

Merton Council Sustainable Communities Overview and Scrutiny Panel



Date: 7 September 2016

Time: 7.15 pm

Venue: Committee rooms C, D & E - Merton Civic Centre, London Road, Morden
SM4 5DX

AGENDA

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2	Declarations of pecuniary interest	
3	Minutes of the previous meetings Minutes of the last Panel meeting (9 June) and the P4 call-in meeting.	1 - 18
	Matters arising: <ul style="list-style-type: none">feedback on the Panel's reference to Cabinet regarding the South London Waste Partnership; andfeedback on the call-in of LOTs 1 and 2 of the South London Waste Partnership.	
4	Elected member portfolio priorities: Cabinet Member for Regeneration, Environment and Housing	
5	Circle Housing Merton Priory: questions regarding merger with Affinity Sutton Austen Reid, Chief Operating Officer of Circle Housing Group and Neil McCall, Group Operations Director of Affinity Sutton will be attending.	19 - 28
6	Pre-decision scrutiny: diesel premium report	29 - 68
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**This is a public meeting – members of the public are very welcome to attend.
The meeting room will be open to members of the public from 7.00 p.m.**

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Sustainable Communities Overview and Scrutiny Panel Membership

Councillors:

Abigail Jones (Chair)
Daniel Holden (Vice-Chair)
Stan Anderson
Michael Bull
David Chung
Russell Makin
John Sargeant
Imran Uddin

Substitute Members:

Laxmi Attawar
Mike Brunt
Janice Howard
Edward Foley

Note on declarations of interest

Members are advised to declare any Disclosable Pecuniary Interest in any matter to be considered at the meeting. If a pecuniary interest is declared they should withdraw from the meeting room during the whole of the consideration of that matter and must not participate in any vote on that matter. If members consider they should not participate because of a non-pecuniary interest which may give rise to a perception of bias, they should declare this, withdraw and not participate in consideration of the item. For further advice please speak with the Assistant Director of Corporate Governance.

What is Overview and Scrutiny?

Overview and Scrutiny describes the way Merton's scrutiny councillors hold the Council's Executive (the Cabinet) to account to make sure that they take the right decisions for the Borough. Scrutiny panels also carry out reviews of Council services or issues to identify ways the Council can improve or develop new policy to meet the needs of local people. From May 2008, the Overview & Scrutiny Commission and Panels have been restructured and the Panels renamed to reflect the Local Area Agreement strategic themes.

Scrutiny's work falls into four broad areas:

- ⇒ **Call-in:** If three (non-executive) councillors feel that a decision made by the Cabinet is inappropriate they can 'call the decision in' after it has been made to prevent the decision taking immediate effect. They can then interview the Cabinet Member or Council Officers and make recommendations to the decision-maker suggesting improvements.
- ⇒ **Policy Reviews:** The panels carry out detailed, evidence-based assessments of Council services or issues that affect the lives of local people. At the end of the review the panels issue a report setting out their findings and recommendations for improvement and present it to Cabinet and other partner agencies. During the reviews, panels will gather information, evidence and opinions from Council officers, external bodies and organisations and members of the public to help them understand the key issues relating to the review topic.
- ⇒ **One-Off Reviews:** Panels often want to have a quick, one-off review of a topic and will ask Council officers to come and speak to them about a particular service or issue before making recommendations to the Cabinet.
- ⇒ **Scrutiny of Council Documents:** Panels also examine key Council documents, such as the budget, the Business Plan and the Best Value Performance Plan.

Scrutiny panels need the help of local people, partners and community groups to make sure that Merton delivers effective services. If you think there is something that scrutiny should look at, or have views on current reviews being carried out by scrutiny, let us know.

For more information, please contact the Scrutiny Team on 020 8545 4035 or by e-mail on scrutiny@merton.gov.uk. Alternatively, visit www.merton.gov.uk/scrutiny

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Agenda Item 3

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SUSTAINABLE COMMUNITIES OVERVIEW AND SCRUTINY PANEL

9 JUNE 2016

(7.16 pm - 9.59 pm)

PRESENT: Councillors Councillor Abigail Jones (in the Chair), Councillor Stan Anderson, Councillor Hamish Badenoch, Councillor David Chung, Councillor Daniel Holden, Councillor Russell Makin, Councillor John Sargeant and Councillor Imran Uddin

ALSO PRESENT: Councillor Nick Draper, Councillor Ross Garrod and Councillor Martin Whelton

Christine Parsloe (Leisure and Culture Development Manager), Chris Lee (Director of Environment and Regeneration), Doug Napier (Leisure and Culture Greenspaces Manager), John Hill (Head of Public Protection), Cormac Stokes (Head of Street Scene and Waste), Charles Baker (Waste Strategy and Commissioning Manager), Terry Downes (GMB representative), Annette Wiles (Scrutiny Officer)

1 APOLOGIES FOR ABSENCE (Agenda Item 1)

No apologies were received.

2 DECLARATIONS OF PECUNIARY INTEREST (Agenda Item 2)

There were no declarations of pecuniary interests.

3 MINUTES OF PREVIOUS MEETING (Agenda Item 3)

The minutes of the previous meeting were approved as an accurate record.

4 MORDEN LEISURE CENTRE UPDATE (Agenda Item 4)

Christine Parsloe, Leisure and Culture Development Manager, provided an up-date on the Morden Leisure Centre development:

- Archaeological works have taken place on site with a number of trial pits. A report is anticipated. Some findings may be expected given Stane Street, the Roman Road, is known to run through the area.
- Seven Great Crested Newts have been found on site. This is a material finding requiring an extra two weeks of consultation for planning and a licence from the European Union. Pre-screening is now happening with Natural England to speed up the process of applying to the EU. Work is on-going with an ecologist to carry out the necessary procedures and to put in place any required mitigation;

- The development will go to the Planning Application Committee on Thursday 16 June 2016;
- Meetings are continuing to be held with the Morden Park Playing Fields Community Trust; and
- The contractor procurement is on-going which when finalised will be notified to residents and Councillors through another newsletter.

In response to Councillors' questions, Christine Parsloe clarified:

- An on-site turning circle for coaches will be provided and incorporated into the landscaping whilst retaining the barrier to the Registry Office;
- Meetings will be held with residents to discuss the treatment of the old site. This is currently being planned with ecologist and landscape architect expertise and will include an orchard; and
- The newts were found around pond one. Plans are on-going to enhance their environment and obtain an EU licence that will allow the development to continue undisrupted. This work is all achievable within the existing timeframe allowing works to start in September as planned, providing all progresses without any unforeseen issues.

5 PERFORMANCE MONITORING (Agenda Item 5)

Chris Lee (Director of Environment and Regeneration) introduced the Department's performance monitoring report by highlighting three key measures. It was noted that it is early in the municipal year meaning quarterly reporting isn't yet available:

- (SP414) volume of planning applications: this measure exceeded last year's target and is already 20% over the estimate for the year. This is putting pressure on a service that is already lean and is being considered for a shared service. Additionally highlighted the percentage of minor planning applications determined within eight weeks (CR052/SP115) where the target is not being achieved and is an area of concern. Noted the Government is considering setting two year retrospective targets for this measure and therefore it is an area of concern (no information is yet available on what this target might be);
- Street cleaning (page 11 of the agenda pack): measures are falling just short of the target. This is a key issue for resident happiness and therefore one which will be carefully monitored. Noted that payment of Fixed Penalty Notices is just ahead of target and that the contract with Kingdom to deliver the service started in April 2016; and
- Commercial waste (SP046): target has been exceeded by £150K reflecting the value of this business and that this is a growing success.

In response to Panel member questions, officers provided the following clarification on the Environment and Regeneration Department's performance report:

- Live in Wimbledon Park: the financial exposure on this event to the Council is £130K if no tickets are sold. This compares to an exposure of £120K last year that resulted in £78K loss. This year the event is bigger (spread over four days rather than one including during the day), is being held earlier in the year and in association with other events (ie: the food festival). Based on last year, the event

now has a track record meaning it is easier to promote to sponsors and for commercial opportunities. Also, the event will feature content targeted at a range of different audiences. Promotion has started three months earlier than last year and a professional marketing agency has been engaged. It is expected that the event will break even this year whilst it continues to become established. Ticket sales will be reviewed in July 2016. This is the last point when the event can be cancelled whilst incurring minimal costs;

- (SP407) percentage of Fixed Penalty Notices (FNP) that have been paid: these are part of the Kingdom contract. Those that want to challenge a notice firstly make a representation to Kingdom and it has the authority to review and quash. Subsequently, representations can be made to the Council (to the Department itself). It can uphold or decline notices. Subsequently, court action can be brought. It was noted this can be a costly route for those objecting to a FPN; if a judgement is found against them, they are liable for the FNP cost plus court costs in full which can be in excess of £1K.
- (SP380) the number of backlog enforcement cases: this backlog is reducing and it is hoped it will come down further. It was noted that there is no extra capacity; that the team is fully staffed; and
- (SP 398, 399 and 417) the percentage of cases won, lost and not contested at the Parking and Traffic Appeals Service (PATAS): lost PATAS are down to error or result from a decision being challenged but volumes are very small; cases going to PATAS are just 0.4% of all parking and traffic fines issued and means performance is above where it was during the previous quarter. It was also noted, that whether or not successful all PATAS cases cost the Council £80 each. It was highlighted that the introduction of an Automatic Number Plate Recognition (APNR) service will put the Council in a stronger position when issuing parking and traffic fines.

RESOLVED: to note the department's performance monitoring report.

6 AGREEING THE WORK PROGRAMME (Agenda Item 6)

The draft work programme presented to the meeting was agreed subject to the following comments:

- Air quality will be considered as the topic for the next task group. This will be considered further at the next meeting based on a scoping document;
- Consideration of the renewal of the highways maintenance contract is likely to need pre-decision scrutiny earlier than planned and will potentially be included on the agenda for the next meeting (September 2016)
- It was noted that this will make the agenda for the September meeting very full. It was therefore proposed to move the update report on town centre regeneration to November (and the subsequent update from February to March); and
- The meeting with representatives from Crossrail2 should happen as part of a Public Transport Liaison Committee meeting sometime in the autumn to coincide with the next round of Crossrail2 consultation being due in October 2016.

7 CIRCLE HOUSING: AGREEMENT OF QUESTIONS FOR MERGERS

MEETING (Agenda Item 7)

It was agreed at the topic selection workshop that in addition to regular performance monitoring (happening at the September and March meetings), Circle Housing representatives will be invited to attend Panel meetings in September and November to answer questions on the planned merger with Affinity Sutton (September) and repairs and regeneration (November).

Panel members took the opportunity to agree the questions to be put to Circle Housing representatives at the September meeting on the planned merger with Affinity Sutton:

1. What is the timetable for the merger?
2. What consultation is expected to happen on the merger; with which audiences and how will this be conducted?
3. How are current levels of resident satisfaction and the time taken on rectifying issues informing the merger and the service levels the new entity will aspire to achieve?
4. How will the integration be managed and what measures will be used to ensure that service levels are maintained during this process? The Panel is interested in how the satisfaction of staff and residents will be measured and managed during the integration.
5. Given the Panel's interest in maintaining and driving up levels of service, what performance management measures will be maintained after the merger?
6. Is the merger aiming to achieve cost reductions? Will this be achieved through redundancies? How will quality standards be sustained in the light of both of these eventualities?
7. Do the governance arrangements of the new entity include a commitment to attend this Panel every six months to discuss performance?
8. Will resident and Council representation be maintained through the governance structures of the new entity?
9. Will the new entity fulfil Circle's pre-existing commitments to the Council and its community grants programme?
10. How will the new entity accommodate the new waste collection service being achieved through the South London Waste Partnership procurement?

It was noted that there is still time to consider these questions further and that they should be agreed by the end of July 2016 and shared with Circle at this point allowing it time to prepare to ensure the session is informative.

RESOLVED: to review the questions before the end of July so that they can be despatched to Circle Housing in a timely way for its attendance at the Panel's September meeting.

- 8 SOUTH LONDON WASTE PARTNERSHIP (PROCUREMENT OF WASTE COLLECTION AND RELATED ENVIRONMENT SERVICES) PRE-DECISION SCRUTINY (Agenda Item 8)

Chris Lee provided an introduction:

- The report on the South London Waste Partnership is provided in two parts; a report for scrutiny and a draft Cabinet report;
- This process of decision making is happening across all four boroughs that comprise the partnership with the bidder selection having just been endorsed by the partnership board;
- Identification of the preferred and reserve bidders is a significant milestone but it isn't the end of the process; this will happen in December when contracts will be signed following a period of fine tuning;
- Pleased to be recommending two different preferred bidders for Lots 1 and 2 that have the relevant waste management and horticultural experience;
- The savings that will be realised from the shared service are currently greater than initially planned but these won't be confirmed until the contract is signed in December;
- The preferred and reserve bidders have been selected as part of a competitive dialogue process focused on agreeing the outcomes to be achieved through the contract;
- Noted that this builds on the success of the wheeled bin pilot which saw an increase in recycling and decline in street waste;
- Staff engagement in the process has been important. It is hoped that the preferred bidders will become approved bodies to the Local Government Pension Scheme. Once the contracts are in place, work will start on the TUPE process; and
- A client structure is being established to manage the contract.

Terry Downes of the GMB was then invited to address the Panel specifically on the implications of Lot 2;

- Thanked the Panel for allowing him to speak;
- Highlighted that the Council's negotiations with the bidders over reducing TUPE rights is in breach of regulations and that staff affected by Lot 2 are not happy to move to annualised hours;
- The new client contract structure means establishing three new positions costing £150K but it is not stated in the documentation whether the projected savings do or don't take this into account;
- Highlighted that other Councils (Croydon) have outsourced services to benefit from economies of scale but that this hasn't come to fruition and services have ended-up coming back in-house. This demonstrates that savings are not guaranteed;
- Noted that staff were not able to bid because they weren't able to be part of the competitive dialogue process but that proposed cost savings could have been achieved through the introduction of fortnightly waste collections and better utilisation of available transport; and
- Stated that staff satisfaction is very low and that the proposed solution by the preferred bidders represents a reduction in service to Merton residents.

EXEMPT SESSION

It was proposed by Councillor Sargeant, seconded by Councillor Makin and accepted by the other members of the Panel that it should start its discussions in exempt session given the need of Councillors to refer to information in the exempt agenda. As a result members of the public left the meeting.

Some members (Councillors Sargeant, Holden and Badenoch) expressed dissatisfaction because they hadn't been provided with the detailed scoring used to select the preferred and reserve bidders. Also, that the waste service currently offered in Merton hadn't been costed by bidders for comparative purposes and that the solution offered by the preferred bidder for Lot 1 is a diminution in waste services based on less frequent collections and the need for residents to sort and store waste in a greater number of containers. Specific concern was expressed regarding properties that don't provide sufficient storage for the increased number of waste containers and that a one size fits all approach will not be suitable for all residents.

In response, officers clarified:

- Total scores for all bidders are provided in the exempt agenda;
- The preferred bidders for Lots 1 and 2 had scored highest across price and quality; selection has not been determined solely on price;
- The objectives of the procurement are: to target optimal savings, deliver high customer satisfaction; improve environmental and carbon outcomes and develop community engagement in the maintenance and oversight of green spaces;
- The waste service proposed by the preferred bidder, specifically splitting paper and card from other recycling aims to address the fact that Merton is only recycling 37% of its waste compared to a target of 60% and to enable commercial income to be maximised;
- The proposed waste service is not a diminution in service; residents will benefit from collections every week (three and two collections on alternate weeks);
- All bidders proposed a two-weekly schedule for residual waste collections with only minor variations; and
- This is not a one size-fits-all solution; those properties for which the proposed solution is not suitable will be offered an alternative. This will be defined and agreed through consultation.

PUBLIC SESSION

At this point members of the public were invited back into the meeting.

Some members (Councillors Sargeant, Holden and Badenoch) highlighted that Cabinet had not yet responded to the Panel's reference made following the previous report on the wheeled bin pilot ([here](#)). Also, that the pilot couldn't be regarded as a successful trial of the waste service being proposed by the preferred bidder. Firstly, the pilot used a scheme that was different from the solution being proposed. Secondly, the properties involved in the pilot were not representative of all across the borough. Information was requested on available alternatives and what mechanism will be used to prevent dry mixed recyclables becoming litter when stored and collected from a box without a lid. Members enquired how the projected cost savings will be achieved.

In response, officers clarified:

- Having gone to the market for the optimal solution this is what has been provided. Also, this is already being used elsewhere;
- The solution offered by the preferred bidder splits the borough into three neighbourhoods (none go across ward boundaries). Each will have a contract manager who will be responsible for working in partnership with the local community including attending community forum meetings, workshops etc;
- Procurement through the South London Waste Partnership requires all four participating boroughs to act in unison. Merton could withdraw from the partnership but if the three remaining partners can't award at this stage, Merton would become financially liable and would effectively be starting again on a two year process;
- Planned savings are being achieved through economies of scale from both Lots;
- Between now and December, there will be a period of fine tuning. This will include consideration of how to prevent dry mixed recyclables becoming litter. Options currently being considered are a resealable sack for storage and a stretched cover to go over the box;
- For multi-occupancy dwellings, Eurobins will continue to be sited in designated collection points. Collection will happen a minimum of once a week but where lack of capacity is an issue, collections will happen more frequently;
- The price quoted by the preferred bidder has been based on its due diligence on property types. Any changes to the assumptions it has made in the costing will be to its detriment as the price cannot now be changed; and
- The new recycling code of conduct is shifting away from comingled recycling solutions in order to maximise economic value and benefit to the environment. Where a greater volume of recycling is achieved the contract provides a profit sharing mechanism benefiting the Council.

In response to member questions, officers clarified:

- The contractor will have responsibility to provide evidence for enforcement where the waste collection service is misused, (for example, for commercial waste) and the contractor will be responsible for street litter collections;
- TUPE has not yet been applied. There have been no negotiations with the preferred bidder regarding annualised hours. The preferred bidder suggested some of the changes required to meet our needs. Noted that if the service were continuing in-house, Merton would also be considering annualised hours as this is the best way to deliver a seasonal service;
- Planning policies are in the control of the Council and therefore it can specify that any new development accommodates the needs of the new waste service;
- The new waste service will link to the Council's new CRM system on which residents will have to register. This will link with technology in cabs which will have the ability to tell residents if their bins have been missed, are yet to be emptied or were incorrectly put out. This will also be used to provide feedback if rubbish is contaminated. The new CRM will go live shortly and meetings are starting between the preferred bidder and the Council's IT developers;

- It is intended that the same level of performance management information will be provided as currently with the additional ability to scrutinise this by the three neighbourhood areas;
- New bin lorries will be purchased to fulfil the contract. The Council needs new lorries and it is cheaper for the Council rather than the preferred bidder to borrow the money for the purchase with the difference in interest rates being reflected in the price of the contract;
- The needs of disabled residents have been explicitly considered in selecting the contractor; and
- The department can provide Panel members with an overview of the recycling schemes used in London and what rates of these achieve.

Councillor Garrod, Cabinet Member for Cleanliness and Parking stated the proposed solution is a fantastic opportunity to bring residential waste into the 21st Century including utilising the benefits of technology and committing to fulfil missed collections. This will bring Merton into line with the two thirds of the country that have wheeled bins and 70% that have collections every other week. This is built on a pilot that demonstrated high levels of resident satisfaction. The alternative is for the Council to find a £2m cost saving by some other means which could mean the introduction of pavement collections, residential charges, three weekly or even monthly collections as in Wales.

Four motions were proposed and voted on:

- Proposed by Councillor Sargeant (seconded by Councillor Holden) : The Panel noted the draft report and agreed to forward a reference to Cabinet that it should use the period of 'Preferred Bidder Fine Turning' to:
 1. Determine how many households would experience significant difficulty in storage and/or presentation of wheeled bins for regular emptying (five in favour and one against); and
 2. Reconsider the introduction of two separate containers for recyclable materials, since Merton currently has the technology to comingle all recyclables (three in favour and 5 against).
- Proposed by Councillor Holden (seconded by Councillor Badenoch):
 3. The proposed solution from the preferred bidder represents a significant change in service and as such it should be sent to Full Council to make the decision (three in favour and four against); and
 4. Cabinet should consider retention of a weekly service and find other ways to achieve the necessary cost savings (two in favour and four against).

RESOLVED: To make the following reference to Cabinet: the Panel noted the draft report and agreed to forward a reference to Cabinet that it should use the period of 'Preferred Bidder Fine Turning' to determine how many households would experience significant difficulty in storage and/or presentation of wheeled bins for regular emptying.

All minutes are draft until agreed at the next meeting of the committee/panel. To find out the date of the next meeting please check the calendar of events at your local library or online at www.merton.gov.uk/committee.

SUSTAINABLE COMMUNITIES OVERVIEW AND SCRUTINY PANEL

2 JUNE 2016

(7.19 pm - 9.25 pm)

PRESENT: Councillor Councillor Imran Uddin (in the Chair),
Councillor Stan Anderson, Councillor David Chung,
Councillor Najeeb Latif, Councillor Russell Makin,
Councillor John Sargeant, Councillor Abdul Latif and
Councillor Laxmi Attawar

ALSO PRESENT: Councillor Mark Allison (Deputy Leader and Cabinet Member for Finance) and Suzanne Grocott
Chris Lee (Director of Environment and Regeneration), James McGinlay (Head of Sustainable Communities), Paul McGarry (Head of futureMerton), Howard Joy (Property Management and Review Manager), Jacquie Denton (Principle Estate Surveyor) and Annette Wiles (Scrutiny Officer)
Jeff Morton (investment management expert, Henley Investment Management), John King (Managing Director, Andrew Scott Robertson), Diane Neil Mills (former Abbey Ward Councillor), Keith Munroe (Property Manager, the Ambassador Group), Gay Bennett-Powell (representative of the Friends of Wimbledon Town Centre) and Peter Walker (former Figges Marsh Councillor)

1 APOLOGIES FOR ABSENCE (Agenda Item 1)

Apologies were received from Councillor Jones. As a result this left the meeting without a chair (the position of vice-chair being vacant).

Annette Wiles opened the meeting and invited the members to elect a chair for the meeting. Councillor Attawar nominated and Councillor Makin seconded Councillor Uddin as Chair. This was agreed by the members of the panel.

2 DECLARATIONS OF PECUNIARY INTEREST (Agenda Item 2)

There were no declarations of pecuniary interests.

3 CALL-IN REPORT OF LAND AT 111 - 127 THE BROADWAY, SW19 (KNOWN AS P4) (Agenda Item 3)

Councillor Uddin proposed that the meeting remained open and therefore with no reference to any information in the exempt agenda up until Panel members start to debate the issues raised. Councillor Sargeant suggested it would be beneficial for the meeting to remain open to the public and therefore that the Panel should review if it is necessary to go into an exempt session. This was accepted by the panel.

PRESENTATION OF THE CALL-IN

Councillor Grocott presented the call-in on behalf of all signatories to the request.

She stated:

- Potential alternatives to the freehold sale of P4 have not been considered. This is stated in 3.12.1 of the officers' report. As stated in 3.4.1 only prevailing market conditions have been considered;
- The time that has elapsed since the Cabinet's decision to sell the land in 2013 has not been used to undertake a strategic review of its decision;
- The decision to sell P4 for commercial purposes is lifting the restrictions on use away from the Council's Draft Local Development Framework and Policies Development Plan;
- Proceeding with the sale at this time is before the cross party plan being developed in response to Crossrail2 is available. The sale of P4 will have implications for Wimbledon Town Centre beyond 2023 when work on the development of Crossrail2 will start; and
- The officers' report highlights there are no restrictions on the use of the P4 site and therefore there is nothing to stop the developer requesting a change of use. Additionally, by selling the freehold, the Council is ceding control of the site which is contrary to policy.

