

# Overview and Scrutiny Committee Agenda

Tuesday, 11 July 2017

**7.30 pm**

Committee Rooms 1 & 2

Civic Suite

Lewisham Town Hall

London SE6 4RU

For more information contact: Charlotte Dale (Tel: 020 8314 8286)

This meeting is an open meeting and all items on the agenda may be audio recorded and/or filmed.

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# Overview and Scrutiny Committee Members

Members of the committee, listed below, are summoned to attend the meeting to be held on Tuesday, 11 July 2017.

Barry Quirk, Chief Executive  
Thursday, 29 June 2017

Councillor Alan Hall (Chair)

Councillor Gareth Siddorn (Vice-Chair)

Councillor Obajimi Adefiranye

Councillor Abdeslam Amrani

Councillor Chris Barnham

Councillor Peter Bernards

Councillor Andre Bourne

Councillor David Britton

Councillor Bill Brown

Councillor Suzannah Clarke

Councillor John Coughlin

Councillor Liam Curran

Councillor Brenda Dacres

Councillor Amanda De Ryk

Councillor Colin Elliott

Councillor Carl Handley

Councillor Maja Hilton

Councillor Simon Hooks

Councillor Sue Hordijkeno

Councillor Mark Ingleby

Councillor Joyce Jacca

Councillor Stella Jeffrey

Councillor Liz Johnston-Franklin

Councillor Roy Kennedy

Councillor Helen Klier

Councillor Jim Mallory

Councillor Sophie McGeevor

Councillor David Michael

Councillor Jamie Milne

Councillor Hilary Moore

Councillor Pauline Morrison

Councillor John Muldoon

Councillor Olurotimi Ogunbadewa

Councillor Jacq Paschoud

Councillor John Paschoud

Councillor Pat Raven

Councillor Joan Reid

Councillor Jonathan Slater

Councillor Luke Sorba

Councillor Eva Stamirowski

Councillor Alan Till

Councillor Paul Upex

Councillor James-J Walsh

Councillor Susan Wise

## MINUTES OF THE OVERVIEW AND SCRUTINY COMMITTEE

Monday, 23 January 2017 at 7.00 pm

PRESENT: Councillors Alan Hall (Chair), Gareth Siddorn (Vice-Chair), Abdeslam Amrani, Chris Barnham, Andre Bourne, Suzannah Clarke, John Coughlin, Liam Curran, Brenda Dacres, Amanda De Ryk, Colin Elliott, Carl Handley, Maja Hilton, Simon Hooks, Sue Hordijkeno, Mark Ingleby, Councillor Joyce Jacca, Stella Jeffrey, Liz Johnston-Franklin, Roy Kennedy, Helen Klier, Jim Mallory, David Michael, Jamie Milne, Hilary Moore, Pauline Morrison, John Muldoon, Jacq Paschoud, John Paschoud, Pat Raven, Joan Reid, Jonathan Slater, Luke Sorba, Eva Stamirowski, Alan Till, Paul Upex and James-J Walsh

APOLOGIES: Councillors Obajimi Adefiranye, Paul Bell, Bill Brown and Susan Wise

ALSO PRESENT: Kate Halpin (Borough Commander for Lewisham) (London Metropolitan Police Service), Graham Norton (Assistant Director of Operations (South East)) (London Ambulance Service), Philip Powell (Stakeholder Engagment Manager) (London Ambulance Service), Keeley Smith (Borough Commander for Lewisham) (London Fire Brigade), Peter Agent, Geoff Tice, Dave Wheeler, Salena Mulhere (Overview and Scrutiny Manager), Barrie Neal (Head of Corporate Policy and Governance), Andrew Sherry (TfL), Mufu Durowoju (TfL), Nigel Dyer (Thames Water), Sarah Hurcomb (Thames Water) and Alex Nickson (Thames Water)

### 1. Minutes of the meeting held on 24 October 2016

- 1.1 **RESOLVED:** That the minutes of the last meeting be agreed as a correct record of the meeting.
- 1.2 The Chair advised the committee that he had written to Barry Quirk on Friday requesting an independent inquiry into matters relating to New Bermondsey and the Surrey Canal Sports Foundation.
- 1.3 The Chair asked members to agree to note that action for the record. This was agreed.

### 2. Declarations of Interest

- 2.1 **RESOLVED:** That the following declaration of interest be recorded.
  - Cllr Michael declared that he was a member of the Lewisham Safer Neighborhood Panel.

### 3. Emergency Services Update

- 3.1 The Chair welcomed the guests from the London Ambulance Service (LAS), the London Fire Brigade (LFB) and the Metropolitan Police Service (MPS).
- 3.2 Graham Norton and Philip Powell addressed the Committee. The key points to note were:

- 20,000 more incidents in 2015.
- An increase from 59.2% to 63.3% of calls being category A calls in 2015/16.
- Implications for performance this year: it is challenging to maintain performance with unprecedented demand.
- There are three areas of growth: 111 calls forwarded to 999 where need be, healthcare professionals calling and the Met calling in. These 3 areas represented 27% of call volume in 16/17.
- Efforts to “Hear and treat” (and manage those calls where appropriate on the phone only) have been made, LAS has the highest numbers in the country of “frequent callers”,
- LAS are working with NHS England to improve handover with Accident & Emergency and are also working with the MPS to understand activity.
- LAS has more people and vehicles out this year than last year, are being proactive to help manage demand via social media, and have adjusted staffing plans leading up to winter pressure, working with the wider health system to minimise delays in hospitals.
- There is now a dedicated team helping to manage the pressures and redirect ambulances to hospitals as effectively as possible.
- There was a systems failure with logging calls on 1st Jan 2017 from 12.30 am to 5.15 am. Some callers waited longer than they should have and LAS apologise. An external investigation, carried out by NHS England, has been launched to look at the impact on patients. LAS will share the findings with OSC when the investigation has concluded.
- LAS was previously placed in special measures by the CQC, there are a range of projects in place to address this. There is a process in place now to ensure the right kit is always in ambulances. 140 new ambulances are being built and will start being delivered in March. LAS are also looking at the needs of increasing numbers of bariatric patients to identify if LAS need more specialist equipment, and more vehicles that can transport this group of patients. Governance was also highlighted by the CQC. A new duty of candour has been put in place to support openness. Graduate recruitment been redesigned to give a clear outline of what recruits can expect. There have been improvements in medicines management with enhanced staff training and the encouraging of incident reporting.
- Recruitment was previously a weakness but 700 front line staff were recruited last year. SE London sector is now fully staffed, last time performance was reported to this committee this was not the case.
- There are improved personal development plans for staff development: over 60% have had an appraisal so far this year.

3.3 In response to their questions, Members were advised of the following:

- Previously, lots of paramedics were leaving to go to Australia and New Zealand, but currently the posts are fully recruited to in Lewisham. However, because of demand and handover issues at hospitals, performance was still to be improved.
- Currently the service receives far more calls than ever before, particularly over the last couple of months.
- Handover at hospitals is taking much longer than it should do. Hospitals have a target of 15 minutes from arrival to handover, in south east London that target is a struggle to meet. This does impact directly on LAS performance and hospitals are aware of that. Lewisham Hospital does all it can to offload patients as soon as possible as it is very aware of the risks. The hospital and the LAS are very keen to sort the problems out but this is all against a backdrop of huge demand.

- LAS have been involved in the production of the Sustainability and Transformation Plans in London but officers present cannot advise on any further details as they are not directly involved.
- Although there is a real push to increase recruitment, LAS have found that whilst being an ambulance paramedic previously used to be entered into as a job for life, more graduates were now seeing it as a 4-5 year career. Further recruitment would be carried out in Australia this year.
- The duty of candour policy has had an impact around cases of serious harm: being open and honest with patients and relatives and ensuring that staff understand, and feel able, to come forward and report incidents without fear.
- In response to queries about the diversity of the LAS workforce and efforts to recruit more widely from other countries with more ethnically diverse populations, officers advised that they would send further details about the staff profile and efforts to recruit more widely.

3.4 Keeley Smith, Borough Commander LFB, gave an update to the Committee. The following points were noted:

- A pump was removed from Forest Hill in August 2013 along with other pumping appliances across London to provide emergency fire cover during periods of strike action. Due to budget cuts, these pumping appliance were permanently removed at the end of June 2016. Under the London Safety Plan 5, a number stations closed, including Downham Fire Station and some other stations had a pumping appliance-removed on 9 January 2014.
- Mayor Khan has reviewed LFB services to see how the cuts brought in by the previous Mayor/Plan have affected the service. The review of performance found that, against key targets, response times remain adequate across London. However some response times have worsened slightly as a result of the cuts and the review recommends that the LFB budget not be cut any further. Nonetheless, there is a 23.5 million budget gap inherited from Mayor Johnson.
- Mayor Khan has pledged to keep the budget the same for 4 years, but the LFB will make some cuts because of inflation.
- The new draft London Safety Plan does not recommend further front line appliance cuts, but does outline other possible savings including blue light collaboration and rethinking the way LFB respond to incidents - keeping the target response times of 6 & 8 minutes for pumps but looking at attendance times for the fire rescue units that attend big accidents ( and also aerial attendance times).
- In Lewisham there is an aerial appliance at Forest Hill and the fire rescue unit at Lewisham will be included in the review for specialist appliance attendance times. The specialist appliances won't be cut, but LFB are considering if they are at the right stations for quickest response. The draft plan outlines that by assessing whether appliances are in the right places, it has been found that there would be a better attendance rate if a pump was put back in Forest Hill station but this would only improve the second appliance attendance time by a couple of seconds so a pump will not be placed back at Forest Hill.
- There have been no significant changes to attendance times in recent months: LFB aspire for 6 minutes for first appliance and 8 minutes for second and that is currently mirrored in Lewisham although not mirrored through all wards.
- LFB have a new interim commissioner, Dani Cotton, following the retirement of Ron Dobson.

3.5 In response to questions, Keeley Smith advised:

- The new plan sets out plans to explore ways to enable fire stations to be better utilised by and for the local community. Nine PFI stations have been built and, as part of the specification criteria, they included community facilities and this has been found to have worked quite well. LFB are looking at making stations more open, but this does depend on the age and layout of all stations meaning that some will be more open than others. There is a small community room at Lewisham on ground level but Deptford, Forest Hill and New Cross will be more awkward. Each station do community events and open their doors to engage with local people.
- After the decisions in the previous London Safety Plan, Downham Fire Station was sold to a developer for the provision of social housing. Central departments oversee estate matters.
- The removed appliance from Forest Hill was in Croydon. LFB do not own their fleet, they are leased from Babcocks. As a result those removed appliances were put in a central location for emergency fire cover, not needed, and because there is now no threat of industrial action they were returned to Babcocks.
- The number of people injured by fire continues to come down and that is excellent, as prevention is always better than reaction. Previously the focus was on areas, now LFB is looking at where people are vulnerable, rather than postcode. There is an assessment of risk tool that the public can go on to the website to use and see how LFB view their area.
- Although Lewisham has a borough commander, the service is London wide and stations don't mirror or serve solely the boroughs they are located in.
- The LFB borough commander attends the Lewisham Safer Partnership Board along with the MET borough commander and station commanders work in partnership with local stakeholders too.
- The LFB Fire safety department and the fire engineering department look at solutions to make sure all buildings going up comply with fire safety requirements: LFB recommend putting sprinklers in schools and residential homes and commercial buildings. The LFB is pleased to see Lewisham Homes retro fitting some properties with sprinklers.

3.6 Kate Halpin, MET borough commander, provided an update to the Committee. The key points to note were:

- New Mayor Khan is in the process of finalising a new police and crime plan and priorities. The Met previously had *MOPAC 7* under Johnson, to reduce crime by 20%. A 20% reduction in crime was achieved in Lewisham.
- The new mayor's priorities appeared to mirror those of Lewisham SLP: violence against women and girls (VAWG), serious youth crime, hate crime and organised crime.
- The consultation on the new plan closes on 23 February 2017. The MET is also waiting to see who is going to replace the current commissioner. Savings and efficiencies have to be made and it is unlikely that a new commissioner will stop that process.
- London currently has 32 borough commanders and it is now proposed to collapse 32 borough units in to 12 Basic Command Units (BCU). At the moment this would align Lewisham with Greenwich and Bexley, under one Chief Superintendent with borough leads under that position. This is under consultation: the outcome of which can be fed back to the committee in due course by the borough commander.
- Performance - crime is increasing across the country, the MET have bucked that trend, probably because the MET had not cut police numbers the way that others areas had. The Met had cut lots of back office resource

before, but this would not be sustainable going forward. There needed to be better use of IT to increase online reporting.

- The new BCU model still has local policing: by the end of the year each ward in Lewisham will have 2 Dedicated Ward Officers (DWO) and one PCSO as a minimum.
- All secondary school will get a schools officer.
- Crime figures last week included fraud for the first time as crime is changing.
- In October 2016 body-worn cameras on staff were introduced, focused on those more likely to carry out stop and search, which is a very important tool but has to be used correctly. The body-worn cameras have led to complaints reducing and early pleas at court.
- Jo Oakley, the current Superintendent was leaving and Alan Ray would be joining the borough on 6 March 2017 as her replacement.

