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Havering
LONDON BOROUGH

CABINET

7.30 pm	Wednesday 9 November 2022	Council Chamber - Town Hall

Members 9: Quorum 3

(Leader of the Council), Chairman

	Cabinet Member responsibility:
Councillor Keith Darvill	Lead Member for Climate Change
Councillor Gillian Ford	Lead Member for Adults and Health
Councillor Oscar Ford	Lead Member for Children and Young People
Councillor Paul McGeary	Lead Member for Housing
Councillor Paul Middleton	Lead Member for Corporate,Culture and Leisure Services
Councillor Ray Morgon	Leader of the Council
Councillor Barry Mugglestone	Lead Member for Environment
Councillor Christopher Wilkins	Lead Member for Finance and Transformation
Councillor Graham Williamson	Lead Member for Development and Regeneration

Zena Smith
Democratic and Election Services Manager

For information about the meeting please contact:
Luke Phimister tel: 01708 434619
e-mail: luke.phimister@onesource.co.uk

Webcast

Please note that this meeting will be webcast.
Members of the public who do not wish to appear in the webcast will be able to sit in the balcony, which is not in camera range.

Under the Committee Procedure Rules within the Council's Constitution the Chairman of the meeting may exercise the powers conferred upon the Mayor in relation to the conduct of full Council meetings. As such, should any member of the public interrupt proceedings, the Chairman will warn the person concerned. If they continue to interrupt, the Chairman will order their removal from the meeting room and may adjourn the meeting while this takes place.

Excessive noise and talking should also be kept to a minimum whilst the meeting is in progress in order that the scheduled business may proceed as planned.

Protocol for members of the public wishing to report on meetings of the London Borough of Havering

Members of the public are entitled to report on meetings of Council, Committees and Cabinet, except in circumstances where the public have been excluded as permitted by law.

Reporting means:-

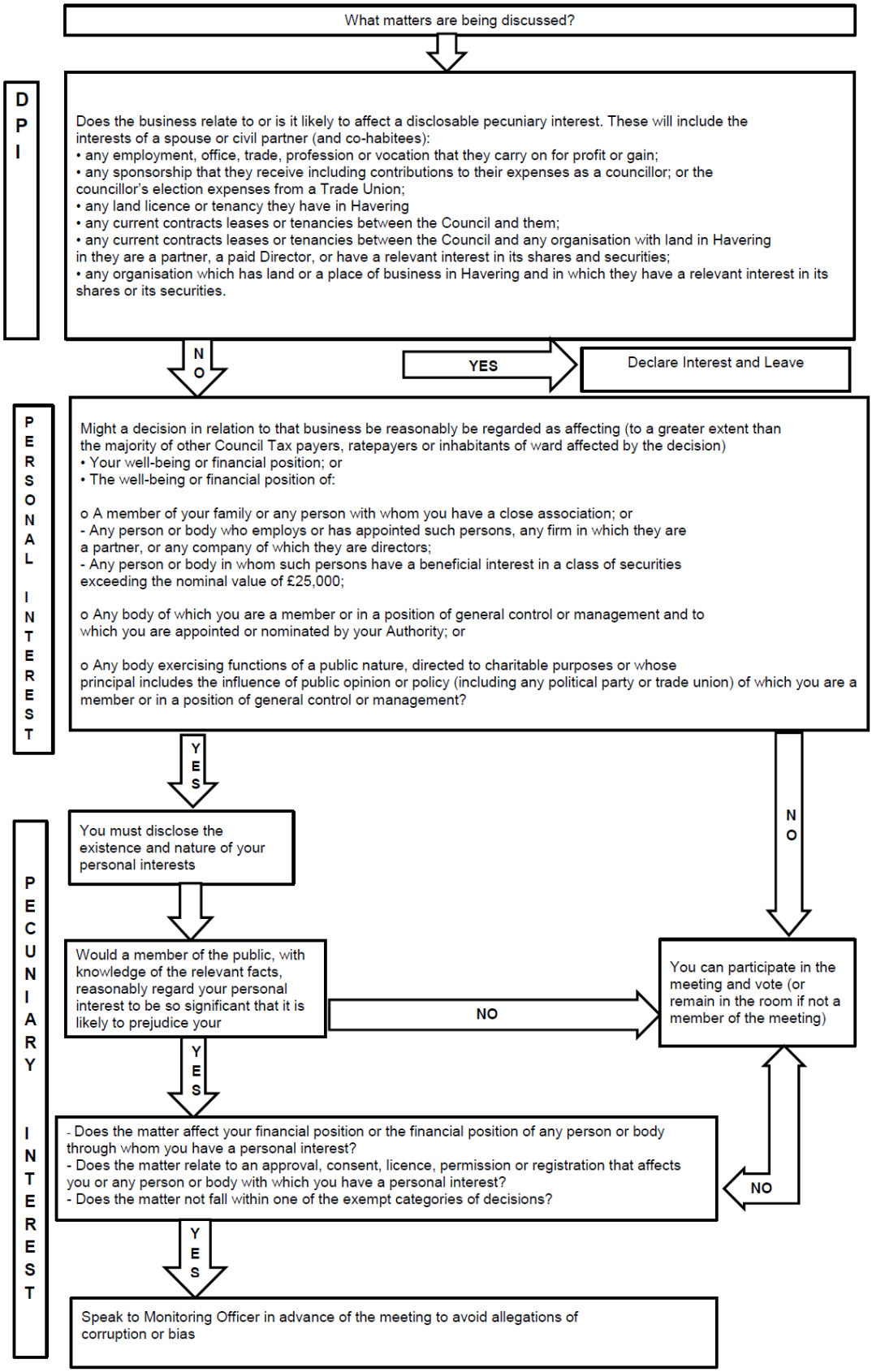
- filming, photographing or making an audio recording of the proceedings of the meeting;
- using any other means for enabling persons not present to see or hear proceedings at a meeting as it takes place or later; or
- reporting or providing commentary on proceedings at a meeting, orally or in writing, so that the report or commentary is available as the meeting takes place or later if the person is not present.

Anyone present at a meeting as it takes place is not permitted to carry out an oral commentary or report. This is to prevent the business of the meeting being disrupted.

Anyone attending a meeting is asked to advise Democratic Services staff on 01708 433076 that they wish to report on the meeting and how they wish to do so. This is to enable employees to guide anyone choosing to report on proceedings to an appropriate place from which to be able to report effectively.

Members of the public are asked to remain seated throughout the meeting as standing up and walking around could distract from the business in hand.

DECLARING INTERESTS FLOWCHART – QUESTIONS TO ASK YOURSELF



AGENDA

1 ANNOUNCEMENTS

On behalf of the Chairman, there will be an announcement about the arrangements in case of fire or other events that might require the meeting room or building's evacuation.

2 APOLOGIES FOR ABSENCE

(if any) - receive

3 DISCLOSURES OF INTEREST

Members are invited to disclose any interests in any of the items on the agenda at this point of the meeting. Members may still disclose an interest in an item at any time prior to the consideration of the matter.

4 MINUTES (Pages 1 - 6)

To approve as a correct record the minutes of the meeting held on 28th September 2022 and 5th October 2022, and to authorise the Chairman to sign them.