Questions to Grocott:

- Councillor Sargeant: is there an implication in the call-in request that the Council is missing out on the upward valuation of the site without having the relevant planning permission in place? Councillor Grocott indicated she was unable to respond as the answer to the question is stated in the exempt agenda.

EXPERT WITNESSES

1. Jeff Morton (investment management expert, Henley Investment Management):

- Mr Morton requested he be permitted to circulate a briefing paper. Councillor Uddin agreed (attached to the minutes);
- He highlighted his credentials; 28 years of experience having transacted in excess of £2.50bn of sales and acquisitions over the last 10 years;
- Stated that the key decision is whether to hold or develop the land with consideration of market conditions. Highlighted the effect uncertainty caused by the EU referendum is having on market; this may be affecting the value being realised for the sale of the freehold because purchasers may be having greater difficulty raising investment capital;
- Highlighted that in developing the site there are three main options; a freehold sale, a geared investment or a joint venture;
- Stated a gear interest arrangement is very common, notably in the City where it has been used by various estates. This could be used to provide a capital receipt as well as on-going revenue income whilst allowing more control over the use of the site longer term; and
- Whilst a sale of the freehold is lowest risk it may also result in the lowest price.

Questions to Mr Morton:

- Councillor Sergeant: how long would it take to conduct the mentioned analysis of the other available options from a standing start? Mr Morton stated it would take between 10 – 15 days to provide an analysis of the geared leasehold and joint venture options.
- Councillor Chung: of the potential options available which would be recommended? Mr Morton favoured retaining the freehold through a geared interest arrangement but felt a joint venture also needed to be explored. He suggested this option is possible but that it would involve work to ensure the Council is adequately protected.
- Councillor Uddin: why is a 1% progressed standard fee necessary on a joint venture? Mr Morton explained that this is included simply to be transparent; similar to needing the support of a good agency if selling the site or facilitating a gear interest arrangement, a joint venture would require a good quality consultant for which a likely level of cost would be a 1% fee. Highlighted that this would be incurred on a higher level of income.
- Councillor Uddin: is the option to sell the freehold simple compared to the other options which are complicated and uncertain? Mr Morton rejected this stating that the geared interest option is not complicated and is understood by the market. He acknowledged that a joint venture is more complicated and would potentially take more time but that this could be balanced by retaining greater control of the site and receiving a better income. He stated that it is his opinion that current uncertainty in the market means it is unusual to sell at the moment.
- Councillor Sargeant: the options available represent a spectrum of risk and reward. Are other local authorities utilising the other options available? Mr Morton stated that he didn't know but thought it likely and that it wouldn't take much work to find local authorities employing joint venture and geared interest arrangements.

2. John King (Managing Director, Andrew Scott Robertson):

- He highlighted his credentials; he is a chartered surveyor with 40 years of experience working in Wimbledon specialising in commercial property with over £10bn of sales;
- He has been involved in arrangements for the P4 site by providing a valuation for both existing use and the sale of the freehold;
- Stated that the sale of the freehold would provide best value but also would ensure the on-going development of the site. Thought it likely that the site would need to be redeveloped after approximately 50 years but under a leasehold arrangement this is unlikely to happen whilst other interests continue; and
- The devil is in the detail of a joint venture. Considers that this is possible but noted Wimbledon is a secondary location (ie: it is not central London or the City) and therefore the capital value is reduced making it more difficult for a developer to find the investment capital. This is exacerbated where they don't own the land.

Questions to Mr King:

- Councillor Chung: how do you evaluate the risk of the options currently available to the Council with regard to the P4 site? Mr King highlighted that there are no risks involved in the sale of the freehold which would provide funds to be

reinvested. With a joint venture the Council would share the risk with the developer that the target return could be achieved. Typically commercial leases have a 10 to 20 year term period. This would mean they come to fruition at the point that the building requires redevelopment and the investment value is diminished because under a leasehold arrangement other interests continue.

- Councillor Anderson: what are the risks associated with a joint venture? Mr King highlighted that the developer involved in a joint venture receives a smaller percentage of the return than would be the case where there leasehold is sold but they still have to raise all of the investment capital. This makes it a higher risk option.
 - Councillor Najeeb Latif: did Andrew Scott Robertson go through a tendering process to be selected to provide a valuation of the P4 site? Mr King stated he was unsure; he provided details of the fee that would be charged to undertake the valuation.
 - Councillor Najeeb Latif: is the capitalisation yield better under a geared interest arrangement? Mr King stated that under a geared interest arrangement there is a separation of assets but that funding still has to be found for the investment required to develop the property. This is likely to depend on the Council guaranteeing the investment costing around £20m.
3. Diane Neil Mills (former Abbey Ward Councillor):
- Stated that she doesn't understand how the current proposal for the P4 site meets strategic or financial objectives;
 - Highlighted that the site has high street value and is in the centre of a cultural hub as part of Wimbledon Town Centre;
 - Aware of the potential Crossrail2 development and consequential disruption which with the loss of P4 may require the acquisition of another site for parking;
 - Concerned about what the sale of P4 will mean for the built environment as this approach will provide the Council with little control over the development of the site. Therefore feels that retention of the freehold would provide a positive contribution to the town centre. Cited the example of how the Portman Estate has retained the freehold for its properties as a way to maintain and develop the quality of its buildings;
 - Suggested that the Council does not have the necessary skills in-house to fully exploit the potential of the P4 land and that this should be address through secondment, hiring and/or training;
 - Questioned how any revenue resulting from the sale of P4 might be used. Did not feel it was beneficial to use the capital raised to off-set current debt receipts as these are currently low and subject to low interest rates; and
 - Suggested that if capital is required it would be better to prioritise the sale of other assets including industrial sites.

Questions to Ms Neil Mills:

- Councillor Sargeant: asked Ms Neil Mills to expand on her comments regarding the Wimbledon Town Centre cultural hub and how P4 could be used to enhance this offer. Ms Neil Mills stated the P4 land was subject to a compulsory purchase order because it is of high strategic interest given its proximity to Wimbledon's

theatres and the space constraints around these. P4 provides the opportunity for this culture space and offer to be enhanced to support activities such as Wimbledon's growing book and music festivals.

- Councillor Chung: asked if it was being suggested consideration of cultural and strategic issues are more important than any economic argument? Ms Neil Mills highlighted that it's the financial justification for the sale of P4 with which she struggles the most. Cash flow is positive. The Council's net debt position is low and there is no benefit from reducing this further especially if this comes with redemption penalties and investment options are limited.
 - Councillor Anderson: asked for more details about the other sites mentioned that should be prioritised over P4. Ms Neil Mills suggested the use of industrial sites that are not part of plans for the regeneration of Wimbledon's town centre. Highlighted the advantage of retaining the freehold in order to retain control the site.
 - Councillor Uddin: questioned the assumption that the retention of the freehold would give more control to the Council. Noted there is a tension between getting best value by giving more favourable terms to a leaseholder which would mean ceding more control versus maintaining more control and full value not be obtained.
4. Keith Munroe (Property Manager, the Ambassador Group):
- Has 35 years of experience running the New Wimbledon Theatre;
 - Completely aware of plans for the redevelopment of the P4 site and the Ambassador Group is not opposed. However, whatever the future of the site, the theatre needs to be assured that its fire exits and access to its building by trailers will be assured. Will be seeking that any developers of the site protect the theatre's rights; and
 - Highlighted an additional concern around noise; that the theatre does not want future users of the P4 site to make complaints about noise resulting from its productions and similarly the theatre does not want any of its productions interrupted by noise coming from future site users.

Questions to Mr Munroe:

- Councillor Makin: has the New Wimbledon Theatre been given assurances with regards to its needs and the planning application for the P4 site? It was agreed that this was a question for officers to address later in the meeting and Mr Munroe noted the Ambassador Group would be seeking the advice of its own planning consultant.
- Councillor Sargeant: requested that Mr Munroe provide further explanation about the theatre's use of the car park and how much space this requires. Mr Munroe explained that the theatre regularly hires space in the car park for a period of time (weeks). This is used for the trailers that transport shows. Space can be required for a maximum of four, forty foot trailers. These needs have to be accommodated otherwise the theatre's business will be restricted.
- Councillor Najeeb Latif: is there any potential use of the P4 site that would prove particularly difficult for the theatre to accept or any that would be seen as particularly beneficial to the theatre? Mr Munroe highlighted that another

community arts provider would place the theatre in a difficult position. Currently, as part of its lease arrangements with the Council, the Ambassador Group provides a fixed number of performances a year at a 50% discounted rate to local community arts groups. It would be difficult to sustain this arrangement if a competitor theatre/arts group were located on the P4 site. Ideally, the site would be used for commercial purposes although the provision of additional rehearsal space for performers using the theatre would be beneficial.

SPEECHES FROM MEMBERS OF THE PUBLIC

1. Gay Bennett-Powell (representative of the Friends of Wimbledon Town Centre):
 - The Friends Group was formed six months ago with the objective of looking at more and better options around the development of Crossrail2 and the regeneration of Wimbledon Town Centre with a focus on retaining the area's history;
 - Questioned if this is the right time to be making a decision about the future use of the P4 site on the following grounds and that this should be deferred as it is premature:
 - There has been no public consultation on the sale of the site;
 - Space is required for community use;
 - There is insufficient parking space in the town centre;
 - The Council's masterplan for the town centre is not yet published and therefore this decision cannot be made as part of a coherent strategy;
 - The development of Crossrail2 will affect the value of the land; and
 - It creates an unpleasant precedent before the development of Crossrail2 begins.

There were no questions for Ms Gay Bennett-Powell.

2. Peter Walker (former Figges Marsh Councillor):
 - Stated that the use of this site is a vital part of the sustainable communities objective. In 1990 it was purchased to provide replacement facilities for the loss of Wimbledon Community Hall. In 2007, it was agreed that the site would be used for a mixed development including some community facilities. However, in 2013 it was agreed that it would be disposed of with no restrictions;
 - Highlighted that there has been no consideration of other options such as working with the Arts Council to develop community space as Councils are doing in Manchester, Bristol and Leeds. Nor has there been consideration of working with others such as the Wimbledon College of Arts or the Wimbledon Studios;
 - Compared the P4 decision to a fire sale which would result in the area losing forever the opportunity to develop the arts in Wimbledon.

Questions for Mr Walker:

- Councillor Sargeant: asked what would be the preferred option for the use of the site? Mr Walker stated that he was astounded that the Arts Council is working with Councils through lotteries funding. He is sad the brief in 2013 was not for developing as was originally intended as this would provide a real positive for the area. Aware there has been no public consultation or involvement in the current

decision about the P4 site when there has been a three year period during which this could have happened. He therefore recommends that the decision should be delayed.

RESPONSE FROM OFFICERS TO POINTS RAISED

1. Chris Lee (Director for Environment and Regeneration):

- Provided an introduction to the officers' perspective;
- Highlighted that the decision to dispose of the P4 site without restrictions was considered by the Sustainable Community Overview and Scrutiny Panel through a previous call-in meeting (2013). Whilst this referred the decision back to Cabinet, it has decided to proceed;
- Stated that some time had been taken in progressing Cabinet's decision; this is not a hasty move with advice having been taken and alternative options having been considered;
- Believes this is the right decision. There is a considerable offer on the table. This is definite opportunity compared to others that might but are not guaranteed to be possible;
- Explained that it is hoped that some of the capital receipt resulting from the sale of P4 could be used to develop a local housing company to provide PRS and affordable rented housing. This is an area in which the Council and many other Councils have more experience compared to the speculative opportunities that have been discussed and in which the Council is not expert;
- Noted that the bids currently on the table were received before the announcement of the EU referendum and therefore doubts if this has had any effect on them and the value that will be achieved;
- Arts organisations were at liberty to place a bid. Both theatres were invited to participate but neither came forward. There were no discussions with the Arts Council as the clear mandate from Cabinet was to dispose;
- Gaining planning permission for any development of the site is clearly the responsibility of the purchaser. The Council continues to own the planning process. Any desire to gain planning permission in the future for a change of purpose or additional development is at the risk of the owner and developer.

2. James McGinlay (Head of Sustainable Communities):

- With regard to planning permission, noted that the site is next to a Grade II listed building which sets the quality parameters for the development. Additionally, that all existing rights with regard to access to the building were included in the tender documentation and the assessments of the resulting bids. This includes the access required by the New Wimbledon Theatre;
- Stated that considerable work is underway to plan for the Crossrail2 development. This includes working with the Growth Commission that is applying the lessons learned from the first Crossrail development. The masterplan being developed for Wimbledon is fully cognisant of providing car parking and retail facilities throughout the development of Crossrail2; and
- Also highlighted that Crossrail2 is a long term development which won't commence until 2023 and is projected to finish in 2033. Based on the experience

of the first Crossrail development, it is likely that any resulting economic bounce in the area won't be felt until four to five years before completion so is still some 12 years off.

3. Paul McGarry (Head of futureMerton):

- Noted that the sustainability includes consideration of economic, social and community development. The Council's economic development strategy supports the P4 site being used for commercial development; and
- Determination of land use is much wider in the local plan which supports the P4 site being used for commercial purposes.

QUESTIONS TO OFFICERS

- Councillor Makin: have all the planning issues (for example the requirements of the New Wimbledon Theatre) been considered by the bidder? James McGinlay confirmed that bidders had to respond to all the points raised in the tender.
- Councillor Sargeant: the Cabinet's decision three years ago has driven where we are now since when there has been no reconsideration of alternative options. Is it likely that the Cabinet would have recommended consideration of the alternatives if it had known we would still be debating this three years on? This is within the context of the Council currently learning how to take measured risks and using assets better as demonstrated by the commercialisation task group. Chris Lee responded that there is currently no better option. That the Chief Executive is adverse to speculation with tax payers' money. Realised capital will be applied to an area where the Council has more experience and expertise. He is not persuaded that there is a way to generate a better return currently.
- Councillor Sargeant: it is evident that financial considerations are paramount. What would be the impact of delaying a decision for a number of years? Chris Lee stated that this is unclear but noted the July Cabinet will be considering a proposal for the development of a housing company for which there will be a large demand for capital. This will need to be taken from assets or borrowed with the later increasing the costs.
- Councillor Chung: has sufficient consultation taken place regarding this decision? Chris Lee stated that there hasn't been consultation as this is a disposal process; there was no expectation of such consultation though the Sites and Policies DPD did provide consultation on future use of this site.
- Councillor Najeeb Latif: given the Council's desire to develop more affordable housing, could the P4 site be used for a residential development possibly by the Council itself? Chris Lee noted that a commercial development will provide the largest capital receipt and bids for a residential development were received but were trumped by commercial offers. This is due to the nature of the site which doesn't lend itself well to a residential development and therefore it wouldn't be appropriate or best use for the Council to use it for residential purposes.
- Councillor Chung: are there any health and safety considerations that would militate against going ahead with the proposed commercial development? James McGinlay confirmed that there are no such considerations.

- Councillor Sergeant: expressed his concern about Crossrail2, the impact this will have on Wimbledon Town Centre and how to keep this viable throughout the development. Asked if selling P4 means the loss of flexibility within the town centre? James McGinlay responded stating that the Council is working closely with the Crossrail2 team including Transport for London (TfL) and NetworkRail. The Council has clearly stated that it will not accept the decimation of the town centre and that this has to be addressed before the development can proceed. Also that the masterplan needs to focus on the needs of Wimbledon Town Centre and not Crossrail2; the regeneration of the town centre needs to continue and flourish. Noted that the land known as P3 and other holdings will allow the Council to continue to be flexible.

RESPONSE FROM THE CABINET MEMBER TO THE POINT RAISED

Councillor Mark Allison (Deputy Leader and Cabinet Member for Finance):

- Noted his satisfaction with the offer on the table; it is good for the Council, residents and the town centre – it will support it to thrive. None of the comments made at the meeting have convinced him that this is the wrong decision; and
- Complimented officers for their work and rejected any criticism of the decision as rushed. Noted there will be an opportunity to refine further once an agreement to proceed is in place.

PANEL DEBATE

- Councillor Sergeant: thinking seems to have been frozen in 2013. Would have been good to have seen consideration of the other options available.
- Councillor Najeeb Latif: considers it worth spending two to three weeks considering the other scenarios to make sure this is the right decision.
- Councillor Anderson: officers have been working on this since 2013 and know the full detail;
- Councillor Attawar: we have a good developer in place and capital commitments we want to achieve. We can't wait any longer; and
- Councillor Abdul Latif: the referendum will be over in another three weeks and therefore would welcome deferring until after this date.

RESOLVED: It was proposed (by Councillor Makin), seconded (by Councillor Sergeant) and agreed by the Panel that the rest of its deliberations be held in exempt session.

EXEMPT SESSION

- Councillor Makin: if there were to be a delay for the EU referendum, this would set a precedent and provide an argument to delay for every other reason. The decision has been made and therefore it is important to progress;
- Councillor Najeeb Latif: would it be feasible to consider the alternative proposals in more depth before proceeding?

- Councillor Sargeant: doubtful that it is possible to provide a feasibility study of the alternatives in the suggested two to three weeks;
- Councillor Uddin: the Cabinet's decision taken in 2013 complies with the duty to achieve best value. Cultural considerations can be achieved through increased capital receipts and market forces. A leasehold approach is problematic with management challenges. There is a strong purchaser on the table. Not minded to swap a freehold sale for uncertainty and it has been considered by scrutiny previously;
- Councillor Abdul Latif: is there a cut off time for the bid? Howard Joy (Property Management and Review Manager) highlighted that whilst there is no formal time limit on the bids, they were received in November 2015 and that it had taken six months to go through the tender selection process. As a result, there is a chance the preferred bidder could walk away as they may lose their funding. After which the next preferred bidder would be able to revise their offer, leaving us in the position that it may take another three years to find a new bidder;
- Councillor Allison: there is potential that there will be a reaction in the market if the vendor creates a delay; it could result in Merton's ability to do business being questioned;
- Councillor Abdul Latif: would public consultation be beneficial? Suggested to delay would be a good decision;
- Councillor Uddin: argued the need to be realistic. The favoured bidder needs to invest its funds to get a return. Further delay is a reputational factor and a significant amount of time has already elapsed; and
- Councillor Sargeant: suggested that proceeding now will be giving up a valuable opportunity that is being provided by the Crossrail2 development but understands the reputational issues.

The public were invited back into the Panel meeting.

RESOLVED: not to refer the decision back to Cabinet and that therefore Cabinet's decision is upheld and shall take effect immediately (proposed by Councillor Makin, seconded by Councillor Chung and agreed by the panel with six voting in favour and two against).

Circle Housing: Proposed Merger with Affinity Sutton August 2016

We would like to take this opportunity to thank members for their interest in our merger with Affinity Sutton and look forward to discussing this in detail. We believe that this will bring great benefit to current and future residents, enabling us to build 50,000 homes in ten years, get 4,000 people into work every year and help 15,000 young people to get a better start in life.

In this briefing we have provided an overview of our proposed changes, along with answers to the advance questions kindly submitted by members. It must be noted that the merger is entirely separate to our current governance review as we work to simplify our group structure in line with our promise to the HCA.

Our Merger Plans

Circle Housing is seeking to merge with Affinity Sutton, another charitable registered provider, in autumn 2016. This proposal is driven by an acute shortage of housing in the UK and our ambition to address it.

The merger of Circle Housing and Affinity Sutton will:

1. **Build more homes.** We are aiming to build 50,000 homes over 10 years making the organisation one of the **largest house builders** in the country.
2. **Affordable homes.** 2/3 of these homes will be much needed homes for rent and shared ownership in line with our social purpose.
3. **Provide greater Financial Strength.** This will allow us to make large scale investments such as the close to £1bn that we will need to fund our Merton regeneration plans.
4. **Improved services and better value for money.** We will provide efficient, flexible, customer focused service.
5. **Create a regional structure** that ensures we continue to play a major role in our communities through local decision making and close working relationships, while responding to our residents' desire for more online and self-serve services.
6. **Transform lives by investing more in people and places.** We will become one of the country's biggest providers of employment services and help 4,000 people a year into work. This includes the possibility of increasing directly employed repairs and maintenance staff that could be locally based and reduce our reliance on contractors and sub-contractors. We will also help 200 young people into apprenticeships and support 15,000 children to get a better start in life.

We have consulted with all residents across both Groups about the merger and the outcomes of this consultation formed part of our considerations ahead of our formal decision to merge. Alongside this, we have also held a number of meetings with the senior Council officers, the Leader of the Council and relevant portfolio holders and parliamentarians about our plans.

We hope to receive consent from the HCA and FCA in the coming months, with a view to formally merging in the autumn, subject to final approval from our respective management boards and shareholders.

What benefits will the merger bring to Merton?

The housing association sector is facing unprecedented change —the current operating environment and emerging policy narrative make that clear.

Our merger plans mitigate the impact of these changes on our separate businesses. They will enable us to preserve our core social purpose, support our existing residents and communities and respond positively to the current environment. Together, we will be utilising our combined financial strength and historic grant investment to forge a new relationship with Government and wider partners. Ultimately this will help meet the demand for increased new homes whilst continuing our commitment to our core social purpose.

As the largest single social landlord in England we will have the capacity to deliver 50,000 homes over ten years; the resources to invest in neighbourhoods where we own homes in order to transform places; and the ability to assist our residents into work and training to transform lives.

In Merton, the merger, alongside our proposed governance changes, will:

- Provide the financial security and strength to regenerate our estates in Merton, including providing additional high quality homes through greater partnership working with the Council on broader development priorities.
- Enable us to continue to invest in our community in Merton and support more people into employment and training
- Provide significant numbers of new local jobs, particularly through our regeneration plans
- Allow us to build on the more than £150m that we have invested to date.

As a part of this, in Merton we will continue to:

- Maintain a local office, with a dedicated local team and Head of Housing
- Ensure that local accountability and scrutiny is embedded to help us continue to improve and achieve high levels of customer satisfaction
- Progress our ambitious plans to regenerate High Path, Ravensbury and Eastfields Estates
- Be accessible to stakeholders
- Deliver significant social and community investment

What will this mean for residents in Merton?

Continuing to improve our customer service will be a priority for the new organisation. At Circle, we are already continuing to improve the way we deliver our services with a professionally staffed service centre supporting the majority of residents who contact us digitally and by phone. Our locally based housing team will continue to visit residents in their homes – the most local service provision a person can get.

Affinity Sutton has a strong track record for customer satisfaction which last year stood at overall customer satisfaction of 83.4% and satisfaction with repairs at 89.6%.

Local Accountability

Circle Housing is currently setting up Regional Panels which will be responsible for monitoring and influencing the delivery of services in that region. They will also influence how we invest in local communities. The panels will consist of 8 to 12 members – a mix of residents and other local stakeholders/independents. Key areas of activity will include:

- Contributing to neighbourhood planning, ensuring local issues are understood and addressed through service and asset management plans.
- Helping develop Circle Housing's view on investment in new affordable homes in the region, giving Circle Housing a better understanding of the local market and opportunities for growth.
- Contributing to decisions on how the social value budget is allocated, in accordance with the priorities set by the Management Board.
- Reviewing the role of Circle Housing in managing successful neighbourhoods, including crime and anti-social behaviour, and voids, through local performance information, in partnership with the Regional Housing Director.
- Working with the Regional Housing Director to monitor landlord services, ensuring the effective delivery of objectives and paying attention to value for money principles.
- Working as appropriate with Circle Housing to support and contribute to local stakeholder relationships.

In Merton, this will be complimented by our proposal to introduce a Community Panel, which we are currently discussing with the Council.

Alongside this, we will retain our visible commitment to the area and this includes:

- Maintaining an office in the Borough, with a dedicated local team.
- Greater focus on visiting our residents in their homes: being more visible in our communities and less office based.
- A Head of Housing: we will continue to have a dedicated local Head of Housing who will hold day to day responsibility for our operations in the Borough and ensure members' enquiries are promptly addressed.
- Seek to employ local labour as part of our repair service.
- Continue to work in partnership with the Council on a range of activities and to develop much needed new homes across a range of tenures.