3.7 In response to questions from Members, Kate Halpin advised:

- Moped crime is a national and London phenomenon. Stopping people on mopeds is difficult as officers can't pursue them if they aren't wearing a helmet, so most involved in moped based crime don't wear helmets. Traffic officers are trialing various initiatives to tackle this. Camden and Islington are the hotspots for this crime. The Police Federation (and the Home Office) are also looking into this as there are currently members facing potential charges of death by dangerous driving charges.
- Communication is key: the borough commander meets with the lead officer and member for the Council and have agreed that all parties will update the other, inclusive of ward officers, if relevant press releases are going out.
- The further roll out of schools officers and working closely with head teachers was important. The first ones were in Southwark after the murder of Damilola Taylor. The Met doesn't want to demonise young people, as most are fantastic. All the cadets are brilliant and help build relationships and understanding. There is also the Trilogy service working with young people in the youth service in Lewisham and the DWO and PCSO work with local primary schools.
- The issue of sirens bothering residents at night is difficult: a speeding police car can be a lethal weapon and they need to get to an emergency quickly, but no officer wants to risk hitting a car or person as a serious incident could see their career on hold for 3-4 years while it is investigated. Senior officers do try to encourage sirens not being used in middle of night unless necessary but it is a judgement call and better to be safe.
- The police work closely with local authorities in relation to LAC and try to not always think of criminal justice options first.
- There has been a purge on mobile phone usage while driving, the message given to officers is zero tolerance.
- There are ongoing discussions about enforcement of the borough wide 20mph limit: most speeding is not enforced by local Lewisham Met officers, but is the Roads Police and Transport Command who have the calibrated cameras etc. They will look at hotspots and complaints and focus on education and advice rather than enforcement to start with.
- The issue of sirens bothering residents at night is difficult: a speeding police car can be a lethal weapon and the police need to get to an emergency quickly. However, no officer wants to risk hitting a car or person. Senior officers do try to encourage sirens not being used in the middle of night unless necessary but it is a judgement call and better to be safe.
- The police work closely with local authorities in relation to looked after children and try to not always think of criminal justice options first.



- There has been a purge on mobile phone usage while driving, the message given to officers is zero tolerance.
- There are ongoing discussions about enforcement of the borough wide 20mph limit: most speeding is not enforced by Lewisham Met officers, but is the responsibility of the transport command who have the required calibrated cameras etc. They will look at hotspots and complaints and focus on education and advice rather than enforcement to start with.

3.8 **RESOLVED:** That

- (a) The Committee receive further information from the LAS regarding staff diversity and handover issues at specific hospitals.
- (b) The Committee receive further information from the LFB regarding the sale of, and plans for, Downham Fire Station,
- (c) Councillor Michael, as chair of the Safer Stronger Communities Select Committee, ensure that all Members see the Council's response to the MOPAC consultation.

#### 4. Thames Water incidents in Lewisham

4.1 The Chair welcomed the guests from Thames Water to the meeting. The officers addressed the committee and provided a handout. The following key points were noted:

- Thames Water apologises for the recent floods in Lewisham, to councilors and to the public. The impact was devastating and Thames Water has been trying to speak to many residents affected as possible to give apologies and make sure they are not out of pocket as a result.
- In the last 6 months there have been a number of similar high profile incidents. An internal review has been carried out and no single cause found. There are a range of issues related to old assets and also access issues.
- A wider strategic external review is being carried out and Thames Water will act on its findings.
- In Lewisham last year Thames Water repaired 1448 leaks equating to 39 million litres of water: 16-18 Olympic pools were fixed in last 12 months in Lewisham.
- In the next 12 months Thames Water are going to invest in 95000 metres of network and continue to work with TfL and highways officers in boroughs.

4.2 Sarah Hurcomb gave an overview of the two incidents in Lewisham:

- On 26 November 2016 Thames Water were notified that a 24inch trunk main had burst in Lee High Road, which resulted in significant flooding and closure of a TFL red route for 11 days. The devastation was awful.
- There was additional media interest as, as a result of a sink hole, a coach got stuck and it was a significant exercise to remove people from the coach.
- When Thames Water were finally able to control and isolate the water supply this resulted in 3000 customers without water for 7 hours, although alternative water supplies were made available.
- This main does not directly feed any customers, but indirectly feeds about 118,000 people and Thames Water had to be mindful of that when closing the supply. This main needs 4 valves to be shut to isolate it, 24 inch mains require a turn a minute to shut them slowly and safely.
- There were additional challenges because the valves were buried under a 4 way traffic junction so engineers had to be escorted onto the junction to do that.

- There were also high voltage cables and gas pipes, so UK power networks had to be on site to facilitate safe access.
- There then followed a complex clean up exercise. Loss adjusters and a flood response team were on site within 2 hours, one of Thames Water's directors was on site for the first day to manage and respond to media requests and a senior manager was on site every day.
- Three residents meetings were held in 11 days after the incident to answer questions and Thames Water did all it could to support customers. The support continues now depending on the needs of the customer.
- Work is still ongoing to return customers' lives back to how they were before the incident, Thames Water don't underestimate the impact of this on people's lives, which is why there is an independent enquiry taking place.
- The second major incident in Lewisham was on Lee Road on 9 December 2016. A 12 inch main burst, which was caused by third party damage to the main. This caused flooding and loss of supply to customers.
- 12 people had to be relocated from their homes, Sarah personally attended the site the next day and was there 3-4 days that week and met with residents the following Friday to help and support them.
- The electricity supply had to be turned off and there was lots of damaged stock for local businesses as basements of commercial buildings were flooded.
- Some people are still not able to return to their homes as a result of this flood so there is a lot to learn: this will be included in the independent review.
- Thames Water will support a celebratory event for the local businesses and support the residents. They found a great community spirit amongst the residents.
- Initially when there is an incident, Thames Water work closely with emergency services to start with (the borough commanders present were thanked for their officers' support and work at such incidents) and then once the location had been made safe: customers become number one priority.
- Thames Water twitter and website communications don't always get things right and they are working to improve that.
- Thames Water need to provide a bespoke service so they respond to individual needs. To achieve this they work closely with loss adjusters and build a long term relationship with impacted customers. This process has been tested a lot in the last five months, some customers use Thames Water loss adjusters, some choose to use their own insurance. This is up to customer and Thames Water provide customers with pros and cons for each option.

4.3 Andrew Sherry and Mufu Durowojo from TfL addressed the committee. The following key points were noted:

- Andrew and Mufu are responsible for works coordination and permitting, so they are involved in all planned and unplanned work on the TfL network.
- As soon as TfL were made aware by emergency services (via the TfL 247 control centre) of the incident, they sent out their contractors, initially to resolve traffic management, and then via further enforcement to make the roads safe.
- A key role was to look at traffic signal timings for a wider area, to implement signals to give more green time in other areas.
- TfL communicate via social media so put information on twitter to get people to avoid the area, they also contacted the local authority to make sure all were involved.
- TfL management were dispatched to site to see if they could assist further with the recovery of the stranded coach, but because of the significant size of the void the coach couldn't be moved. TfL assisted with getting the crane on site to remove the coach the following day.

- Throughout the incident, the response was coordinated by the local authority and Thames Water on site and for quite some time afterwards due to the significance of the void and the mains underneath and the gas and electric cables on top.
- Senior officials met and agreed points for signs to try to ensure a wider range of people were aware of the disruption and to seek alternative routes. In an attempt to minimise disruption, TfL shared information, requested 24,7 working by Thames Water and rapid setting concrete to reduce the time to set from 7 days down to hours.
- TfL worked closely with the Council's emergency planning and highway officers and consulted them about amending the diversion routes where needed.
- TfL manage 5% of London roads, but those roads carry 30% of all London traffic.
- Because of the severity of the numerous incidents over the last few months, TfL commissioners wrote formally to the Chief Executive of Thames Water and followed up with a meeting to attempt to address TfL concerns and try to understand what Thames Water were doing to further invest and deal with the current situation.
- Whilst TfL acknowledge there will be more leaks in winter, they also want to know what more can be done by Thames Water in the medium and longer term to prevent major leaks. TfL want to encourage and support further investment, by Thames Water into their assets and network, and TfL would welcome further discussions as to how the upgrade of the trunk main network will be achieved.
- The recent examples show what happens if there isn't sufficient investment and TfL don't want that to continue, they want to balance the delivery of an upgraded trunk main network with the disruption that will cause, with the disruption caused by unplanned emergency incidents caused by aging infrastructure.

4.4 In response to questions of Thames Water and TfL the following was noted:

- There have been other incidents within Lewisham, the hole impacting on trains through Forest Hill, the sink hole and leaks at Perry Vale causing lots of inconvenience.
- The two major incidents in Lee were not directly related as one was caused by third party damage. There are times where a weakness and leak in one part of the main being fixed can cause further pressures down the main leading to further leaks.
- There is concern amongst members about the magnitude of the incidents happening as it seems as though there are large scale trunk main failures happening more regularly. In Lewisham alone, 33% of permits issued by TfL have been for immediate permits i.e. to deal with leak/incidents on trunk main roads after the event rather than scheduled work which can be planned to reduce congestion and disruption.
- The issue outside Grove Park station was outlined by a member, highlighting ongoing issues at a key traffic junction over the last 5 years, which has had one lane closed at least 4 times in the last month alone. Early attention to a leak that was present for many months was not provided initially. The quality of restorative work was also questioned. In response, Thames Water advised that a number of leaks were detected but were not visible, so this led to three dry holes (where they start to excavate where they think the leak is and then not find it and have to seal the hole back up). There was an issue with a temporary road surface that was put in which was exacerbated by bad weather meaning it took longer to resolve. Work is being done on improving detection methods and a number of trials are being undertaken.
- It was accepted that better communication with local people, councillors and police was needed in circumstances like that outside Grove Park station, and a clearer standard procedure of liaison would help.

- Technology to assist with the detection and resolution of leaks is being investigated and invested in.
- Thames Water have 32000 km of water mains, of which 12000 are trunk mains (bigger than 12inches), 25% of these are more than 100 years old. Age as of itself is not the only predictor of likelihood to leak: some of 1970s mains ones are some of the weakest.
- Thames Water try to predict where mains are most likely to burst and that modelling says where they go to first. The modelling is complex resulting in a “hit list” for replacement. The mains are replaced with 2 inch thick plastic pipes, but London is built on clay so the mains are under stress.
- Thames Water monitor their network constantly, focusing on the high risk mains, and are trying to understand why leaks happen. They also need to provide bigger mains as more people are using more water.
- As part of the strategic review being undertaken, Thames Water are talking to the best experts in the world to see what more they can do and how to drive innovation to go faster with replacement programmes and bring the price down as it currently costs £1000s per metre.
- The two issues in Perry Vale could have been related: one repair increased pressure further down at the bottom of Sunderland Road. When one repair is completed they do check in the wider area to make sure the problem has not been moved further down the pipe. Thames Water officers are not sure where the work still required in Perry Vale sits on their planned list of work: they will follow up with that detail.
- The network is made up of district areas and zones so water can be redistributed where needed via a number of cross connections. This requires a delicate balance to not have low pressure or surges, it is very complex to manage.
- Thames Water do look at drainage capabilities as part of their work, they are often called out incorrectly to surface water area which they believe is related to gullies and there is nothing they can do within their network.
- 30% of residents currently have meters, usage for the rest is guesswork - more meters would give a better understanding of how water is used in homes and in the network. This area is at the bottom of the Thames Water basin so a lot of South Downs water ends up here.

4.5 Peter Agent, Dave Wheeler and Jeff Price gave an overview of the role of local highways officers. The key points to note were:

- They are responsible for non-red route areas and pick up the residual effect of what happens on the red route.
- There were 1000 incidents that they would consider serious in the last 12 months, which gives the local authority a huge amount of work to co-ordinate, also taking into account all the other permit requests.
- Officers have to try to manage the whole network to work together, collaborate with utility companies and TfL, try to ensure companies use the best materials and get the best advice possible.
- 37 permits are issued a week on average for Thames Water – this illustrates the numbers being dealt with – more needs to be done around planning rather than constant reactive work.
- Cuts to local authority budgets have not impacted on the Council’s ability to process permit requests as the process is funded by the permit scheme.
- Thames Water representatives advised that it is incumbent on them and other utility companies to collaborate and work more effectively.

*It was agreed to suspend standing orders.*

4.6 In further discussions with officers the following points were noted:

- The response of officers in Lee was exemplary, with regular updates to local councilors which was well appreciated.
- Businesses are still feeling the impact of being closed in the busy pre-Christmas period.
- Feedback from those who were flooded has generally been positive in relation to the speed of response from Thames Water.
- Contacting Thames Water can be a challenge for councilors, emails to generic email addresses do not get answered – a clear contact point for local councilors would be helpful.
- The cause of a leak/water pressure issues in the Broadway Theatre was never clarified.
- There is an issue with leaking water in Sangley Road at the junction of access with Lidl.

4.7 **RESOLVED:** That

- (a) Thames Water, TfL and Lewisham Highways officers be thanked for attending the meeting and explaining the causes of, and actions in relation to, the disruption.
- (b) The further information requested within the discussion be provided, including the review reports when they are published.

**5. Devolution update**

5.1 **RESOLVED:** That the update be noted.

**6. Items to be referred to Mayor and Cabinet**

None

The meeting ended at 9.40 pm

Chair:

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Date:

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# MINUTES OF THE OVERVIEW AND SCRUTINY COMMITTEE

Monday, 27 March 2017 at 8.57 pm

PRESENT: Councillors Councillor Joyce Jacca, Sophie McGeevor, Alan Hall (Chair), Gareth Siddorn (Vice-Chair), Obajimi Adefiranye, Chris Barnham, Paul Bell, Peter Bernards, Andre Bourne, Bill Brown, Suzannah Clarke, John Coughlin, Liam Curran, Brenda Dacres, Amanda De Ryk, Colin Elliott, Carl Handley, Maja Hilton, Simon Hooks, Sue Hordijkenko, Mark Ingleby, Liz Johnston-Franklin, Helen Klier, Jim Mallory, David Michael, Jamie Milne, Pauline Morrison, John Muldoon, Olurotimi Ogunbadewa, Jacq Paschoud, John Paschoud, Pat Raven, Joan Reid, Jonathan Slater, Luke Sorba, Eva Stamirowski, Alan Till, Paul Upex, James-J Walsh and Susan Wise

APOLOGIES: Councillors Abdeslam Amrani, David Britton, Stella Jeffrey, Roy Kennedy and Hilary Moore

## 1. Election of Chair and Vice Chair

1.1 **RESOLVED** that Councillor Alan Hall be elected as Chair and Councillor Gareth Siddorn be elected as Vice Chair for the Municipal Year 2017-18.