5 VISION AND CORPORATE PLAN (Pages 7 - 34)

Report and appendix attached

6 PROCUREMENT OF ULEZ COMPLIANT BUSES FOR PTS TO TRANSPORT CLIENTS ON BEHALF OF CHILDREN AND ADULT SERVICES (Pages 35 - 46)

Report and exempt appendix attached

7 ADOPT ANTI=IDLING (VEHICLE ENGINE) LEGISLATION LEGISLATION TO IMPROVE AIR QUALITY (Pages 47 - 58)

Report attached

8 EAST HAVERING DATA CENTRE CAMPUS (Pages 59 - 130)

Report and appendices attached

MINUTES OF A CABINET MEETING
Council Chamber - Town Hall
Wednesday, 28 September 2022
(7.30 - 8.40 pm)

Present:
(Leader of the Council), Chairman

	Cabinet Member responsibility:
Councillor Keith Darvill	Lead Member for Climate Change
Councillor Gillian Ford	Lead Member for Adults and Health
Councillor Oscar Ford	Lead Member for Children and Young People
Councillor Paul Middleton	Lead Member for Corporate Culture and Leisure Services
Councillor Ray Morgon	Leader of the Council
Councillor Barry Mugglestone	Lead Member for Environment
Councillor Christopher Wilkins	Lead Member for Finance and Transformation
Councillor Graham Williamson	Lead Member for Development and Regeneration

22 **ANNOUNCEMENTS**

Members were advised of the actions to be taken in case of an emergency.

23 **APOLOGIES FOR ABSENCE**

There were no apologies for absence.

24 **DISCLOSURES OF INTEREST**

There were no disclosures of interests.

25 **MINUTES**

The minutes of the meeting held on 6th July were agreed and the Chairman signed them as a correct record.

26 JULY FINANCE REVIEW 2022/23

The July Finance Review 2022/23 was presented to Cabinet.

Members noted that the majority of the budget is spent on Adult and Children's services, which overspent in the previous year, and the Council would need to make a saving of £70 million over the next 4 years. Members expressed concern with the level of savings to be made and agreed that lobbying the Government for additional funding needed to continue.

The following were agreed:

- N**oted** the revenue and Capital financial positions at Period 3 and the action plans being taken by services to reduce the overspend (section 4)
- N**oted** the Medium Term Financial Strategy and agree the budget timetable set out in section 5
- **Agreed** the Public Consultation process set out in section 6

27 ALL AGE AUTISM STRATEGY 2022-2025

Cabinet was presented with the All Age Autism Strategy 2022-25.

It was explained to Cabinet members that a large number of stakeholders had been contacted within the consultation and there was a large responses via hard copies. Members noted that strategy had started in 2018 but was delayed due to the COVID-19 pandemic. Cabinet noted the strategy would be reviewed annually to ensure it is a live and moving plan.

The following were agreed:

* **Reviewed** the changes made to the all age autism strategy as a result of the public consultation
* **Approved** the publication of the final all-age autism strategy.

28 REMOVAL OF PARKING RELATED COVID19 SUPPORT MEASURES

Cabinet considered the removal of parking related COVID-19 support measures.

Members noted that the parking charges would be reversing the parking charges to pre-COVID-19 levels and is estimated to recover around £1 million per year. Cabinet explained that it is committed to undertake a review of the parking charges in the Borough to make sure the right choices are made.

The following were agreed:

- **The removal** of the 20% discount in all Council Car Parks where payment is made via the cashless app;

- **The removal** of the one hour free on-street parking at all Pay & Display locations borough wide;
- **To resume** a charge of £1.50 for 0-1 hour parking at all on-street Pay & Display locations (which is consistent with pre-existing levels and car park tariffs).

Chairman

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MINUTES OF A CABINET MEETING
Council Chamber - Town Hall
Wednesday, 5 October 2022
(7.30 - 8.00 pm)

Present:
(Leader of the Council), Chairman

	Cabinet Member responsibility:
Councillor Keith Darvill	Lead Member for Climate Change
Councillor Gillian Ford	Lead Member for Adults and Health
Councillor Oscar Ford	Lead Member for Children and Young People
Councillor Paul McGeary	Lead Member for Housing
Councillor Paul Middleton	Lead Member for Corporate,Culture and Leisure Services
Councillor Ray Morgon	Leader of the Council
Councillor Barry Mugglestone	Lead Member for Environment
Councillor Christopher Wilkins	Lead Member for Finance and Transformation
Councillor Graham Williamson	Lead Member for Development and Regeneration

29 **ANNOUNCEMENTS**

Members were advised on the actions to be taken in case of an emergency.

30 **APOLOGIES FOR ABSENCE**

There were no apologies for absence.

31 **DISCLOSURES OF INTEREST**

There were no disclosures of interests.

32 **MINUTES**

Cabinet noted the minutes of the meeting held on 28th September 2022 would be presented to the meeting on 9th November 2022.

33 COMMUNITY SAFETY PLAN 2022-25

The Community Safety Partnership Plan 2022-25 was presented to Cabinet.

Members noted the new plan would be covered by staff in existing roles and would not encounter any additional costs to the Council. It was explained to members that the plan would tackle the 6 key priorities identified and would be a cross-service partnership and would include organisations such as the Fire Brigade, Schools and Safer Neighbourhood Teams.

Cabinet **approved** the Havering Community Safety Partnership Plan 2022-25

Chairman

Havering
LONDON BOROUGH

CABINET

9th November 2022

Subject Heading:	***Vision and Corporate Plan***
Cabinet Member:	Councillor Morgon
SLT Lead:	Sandy Hamberger, Director Policy, Strategy and Transformation
Report Author and contact details:	**Sandy.hamberger@havering.gov.uk**
Policy context:	The Corporate Plan sets out the Council's vision and strategic priorities that will be delivered during 2022-2027.
Financial summary:	There are no specific financial issues arising from the approval of the plan. It is expected that the Corporate Plan will be delivered within the approved budgets. Financial implications of specific proposals will be assessed on an individual basis as part of the relevant decision making processes.
Is this a Key Decision?	***Yes*** ***(c) Significant effect on two or more Wards***

When should this matter be reviewed?	***Bi-annually, after the LGA Report has been published***
Reviewing OSC:	***Overview & Scrutiny Board***

The subject matter of this report deals with the following Council Objectives

Communities making Havering	[X]
Places making Havering	[X]
Opportunities making Havering	[X]
Connections making Havering	[X]

NB these will change post agreement of the Corporate Plan

SUMMARY

This report presents a draft Vision and Corporate Plan for the 2022/2027 period, which has been aligned to the new Vision and three corporate priority pillars; People, Place and Resources.

It sets out performance measures for the current 2022/23 year.

RECOMMENDATIONS

The Cabinet is asked to approve the Vision and Corporate Plan and proposed Corporate Performance Indicators.

REPORT DETAIL

The Corporate Plan sets out the Council's vision; "***The Havering you want to be part of",*** and how this will be achieved through the delivery of the three corporate priorities of People, Places and Resources. Each of these have a number of outcomes that together will help achieve the Vision, and identified key activities over the four years that will contribute to the delivery of the outcomes that underpin the Vision.

The progress against each of these will be monitored by a number of indicators and measures shown against each priority pillar, outcome and actions. This will be reported to Cabinet on a quarterly basis, and through an annual report that will summarise the year's performance and overall progress against the Vision.

The Vision and three priority pillars together, form the proposed Corporate Plan for 2022-2027. These will be refreshed annually to take account of changes required.

Cabinet is asked to note that much of the content of the corporate plan is cross – cutting. Many of the actions and achievement of the Corporate Performance Indicators are not solely the responsibility of one service, but a number of services. This will be reflected through the quarterly corporate performance reports and monitoring of the corporate and service plans throughout 2022/23 and in future years.

Not all of the Performance measures are currently collected, and systems will need to be put in place and reported in due course.

The draft Corporate Plan is attached as **Appendix 1.**

REASONS AND OPTIONS

Reasons for the decision:

Whilst there is no statutory requirement to have a Vision and Corporate Plan, having one provides clarity for staff, partners and residents. The Corporate Plan identifies what the Borough's challenges and changes are, and what the priorities are for People and Place. This is particularly important given the last Corporate Plan was agreed prior to the Pandemic. As we enter the recovery phase, resources must be focused and prioritisation clearly communicated.

Option three was agreed, as this was considered to provide the balance of clarity and avoidance of confusion required, within current resources delivery.

