safety is protected and the relevant EU Procurement Law complied with. All potential providers, whatever their size or constitution, should be treated fairly and with equal diligence during the financial appraisal process. For example: no SMEs, public service mutuals or third sector organisations should be inadvertently disadvantaged by the financial assessment process (PPN 02/13)

Due diligence must be carried out to ensure that the vendor has the necessary skills, resources and abilities to undertake the work. The due diligence must be proportionate to the nature and scale of the work proposed.

Social Value:

Social value is the consideration of how procurement might offer social, economic or environmental benefits to the community.

The Public Services (Social Value) Act 2012 applies to certain types of services contracts and framework agreements but it is good practice to consider these principles for all procurements. The requirement is to consider the economic, environmental and social benefits of the approach to the procurement before the process starts and to consider whether there is a need to consult on these issues.

The Act applies to the pre-procurement stage of contracts for services as that is where social value can be considered to greatest effect. This should inform the shape of the procurement approach and the design of the services required. It should enable a re-think of the outcomes and the types of services to be procured. (ref PPN 10/12)

The potential interest of Small and Medium Size Enterprises (SME's) and the 3rd Sector should be considered when assessing the shape of the procurement approach and the design of the Supplies or Services required. This may also include ways to cascade good practice down the supply chain.

Contracts should ensure that the principles of these Rules including the need for market testing and the provision of Value for Money is cascaded down the supply chain. The Council expects good practice to be in place to ensure a fair selection of sub-contractors, appropriate terms and conditions and prompt payment of monies due.

Past Performance:

The Council is entitled to establish minimum standards for reliability based on past performance which must be met by potential bidders for public contracts (PPN09/12). To provide assurance about performance and protection for the taxpayer and recipients of the services, procurements should include minimum standards for reliability based on past performance.

It is good practice to request specified information, which may include certificates of performance, about past performance in the last 3 years to establish that:

- the principal contracts of those who would provide the goods and / or services have been satisfactorily performed in accordance with their terms; or
- where there is evidence that this has not occurred, that the reasons for failure will not recur if that bidder were to be awarded the relevant contract.
- A due diligence process can be carried out to assess the contractors understanding of contracting with the public sector and their approach to contracting / partnering with the Council where appropriate.

If the evaluation panel remains unsatisfied that the principal contracts of those who would provide the goods and / or services have been satisfactorily performed, it should exclude that bidder on the grounds that it has failed to meet the minimum standards of reliability set

Public Sector Equality Duty (PSED):

Officers must ensure compliance with the Council's legal obligations under the Equality Act 2010 and its associated Public Sector Equality Duty with due regard to the three aims of the duty:

- Eliminate unlawful discrimination, harassment, victimisation and any other conduct prohibited by the Act;
- Advance equality of opportunity between people who share a protected characteristic and people who do not share it; and
- Foster good relations between people who share a protected characteristic and people who do not share it.

Officers must ensure that public goods and services are accessible to, and meet the diverse needs of all users to ensure that no one group is disadvantaged in accessing public goods and services. Procurements must meet the Fundamental principles of equal treatment, non-discrimination, transparency and proportionality (PPN09/12 and 01/13).

Invitations to Tender (ITT's) / Requests for Quotations (RFQ's):

Pre-Qualification Questionnaires (PQQ's) are to be used where appropriate. The two key aims are to select a list of suitably competent and qualified bidders and to reduce the number of bidders to an appropriate and manageable number using pre-published evaluation criteria.

The criteria may include pass / fail mandatory and discretionary criteria. The evaluation should be solely based on a supplier's response. Where the capability of an individual(s) is essential to the delivery of the contract, for example, the provision of consultancy, CV's should be requested and assessed. PQQ's should not impose arbitrary minimum requirements which may have the unintended effect of barring new businesses from bidding.

Officers should undertake a financial check as part of the evaluation process but, in the spirit of encouraging supplier growth, should not rule out a supplier unless there is clear evidence that the supplier's financial position places public money or services at unacceptable risk. The Chief Finance Officer must be consulted in all cases of doubt.

The Notice or Advert and the Invitation to Tender shall state that late submission, of an Expressions of Interest or of a Tender will not be accepted. Submissions must be received by the due time and date. Any appeals for consideration of a late submission, due for example to a default by the Council, may only be considered by The Head of Democracy & Governance and / or the Corporate Procurement Manager.

Where late submissions are received, including by e-mail, other than via the procurement portal they shall be opened only by The Head of Democracy & Governance, or representative, or the Corporate Procurement Manager. No details of the late submission shall be disclosed.

An Invitation To Tender should set out full details of the Council's requirements. An ITT may allow the submission of Variant bids to allow for supplier innovation.

An Invitation To Dialogue should set out an overview of the Authority and its needs; a starting position from which the dialogue can commence and how the dialogue will be structured together with any rules that apply to the dialogue phase.

All Invitations to Tender shall include the following:

- (a) A Specification that describes the Council's requirements in sufficient detail to enable the submission of competitive offers.
- (b) The Terms and Conditions of Contract that shall apply.
- (c) A Certificate of Non- Collusion for tenderers to declare that they have not colluded with any other party nor disclosed details of their submission to any other party (except where such a disclosure is in confidence and necessary for the purposes of preparing their submission).
- (d) A Form of Tender in the prescribed format for bidders to sign and confirm their bid price.
- (e) An Equality and Diversity questionnaire.
- (f) Notification that bidders must disclose any actual or potential conflict of interest.
- (g) Notification that bidders are responsible for all their costs of preparing a submission and that no costs will be reimbursed by the Council.
- (h) Details of the Evaluation Criteria with their relevant weightings and the methodology for scoring those criteria.

- (i) That submissions must be made via the Council's e-procurement portal unless otherwise agreed.
- (j) Where submissions are made other than via the procurement portal, notification that no Tender will be considered unless it is in a sealed envelope or container which bears the word 'Tender' followed by the subject to which it relates, with no other name or mark indicating the sender.
- (k) The method by which any arithmetical errors discovered in the submitted Tenders are to be dealt with.
- (l) A statement that the council is not bound to accept the lowest or any Quotation or Tender.
- (m) Advice that the Authority is subject to the obligations of the Freedom of Information Act 2000, the Environmental Information Regulations 2004 and the Government's transparency agenda and that the final decision on publication or disclosure of any information shall remain with the Council.
- (n) Advice that Credit checks and records of economic and financial standing may be sought.