- Use the financial strength of the group to ensure the regeneration plans are achieved.

What are the benefits to Merton Council?

The proposed changes have a number of advantages for Merton Council:

- Our regeneration plans will require an investment of around £1bn, an investment that can be guaranteed through the ability of both Circle Housing and the merged group to be more flexible financially.
- This increased financial strength will allow us to support wider housing ambitions of our key partners like Merton, including the potential regeneration of Morden Town Centre
- We will be able to deliver an improved and consistent service while maximizing efficiencies of scale
- A greater local focus on service provision.
- Retained local accountability as detailed above.

Circle Housing: Proposed Merger with Affinity Sutton

August 2016

We would like to thank panel members for submitting their questions in advance. We have kept the answers succinct in order for them to be digestible and look forward to discussing these in more detail in person.

- 1. What is the timetable for the merger?** Discussions are progressing positively and designate appointments have been made as the two organisations work together to deliver a single vision.
- 2. What consultation is expected to happen on the merger; with which audiences and how will this be conducted?** We have already consulted with all residents across the Group on our merger proposals, and the outcome of this consultation was considered by both boards before taking the formal decision to merge. We wrote directly to every resident across the group inviting them to comment on the proposals and promoted the consultation online and in offices. In Merton, of small number of residents who responded, 80% were positive or neutral on the proposals. Alongside this, we have also held a number of meetings with the senior Council officers, the Leader of the Council and relevant portfolio holders and parliamentarians about our plans.
- 3. How are current levels of resident satisfaction and the time taken on rectifying issues informing the merger and the service levels the new entity will aspire to achieve?** Customer service is a priority for the new organisation and we will be continuing to build upon the significant improvements we have already put in place. Merger is an opportunity to consolidate improvement with Affinity Sutton who have an excellent track record of customer satisfaction which last year stood at overall customer satisfaction of 83.4% and satisfaction with repairs at 89.6%.
- 4. How will the integration be managed and what measures will used to ensure that service levels are maintained during this process? The Panel is interested in how the satisfaction of staff and residents will be measured and managed during the integration.** We are working on a full transition plan to ensure that we engage employees, and have appointed a designate leadership team from across both organisations who are working together to lead on the delivery of this. We will be continuing to monitor customer service closely and our established KPI measures will continue to be closely monitored by the executive team.
- 5. Given the Panel's interest in maintaining and driving up levels of service, what performance management measures will be maintained after the merger?** We are committed to driving up performance and to operate to a high standard, and as an example of this our performance figures for last month are below:
 - ***Emergency repairs completed on time – 96.6%***
 - ***Urgent jobs completed on time – 99.3%***

- ***Routine jobs completed on time – 98%***
- ***Satisfactory post inspections – 89.9%***
- ***Customer Satisfaction with repairs - 82%***

There will be a strong focus on this, and we will be sharing more details as plans further develop. As mentioned above merger is an opportunity for us to consolidate improvement with Affinity Sutton who have an excellent track record in customer service.

6. **Is the merger aiming to achieve cost reductions? Will this be achieved through redundancies? How will quality standards be sustained in the light of both of these eventualities?** Yes, we will be looking to generate efficiencies that can be put back into building more homes and investing in our communities and regeneration. Savings will be predominantly made combining head office and back office, given the opportunity that bringing two large organisations together offers, not front line services. Again we will have robust risk management and performance monitoring systems in place to ensure a smooth transition.
7. **Do the governance arrangements of the new entity include a commitment to attend this Panel every six months to discuss performance?** We want to continue to have a close relationship with LBM and would expect to have regular meetings at CEO level at which we could discuss strategic issues as well as operational performance. This change in nature of the relationship between the Council and Circle will reflect the delivery of the bulk of the promises and the risk we are taking around the regeneration.

Alongside, we remain committed to transparency and scrutiny and we will have a dedicated local team who will continue to be the Council's main point of contact for council officers to review performance and any emerging issues and to drive forward our ambitious regeneration plans. All arrangements will of course need to comply with any requirements arising from expected legislative changes associated with reclassification of housing associations to the private sector

8. **Will resident and Council representation be maintained through the governance structures of the new entity?** We will be creating a regional structure that ensures we continue to play a major role in our communities through local decision making and close working relationships, while responding to our residents' desire for more online and self-serve services.

Residents across the group will be represented in the new Governance structure. We are proposing a local community panel for Merton and are currently in discussions with the Council about how this will work.

9. **Will the new entity fulfil Circle's pre-existing commitments to the Council and its community grants programme?** The new company will inherit the obligations of the transfer agreement.
10. **How will the new entity accommodate the new waste collection service being achieved through the South London Waste Partnership procurement?** That is a local management issue which will ensure that waste collection meets the requirement of us as a landlord and our residents.
11. **How will the service to residents be improved by the merger?** Continuing to improve our customer service will be a priority for the new organisation. Additional benefits include:

- Provide the financial security and strength to regenerate our estates in Merton, including providing additional high quality homes through greater partnership working with the Council on broader development priorities.
- Enable us to continue to invest in our community in Merton and support more people into employment and training
- Provide significant numbers of new local jobs, particularly through our regeneration plans
- Allow us to build on the more than £150m that we have invested to date.

12. How does the timing of the collapse of the group structure fit with the merger with Affinity Sutton? These are two separate issues. We are seeking final consent on merger in September with the legal merger to follow. In terms of Merton joining the single group structure this would be in 16/17. However there will be a single housing association in the new company.

13. What guarantee is there that any profits generated in Merton (e.g. from normal operations, right to buy sales or from the regeneration) will be reinvested in Merton (and not elsewhere in Circle's geographic coverage), as per terms of transfer? (Note: CHMP has generated a surplus every year since transfer in 2010.) Circle intends to spend in the region of £1billion through the proposed regeneration of three estates in Merton which will require investment from across the Group. This is by far the highest level of investment in one borough across the group and will deliver extensive socio economic benefits for Merton and its residents. The increased financial strength of the merged organisation will allow us to support wider housing ambitions of our key partners like Merton, including the potential regeneration of Morden Town Centre

14. What local representation (i.e. physically in Merton) will there be from the new entity as a result of the collapsed group structure? We will continue to have a dedicated local team who will be based in Merton.

15. What representation will CHMP residents have? Do any of these bodies have decision making powers? Scrutiny or service improvement central to our customer service and performance model
Our aim is to increase local accountability, through the creation of a community panel, which will include resident representation and will hold responsibility for scrutinising our performance and service improvement. We are currently discussing how this panel will work in practice with the Council.

16. What is the composition of decision making bodies? We will ensure that we have robust decision making bodies who will deliver the best value and service to residents. They will be appropriately skilled to ensure strong governance and risk management for an organisation of this scale.

17. Will the local authority have power to appoint representatives to any bodies? Do these bodies have any decision making powers? We are currently discussing governance arrangements with officers and members. As you will be aware, the government is reviewing powers of Local Authorities and we expect to see the nature of relationships to evolve to reflect this.

18. Who will decide on rents, allocation of investment etc. in the new collapsed structure? The same as now the Group Board.

- 19. What is the proposed timing for the collapse of the group structure?** Completed in 2017/18
- 20. Will there be a survey of residents' views, as there was prior to the transfer ballot to accurately gauge support?** We have already carried out a full consultation on merger as outlined above, and over 80% of those whose responded in Merton were positive or neutral about the proposals. Separately, we are proposing to consult with residents on simplifying our structure in the autumn.
- 21. What was promised to the HCA in the voluntary undertakings as a result of the investigation?**
It was not an investigation but a proactive engagement in the light of the documented performance issues in some parts of North and East London. In the Voluntary undertaking we promised to address the complex group structure and move to a single housing association in line with the recommendations of the independent review.
- 22. How does the new structure deliver the autonomy that was promised as part of the transfer? CHMP has always been a subsidiary.** It must be noted that this is separate to merger. The operating climate has now changed, and an independent review found that out federated' structure no longer helps us combine our scale with effective local delivery, decision making and accountability. The local board was originally established to oversee the transfer promises. A new structure is required to oversee the risks and complexity of regeneration and allow us the flexibility to invest funds from across the group.
- 23. Does this proposed collapse of the group structure have support from the other subsidiary RPs?** Again this is separate to the merger. The move to a single RP is a strategy of the Management Board. However, the boards of Circle Housing Mercian and Circle Housing Wherry have already formally agreed to combine with Circle 33, and this will be happening in the Autumn.
- 24. What has been the total investment in CHMP homes since transfer to Circle? How has this been financed? If borrowed, what is the interest rate charged and how is this determined?** We have already invested in the region of £150million and are proposing to invest a further £1billion in regeneration, alongside our continuing operational cost.. Interest costs reflect market rates in line with group treasury policy and in line with an organisation of the strength and scale of Circle Housing.
- 25. Will there be any financial, operational or strategic plans, reports and statements prepared that cover only the CHMP properties?** Yes, neighbourhood planning which will be developed with the proposed community panel. The plans will be informed by an understanding of demand, resident and stakeholder priorities, stock condition data, the results of asset performance evaluation, and housing management issues. They will take into account all Circle Housing assets within the area, including non-dwelling, commercial assets and land. The outcome will help develop stock investment proposals.
- 26. Does Circle have any intentions of renegotiating the terms of transfer (that covered a 30 year or so period from date of transfer)?** While the majority of the terms remain, we are in discussion with officers about a small number of changes with regards to the CHMP Board and some other measures. The Government is also introducing legislation which will impact on the agreement, which we expect to be enacted in the coming months.
- 27. What have been Circle's policies in terms of disposing of stock (e.g. street properties) both in Merton and in the other areas in which it operates? What have**

been the policies of Affinity Sutton? What will be the new policy of the merged organisation with regard to disposals? The new group will have an asset management strategy that promotes sustainable communities and ensures that investment decisions are sound, appropriate and deliver value for money and that homes are fit for purpose. The strategy will set out the approach to property disposals which will include, amongst a wide range of considerations, location, demand, value and NPV.

- 28. How do Affinity Sutton's rents compare to Circle's? What is their rent policy compared with Circle's?** One of the key benefits of our merger is that we share similar outlooks and approaches and this includes rent policy. Affinity Sutton's rent policy is broadly in line with Circle's and follows the framework provided by the Welfare Reform and Work Act 2016.
- 29. Of relets at present, what rate does Circle set for new tenants? What percentage is social versus affordable housing? What are Affinity Sutton's metrics at present in these areas?** Both Circle and Affinity Sutton have an agreed programme for new build affordable housing and conversions with the HCA over the next three years and their level of Affordable Rent reflects this.

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Agenda Item 6

Committee: Overview & Scrutiny Panel

Date: 7th September 2016

Wards: All

Subject: The introduction of a Diesel surcharge for all types of resident and business parking permits (Pre-Decision Scrutiny)

Lead officer: John Hill

Lead member: Councillor Ross Garrod (Cabinet Member for Street Cleanliness and Parking)

Contact officers: Paul Foster, Paul Walshe, Jim Rogers and Jason Andrews

Recommendations:

- A. That Scrutiny consider the proposal to implement a diesel surcharge for all types of Resident and Business Parking permits.
 - B. That Scrutiny considers the removal of parking permit charges for electric vehicles.
 - C. That the Council reviews the impact of the diesel surcharge for a period of 2 years, with a view to the introduction of comprehensive emissions based parking scheme.
-

1 PURPOSE OF REPORT AND EXECUTIVE SUMMARY

To consider the introduction of a diesel surcharge to highlight the disproportionate impact these vehicles have upon local air quality and poor health.

2 DETAILS

- 2.1. Air pollution is increasingly recognised as a major cause of ill health and premature death. The most recent report by The Royal College of Physicians 'Every breath we take: the lifelong impact of air pollution' says that each year in the UK, around 40,000 deaths are attributable to exposure to outdoor air pollution.
- 2.2. Air pollution plays a role in many of the major health challenges of our day, and has been linked to cancer, asthma, stroke and heart disease, diabetes, obesity, and changes linked to dementia.
- 2.3. Neither the concentration limits set by government, nor the World Health Organisation's air quality guidelines, define levels of exposure that are entirely safe for the whole population.
- 2.4. Research by King's College London has estimated that air pollution was responsible for up to 141,000 life years lost, or the equivalent of up to 9,400 deaths in London in 2010, as well as over 3,400 hospital admissions. The total economic cost associated with this was estimated at £3.7 billion.
- 2.5. In recognition of this impact, local authorities are considering what steps it can take challenge poor air quality.

- 2.6. One of the few direct controls that a local authority has to influence change in vehicle choice is through its parking permit system. Many local authorities have been running emissions based parking schemes for a number of years; however these have mainly focused on CO₂ (carbon dioxide) emissions rather than local health based pollutants like nitrogen dioxide and particulate matter. Therefore, some have placed an additional surcharge upon diesel vehicles in recognition of the impact of these particular vehicles.
- 2.7. The overall aim of the scheme is to influence residents and business users to consider changing to lower or zero emission vehicles with any revenue derived from the scheme reinvested to support local sustainable transport initiatives and necessary infrastructure. Successful introduction of this type of scheme demonstrates the local authority's commitment to reducing emissions and improving air quality towards national objectives.
- 2.8. It is very difficult to define at what level a surcharge will directly influence a motorists behaviour as this decision is based upon a number of personal factors including, but not limited to; age of the vehicle, time of renewal, personal preference, family makeup and fuel economy.
- 2.9. The proposed low emissions parking levy, if adopted, would provide the Council with an opportunity to raise resident's awareness of the impact of emissions from their vehicles on local air quality and could provide an effective prompt to those considering changing their vehicle. It also adopts the long standing principle that the Polluter Pays' something that is not recognised in our current scheme.
- 2.10. Merton's parking permit fees have remained relatively unchanged and do not currently represent the specific impact of certain types of vehicle, nor the impact of local pollutants that are of concern to health.
- 2.11. The Council's Pollution Team in conjunction with a leading transport research consultant has looked at the vehicle make-up in the borough, and concluded that in Merton, as with many other Boroughs, diesel vehicles contribute disproportionately to local air quality emissions. Crucially, the Merton study was based on data associated with actual on-road emissions as opposed to the manufacturers' specification.
- 2.12. It is true that diesel owners have, in the past, been given conflicting information as to the emissions from their vehicles and this has not helped by the recent manufacturers' vehicle testing scandals. Nonetheless, there is now conclusive evidence to show that diesel vehicles produce a disproportionate amount of harmful pollutants that pose a risk to health. To minimise this risk it is recommended that the Council introduces an emissions levy to encourage owners to switch to less polluting vehicles.

3 ALTERNATIVE OPTIONS

- 3.1. Parking permit scheme to remain unchanged.
- 3.2. Adoption of a more thorough and complete emissions system taking into consideration petrol vehicles.

4 CONSULTATION UNDERTAKEN OR PROPOSED

- 4.1. Depending on the accepted recommendation, a full consultation with residents and partners to seek views and opinions is proposed

5 TIMETABLE

- 5.1. Consideration of report at E&R DMT – August 24th .
5.2. Consideration of report at Overview & Scrutiny – September 7th

6 FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS

- 6.1. Attached as appendix 2 are a range of options in the form of surcharges ranging from £50 up to £100 which will form an additional charge to the existing and any subsequent changes to the cost of resident and business parking permits. Also included in appendix 2 is detail of the charges for resident and businesspermits applied by other London councils. The Council, subject to the outcome of any consultation process, can introduce a change to the borough wide permit traffic management order. The purpose of the surcharge is to reduce the demand for resident and business permits for diesel vehicles.

Three London Councils have introduced a surcharge for parking permits issued to diesel powered vehicles which is in addition to the existing parking permit charges.

LB of Islington	£96 per parking permit
LB of Kensington and Chelsea	£19 per parking permit
LB of Camden	£10 per parking permit

It's important to note that the charges of £10 & £19 levied by Camden and K&C is only an addition to an existing wider charging system emissions based levy which recognises the impact of diesels. It is the officers' recommendation that the Merton surcharge is levied at £50 per permit additional to existing permit charges with the rationale being that this surcharge is neither excessive nor insufficient to achieve the aim of being able to reduce demand for diesel vehicles by 10% over a 2 year timetable. The impact of this surcharge would be reviewed in line with recommendation C, which is set out above.

7 LEGAL AND STATUTORY IMPLICATIONS

- 7.1 The key legal framework for allowing for parking operation and enforcement duties comes under the road traffic regulation act 1984 and road traffic act 1991. Designation of parking is achieved through traffic regulation orders.
- 7.2 The road traffic act 1991 provides local authorities with the power to enforce parking activities themselves rather than the police (i.e. decriminalising parking enforcement). Under these powers, local authorities can issue fines or parking tickets. Under sections 45 and 46 of the Road Traffic Regulation Act 1984, councils can designate parking places on the highway, to charge for parking in these places and to make a charge for parking permits for their use. Local Authorities can also introduce differential permit charges between vehicles of different classes based on factors including their level and type of emissions.
- 7.3 In London, local authorities must also have regard to the Mayor of London's Transport Strategy (sections 142 and 144(1)(a) Greater London Authority Act 1999) which emphasises the importance of reducing emissions and improving air quality.
- 7.4 When setting parking charges Local Authorities are entitled to use the tariff or an increase in charges as a legitimate tool in managing demand for all types of resident and business parking permits for diesel powered vehicles. This is particularly relevant as it is the Councils aim to reduce residents and businesses reliance on diesel powered vehicles leading to a reduction in pollution as part of the Councils aim to reduce congestion and associated pollution. This in turn will contribute to the Councils 2020 aims.

8 HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS

- 8.1. None

9 CRIME AND DISORDER IMPLICATIONS

- 9.1. None

10 RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS

- 10.1. None

11 APPENDICES – THE FOLLOWING DOCUMENTS ARE TO BE PUBLISHED WITH THIS REPORT AND FORM PART OF THE REPORT

- Appendix 1: Introduction of an emissions based parking levy : Prepared by Transport & Travel Research Ltd. In partnership with LB Merton.
- Appendix 2 : Schedule of options for proposed levy charges.

12 BACKGROUND PAPERS

12.1. None

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APPENDIX 1

London Borough Merton:

Introduction of an
Emissions Based Parking
Levy – Diesel Vehicles

Proposal

Prepared in partnership with
London Borough of Merton

By:



Author(s)	Lisa Hawtin, Kevin Turpin, Anna Savage & Jason Andrews
Quality Control	Venn Chesterton & Jason Andrews
Version	v.10
Date	1st of August 2016
Last edited	20 th of August 2016
This proposal has been prepared in partnership with London Borough of Merton. Transport & Travel Research Ltd cannot accept any responsibility for any use of or reliance on the contents of the report by any third party.	



1 EXECUTIVE SUMMARY

Air pollution is increasingly recognised as a major cause of ill health and premature death. The most recent report by The Royal College of Physicians 'Every breath we take: the lifelong impact of air pollution' (February 2016)¹ says that:

- Each year in the UK, around 40,000 deaths are attributable to exposure to outdoor air pollution.
- Air pollution plays a role in many of the major health challenges of our day, and has been linked to cancer, asthma, stroke and heart disease, diabetes, obesity, and changes linked to dementia.
- Neither the concentration limits set by government, nor the World Health Organisation's air quality guidelines, define levels of exposure that are entirely safe for the whole population.

Research by King's College London has estimated that air pollution was responsible for up to 141,000 life years lost, or the equivalent of up to 9,400 deaths in London in 2010, as well as over 3,400 hospital admissions. The total economic cost associated with this was estimated at £3.7 billion.

It is therefore the responsibility for Government, both locally and nationally to take steps to tackle the issue of air quality as well as highlight the impact of pollution.

Along with other Boroughs such as Islington, Camden, Kensington & Chelsea. Merton are considering introducing a residential parking scheme that takes into account vehicle emissions and will place additional charges on those vehicles that contribute disproportionately to poor air quality.

As part the Council's commitment to Air Quality, this study has been commissioned to consider the impacts of introducing an emissions based parking levy for both residential and business parking permits. This scheme would aim to encourage residents and businesses to consider changing to low or zero emission vehicles with revenue derived from the scheme invested to support local sustainable transport initiatives and necessary infrastructure.

The approach for a low emission based parking scheme considered in this study takes into account on-road emissions, rather than simply the manufacturing specification. As this report will show, diesel cars may have low fuel consumption and low CO₂ emissions but produce disproportionately high emissions of local air quality pollutants, such as nitrogen oxides (NO_x) and particulates (PM's).

The study has proposed implementation of an annual parking permit surcharge for all diesel vehicles; no surcharge for petrol vehicles and a free parking arrangement for all 'plug-in' electric and petrol hybrid vehicles.

The objective of imposing a diesel surcharge for parking within the Borough is to make resident's aware of the impact of diesel vehicles on local air quality, and to incentivise those changing their vehicles to consider adopting lower or zero emission technologies. The exemption for petrol vehicles is a recognition that the emissions of Particulate Matter (PM₁₀/PM_{2.5}) and nitrogen dioxide (NO₂) are generally less significant when compared to diesel, and provide a readily available, low cost option for those resident's that are currently unable to make the transition straight to zero emissions technologies.

The rate of the surcharge for diesel vehicles will need to be considered very carefully; this must provide a sufficient incentive to promote long term change as well as come into line with other boroughs, whilst not be seen as punitive to diesel drivers that have been given conflicting advice over the years around diesel emissions.

¹ Royal College of Physicians – Working Party Report (February 2016) <https://www.rcplondon.ac.uk/projects/outputs/every-breath-we-take-lifelong-impact-air-pollution>

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2 BACKGROUND TO THE MERTON AIR QUALITY PARKING PROJECT

Air quality in the London Borough of Merton remains an important public health issue. In 2013, 6.4% of deaths within the borough are considered 'likely' to be attributable to air pollution under the Public Health Outcomes Framework 3.01⁶. The Air Quality Action Plan (AQAP)⁷ developed by the Council as part of their Local Air Quality Management (LAQM) responsibilities has been in place since 2003, but despite half of the 32 action plan measures having been implemented, pollution concentrations in parts of the borough remain in exceedance of the UK air quality objectives for nitrogen dioxide (NO₂). The whole borough of Merton has been declared an Air Quality Management Borough (AQMA) for NO₂ and particulates (PM₁₀).

In London, and other urban areas, attempts to address air pollution have been counteracted by continued growth in traffic, the increase in the proportion of diesel in the passenger vehicle fleet and the poor performance of vehicle emission reduction measures under real world driving conditions. The combination of these factors has meant that reducing pollution levels within AQMAs remains a challenge for many local authorities.

The revised Defra UK Air Quality Plan (2015) details the Government's plan for achieving the European Union (EU) air quality limit values for NO₂ in the UK. It was produced largely in response to the EU infraction proceedings for non-compliance with limit values and sets out targeted local, regional and national measures for reducing NO₂ in towns and cities across the UK. Defra's Air Quality Plan reinforces the requirement for local authorities to focus strongly on local actions to address the problem not only to comply with the UK's legal obligations but fundamentally to protect the health of its residents.

The measures necessary to improve air quality are multifaceted requiring a combination of improvements in vehicle technology and testing regimes but also the means to encourage individuals and businesses to make long term changes to their transport choices. To generate further improvements in air quality the focus needs to be on reducing vehicle miles, improving individual vehicle emissions and incentivising modal shift to public transport and active travel options. To instigate these changes it is generally accepted that there needs to be a combination of incentives and penalties to encourage movement away from higher pollution transport options to more sustainable/ low emission options.

In Merton a range of measures to influence transport choices have been initiated through the AQAP. This study considers whether the introduction of an emissions based parking levy for residential and business permit holders would be an effective means of incentivising the uptake of low or zero emission vehicles and stimulating more residents to switch to public/shared transport and active travel, such as walking and cycling, as an alternative to private car ownership. To do this, charging level of the permits would be based on vehicle emissions with the most polluting vehicles being charged at a higher rate, following the 'polluter pays' principle. Vehicle owners with zero emission cars would benefit by being exempt.