Other options considered:

Option one:

Not having a Corporate Plan

Consideration was given in light of the Councils financial position to not having an agreed Corporate Plan. This was rejected on the basis of the loss of clarity and prioritisation arising from the consequence of not having one. This option would require an alternative approach to ensure the priorities were communicated, which would defeat the objective.

Option two

Using an alternative provider to develop an alternative offer

Given the financial position, this would have been a more costly option and was discounted in favour of an in-house simple offer.

Option three

Develop a simple in-house Corporate Plan with no costly launch etc.

IMPLICATIONS AND RISKS

Financial implications and risks:

There are no immediate financial implications arising from approving the Corporate Plan. However, delivery of the plan will have significant financial implications that will be considered as part of the annual MTFS cycle. It is expected that the 2022/23 Corporate Plan requirements will be delivered within approved Revenue & Capital budgets. Any budgetary issues arising from delivery of the plan will be raised through normal budget monitoring processes. Financial implications of specific proposals will be assessed on an individual basis as part of the relevant decision making processes

Legal implications and risks:

There are no direct legal implications or risks from this report. The corporate and service planning processes will need to take account of new and existing statutory duties and responsibilities that are imposed on the Council by the Government even if there are inadequate or no commensurate increases in Government funding to finance them. Failure to do so will put the Council at risk of legal challenge by affected residents or businesses

Human Resources implications and risks:

There are no major direct HR implications or risks from this report. Any HR issues which occur as part of any change processes will be managed in accordance with both statutory requirements and the Council's Managing Organisational Change & Redundancy Policy and associated guidance

It is important to note that the Choose Havering values and behaviours are a key enabler of the proposed vision in its implementation and how we engage future employees creating the right environment and culture.

It is also critical that people policies and processes support the vision and that in particular that we create a golden thread from our vision to our corporate plan and into individual performance objectives, skills building and development through our performance management process.

Equalities implications and risks:

Equalities assessment is normally required for significant impacts upon ANY of the "protected characteristics". As this is a four year Corporate Plan that takes account of demographic demands in the community, it is appropriate that detailed equality implications of individual proposals and activities arising from this, will be assessed as necessary as part of the corporate and service planning processes. Equality

impact assessments are systematically carried out for any services, projects or other schemes that have the potential to impact on communities and / or staff on the grounds of particular protected characteristics or socio-economic disadvantage.

That said, the priorities contained, include a range of positive ambitions expressed through the outcomes and activities.- in line with the context of the Borough and needs.

Health and Wellbeing implications and Risks

As detailed in the Corporate Plan, a range of key health and well-being issues have been specifically identified under the priority pillars and outcomes. In addition, a number of other priorities concern the wider determinants of health and aspects of community and place that impact on health outcomes. As decision papers regarding each priority are developed via the normal planning and delivery process, they will be subject to a thorough health impact assessment which will identify opportunities to maximise health benefits, minimise potential harms and minimise health inequalities between communities and population groups.

publichealth@havering.gov.uk

ENVIRONMENTAL AND CLIMATE CHANGE IMPLICATIONS AND RISKS

The Council has agreed for the organisation and the borough to be carbon neutral by 2040 or sooner. To help facilitate this ambition all reports must address the recommendation impact on Climate to support Members' decision making.

The Corporate Plan ambition is to progress this, future reports will give consideration to the specific issue of Climate Change impact arising from that.

BACKGROUND PAPERS

28th September 2022 Cabinet: Update report on the Council's financial position and Medium Term Financial Strategy

(Public Pack)Agenda Document for Cabinet, 28/09/2022 19:30 (havering.gov.uk)

The Havering you want to be part of

A new Vision for Havering

Havering
LONDON BOROUGH

Vision: The Havering you want to be part of

Leader's Introduction

As the first Residents' Association Leader in over 30 years. I have been clear from the very start that this would be an open, honest, transparent and collaborative Administration between The Havering Resident's Association and Labour and our Vision "The Havering you want to be part of", is shaped by these promises.

Over the next four years, these principles will help us deliver our Vision.

1. People - Things that matter for residents.

2. Place - A great place to live, work and enjoy.

3. Resources - A well run Council that delivers for People and Place.

My aim is to ensure that all Councillors engage at a ward level and support this Vision for our Residents.

The broad goals, and key actions that deliver against the three priorities, are set out in the Corporate Plan, which shows you what we need to do over the next four years. Each of them has a number of performance measures that will be reported on and show you the progress being made, as we are actively delivering on our pledges. As part of his introduction, the Chief Executive has provided a summary of the big challenges and changes that have happened in our borough that have helped to shape the Vision and Corporate Plan.

As a Cabinet we have inherited a competent team of officers, but historically we are an underfunded Council, made worse by COVID-19 and the increasing levels of demand for complex social care needs. We are, and will continue to, strongly lobby the Government to seek to address this unfair position. However, this means we must make a number of difficult decisions immediately to deliver a balanced budget as required in law. Careful management is necessary to deliver sustainable services and for investment in future needs. We need to grow our economy, bringing jobs into the borough, and make Havering a healthy, attractive place to live and work. I am confident we can do this but I want to be honest about the tough decisions that we need to take and the impact they will have. The Vision is a balanced one that takes the difficult financial legacy into account, together with the future projects and change we can make. Although this year will be tough, rest assured, we will deliver a range of projects that will bring inward investment, to improve our borough and create more jobs and opportunities.

I look forward to working with you all to achieve this, and put residents back at the heart of all we do.

Councillor Ray Morgon
Leader of Havering Council

Vision: The Havering you want to be part of

Chief Executive's Forward

In my tenure as Chief Executive for Havering, I have run an organisation that has kept costs low, whilst delivering good services and regeneration developments that have attracted significant investment for the borough. This has been despite the near £70m reduction in Government funding and the freezing of the allocation formula since 2013. This on-going situation alongside the increased demand from Adult's and Children's social care services as a result of demographic changes, COVID-19, and a legacy of increasing complexity with accompanying high costs, the Council has to agree significant savings for the next four years. This will result in non-statutory services reducing or stopping altogether alongside raising local income. This year's Budget Consultation has been designed with that in mind and we are seeking your views.

The Council will continue to deliver on its capital regeneration, digital transformation, employer of choice and Race, Equalities, Accessibility, Diversity and Inclusion (READI) Review Programme, as these will support the organisation making it more efficient and effective and therefore costing less to administer. We will also deliver future cost savings and improvements to the infrastructure, technology, culture and be an organisation that can deliver statutory services with a productive and valued workforce.

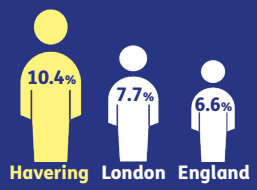
Under the Resources Priority, I will be reshaping the Council to focus on and support the delivery of People and Place Priorities and activities that have been set out in the Vision and Corporate Plan. Of course it's not possible to put everything in that, hence the goals are broad and will take account of what needs to be done over the next four years – in line with the key challenges and changes facing Havering. Below is a summary of the key challenges and changes in the borough that we need to address.