## 2. Subcommittee Chair and Vice Chairs

2.1 **RESOLVED** that the proposed proportional allocation of Chairs and Vice-Chairs of Select Committees be approved.

## 3. Subcommittee Appointments

3.1 **RESOLVED** that members be appointed to Committees as follows:

Business Panel & O&S (Education) Business Panel (10)	Councillor Alan Hall (Chair) Councillor Gareth Siddorn (Vice-Chair) Councillor Liam Curran Councillor Liz Johnston-Franklin Councillor Carl Handley Councillor Jim Mallory Councillor Maja Hilton Councillor Pauline Morrison Councillor Luke Sorba Councillor John Muldoon
<i>Public Accounts</i> (10)	Councillor Maja Hilton (Chair) Councillor Chris Barnham (Vice-chair) Councillor Paul Bell Councillor Amanda De Ryk Councillor Brenda Dacres Councillor Carl Handley Councillor Mark Ingleby Councillor Roy Kennedy

	<p>Councillor Simon Hooks Councillor Sophie McGeevor</p>
<p><i>Healthier Communities</i> (10)</p>	<p>Councillor John Muldoon (Chair) Councillor Susan Wise (Vice-Chair) Councillor Paul Bell Councillor Colin Elliott Councillor Peter Bernards Councillor Sue Hordijenko Councillor Jacq Paschoud Councillor Joan Reid Councillor Olurotimi Ogunbadewa Councillor Stella Jeffrey</p>
<p><i>Children &amp; Young People</i> (10)</p>	<p>Councillor Luke Sorba (Chair) Councillor Liz Johnston-Franklin (Vice-Chair) Councillor Chris Barnham Councillor Andre Bourne Councillor Helen Klier Councillor Hilary Moore Councillor Jacq Paschoud Councillor John Paschoud Councillor Joyce Jacca Councillor Alan Till</p>
<p><i>Safer &amp; Stronger Communities</i> (10)</p>	<p>Councillor Pauline Morrison (Chair) Councillor James Walsh (Vice-Chair) Councillor Brenda Dacres Councillor Colin Elliott Councillor Joyce Jacca Councillor David Michael Councillor Jim Mallory Councillor Sue Hordijenko Councillor Pat Raven Councillor Paul Upex</p>
<p><i>Sustainable Development</i> (10)</p>	<p>Councillor Liam Curran (Chair) Councillor Mark Ingleby (Vice-Chair) Councillor Suzannah Clarke Councillor Amanda De Ryk Councillor James Walsh Councillor Andre Bourne Councillor Skip Amrani Councillor Eva Stamirowski Councillor Sophie McGeevor Councillor Paul Upex</p>
<p><i>Housing</i> (10)</p>	<p>Councillor Carl Handley (Chair) Councillor Peter Bernards (Vice-Chair) Councillor John Coughlin Councillor David Britton Councillor Bill Brown</p>

	Councillor Jamie Milne Councillor Olurotimi Ogunbadewa Councillor Jonathan Slater Councillor Sophie McGeevor Councillor Pat Raven
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**4. OSBP submission to CLG Overview and Scrutiny arrangements inquiry**

4.1 **RESOLVED** that the submission to the DCLG Overview and Scrutiny arrangements inquiry be noted.

The meeting ended at 8.59 pm

Chair: \_\_\_\_\_

Date: \_\_\_\_\_



# Agenda Item 2

Overview and Scrutiny Committee			
<b>Title</b>	Declarations of Interest	<b>Item No.</b>	2
<b>Contributor</b>	Chief Executive		
<b>Class</b>	Part 1 (open)	11 July 2017	

## Declaration of interests

Members are asked to declare any personal interest they have in any item on the agenda.

### 1 Personal interests

There are three types of personal interest referred to in the Council's Member Code of Conduct:-

- (1) Disclosable pecuniary interests
- (2) Other registerable interests
- (3) Non-registerable interests

### 2 Disclosable pecuniary interests are defined by regulation as:-

- (a) Employment, trade, profession or vocation of a relevant person\* for profit or gain
- (b) Sponsorship –payment or provision of any other financial benefit (other than by the Council) within the 12 months prior to giving notice for inclusion in the register in respect of expenses incurred by you in carrying out duties as a member or towards your election expenses (including payment or financial benefit from a Trade Union).
- (c) Undischarged contracts between a relevant person\* (or a firm in which they are a partner or a body corporate in which they are a director, or in the securities of which they have a beneficial interest) and the Council for goods, services or works.
- (d) Beneficial interests in land in the borough.
- (e) Licence to occupy land in the borough for one month or more.
- (f) Corporate tenancies – any tenancy, where to the member's knowledge, the Council is landlord and the tenant is a firm in which the relevant person\* is a partner, a body corporate in which they are a director, or in the securities of which they have a beneficial interest.
- (g) Beneficial interest in securities of a body where:-
  - (a) that body to the member's knowledge has a place of business or land in the borough; and
  - (b) either
    - (i) the total nominal value of the securities exceeds £25,000 or 1/100 of the total issued share capital of that body; or
    - (ii) if the share capital of that body is of more than one class, the total nominal value of the shares of any one class in which the relevant person\* has a beneficial interest exceeds 1/100 of the total issued share capital of that class.

\*A relevant person is the member, their spouse or civil partner, or a person with whom they live as spouse or civil partner.

### (3) Other registerable interests

The Lewisham Member Code of Conduct requires members also to register the following interests:-

- (a) Membership or position of control or management in a body to which you were appointed or nominated by the Council
- (b) Any body exercising functions of a public nature or directed to charitable purposes, or whose principal purposes include the influence of public opinion or policy, including any political party
- (c) Any person from whom you have received a gift or hospitality with an estimated value of at least £25

### (4) Non registerable interests

Occasions may arise when a matter under consideration would or would be likely to affect the wellbeing of a member, their family, friend or close associate more than it would affect the wellbeing of those in the local area generally, but which is not required to be registered in the Register of Members' Interests (for example a matter concerning the closure of a school at which a Member's child attends).

### (5) Declaration and impact of interest on members' participation

- (a) Where a member has any registerable interest in a matter and they are present at a meeting at which that matter is to be discussed, they must declare the nature of the interest at the earliest opportunity and in any event before the matter is considered. The declaration will be recorded in the minutes of the meeting. If the matter is a disclosable pecuniary interest the member must take no part in consideration of the matter and withdraw from the room before it is considered. They must not seek improperly to influence the decision in any way. **Failure to declare such an interest which has not already been entered in the Register of Members' Interests, or participation where such an interest exists, is liable to prosecution and on conviction carries a fine of up to £5000**
- (b) Where a member has a registerable interest which falls short of a disclosable pecuniary interest they must still declare the nature of the interest to the meeting at the earliest opportunity and in any event before the matter is considered, but they may stay in the room, participate in consideration of the matter and vote on it unless paragraph (c) below applies.
- (c) Where a member has a registerable interest which falls short of a disclosable pecuniary interest, the member must consider whether a reasonable member of the public in possession of the facts would think that their interest is so significant that it would be likely to impair the member's judgement of the public interest. If so, the member must withdraw and take no part in consideration of the matter nor seek to influence the outcome improperly.
- (d) If a non-registerable interest arises which affects the wellbeing of a member, their family, friend or close associate more than it would affect those in the local area generally, then the provisions relating to the declarations of interest and withdrawal apply as if it were a registerable interest.

- (e) Decisions relating to declarations of interests are for the member's personal judgement, though in cases of doubt they may wish to seek the advice of the Monitoring Officer.

**(6) Sensitive information**

There are special provisions relating to sensitive interests. These are interests the disclosure of which would be likely to expose the member to risk of violence or intimidation where the Monitoring Officer has agreed that such interest need not be registered. Members with such an interest are referred to the Code and advised to seek advice from the Monitoring Officer in advance.

**(7) Exempt categories**

There are exemptions to these provisions allowing members to participate in decisions notwithstanding interests that would otherwise prevent them doing so. These include:-

- (a) Housing – holding a tenancy or lease with the Council unless the matter relates to your particular tenancy or lease; (subject to arrears exception)
- (b) School meals, school transport and travelling expenses; if you are a parent or guardian of a child in full time education, or a school governor unless the matter relates particularly to the school your child attends or of which you are a governor;
- (c) Statutory sick pay; if you are in receipt
- (d) Allowances, payment or indemnity for members
- (e) Ceremonial honours for members
- (f) Setting Council Tax or precept (subject to arrears exception)

# Agenda Item 3

Overview and Scrutiny Committee		
Title	Business Rates Update	
Contributor	Executive Director for Resources and Regeneration (Head of Corporate Resources)	Item 5
Class	Part 1 (open)	11 July 2017

## 1. Purpose

1.1 To provide the Overview and Scrutiny Committee with a general introduction to the Business Rates regime and proposed Government changes as they pertain to the London Borough of Lewisham. Appended to the report is a presentation to be delivered at the meeting by Guy Ware, Director of Finance for London Councils.

1.2 The report addresses the following areas:

- General description of Business Rates
- Technical Process
- Business Rates Reform
- Fair Funding process
- How will these changes affect Lewisham?
- Changes with 2017 valuation
- Lewisham's Key account risks.

## 2. Recommendations

2.1 The Overview and Scrutiny Committee is recommended to:

1. Note and ask questions on the content of this report.
2. Note and ask questions the presentation from London Councils attached at Appendix A.

## 3. General description of Business Rates

3.1 The Council's general budget is principally financed through Council Tax and the Settlement Funding Assessment (SFA). The SFA is made up of the Revenue Support Grant (RSG), and Business Rates Baseline Funding.

3.2 Business Rates (also known as National Non-Domestic Rates) are a tax on business properties. The tax is set by the government and collected by local authorities. The rates are the way that those who occupy non-domestic property contribute towards the cost of local services.

3.3 Before April 2013 all business rate income collected by councils formed a single, national pot, which was then distributed by Government to councils in the form of formula grant. Through the Local Government Finance Act 2012, and regulations that followed, the Government gave local authorities the power to keep half of business rate

income in their area by splitting business rate revenue into the 'local share' and the 'central share'.

- 3.4 The central share is redistributed to councils in the form of revenue support grant (RSG) (in the same way as the previous formula grant) and in other grants. The local share is kept by local government, but is also partly redistributed. It is redistributed through a mechanism of tariffs and top-ups. This redistribution ensures that areas do not lose out just because their local business rates are low compared to their assessed population and service needs.
- 3.5 Within the current system, councils keep up to 50% of growth in their business rate receipts arising from new or expanding businesses, until the next valuation when the system is reset. Local authorities that pay tariffs are also liable to pay a levy of up to half of this type of growth. The money raised from this levy is then used to fund a safety net system. This system protects those councils which see their annual business rate income fall by more than 7.5% below their determined 'baseline funding level'.

### **Technical Process**

- 3.6 Business premises are regularly valued and the Business Rates are calculated by multiplying the assessed rateable value by a multiplier determined by government. How this is calculated is set out below

#### Valuations Office Agency (VOA) role

- 3.7 The VOA sets the rateable values of all business properties, usually every 5 years. This is known as revaluation. A list of rateable values are sent to local councils. The rateable values in the 2017 rating list, which came into force on 1 April 2017, are based on the rental value of properties on 1 April 2015.
- 3.8 Ratepayers are entitled to appeal against the rateable value placed on their business purposes. These appeals are heard and decided by the VOA.

#### Central Government role

- 3.9 The Treasury is responsible for determining the business rate multiplier. The Government sets two multipliers: the Small Business Non-Domestic Rate Multiplier for small businesses and the Non-Domestic Rate Multiplier for other businesses.
- 3.10 Some properties are eligible for discounts on their [business rates](#). This is called 'business rates relief'. There are various types of relief set by the Government e.g. small business rates relief, hardship relief, charitable rate relief and enterprise zones.

### **Business Rates Reform**

- 3.11 In October 2015, the Government announced a major change to the way local authorities are funded by 2019/20. The changes are summarised as:
- 100 per cent business rates retention, by the sector as a whole, by 2019/20 (this is changing following the June 2017 general election and recent Queen's speech).
  - Local authorities will keep 100% rates growth between valuations, i.e. no levy.
  - Councils will be given new responsibilities to ensure reforms are 'fiscally neutral' and Revenue Support Grant (RSG) will be phased out.

- All councils will be able to reduce the multiplier to attract and incentive business growth in their area. Combined authority Mayors will also be able to increase multiplier with LEP agreement, to fund new infrastructure.
- A full review of the needs assessment methodology will take place.

3.12 The Government has announced that the move to 100% business rates retention will be fiscally neutral. To ensure this, the main local government grants will be phased out and additional responsibilities will be devolved to local authorities in order to match the additional funding from business rates.

### **Fair Funding process**

3.13 As part of the 2016/17 Local Government Finance Settlement, the Government announced a Fair Funding Review of councils' relative needs and resources.