The overall aim of the scheme is to influence residents and business users to consider changing to low or zero emission cars with any revenue derived from the scheme reinvested to support local sustainable transport initiatives and necessary infrastructure. Successful introduction of this type of scheme demonstrates the local authority's commitment to reducing emissions and improving air quality towards national objectives.

⁶ Public Health England – Public Health Outcomes Framework – Merton data <http://www.nepho.org.uk/pdfs/public-health-outcomes-framework/E09000024.pdf>

⁷ London Borough of Merton AQ Action Plan Progress Report 2014 http://www.merton.gov.uk/merton_2014_progress_draft.pdf³ Defra 'Improving air quality in the UK Tackling nitrogen dioxide in our towns and cities' UK overview document December 2015 https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/486636/aq-plan-2015-overview-document.pdf

3 THE CASE FOR RESIDENTIAL EMISSIONS BASED PARKING LEVIES

3.1 Scope of the project

Exhaust emissions from vehicles are dependent on many factors including the age (and Euro emission standard), type of vehicle, size of engine and fuel type. Emissions will vary according to the speed that the vehicle is driven at and these can be represented by average speed emission factors to compare emissions from the vehicle fleet. In the UK, the recognised emission factors are from the European Environment Agency from their COPERT 4 model (v10).

Error! Reference source not found., Figure 2 and Figure 3 show annualised NO_x, PM₁₀ and CO₂ emissions respectively, from a fleet of vehicles made entirely of diesel cars versus one made entirely of petrol cars (the age of the fleet and Euro standards are from the NAEI - National Atmospheric Emissions Inventory for London in 2016). These graphs show that NO_x emissions from diesel cars are much higher than from petrol cars, particularly at very low or very high speeds. PM₁₀ emissions are less speed dependent but are also higher from diesels, whereas CO₂ emissions show a similar relationship with speed for both fuel type although are slightly higher from petrol cars.

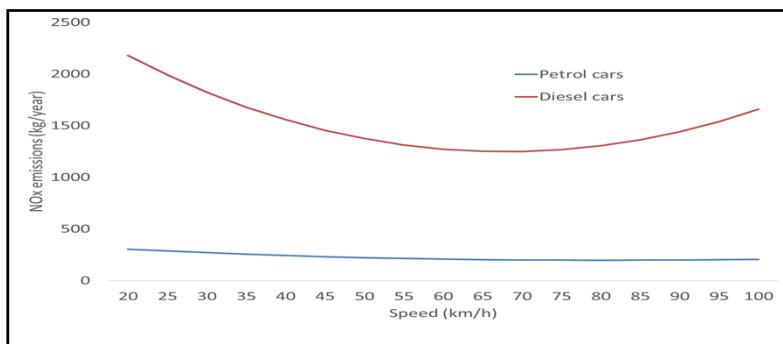


Figure 1: Speed related NO_x emissions, petrol Vs diesel cars in London, 2016

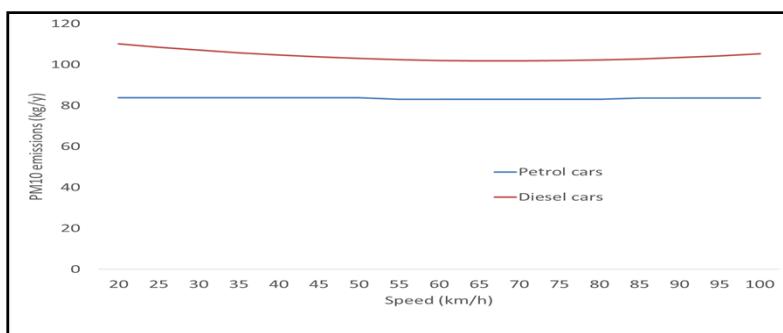


Figure 2: Speed related PM₁₀ emissions, petrol Vs diesel cars in London, 2016

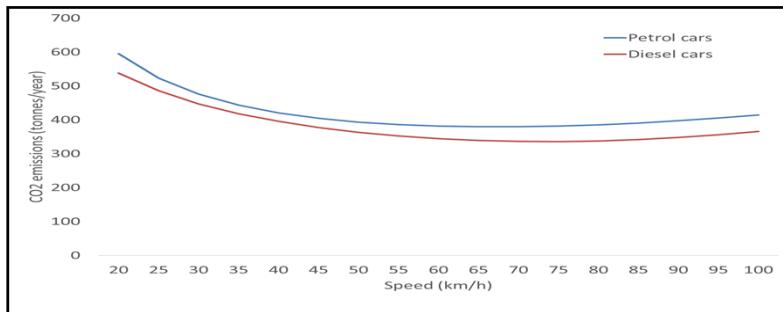


Figure 3: Speed related CO₂ emissions, petrol Vs diesel cars in London, 2016

By comparing more localised and refined data from the London Atmospheric Emissions Inventory (LAEI), the contribution by vehicle type to emissions is illustrated for Merton in Table 1.

Table 1: Annualised emissions for 2015 from the LAEI in Merton in tonnes per year

Vehicle type	Emissions (t/y)		
	CO2	NOx	PM10 exhaust
Motorcycle	1395.7	1.4	0.1
Taxi	1976.6	7.4	0.3
Petrol Car	48566.8	30.1	0.6
Diesel Car	42063.4	141.2	3.3
Petrol LGV	522.9	0.8	0.0
Diesel LGV	13971.1	49.0	1.6
London Bus	8745.4	49.6	0.3
Coach	3100.4	21.7	0.2
Rigid HGV	11484.7	63.6	0.4
Articulated HGV	3396.4	13.8	0.1

This data shows that the highest emissions are from cars which reflect their dominance in the vehicle fleet. For CO₂ emissions, there is a similar contribution from both petrol and diesel cars (around 30-35% each). The next highest contribution is from diesel light goods vans (LGVs) and diesel rigid Heavy Goods Vehicles (HGVs). **For NO_x and PM₁₀ exhaust emissions, it is the diesel cars that dominate emissions.**

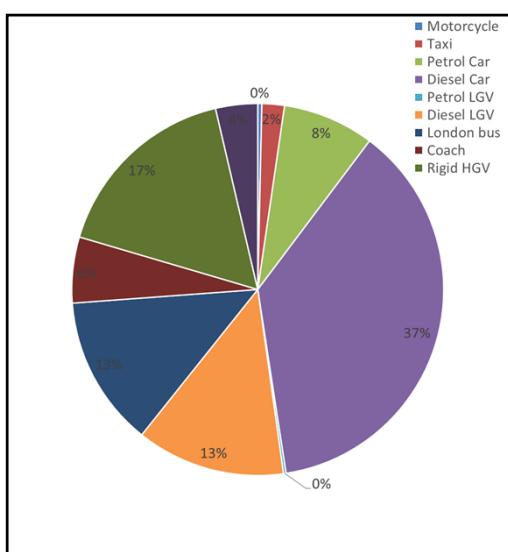


Figure 4: Annual NO_x emissions by vehicle type in Merton, 2015

Based on the findings from this data, the study focuses on a way to use parking controls as a mechanism to reduce the contribution of cars on local emissions. The scope of this study is therefore to primarily investigate introducing an emissions based parking levy for residential parking permits within Merton with an additional consideration of changing the levies for business parking permits.

The study models the effect of introducing a parking levy on residential permits for all diesel vehicles whilst offering free parking permits for all 'plug-in' or other zero emission technologies. The parking charge for petrol vehicles has been held level in the first phase to acknowledge that there is currently insufficient infrastructure to support a mass transition to electric vehicles and that petrol vehicles are generally less polluting in terms of NO₂, PM₁₀ and PM_{2.5} than diesel-fuelled vehicles.

There is scope to consider further differentiation of petrol vehicle emissions by applying different banding systems based on emissions and to consider their likely impacts on local air quality pollutants and CO₂ emissions. This method could be applied to future scenarios to encourage further transition to zero emission vehicles and as the local infrastructure expands to meet future demand. There is a

growing body of evidence suggesting that parking management in regulated car parks and on-street can be applied to create more balanced choices between alternative modes of transport⁸. The RAC has recognised the impact of inefficient parking on congestion and vehicle emissions and has called for better provision of information to ensure efficient vehicle parking, and a more consistent approach to pricing, both to cover the direct costs of parking and as a tool to manage congestion⁹. Parking management can also be used to encourage less-polluting vehicles, by means of establishing priority or dedicated parking, or reduced charges for zero or low emission vehicles. Examples of such policies already implemented in the UK include designated parking for electric vehicles, car-club vehicles and car-share vehicles, or lower parking charges for vehicles that meet a specific emission standard. This kind of scheme represents an alternative to a formal LEZ, and can potentially be enforced more easily through existing parking enforcement powers.

There are a number of local authorities that have introduced emissions based charging structure for residential parking, based on CO₂ emissions. Some of these are used to encourage owners to purchase a low or zero emission vehicle by offering a discount to these only (e.g. Milton Keynes, Richmond, Westminster and York), whilst others have introduced a banding system where charges vary based on engine size and/or emissions. The aim of all these schemes are to encourage residents to consider the effect their vehicle has on emissions and effect a behavioural change, i.e. by moving to lower emission vehicles or those with smaller engine sizes.

In London, there are a large number of boroughs that have already introduced differential charges based on emissions, including:

Islington – In 2010, the Council introduced 13 bands based on engine size for older vehicles or CO₂ emissions (based on the Driver Vehicle Licensing Agency, DVLA's vehicle excise duty, VED bands) for newer vehicles. From 2015, a £96 surcharge was added to diesel vehicles with various exemptions applied. The maximum annual residential parking charge is currently £540 (see summary of annual charges in

Band	Pre-2011 vehicle (engine size)	Post 2011 Petrol (CO ₂ g/km)	or Diesel cars alternative fuelled cars	
A	Electric	0-100	Free	N/A
B	1-900	101-110	£15.90	£111.90
C	901-110	111-120	£28.70	£124.70
D	1101-1200	121-130	£75.80	£171.80
E	1201-1300	131-140	£92.15	£188.15
F	1301-1399	141-150	£99.30	£195.30
G	1400-1500	151-165	£123.90	£219.90
H	1501-1650	166-175	£142.50	£238.50
I	1651-1850	176-185	£167.00	£263.00
J	1851-2100	186-200	£211.00	£307.00
K	2101-2500	501-225	£246.00	£342.00
L	2501-2750	226-255	£344.00	£440.00
M	>2751	<256	£444.00	£540.00

Table 2).

- **Camden** – Camden was one of the first boroughs

third car.

- **Kensington and Chelsea** – From 2014, there have been 9 charging bands with a £19 annual surcharge for diesel vehicles. The maximum annual charge for a single owned vehicle is £231. Higher charges are applied for multiple vehicles.

to introduce this type of scheme in 2007. There are 4 charging bands for older vehicles (before 2001) based on engine size and 4 bands for newer vehicles (after 2001) based on CO₂ emissions with a maximum annual charge of around £270. There is also a diesel surcharge of £10 per vehicle and an additional charge for second or

Band	Pre-2011 vehicle (engine size)	Post 2011 (CO ₂ g/km)	Petrol or alternative fuelled cars	Diesel cars
A	Electric	0-100	Free	N/A
B	1-900	101-110	£15.90	£111.90
C	901-110	111-120	£28.70	£124.70
D	1101-1200	121-130	£75.80	£171.80
E	1201-1300	131-140	£92.15	£188.15
F	1301-1399	141-150	£99.30	£195.30
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L	2501-2750	226-255	£344.00	£440.00
M	>2751	<256	£444.00	£540.00

Table 2: Example of an emissions banding residential permit system in Islington (annual charges)

Information from Islington has showed that there has been an increase in the number of lower emission vehicles (Bands A and B) from 6.3% to 13.5% and a decline in the highest banded vehicles (Bands L and M) from 9.2% to 6.7% in the last 7 years (see Figure 5).

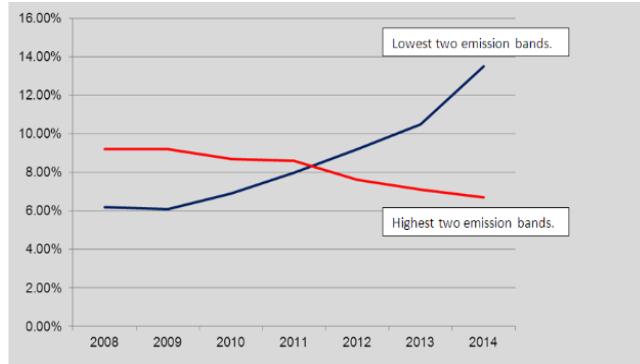


Figure 5: Change in proportion of lowest and highest banded vehicles with residential parking permits in Islington¹⁰

3.2 Current Permit Charges

Vehicle type	Diesel	Electric diesel	Electricity	Gas fuel	Duel	Hybrid electric	Petrol	Grand Total
Motorcycle							5	5
Car	4,731	12	5	14	237		9,274	14,273
Car Van	132						6	138
Van	264			2			20	286
HDV	1							1
Grand Total	5,128	12	5	16	237		9,305	14,703

In Merton, currently an annual residential parking permit costs £65 for the first car, £110 for the second car and £140 for a third car to renew (or half the cost for 6 months). Households can also purchase a single permit for more than one car as long as only one is on the road at one time. Parking permits are provided for specific zones, with some permits applicable to more than one parking zone. There is currently a one off £25 administration fee to purchase a new permit.

The Council provided a list of the vehicle registration plates of these vehicles with information on whether the vehicle is the first, second or third or more car.

There are 15,074 unique residential parking permits in Merton. The vehicle registration numbers of these vehicles were sent to the Department for Transport (DfT) to obtain details from the DVLA database on vehicle make and model, fuel type, engine size or gross weight and date of first registration. 371 vehicles could not be matched to the DVLA database. It is likely that these were foreign or diplomatic vehicles, or perhaps that the registration had been recorded incorrectly or an error had been made.

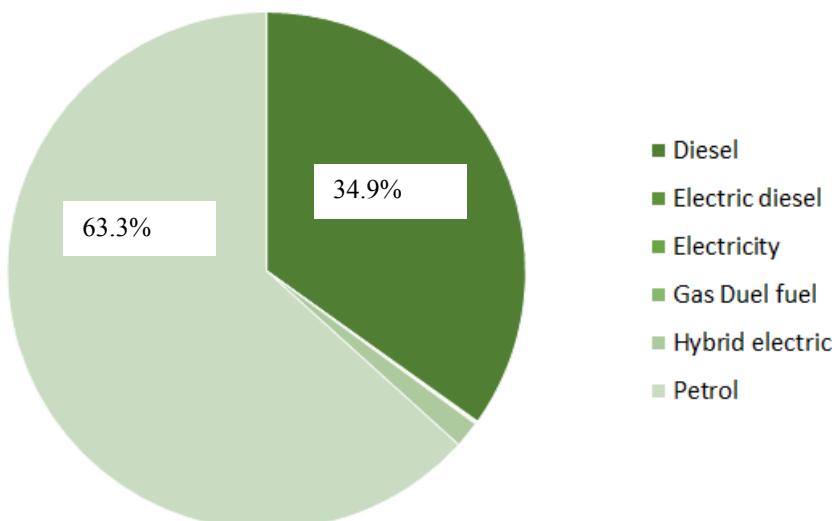
A summary of the matched vehicles by vehicle type is given in Table 3. It can be seen that as expected, the vast majority of residential permits are allocated to cars (97%). Additional information on these vehicles in terms of fuel type is given in Table 4. This data showed that of these vehicles, 63% are petrol and 35% diesel fuelled as illustrated in Figure .

Table 3: Residents parking permits: Vehicles identified from number plate details in Merton, 2015

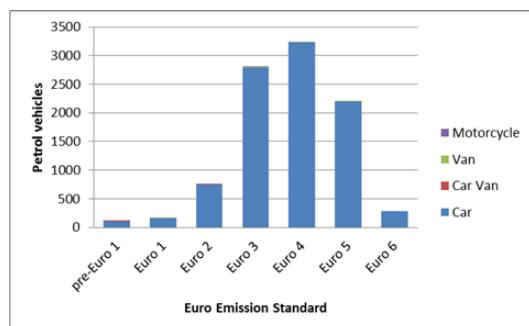
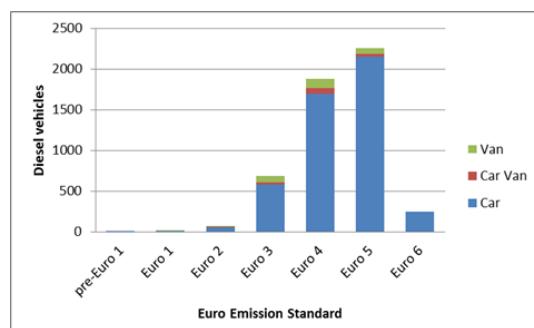
Vehicle type	Number
Motorcycle	5
Car	14,273
Car Van	138
Van	286
Heavy duty vehicle	1
Grand Total	14,703

Table 4: Residents parking permits: Vehicle split by fuel type

¹⁰ <http://democracy.islington.gov.uk/documents/s3051/Diesel%20Surcharge%20on%20Permits%20Executive%20January%202015.pdf>

**Figure 6:** Residents parking permits: The percentage split of fuel use

The study further analysed this data to derive the vehicle's Euro emission standard. This was determined based on a number of parameters including vehicle type, engine size and date of first registration. This information is presented in Figure 7 for petrol vehicles and Figure 8 for diesel vehicles. The data shows that the majority of petrol vehicles are made up of cars, and these are mainly of Euro 4 standard (i.e approximately 10 years old), with also a high number of Euro 3 (>15 years old) and Euro 5 vehicles (around 5 years old). There are fewer older petrol vehicles (ie. Pre-Euro 2 more than 20 years old) and few of the newest Euro 6 vehicles (vehicles registered after 2014). The diesel fleet was generally newer, with the highest number of Euro 5 vehicles (from 2011) which reflects the recent shift to purchase diesels. The reasons for this may be due to the fact that diesel vehicles have lower CO₂ emissions and have been incentivised by the government through schemes such as discounted car tax to reflect this.

**Figure 7:** Residents parking permits: Number of petrol vehicles by Euro Standard**Figure 8:** Residents parking permits: Number of diesel vehicles by Euro Standard

3.3 Parking levy options

Based on this data, this study has considered the impact of vehicle emissions in Merton that accounts for both direct and indirect air pollution impacts resulting from vehicle use, i.e. the direct local exposure to NO₂ and particulates and the indirect climatic effects caused by CO₂. This is in contrast to the majority of existing low emission parking schemes which are primarily based on CO₂ emissions or fuel consumption alone.

Recent evidence has shown that some diesel vehicles have very low fuel consumption and hence low CO₂ emissions for a given journey but they produce disproportional emissions such as NO_x and particulates. More so recent evidence is emerging that regulated emissions from certain vehicles on the road are possibly higher than vehicle manufactured specifications suggest. For example, findings from the International Council on Clean Transportation (ICCT) showed that modern diesel cars have low on-road emissions of carbon monoxide and hydrocarbons but unsatisfactory emissions of real world NO_x and PM emissions. Their report showed that the average on-road emissions of NO_x were 7 times the certified emission limit for Euro 6 diesel vehicles and that there was a significant range between the vehicles tested (ICCT, 2014). The reasons for this are partly due to the configuration of engine management systems and also the general performance of devices fitted to vehicles to regulate emissions which degrade over time. Clearly, vehicle emissions are annually tested as part of the MOT but there is currently no test for NO_x.

The low emission vehicle parking levy system ideally should therefore be associated with on road performance rather than manufactured specifications. On this basis this study is recommending an approach which links all vehicles to an acceptable emissions factor database published by the NAEI. The problem is that emissions factors are generally based on a prescribed driving cycle which incorporates changes in speed. Emission factors such as COPERT 4 are then published for a given average speed as described in Section 4.1. In order to derive emissions it was assumed that all vehicles in the Merton parking scheme would be driven at some stage and that 25 km/h is the average speed in most cases. By combining the NO_x and CO₂ emission rates (g/km) at 25 km/h it is possible to derive total vehicle emissions.

3.3.1 Impact of Diesel Surcharge - and exemption for all electric vehicles

The principle of adopting a parking levy has been tested for the purposes of the study by considering the impact of a surcharge on diesel cars and zero charge for electric vehicles. This test does not take into consideration any changes which would occur, sensitivities around this are outlined in tests 1, 2 and 3. Table 4 shows there are 4,731 diesel cars and 132 diesel car derived vans under 3.5 tonnes with residential permits in Merton. The surcharge charge would only apply to these vehicles. There are 264 light goods vehicle vans (over 3.5 tonnes) that have residential parking permits. Under this test, electric vehicles would have zero charge.

3.3.2 Impact of Diesel Parking Levy on emissions

The following three sensitivity tests were considered to look at the change in annualised emissions compared to the base case fleet. For this part of the study vehicles holding an existing parking permit were divided into the following 5 bandings, based on emissions:

- Band 1 (Zero emission vehicles) Electric
- Band 2 (<10 g/km combined NOx/CO2)
- Band 3 (<90 g/km combined NOx/CO2)
- Band 4 (<170 g/km combined NOx/CO2)
- Band 5 (>170 g/km combined NOx/CO2)

The vehicle bandings were applied to the existing vehicle base case fleet.

Table 5: Division of current Merton residential permit vehicles into emission bandings.

Vehicle	Engine Size or Gross Vehicle Weight (GVW)	Low emissions			High emissions	
		Band 1	Band 2	Band 3	Band 4	Band 5
Petrol car	<1400 cc	0	1,316	2,449	55	26
Petrol car	1400-2000 cc	0	1,005	3,417	76	48
Petrol car	>2000 cc	0	0	940	127	69
Diesel car	<1400 cc	0	0	1	108	0
Diesel car	1400-2000 cc	0	0	168	2,811	0
Diesel car	>2000 cc	0	0	81	664	959
Petrol car derived van	1400-2000 cc	0	0	1	0	2
Diesel car derived van	<2000 cc	0	0	0	83	0
Petrol Van	<3.5t	0	4	9	0	9
Diesel van	<3.5t	0	0	0	0	264
Electric	Electric	5	0	0	0	0
Grand total						14,697*

Three tests have been applied to the base case to evaluate the impact on emissions of applying a parking levy to diesel vehicles.

- **Test 1.** All diesel cars are removed from the fleet
- **Test 2.** 10% of diesel cars in base year are switched to a minimum Euro 5 petrol variant. It is assumed that this effect is random. To do this, the first 10% vehicles in the database are modified which amounted to 474 vehicles.
- **Test 3.** 30% of diesel cars in base year are switched to a minimum Euro 5 petrol variant. It is assumed that this effect is random. The first 30% vehicles in the database are modified.

It was considered more appropriate to evaluate the impact of these options with respect to the change in annualised NO_x emissions from the base case rather than in terms of the impact on NO₂ concentrations at the roadside (which was originally proposed).

Base case

Annualised NO_x emissions were determined by each emission band for the base case. These results are given in Figure 9.

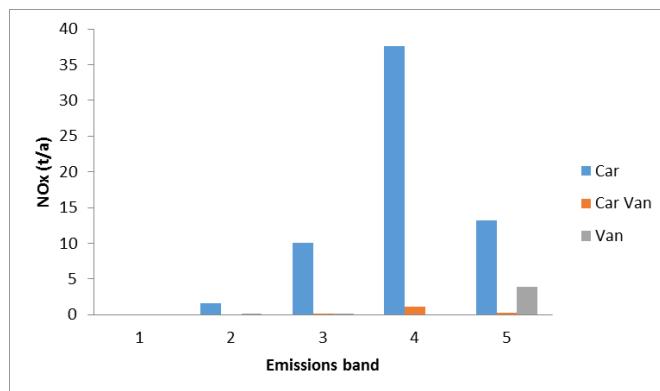


Figure 9 1: Base case annualised NOx emissions from vehicles with parking permits by emission band (1=cleaner vehicles)

Test 1: Removal of diesel cars

Test 1 involves analysing the effect on emissions if all diesel cars were replaced by petrol variants. The results are shown for NO_x emissions in Figure 9. The reduction in NO_x emissions is quite dramatic, particularly in band 4. Overall, this would result in a reduction of annualised NOx emissions by approximately 63%.