Andrew Blake-Herbert
Chief Executive of Havering Council

The key challenges we face ahead

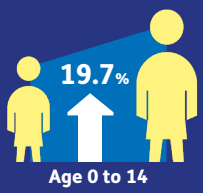
The Council's Government grant has reduced from **£70m** to **£1.5m** due to the unfair Government Funding Formula, which is a significant factor in the Council's acute budget gap. Despite trying to minimise the impact, we will feel the effects of the significant savings that are going to have to be made, as we have a legal duty to balance the books every year. These are just some of the challenges we face:

Along with the rest of the country our residents are facing the cost of living crisis

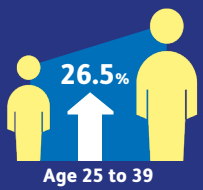


We have a 10.4% (24,800) increase in population since 2011, a higher increase than London (7.7%), and England (6.6%)

A higher proportion of residents aged over 65 (17.6%). This is the second highest proportion in London



We have the highest increase (19.7%) in 0-14 year olds, compared to London (4.2%) the second highest in the uk



The biggest growth has been seen in 25 to 39 year olds (an increase of 26.5%)

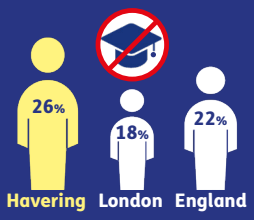
We have one of the highest number of disabled adults (19%)

The average homelessness approaches to the Council has increased from less than 150 a month in 2020 to around 290 per month in the last two years

The key challenges we face ahead

8,800, one in five of our children under 16 years of age live in poverty - the highest proportion in Gooshays and Heaton Wards

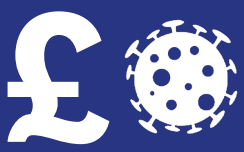
On average 1 in 10 households cannot afford to heat their homes – this will rise with the current cost of living crisis



26% of Havering residents have no qualifications whatsoever, which is higher than London (18%) and England (22%)

Havering (81%), has higher than London (75%), and England (75%), employment rates

Havering had the biggest increase in low wage earners of all London boroughs over the last decade



Our seven town centres have performed well through COVID-19 but still face threats to footfall and retail occupancy as the dynamics of retail continue to change

Havering residents are heavily reliant on their cars to travel around and out of the borough due to lack of good public transport connections

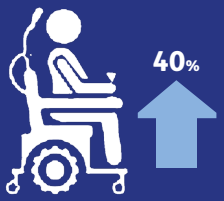
The key challenges we face ahead

Obesity rates in Havering are the highest in London – 1 in 5 children are overweight or obese by the age 5, rising to 2 in 5 by age 11 and 2 out of 3 adults aged 16 and above.

Heart attacks and cancer are the most common cause of deaths

4 in 10 cancer cases are caused by avoidable risk factors like smoking, obesity, and alcohol

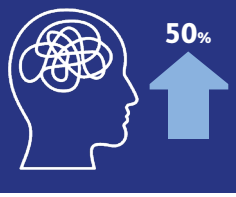
Adult and Children's Social Care are the highest spend areas and account for over 70% of Council Tax spend



The number of education, health and care plans for children with special needs are up 40% in last 4 years

The number of children eligible for free school meals are up from 7,000 in October 2020 to 8,500 in October 2022

The complexity of social care cases has increased, the average weekly cost of a case has risen from £610 (2019/20) to £1072 (2021/21) and will rise further with the cost of living impacts



In the last financial year, there was a 50% increase in children with mental health issues seen through our front door point of contact

Given the severe challenges to our finances we will still strive to meet our goals and aspirations in our Vision.

Vision: The Havering you want to be part of

People Theme

"Things that are important for our residents" **Theme Outcomes for Residents**
Havering is a safe place and committed to equality of opportunity for all
The best health and social care outcomes for our residents are secured
Our children, young people and young adults thrive and are inspired to reach their full potential
We enable and support families and communities look after themselves and each other
People are helped to live independent, socially connected and healthier lives
Working with partners we adopt a strategy (whole systems approach) to tacking childhood obesity

Place Theme

"A great place to live, work and enjoy" **Theme Outcomes for Place**
Havering is a clean and green borough
It is easier and safer to get around the borough
Havering has safe and affordable housing and development is managed in a way which protects the borough's character
Housing tenants and leaseholders receive good services
Development is managed in a way which protects the borough's character
Attract and deliver significant Regeneration opportunities
Improve Havering's art, history leisure and culture offer

Resources Theme

"A well run Council that delivers for People & Place" **Theme Outcomes for Resources**
The Council is financially resilient and provides value for money services to residents ensuring it is monitored fairly and transparently
The Council fully engages with its communities by listening and keeping them informed
The Council is an employer of choice
The Council is digitally enabled

People Theme: Actions and Outcomes

Outcomes

Havering is a safe place and committed to equality of opportunity for all

Corporate Plan 22/23-26/27 key deliverables – *Key actions to deliver these outcomes*	**Corporate Plan year one: 22/23** *How we will monitor our yearly progress against delivery of the actions to achieve the outcome: performance measures, indicators, targets*
• Review and implement Council CCTV strategy • Educating and protecting children and young people against risks including youth violence, exploitation and radicalisation • Reducing incidents of violence in the borough in particular against women • Increasing residents sense of safety and improving perception of crime • Licensing of Homes of Multiple Occupancy (HMO), and robust enforcement of breaches • Adopting a zero tolerance to racism and discrimination of any kind, including providers of Council Services • Celebrating our community's diversity through a variety of activities and events • Ensure that all our services are inclusive and fair, promoting equalities for all • Agree an updated Social Value Strategy • Complete needs assessment and agree (via Health and Wellbeing Board H&WB and CSP) a combatting drugs strategy	• Review of strategy taken and numbers of hours CCTV is in operation • Number of young people who are engaged in preventative programmes • Use the Mayor's Office for Policing and Crime (MOPAC) dashboards and Havering Community Safety Partnership Strategic Assessment to measure crime • Resident perception of crime levels – IPSOS Mori • Resident confidence in Police (MOPAC User satisfaction surveys) • Number of Section 92 (Council funded) police officers on the streets • % of residents feeling safe after dark in the borough • % of female residents that say they feel safe in the borough • % of residents that say the borough is a place where people from different backgrounds get on well • Deliver social value identified in the strategy • Number of HMO licences made in year and enforcement orders • % outcomes from agreed drugs strategy

People Theme: Actions and Outcomes

Outcomes

The best health and social care outcomes for our residents are secured

Corporate Plan 22/23-26/27 key deliverables – *Key actions to deliver these outcomes*	Corporate Plan year one: 22/23 *How we will monitor our yearly progress against delivery of the actions to achieve the outcome: performance measures, indicators, targets*
• Work with health partners to ensure Integrated Care Systems benefit the needs of our residents • Improve health inequality outcomes through the Havering Place Based Partnership Board • Work with partners to improve the health of the population and narrow inequalities in health between communities and population groups • Improve experience and outcomes of health and social care services • Encourage preventative health checks • Promoting vaccinations • Recruit health champions • Deliver timely needs assessments • Supporting Physical activity • Working with partners to support mental wellbeing and improve access to support and care when needed • Keeping our residents safe and making Safeguarding Personal • For residents who lack mental capacity to decide on their care arrangements, prepare for Liberty Protection Safeguards (LPS) implementation in 2024 • Reduce obesity levels in the borough to improve long-term health • Earlier identification and support for children with Special Educational Needs and Disabilities to improve their outcomes	• Priority needs are agreed and targets set • Number of eligible population offered and taking up an NHS health checks • % take-up of COVID-19 and flu vaccinations • Support residents to eat well, be more active and reduce levels of overweight and obesity • Work with partners to promote good mental wellbeing and improve access to support and care when needed. • My Health Matters – total number of champions • Percentage of physically active adults (2021 data) • % of adult safeguarding cases where desired outcomes were expressed and these were either partially or fully met • Update Joint Strategic Needs Assessment (JSNA) to capture health needs of local residents • Agree combating drugs plan • % of residents for whom we have completed the specialist assessment needed ahead of LPS implementation • Havering Borough Partnership Plan implemented • Number of children receiving school holiday meals • Improve the timescales of assessment for children with SEND by quicker issuing of education, health and care plans to support their needs

People Theme: Actions and Outcomes

Outcomes

Our children, young people and young adults thrive and are inspired to reach their full potential