3.14 A needs assessment was last carried out in 2013/14. However, this was largely focussed on updating the data used in the assessment. The needs formulae have not been thoroughly reviewed for over a decade, which many councils feel is far too long. There is good reason to believe that the demographic pressures affecting particular areas, such as the growth in the elderly population, have affected different areas in different ways, as has the cost of providing services. It is therefore only right that the way relative need is assessed is reviewed. The Fair Funding Review will also establish what the needs assessment formula should be in a world where all local government spending is financed from locally raised resources.

3.15 For the services currently supported by the local government finance system, the outcomes of the Fair Funding Review will establish the funding baselines for the introduction of 100% business rates retention. The Fair Funding Review will consider the distribution of funding for new responsibilities on a case by case basis once these responsibilities are confirmed; they are likely to have bespoke distributions. A balance must be struck in the new system between providing a strong incentive for growth in local areas, and considering how funding should be distributed between local authorities.

### **How will these changes affect Lewisham?**

#### **3.16 Overview of Lewisham 2016/17 Numbers**

<b>Description</b>	<b>Amount £000</b>
Amount Collected*	54,184
Appeals Risk	2,926
Amount Retained	15,515
GLA Share	10,426
Central Share	26,064
Top-up received	71,568
Business Rates budget baseline (retained and top-up)	87083

\*this is before deductions relating to cost of collection, appeals

### 3.17 Breakdown of 2017/18 Charges by Value of Bill

<b>Total Bill Charges</b>	<b>£000*</b>	<b>No of Properties</b>
Over £1m	£9,759	5
£500k to £1m	£4,490	6
£100k to £499k	£14,407	73
£99k to £10k	£22,466	946
£9k to £1k	£9,533	2,002
Under £1k	£298	696
No charge	£0	2,386

\*this is in relation to open accounts so if a business started partway through the year, the pro-rata charge is included

### 3.18 Overall impact of 2017 valuation in Lewisham

#### Rateable Value Changes

	<b>2016/17 (2010 Valuation list)</b>	<b>2017/18 (2017 Valuation list)</b>
Rateable Value	£140,205,537	£180,751,252
No of Properties	6,027	6,057

## 4. **The impact of the 2017 valuation in Lewisham**

### 4.1 Multiplier change

The changes in the business rates multipliers are as follows:

<b>Year</b>	<b>2016/17</b>	<b>2017/18</b>
Small Business Multiplier	48.4p	46.7p
Higher Multipliers	49.7p	48.0p

4.2 The fall in the multiplier is to ensure that the yield from business rates remains the same after the revaluation as before. On the face of it a fall of 1.7p, or about 3.5%, in the multiplier should be negated if the rise in the rateable value is of the same percentage. The increase in Lewisham's rateable value is greater than 3.5% so this change should favour the Council.

### Changes to discounts/reliefs

4.3 In the Spring Budget the Chancellor announced the introduction of three new local relief schemes;

### Supporting Small Businesses

4.4 The supporting small businesses relief will help those ratepayers who as a result of the change in their rateable value at the revaluation are losing some or all of their small business relief and are facing large increases in their bills.

4.5 To support these ratepayers, the supporting small businesses relief will ensure that the increase per year in the bills of these ratepayers is limited to the greater of:

- a cash value of £600 per year (£50 per month). This cash minimum increase ensures that those ratepayers currently paying nothing or very small amounts are brought into paying something.
- a percentage increase p.a. of 5%, 7.5%, 10%, 15% and 15% 2017/18 to 2021/22 all plus inflation.

#### New Discretionary Relief Scheme

4.6 The Government announced the design of a £300m discretionary fund over four years from 2017-18 to support those businesses that face the steepest increases in their business rates bills as a result of the 2017 revaluation. We are currently preparing a paper for consultation. The Government expects that billing authorities will deliver the scheme through the use of their discretionary relief powers under section 47 of the Local Government Finance Act 1988.

#### New Business Rate Relief Scheme for Pubs

4.7 The Government has also announced a relief scheme for pubs that have a rateable value of below £100,000. Under the scheme, eligible pubs will receive a £1000 discount on their bill.

#### Funding of the above reliefs

4.8 It has been confirmed that “New burdens funding” would be paid to cover the additional cost of administering these relief schemes. Legislation is yet to be issued to give further guidance.

#### Changes to the appeals process

4.9 The VOA’s Check Challenge and Appeal service launched on 1st April 2017. This scheme has been designed to get necessary changes made sooner, without there being a need for an appeal, saving this route for the more complex cases.

4.10 At present ratepayers who are unhappy with their business rates assessment may make a “proposal” to alter their assessment. Such a proposal need only include very limited details of what change the ratepayer proposes and is sent to the Valuation Office Agency. If the ratepayer and the VOA cannot reach agreement the matter is referred to the Valuation Tribunal for England (VTE) for determination. The Government is introducing an entirely new system based on the three stages of check, challenge and appeal.

4.11 The “check” stage will require the ratepayer to validate the facts on which the rating list entry is based and to provide any missing information. Until this stage is completed a ratepayer will not be able to make any formal challenge to their assessment. The “challenge” can be made only within four months of completion of the check stage and will require the ratepayer to provide grounds, reasons, and evidence as to why the assessment is wrong, and to set out the alternative valuation that is proposed. An “appeal” can only be made within four months of completion of the “challenge” stage and will be limited to considering only the VOA decision notice and will make that consideration only on the basis of the evidence presented at the check and challenge stages. This new process may discourage businesses from appealing especially small businesses.



## Timetable

4.12 A summary timetable of the transformation process is shown below:

<b>July 2016</b>	Deadline for responses to the consultation on the approach to 100% business rates retention.
<b>September 2016</b>	A more technical consultation on specific workings of the reformed system.
<b>January 2017</b>	Legislation introduced to provide the framework for these reforms (Local Government Finance Bill 2017)
<b>February 2017</b>	Further consultation on the design of the reformed system
<b>April 2017</b>	Business rates retention pilots begin.
<b>2019/20</b>	The new system is implemented

### **Lewisham's Key account risks**

4.13 There are two main key risks area that are worth noting:

#### Virgin Media

4.14 Lewisham's is currently the largest Virgin Media RV in the country – standing at £15.9m. All appeals seeking to merge the VM networks in the 2010 rating lists were withdrawn in May 2017. Lewisham is keeping a close eye on this should VM seek to move from the local list to the Central list. This would mean that VM would pay their rates to Central Government rather than the Council.

#### Health sector

4.15 The NHS has its application for charitable status still pending. Charities can apply for up to 80% relief on the proportion of the building being used for charitable purposes. Should their application be successful, Lewisham's liability up to 2016/17 would be approximately £9.0m, and for 2017/18 approximately £1.4m. Lewisham has already joined the combined legal action being coordinated by the LGA to challenge these applications.

### **5. Financial implications**

5.1 This is a discussion paper for information only and therefore there are no direct financial implications arising from this report.

### **6. Legal implications**

6.1 There are no direct legal implications arising from this report. As noted in the report, Business Rates are governed by the Local Government Finance Act 2012 and subsequent regulations.

For further information, contact David Austin on 0208 3149114

# Business Rates London pilot pool 2018

Guy Ware

London Councils

11<sup>th</sup> July 2017

# Context: Fiscal devolution



# Business rates 101

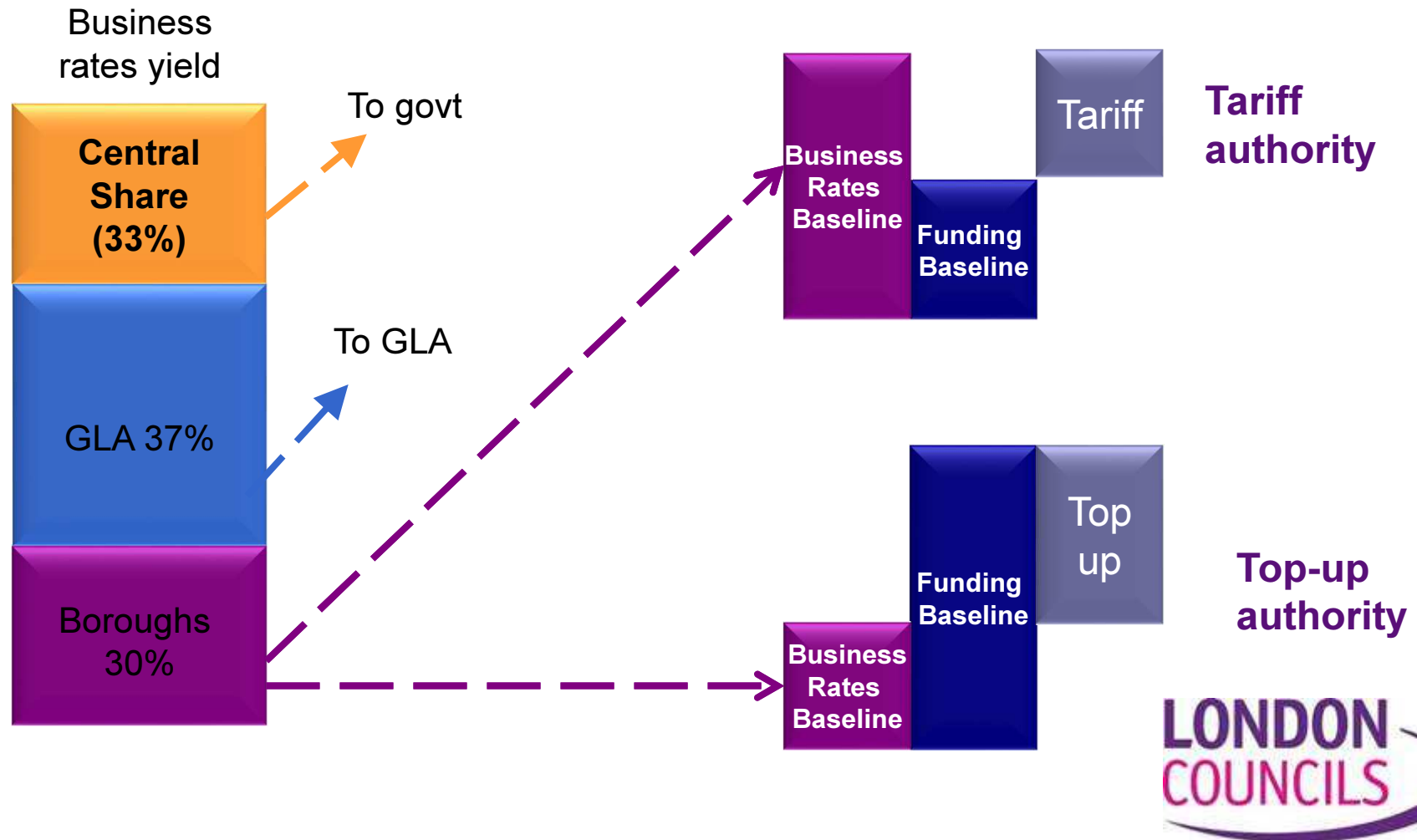


- National tax on commercial property, locally collected
- Since 1989:  
    “Rateable Value” (set by VOA)  
    x multiplier (“rate in the pound” set by Treasury)  
    = BILL
- Since 2013: 50% retained by the local government sector (NOT by individual councils)
- Since 2017: 67% retained in London (GLA 37%  
    Boroughs 30%)
- “Top-ups” and “tariffs” balance ability to raise tax with need to spend

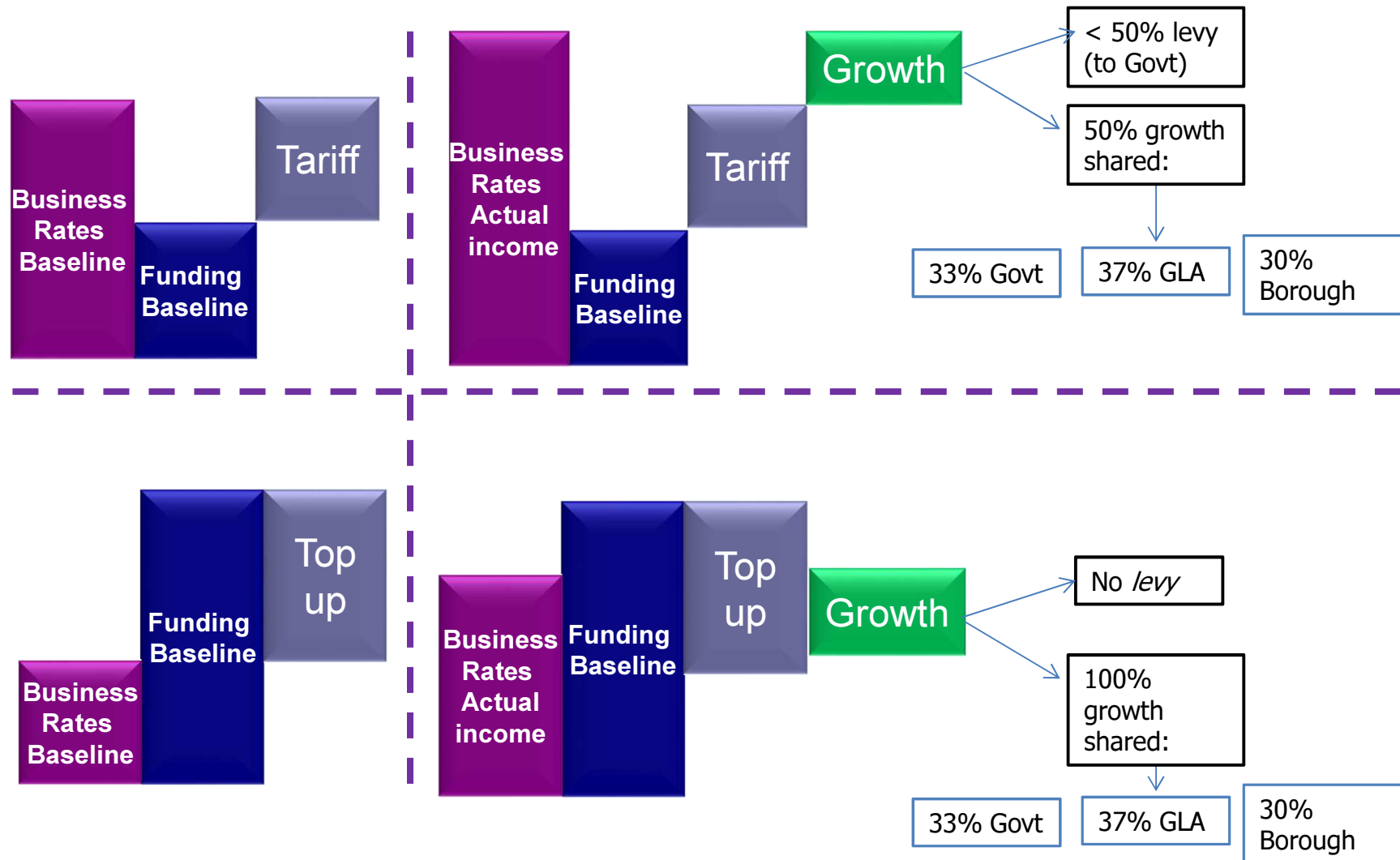
# How does it work now?