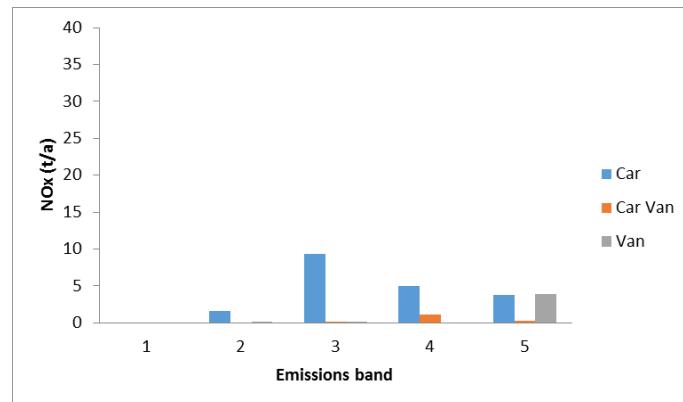


Figure 10: Test 1 - Annualised NO_x emissions with zero diesel cars in the parking permit fleet

Test 2 – 10% diesel cars switched to Euro 5 petrol equivalent

Test 2 analyses the effect on NOx emissions if 10% of residential permit holders could be persuaded to switch their diesel car to a Euro 5 petrol equivalent. The impact on NO_x emissions are shown in Figure 11.

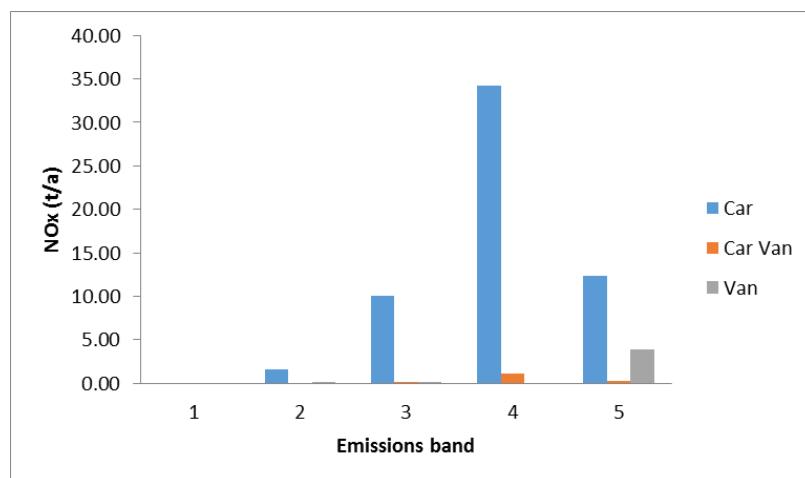


Figure 21: Test 2 - Annualised NO_x emissions with 10% diesel cars switching to petrol equivalent

Test 3 – 30% diesel cars switched to Euro 5 petrol equivalent

Test 3 is similar in principle to Test 2. This analyses the effect on NO_x emissions if 30% of residential permit holders could be persuaded to switch their diesel car to a Euro 5 petrol equivalent. The impact on NO_x emissions are shown in Figure 12.

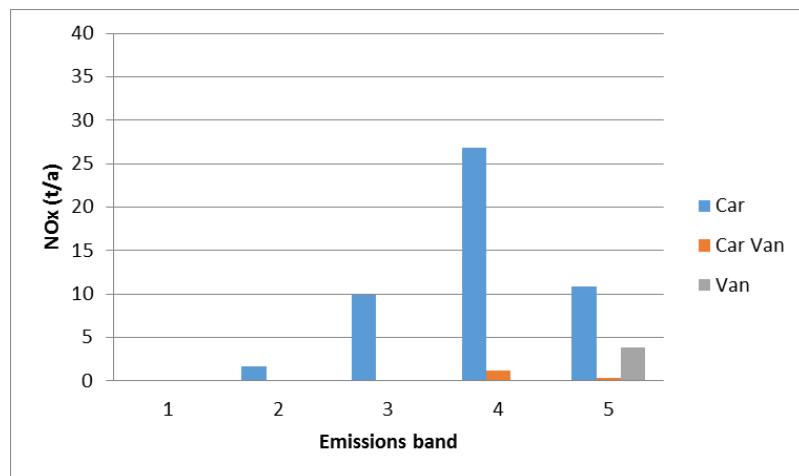


Figure 12: Test 3 - Annualised NO_x emissions with 30% diesel cars switching to Euro 5 petrol equivalent

Figure 11 shows that this test could reduce NO_x emissions from diesel vehicles in bands 4 and 5 as expected. The switch appears to have a negligible effect on bands 2 and 3 where the majority of petrol vehicles are due to the fact that the test assumes a shift to Euro 5 petrol. Overall the test estimates a 20% reduction in NO_x emissions.

3.3.3 Transition to Low/Zero Emission Vehicles

It is difficult to evaluate the impact of implementing a diesel parking levy on the uptake of zero/low emission vehicles. People that decide to purchase an electric vehicle are probably less influenced by preferential parking charges and more so by the way their vehicle is used on a daily basis and are likely to have an element of altruism in terms of their buying behaviour. There is also the need to consider the capacity of existing infrastructure, which may limit the opportunity for residents to adopt low emission vehicle technology in the short term.

Introducing a low emission parking permit scheme for residential parking provides an incentive to discourage the most polluting vehicles. This can be an effective means of promoting behaviour change but can also be accompanied by complementary measures and incentives to encourage residents to choose other sustainable transport options. These may include purchasing Ultra Low Emission vehicles (ULEV) and reducing car use by switching to other modes of transport.

The rate of adoption of ULEVs is determined by a number of factors but primarily comes down to cost and convenience for the motorist. Government subsidies for the purchase of ULEVs has increased uptake of electric vehicles across the UK with registrations rising from 500 per month at the start of 2014 to an average of around 2,400 per month during 2015. As a percentage of new car registrations, electric cars now represent just over 1% of the total new car market in the UK (Society of Motor Manufacturers and Traders 2016). However, it is acknowledged that the cost of purchasing a new vehicle is still prohibitively expensive for a large section of society.

In terms of convenience, the accessibility of charging facilities also has a bearing on the attractiveness of adopting ULEVs. TfL has produced a fact sheet detailing charging facilities by London Borough and there are currently 1,400 charging points across London. There is currently a

lack of charging infrastructure in south London, for example Merton currently only has 6 public charging points, Richmond has 10, Sutton has 19 and Wandsworth has 24. This lack of local charging points could be seen as barrier to increasing the uptake of electric and hybrid vehicles in the short term and therefore improvements to the necessary infrastructure should be provided.

Other sustainable transport options have been promoted through the Merton AQAP including two public car clubs, the London Cycle Network, Walk-it scheme and development of green travel plans for businesses and schools. Merton is also committed to improving access to public transport and has used planning agreements to generate new car free developments as part of their overall plan to improve air quality.

The proposed low emissions parking levy, if adopted, would provide the Council with an opportunity to raise resident's awareness of the impact of emissions from their vehicles on local air quality and could provide an effective prompt to those considering changing their vehicle.

The scheme would benefit from additional public engagement prior to implementation to ensure that permit holders understand the justification for changes in the permit costs and are fully aware of the available opportunities for reducing emissions and minimising the personal impact of the levy.

3.4 Summary

This analysis was conducted to understand what effect the implementation of a resident's parking permit levy on diesel cars would have on reducing direct and indirect emissions. Emissions were calculated as a function of NO_x's over a limited number of vehicle types driven at a constant average speed and over a distance each year.

The idea behind this approach was to provide a parking levy system that reflects road emissions rather than the manufacturing specification.

To test the impact of implementing a diesel parking levy on revenue, a surcharge was applied to the existing residential parking permit fleet. Three further tests were undertaken to investigate the sensitivity on emissions for certain shifts in vehicle ownership due to the proposed parking levy.

The change in annual emissions was not estimated for the surcharge option as there is no real understanding as to people's preference to pay versus the preference to change vehicle types. This could only realistically be achieved via public consultation to understand these preferences. For example, if the surcharge of £100 for diesel parking permits was found to be sufficient for everyone to switch to petrol variants (i.e. eliminating diesel cars and car vans), then an estimated reduction in annualised NO_x emissions of 60% (Test 3) would be possible.

4 BUSINESS EMISSION BASED PARKING LEVIES

4.1 Introduction

Business parking permits are only issued in Merton for vehicles that are essential for business and there is a limit of two permits per business. The business parking permits are issued for six months at a cost of £331 for all zones except for Wimbledon town centre where permits cost £376. There is a £25 administration fee for new permits, as for the residential permit system. The London Borough of Merton provided a list of the number plates and tariffs paid for all vehicles registered in the scheme, of which there were 324 unique vehicles. These number plates were sent to the DfT for analysis against the 2015 DVLA database whereby 311 vehicles were able to be matched and 13 unmatched. Nine of the 13 unmatched vehicles were registered in 2016 so vehicle details of these had to be determined manually the remaining four were discounted as having misread plate details. Of these matched vehicles, 90% of the vehicles were cars. A summary of the vehicle statistics are given in Table 6.

Table 6: Business parking permits – summary of vehicle types

Vehicle type	Number
Motorcycle	1
Car	288
Car derived van	14
Van	17
Heavy duty vehicle	0
Grand Total	320

The split of petrol and diesel vehicles was relatively even with 51% petrol and 49% diesels. This was in contrast to the residential permits where 64% of vehicles were petrol. This higher number of diesel vehicles for business use is likely to be due to company tax incentives and the higher mileage driven by businesses. The breakdown of these vehicles by Euro emission standard is shown for petrol and diesel vehicles in **Error! Reference source not found.**³. The analysis shows that petrol vehicles are dominated by cars of which there are mainly Euro 4 and Euro 5 vehicles. As for the residential permits, there are a higher number of newer diesel vehicles in the fleet with primarily Euro 5 vehicles but a lower number of the newest Euro 6 vehicles which may be reflecting a recent switch away from diesels.

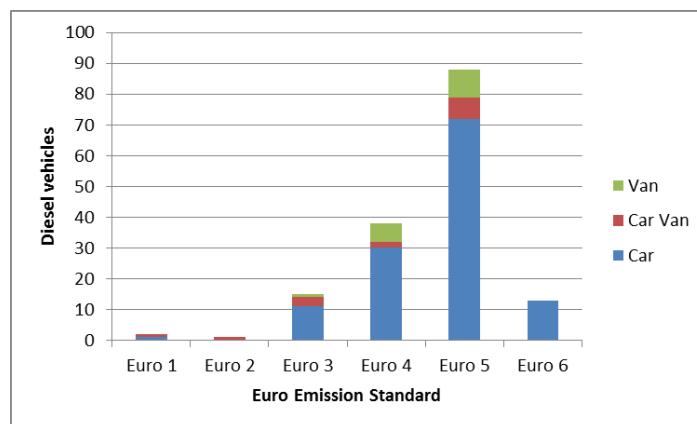


Figure 13: Business parking permits: Number of diesel vehicles by Euro Standard

*Excluding the motorbike from analysis

Impact –of surcharge for diesel cars and exemption for all electric vehicles

The impact of an annual surcharge on diesel cars was modelled. It is noted that car derived vans and LGVs are excluded because there currently no practical alternative variants for owners to procure. In the case of business permits, as these are paid every six months it is assumed that this surcharge equates to each six months. It is noted that at present there are no electric vehicles with business permits.

4.2 Impacts of options on emissions

In the same manner as for the residential parking permits, the following five sensitivity tests were considered to examine the change in annualised emissions compared to the base case fleet.

- **Test 1.** All diesel cars are removed from the fleet
- **Test 2.** 10% of diesel cars in base year are switched to a minimum Euro 5 petrol variant. It is assumed that this effect is random. To do this, the first 10% vehicles in the database are modified which amounted to 474 vehicles.
- **Test 3.** 30% of diesel cars in base year are switched to a minimum Euro 5 petrol variant. It is assumed that this effect is random. The first 30% vehicles in the database are modified.

To determine annualised emissions it was assumed that each vehicle travelled an average distance each year of (~32,000 kilometres) for business usage at an average speed (25 km/h) to be able to compare the impacts of each option.

Base case

Annualised NO_x emissions were determined by each emission band for the base case. These results are given in Figure 14.

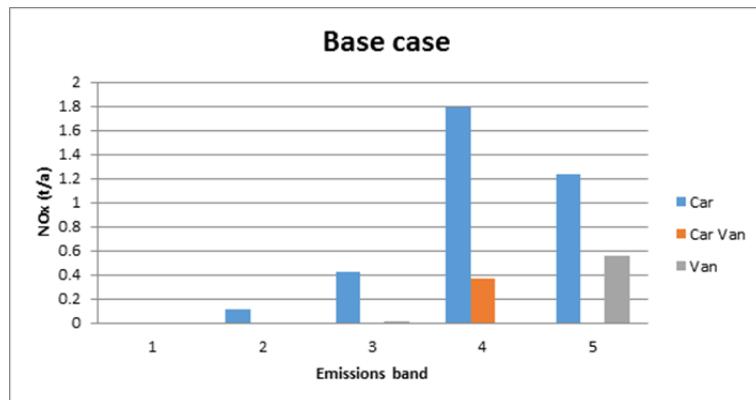


Figure 14: Base case annualised NO_x emissions from vehicles with parking permits by emission band (1=cleaner vehicles)

Test 1: Removal of diesel cars

Test 1 involves analysing the effect on emissions if all diesel cars were converted to petrol variants. The results are shown for NO_x Figure 15. Overall, this policy would result in a reduction of annualised NO_x emissions by approximately 63%.

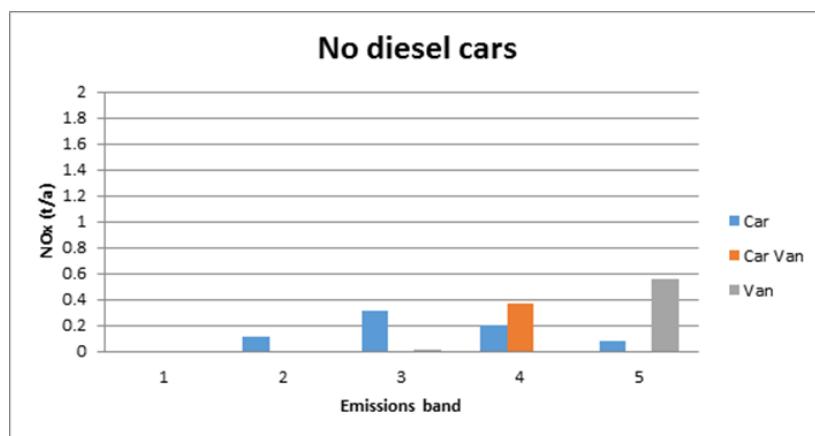


Figure 15: Test 1 - Annualised NO_x emissions with zero diesel cars in the parking permit fleet

Test 2 – 10% diesel cars switched to Euro 5 petrol equivalent

Test 2 analyses the effect on NO_x if 10% of business permit holders could be persuaded to switch their diesel car to a Euro 5 petrol equivalent. The impact on NO_x emissions are shown in Figure 16.

The change in the profile of emissions from the base case is not immediately obvious from the figures compared to the baseline. However, there would be an overall reduction in NO_x emissions by 6% compared to the base case.

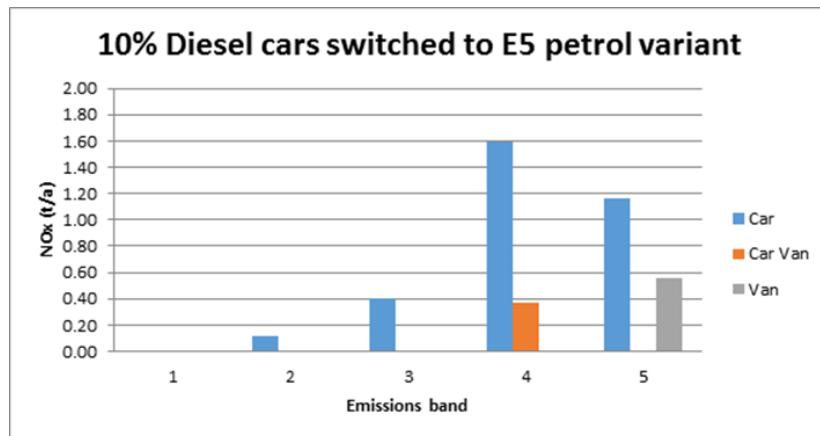


Figure 16: Test 2 - Annualised NO_x emissions with 10% diesel cars switching to petrol equivalent

Test 3 – 30% diesel cars switched to Euro 5 petrol equivalent

Test 3 is similar in principle to Test 2. This analyses the effect on NO_x emissions if 30% of business permit holders could be persuaded to switch their diesel car to a Euro 5 petrol equivalent. The impact on NO_x emissions are shown in Figure 17.

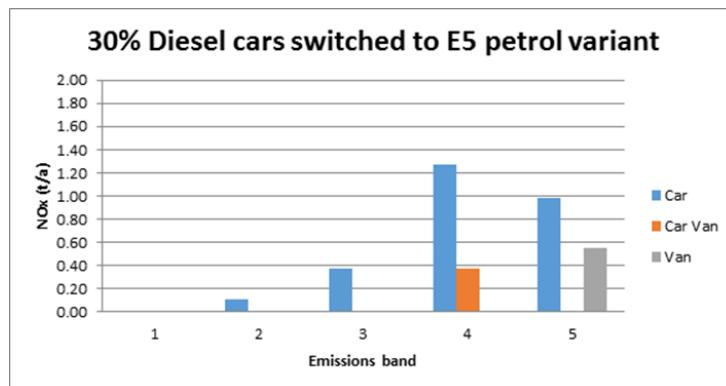


Figure 173: Test 3 - Annualised NO_x emissions with 30% diesel cars switching to Euro 5 petrol equivalent

This shows that this test could reduce NO_x emissions from diesel vehicles in bands 4 and 5 as expected. The switch appears to have a negligible effect on bands 2 and 3 compared to Test 4 where the majority of petrol vehicles are due to the fact that the test assumes a shift to Euro 5 petrol. Overall the test estimates that there would be an 18% reduction in NO_x emissions compared to the base.

5 CONCLUSION - MAXIMISING OPPORTUNITIES AND RECOMMENDATIONS

The whole of the London Borough of Merton is declared an Air Quality Management Area for nitrogen dioxide (NO_2) and PM_{10} which demonstrates that local air quality is therefore a key public health issue. The local authority has an Air Quality Action Plan that sets out a number of measures to reduce emissions and pollutant concentrations in the borough and to work with the local community and neighbouring or wider authorities to achieve this.

This study has demonstrated an approach for a low emission based residential and business parking permit system in Merton that considers on-road emissions rather than the manufacturing specification. Recent evidence has shown that although modern diesel vehicles (primarily cars) have very low fuel consumption and hence low CO_2 emissions they produce high emissions of local air quality pollutants such as NO_x . The approach taken in this study therefore takes into account the impacts of these pollutants and is considered to be more thorough and rational to many of the low emission parking schemes which are being used by local authorities as these are primarily based on CO_2 emissions or fuel consumption.

The study has considered the impact of implementing a surcharge on all diesel vehicles in the residential and business parking permit fleet. This together with a zero fee for all plug-in electric or hybrid vehicles is designed to encourage local residents to make a transition from diesel to zero/low emission vehicles. A surcharge is not proposed in the early stages of the scheme for petrol vehicles as it is acknowledged that a mass transition to electric/hybrid vehicles is unlikely to be achieved in the short term and petrol provides a viable alternative to diesel given generally lower emissions of air quality pollutants such as NO_x and particulates.

The approach adopted for calculating the impact of applying the diesel surcharge is based on dividing the fleet into 5 emission bands based on a combined emission rates for local air quality pollutants and carbon dioxide. The proposed surcharge scheme means that Merton can continue to charge differing amounts for second and third cars and different amounts for resident and business permits if they wish. It is also clear that the approach also needs to provide a fair system that benefits the environment but that isn't too detrimental to vehicle users. Although there may be an increase in revenue in the first year of a surcharge being applied, it is anticipated that over time this revenue will decline as the diesel fleet decreases, but this has not been tested.

The study has provided a number of recommendations which are summarised below.

1. Further analysis to consider the impact on revenue over a five year period as the fleet improves over time.
2. Consider impact of introducing different parking levies for petrol vehicles based on emission banding to encourage transition of higher emission petrol vehicles to zero/low emission alternatives in the medium to long term.
3. Consider the impact of different surcharge rates on revenue to take into account increased administrative burden to introduce this system and to provide additional investment in infrastructure to meet the needs of residents adopting zero/low emission vehicle technologies.
4. Consider preference surveys or behavioural analysis of residents and businesses to understand the preference of owners to either pay a higher permit change versus the preference to change their vehicle to pay a lower charge. This could help identify what percentage change to charges may be needed to result in the desired change and improvement in emissions.

GLOSSARY

AQAP	Air Quality Action Plan
AQMA	Air Quality Management Area
CAZ	Clean Air Zone
CO ₂	Carbon dioxide
COPERT	Computer Programme to Calculate Emissions from Road Transport
Defra	Department of Environment, Food and Rural Affairs
DfT	Department for Transport
DVLA	Driver Vehicle Licensing Agency
EU	European Union
GLA	Greater London Authority
GVW	Gross Vehicle Weight
HGV	Heavy Goods Vehicle
LAEI	London Atmospheric Emissions Inventory
LAQM	Local Air Quality Management
LEZ	Low Emission Zone
LGV	Light Goods Vehicle
LIP	Local Implementation Plan
NAEI	National Atmospheric Emissions Inventory
NHS	National Health Service
NO ₂	Nitrogen Dioxide
NO _x	Nitrogen Oxides
PM ₁₀	Fine particles with a diameter of less than 10 µm
PM _{2.5}	Fine particles with a diameter of less than 2.5 µm
TfL	Transport for London
ULEV	Ultra Low Emission Vehicle
ULEZ	Ultra Low Emission Zone

APPENDIX A - AIR QUALITY OVERVIEW

National Air Pollution and Public Health Evidence

Air pollution is increasingly recognised as a major cause of ill health and premature death. The most recent report by The Royal College of Physicians 'Every breath we take: the lifelong impact of air pollution' (February 2016)¹¹ says that:

- Each year in the UK, around 40,000 deaths are attributable to exposure to outdoor air pollution, with more linked to exposure to indoor pollutants
- Air pollution plays a role in many of the major health challenges of our day, and has been linked to cancer, asthma, stroke and heart disease, diabetes, obesity, and changes linked to dementia.
- Neither the concentration limits set by government, nor the World Health Organisation's air quality guidelines, define levels of exposure that are entirely safe for the whole population.

Ongoing research provides evidence that the impact of poor air quality on an individual's health can start in the womb and continue through childhood affecting the development of the lungs and other major organs. These effects can have a lasting effect into adulthood, compromising a person's health further as the individual ages and becomes increasingly vulnerable to the effects of air pollution.

The financial cost of air pollution to the United Kingdom has been valued at more than £20 billion per year. This cost is related to the annual mortality burden in the UK from exposure to outdoor air pollution (equivalent to around 40,000 deaths per year) together with the additional impacts of exposure to indoor air pollution such as radon and passive smoking. Poor health caused by air pollution has wide impacts on society, business, and the health service and on individuals who suffer from illness and premature death.