Corporate Plan 22/23-26/27 key deliverables – *Key actions to deliver these outcomes*	**Corporate Plan year one: 22/23** *How we will monitor our yearly progress against delivery of the actions to achieve the outcome: performance measures, indicators, targets*
• Provide more timely assessment and care planning for children at risk of significant harm • Being effective corporate parents to the children we care for and ensure all officers and elected councillors are aware of and support young people and children in our care. • Increasing the number of "in-house" foster carers • Reducing the number of children we care for (Children In Care) living outside of the borough • Raising aspirations to increase the numbers of children or young people in education or training. • To develop the borough's SEND offer, consistent with the published government green paper • Offering residents school preference choice • Promote a wide range of opportunities for young people to travel in ways that support a healthy lifestyle. • Working with partners to provide good or outstanding schools for our children. • Increasing the stability of Children Looked After placements • Increasing the Educational attainment of Children in Care • Continue to grow the number of children and young people that are actively involved in consultation, coproduction and service design across the community Working with schools to promote an inclusive education	• Improve the number of assessments and care planning for children at risk of significant harm completed within 45 days. • % of Educational, Health and Care Plans (EHCP) issued within 20 weeks including exceptions • Number of children in care that have an allocated mentor • Increase the % 16 to 19 year olds and children aged 19-21 (who were formally in care) in education, employment or training and reduce those note in education, employment or training (NEETS) • Percentage of Havering residents receiving an offer of their first preference school (primary and secondary) • % of schools that are judged good or outstanding by Ofsted • % of pupils attending a Good or Outstanding provider (Primary) • % of pupils attending a Good or Outstanding provider (Secondary) • % of Children in Care (CIC) aged under 16 who had been looked after continuously for at least 2.5 years who were living in the same placement for at least 2 years • % and actual increase in the number of 'in-house' foster carers • % of young people leaving care who are in higher education aged 19-21 • Active engagement and feedback from youth and children in care councils • Reduction of children missing education or being electively home educated

People Theme: Actions and Outcomes

Outcomes

Enable and support families and communities to look after themselves and each other

Corporate Plan 22/23-26/27 key deliverables – *Key actions to deliver these outcomes*	Corporate Plan year one: 22/23 *How we will monitor our yearly progress against delivery of the actions to achieve the outcome: performance measures, indicators, targets*
• Implementing the next generation of technology to support adults with disabilities and other needs • Review and deliver more targeted early help service in the community including local area coordination • Deliver vibrant community hubs • Work with partners including the voluntary sector to support people in the community. • Supporting Havering Carers and increasing community resilience to help people to look after themselves • Use Local Area Coordination to quickly respond and help people who need it most to stay well and healthy	• Target and take up of assisted technology (adults) • Proportion of people using adult social care who receive self-directed support • Reducing numbers entering the care system by targeted early help intervention • % of carers receiving needs assessment or review and a specific carer's service, or advice and information • Number of people helped to through LAC and long term benefits

Outcomes

People are helped to live independent, socially connected and healthier lives

Corporate Plan 22/23-26/27 key deliverables – *Key actions to deliver these outcomes*	Corporate Plan year one: 22/23 *How we will monitor our yearly progress against delivery of the actions to achieve the outcome: performance measures, indicators, targets*
• Having Better Living conversations to get the best outcomes for individuals • Number of residents enabled to live in their own homes in 22/23 • Proportion of Adults with Learning Disabilities who live in their own home or with their family • Delivery of the Better Care Fund outcomes. • Work in partnership with the voluntary sector to create opportunities for social engagement • Support the transition of young people into adulthood to ensure a smooth transition	• Cases managed through a Better Living approach as a percentage • Permanent admissions (Aged 18-64) to residential and nursing care home, per 100,000 population • Permanent admissions of older adults (65+) to residential and nursing care homes per 100,000 population • % of older people (65 and over) still at home 91 days after discharge from hospital into renablement/rehabilitation services • % of people with a learning disability in employment • % of carers assessments completed

People Theme: Actions and Outcomes

Outcomes

Working with partners we adopt a strategy (whole systems approach) to tackling childhood obesity

Corporate Plan 22/23-26/27 key deliverables – *Key actions to deliver these outcomes*	**Corporate Plan year one: 22/23** *How we will monitor our yearly progress against delivery of the actions to achieve the outcome: performance measures, indicators, targets*
• Making sure there is a clear link to public health outcomes to improve obesity health and wellbeing for residents • Provide vibrant parks and open spaces that encourage walking and socialising • Invest in active travel by introducing a walking and cycling strategy • Expansion of the school streets programme • Working with partners to support and promote physical activity • Pilot the Healthy Exercise Nutrition for the Really Young (HENRY) Programme through children centres and schools	• Refresh strategy using whole systems approach • Increased number of children and young adults using the leisure centres • Funding in place for cycle safety courses and lockable bike sheds • Number of planned school streets implemented • Continue to provide vibrant parks and open spaces • Increase % of eligible families taking up free school meals • % schools / early years settings signed up to relevant health award scheme

Place Theme: Actions and Outcomes

Outcomes

Havering is a clean borough

Corporate Plan 22/23-26/27 key deliverables – *Key actions to deliver these outcomes*	Corporate Plan year one: 22/23 *How we will monitor our yearly progress against delivery of the actions to achieve the outcome: performance measures, indicators, targets*
• Encouraging resident participation in keeping our streets clean • Inspecting streets for litter • Effective bin collections • Reducing waste and encouraging recycling • Tackling environmental crime • Redesign of integrated street cleansing and waste collection services	• Number of community clean up days • Number of reported received, closed and response rates • % of streets inspected which are found to be clear of widespread or heavy levels of litter • Missed refuse collections per 100,000 collections • % of household waste sent for reuse, recycling and composting • % of municipal waste landfilled • Implementation of environmental crime strategy • % of residents satisfied with the cleanliness of the borough • Commencement of new contract

Outcomes

Havering is a green borough

Corporate Plan 22/23-26/27 key deliverables – *Key actions to deliver these outcomes*	Corporate Plan year one: 22/23 *How we will monitor our yearly progress against delivery of the actions to achieve the outcome: performance measures, indicators, targets*

• Delivering a green borough for future generations achieving carbon neutral by 2040
• **Delivering our Climate Change Strategy Action Plan:**
  • Monitor and reduce our energy consumption
  • Complete our Social Housing Decarbonisation Fund programme and bid for future funds
  • Improve air quality
  • Enabling Electric Vehicle (EV) Charging points in the borough
  • Investing in our parks
  • Protecting our allotments
  • Deliver a home energy conservation act strategy
  • Working with waste authority partners to re-procure a waste treatment contract
  • Increase participation in active travel
	• Annual target and performance
	• Annual Air Quality target and performance
	• Annual targets and performance
	• Publish energy consumption data
	• Targets for Social Housing Decarbonisation and performance
	• Targets for “Degassing” and performance
	• Targets for number of social housing residential properties retrofitted with energy saving measures
	• Total number of EV charging points in borough
	• Number of parks with Green Flags
	• % of allotment sites in use

Place Theme: Actions and Outcomes

Outcomes

It is easier and safer to get around the borough

Corporate Plan 22/23-26/27 key deliverables – *Key actions to deliver these outcomes*	Corporate Plan year one: 22/23 *How we will monitor our yearly progress against delivery of the actions to achieve the outcome: performance measures, indicators, targets*

• Lobbying (advocate) for Investment in transport routes within the borough (review)
• **Developing a transport strategy for the borough which will include:**
  • Make sure transport connections are in the best interest of residents
  • Review parking strategy for residents, businesses and visitors
  • Improving Road Safety across borough and reduce death and injury
  • Providing alternative routes between transport hubs, homes and destinations
  • Supporting pedestrian routes and cycling in the borough that meets the Healthy Streets criteria
	• £s secured for investment in transport routes
	• Agreement of target strategy
	• Sustainable Parking strategy adopted Yes/No
	• % Reduction in road safety fatalities
	• Target and number of Pedestrian and cycling routes provided in year
	• Healthy Streets – improvement in the national index ranking
	• Completion of Local Implementation Plans (LIP) funded projects