## - baselines

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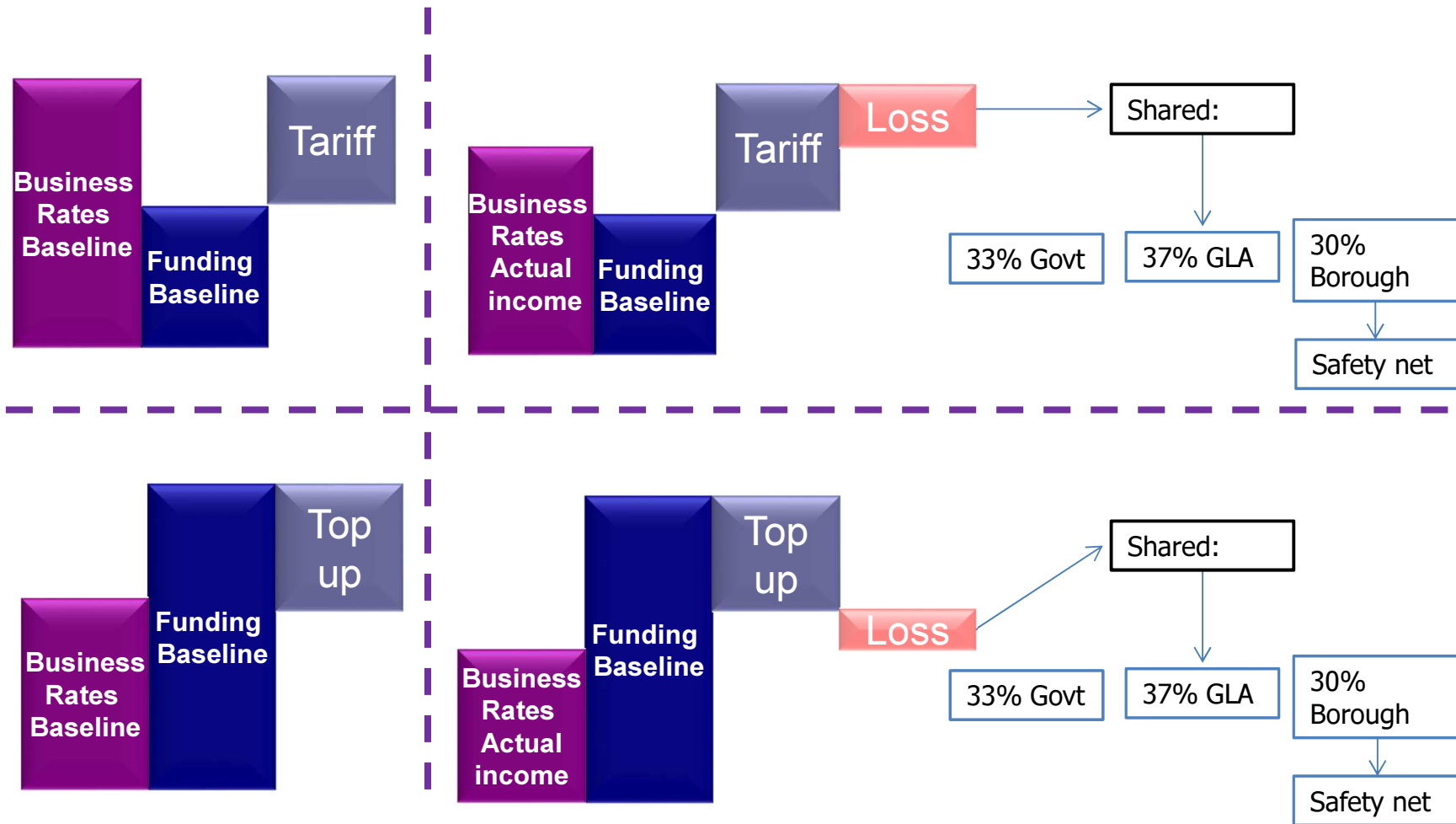
# How does it work now? - growth



# How does it work now? - decline



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# What's a pool?

- Group of authorities treated as a single entity
- 29 existing pools – including 2 in London
- Levy savings arise from reducing aggregate tariff
- Governance – by voluntary MoUs



# What's a 100% pilot pool?

- 5 this year
  - Greater Manchester, West Midlands, Liverpool, West of England, Cornwall
- No levy
- Retain 100% growth
- Roll in RSG, iBCF, Public Health, Rural Delivery Grant
  - ⇒ Higher baselines
  - ⇒ Bigger top-ups/smaller tariffs
  - ⇒ No net difference
- “No detriment” guarantee
- 97% safety net

# London pilot pool – founding principles?



- Voluntary and unanimous agreement
- No one worse off
  - Compared with existing 50% system (including EZs and special arrangements)
- Everyone better off
  - Any aggregate growth in London = additional gain for the pool
  - Distributed so that every Borough (and GLA) benefits

# Benefits



## Cash

- £239m?
- Based on latest estimates

## Flexibilities

- Reliefs and thresholds
- Mayoral supplement

## Influence & reputation

- Contribution to national policy
- Unlocks fiscal/service devolution?

# Risks?

## Cash

- “No detriment”
- No one worse off

## “Fair funding” review

- Will not be affected by piloting
- New baselines will underpin new system

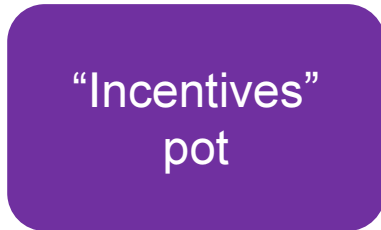
## Commitment

- Unanimous commitment to start
- Right to withdraw each year

# Sharing the benefits



33%?



Growth retained  
by boroughs that  
generate it

33%?

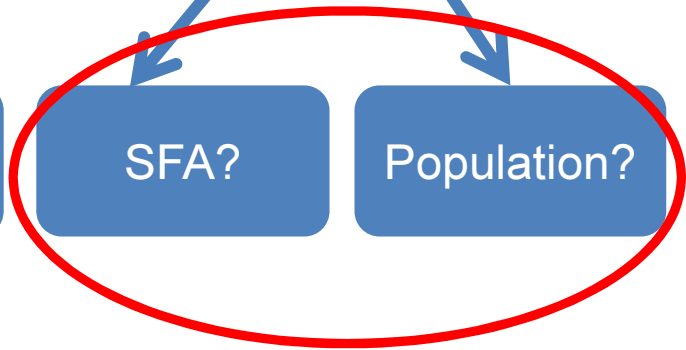
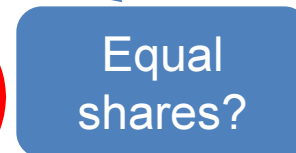
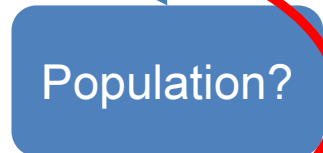
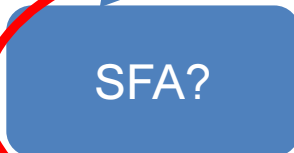
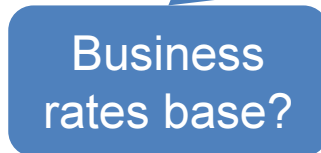


Growth distributed  
based on one (or  
more) measure of  
need/demand

33%?



Growth pooled  
for strategic  
investment



# Example outcome

## London pilot business rates retention pool 2018-19 - Individual borough model (basic)

### Key:

Anything in red text is an option
Purple cells are variables that can be changed
Aqua coloured cells update automatically

### 1) Select authority:

Lewisham

### 2) Select growth scenario for pool overall:

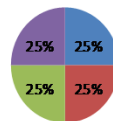
SLT Survey (May 2017)

Lewisham growth in SLT Survey (May 2017) was:	4.7%
London total growth was:	6.0%

### 3) Select weighting between distribution "pots":

Incentives pot	Incentives pot	25%
Needs pot	Needs pot	25%
Population pot	Population pot	25%
Investment pot	Investment pot	25%

### Weighting



### 4) Select "needs" pot indicator:

Settlement Funding Assessment

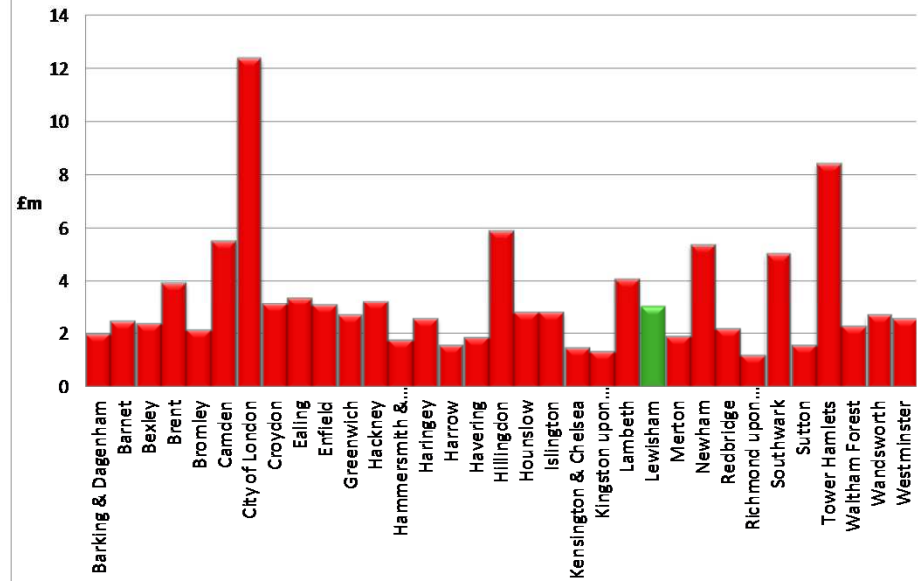
### 5) Vary authority growth % using clicker:

London pool total growth would be:	4.7%
	6.0%

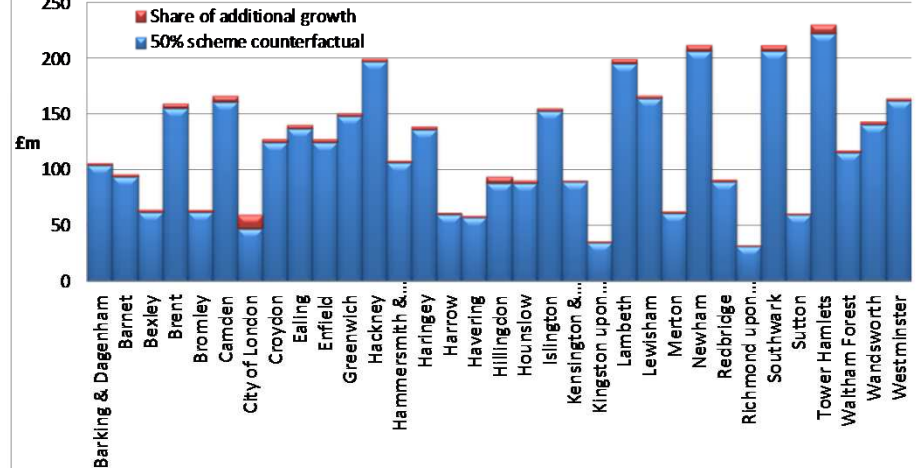
	£m
Net benefit to Lewisham of pooling:	3.0



### Chart A - Shares of additional growth generated by being in a pool



### Chart B - Retained funding - under 50% scheme plus additional benefit from pooling



# Governance

- Unanimous agreement to establish
- Subsequent decisions
  - Investment pot?
    - To promote economic growth?
    - Lever additional funding?
  - Voting principles:
    - Protecting interests – agreed by Leaders/Mayor
- Congress of Leaders and Mayor of London

# Timetable



- July Leaders – consultation package
- Summer – borough consideration
- October Congress – commit in principle?
- November Budget?
- April 2018 – pilot begins?
- April 2020 – national implementation?



# Agenda Item 5

<b>Overview and Scrutiny Committee</b>			
Report Title	Conservative Party Manifesto, Conservative-DUP Agreement, Queen's Speech and Brexit Update		
Contributors	Executive Director for Resources and Regeneration	Item	
Class	Part 1 (Open)	Date	11 July 2017

## **Introduction**

1. This report sets out the policy and legislative programme of the new Conservative administration. The above mentioned programme reflects the commitments set out in the Conservative Party Election manifesto published in May as well as the contents of the Queen's Speech and the Conservative-Democratic Unionist Party Agreement, both of which were released in June 2017. In addition, this report includes an update on Brexit.