There is no doubt that air pollution has improved significantly in the UK since the smogs of the 1940s & 50s, mainly as a result of the Clean Air Act 1956. However, whilst there has been a reduction in smoke and sulphur dioxide emissions in line with the decrease in coal burning, the change in our lifestyles and the increase in road transport means that many people are now more exposed to NO₂ and particulate matter arising primarily from the transport sector.

In 2012, road traffic in the UK was ten times higher than in 1949 and the total average distance walked each year decreased by 30% between 1995 and 2013. (RCP 2016)⁴

Previous fuel regulations have been effective in reducing sulphur and lead in diesel and petrol but NO₂ and particulates from diesel engines have been poorly controlled and these remain a problem. In the UK today nearly all buses, vans, lorries and approximately 50% of passenger cars run on diesel.

The Environment Act 1995 and associated regulations established the LAQM system, under which all local authorities in England, Wales and Scotland are required to regularly review and assess air quality in their areas against objectives for several pollutants of particular concern for human health.

Where a local authority has identified areas with pollution concentrations in excess of the objectives it is required to designate an AQMA and produce an Air Quality Action Plan (AQAP) detailing the remedial measures to be adopted to tackle the problem within the AQMA. Currently there are more than **700 AQMAs** in UK mostly related to exceedances of NO₂ as illustrated in **Error! Reference source not found..**

In addition to the LAQM process, the European Union, through the 2008 [ambient Air Quality Directive](#), sets legally binding limits for concentrations in outdoor air of major air pollutants that impact public health such as particulate matter (PM₁₀ and PM_{2.5}) and NO₂. The EU Air Quality Directive divides the UK into 43 zones and agglomerations with the UK failing to meet the annual mean limit

¹¹ Royal College of Physicians – Working Party Report (February 2016) <https://www.rcplondon.ac.uk/projects/outputs/every-breath-we-take-lifelong-impact-air-pollution>

value for NO₂ in 38 of the 43 zones. In addition some parts of London also breached the European hourly NO₂ limit with the maximum limit for more than 18 hours per year being breached within the first few weeks of 2016.

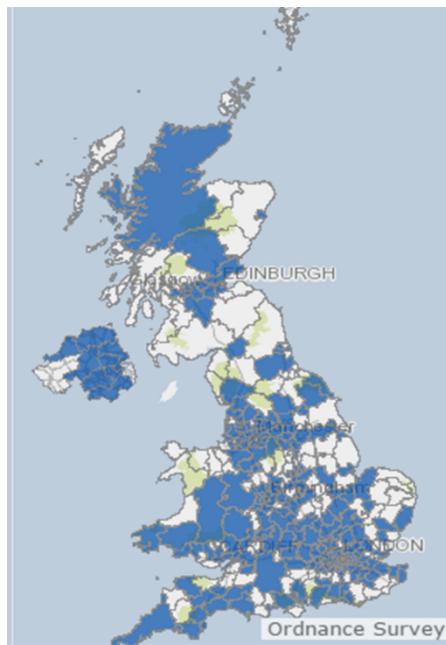


Figure 4: Map of UK Local Authorities with AQMAs (Source: Defra)

As a consequence of the failure to comply with the limit values the UK is currently subject to EU infringement proceedings which may result in the imposition of substantial fines. The UK government have indicated that any fines imposed by the EU may be passed down to local authorities through the discretionary powers under Part 2 of the Localism Act.

In April 2015, the UK Supreme Court ordered the Government to redraft the national action plan to ensure compliance with legal NO₂ limits as soon as possible. Defra's Air Quality Plan aims to try and achieve compliance with the limit values in the shortest time possible. The plan includes the introduction of a national framework for the introduction of Clean Air Zones (CAZs), together with a range of other measures to deliver effective vehicle emission standards and to accelerate the uptake of ultra-low emission vehicles.

APPENDIX B – LONDON AIR QUALITY

Research by King's College London has estimated that air pollution was responsible for up to 141,000 life years lost or the equivalent of up to 9,400 deaths in London in 2010, as well as over 3,400 hospital admissions. The total economic cost associated with this was estimated at £3.7 billion¹² In addition, analysis by Policy Exchange¹³ has established that 328,000 children attend schools in London where annual mean NO₂ concentrations exceed the health based objective. This number represents nearly 25% of all pupils in London.

Much has already been done across London to address the air quality problem both at a strategic level and within local boroughs but the magnitude of the problem means that significant improvements still need to be made. The Mayor's first Air Quality Strategy in 2001 instigated the London Congestion Charge Zone, provided investment in public transport and introduced measures to reduce emissions from buses, taxis and HGVs. It also paved the way for introduction of the Low Emission Zone (LEZ) in 2008.

The Mayor's Air Quality Strategy was updated in 2010 introducing additional measures including imposing an age limit for black cabs and private hire vehicles; investment in cleaner hybrid and hydrogen buses; retrofitting/replacing older buses, and investment in public transport. The Mayor's Clean Air Fund also provided £5m to promote innovative pollution reduction measures, such as dust suppressants, green walls and other green infrastructure, and a no engine idling campaign across Central London.

In 2013 the Mayor further extended the Strategy to introduce the London Ultra Low Emission Zone (ULEZ). The ULEZ comes into force in 2020 and will increase restrictions on vehicles travelling in the congestion charge zone. The ULEZ charge will be dependent on vehicle emission standards with only diesel vehicles meeting Euro 6 standards, and petrol vehicles meeting Euro 4 standard being exempt from the additional charge.

In July 2016 the new Mayor of London started consultation on a number of air quality initiatives including the potential extension of and earlier start to the implementation of the ULEZ.

¹²¹² 3.8 million people work in parts of London which are above legal limits for NO₂ pollution, representing 44% of London's workday population (policy exchange)⁶

¹³ Policy Exchange – Capital City Foundation 'UP IN THE AIR: How to Solve London's Air Quality Crisis: Part 1' Richard Howard (2015) <http://www.policyexchange.org.uk/publications/category/item/up-in-the-air-how-to-solve-london-s-air-quality-crisis-part-1>

APPENDIX C – MERTON AIR QUALITY

The London Borough of Merton is a south London borough covering an area of 15 square miles and a population of 203 200 (Office of National Statistics 2014). It is a predominantly residential area with the main commercial areas centred in Mitcham, Morden and Wimbledon. Merton declared a borough-wide AQMA in 2003, based on exceedance of the annual mean objectives for both NO₂ and PM₁₀. The Detailed Assessment report¹⁴ produced by Merton identified the main source of pollution as being from road traffic particularly on busy and congested routes within the borough together with elevated background levels generated from the wider surrounding urban areas. The pollution contour map reproduced in **Error! Reference source not found.**¹ provides the predicted annual mean NO₂ concentrations for 2015 from this report and clearly identifies elevated concentrations on the principal roads through the Borough including the A3 trunk road, the A24, the A217, A236, A237 and A296.

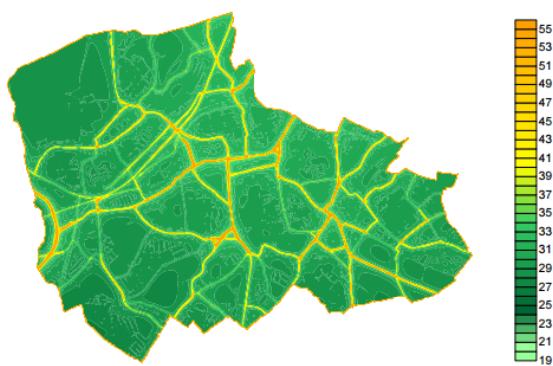


Figure 1: Modelled annual mean NO₂ concentrations ($\mu\text{g}/\text{m}^3$) in Merton, 2015

Figure 2 shows that the number of days exceeding the daily mean PM₁₀ objective (of no more than 35 days) is only likely to be exceeded on a small section of the London Road (A236) on the south east boundary of the borough.

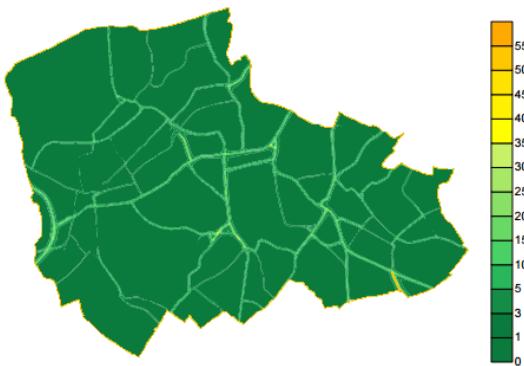


Figure 2: Modelled daily mean PM₁₀ (number of days exceeding 50 $\mu\text{g}/\text{m}^3$) in Merton, 2015.

Merton produced their AQAP in 2003 setting out measures to improve air quality across the borough and ultimately to achieve compliance with the UK air quality objectives. Sixteen of the 32 original action plan measures have been completed, are ongoing as statutory functions undertaken by the Council, or have become redundant due to changes implemented by others. Completed actions include improving the Council's vehicle fleet; establishing two public car clubs; the introduction of a number of 20mph 'Home zones'; the adoption of supplementary planning guidance on air quality and the use of Section 106 planning agreements to bring forward 6 car free developments. Other

¹⁴ London Borough of Merton Air Quality Detailed Assessment, 2003

London Borough of Merton: Air Quality & Parking Project

measures have promoted active travel campaigns and supported the development of sustainable school and business travel plans.

Ongoing and current action plan measures include the introduction of controlled parking zones; improving access to sustainable travel modes and development of Freight Quality Partnerships through work with the local business community. Merton have tracked the progress of individual action plan measures since inception and continue to monitor air pollution across the borough through the monitoring network based on two long term automatic stations and a series of diffusion tube sites.

The latest available monitoring data is available from the 2015 Updating and Screening Assessment, which indicates that the annual mean NO₂ objective was exceeded at six monitoring sites during 2014, these were all roadside sites at various locations across the borough including Morden, Wimbledon, Merton High Street, Colliers Wood and Raynes Park. There were no measured exceedances of either the short or long term PM₁₀ objectives in 2014.¹⁵

¹⁵ London Borough of Merton Air Quality Updating and Screening Assessment in fulfilment of Part IV of the Environment Act 1995 LAQM (June 2015).

APPENDIX D – LOCAL POLICY DRIVERS

In addition to the AQAP there are additional local policy drivers linking transport and health. This includes the Merton Annual Public Health Report 2015 entitled, '*The Time for Prevention is Now - Keeping People Healthy Reduces Health Inequalities*'¹⁶. This is the second annual public health report for Merton which makes the case for prevention and recognises the work of the Public Health team and its partners since the transition of public health from the NHS to local government.

Within the report, Theme 5: 'A good natural and built environment' encourages the transition to more sustainable transport initiatives within the borough by, 'Promoting and enabling sustainable 'active' travel modes such as walking, cycling and using public transport, enables people to integrate increased physical activity levels into their everyday lives'.

By coordinating efforts to increase active travel and reduce dependence on car travel there are clear benefits to health, both in terms of increasing physical activity but also in reducing harmful emissions to air.

¹⁶ Merton Annual Public Health Report 2015 entitled, 'The Time for Prevention is Now - Keeping People Healthy Reduces Health Inequalities'. <http://www.merton.gov.uk/annualpublichealthreport2015-web.pdf>

APPENDIX E - LEGAL FRAMEWORK FOR EMISSIONS BASED PARKING LEVIES

The key legal framework for allowing for parking operation and enforcement duties comes under the Road Traffic Regulation Act 1984 and Road Traffic Act 1991. Designation of parking is achieved through traffic regulation orders.

The Road Traffic Act 1991 provides local authorities with the power to enforce parking activities themselves rather than the police (i.e. decriminalising parking enforcement). Under these powers, local authorities can issue fines or parking tickets. Under Sections 45 and 46 of the Road Traffic Regulation Act 1984, Councils can designate parking places on the highway, to charge for parking in these places and to make a charge for parking permits for their use. Local authorities can also introduce differential permit charges between vehicles of different classes based on factors including their level and type of emissions. Exemptions to these charges may be granted, for example for disabled drivers, carers, tradespeople including taxis.

Under this act, the function of setting charges for permits and vouchers must, be exercised to "secure the expeditious, convenient and safe movement of vehicular and other traffic (including pedestrians) and the provision of suitable and adequate parking on and off the highway..." so far as practicable having regard to:

- a) the desirability of securing and maintaining reasonable access to premises;
- b) The effect on the amenities of any locality affected and the strategy prepared under section 80 of the Environment Act 1995 (national air quality strategy);
- c) the importance of facilitating the passage of public service vehicles and of securing the safety and convenience of persons using or desiring to use such vehicles; and
- d) any other matters appearing to the local authority to be relevant (section 122 of the 1984 Act)

In London, local authorities must also have regard to the Mayor of London's Transport Strategy (sections 142 and 144(1)(a) Greater London Authority Act 1999) which emphasises the importance of reducing emissions and improving air quality.

Other relevant guidance for consideration include the Secretary of State's non statutory Operational Guidance on Parking that recommends that authorities set charges which are consistent with the aims of their transport strategy including road safety and traffic management strategies. For example, Merton's Sustainable Transport Strategy and Local Implementation Plan (LIP) for 2011-2026 states that they will review, introduce or enhance existing parking controls subject to consultation. The LIP also has an important role in supporting Merton's Air Quality Action Plan in working to reduce emissions associated with transport¹⁷.

It is unlawful for a Council to set or increases charges for parking permits for the purpose of generating additional income to fund its traffic management functions. In the event that the impact of the proposed new charges generates a surplus over and above the cost of the on street parking scheme and its administration and enforcement, the Road Traffic Regulation Act 1984 requires that surpluses are used for specific transport purposes as listed in section 55(4) of this act and amended by more recent regulations including the Greater London Authority Act 1999, the London Local Authorities and TfL Act 2003 and the Traffic Management Act 2004. These schemes include:

- Provision and maintenance of off-street parking facilities
- Provision and operation of (or facilities for) public transport services
- Highway improvements
- Other schemes that facilitate the implementation of the Mayor's Transport Strategy
- Roads maintenance
- Environmental improvements

Any shortfall or deficient as a result of the emission based parking scheme is required to be made good from the general rate fund (i.e. the Council tax).

¹⁷ <http://www.merton.gov.uk/merton-lip2-only-web.pdf>

London Borough of Merton: Air Quality & Parking Project

There is already precedent set for introducing emissions based parking permits or providing discounts for low emission vehicles under provisions given in the Road Traffic Regulation Act 1984. Currently at least ten London Boroughs have successfully introduced or are considering such schemes as part of measures to reduce road vehicle related emissions set out in their Air Quality Action Plans and LIPs.

Appendix 2

Listed below are the details of each type of resident and business permits issued in 2015/16. The data shows that of the total of 19,259 permits issued, 6574 (34.9%) were issued to diesel vehicles. The table also demonstrates the impact of a surcharge on the cost of each permit on a sliding scale from £50 to £100.

Listed below in table 1 are a range of surcharges for consideration

Permit Type	Number of permits issued	Number of Diesel vehicles	Current first permit charges pa	Surcharge £50	Surcharge £60	Surcharge £80	Surcharge £100
Resident Address Permit	242	84	£65	£4,200	£5,040	£6,720	£8,400
Town Centre car park season Tickets	4081	1424	£445 PA Morden £300 PA Mitcham £960 PA Wimbledon	£71200	£85440	£113920	£142400
Resident Parking Permit	16,136	5,486	£65	£274,300	£329,160	£438,880	£548,600
Business Address Parking Permit	149	52	£752 inner zones £662 outer zones	£2,600	£3,120	£4,160	£5,200
Business Parking Permit	523	182	£752 inner zones £662 outer zones	£9,100	£10,920	£14,560	£18,200
Trades Permit	211	73	£900 OR £600 6months OR £375 3months OR £150 1 month OR £50 1 week	£3,650	£4,380	£5,840	£7,300
Total	19,259	6,574		£365,050	£438,060	£584,080	£730,100

Permit charges for 1st residents and 1st Business permits for all London Boroughs

	Residents	surcharge	Business	surcharge	
Havering	£25		£200		
Enfield	£40		£660		Emissions based
Redbridge	£45		£265		
Hounslow	£80		£753.75		
Barking & Dagenham	£36		£261		Emissions based band D (1601 - 1800 CC)
Barnet	£40		£525		Emissions based
Bexley	£100		£150		
Barnet	£111		£366		Emissions based band 4 (1551 - 1800 CC)
Bromley	£80		£100		
Camden	£124.27	26.72	£328.45	£34.89	Emissions based band 2 (1300 - 1849 CC)
Croydon	£80		£382		
Ealing	£98		£800		
Greenwich	£57		£216		
Hackney	£112		£540		Emissions based (1200 - 2000 CC)
Hammersmith & Fulham	£119		£791		
Haringey	£114.20		£309		Emissions based (1550 - 3000 CC)
Harrow	£70				NO info online RE business permits
Hillingdon	£0		£480		
Islington	£144		£1,150		Emissions based (1501 - 1650 CC)
Kensington & Chelsea	£135		not offered		Emissions based (151-165g/km)
Kingston upon Thames	£90		£340		
Lambeth	£175.50		£600		Emissions based (1550 - 3000 CC)
Lewisham	£120		£500		
Merton	£65		£662		
Newham	£0		£600		
Richmond	£99		£554		
Southwark	£125		£577.50		
Sutton	£51		not offered		
Tower Hamlets	£103		£726		Emissions Based (1601 - 1800 CC)
Waltham Forest	£35		£405		Emissions Based (up to 1549)

					CC)
Wandsworth	£160		£895		
Westminster	£141		not offered		

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Agenda Item 7

Sustainable Communities Overview and Scrutiny Panel

7 September 2016

Wards:	All
Subject:	Options Analysis Report for the re-procurement of the Highway Works and Services Term Contract
Lead Officers	Chris Lee (Director of Environment and Regeneration); James McGinlay (Head of Sustainable Communities)
Lead Member	Councillor Martin Whelton – Cabinet Member for Regeneration, Environment and Housing
Contact Officer	james.mcginlay@merton.gov.uk ; (020) 8545 4154 steve.shew@merton.gov.uk ; (020) 8545 3218

Recommendation:

That Members note the content of this Report and provide comments on the preferred option to continue to deliver planned and reactive highway works from 1 September 2017.

- 1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY**
 - 1.1. To inform Members of the potential options available to the Council to continue to deliver planned and reactive highway works from 1 September 2017.
 - 1.2. This report recommends that an extension of up to two years is awarded to the current term contractor, F M Conway, from 1 September 2017.
 - 1.3. The existing contract continues to provide value for money and delaying the re-procurement in favour of a contract extension maintains continuity as the council delivers on-going public realm regeneration work in Mitcham through to 2018.
- 2 DETAILS**
 - 2.1. The Council's current Highway Works and Services Term Contract was awarded to F M Conway Ltd for a five-year term from 1 September 2012 to 31 August 2017. The terms and conditions of this contract allow for the contract to be extended for up to a further two years until 31 August 2019.
- 3 ALTERNATIVE OPTIONS**
 - 3.1. Three options are available to the council to consider:

- Extend the current contract for a period of up to two years to 31 August 2019;
- Fully re-procure the Highway Works and Services Term Contract, which would need to commence immediately, with the award of a new contract on 1 September 2017; or
- Form a call-off contract to deliver planned and reactive highway works through LoHAC (London Highways Alliance Contract), led by TfL.

Extension to the current Term Contract

- 3.2. Extending the existing Term Contract for up to two years, as allowed under the current Terms and Conditions of the Contract, is the most expedient and economically advantageous approach to continue to deliver planned and reactive highway works from 1 September 2017.
- 3.3. There are currently a number of major projects being delivered through the Term Contract, which will extend beyond September 2017. Therefore, a two-year extension will provide continuity and a seamless approach in delivering these projects to completion.
- 3.4. F M Conway has been the Council's highway term contractor since 1979 and over this period has developed a very successful, strong and fairly unique working relationship with Merton. This is complemented by providing a dedicated Contracts Manager who is co-located with Merton's Client team. F M Conway considers Merton as their flagship borough.
- 3.5. They have many years of proven working experience in the borough and there are over 30 Merton residents employed on the Contract.
- 3.6. They have successfully delivered cost saving initiatives totalling some £160,000 during the current life of the Term Contract – 2012 to 2016.
- 3.7. F M Conway's overall performance against the existing contract has been strong and all monthly targets are met or exceeded as outlined in Section 4 below. They demonstrate a positive approach to health and safety and have good systems in place to deal with any specific issues. They are also very proactive in meeting Client changes and responding in a timely manner.
- 3.8. They are very keen to continue working with Merton and have stated that they will work closely with us to identify suitable opportunities that support and aid Merton's ambition to be London's Best Council by 2020.
- 3.9. F M Conway have just been successful in winning the Street Lighting Maintenance and Improvement Works Term Contract from 1 October 2016 to 31 March 2022 and we have been talking to them about the possible benefits, synergies and savings this could bring should the contract be extended.

- 3.10. Officers are also currently discussing options with F M Conway to secure efficiency and cashable savings over the possible two-year extension period should this be recommended.
- 3.11. Please refer to the attached Appendix – Merton Efficiencies 2017 Extension Proposal – which has been produced by F M Conway in support of the proposed extension.

Re-procure a new Term Contract

- 3.12. The re-procurement of a new Term Contract will require the appointment of an external consultant as there is no experience or capacity to deliver this in-house. The mobilisation and re-procurement exercise would need to commence imminently as significant input will be required from the Capital Project and Procurement Boards.
- 3.13. As outlined in 3.3 above there are currently a number of major projects being delivered through the Term Contract, which will extend beyond September 2017. Therefore, a two-year extension will provide continuity and a seamless approach in delivering these projects to completion.
- 3.14. As part of the re-procurement options, officers have looked at options to share procurement with neighbouring Boroughs but there are no opportunities to collaborate due to the following reasons:
 - Sutton and Kingston are now operating a shared Highways and Transport service and have contracts in place to deliver services;
 - Croydon has recently extended their Term Contract with Kier for three years until October 2018 and are currently looking at options for renewal;
 - Lambeth's Term Contractor is F M Conway and this contract is due to expire in March 2017. However, they are looking to extend this for a further year until April 2018 to consider options to re-tender, including a possible Direct Labour Organisation (DLO) bid;
 - Wandsworth have delivered their highway services in-house for many years through a DLO although F M Conway are contracted to undertake some of their planned resurfacing work. The current Contract is due to expire in summer 2018 but this could be extended for a further year to consider options for a joint procurement with Richmond now they have merged services. F M Conway is currently the Term Contractor for Richmond.
- 3.15. In the event of a contract extension, officers will consider further opportunities to work with other local authorities wherever practical.

LoHAC (London Highways Alliance Contract)

- 3.16. There is an option to form a call-off contract to deliver planned and reactive highway works through LoHAC, led by TfL. However, this is not

recommended as there are concerns over the capacity of the contractor to supply sufficient resource to deliver services at the tendered rates; this is an on-going concern for R B Kingston who use LoHAC to deliver their planned and reactive highway works. Merton and TfL have also had unsatisfactory performance issues from LoHAC on the Colliers Wood public realm project.