Outcomes

Havering has safe and affordable housing and development is managed in a way which protects the borough's character

Corporate Plan 22/23-26/27 key deliverables – *Key actions to deliver these outcomes*	Corporate Plan year one: 22/23 *How we will monitor our yearly progress against delivery of the actions to achieve the outcome: performance measures, indicators, targets*
• Preventing homelessness and rough sleeping • Increasing the number of affordable homes delivered through the planning system, and our regeneration programmes • Increasing the number of supported housing units for our most vulnerable residents • Developing and implement new Estates Strategy to improve the quality of our estates and neighbourhoods • Ensuring access to social housing is fair and equitable • Improving the cost and quality of temporary accommodation • Reviewing the landlords licensing scheme	• The number of households where homelessness was prevented due to casework by the council • The number of verified long term rough sleepers • % of new homes delivered against the number of homes required (rolling 3-year result) • The number of affordable homes delivered per year - new build and conversions • Total number of households in Temporary Accommodation on last day of the period • Number of days a property is Void • Review the Housing allocation policy including for armed forces personell • Reduce the number of homes experiencing fuel poverty

Place Theme: Actions and Outcomes

Outcomes

Housing tenants and Leaseholders receive good services

Corporate Plan 22/23-26/27 key deliverables – *Key actions to deliver these outcomes*	Corporate Plan year one: 22/23 *How we will monitor our yearly progress against delivery of the actions to achieve the outcome: performance measures, indicators, targets*
• Reducing the number of empty Council homes • Ensuring Council properties meet all regulatory standards • Repairs and maintenance are undertaken • Maximise rent income levels • Improve satisfaction rates for tenants with their home • Improve customer satisfaction with the Telecare service	• % of the Council's homes that meet the regulatory Standards • Housing Repairs and Maintenance - % routine repairs completed on time • Overall % customer satisfaction with repair services (Annual) • Housing Tenants: Rent collected as % of rent due • % Overall tenant satisfaction with their home • % Customer satisfaction with Telecare service

Outcomes

Development is managed in a way which protects the borough's character

Corporate Plan 22/23-26/27 key deliverables – *Key actions to deliver these outcomes*	Corporate Plan year one: 22/23 *How we will monitor our yearly progress against delivery of the actions to achieve the outcome: performance measures, indicators, targets*
• Refresh the Local Plan so that we have up-to-date strategy where all planning applications can be judged against • Enforcement action is taken where serious and harmful breaches are identified • New development is resilient • Champion Village Greens	• Refresh programme has begun • % of enforcement notices served for serious and harmful breaches each year • Planning decisions take into account flood risk, fire safety and sustainability standards • Number of village greens applied for

Place Theme: Actions and Outcomes

Outcomes

Attract and deliver significant Regeneration opportunities

Corporate Plan 22/23-26/27 key deliverables – *Key actions to deliver these outcomes*	Corporate Plan year one: 22/23 *How we will monitor our yearly progress against delivery of the actions to achieve the outcome: performance measures, indicators, targets*
• Making Havering an attractive borough to live, work and enjoy • Fully engage and work with partners and bodies in London and sub-region • Deliver the Romford Master Plan and the Rainham Master Plan • Promoting the Council's regeneration schemes. • Securing Community Infrastructure Levy (CIL) and Section 106 monies • Reviewing CIL and neighbourhood CIL • Making sure the right infrastructure is in place to support new housing	• Develop Marketing Plan • Number of new homes delivered • £ of CIL and Section 106 Monies secured • Adopt the Romford Master Plan • Identify a strategy for delivering the Rainham Master Plan

Outcomes

Improve Havering's art, history, leisure and culture offer

Corporate Plan 22/23-26/27 key deliverables – *Key actions to deliver these outcomes*	Corporate Plan year one: 22/23 *How we will monitor our yearly progress against delivery of the actions to achieve the outcome: performance measures, indicators, targets*
• Increasing the accessibility of creative, artistic, theatrical or musical events • Increasing the arts and cultural sector offer • Increasing the borough's Cultural Asset Register • Begin work to radically improve what is on offer at the Bretons site • Increase leisure provision in the borough • Protecting our heritage assets	• % of residents that have attended any creative, artistic, theatrical or musical events in the past 12 months (City Tracker) • Apply to be the Borough of Culture • % growth in the arts and cultural sector • Maintain the borough's Cultural Asset Register • Agree Breton's masterplan • Open the new Rainham leisure centre

Place Theme: Actions and Outcomes

Outcomes

Investing in our towns and neighbourhoods

Corporate Plan 22/23-26/27 key deliverables – *Key actions to deliver these outcomes*	Corporate Plan year one: 22/23 *How we will monitor our yearly progress against delivery of the actions to achieve the outcome: performance measures, indicators, targets*
• Delivering the Romford town centre Masterplan document, based on the agreed vision for the next 10-15 years • Developing renewal and investment plans for each district town centre at Rainham, Collier Row, Hornchurch, Upminster and Elm Park • Commencing the community-led regeneration of Harold Hill town centre while retaining its business offer • Plan and develop future tourism and the night-time economy • Embedding the Transport for London Healthy Streets Indicators (LHS) into the delivery of Local Implementation Plan and Liveable Neighbourhoods Schemes	• % of Implementation Plan Targets due and delivered in 22/23 • Red, amber, green (RAG) status of progress of whole plan due • Increase market footfall and income • Number of district Town Centres with an adopted investment plan • % of Harold Hill regeneration due and delivered • £ target and actual tourism and night-time investment secured • £ cumulative value spent on road and pot-hole programme • Performance against LHS indicators

Outcomes

Helping residents to succeed in life-through economic growth

Corporate Plan 22/23-26/27 key deliverables – *Key actions to deliver these outcomes*	Corporate Plan year one: 22/23 *How we will monitor our yearly progress against delivery of the actions to achieve the outcome: performance measures, indicators, targets*
• Increasing employment rates • Increasing the employment opportunity in the borough • Increasing the number of jobs through regeneration schemes • Encouraging creation of apprenticeship opportunities • Championing higher educational attainment • Encouraging better paid jobs in the borough	• % of people in the city (aged 18-64) who are employed (2021 data) • Net number of new jobs • Target and number of green jobs secured in the borough in 22/23 • Number of businesses signed up to the Living Wage Campaign • Number of jobs secured through regeneration schemes in 22/23 • Number of apprenticeships created and filled in the borough in 22/23 • Reduction in Havering's low wages • Increase in average household income

Place Theme: Actions and Outcomes

Outcomes

Our towns and neighbourhoods attract inward investment to create economic growth that helps residents to succeed in life

Corporate Plan 22/23-26/27 key deliverables – *Key actions to deliver these outcomes*	**Corporate Plan year one: 22/23** *How we will monitor our yearly progress against delivery of the actions to achieve the outcome: performance measures, indicators, targets*
• Through the Council's investment strategy - attracting new investment that local businesses and residents can benefit from • Supporting existing and new businesses • Supporting the growth of key and new employment sectors, including engineering, construction, manufacturing and creative industries • Encouraging and supporting entrepreneurship in the borough • Working with Anchor Institutions (Public sector bodies) to employ local residents • Encouraging Neighbourhood CILS	• £ investment secured in 22/23 • £ increase in business sector growth • % growth of business by agreed sectors; construction, manufacturing and creative industries • Reduce the number of high street voids and maintain footfall across high streets and major local centres • Number and value of Neighbourhood CILS created

Resources Theme: Actions and Outcomes

Outcomes

The Council is financially resilient and provides value for money services to residents ensuring it is monitored fairly and transparently