All bidders invited to tender or quote must be issued with the same information at the same time and subject to the same conditions. This also applies to any supplementary information or clarification given during the tender period.

Nominated Sub-contractors and Suppliers:

These Rules apply to nominated sub-contractors and suppliers. Officers should avoid the use of nominated sub-contractors and suppliers as far as practicable. If a nominated sub-contractor or supplier is to be considered Officers must take advice from the Head of Democracy & Governance.

The invitations to tender (ITT) for contracts involving Nomination must include a clause to require the parties to enter into contract on terms relevant to the indemnities and obligations of each party as required by the Head of Democracy & Governance.

Short listing:

Where bidders are evaluated for short listing or for the award of a contract Officers must assess the financial and technical standards appropriate to the contract. Assessments must be made in accordance with the published Evaluation Criteria. This includes having regard to the Proportionality Rule in relation to the size and resources of a company relative to the value of the contract.

Submission, Receipt and Opening of Tenders or Quotations:

Tender periods must be sufficient for bidders to prepare and submit proper bids consistent with the complexity of the contract requirements.

All Tenders must be returned via the procurement portal or, where that doesn't apply, to the Head of Democracy & Governance or the Corporate Procurement Manager.

All tenders for contracts estimated to be for £50,000 or more must be opened at one time and only in the presence of The Head of Democracy & Governance, or nominated officer, or the Corporate Procurement Manager and another Officer not below the grade of Principal Officer.

All tenders for contracts estimated to be below £50,000 must be opened at one time and only in the presence of the Head of Service, or their representative, or the Corporate Procurement Manager and another Officer in the same department not below the grade of Principal Officer.

The Officer nominated to receive the tenders shall be responsible for the safekeeping of Tenders until the appointed time of opening. Each Tender must be suitably recorded to verify the date and precise time it was received, adequately safeguarded against amendment of its contents. The procurement portal is compliant with this requirement.

The Officer nominated to receive the tenders must ensure that all Tenders are opened at the same time as soon as practicable after the period for their submission has ended. They must ensure that the Tender Record Form is completed and the bids recorded on the Tender Receipt Record Log.

Clarifications and Negotiations:

Providing clarification during a tender period is permitted. It must not be in the form of any negotiation and must be made in writing to all bidders. Where any verbal discussion is entered into any clarification given must be confirmed in writing and copied to all bidders.

Where bidders do not want information shared with other bidders, as that might indicate a bidding strategy for example, they should be invited to withdraw their clarification question before any answer is given. If an answer is given it must be shared with all the other bidders.

Post tender negotiations, between submission of bids and contract award, must be avoided and are only to be conducted in exceptional cases. An exception may be where a Negotiated or Competitive Dialogue procedure has been used. In such cases the rules relating to the negotiations must be clearly set out in the tender documents and those negotiation rules must provide for:

- (i) The requirements of relevant EU Directives, UK legislation and good practice guidance.
- (ii) Written approval of the Head of Democracy & Governance or the Managing Director.
- (iii) The documentation sent out to prospective bidders stating that negotiation may take place and the basis upon which such negotiation would be held

Post-tender negotiation must only be conducted in accordance with the guidance issued by The Head of Democracy & Governance who, with the Corporate Procurement Manager, must be consulted wherever it is proposed to enter into post-tender negotiation.

The circumstances under which such negotiations may be considered are where:

- (i) High levels of innovation are required as part of the tender solution
- (ii) The new contract will involve radical changes from existing practices
- (iii) There are a number of alternative proposals or solutions that the Council is considering
- (iv) The specification has a number of alternative packages or elements
- (v) Variant bids are shown as acceptable in the Notice and negotiations relate to variant bids.

If post-tender negotiations are necessary then such negotiations shall only be undertaken with the preferred bidder who is identified as having submitted the Most Economically Advantageous Tender and after all unsuccessful bidders have been informed. During

negotiations tendered rates and prices shall only be adjusted in respect of a corresponding adjustment in the scope or quantity included in the Tender documents.

Negotiations must be conducted by a team of at least two Officers, one of whom must be from a service independent of that leading the negotiations. The independent representative can be a representative from another council if the tender is a collaborative procurement.

Officers appointed by the Head of Service to carry out any post-tender negotiations must ensure that they keep full and accurate records and minutes of all negotiation meetings and discussions and that any actions and outcomes are confirmed and agreed in writing by both parties.

If post-tender negotiation results in a fundamental change to the specification or to the terms of a contract the contract must not be awarded. A fundamental change from the work tendered must be re-tendered. The advice of The Head of Democracy & Governance and the Corporate Procurement Manger must be sought before concluding any post-tender negotiations.

Evaluation, Selection, Award and Feedback:

The confidentiality of Quotations, Tenders and the identity of bidders must be observed at all times. Information about one bidder or their response must not be given to another bidder except as provided in these Rules.

Evaluation and Moderation panels must comprise a minimum of two Officers. The procedures to be used by the panels, including the Interview panel if an interview stage is included in the process, must be set out in advance of the receipt of submissions.

If an Interview stage and / or a Best and Final Offer (BAFO) stage is included in the process the procedures for them must be clearly set out for bidders in the bid documents. The published arrangements cannot be revised post tender submission.

Contracts must be evaluated and awarded by the panels in accordance with the published Evaluation (selection and award) Criteria. Neither criteria nor weightings can be revised post tender submission.

Officers shall compare submitted Tender prices with any pre-tender estimates and examine and explain any discrepancies.

The arithmetic in compliant Tenders must be checked. If simple arithmetical errors are found they should be corrected and the bidder notified. The bidder must be given the opportunity to stand by or withdraw the corrected bid.

The Officer responsible for the evaluation panel and moderation must prepare a report setting out the reasons for the selection, having regard to the evaluation criteria, and the reasons for rejecting the unsuccessful tenders.