## **Background and context**

2. The 2017 UK General Election was called just two months after the Government had triggered Article 50, signalling the UK's intention to leave the European Union. Citing the need for a clear mandate to commence the Brexit negotiations as a rationale, on 18 April 2017, the Prime Minister Theresa May announced she would seek an Election on 8 June.
3. The Prime Minister had previously indicated that she had no plans to call a snap poll. However, a House of Commons motion to allow this was passed on 19 April, with 522 votes for and 13 against (a majority of 509) meeting the required two-thirds majority to permit the early dissolution of Parliament as required by the Fixed Term Parliaments Act of 2011.
4. The Election result, saw the Conservative Party win the largest number of seats in Parliament (318) but short of the 326 required to form a majority Government. In total the Conservatives lost 13 seats compared to 2015. By contrast, Labour won 262 seats (up 30 compared to 2015), the Liberal Democrats 12 seats (up 4 on 2015), whilst the Scottish Nationalists won 35 seats (down 21 on the last General Election). The Green Party held on to the one seat secured in 2015.
5. Crucially in the context of this Election, the Democratic Unionist Party (DUP) won 10 seats. Following days of negotiation, it was to the DUP that the Conservatives turned to secure the working majority necessary to form a Government.

## **Policy programme**

6. This section of the report covers the manifesto commitments made by the Conservative Party that specifically affect local government or the broader public

sector. Some of these manifesto commitments have made their way into the Government's legislative programme over the term of the new administration.

7. The Conservative Party manifesto set out, what it describes as, the five giant challenges as follows:
  - the need for a strong economy
  - Brexit and a changing world
  - enduring social divisions
  - an ageing society
  - fast-changing technology
8. Set out under the sub-headings below (taken directly from the manifesto text) is a summary of key elements of the broader policy programme of the new Government.

### A strong economy that works for everyone

9. The manifesto sets out that a strong economy is the basis for everything the Conservatives want to achieve for the nation. Key commitments under this theme are as follows:

#### 9.1 The economy

- increase the personal allowance to £12,500 and the higher rate to £50,000
- continue to ensure that local residents can veto high increases in Council Tax via a referendum
- make longer term reforms to the business rates system to address concerns about the way it currently works (to include a full review of the system to make sure that it is up to date for a world in which people increasingly shop online)
- simplify the tax system
- continue to increase the National Living Wage to 60 per cent of median earnings by 2020 and after that, by the rate of median earnings
- take steps to ensure that people working in the 'gig' economy are properly protected
- ask the independent Migration Advisory Committee to make recommendations to the Government about how the visa system can become better aligned with the administration's modern industrial strategy

### A strong and united nation in a changing world

10. The manifesto pledges: an orderly and smooth exit from the European Union, to strengthen democracy and recognise the role played by the public sector. Key commitments under this theme are as follows:

#### 10.1 Brexit legislation

- enact a Great Repeal Bill that will convert EU law into UK law, allowing Parliament the ability to pass legislation to amend, repeal or improve any piece of EU law that it chooses
- bring forward additional bills to ensure that when the UK has left the EU, there is a clear statutory basis for UK authorities to exercise powers that are currently exercised through EU law and institutions

## 10.2 Democratic institutions

- legislate to ensure that a form of identification must be presented before voting
- continue with the current boundary review, enshrining the principle of equal seats, while reducing the number of MPs to 600
- make sure that Councils receive help to deal with asylum seekers and refugees as they arrive and establish schemes to help individuals, charities, faith groups, churches and businesses to provide housing and other support for refugees
- take new powers to force Councils to remove roadside litter and prosecute offenders
- place new duties on Councils to consult when they wish to cut down street trees
- establish in law, the freedom for employees to mutualise, where appropriate within the public sector

## The world's great meritocracy

11. The manifesto pledges to make Britain the world's Great Meritocracy, with "more" to be done to support millions of people who live in "ordinary working families". Key commitments under this theme are as follows:

### 11.1 Education and employment

- prohibit Councils from creating any new places in schools that have been rated either 'inadequate' or 'requires improvement' by Ofsted
- introduce new funding arrangements so that a specialist maths school can be opened in every major city in England
- lift the ban on the establishment of selective schools, subject to conditions, such as allowing pupils to join at other ages as well as eleven
- strengthen the teaching of literacy in the early years so that all pupils regardless of background get the best possible start in life
- make funding fairer and ensure that no school has its budget cut as a result of the new formula
- increase the overall schools budget by £4 billion by 2022 and continue to protect the Pupil Premium to support those who need it
- offer a free school breakfast to every child in every year of primary school, while children from low-income families will continue to receive free school lunches
- break down the barriers to public sector workers taking on more qualified roles because of their prior educational attainment (eg: teaching assistants)

can become qualified teachers and healthcare assistants can become qualified nurses via a degree apprenticeship route)

- offer a full-year National Insurance Contributions holiday to those employing former wards of the care system, ex-offenders, those with disabilities, people with chronic mental health problems and those who have been unemployed for a year

### 11.2 Communities and social integration

- bring forward a new integration strategy
- work with schools to ensure that those with intakes from one predominant racial, cultural or religious background teach their students about pluralistic British values
- take further steps to reduce immigration from outside the European Union

### 11.3 Tackling crime and criminal justice

- consider what new criminal offences and aggravated offences need to be established to defeat extremists
- takes steps to address pay gaps for gender and race as well as the experiences of those affected by mental health problems of who are disabled
- legislate to enshrine a definition of domestic violence and abuse in law, providing the legal underpinning for everything in the new act
- create a domestic violence and abuse commissioner in law to stand up for victims and survivors
- ensure that victims who have life-time tenancies and flee violence are able to secure a new lifetime tenancy automatically
- enshrine victims entitlements in law, making it clear what level of service they should expect from the police, courts and criminal justice system
- widen the role of police and crime commissioners to help them cut crime for their local communities
- create a national community sentencing framework that punishes offenders and focuses on the measures that have a better chance of turning people around and preventing crime such as curfews and orders to tackle drug and alcohol abuse

## A restored contract between the generations

12. The manifesto sets out a commitment to restore the contract between generations, providing older people with security against ill health, whilst ensuring that the promise of opportunity and prosperity for young people is maintained. Key commitments under this theme are as follows:

### 12.1 Social care and health

- maintain the pensions triple lock until 2020, thereafter introduce a new double lock – meaning that pensions will rise with earnings or inflation
- align the future means-testing for domiciliary care with that for residential care so that people are looked after in the place that is best for them

- introduce a single capital floor, for care costs, set at £100,000 (more than four times the current means test threshold)
- extend freedom to defer payments for residential care to those receiving care at home, so that no-one will have to sell their home in their life-time to pay for care
- introduce a new statutory entitlement to carers leave – in recognition of the fact that the majority of care is informally provided mainly by families
- as part of Brexit negotiations, make it a priority that the 140,000 staff from EU countries can continue to work in the NHS
- enable more care to be delivered closer to home by building and upgrading primary care facilities, mental health clinics and hospitals
- increase the Immigration Health Surcharge to £600 for migrant workers and £450 for international students
- implement the recommendations of the Accelerated Access Review to make sure that patients get new drugs and treatments faster while the NHS gets better value for money and remains at the forefront of innovation
- retain the 95 per cent Accident & Emergency target, and the 18 week elective care standards, so that those needing care receive it in a timely fashion
- review the NHS' own internal market and, in time for the start of the 2018 financial year, make non-legislative changes to remove barriers to the integration of care
- extend the scope of the Care Quality Commission to cover the health-related services commissioned by local authorities
- legislate for an independent healthcare safety investigations body in the NHS
- recruit up to 10,000 more mental health professionals and require medical staff to have a deeper understanding of mental health

## 12.2 Housing

- deliver on the reforms proposed in the Housing White Paper to free up more land for new homes in the right places, speed up build-out by encouraging modern methods of construction and give Councils powers to intervene where developers do not act on their planning permissions
- enter into new Council Housing Deals with ambitious, pro-development local authorities to help them build more social housing
- reform Compulsory Purchase Orders to make them easier and less expensive for Councils to use and to make it easier to determine the true market value of sites
- give housing associations greater flexibility to increase their housing stock, building on their considerable track record in recent years
- reform and modernise the home-buying process so that it is more efficient and less costly

## 12.3 Children and families

- introduce, in 2017, thirty hours of free childcare for three and four year olds for working parents who find it difficult to manage the costs of childcare
- institute a capital fund to help primary schools to develop nurseries where they do not currently have the facilities to provide one

- publish a Green paper on young people’s mental health before the end of this year
- ensure that Councils provide consistency of care and cannot relocate vulnerable children far from their home when it is not in their best interests to do so
- demand all local authorities be commissioners of the highest quality family support and child protection services, removing these responsibilities from the weakest Councils and placing them in trust

## Prosperity and security in a digital age

13. Responding to the opportunities, challenges and threats of the digital age, the manifesto commits to assure the British people of security and fairness and strengthen the UK’s position as one of the world’s leading digital economies. Key commitments under this theme are as follows:

- develop a digital charter, working with industry and charities to establish a new framework that balances freedom with protection for users and offers opportunities alongside obligations for businesses and platforms
- publish operational performance data of all public-facing services for open comparison as a matter of course – helping people to hold their local services to account or choose other better services if they prefer
- set out a strategy to rationalise the use of personal data within Government, so that the wider public services comply with the ‘once-only’ principle by 2025
- support new providers seeking to use digital technology to monitor long-term conditions better, deploy carers to patients or support domiciliary care away from hospitals

## The Conservative- Democratic Unionist Agreement

14. Following the General Election, the Conservatives emerged as the party with the largest number of seats. Unable to meet the threshold of 326 seats (required to form a Government outright) the Conservatives approached the DUP in an effort to form a governing majority. As part of the agreement, that facilitated the deal, the DUP will support the Conservatives in Parliament in an arrangement commonly known as ‘confidence and supply’.

15. A confidence and supply agreement is one whereby a party or independent members of parliament will support the Government in motions of confidence and appropriation or budget (supply) votes, either by voting in favour or abstaining. However parties and independent members normally retain the right to otherwise vote in favour of their own policies or on conscience on legislative bills.

16. The main elements of the above-mentioned agreement, which were revealed on 26 June 2017 are as set out under the sub headers below.

## confidence and supply agreement in the UK Parliament

17. The DUP agrees to support the Government on all motions of confidence; and on the Queen's Speech; the Budget; finance bills; money bills, supply and appropriation legislation and estimates.
18. In line with the parties' shared priorities for negotiating a successful exit from the European Union and protecting the country in the light of recent terrorist attacks, the DUP also agrees to support the Government on legislation pertaining to the United Kingdom's exit from the European Union; and legislation pertaining to national security. Support on other matters will be agreed on a case by case basis.
19. The DUP agrees to support the Government in votes in the UK Parliament, in line with this agreement.

## policy agreement

20. Both parties have agreed that there will be no change to the Pensions Triple Lock and the universal nature of the Winter Fuel Payment. The parties agree to meet the NATO commitment of spending 2% of GDP on the armed forces. Both parties are committed to the Armed Forces Covenant and to its implementation throughout the United Kingdom.
21. Both parties agree to work together to consider options to support the highly successful reserve forces in Northern Ireland. The parties recognise the importance of the agriculture sector to Northern Ireland and the opportunities for growth that exist. Agriculture will be a critical policy area during the EU exit negotiations.
22. The parties agree to continue to commit the same cash total in funds for farm support until the end of the Parliament. Further discussions will take place on the future framework for farming support.

## financial support

23. The UK government will allocate £200 million per year for 2 years and with sufficient flexibility as to the choice of project to ensure the Executive is able to deliver the York Street Interchange (infrastructure) Project and other priorities.
24. The UK government will contribute £75 million per year for 2 years to help provide ultra-fast broadband for Northern Ireland. In order to target pockets of severe deprivation, the UK government will provide £20 million per year for 5 years to support the Northern Ireland Executive to deliver this measure.
25. The UK government will, allocate an additional £50 million per year for 2 years to enable the Executive to address immediate pressure in health and education. The UK government will allocate £100 million per year for 2 years to support the Northern Ireland Executive's delivery of its priority of health service

transformation. The UK government will provide £10 million per year for 5 years to support the Northern Ireland Executive for mental health.

## The Queen's Speech 2017

26. The Queen's Speech, which sets out the Government's legislative programme for the Parliamentary session, was delivered on 21 June 2017. A briefing paper circulated by the Cabinet Office set out that: *this Queen's Speech is about recognising and grasping the opportunities that lie ahead for the United Kingdom as we leave the European Union:*

- *delivering a Brexit deal that works for all parts of the United Kingdom;*
- *building a stronger, fairer country by strengthening our economy, tackling injustice and promoting opportunity and aspiration.*

27. In total the Government is proposing to bring forward 27 Bills in this Parliament. A number of these (eight in total) focus specifically on Brexit. Notable Bills in the Queen's Speech are as follows:

- **Repeal Bill** - this Bill will allow for a smooth and orderly transition as the UK leaves the EU, ensuring that, wherever practical, the same rules and laws apply after exit and therefore maximising certainty for individuals and businesses.
- **Customs Bill** - the Bill will ensure that the UK has a standalone UK customs regime on exit; provides flexibility to accommodate future trade agreements with the EU and others and ensures that changes can be made to the UK's VAT and excise regimes to ensure that the UK has standalone regimes on EU-exit.
- **Trade Bill** - the Bill will cement the United Kingdom's status as a leading trading nation, driving positive global change through trade, whilst ensuring UK businesses are protected from unfair trading practices.
- **Immigration Bill** - With the repeal of the European Communities Act, it will be necessary to establish new powers concerning the immigration status of EEA nationals. The Bill will allow the Government to control the number of people coming here from Europe while still allowing us to attract the brightest and the best.