Corporate Plan 22/23-26/27 key deliverables – *Key actions to deliver these outcomes*	**Corporate Plan year one: 22/23** *How we will monitor our yearly progress against delivery of the actions to achieve the outcome: performance measures, indicators, targets*
• Moving to a sustainable budget over the medium term. • Achieving in year MTFS savings • Prudent borrowing levels • Benchmarking our costs externally • Increasing quantity of Council Tax and Business rates collected • Ensuring best value from contracts through procurement and commissioning • Diversify and maximising income ensuring full cost recovery • Mercury Land Holdings business case – subject to risk • Managing the risk of the financial circumstances • Work towards a "Fair Cost of Care" for adult social care providers, develop a market sustainability plan, and continued work on getting ready for the Care Cap in October 2023	• Annual balanced budget agreed • % of in year MTFS savings achieved • Borrowing levels • Impower "Which Councils are best" ranking of costs position • % of Council Tax due collected, compared with others • % of Business Rates due collected • Compliance with CIPFA financial management code • Diversify sources and increase overall income • Fair Cost of Care and initial market sustainability plan submitted in October 2022 • Final market sustainability plan in February 2023 • Readiness for phase 1 of introduction of care cap

Resources Theme: Actions and Outcomes

Outcomes

The Council fully engages with its communities by listening and keeping them informed

Corporate Plan 22/23-26/27 key deliverables – *Key actions to deliver these outcomes*	Corporate Plan year one: 22/23 *How we will monitor our yearly progress against delivery of the actions to achieve the outcome: performance measures, indicators, targets*
• Develop a community engagement strategy (including children and young people) • Ensure we undertake good quality of consultations and they are cross referenced with other data gathered by the Council • Keep residents informed through campaigns and communication channels on services and actions the Council is taking • Improve experience for residents when interacting with council services • Reduction in complaints that are externally upheld	• % of residents that think, overall, that Havering keeps residents well informed about the services and benefits it provides • Number of consultations in year • % of residents very or fairly satisfied with the Council • Measured satisfaction from residents in contacting the Council and have issues resolved or processed efficiently • % of Local Government and Social Care Ombudsman (LGSCO) complaints upheld or partially upheld

Outcomes

The Council is an Employer of Choice

Corporate Plan 22/23-26/27 key deliverables – *Key actions to deliver these outcomes*	Corporate Plan year one: 22/23 *How we will monitor our yearly progress against delivery of the actions to achieve the outcome: performance measures, indicators, targets*
• Regular staff engagement surveys • Attracting and retaining a diverse workforce • Agree the Work Force Strategy • Reducing spend on agency staff • Implementing the Race, Equality, Accessibility, Diversity and Inclusion, (READI), review improvement recommendations • Provide online access to training for all staff and Members on their responsibilities under the Public Sector Equalities Duties • Provision of confidential reporting routes for staff to call out inappropriate behaviors	• External Review Comments/judgments/inspections • Staff satisfaction ratings from surveys • Increase % of staff who declare their protected characteristics as a % of the total workforce e.g. ethnicity, disability, sexuality • Gender pay gap data • % of Council staff that are agency compared to other London Councils • % of READI recommendations due, completed • % of Councillors that sign the annual zero tolerance pledge • Number of diversity events supported during 22/23 • Publish data on an annual basis • Cabinet to review READI progress bi-annually

Resources Theme: Actions and Outcomes

Outcomes

Council is digitally enabled

Corporate Plan 22/23-26/27 key deliverables – *Key actions to deliver these outcomes*	Corporate Plan year one: 22/23 *How we will monitor our yearly progress against delivery of the actions to achieve the outcome: performance measures, indicators, targets*
• Increase the Council's digital offer to its residents and workforce • Ensure that digital solutions are intuitive for ease of use and training • Refresh the Council IT hardware and more to the cloud where appropriate • Rationalise the number of individual systems the organisation uses and move to best in practice systems • Ensure that the Council's Cyber security is as robust as it can be • Ensure that alternative options for service delivery remain to minimise digital exclusion for parts of community	• Agree the investment strategy as part of the capital programme • Agree the Digital Strategy and implementation action plan • % of services available online • % of service users accessing services on-line

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Havering
LONDON BOROUGH

This Report is part exempt and Appendix A is not available for public inspection as it relates to exempt information within the meaning of paragraph 3 of Schedule 12A to the Local Government Act 1972. It is exempt because it refers to commercially sensitive information, and the public interest in maintaining the exemption outweighs the public interest in disclosing the information

CABINET

Subject Heading:	Award of contracts for ULEZ compliant buses for PTS to transport clients on behalf of Children and Adult Services
Cabinet Member:	Councillor Barry Mugglestone– Cabinet Member Environment
SLT Lead:	Dave McNamara – Interim Section 151 Officer
Report Author and contact details:	Simon Blake 01708 433202 Simon.Blake@onesource.co.uk
Policy context:	Supporting the Places objectives within the Corporate Plan and in particular the Council's Air Quality Action Plan
Financial summary:	The total value of the procurement is £2.172m funded from a combination of capital receipts generated from the disposal of existing vehicles and the Internal Leasing Reserve
Is this a Key Decision?	Yes Expenditure or saving (including anticipated income) of £500,000 or more

When should this matter be reviewed?	July 2023
Reviewing OSC:	Places Overview & Scrutiny Sub-Committee

The subject matter of this report deals with the following Council Objectives

Communities making Havering	x
Places making Havering	x
Opportunities making Havering	[]
Connections making Havering	[]

SUMMARY

This report considers the procurement of 27 replacement buses for the Passenger Transport Service (PTS), primarily for Home to School transport for SEN children but also other transport work conducted on behalf of Children and Adults Services. These vehicles represent the remaining fleet assets that are not currently Euro 6 standard and therefore require replacement in advance of the new LEZ/ULEZ regulations to ensure compliance.

RECOMMENDATIONS

For the reasons set out in the report, Cabinet is recommended to agree the award of contracts to:

- Courtside Conversions Limited (Company No. 04213143) for the purchase of 2 x 7 Seater Buses.

- Treka Bus Limited (Company No. 04063157) for the purchase of 18 x 16 Seater Van Conversion XLWB Buses and the purchase of 3 x 16 Seater Coach Built Buses.

- Mellor Coachcraft Limited (Company No. 02691794) for the purchase of 4 x 24 Seater Coach Built buses.

  At a total combined value of £2,171,706.90

As set out within the **exempt Appendix A** to this report, for the provision of replacement vehicles.

REPORT DETAIL

Havering's Passenger Travel Services (PTS) currently operates 52 vehicles that provide specialist home to school transport, conveying children & adults with either physical or mental disabilities to various specialist schools or day centres for Children's Services and Adults Social Care (CAD). Unlike some local authorities, Havering do not hold any 'spare' fleet assets, as a result of which all 52 vehicles are in daily use. The 27 vehicles that require replacing are all at the end of their useful operating life.

The PTS service works with client departments to reduce the demand for Home to School transport promoting other solutions where possible e.g. independent travel training, as a means of mitigating increasing demands and consequent budgetary pressures upon the service. Notwithstanding these efforts, demand for transport has increased significantly over the past 4 years from 38 education routes in 2017/18 (303) passengers, to 42 education routes in 2021/22 with an average of 369 passengers transported per day by PTS. This is a proportion of Transport which has been agreed by CAD which forms part of the demographic forecasts for borough wide demand covering primary, secondary, special schools and post 16.

Demographic forecasts for the borough indicate an ongoing and potentially increasing need for Home to School transport over the next 3-4 years linked to the forecast increase in children with Special Educational Needs. (See table below)

Borough wide (Primary, Secondary, Special Schools and Post 16) demand

Academic year	Cognition and Learning	Communication and Interaction	SEMH	Physical and/or Sensory	Totals
2017/18	414	599	165	150	1328
2018/19	435	737	193	169	1534
2019/20	488	802	227	176	1693
2020/21	533	882	274	180	1869
2021/22	617	1034	330	208	2189
2022/23	686	1128	388	222	2424
2023/24	761	1218	461	229	2669
2024/25	864	1305	567	236	2972
2025/26	959	1405	684	245	3293

As a further measure to mitigate budget pressures on Children's and Adults Services, the PTS service seeks to utilise available capacity within the fleet outside of core hours to undertake additional contract and ad-hoc work for other clients, with the operating surplus from this activity being used to reduce recharges to internal clients.