Where the Total Value is over £5,000, the Officer must notify all bidders at the same time of the intention to award the contract to the successful bidder.

Where the EU procedures apply, the Standstill or "Alcatel" period of at least ten days must be observed. The EU Regulations require a formal letter containing prescribed information to

give unsuccessful bidders time to challenge the decision before an award. If the decision is challenged the award of contract must not be made and the advice of The Head of Democracy & Governance and the Corporate Procurement Manager must be sought.

Where the Total Value is over £5,000 feedback shall be offered to all bidders and potential bidders including those not short listed at the PQQ stage. The advice of The Head of Democracy & Governance and / or the Corporate Procurement Manager should be sought although the feedback must include:

- How the Evaluation Criteria were scored for their submission
- The characteristics and relative advantages of those short listed. Details that could identify those short listed must not be disclosed.
- The name of the successful bidder
- The characteristics and relative advantages, including price, of the successful bidder

Avoiding Challenges:

Challenges are increasing for public sector procurements with the most likely challenges being from unsuccessful bidders challenging the evaluation outcome. This risk of challenge should be reduced by:

- publishing the process and timings for issuing the ITT and supporting documentation, dealing with clarifications, receiving bids and placing contracts, and adhering to the process.
- making sure that evaluation criteria, sub-criteria and weightings, which are clearly linked to the work required, are all published in the ITT.
- using a clear and objective marking scheme (e.g. the reasons for awarding 6 points rather than 5 are clear to bidders and to evaluators)
- maintaining an audit trail during the process, to help explain why a bid was unsuccessful and to defend any challenges raised.

The key principles are that criteria must be reasonable, proportionate, transparent and relevant to the goods, works or services being procured. Objective criteria should be clear, verifiable and targeted with measurable outputs. Subjective criteria should clearly define the basis on which any value judgements would be based. All criteria must be fair and not involve any discrimination, including a level playing field for non-local bidders, to ensure compliance with the EU Directives.

Contracts:

All Contracts must be in writing and held in accordance with these Rules and, irrespective of value, must clearly specify:

- what is to be done or provided (i.e. the Works, materials, Services, Supplies, matters or things to be done or provided)
- the provisions for payment (i.e. the price to be paid and when and details of any indexation)
- the time, or times, within which the contract is to be performed
- the provisions for the council to terminate the contract.

The Council's Official Purchase Order form, the Council's standard Terms and Conditions or a standard Form of Contract issued by a relevant professional body (e.g. NEC3) must be

used as appropriate. The form of contract must be approved by the Head of Democracy & Governance.

In addition, every Contract over £50,000 must also state clearly as a minimum:

- That the contractor may not assign or sub-contract without prior written consent
- Insurance requirements
- Health and Safety requirements
- Data Protection requirements
- Equality and Diversity requirements
- Freedom of Information Act and Environmental Information Regulations requirements
- TUPE requirements
- That those acting for or on behalf of the Council must comply with the council's Contract Procedure Rules
- A right of access to all relevant documentation and records of the contractor for monitoring and audit purposes.
- VAT and other tax requirements.
- The Requirements for a Bond and / or Parent Company Guarantee.
- Prevention of Corruption requirements.
- Any Indexation or Price variation details or if not variation of Rates or Prices applies.

The formal advice of the Head of Democracy & Governance must be sought for contracts where:

- The Total Value exceeds the EU Thresholds
- The Risk is outside acceptable parameters
- They involving leasing arrangements
- It is proposed to use a supplier's own Terms and Conditions of Contract
- They are complex in any other way.

Indexation and price variation Clauses:

The advice of the Chief Finance Officer must be sought on any indexation clauses and the indices to be used, e.g. RPI. Where an indexation clause is used consideration should be given to an efficiency factor, e.g. less 1% p.a., to encourage Best Value and continuous improvement during the term of the contract.

Price variation clauses should allow for any potential variation in the scope or scale of goods, works or services to be provided during the term of the contract. This may be in consequence of other factors e.g. a variation in the number of service users where another service has been outsourced.

Forming of Contracts:

Formal contracts must be formed for contracts with a value greater than £25,000. Below this threshold an Official Purchase Order may be placed but it must include full details of the supply, service or works to be delivered and the Terms and Conditions that apply to the Order.

Contracts must be in a form approved by the Head of Democracy & Governance. An industry standard may be used subject to the additional clauses being added to meet the requirements of these Rules and to protect the Council's interests.

Every contract must specify the work, goods, supplies and services to be provided, the price and charging basis including any indexation, and the time in which the contract is to be performed.

Extension of contracts:

A Contract may be cumulatively extended by up to 50% of the initial contract value. The revised total value of a contract initially let below the EU Threshold must not exceed that Threshold value. The Head of Service, for contract extensions up to £25,000, and jointly with the Managing Director for greater values, may approve a contract extension. They must inform the relevant Portfolio Holder and, for values greater than £25,000, make a report to the next Cabinet meeting on the action taken.

Contract Formalities:

Contracts not under Seal, including Purchase Orders, shall be completed as follows, subject to the relevant Scheme of Delegation:

Up to £50,000 - Signature by any one of the following: Head of Service or authorised representative; Head of Democracy & Governance; Managing Director; Chief Finance Officer.

Above £50,000 (Excluding Sealing) Signature by any two of the following: Head of Service; Head of Democracy & Governance; Managing Director; Chief Finance Officer.

Where risk and high value are relevant contracts should be under Seal subject to the advice of the Head of Democracy & Governance.

All contracts must be concluded formally in writing before the Supply, Service or Work begins, except in exceptional circumstances, and then only with the written consent of the Head of Democracy & Governance or Managing Director. An award letter or an intention to award letter is insufficient.

The Officer responsible for securing signature of the contract must ensure that the person(s) signing for the other contracting party has / have authority to bind it.

All contracts for the purchase of motor vehicles or mechanical plant irrespective of value must be in writing and must be signed by the Head of Service and at least one of the following: the Managing Director; the Chief Finance Officer; the Head of Democracy & Governance (or their authorised representatives).