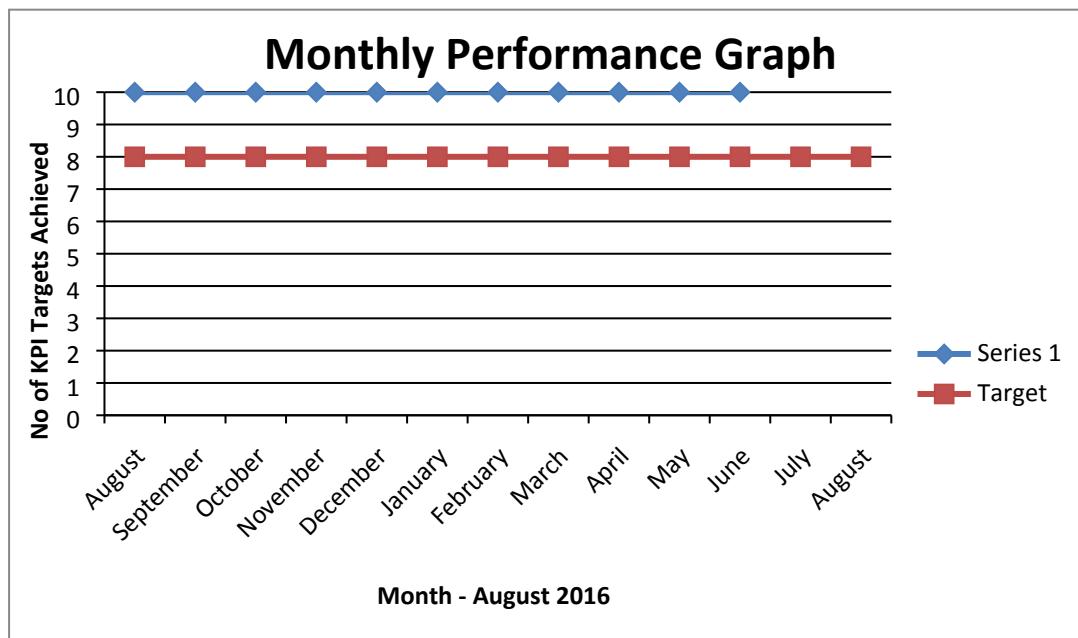
- 3.17. As this is a pan-London contract, it requires a more generic way of working and therefore the specification within the contract is somewhat different to many boroughs' standard specifications. Should Merton decide to call-off works through LoHAC we would have to engage with TfL and Kier on certain variations to the standard specification before the contract could commence. This is likely to be a lengthy and complex process.
- 3.18. It is too early in the life of LoHAC to fully determine the outputs, value and quality of this option. If the F M Conway contract extension is agreed, officers will continue to monitor and consider LoHAC as an appropriate method in the contract re-procurement for 2019.
- 3.19. A large, centrally managed, TfL-led contract may not be responsive to the needs of Merton. This is a vitally important issue, as the Council seeks to set high standards of customer care and, increasingly, to focus on responding quickly and efficiently to its residents' needs.
- 3.20. Independent soft market testing has identified that better value and quality can be obtained by extending existing contracts and re-procuring new contracts than using LoHAC. The reasons for this are given below and include:
 - Avoidance of an extra tier of bureaucracy and cost that the 'managing company' structure of LoHAC brings;
 - LoHAC has been strategically priced and therefore looks relatively cheap but the complex schedule of rates allows for manipulation of final accounts;
 - Boroughs are second priority to TfL in LoHAC. Outside LoHAC, boroughs get better service with respect to emotive elements such as winter service and emergency call-outs; and
 - Evidence of individual project tenders being 12-14% cheaper than LoHAC when compared like for like.

4 CONTRACT PERFORMANCE

- 4.1. There are ten core KPIs (Key Performance Indicators) within the contract and these are monitored at the Monthly Contract Meetings. The rolling 12-month average performance figures for each KPI are given below:

KPI	Description	Target (%)	Actual (%)
1	The timely submission of a clear, concise and accurate report for KPIs each month, including supporting data in an agreed format.	100	100
2	The tonnage of material excavated that is diverted from landfill, divided by the total tonnage that is excavated.	100	100
3	Number of invoices submitted that are factually correct and submitted within two weeks of completion of work.	95	96
4	Number of jobs where no damage occurred to statutory undertakers' apparatus.	97	100
5	Number of jobs completed where no complaints or third party claims against the contractor are received.	97	100
6	Number of jobs completed where no NRSWA/Permit Fixed Penalty Notices were issued against the Contractor.	95	98
7	Number of Emergency Call Outs attended to within stipulated time.	100	100
8	Number of reactive repairs completed within stipulated time.	90	91
9	Number of planned projects completed within stipulated time.	95	99
10	Number of estimates prepared by the Contractor, found to be within 10% of the final cost of the work.	90	99

- 4.2. The Monthly Performance Graph for the number of KPIs met or exceeded from August 2015 to June 2016 is given below:



5 RECOMMENDATION

- 5.1. Members are requested to consider the information provided in Sections 3 and 4 of this report and provide their comments on the options to continue to deliver planned and reactive highway works from 1 September 2017.

6 CONSULTATION UNDERTAKEN OR PROPOSED

- 6.1. A report recommending a two-year extension to the current Highway Works and Services Term Contract with F M Conway is going to Cabinet for agreement on 19 September 2016.
- 6.2. Officers will incorporate comments from the Sustainable Communities Overview and Scrutiny Panel into the Cabinet report.

7 TIMETABLE

- 7.1. If a two-year extension was awarded we would need to inform F M Conway of this decision no later than six months prior to the expiry of the original contract. This would need to be done by 1 March 2017.
- 7.2. If it is decided not to extend the existing contract, depending upon its recommended course of action, the Council will need to mobilise and commence a full procurement exercise as both of the alternative options available involve a high element of cost and procurement with input from capital Project Board and Procurement Board.

8 FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS

- 8.1. The cost of procuring a new Highway Works and Services Term Contract will require the appointment of an external Consultant and is estimated to cost £80,000. This would need to be met from specific growth provision from revenue budgets.

9 LEGAL AND STATUTORY IMPLICATIONS

- 9.1. As the responsible highway authority, Merton has a duty to maintain highways maintainable at the public expense under Section 41 of the Highways Act 1980.
- 9.2. Under the Terms and Conditions of the current Term Contract, the Council has the discretion to extend the Contract for an additional two years.

10 HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS

- 10.1. The effective maintenance and improvement of the adopted highway network in the borough is essential to meet our statutory duty to maintain a safe environment for residents, businesses and users of the network. This is especially important for disadvantaged groups such as those with mobility difficulties and the elderly.

11 CRIME AND DISORDER IMPLICATIONS

- 11.1. Section 17 of the Crime and Disorder Act 1998 requires all Local Authorities to consider crime and disorder while exercising their duties. The design of

highway improvements and maintenance on existing roads complies with nationally agreed Codes of Practice and Design Guides and assists with delivering the Council's ambitions of "A Safe and Secure place to Live" and contributes to the objectives of the Thematic Partnerships contained in the Community Plan 2009-19 namely the Sustainable Communities and the Stronger Communities strategic themes.

12 RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS

- 12.1. Effective maintenance and improvement of the Highway Network will minimise insurance or injury risks to the Council by ensuring that the public highway is safe and serviceable.
- 12.1. Insurance levels set out in the contract requirements have been assessed by the Council's Risk and Insurance team and have been deemed to be of an acceptable level.

13 APPENDICES – THE FOLLOWING DOCUMENTS ARE TO BE PUBLISHED WITH THIS REPORT AND FORM PART OF THE REPORT

- Merton Efficiencies – 2017 Extension Proposal

14 BACKGROUND PAPERS

- 14.1. None.

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Merton Efficiencies

2017 EXTENSION PROPOSAL



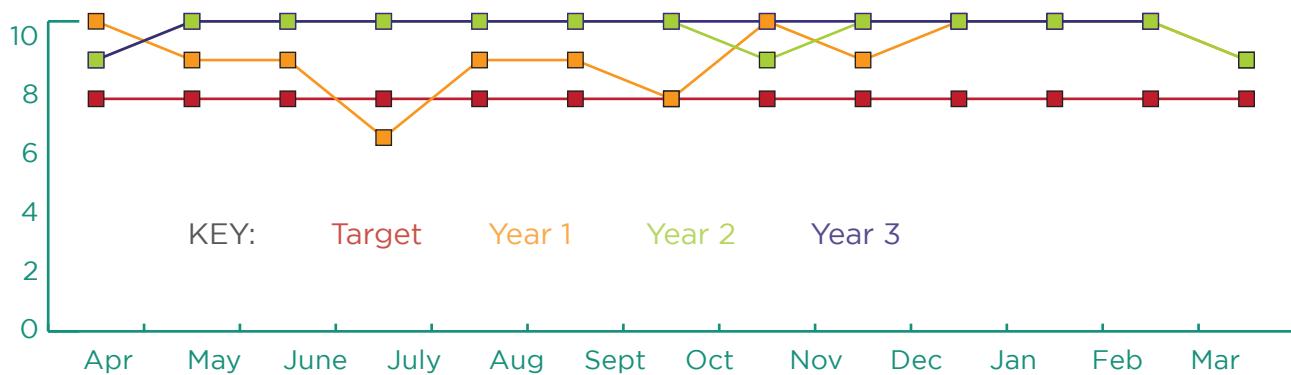
FM Conway has successfully delivered on our commitments and would like to further develop our relationship with the London Borough of Merton, by continuing to deliver the Highway Works and Service Contract for an additional 2 years into 2019.

We have provided services to LB Merton continuously since 1979 with the most recent term maintenance contract being awarded in 2012. Our experience in your borough has meant that we have proven experience exceeding performance target set by the borough, created local opportunities and supported local initiatives, delivered projects and schemes while delivering on our promise to generate savings for the contract. In collaboration with LB Merton, FM Conway will continue delivering projects that create lasting community benefits, deliver on performance targets and generate cost savings.

FM Conway has worked closely with LB Merton to identify suitable opportunities that deliver social value and cost savings.

CURRENT PERFORMANCE

We will continue to supersede the high performance targets set by the council.



£23.85

MILLION
PAID OVER CONTRACT
LIFECYCLE

2284

ECO's ATTENDED
TO END OF
AUGUST 2015

489

SAFETY TOURS
CARRIED OUT THROUGHOUT
THE CONTRACT

100%

EMERGENCY CALL OUTS
ATTENDED WITHIN THE
FIRST TWO HOUR LIMIT

1

RIDDOR
ACCIDENTS
RECORDED TO DATE



Merton Efficiencies

2017 EXTENSION PROPOSAL



PROVEN EXPERIENCE

KEY PROJECTS DELIVERED

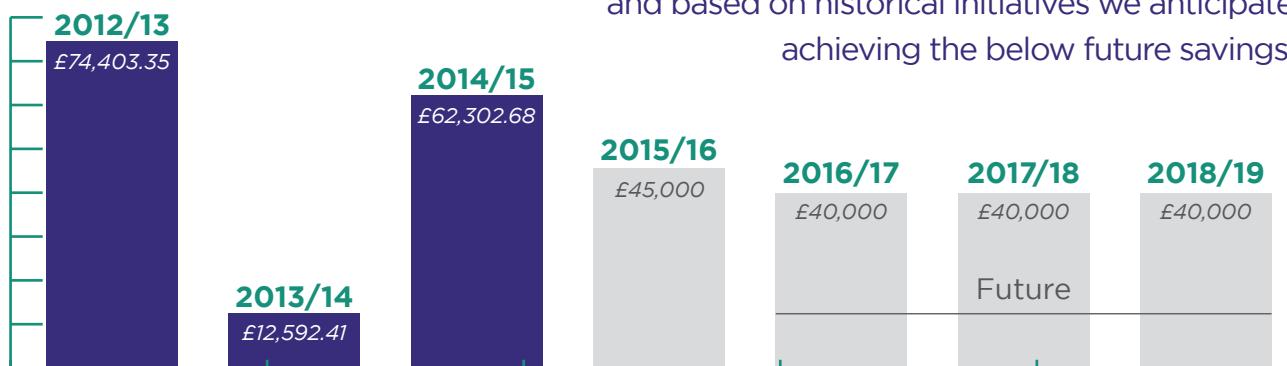
We have delivered many key projects in partnership with Merton over the past 37 years and more recently these have included:

- Rediscover Mitcham – Town Centre Regeneration
- Croydon Road (new footpath constructed)
- Connecting Colliers Wood (Merton High Street and Baltic Close)
- Kenley Road Resurfacing
- Bewley Bridge
- Three Kings Pond

ADDED VALUE COST SAVINGS

FM Conway has successfully delivered cost saving initiatives such as supplying LB Merton with a Zebra Van to support the road safety campaign, the supply of asphalt on surfacing projects, savings on the supply of Yorkstone and reducing the costs of reactive traffic management schemes, which have delivered savings of over £45,000 alone, and will continue to do so year on year.

To date, FM Conway has delivered accumulative savings of **£156,738.44**,
and based on historical initiatives we anticipate
achieving the below future savings.





LOCAL COMMITMENT

FM Conway has developed opportunities in the borough such as local employment opportunities, apprenticeship schemes and we have local depot facilities.

- Depot facilities located in Beddington Lane (Term maintenance, Street lighting)
- 90% of our employees are based in the local community
- Supporting local events and groups such as BEE World - Willow Lane, Mayors Ball, Wimbledon Fair and local school days

30 MERTON RESIDENTS
EMPLOYED ON THE CONTRACT
WITH 94 EMPLOYED BY FM CONWAY ACROSS THE CAPITAL



WIMBLEDON VILLAGE FAIR: FM Conway continues to sponsor and support the local Village Fair which helps to raise money for the Wimbledon Guild, a charity that provides community assistance, counselling and care to vulnerable residents in Merton.



BEE WORLD: Merton and FM Conway invited Friends of the Earth, Merton's voluntary tree wardens and the 5th Morden Beavers to create a new bee friendly habitat in Willow Lane. The 'bee worlds' provide essential food and shelter for the local bee community, and enhances the look and feel of the local environment, while aiding to reduce the decline of the bee population.

"I'm delighted Merton is supporting our Bee Cause campaign by creating these lovely bee worlds."

Norman Chapman - Keeper & Pollen Enthusiast



Merton Efficiencies

2017 EXTENSION PROPOSAL

CONCLUSION

FM CONWAY WANT TO CONTINUE WORKING WITH THE LONDON BOROUGH OF MERTON TO DELIVER THE HIGHWAY WORKS AND SERVICE CONTRACT. OUR KNOWLEDGE AND UNDERSTANDING OF YOUR STAFF, ASSETS AND MANAGEMENT STYLE WILL ASSIST WITH AN EASY TRANSITION INTO AN EXTENDED TWO-YEAR CONTRACT.

During this time we will continue to deliver the best value for money through our inherent understanding of the borough, local network and community. We will continue to deliver high quality workmanship, deliver savings initiatives, support community groups, events and create opportunities in the local community when practicable.

FM Conway will work closely with LB Merton to identify suitable opportunities that support and aid the Council's submission for the best council awards.

The London Borough of Merton will continue to benefit through our on-going R & D and best practice sharing from our other London Borough contracts.

FUTURE INNOVATION

Following a review of our current practices we have identified a number of ways that we can deliver best value and savings in the coming years:

SELF-MONITORING ROLE, SELF-CERTIFIED SCHEMES

FM Conway can improve efficiencies by self-monitoring all our projects. Utilising tested methods (National Highway Sector Scheme 16 & 30) we are able to self-monitor and self-certify our works to reduce the administrative burden to the council offices.

DESIGN TRAFFIC SCHEMES

FM Conway has an experienced in-house team who can work closely with LB Merton to design traffic management schemes, reducing the cost and reliance on third party suppliers.

PUBLIC LIAISON OFFICER

FM Conway's public liaison officer can add value and generate community support for larger schemes. This has proven highly successful in other boroughs such as LB Bromley and LB Lambeth and is now a standard requirement on Major Public Realm Schemes.

STRUCTURES AND BRIDGES

FM Conway's structures and bridges division can deliver efficiencies through ECI, customised maintenance strategies and integrated design.





Merton Efficiencies

2017 EXTENSION PROPOSAL



Sustainable Communities - Community & Housing – July 2016

Dept.	PI Code & Description	Polarity	Jul 2016					YTD Result	Annual YTD Target	YTD Status
			Value	Target	Status	Short Trend	Long Trend			
Housing Needs & Enabling	CRP 062 / SP 035 No. of homelessness preventions	High	166	150	✓	↑	↓	166	150	✓
Housing Needs & Enabling	CRP 61SP036MP045 No. of households in temporary accommodation	Low	186	225	✓	↓	↓	183	225	✓
Housing Needs & Enabling	SP 037 Highest No. of families in Bed and Breakfast accommodation during the year	Low	5	10	✓	↑	↑	7	10	✓
Housing Needs & Enabling	SP 038 Highest No. of adults in Bed and Breakfast accommodation	Low	3	10	✓	↑	↑	2.5	10	✓
Libraries	CRP 059 / SP 008 No. of people accessing the library by borrowing an item or using a peoples network terminal at least once in the previous 12 months	High	60,358	56,000	✓	↓	↓	60,358	56,000	✓
Libraries	CRP 060 / SP 009 No. of visitors accessing the library service on line	High	75,579	63,500	✓	↑	↓	75,579	63,500	✓
Libraries	SP 279 % Self-service usage for stock transactions (libraries)	High	96%	96%	✓	↓	↑	96%	96%	✓
Libraries	SP 280 No. of active volunteers in libraries (Rolling 12 Month)	High	389	210	✓	↑	↑	389	210	✓
Libraries	SP 282 Partnership numbers (Libraries)	High	62	30	✓	-	-	62	30	✓
Libraries	SP 287 Maintain Library Income	High	£121,583	£93,000	✓	↑	↓	£121,583	£93,000	✓

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E&R July 2016 performance dashboard

Public Protection

PI Code & Description	Jul 2016					YTD Result	Annual YTD Target	YTD Status					
	Value	Target	Status	Short Trend	Long Trend								
Parking													
CRP 044 Parking services estimated revenue (Monthly)	1,026,530	1,142,993	●	▼	▼	4,184,335	4,393,526	●					
SP 127 % Parking permits issued within 5 working days (Monthly)	93%	90%	✓	▼	▼	93.25%	90%	✓					
SP 258 Sickness- No of days per FTE from snapshot report (parking) (Monthly)	1.6	0.75	●	▼	▼	4.55	3	●					
SP 397 % Cases won at PATAS (Monthly)	62.07%	54%	✓	▼	▲	53.61%	54%	●					
SP 398 % Cases lost at PATAS (Monthly)	18.97%	21%	✓	▲	▲	26.94%	21%	●					
SP 399 % Cases where council does not contest at PATAS (Monthly)	18.97%	25%	✓	▼	▼	19.59%	25%	✓					
SP 417 % Public Spaces CCTV cameras working (Monthly)	96.99%	95%	✓	▲	▼	97.3%	95%	✓					
Regulatory Services													
SP 041 % Service requests replied to in 5 working days (Regulatory Services) (Monthly)	97.73%	95%	✓	▲	▲	95.07%	95%	✓					
SP 042 Income generation by Regulatory Services (Monthly)	£16,801	£23,000	●	▼	▼	£126,669	£119,000	✓					
SP 111 No. of underage sales test purchases (Quarterly)	Quarterly measure					23	23	✓					
SP 255 % licensing apps. processed within 21 days (Quarterly)	Quarterly measure					80%	96%	●					
SP 316 % Inspection category A,B & C food premises (annual)	Annual measure					97	97	?					
SP 418 Annual average amount of Nitrogen Dioxide per m3 (Annual)	Annual measure					40	40	?					
SP 419 Days Nitrogen Dioxide levels exceed 200 micrograms per m3 (Quarterly)	Quarterly measure					19	18	●					
SP 420 Annual average amount of Particulates per m3 (Annual)	Annual measure					40	40	?					
SP 421 Days particulate levels exceed 50 micrograms per m3 (Quarterly)	Quarterly measure					0	8	✓					
SP 422 % Food premises rated 2* or below (Quarterly)	Quarterly measure					10%	15%	✓					
Streetscene and waste													
Commercial waste													
SP 046 Total Income from commercial waste (Monthly)	£293,243	£274,750	✓	▲	▲	£655,037	£529,750	✓					
SP 377 % customer satisfaction with commercial waste service (annual)	Annual measure					89%	89%	?					
Waste Services													
CRP 047 / SP 068 No. of refuse collections including recycling and kitchen waste missed per 100,000	56.12	50.00	●	▼	▼	48.95	50.00	✓					
SP 064 % Residents satisfied with refuse collection (annual)	Annual measure					72%	72%	?					
SP 065 % Household waste recycled and composted (Monthly)	36.3%	38%	▲	▼	▲	36.79%	38%	●					
SP 066 Residual waste kg per household (Monthly)	49.88	48	▲	▲	▲	196.81	192	●					
SP 067 % Municipal solid waste sent to landfill (waste management & commercial waste)	60%	59%	▲	▲	▲	63%	59%	●					
SP 071 Days lost from sickness per FTE from snapshot report (waste mgmt) (Monthly)	1.87	1.16	●	▲	▲	7.81	4.64	●					
SP 262 % Residents satisfied with recycling facilities (annual)	Annual measure					73%	73%	?					
SP 354 Total waste arising per households (KGs) (Monthly)	78.3	75	▲	▲	▼	311.36	300	●					
SP 407 % FPN's issued that have been paid (Monthly)	69%	68%	✓	-	▼	68.5%	68%	✓					
Street Cleaning													
CRP 048 % of sites surveyed on local street inspections for litter that are below standard	8.1%	8%	▲	▼	▲	8.33%	8%	●					
CRP 049 / SP 059 No. of fly tips reported in streets and parks (Monthly)	240	300	✓	▲	▲	1,041	1,200	✓					
SP 058 % Sites surveyed on street inspections for litter (using NI195 system) that are below standard	Quarterly measure					7.48%	9%	✓					
SP 061 Days lost through sickness per FTE from snapshot report (street cleaning) (Monthly)	0.36	1.16	✓	▲	▲	3.53	4.64	✓					
SP 062 % Sites surveyed below standard for graffiti (Quarterly)	Quarterly measure					4.78%	5.5%	✓					
SP 063 % Sites surveyed below standard for flyposting (Quarterly)	Quarterly measure					0.74%	1%	✓					
SP 139 % Sites surveyed below standard for weeds (Quarterly)	Quarterly measure					16.42%	13%	●					
SP 140 % Sites surveyed below standard for Detritus (Quarterly)	Quarterly measure					11.52%	14%	✓					
SP 269 % Residents satisfied with street cleanliness (annual)	Annual measure					56%	56%	?					
Transport													
SP 135 % MOT vehicle pass rate (transport passenger fleet) (Quarterly)	Quarterly measure					96.8%	95%	✓					
SP 136 Average % time passenger vehicles in use (transport passenger fleet) (Annual)	Annual measure					85%	85%	?					
SP 137 % User satisfaction survey (transport passenger fleet) (annual)	Annual measure					97%	97%	?					
SP 271 In-house journey that meet timescales (transport passenger fleet) (Annual)	Annual measure					85%	85%	?					
SP 355 Spot checks on contractors (Transport Commissioning) (Monthly)	0	4	●	▼	▼	24	15	✓					
SP 393 Average sickness days per FTE from snapshot report (transport fleet) (Monthly)	1.09	0.95	●	▲	▲	4.25	3.8	●					