28. A summary of other key Bills introduced in the Queen's Speech are attached to this report as an Appendix A, whilst a summary of relevant non-legislative measures is set out at Appendix B.

## Brexit update

29. The following paragraphs summarise the legislative and policy and decision-making framework guiding Britain's exit from the European Union. These



summaries update the position, since the last briefing to the Overview and Scrutiny Committee in January 2017.

## The United Kingdom's Exit from and New Partnership with the European Union: White Paper

30. In February 2017, the Government published a White Paper which set out the Government's broader vision for Brexit going forward. The document achieved three things; firstly it underlined the Government's commitment to follow through with plans to withdraw from the EU and honour the outcome of the EU Referendum; secondly, it set out the first stage in the legislative process for EU withdrawal and finally, it set out the 12 key priorities for the UK's exit.

### European Union (notification of withdrawal) Act

31. The European Union (notification of withdrawal) Bill was introduced in Parliament on 31 January 2017 and sought to confer power on the Prime Minister to notify, under Article 50(2) of the Treaty on European Union, the United Kingdom's intention to withdraw from the EU. The Bill received Royal Assent and became an Act of Parliament on 16 March 2017.

### Article 50

32. Article 50 of the EU Treaty is a basic five-point plan of action, should any country wish to leave the European Union. Once Article 50 is activated a nation state is cut out of EU decision-making at the highest level and there will be no way back unless by unanimous consent from all other member states. Article 50 was triggered on 29 March 2017.

### Great Repeal Bill White Paper

33. Building on the formal triggering of Article 50 the day before, on 30 March 2017, the Great Repeal Bill White Paper was published. The Bill sets out the Government's proposals for ensuring a functioning statute book once the UK has left the EU. In simple terms, the Great Repeal Bill will convert the body of European legislation – into UK law at the moment the European Communities Act (the governing charter for EU law) is repealed.

### Formal negotiation

34. Formal Brexit negotiations commenced on the 19 June 2017. The initial focus of the discussions has been the rights of some 3 million EU nationals living in the UK and the 1 million UK citizens living in the EU. On 26 June, the Government published a policy paper, which sets out proposals for addressing this issue specifically. As part of this, the paper makes clear that EU citizens looking to remain in the UK can do so. The paper also confirms the creation of a new 'settled status' for EU citizens who arrive before a cut-off date, which is yet to be specified and will be agreed as part of the negotiations with the EU.

35. Under the proposals, applicants who already have five years' continuous residence in the UK will be immediately eligible for settled status. Those who arrived before the specified date but do not yet meet the five year threshold by exit day will be allowed to stay until they reach that milestone and can also secure settled status. EU citizens who are granted settled status will be treated like a comparable UK national, entitled to broadly the same rights and benefits.
36. A grace period of up to two years will be in place for all EU citizens, including those who arrive after the cut-off date, allowing them to regularise their status to remain in the country.
37. In terms of the UK's wider negotiating stance, a statement to Parliament by Brexit Secretary David Davis, after the Queen's Speech, underlined the Government's commitment to exit both the Single Market and the Customs Union. Although in the same statement, the Secretary of State made clear that leaving the Single Market does not mean losing access to the Single Market.

## **Legal implications**

38. At the time of writing, it is premature to be specific as to exact legal implications, save for noting that we will need to keep this under review. In any event, the obligations for us as a Local Authority pursuant to, for example, the provisions of the Equality Act, will continue.
39. The Equality Act 2010 (the Act) introduced a public sector equality duty (the equality duty or the duty). It covers the following protected characteristics: age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation.
40. In summary, the Council must, in the exercise of its functions, have due regard to the need to:
- eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Act.
  - advance equality of opportunity between people who share a protected characteristic and those who do not.
  - foster good relations between people who share a protected characteristic and those who do not.
41. It is not an absolute requirement to eliminate unlawful discrimination, harassment, victimisation or other prohibited conduct, or to promote equality of opportunity or foster good relations between persons who share a protected characteristic and those who do not. It is a duty to have due regard to the need to achieve the goals listed above.
42. The weight to be attached to the duty will be dependent on the nature of the decision and the circumstances in which it is made. This is a matter for the Mayor, bearing in mind the issues of relevance and proportionality. The Mayor

must understand the impact or likely impact of the decision on those with protected characteristics who are potentially affected by the decision. The extent of the duty will necessarily vary from case to case and due regard is such regard as is appropriate in all the circumstances.

43. The Equality and Human Rights Commission has issued Technical Guidance on the Public Sector Equality Duty and statutory guidance entitled “Equality Act 2010 Services, Public Functions & Associations Statutory Code of Practice”. The Council must have regard to the statutory code in so far as it relates to the duty and attention is drawn to Chapter 11 which deals particularly with the equality duty. The Technical Guidance also covers what public authorities should do to meet the duty. This includes steps that are legally required, as well as recommended actions. The guidance does not have statutory force but nonetheless regard should be had to it, as failure to do so without compelling reason would be of evidential value. The statutory code and the technical guidance can be found at:

<https://www.equalityhumanrights.com/en/advice-and-guidance/equality-act-codes-practice>

<https://www.equalityhumanrights.com/en/advice-and-guidance/equality-act-technical-guidance>

44. The Equality and Human Rights Commission (EHRC) has previously issued five guides for public authorities in England giving advice on the equality duty:

- [The essential guide to the public sector equality duty](#)
- [Meeting the equality duty in policy and decision-making](#)
- [Engagement and the equality duty: A guide for public authorities](#)
- [Objectives and the equality duty. A guide for public authorities](#)
- [Equality Information and the Equality Duty: A Guide for Public Authorities](#)

45. The essential guide provides an overview of the equality duty requirements including the general equality duty, the specific duties and who they apply to. It covers what public authorities should do to meet the duty including steps that are legally required, as well as recommended actions. The other four documents provide more detailed guidance on key areas and advice on good practice.

Further information and resources are available at:

<https://www.equalityhumanrights.com/en/advice-and-guidance/public-sector-equality-duty-guidance#h1>

## **Financial implications**

46. There are no direct financial implications in noting this report.

## **Crime and disorder implications**

47. Section 17 of the Crime and Disorder Act 1988, as amended, places a duty upon Local Authorities to consider crime and disorder implications and in particular, “to exercise its various functions with due regard to the likely effect of the exercise of

those functions on, and the need to do all that it reasonably can to prevent, crime and disorder in its area.” This statutory obligation is the same for the Authorities “responsible partners” too. The level of crime and its impact is influenced by the decisions and activities taken through the day-to-day functions of local bodies and organisations.

48. The Queen’s Speech outlined that new legislation will be brought forward to protect the victims of domestic violence and abuse. This may have implications for a range of statutory services when the detail is laid out.

<b>Information relied upon in the preparation of this report</b>	
1.	Forward Together: Our Plan for a Stronger Britain and Prosperous Future; The Conservative and Unionist Party Manifesto, May 2017
2.	Standing Strong for Northern Ireland: the DUP Manifesto for the 2017 Westminster Election
3.	The United Kingdom’s Exit from and Partnership with the European Union, March 2017
4.	The Great Repeal Bill White Paper, UK Parliament, March 2017
5.	The Queen’s Speech and Associated Background Briefing, on the Occasion of the Opening of Parliament, June 2017
6.	Conservative-DUP Agreement, June 2017
7.	Safeguarding the position of EU citizens in the UK and UK nationals living in the EU, June 2017

## **Appendix A: Queen's Speech - Key Bills**

### **Repeal Bill**

This Bill will allow for a smooth and orderly transition as the UK leaves the EU, ensuring that, wherever practical, the same rules and laws apply after exit and therefore maximising certainty for individuals and businesses.

### **Customs Bill**

The Bill will ensure that the UK has a standalone UK customs regime on exit; provides flexibility to accommodate future trade agreements with the EU and others and ensures that changes can be made to the UK's VAT and excise regimes to ensure that the UK has standalone regimes on EU-exit.

### **Trade Bill**

The Bill will cement the United Kingdom's status as a leading trading nation, driving positive global change through trade, whilst ensuring UK businesses are protected from unfair trading practices.

### **Immigration Bill**

With the repeal of the European Communities Act, it will be necessary to establish new powers concerning the immigration status of EEA nationals. The Bill will allow the Government to control the number of people coming here from Europe while still allowing us to attract the brightest and the best.

### **Smart Meter Bill**

In order to help deliver more transparent energy bills and allow households to monitor their use effectively.

### **National Insurance Contributions Bill**

The Bill will legislate for National Insurance contributions (NICs) changes announced at previous fiscal events (Budget 2016 and Autumn Statement 2016).

### **Courts Bill**

The Bill will reform the courts system in England and Wales to ensure it is more efficient and accessible, and in doing so utilise more modern technology.

### **Draft Tenants' Fees Bill**

Tackling unfair fees on tenants will make the private rental market more affordable and competitive.

### **Draft Domestic Violence and Abuse Bill**

In line with the manifesto commitment, draft proposals will be published to update the law to help tackle the evil of domestic abuse and violence. Proposals will be published in draft for scrutiny by MPs and peers to help build a consensus and raise the profile of this issue.

**Civil Liability Bill**

This Bill will crack down on fraudulent whiplash claims and is expected to reduce motor insurance premiums by about £35 per year.

**Financial Guidance and Claims Bill**

The Bill will combine three financial advice bodies into one, ensuring that people across the UK are able to seek the help and advice they need to manage their finances.

**Goods Mortgage Bill**

The Bill will implement recommendations from the Law Commission to update Victorian era law on logbook loans.

**Data Protection Bill**

The Bill will fulfil a manifesto commitment to ensure the UK has a data protection regime that is fit for the 21st century.

**Draft Patient Safety Bill**

The draft Bill will set out a framework to help improve patient safety in the NHS and instil greater public confidence in the provision of healthcare services in England.

## **Appendix B: Queen's Speech - Non legislative measures**

### **Counter Terrorism Review**

This review of counter-terrorism legislation is part of a broader review of our whole approach to counter-terrorism. Urgent work is already underway which will ensure that Government is doing everything possible to address the threat from terrorism and keep the public safe, drawing on lessons from the recent attacks in London and Manchester.

### **Commission for Countering Extremism**

This Government is committed to identifying and stamping out extremism across society, promoting pluralistic British values and reducing tolerance of extremism. To support this we will be establishing a statutory Commission for Countering Extremism that will play a key role in supporting communities and the public sector to identify and confront extremism wherever it exists.

### **Public Inquiry into the Grenfell Tower Fire**

On 15 June 2017, the Prime Minister announced a full public inquiry would take place to look into the circumstances behind the tragic fire which broke out in Grenfell Tower in the Royal Borough of Kensington and Chelsea.

### **Independent Public Advocate**

The purpose of the Independent Public Advocate is to keep the bereaved and surviving victims of disasters informed of progress in any relevant investigation and make them fully aware how they can contribute to that investigation. The Public Advocate will be able to access information held by public bodies and will, where appropriate, report on or share that information with representatives of the victims.

### **Mental Health Reform**

The Mental Health Act 1983 sets out the legal framework in England and Wales for the treatment and detention of people with mental ill health, including when such action may be compulsory. The Act has not been fully updated for 34 years, although the Mental Health Act 2007 made changes. The Government will now begin to consider what further reform of mental health legislation is necessary, including changes in how the Act is implemented on the ground.

### **Social Care**

The Government will work to address the challenges of social care for our ageing population, bringing forward proposals for consultation to build widespread support.

### **Digital Charter**

The Government will develop a Digital Charter that will create a new framework which balances users' and businesses' freedom and security online. The Charter will have two core objectives: making the UK the best place to start and run a digital business and the safest place in the world to be online.

### **Public Finances**

The Government will reflect on the message voters sent at the General Election – while always remembering that we have to balance the books and eliminate the

deficit we inherited following the financial crisis. This is to ensure that future generations do not pay when we fail to live within our means. The Government values the important work that public sector workers do in delivering essential public services. We can only have well-funded public services and high standards of living if we deliver a stronger economy and increase our productivity.

### **Schools and Technical Education**

The Government will continue to encourage more people, schools and institutions with something to offer to come forward and help deliver more good school places. To continue the growth of good or outstanding school places, we have made available to academies and maintained schools a £140 million Strategic School Improvement Fund. We will continue to convert failing maintained schools into academies so that they can benefit from the support of a strong sponsor, and we are focused on building capacity across the system to enable this, including through growing new multi academy trusts.

### **National Living Wage**

We want to make sure employment rules and rights keep up to date to reflect new ways of working, and that is why in October we asked Matthew Taylor to conduct an independent review into modern employment practices. The Matthew Taylor Review of Employment Practices is an important step towards us ensuring fairness for everyone in work and we look forward to receiving the report shortly.

### **Tackling the Gender Pay Gap and Discrimination**

The Government will make further progress to tackle the gender pay gap and discrimination against people on the basis of their race, faith, gender, disability or sexual orientation.

### **Housing**

The Government will deliver the reforms proposed in the White Paper to increase transparency around the control of land, to “free up more land for new homes in the right places, speed up build-out by encouraging modern methods of construction and diversify who builds homes in the country. The Government will consult and look to take action to promote transparency and fairness for leaseholders. We will look at the sale of leasehold houses and onerous ground rents, working with property developers, the Competition and Markets Authority and others as outlined in the Housing White Paper.