Sealing:

A contract must be sealed where:

- The council may wish to enforce the contract more than six years after its end
- The contract is valued at more than £150,000

Where contracts are completed by each side adding their formal seal, such contracts shall be signed by the Head of Democracy & Governance or authorised nominee.

Every Council sealing will be consecutively numbered, recorded and signed. The seal must not be affixed without the proof that the appropriate authority to enter the contract has been obtained under the scheme of delegation.

Contract Surety:

The Officer must consult the Chief Finance Officer about the need for a Parent Company Guarantee (PCG) where a bidder is a subsidiary of a parent company and:

- The Total Value exceeds £150,000, or
- The award is based on the evaluation of the parent company, or
- There is some concern about the stability of the bidder.

The Officer must consult the Chief Finance Officer about the need for a Bond where:

- The Total Value exceeds £1,000,000, or
- It is proposed to make stage or other payments in advance of receiving the whole of the subject matter of the contract and there is concern about the stability of the bidder.

Where a Bond is required it shall normally be for a sum equal to 10% of the total contract sum. The decision of the Chief Finance Officer on the need for a PCG and / or the need for and the size of a Bond is final.

Remedies for non-performance:

Contracts must include provisions for remedies in the event of non-performance including liquidated damages, other financial deductions and termination of the contract.

Every Contract which exceeds £50,000 in value and is for the execution of Works, shall provide for liquidated damages to be paid by the Contractor in respect of any delay in performing such work. This shall not apply where the Chief Finance Officer determines that such remedy is not appropriate for a particular contract.

Prevention of Corruption:

Everyone involved in a procurement process as employees or for or on behalf of the Council must comply with the Code of Conduct on the prevention of corruption. They must not invite or accept any gift, inducement or reward in respect of the evaluation, award or performance of any contract.

Any offer of a gift, inducement or reward must be declared whether or not it was accepted. High standards of conduct and probity are required. Corrupt behaviour is a criminal offence and may lead to dismissal.

Cartels are a potential concern and are a breach of competition law. They can influence the price paid for goods and services by the Council. Any suspicions about such activities must be reported to the Head of Democracy & Governance and the Chief Finance Officer.

The following clause must be put in every written Council contract:

“The Council may terminate this contract and recover all its loss if the Contractor, its employees or anyone acting on the Contractor’s behalf do any of the following things: (a) offer, give or agree to give to anyone any inducement or reward in respect of this or any other Council contract (even if the Contractor does not know what has been done), or (b) commit an offence under the Bribery Act 2010 or shall have given any fee or reward the receipt of which is an offence under Section 117(2) of the Local Government Act 1972, or (c) commit any fraud in connection with this or any other Council contract whether alone or in conjunction with Council members, contractors or employees. Any clause limiting the Contractor’s liability shall not apply to this clause.”

Declaration of Interests:

If it comes to the knowledge of a Councillor, an Employee of the authority or anyone acting as an Agent for or on behalf of the Authority that a contract in which he or she has a personal interest has been awarded or is proposed to be entered into by the council, he or she shall immediately give written notice to the Head of Democracy & Governance.

The Head of Democracy & Governance shall maintain a record of all declarations of interests notified by Councillors and Officers.

The Head of Democracy & Governance will ensure that every councillor signs and receives a copy of the Council’s code of conduct for councillors.

Contract Management:

All contracts must have a named contract manager, nominated by the Head of Service, for the entire duration of the contract.

The Head of Service must keep under review the skills and experience required and available for the good management of the contract.

Risk Assessment and Contingency Planning:

Where the risk and financial value of the Contract is deemed appropriate, including all those above the EU Thresholds, contract managers must:

- prepare a Business Case
- undertake appropriate Risk Assessments
- maintain a Risk Register during the contract period
- ensure that mitigation and contingency measures are in place
- manage the contract in accordance with best practice
- have regard to end of contract reviews of other similar contracts

Contract Monitoring, Evaluation and Review:

All contracts with a value above the EU Thresholds, or which are High Risk, should have a formal monthly or quarterly review with the contractor.

Throughout a contract period the Contract Manager must monitor:

- Contractor’s performance

- Compliance with the Specification
- Compliance with the Programme
- Contract costs and Value for Money requirements
- Health and Safety compliance and Risk Management.
- The Project Plan
- Client's resourcing of the contract

At the end of a contract period the Contract Manager must ensure:

- That all required Works, Supplies and Services have been completed
- The Final Account has been completed
- An End of Contract Review on the standard template has been completed

Late Payment Regulations:

The Late Payment of Commercial Debts Regulations 2013 requires public authorities to pay within 30 calendar days following receipt of the invoice. Simple interest is calculated equal to the sum of the Bank of England reference rate plus at least eight percentage points. The creditor is also entitled to a fixed charge of £40, £70 or £100 depending on the size of the debt (under £1,000, under £10,000, and higher), plus additional reasonable costs incurred.

As a public authority the Council, if a debt is not paid within the deadline, is obliged to automatically pay the outstanding amount that includes, daily interest for every day the payment is late based on 8 percentage points above the Bank of England's reference rate plus the fixed amount, depending on the size of the unpaid debt. The onus is on the Officer to pay a supplier on time and the supplier is not obliged to remind you that payment is outstanding.

Officers should include a clause in their contracts that requires prime contractors to pay their suppliers within 30 days to cascade good practice in public procurement supply chains.

VAT

To avoid potential VAT loss and to enable the recovery of VAT officers must ensure that VAT invoices are sent and addressed directly to the Council. Officers must avoid situations where a 3rd party receives the taxable supply that the Council subsequently pays where the supporting evidence from a 3rd party shows their payee details. A failure to recover VAT is an unnecessary and additional budget pressure and is a cost to the project / spending department.

EU Procurement Rules:

EU Procurement Rules apply where the value of a contract exceeds the relevant threshold. These thresholds are reviewed from time to time by the EU. Up to date figures and advice on which threshold applies can be confirmed by the Corporate Procurement Manager. The relevant thresholds will be published on the Council's intranet under Procurement.