Sustainable Communities

PI Code & Description	Jul 2016						YTD Result	Annual YTD Target	YTD Status
	Value	Target	Status	Short Trend	Long Trend				
Development and Building Control									
CRP 045 / SP 118 Income (Development and Building Control) (Monthly)	163,066	175,000	⚠️	⬆️	⬇️	720,181	700,000	✓	
CRP 051 / SP 114 % Major applications processed within 13 weeks (Monthly)		55%	?	?	?	46.16%	55%	✗	
CRP 052 / SP 115 % of minor planning applications determined within 8 weeks		60%	?	?	?	40.46%	60%	✗	
CRP 053 / SP 116 % of 'other' planning applications determined within 8 weeks		82%	?	?	?	81.43%	82%	✗	
SP 040 % Market share retained by LA (Building Control) (Monthly)	46.88%	60%	✗	⬆️	⬇️	47.89%	60%	✗	
SP 113 No. of enforcement cases closed (Monthly)	33	25	✓	⬇️	⬇️	192	100	✓	
SP 117 % appeals lost (Development & Building Control) (Quarterly)	Quarterly measure					43.75%	35%	✗	
SP 380 No. of backlog enforcement cases (Monthly)	573	900	✓	⬆️	⬆️	573	900	✓	
SP 408 % of residents satisfied with planning services (annual)	Annual measure						29%	?	
SP 414 Volume of planning applications (Monthly)	257	366	✗	⬇️	⬆️	1,477	1,464	✓	
Leisure Development									
SP 015 Income generated - Merton Active Plus activity (Monthly)	£8,278	£9,000	⚠️	⬆️	⬆️	£23,939	£21,500	✓	
SP 251 Income from Watersports Centre (Monthly)	£122,005	£150,850	✗	⬆️	⬆️	£180,459	£201,850	✗	
SP 314 External funding and internal investment £ (Quarterly)	Quarterly measure					£0	£0	✓	
SP 325 % Residents rating Leisure & Sports facilities Good to Excellent (annual)	Annual measure						45%	?	
SP 349 14 to 25 year old fitness centre participation at leisure centres (Monthly)	10,034	9,105	✓	⬆️	⬆️	39,808	35,328	✓	
SP 405 No. of Leisure Centre users (monthly)	73,338	65,800	✓	⬇️	⬆️	306,531	274,167	✓	
SP 406 No. of Polka Theatre users (Quarterly)	Quarterly measure					25,745	21,000	✓	
Future Merton (Regeneration)									
SP 020 New Homes (annual)	Annual measure						411	?	
SP 265 Reduce total no. killed or seriously injured in road traffic accidents (annual)	Annual measure						45	?	
SP 382 New jobs created - number of apprenticeships (Annual)	Annual measure						100	?	
SP 383 No. of new businesses created through the Economic Development Strategy	Annual measure						300	?	
SP 395 No. of new jobs created through the Economic Development Strategy (EDS)	Annual measure						600	?	
SP 396 % Modal increase in cycling from 2% baseline in the borough (annual)	Annual measure						0.2%	?	
Property									
SP 024 % Vacancy rate of property owned by the council (Quarterly)	Quarterly measure					0.4%	3.5%	✓	
SP 025 % Debt owed to LBM by tenants inc businesses (Quarterly)	Quarterly measure					7%	8%	✓	
SP 386 Property asset valuations (annual)	Annual measure						150	?	
Parks									
SP 026 Residents % satisfaction with parks & green spaces (annual)	Annual measure						73%	?	
SP 027 Young peoples % satisfaction with parks & green spaces (annual)	Annual measure						72	?	
SP 028 Total LBM cemeteries income (Monthly)	£5,001	£25,000	✗	⬇️	⬇️	£177,763	£130,000	✓	
SP 029 Total outdoor events income (Monthly)		£107,000	?	?	?	£8,989	£40,000	✗	
SP 032 No. of Green Flags (annual)	Annual measure					5	5	✓	
SP 318 No. of outdoor events in parks (Monthly)		45	?	?	?	42	28	✓	
SP 385 Volunteer input in parks management (number of groups) (Annual)	Annual measure						40	?	
Future Merton (Traffic)									
SP 260 % Streetworks inspections completed (Quarterly)	Quarterly measure					22.68%	38%	✗	
SP 327 % Emergency callouts attended within 2 hours (traffic & highways) (Monthly)	100%	100%	✓	---	---	100%	100%	✓	
SP 328 % Streetworks permitting determined (Monthly)	99.26%	98%	✓	⬇️	⬆️	98.36%	98%	✓	
SP 329 Percentage of Condition Surveys completed on time (traffic and highways)	Annual measure						95%	?	
SP 350 Percentage of jobs completed where no Fixed Penalty Notice issued	97.58%	93%	✓	⬆️	⬆️	96.88%	93%	✓	
SP 389 Carriageway condition - unclassified roads defectiveness condition indicator	Annual measure						19%	?	
SP 390 Footway condition - defectiveness condition indicator (annual)	Annual measure						19%	?	
SP 391 Average number of days taken to repair an out of light street light (Quarterly)	Quarterly measure					2.6	3	✓	

Committee: Sustainable Communities Overview and Scrutiny Panel

Date: 7th September 2016

Agenda item:

Wards: All

Subject: Commercial Services Task Group –verbal update

Lead officer: Stella Akintan Scrutiny Officer

Lead member: Councillor Abigail Jones, Chair of the Sustainable Communities Overview and Scrutiny Panel

Contact officers: Stella Akintan, Scrutiny Officer, stella.akintan@merton.gov.uk, 020 8545 3390

Recommendations:

That Members comment on the verbal update from Councillor Russell Makin, Chair of the commercial services task group review .

1. PURPOSE OF REPORT

- 1.1 To provide the panel with a verbal update on the work of the commercial services task group review.

2. DETAILS

- 2.1 At the meeting of the Sustainable Communities Overview and Scrutiny Panel on 2nd September 2015, it was agreed to conduct a task group review of Commercial Services.
- 2.2 The following councilors are members of the task group: Cllr Russell Makin (Chair), Cllr John Sargeant and Cllr James Holmes.
- 2.3 The task group review is almost complete and the panel will receive an overview of the work that has been undertaken

3. AIM OF REVIEW

- 3.1 The aim of the review has been to explore the councils approach to commercialisation and consider opportunities within the Environment and Regeneration Department to increase income from services delivered.

4. ALTERNATIVE OPTIONS

- 4.1 The Panel may choose to agree a different scope and terms of reference to those proposed in this scoping report.

5. CONSULTATION UNDERTAKEN OR PROPOSED

6.1 Members are asked to give consideration to if, and how, they would like to engage witnesses in this review.

7. TIMETABLE

7.1 The timetable is determined by the task group in conjunction with the panel's agreement.

8. CO-OPTION

8.1 Members are asked to give consideration to co-opting representatives onto the Task Group for part, or the duration, of the review to assist the Task Group. In accordance with the Constitution any representative co-opted onto the Panel or Task Group will be a non-voting member of the Task Group and will be required to adhere to the Council's Code of Conduct for Members.

9. PUBLICITY

9.1 Members can publicise the review to encourage and facilitate resident and partner engagement and to promote the outcomes of the review upon completion. The following mechanisms for promotion/publication may be utilised throughout the review: -

- Press release in local press;
- My Merton;
- Community Forums;
- Merton council website;
- Ward councillors;
- Posters/materials in libraries and Merton Link;
- Staff bulletin board and plasma screens in civic centre; and
- Residents' panel and Centre for Public Scrutiny (outcomes)

10. FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS

10.1 There are none specific to this report. Any financial, resource and property implications arising from the review will be accounted for in the Task Group's Final Report.

11. LEGAL AND STATUTORY IMPLICATIONS

11.1 None for the purposes of this report. Any legal and statutory implications arising from the review will be accounted for in the Task Group's Final Report.

12. HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS

12.1 None specific to this report. Any human rights, equalities and community cohesion implications arising from the review will be accounted for in the Task Group's Final Report.

13. CRIME AND DISORDER IMPLICATIONS

13.1 None specific to this report. Any crime and disorder implications arising from the review will be accounted for in the Task Group's Final Report.

14 RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS

14.1 None for the purposes of this report. Any risk management and health and safety implications arising from the review will be accounted for in the Task Group's Final Report.

15. APPENDICES – THE FOLLOWING DOCUMENTS ARE TO BE PUBLISHED WITH THIS REPORT AND FORM PART OF THE REPORT

15.1 None

16. BACKGROUND PAPERS

16.1 None

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Committee: Healthier Communities and Older People Overview and Scrutiny Panel

Date: 7th September 2016

Agenda item:

Wards: ALL

Subject: Air Quality Task Group – Suggested areas for review

Lead officer:

Lead member: Councillor Abigail Jones Chair of the Sustainable Communities Overview and Scrutiny panel.

Contact officer: Stella Akintan, stella.akintan@merton.gov.uk; 020 8545 3390

Recommendations:

- A. That the Panel comment on the suggested areas for review
 - B. That the Panel appoint members to the Air Quality Task Group
-

1 PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1. The purpose of the report is to provide the panel with some suggested areas for review for an Air Quality task group.

2 DETAILS

- 2.1. At the topic selection workshop back in May, this panel indicated that it wished to carry out a task group review on air quality. Given the breath of this subject, the task group will need to determine the scope of the review. The Centre for Public Scrutiny advises scrutiny task groups to focus on a specific area well defined area. This will enable councillors to consider an area in some depth. This in turn will lead to SMART, focussed and evidenced based recommendations which are more likely to be implemented.
- 2.2. A report entitled *Every Breath We Take* published earlier this year by the Royal College of Physicians and the Royal College of Paediatrics and Child Health calculates that 40,000 people in Britain die early each year because of outdoor air pollution, a significant increase on the previous estimate of 29,000. Emissions from factories, power plants and traffic create smog linked to asthma, heart disease, Type 2 diabetes and dementia.
- 2.3. Merton's Air Quality Strategy states that the main local sources of atmospheric pollutants are road transport from the busy and congested roads in the Borough and the neighbouring areas of London. The principal roads through the Borough include the A3 trunk road, the A24, the A217, A236, A237 and A296. It is mainly those areas closest to busy and congested roads causing the most pollution; this is typical for Boroughs outside of central London.
- 2.4. Although the borough has a relatively good public transport network, comprising of underground, bus, tram and rail, services, Merton has a higher

than average car ownership as approximately 70% of households have at least one car. Given that some public transport routes are infrequent, particularly in the evenings and at weekends, together with the issue that parts of the borough are some distance from the nearest public transport station or high frequency bus routes, , leads to higher levels of car dependence in parts of the borough.

- 2.5. Possible task group reviews could look at one of the following:
- 2.6. **Promotion of car clubs;** Looking at flexible alternative to private car ownership such as different car club concepts. A task group could consider car clubs for both residents and council staff.
- 2.7. **Active Transport** refers to modes of transport that involve physical activity, predominantly walking and cycling. A lack of good quality information about walking and cycling is cited as a deterrent to active transport choices. A task group could consider how to improve improving street signage, maps and access to internet information for walking and cycling.
- 2.8. **Raising awareness of indoor pollution** - The *Every Breath We Take* report also highlights the need to understand the link between indoor air pollution and health, including the key risk factors and the effects of poor air quality in homes, schools and workplaces. Local authorities through front line professionals and public health teams can play an important role in raising awareness of indoor pollutants such as risks from badly maintained gas appliances, radon gas and second-hand tobacco smoke, as well as pollutants and toxins from household cleaning products. The task group could also consider how our health partners are tackling this issue.
- 2.9. The Panel are asked to appoint members to this task group. Expressions of interest have already been received from:
Councillor Michael Bull
Councillor Daniel Holden
Councillor Abdul Latif
- 2.10.

3 ALTERNATIVE OPTIONS

The Sustainable Communities Overview and Scrutiny Panel can select topics for scrutiny review and for other scrutiny work as it sees fit, taking into account views and suggestions from officers, partner organisations and the public.

Cabinet is constitutionally required to receive, consider and respond to scrutiny recommendations within two months of receiving them at a meeting.

- 3.1. Cabinet is not, however, required to agree and implement recommendations from Overview and Scrutiny. Cabinet could agree to implement some, or none, of the recommendations made in the scrutiny review final report.

4 CONSULTATION UNDERTAKEN OR PROPOSED

- 4.1. The Panel will be consulted at the meeting

5 TIMETABLE

- 5.1. The Panel will consider important items as they arise as part of their work programme for 2016/17

6 FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS

- 6.1. None relating to this covering report

7 LEGAL AND STATUTORY IMPLICATIONS

- 7.1. None relating to this covering report. Scrutiny work involves consideration of the legal and statutory implications of the topic being scrutinised.

8 HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS

- 8.1. It is a fundamental aim of the scrutiny process to ensure that there is full and equal access to the democratic process through public involvement and engaging with local partners in scrutiny reviews. Furthermore, the outcomes of reviews are intended to benefit all sections of the local community.

9 CRIME AND DISORDER IMPLICATIONS

- 9.1. None relating to this covering report. Scrutiny work involves consideration of the crime and disorder implications of the topic being scrutinised.

10 RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS

- 10.1. None relating to this covering report

11 APPENDICES – THE FOLLOWING DOCUMENTS ARE TO BE PUBLISHED WITH THIS REPORT AND FORM PART OF THE REPORT

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12 BACKGROUND PAPERS

- 12.1.

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Sustainable Communities Work Programme 2016/17

This table sets out the Sustainable Communities Panel Work Programme for 2016/17; the items listed were agreed by the Panel at its meeting on 9 June 2016. This Work Programme will be considered at every meeting of the Panel to enable it to respond to issues of concern and incorporate reviews or to comment upon pre-decision items ahead of their consideration by Cabinet/Council.

The work programme table shows items on a meeting-by-meeting basis, identifying the issue under review, the nature of the scrutiny (pre-decision, policy development, issue specific, performance monitoring, partnership related) and the intended outcomes.

Chair: Cllr Abby Jones

Vice-chair: Cllr Daniel Holden

Scrutiny Support

For further information on the work programme of the Sustainable Communities Scrutiny Panel please contact: -

Annette Wiles, Scrutiny Officer

Tel: 020 8545 4035; Email: annette.wiles@merton.gov.uk

For more information about overview and scrutiny at LB Merton, please visit www.merton.gov.uk/scrutiny

Meeting date: 9 June 2016 (**Deadline for papers:** 12pm, 1 June 2016)

Scrutiny category	Item/issue	How	Lead member and/or lead officer	Intended outcomes
Setting the work programme	Agreeing the 2016/17 work programme	Written report	Annette Wiles, Scrutiny officer	To enable the Panel to agree the draft 2016/17 work programme
Scrutiny review	Morden Leisure Centre	Verbal update	Christine Parsloe, Leisure and Culture Development Manager	To provide the Panel with an update on work undertaken and planned in relation to the Morden Leisure Centre development.
Performance monitoring	Performance Reporting	Basket of indicators plus verbal report	Chris Lee, Director Environment and Regeneration	To highlight to the Panel any items for concern where under performance is evident and to make any recommendations or request information as necessary
Performance monitoring	Circle Housing: agreeing questions for meeting on merger	Discussion	Cllr Abby Jones (Chair)	To ensure that the Panel has agreed what questions it wants Circle Housing to answer on its merger with Affinity Sutton during its

				attendance at the next meeting. This is to make sure the meeting makes best use of the time available.
Pre-decision scrutiny	South London Waste Partnership Phase C (LOTS 1 and 2)	Written report	Chris Lee, Director Environment and Regeneration	To provide the Panel with the opportunity to scrutinise awarding LOTS 1 and 2 as part of the South London Waste Partnership prior to going to Cabinet for decision

Meeting date: 7 September 2016 (**Deadline for papers:** 12pm, 30 August 2016)

Scrutiny Category	Item/issue	How	Lead member and/or lead officer	Intended outcomes
Setting the work programme	Priorities for 2016/17 – Cabinet Member for Regeneration, Environment and Housing	Verbal report	Cllr Martin Whelton	To provide an overview of portfolio priorities to establish where the Panel might focus its work programme and add value to the work of the Council
Pre-decision scrutiny	Diesel premium report	Written report	Chris Lee, Director of Environment and Regeneration and John Hill, Head of Public Protection	To give the Panel the opportunity to scrutinise proposals to reduce diesel emissions prior to these going to Cabinet for its decision
Performance monitoring	Performance reporting	Basket of indicators plus verbal report	Chris Lee, Director of Environment and	To highlight to the Panel any items for concern

			Regeneration (and a representative from Community and Housing)	where under performance is evident and to make any recommendations or request information as necessary
Pre-decision scrutiny	Highways maintenance contract	Written report	Chris Lee, Director of Environment and Regeneration and James McGinlay, Head of Sustainable Communities	To provide members with an opportunity to comment on the highways maintenance contract renewal and to make any recommendations to Cabinet for consideration
Scrutiny review	Draft final report of the commercialisation task group including recommendations	Written report	Cllr Russell Makin, task group chair	To give the Panel the opportunity to consider the findings and agree the recommendations of the task group before these are taken to Cabinet for its approval
Scrutiny review	Scoping the task group for 2016/17 (air quality)	Written report	Annette Wile, Scrutiny Officer (supported by Stella Atinkan, Scrutiny Officer)	The Panel to consider an initial scoping for the 2016/17 task group on air quality
Performance review	Questions to Circle Housing on its merger with Affinity Sutton	Question and answer session	Cllr Abby Jones (Chair) and representatives from Circle Housing	Circle Housing is in the process of merging with another housing company (Affinity Sutton). This session will be used to focus on the merger and what effect this will have on

				Circle's residents and the quality of its customer service.
Performance monitoring	Circle Housing: agreeing questions for meeting on repairs and regeneration	Discussion (Possibly to happen outside of the meeting depending on the time available.)	Cllr Abby Jones (Chair)	To ensure that the Panel has agreed what questions it wants Circle Housing to answer on repairs and regeneration during its attendance at the next meeting. This is to make sure the meeting makes best use of the time available
Setting the work programme	Work programme 2016/17	Written report	Annette Wiles, Scrutiny Officer	To amend/agree the Panel's work programme and accommodate any pre-decision or other items that the Panel may wish to consider

Meeting date: 1 November 2016 (**Deadline for papers:** 12pm, 24 October 2016)

Scrutiny Category	Item/issue	How	Lead member and/or lead officer	Intended outcomes
Setting the work programme	Priorities for 2016/17 – Cabinet Members for Community and Culture and Cleanliness and Parking	Verbal report	Cllrs Nick Draper and Ross Garrod	To provide an overview of portfolio priorities to establish where the Panel might focus its work programme and add value to the work of the Council

Pre-decision scrutiny	Budget/Business Plan Scrutiny (Round 1)	Written report	Chris Lee, Director of Environment and Regeneration, Simon Williams, Director Community and Housing and Caroline Holland, Director of Corporate Services	To comment on the Council's budget proposals at phase 1
Performance monitoring	Performance reporting	Basket of indicators plus verbal report	Chris Lee, Director of Environment and Regeneration (and a representative from Community and Housing)	To highlight to the Panel any items for concern where under performance is evident and to make any recommendations or request information as necessary
Performance review	Questions to Circle Housing on repairs and regeneration	Question and answer session	Cllr Abby Jones (chair) and representatives from Circle Housing	This session will be used to focus on Circle's record on repairs and regeneration against the commitment set out in the agreement with the Council
Scrutiny review	Monitoring of the implementation of the recommendations of the housing supply task group	Written report	Steve Langley, Head of Housing Needs and Strategy, and James McGinlay, Head of Sustainable Communities	For the Panel to monitor the implementation of the recommendations it made and were accepted by Cabinet
Pre-decision scrutiny	Planning shared service	Written report	Chris Lee, Director of Environment and Regeneration and James McGinlay, Head of Sustainable	To comment on the development of a new shared service to provide planning services

			Communities	
Performance monitoring	Town Centre regeneration update (including updates on developments ie: cycling provision)	Presentation	James McGinlay, Head of Sustainable Communities and Paul McGarry, Head of futureMerton	To provide a progress update on the delivery of the Council's town centre regeneration programme
Setting the work programme	Work Programme 2016/17	Written report	Annette Wiles, Scrutiny Officer	To amend/agree the Panel's work programme and accommodate any pre-decision or other items that the Panel may wish to consider

A meeting of the Public Transport Liaison Committee will be held during the autumn to address some of the issues raised by LB Merton's residents regarding public transport. Additionally, Crossrail 2 representatives will be invited to attend and to discuss the next phase of the consultation.

Meeting date: 12 January 2017 (Deadline for papers: 12pm, 4 January 2017)

Scrutiny Category	Item/issue	How	Lead member and/or lead officer	Intended outcomes
Pre decision scrutiny	Budget and business plan scrutiny (round 2)	Report	Chris Lee, Director of Environment and Regeneration and James McGinlay, Head of Sustainable Communities	To comment on the budget and business plan proposals at phase 2 and make any recommendations to the Commission to consider and coordinate a response to Cabinet

Performance monitoring	Performance reporting	Basket of indicators plus verbal report	Chris Lee, Director of Environment and Regeneration (and a representative from Community and Housing)	To highlight to the Panel any items for concern where under performance is evident and to make any recommendations or request information as necessary
Performance monitoring	Merton Adult Education	Written report	Anthony Hopkins, Head of Library and Heritage Services	To give the Panel an opportunity to start to assess the performance of Merton's Adult Education now it is being delivered through an outsourced service
Performance monitoring	To assess the new ANPR system to ensure it is well established and beginning to have the desired outcome in terms of revenues and starting to address minor traffic offences.	Written report	Chris Lee, Director of Environment and Regeneration	The new ANPR service went live in June 2016. This provides an early opportunity for the Panel to scrutinise its initial performance
Pre-decision scrutiny	Environmental health, trading standards and licensing shared services expansion	Written report	Chris Lee, Director of Environment and Regeneration and John Hill, Head of Public Health	This is a well established and successful shared service. This will provide the opportunity for the Panel to scrutinise the service as it expands to include additional authority

Scrutiny review	Executive response and action plan – commercialisation task group	Written report	TBC	To provide the Panel with a response to the report and recommendations of the commercialisation task group following Cabinet consideration
Setting the work programme	Work programme 2016/17	Written report	Annette Wiles, Scrutiny Officer	To amend/agree the Panel's work programme and accommodate any pre-decision or other items that the Panel may wish to consider

Meeting date: 22 February 2017 (**Deadline for papers:** 12pm, 14 February 2017)

Scrutiny Category	Item/issue	How	Lead member and/or lead officer	Intended outcomes
Performance monitoring	Performance reporting	Basket of indicators plus verbal report	Chris Lee, Director of Environment and Regeneration (and a representative from Community and Housing)	To highlight to the Panel any items for concern where under performance is evident and to make any recommendations or request information as necessary
Performance monitoring	Parking update report (including pavement parking and RINGO)	Written report	Chris Lee, Director of Environment and Regeneration and James McGinlay, Head of Sustainable Communities	To providing the Panel with the opportunity to monitor the performance of the Council's arrangements for parking in the borough

Performance monitoring	Libraries Annual Report	Presentation	Anthony Hopkins, Head of Library and Heritage Services	To provide the annual report on libraries service and to inform members of proposed future development of the libraries service
Scrutiny review	Monitoring the work of the air quality task group	Written report	Task group chair	To update the Panel on the task group's progress and to enable it to comment on the work of the task group going forward
Setting the work programme	Work programme 2015/16	Written report	Annette Wiles, Scrutiny Officer	To amend/agree the Panel's work programme and accommodate any pre-decision or other items that the Panel may wish to consider.

Meeting date: 21 March 2017 (**Deadline for papers:** 12pm, 13 March 2017)

Scrutiny Category	Item/issue	How	Lead member and/lead officer	Intended outcomes
Performance monitoring	Performance reporting	Basket of indicators plus verbal report	Chris Lee, Director of Environment and Regeneration (and a representative from Community and Housing)	To highlight to the Panel any items for concern where under performance is evident and to make any recommendations or request information as necessary

Scrutiny review	Monitoring of the implementation of the recommendations of the housing supply group	Written report	Steve Langley, Head of Housing Needs and Strategy, and James McGinlay, Head of Sustainable Communities	For the Panel to monitor the implementation of the recommendations it made and were accepted by Cabinet.
Performance monitoring	Facilities for physical activity in children's playgrounds	Written report	Chris Lee, Director of Environment and Regeneration	For the Panel to monitor how the Council provides facilities that support children in the borough to be physically active
Scrutiny review	Topic suggestions 2016/17	Written report	Annette Wiles, Scrutiny Officer	To seek topic suggestions from the Panel to inform discussions about the Panel's 2017/18 work programme
Performance reporting	Town Centre regeneration update (including updates on developments re: developing cycling provision)	Presentation	James McGinlay, Head of Sustainable Communities and Paul McGarry, Head of futureMerton	To provide a progress update on delivery of the Council's town centre regeneration programme

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