### **Consumer Markets, including the Energy Market**

The Government will publish a green paper that will closely examine markets which are not working fairly for consumers, and is prepared to act where necessary.



# Agenda Item 6

Overview and Scrutiny Committee		
Title	Thames Water Scrutiny	
Contributor	Executive Director for Resources and Regeneration (Overview and Scrutiny Manager)	Item 6
Class	Part 1 (open)	11 July 2017

## 1. Purpose

- 1.1 To provide the Overview and Scrutiny Committee with a summary of the scrutiny that has taken place to date in relation to recent Thames Water incidents in the London Borough of Lewisham and elsewhere in London.
- 1.2 To ask the Committee to note the findings of the independent review of recent trunk main bursts carried out by Paul Cuttill OBE for Thames Water.
- 1.3 To ask the Committee to endorse the joint recommendations arising from pan-London scrutiny on this issue, for submission to Thames Water.

## 2. Recommendations

- 2.1 The Overview and Scrutiny Committee is recommended to:
  1. Note the content of this report.
  2. Note the findings of the Cuttill review.
  3. Endorse the joint recommendations arising from pan-London scrutiny of this issue, set out at paragraph 5.11, for submission to Thames Water.

## 3. Thames Water incidents

- 3.1 Eight major bursts occurred in London between October and December 2016. The bursts were significant both in terms of the number of people affected by the flooding caused, and the number of road closures necessary to repair the pipes.

- 3.2 The bursts were as follows:

### **10 October – Crayford Road, Dartford**

- Substantial flooding to homes and businesses in Crayford, and water supplies to some customers were interrupted.
- Burst was from 12” and 18” diameter pipes laid in the 1880s.

### **15 October and 16 December – Leigham Vale, Lambeth**

- Around 25 properties affected by flooding – these were affected twice in two months.
- Burst was from a 21” diameter pipe laid in 1880.

### **25 October – Camberwell New Road, Southwark**

- The burst resulted in severe flooding to the A202 but minimal flooding to properties.

- Burst was from a 30” diameter pipe – a 1941 wartime repair from a bomb strike on a pipe laid in 1870.

**26th November – Lee High Road, Lewisham**

- 52 properties were flooded and customers in the surrounding area were without water or experienced low pressure for a short period. A coach got stuck in the collapsed carriageway.
- Burst was from a 24” diameter pipe laid in 1900.

**5th December – Upper Street, Angel, Islington**

- Significant flooding in the area, with approximately 100 properties affected.
- Burst was from a 36” diameter pipe laid in 1850s.

**11th December – Northwold Road, Stoke Newington, Hackney**

- Estimated 150 properties had to be evacuated, 20 homes and businesses were flooded.
- Burst was from a 30” diameter pipe laid in 1868.

3.3 A further event on 10 December 2016 in Lee Road, Blackheath, flooded 10 businesses and 8 homes in Meadowcourt Road. This was a distribution main, not a trunk main, and the burst was caused by accidental contractor damage.

**4. Cuttill Report**

4.1 Following these major bursts, Steve Robertson, Thames Water Chief Executive, commissioned an independent forensic analysis review. This was completed at the end of March 2017 and was made public on 25 April 2017. The report can be found here:

<https://www.thameswater.co.uk/sitecore/content/Corporate/Corporate/About-us/Investing-in-our-network/Trunk-mains-review>

4.2 The independent review was led by Paul Cuttill OBE, and covered:

- The causes of each burst – asset condition, its location and environment, and whether any patterns of failure could be identified
- The impact – on customers, the wider community, and the cost
- The immediate response – identifying what Thames Water and others did well and what needs to improve
- The network – whether Thames Water needs to make changes to network configuration, pumping and control regimes.

4.3 In summary the review found that:

- There was no single common cause of the bursts. Whilst age and condition of the pipes was an underlying factor in the eight high-profile failures, there were no systematic failings that could be said to have consistently caused or enabled the bursts.
- Although there is a clear investment strategy and plan for trunk mains that is supported by risk and statistical modelling, Thames Water should improve its understanding of its network and improve how it manages existing data and knowledge.

- The ‘building blocks’ necessary to deliver Thames Water’s trunk mains plans and commitments are in place but Thames Water should improve its management of its planned works and make better use of local knowledge.
- Thames Water should accelerate the roll-out of monitoring units (equipment that can monitor where bursts may happen or have already occurred), refresh how it prioritises alarms, increase its capacity to analyse data, and work with partners to develop new, innovative ways of assessing the condition of its pipes.
- Communication should be improved with customers and within the company itself (immediately after bursts have happened). Thames Water’s capacity to deal with multiple major incidents also needs to improve, and how it can better learn from incidents after they’ve taken place.

4.4 Thames Water has welcomed the findings of the review, begun implementing its recommendations and committed an additional £97m investment into the trunk main network over and above the amount stated in its business plan for 2015 to 2020. The company has stated that its focus is to fix the mains at highest risk, as well as deploying monitoring equipment at additional locations.

## 5. Scrutiny of the incidents

5.1 Four of the London boroughs affected by these bursts (Islington, Hackney, Lewisham and Lambeth) have conducted scrutiny investigations into the incidents. The boroughs have also agreed, following a meeting held at Lewisham on 3 February 2017, to pursue a coordinated approach to providing their findings to Thames Water, in consultation with the London Assembly Environment Committee, which is also investigating these matters.

### *Islington and Hackney*

5.2 The London Boroughs of Islington and Hackney have been working together and separately to investigate the response to flooding caused by water main bursts in their areas. Joint questioning of Thames Water by Islington and Hackney took place on 18 January 2017. Issues covered included the level of investment that Thames Water had committed to improving its pipes and other infrastructure; their approach to maintenance and how they might better identify and deal with small leaks before they escalate; and whether emergency events such as the burst water main pipes that had led to this scrutiny, could be responded to more effectively.

5.3 Following this meeting, Islington and Hackney delivered separate scrutiny forums in which residents and businesses were given the opportunity to ask Thames Water directly about the causes of the events, their response to it, and their management of the aftermath, and to discuss any individual cases.

5.4 The Living in Hackney Commission<sup>1</sup> wrote to Thames Water to outline its findings, and set out some proposals for change<sup>2</sup>. This helped lead to further engagement by Thames Water with the properties affected and those surrounding them, and assurances that this would continue as further remedial action is planned and delivered. An additional goodwill gesture (£500 in vouchers for residents who had helped to protect their and their neighbours’ homes) was also secured in recognition of the efforts made by residents to barricade water away from their properties.

<sup>1</sup> See: [www.hackney.gov.uk/living-in-hackney-commission](http://www.hackney.gov.uk/living-in-hackney-commission)

<sup>2</sup> See: [letter to Thames Water \[pdf, 177.16Kb\]](#)

5.5 Islington's Policy and Performance Committee met a number of times since the joint meeting with Hackney in January to scrutinise the flooding response. This included a meeting to enable residents and businesses to raise issues relating to the flooding for the Council to take forward with relevant parties; and a meeting to discuss the flooding incident with Ofwat. Recommendations for Thames Water arising from this scrutiny work have been drafted but have not yet been agreed. They are likely to centre on improving emergency response arrangements; investigating and installing improved technologies to detect the likelihood of bursts on major trunk mains; prioritising the replacement of ageing Victorian pipes on major trunk mains within their 5 year investment plan; and improving communications with, and guidance for, residents.

### **Lewisham**

5.6 The Overview and Scrutiny Committee met on 23 January 2017 to discuss the flooding experienced in Lewisham and question representatives from Thames Water. The minutes arising from that meeting can be found elsewhere on the agenda. Although feedback from those who were flooded was generally positive in relation to the speed of response from Thames Water, the Committee found that:

- Communications with residents needs to improve: Thames Water twitter and website communications don't always get things right.
- The service provided in the event of damage caused by flooding needs to be more bespoke and respond better to individual needs: this will require working closely with loss adjusters and build a long term relationship with affected customers.
- Large scale trunk main failures seem to be happening more regularly and this requires investigation and action over and above what has taken place so far. In Lewisham, 33% of permits issued by TfL have been for immediate permits (i.e. to deal with leaks/incidents on trunk main roads after the event rather than scheduled work which can be planned to reduce congestion and disruption).

5.6 The Committee also noted that, because of the severity of the numerous incidents over the last few months, TfL commissioners had written formally to the Chief Executive of Thames Water, and followed this up with a meeting, outlining their concerns and requesting further investment to avoid future incidents.

### **Lambeth**

5.7 The London Borough of Lambeth set up a Burst Water Mains Scrutiny Commission which held a single meeting on 25 April 2017<sup>3</sup>. The aim was to gather the views of residents, businesses, ward councillors and other stakeholders on the flooding incidents that had taken place in Lambeth and put questions to representatives of Thames Water on such issues as the causes and effects of the incidents, the customer response (e.g. clean-up operations and processing of insurance claims), the water mains maintenance and investment regime and measures being taken to prevent future bursts.

5.8 Recommendations arising from this meeting have been drafted but have not yet been agreed. It is anticipated that recommendations for Thames Water will centre on improving communications with customers in relation to clean-up, insurance/compensation and goodwill payment policies; improving and formalising compensation arrangements and customer care policies; and ensuring that monitoring technology is fit for purpose with effective feedback mechanisms.

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<sup>3</sup> See: <https://moderngov.lambeth.gov.uk/ieListDocuments.aspx?CId=775&MId=10100&Ver=4>

5.9 Throughout, the boroughs have made efforts to ensure a coordinated approach to the scrutiny of Thames Water. This has included:

- A meeting between Lambeth, Islington and Lewisham, held at Lewisham, on 3 February 2017, to ensure the scrutiny investigations were joined up.
- Lambeth councillors attending Islington's scrutiny meeting on 20 April to put questions to Ofwat.
- An Islington councillor speaking at Lambeth's commission meeting on 25 April.

As outlined below, there has also been liaison with the London Assembly Environment Committee.

### ***London Assembly Environment Committee***

5.10 The London Assembly Environment Committee is also investigating the issue of burst water main pipes and questioned Thames Water representatives at committee meetings held on 19 January 2017 and 15 June 2017 over the various incidents that occurred in London in 2016. At a pre-meeting held on 13 June 2017 involving London Assembly Members and scrutiny members from affected boroughs, attended by Councillor Alan Hall, it was agreed that a set of joint recommendations for Thames Water would be developed.

### ***Joint recommendations***

5.11 It is anticipated that the following recommendations will be endorsed by Hackney, Islington, Lambeth and Lewisham:

- 1. That Thames Water improve their emergency response arrangements including instituting a dedicated emergency response line for the reporting of leaks and investigating the possibility, with the Metropolitan Police Service, of receiving a 'blue light' service from the Police should a major incident be declared.**
- 2. That Thames Water improve and join up their monitoring system for detecting the likelihood of bursts on major trunk mains.**
- 3. That Thames Water, when submitting their case to OFWAT for their future 5 year investment plans, prioritise the phased improvement of ageing Victorian pipe replacement on major trunk mains. This should be completed within a specified period to be determined and published by Thames Water, but 15 years is proposed, given the problems that major bursts on these roads cause to businesses and residents.**
- 4. That Thames Water develop and publish performance and attendance standards, both in relation to major and minor pipe bursts.**
- 5. That a clear and comprehensive compensation policy be developed by Thames Water, covering clean up/insurance/compensation and goodwill payments. This should be clearly communicated to customers and available on the company website. Compensation for inconvenience should be formally recognised and included in the policy.**

6. That the Mayor, GLA and London Boroughs support the campaign of the Fire Brigade Union to become the statutory Emergency Response Service for flooding, as recommended by the Pitt Review in 2008<sup>4</sup>, in view of the recent major bursts resulting in severe flooding and given the fact that such occurrences are more likely in the future due to the ageing Victorian trunk mains network across London.
7. That the London Plan should include provision, when planning permission for basements is being requested, to ensure that a risk assessment is carried out prior to approval to ensure the risk to life of flooding is minimised.

## 6 Financial implications

- 6.1 There are no financial implications arising from this report per se.
- 6.2 The engineering response to Thames Water incidents is generally directly managed so the cost to the Council should be limited to staff time managing the incident through to recovery and providing community assistance and accommodation etc. if required.
- 6.3 Highway costs for Temporary Traffic Regulation Orders etc. are recoverable. The number of Thames Water incidents, although the majority are small, still result in a significant workload in terms of Street Works co-ordination and noticing etc. and the cost of these works are also recoverable.
- 6.4 Individuals and the wider community may be adversely affected and incur costs as a result of more serious incidents also affecting insurers etc. Larger Thames Water incidents also impact on traffic movements leading to delays and congestion with associated lost output to individuals, the community and wider London with associated financial and economic implications.
- 6.5 Flooding incidents on the public highway can have a significant impact on the durability and lifecycle of both footways and carriageways. This can result in the need for earlier programmed maintenance and potentially also reactive works which have an ongoing cost to the Council in terms of both capital and revenue budgets.

## 7 Legal implications

- 7.1 There are no legal implications arising from this report.

For further information, contact Charlotte Dale on 0208 314 8286

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<sup>4</sup> Recommendation 39:

[http://webarchive.nationalarchives.gov.uk/20100807034701/http://archive.cabinetoffice.gov.uk/pittreview/\\_/media/assets/www.cabinetoffice.gov.uk/flooding\\_review/pitt\\_review\\_full%20pdf.pdf](http://webarchive.nationalarchives.gov.uk/20100807034701/http://archive.cabinetoffice.gov.uk/pittreview/_/media/assets/www.cabinetoffice.gov.uk/flooding_review/pitt_review_full%20pdf.pdf)