EU Rules define the classification of "Supply", "Service" and "Works" contracts. Where a contract covers more than one classification it is usually classified according to its predominant purpose.

EU Rules define how the value of a contract is assessed for the purposes of the EU Thresholds. The various EU procurement procedures include some defined timescales which are mandatory. These include minimum times for the receipt of requests to tender and for receipt of tenders.

The OJEU Notice must be submitted in the prescribed form and be published in the Official Journal of the European Union (OJEU). The Corporate Procurement Manager can advise on the application of the EU Rules.

Four procurement procedures are available for OJEU procurements regulated by the Public Contracts Regulations 2006:

Open procedure

All interested parties can submit a tender in response to the OJEU Notice. Tenders can be clarified following receipt but changes to the tender and any negotiations are not permitted. The open procedure is unlikely to be appropriate where there is any complexity or if a high number of bids might be received.

Restricted procedure

Interested parties can submit an expression of interest in response to the OJEU Notice. A short listing exercise is carried out using a Pre Qualification Questionnaire (PQQ). Only those meeting the published evaluation criteria can be invited to tender. A minimum of five suppliers must be invited to tender unless fewer suitable candidates have met the criteria and there is sufficient number to ensure genuine competition. Tenders can be clarified following receipt with finalisation of contract terms but changes to the tender and any negotiations are not permitted.

Competitive Dialogue

Interested parties can submit an expression of interest in response to the OJEU Notice. A short listing exercise is carried out using a Pre Qualification Questionnaire (PQQ). Only those meeting the published evaluation criteria can be invited to dialogue. A minimum of three suppliers must be invited to dialogue unless fewer suitable candidates have met the criteria and there is sufficient number to ensure genuine competition, i.e. at least two.

The authority enters into a dialogue with bidders to develop one or more suitable solutions. Care is needed to ensure that all tenderers are treated equally. The number of bidders can be reduced in stages if that intention was in the OJEU Notice or Invitation To Dialogue. When the dialogue phase is concluded final tenders are invited. These are evaluated on pre-specified award criteria which must be based on the most economically advantageous tender, not just price. Final tenders can be clarified following receipt with finalisation of contract terms but further changes to the tender and further negotiations are not permitted.

The UK Government has a presumption against the use of the competitive dialogue procedure. The competitive dialogue procedure is designed to be used for particularly complex contracts. It should only be used after extensive pre-market engagement with

current and potential suppliers and if the authority is unable to identify the technical means of delivering its requirement and / or the legal / financial make-up of the project.

Projects for which competitive dialogue might be suitable include those with:

- an iterative design element, such as construction or economic infrastructure;
- a private finance element or other form of public private partnership;
- a requirement for some form of planning permission;
- a complex commercial arrangement, such as joint ventures and mutuals.

Negotiated procedure:

Interested parties may express an interest in tendering and the authority will select potential bidders with whom to negotiate. A minimum of three suppliers must be invited to dialogue unless fewer suitable candidates have met the criteria and there is sufficient number to ensure genuine competition, i.e. at least two.

The Public Contracts Regulations 2006 state that the negotiated procedure may only be used where: another procedure has failed to produce any acceptable tenders; exceptionally where prior overall pricing is not possible; in the case of Services, where specifications cannot be established with sufficient precision; or for certain research and development related works contracts. The UK Government guidance is that the negotiated procedure should only be used in rare circumstances.

Version Control Information:

Document Status	Constitution	Mandatory
Document Owner	Head of Democracy & Governance	Carol Chen
Document Manager	Corporate Procurement Manager	Howard Hughes
Review	Annual review due:	July 2014
Version Control	Details	Date
v 1.0 – 4.0	Drafts for consultation	
v 5.0	Approved at Full Council	24 July 2013
v 6.0	Amendment page 4 re HR	Sept 2013
v 7.2	Amendments: Page 4 CDM Page 5 Record of Exemptions Page 20 End of Contract actions Page 21 VAT Page 23 Version Control information added	December 2013

Agenda Item 10

Report to: Cabinet
Date of meeting: 6 June 2016
Report of: Head of Community & Customer Services
Title: Procurement of the franking machine – exemption to contract procedure rules.

1.0 **Summary**

- 1.1 The Council has been using The Mailing Room for a franking machine since 2011. It has performed exceptionally well and that contract is being extended for a further three years.
- 1.2 The franking machine is used every day by The Council's post department and it provides The Council with a comprehensive mail franking system, which is easy to use and has the ability to access multiple/various post service providers such as Royal Mail and Whistl (formally TNT)
- 1.3 The Mailing Room reporting system can provide a vast amount of information, which is used by the Finance department to recharge the postal usage of departments monthly.
- 1.4 In line with the Procedures, the approval is being reported to Cabinet.

2.0 **Recommendations**

- 2.1 That Cabinet notes the Approved Exemption to the Council's Procurement Procedures in relation to the franking machine contract agreement.

Contact Officer:

For further information on this report please contact: Jago Durant
Support Services Manager, Community & Customer Services.
Telephone extension: 8075 email: jago.durant@watford.gov.uk

Report approved by: Alan Gough, Head of Community & Customer Services

3.0 **Detailed proposal**

3.1 The Council has been using a franking machine from The Mailing Room since 2011. It has performed exceptionally well saving the Council money on their postage costs. The existing contract with The Mailing Room was coming to an end.

3.2 Watford Borough Council has been given the opportunity to upgrade our system to realise additional monetary savings through extending the contract agreement. The Mailing Room will change our existing franking machine for a new one, with no increase in cost to our current rental agreement. The new device still has the capability to bill individual expenditure codes, which some other companies' devices are unable to provide.

Currently post charges from all carriers make price increases twice a year.

The large savings come from the fact, that we will still be able to use Whistl for the majority of our post. They are able to offer us a reduction in the price for our 2nd class mail due to our excellent read rates and our usage per day. The price per item will be reduced from £0.34808 to £0.2915 and using the figures from last years totals the savings would be around £17.5k. See Appendix A for details...

3.3 Following advice from Procurement Services, we have decided to implement an extension to the existing contract agreement through the process for exemptions within the Contract Procedure rules. This will enable The Council to take advantage of the immediate savings.

3.4 This was approved by the Head of Community & Customer Services and the Managing Director on 05 April 2016 and is now being reported to Cabinet for noting in accordance with the rules.

4.0 **Implications**

4.1 **Financial**

4.1.1 The cost for the machine is £9,980.00 per annum. Annual rental is staying the same.

4.2 **Legal Issues (Monitoring Officer)**

The contract procedure rules provide the facility to seek and exemption not to tender in limited circumstances, any exemption must be approved by both the Head of Service and Managing Director and then notified to Cabinet.

4.3 **Equalities**

4.3.1 Not applicable in relation to this item.

4.4 **Potential Risks**

Potential Risk	Likelihood	Impact	Overall score
Potential suppliers challenge the Councils decision not to procure the supply using a competitive tendering procedure.	1	2	2

4.5 **Staffing**

4.5.1 There are no staffing implications from this report.

4.6 **Accommodation**

4.6.1 There are no accommodation implications from this report.

4.7 **Community Safety**

4.7.1 There are no community safety implications from this report.

4.8 **Sustainability**

4.8.1 There are no sustainability implications from this report.

Appendices

Appendix A

Background Papers

No background papers were used in the preparation of this report.

File Reference

None

Royal Mail Products	2015 Volumes	2015 Prices	2015 Costs	2016 Standard Franking Prices	2016 Costs	2016 MailMark Franking Prices	2016 MailMark Costs	2016 Whistl Prices	2016 Post Costs
1st Class Letter	32916	£0.52	£17,116.32	£0.53	£17,445.48	£0.51	£16,787.16	£0.51	£16,787.16
2nd Class Letter	30466	£0.39	£11,881.74	£0.40	£12,186.40	£0.37	£11,272.42	£0.37	£11,272.42
1st Class Large Letters	2986	£0.81	£2,418.66	£0.83	£2,478.38	£0.79	£2,358.94	£0.79	£2,358.94
2nd Class Large Letters	1276	£0.65	£829.40	£0.67	£854.92	£0.64	£816.64	£0.64	£816.64
Other RM Services	942	£2.78	£2,618.76	£2.80	£2,637.60	£2.77	£2,609.34	£2.77	£2,609.34
WHISTL FLEX LETTERS	267682	£0.3387	£90,663.89	£0.3481	£93,180.10	£0.269	£72,006.46	£0.2915	78,029.30
WHISTL ALL SORT & LARGE LETTERS	18992	£0.61	£11,585.12	£0.67	£12,724.64	£0.630	£11,964.96	£0.630	£11,964.960
	355260		£137,113.89		£141,507.52		£117,815.92		£123,838.76

2015 Postage Expenditure	£137,113.89
Postage costs using existing Franking Machine in 2016	£141,507.52
Postage on New MAILMARK Franking Machine in 2016	£117,815.92
Cost of Current Franking Machine	£9,980.00
Cost of new Mailmark Franking Machine	£9,980.00
Saving in Year One	£23,691.61



Authorised
independent inspector and
maintainer of franking machines



**The
Mailing
Room**

£137,113.89
£141,507.52
£123,838.76
£9,980.00
£9,980.00
£17,668.76

Part A

Report to: Cabinet
Date of meeting: 6 June 2016
Report of: Managing Director
Title: The Future of ICT

1. Summary

- 1.1 This report provides an update to members on the progress of ICT since the last report in November 2015 and also outlines the new proposals for ICT and Managed Print from July 2016.
- 1.2 The contractual exit process is still in progress and Capita have confirmed that they remain committed to providing the service until the termination date of 30 June.
- 1.3 Watford Council has also initiated the change programme to take forward a new ICT service and this report includes an update on progress.

2. Recommendation

- 2.1 Cabinet is asked to:
 - note the progress on the Capita exit, the change programme and the ICT service re-provision.
 - note the exemptions to the procurement rules outlined in paragraph 3.23 and paragraph 3.28.
 - agree the novation of the print contract as outlined in paragraph 3.29

Contact Officer:

For further information on this report please contact:

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email: joanne.wagstaffe@watford.gov.uk

3. Progress to date

3.1 Exit Management

The exit arrangements from the Capita contract have been agreed and the completion of the exit process is underway. Further details are contained in Appendix 4 which is a part B item with details of the termination agreement.

3.2 Capita have appointed an exit manager and they are working with the Council on transitioning the ICT services back to the Council and other third party providers.

3.3 As part of the exit process there will be a small number of staff who will transfer back to the Council under TUPE. Capita and the Council have established a plan for the consultations, which have already commenced.

3.4 ICT Operational Delivery from July 2016

The ICT function will be responsible for delivering, supporting and maintaining the ICT services. The services provided includes:

- Availability of ICT services
- Fault rectification
- Small upgrades
- ICT security and integrity
- Patching
- Service desk for all initial enquiries
- Management of major incidents

3.5 The operational service will support and maintain the ICT infrastructure, which can be defined as below:

- Networks
- Servers
- Storage
- Applications
- Desktop devices
- Service desk for all initial enquiries on issues, service requests or help with issues.

3.6 The operational delivery will cover

- Management and support of the ICT infrastructure
- Support and management of applications
- Ensuring information is held in relation to our infrastructure and applications and that this is regularly updated
- Managing changes to systems and applications
- Managing all problems and incidents
- Management of third party contracts which help to support the delivery of ICT to ensure that ICT service delivery is maintained and monitored.

3.7 Leadership Team discussed the various options for the ICT service delivery going forward at its meeting on 2 February 2016. It was decided that from the 1 July 2016 ICT should be delivered in a different format to the way it is currently delivered. It will be provided through a mix of third parties and an in-house team. The benefits of the approach taken include:

- The council not being reliant on one service provider for delivering all of the ICT services
- access to 24/7 service desk and network support
- a small local in-house team which can help to manage changes and deal with on-site and face to face issues is retained
- A higher level of ICT knowledge and experience could be obtained than if all services were provided by a single in-house team
- A lower cost can be obtained through using a mixed service provision
- Greater flexibility in technical staff resourcing can be obtained

3.8 Appendix 1 shows further details of the proposed new ICT provision from July 2016.

3.9 **Service Desk**

The Support Desk services are to be provided by a third party. These have been tendered and the contract for these services has been awarded to Amicus ITS.

3.10 Amicus is seen to be a good cultural fit with the Councils and they are used to working with organisations which are in a state of change or which do not have full documentation to support their ICT estate and infrastructure. They already work with a number of public sector clients, including the NHS. They currently support the delivery of the NHS 111 service delivery, so they are used to working in the public sector environment and are familiar with the Public Sector Network compliance issues. Amicus were selected as the

provider following a tender process, which included interviews, a site visit and also existing client site visits.

3.11 The services which they will be providing are:

- Incident and Problem Management
- Monitoring
- Business as usual and performance monitoring
- Network security
- Maintain all network and firewall configuration records

3.12 **Network Services**

The Network services are to be provided by a third party. The services which are expected to be covered as part of this arrangements can be found in Appendix 2:

3.13 The network services have been subject to a tender exercise and a small number of responses were received. The price of the responses was above the anticipated price and were too expensive for the Council to consider at this stage. Therefore a review of the provision of these services is being undertaken to establish whether there is an alternative way of providing these services.

3.14 Operationally the Network Services provider will deliver the following;

- Incident and Problem Management
- Monitoring
- Business as usual and performance monitoring
- Network Security /Records

3.15 If a new network provider has not been found prior to the end of the Capita contract then interim proposals will be put in place, this may be either bringing in additional on-site support or putting in place temporary arrangements for the provision of these services with another third party. This is a straightforward service to arrange in the industry.

3.16 **ICT In-house service provision**

The in-house ICT service will be responsible for all the remaining elements of the ICT service provision. Further details on the in-house provision can be found in Appendix 2.

3.17 The new ICT team structure is currently being developed and the structure and costs of the team will be provided at a later date once these are known. It is anticipated that any staff which TUPE back to the Council on 1 July 2016 will continue in their existing roles until such time as the new structure is implemented. Capita have been notified that we are intending to undertake a restructure in the near future and this has also been communicated to affected staff as part of the consultation process.

3.18 **Cost of the new ICT provision**

The current estimate of the costs of the new ICT provision indicate that these can be provided for within the same costs as the average annual cost for the base Capita contract and the ICT Client Team. The Capita contract was front loaded with costs and therefore for comparison the total cost of the contract over the five year term has been used for these purposes. The current average annual cost is shown below:

Current Cost	Annual Average Cost	Watford	Three Rivers
Capita contract	868,447	521,068.32	347,378.88
Client	221,070	132,642.00	88,428.00
Total	1,089,517	653,710.32	435,806.88

3.19 It is anticipated that the service can be re-provided for less than the current cost as shown below. These costs will be confirmed once the ICT in-house team structure and the network contract costs are known.

	Estimated Cost	Watford	Three Rivers
Total	1,025,962	615,576.92	410,384.62

3.20 **Public Sector Network Compliance**

A health check review of the security and government compliance requirements has taken place. There are a number of compliance issues to address and an urgent remedial plan is underway.

3.21 In order to deliver the Public Sector Network (PSN) requirements a number of devices are required to be procured to ensure that the Council maintain network security and meet the requirements of the PSN connectivity and to resolve on-going issues impacting on the Revenues and Benefits service.

3.22 Quotes were obtained for these devices but the cost meant that they were required to be procured through our procurement process. The returned tenders were in excess of the original quotes therefore a decision was taken to procure from the original quotes.

3.23 The procurement of checkpoint devices has therefore progressed with Freedom Communications (£72,572) and Insight for the supply of VMware servers (£26,403.34). A procurement exemption is required for this and the cost of the devices.

Transition – Measures of Success

In the report of November 2015 we reported a number of outputs and outcomes from the ICT improvement programme, these are listed below:

- PSN compliant environment
- Desktop refresh across the entire estate, replacing all desktops with current hardware running a standard Windows 7 platform, with a standard load set including productivity tools, anti-virus, email and internet browser.
- Review of all legacy applications and implementation of programme to upgrade to current supported versions where required, with an additional deliverable of challenging business to standardise on a common software version across both councils, and presenting options for cloud or hybrid support models of these legacy applications.
- Refresh and update of core infrastructure elements, specifically Active Directory and Exchange, covering both Watford and Three Rivers, acting as an enabler for future added value infrastructure work such as converged communications, this deliverable will ensure that there is a standard supportable platform for email and ICT management across the estate.
- Replacement of the existing network connectivity with a resilient Wide Area Network (WAN), that will meet not only existing needs but also future proof network connectivity and communications to the cloud for the future.
- Review and upgrade where required of Local Area Networks across both Watford and Three Rivers to meet current IT Industry standards in cabling, i.e. Cat 6e.
- Wi-Fi, review of requirements for Wi-Fi connectivity within the LAN in both Watford and Three Rivers, to include options appraisal and costing for provision of Wi-Fi.
- Standardisation and upgrade to current supportable software version of server virtualisation platform, onto a single solution configured to provide resiliency and redundancy meeting targets for business continuity and disaster recovery.
- Standardisation and upgrade to current supportable software version of all core infrastructure servers, carried out at no impact to the environment and invisible to the staff of both Watford and Three Rivers.

- A new delivery structure
- In-house second line support
- Outsourced WAN and infrastructure support
- Outsourced help desk and call logging system
- Transition from Capita completed 30 June 2016

3.25 A project team has been established and is monitoring progress against these deliverables. There have been a number of issues which have been identified and have had to be overcome in order to undertake some of the work, including obtaining information from Capita on the ICT estate, applications and infrastructure. Some of this work took longer than anticipated but much of the work is now either in progress or has been completed.

3.26 Progress against the current plan is contained in Appendix 3. The key features to note are the broadband upgrade and the ICT desktop roll out which is currently in progress. This will improve the user experience with the ICT services.

3.27 **Consultancy Support**

The Council has engaged the services of Foresight Consulting who have expertise in the public sector in visioning, defining, planning and delivering effective change management in technology programmes. They have been supporting the Councils ICT Client Team in delivering the ICT Improvement Programme which has included:

- The PSN submission
- Project management
- The Exchange upgrade
- Project management
- Desktop rollout.

3.28 The Foresight costs can be met from the existing ICT budgets and are envisaged to be in the region of £100,000. Due to the urgency and nature of the PSN risks and the ICT Improvement Programme the Council has continued to work with a proven IT consultant to deliver these items of the programme.

3.29 **Contract novation**

The managed print services element of the contract is currently part of the main Capita contract. Watford Borough Council wish to continue with this

service. In order for this element of the current contract to continue a Deed of Novation is required which transfers the contract from Capita Secure Information Solutions Limited to Right Document Solutions Limited.

4. Implications

4.1 Financial Implications

The financial implications are contained in the report.

4.2 Due to the urgency, timing and nature of this work Cabinet are asked to note the exception to the Council’s procurement rules for Insight, Foresight and Freedom Communications as outlined in paragraph 3.23 and 3.28 that have been agreed by the Managing Director and the Director of Finance.

4.3 Legal Implications

There are several legal implications related to transition from the current ICT provision to the new arrangements, including:-

- In respect of the elements of the ICT services that will be provided in-house, there are information and consultation obligations under the TUPE Regulations – the Council is currently addressing these in line with the exit timetable.
- Regarding the Support Desk services to be provided by Amicus, contract documentation will need to be finalised (there is appropriate documentation in place to cover work currently undertaken).
- Contractual documentation will need to be completed to effect the transfer of the print services element of the current Capita contract – this will be finalised provided Cabinet approves the recommendation.

5. Potential Risks

Potential Risk	Likelihood	Impact	Overall score
PSN compliance is not achieved which may mean that the DWP may stop allowing access to its information.	2	3	6
That the transition is not completed before the 30 June 2016	2	3	6
Insufficient resources available to ensure the delivery of the change programme	2	3	6

Appendices

1. Proposed new service provision from July 2016 – Part A
2. Details of the Future ICT service provision – Part A
3. ICT Improvement Programme – Part A
4. Capita Exit Arrangements – Part B

Appendix 1

Proposed New Service Provision from July 2016

	New
Strategic Direction	In-house
Desktop	Responding, monitoring & resolving – Amicus ITS Management – In-house
Servers and Storage	Responding, monitoring & resolving – Amicus ITS Management – in-house
Enterprise Applications (Microsoft, Exchange etc)	Responding, monitoring & resolving – Amicus ITS Management – in-house
Business Applications (departmental, e.g. Academy, Uniform)	Responding, monitoring & resolving – Amicus ITS Management – in-house and third parties
Networks and Infrastructure	Monitoring – Amicus ITS Management - Network provider
Business Change Including project management for large projects	In-house – additional cost
Governance and Business Planning	In-house
Performance and financial management	Amicus ITS In-house
Contract management	In-house

Appendix 2

Details of the future ICT service provision

The elements of the ICT service which will be provided by the in-house ICT team include:

- Setting the ICT strategies (business and technical)
- Working with the services to understand their business requirements
- Providing the on-site support for the desktop estate and related infrastructure
- Providing the face to face support to users
- Managing the relationships and performance with the third party suppliers
- Managing ICT projects, although this will be at an additional cost
- Providing advice and support on the tendering of new ICT systems
- Assisting with contract negotiations
- Advising and evaluating the selection of new ICT systems
- Acting as an escalation point for the Service Desk and Network third party suppliers when relating to issues with other third party suppliers in relation to contractual issues.

Details of the Network Services Provision

- Network configuration of desktop and server devices
- Firewall configuration
- VPN Technology
- Network switches
- Wireless hubs and switches
- Checkpoint devices
- Remote Access gateways
- Two Factor Authentication devices
- Thin client and remote access
- Intranet and internet configuration
- FTP and SFTP requirement

APPENDIX 3

ICT Improvement Programme Update

The table below shows progress on the ICT Improvement Programme to date.

Workstream	Status	Planned Date	Completion Date	Reason for delay
PSN Compliance	In progress	May1st	Mid June	Hardware procurement delay, Capita Systems access delays
Windows 7 rollout - Idox Uniform Project	In progress	May 31st	May 31st	60% complete - wiggenhall depot issues with IP addresses
Applications Discovery	Complete	March 31st	March 31st	
Internet Connectivity	Complete	1st Feb	7th March	Delays due to BT scheduling
Virtualisation Platform Update	In progress	June 1st	June 13th	Hardware procurement and delivery delays
TRDC Email Upgrade to 2007	Complete	March 1st	April 25th	Delayed because of issue with non supported Enterprise Vault software
Storage Re-allocation	WBC - In progress - TRDC complete	WBC - 1st May, TRDC 1st Mar	TRDC 19th April, WBC Mid June	WBC delayed due to issues with Academy, year end and access to systems
Windows 7 Rollout - Remainder of Organisation	In Progress - 75% complete	May 31st	Mid June	All staff to be completed end of may, meeting rooms etc to be completed in June
Active Directory	In Progress	May 1st	Mid June	Delayed due to Capita Settlement - part of Mod IT
W3R Exchange Upgrade to Exchange 2013	In progress	June 1st	Mid June	Delayed due to AD is a pre-requisite
WAN assessment and data gather	Complete	March31st	April 19th	Delayed due to BT
LAN assessment and data gather	Complete	March31st	April 19th	Delayed due to BT
Business Strategy W3R	In Progress	March 31st		Deferred to July 2016.
ICT Technical Strategy	Transformation Complete	Feb 28th	Feb 28th	Transformation complete - larger piece TBC post Capital
Exit Plan	In place	Feb 28th	June 30th	Plan evolving
Service Desk - outsourced solution	In Process	April 30th	May 9th	Amicus IT - Will be Service Ready on 20th June
Server Support - In House solution	Complete	April 30th	April 30th	Resource will transition from Capita under TUPE
WAN & Lan Support - Outsourced	In Process	April 30th	June 1st	Discussion with Amicus to take on service.