The 27 vehicles will meet the current LEZ / ULEZ standards for London and will be running on GTL (Natural Gas to Liquid).

Beyond the core internal work, acquiring these vehicles will be advantageous when it comes to additional income from private hire and adult work for schools in neighbouring boroughs.

The TPPL Bus and Coach framework was utilised to procure these vehicles. This framework has 27 specialist coach and bus manufacturers.

The Council's requirements have been met via mini competitions under Lots 2 (5-26 seater bus van conversions (15 suppliers for accessible and non-accessible) and Lot 3 (5-36 seater coach built buses (9 suppliers fully accessible) of the framework.

A mini competition carried out under this framework offers an EU compliant and competitive route to market and is considered to offer the optimum and best value route to market.

Procurement Process Adopted;

The TPPL Framework runs for 48 months until August 2025.

The Framework provides access to 27 suppliers (with a mix of OE manufacturers and specialised vehicle convertors).

The relevant Contract notices are: Contract Notice Award Notice 2021/S 000-011496 2021/S 000-020126

Specifications were provided by the stakeholder Simon Blake, Head of Transport - these were then signed off internally and reviewed by TTPL before they issued a mini competition via their DELTA e-sourcing portal on our behalf.

The evaluation panel comprised of 2 members of the Transport team, each member evaluated and scored the tender bid packs on the framework providers (TPPL) scoring matrix. The evaluation team then reviewed to agree a group score. The scores was shared with Procurement for transparency. The group signed off and agreed the final outcomes which represent this award.

Throughout the mini competition the framework provider (TPPL) held Clarification questions with suppliers based on specifications provided with responses sent directly to the framework provider (TPPL). Financial checks on the companies will be taken prior to award.

The Framework permits mini-competitions, inviting all Suppliers on the relevant Lots to bid on the specifications provided. Therefore, officers conducted mini competitions and tenders have been evaluated against the frameworks pre-determined best price-quality ratio of 40% price and 60% quality weightings.

The quality ratings was broken down into the following categories;

- Aftersales 20%
- Delivery 20%
- Dealer Network 10%
- Breakdown cover (VOR) 5%
- Parts Delivery 5%

For the reasons set out above, the process seeks award approval.

REASONS AND OPTIONS

Reasons for the decision:

The 27 vehicles require replacement with Euro 6 standard models in order to achieve compliance with the forthcoming LEZ/ULEZ regulations. A full procurement exercise has been undertaken via a national framework comprising multiple suppliers to achieve the most competitive prices.

Other options considered:

Do nothing
In light of the increasing demand upon the Passenger Travel Service in recent years it is considered essential to replace the old and potentially non-compliant existing fleet with new vehicles. These vehicles are at the end of their natural operating life and extending the life of the vehicles will see more age related breakdowns with increased maintenance and hire costs. This would impact on home to school routes. If vehicles were not available some routes would temporarily be suspended until the vehicles were made available again.

Operating potentially non-compliant vehicles (currently the vehicles are under 5 tonnes and are compliant at present regarding the LEZ /ULEZ, but the LEZ/ULEZ threshold will change within the next 18 months as these vehicles are Euro 4/5 and not the cleaner EURO 6 which is less damaging to the environment). If the vehicles are not replaced the potential impact could generate a fine of £100 per day on each occasion that a vehicle enters the ULEZ/LEZ area. It would not be operationally feasible to undertake core LBH routes using only the remaining 23 compliant vehicles.

Spot Hire (flexible rental agreement which is daily, monthly, or annual with no termination costs).
The 16 seat coach built buses are extremely hard to acquire via spot hire and would cost in the region of £1,560 per month for a 16 seat LEZ/ULEZ Euro 6 compliant vehicle. These vehicles would be used for a minimum of 45 weeks per year.
Our current vehicles under (WLC) whole life cost, which includes maintenance and wear and tear is £1,246 per month on average, £314 less per month than the spot hired vehicles.

Contract hire (fixed rental term over a set period of years) vs outright purchase
These vehicles require a large capital investment which specialist hire companies would have little interest in. Maximum contract hire (lease) term is 7 years with an agreed fixed annual rental & mileages. The annual lease charges would be higher than purchasing the vehicle outright and there is the risk of betterment charges and excess mileage charges at the end of the lease period. Leases are not extendable at the end of the agreement and must be returned on a predetermined date with a minimum of 6 months MOT still current on the vehicle to be returned.
Purchasing the vehicles reduces PTS running costs and charges to its internal clients over the operating period with more flexibility regarding the usage (mileage).

BEV (Battery Electric Vehicle) and Infrastructure
A paper was presented at Theme Board on the 8th June 2020 linked to the details below:

An extensive evaluation was undertaken of the potential to transition fleet assets to electric vehicles including purchase costs, operating costs, range restrictions, warranties and

infrastructure requirements. If we were to revisit this evaluation again, a further feasibility study would be required from UK Power Networks (owners of all electrical cabling and distribution for the South East of England, the East of England and London) to establish Central Depot required power consumption, grounds costs including cabling and the provision of a new substation. On top of this, a charging network supplier would need to be identified including costs of smart chargers to be installed (rated @ 22kw) x 52 vehicle points.

Equivalent electric vehicles, where available and are generally between 2-3 times the price of a conventional Euro 6 alternative and whilst operational savings are generated, the financial modelling undertaken indicates that the level of savings would require a 53 year payback period in order to recover the additional capital investment.

PTS vehicles ordinarily have a 10 year operating life and most manufacturers of electric vehicles will not warranty the batteries beyond 5 years, presenting operational and financial risks. Furthermore the stated operational range of these vehicles is a maximum of 100 miles on a single charge, presenting further operational risks as the average daily mileage for the PTS fleet is 80 miles and winter operations can drastically reduce the battery operating range due to heating and tail lift operations. The need to charge regularly would reduce fleet availability as it would take at least 8 to 10 hours to recharge between morning and afternoon runs with the real risk that the vehicles would not have enough battery capacity (charge) to continue their scheduled afternoon routes. This would have a serious impact on the service delivery of the PTS operations including support functions under a pandemic or emergency evacuations such as the fires in Rainham.

IMPLICATIONS AND RISKS

Financial implications and risks:

Capital Cost:

The estimated value of the PTS vehicle procurement is £2.172m.

Capital Funding:

Replacement vehicles across the corporate fleet are largely funded from the Internal Lease Reserve with a contribution from capital receipts generated from the sale of existing vehicles. The Internal Lease Reserve will be replenished over the useful life of the vehicles through the annual whole life cost charge to revenue. The Council generally purchases fleet assets (rather than leasing/contract hire) and then applies an internal financing charge over the operational life of the vehicle. This financing charge is set at a rate that replenishes the vehicle replacement reserve on a rolling basis. The existing vehicle will be sold, realising a capital receipt and the reserve is used to fund the difference between the sums realised from sale of the old vehicle and the purchase price of its replacement

Revenue Costs and Funding:

As stated above, there will be an annual charge to the service Passenger Travel Service revenue budgets (PTS) to reflect the whole life cost (WLC) of the vehicles. This includes the replenishing the internal lease plus annualised costs of the estimated routine maintenance/MOT costs, road fund licence and insurance costs over the life of the vehicle. It is estimated that the net annual Whole life cost of the replacement vehicles will be £14k per lower than the existing vehicles thus offering a saving to the Passenger Travel Service.

In addition to a lower WLC the replacement of these vehicles will also avoid Passenger Travel Service from funding further ad hoc maintenance costs. These are currently quite high as the vehicles have reached the end of their useful life which has already been extended from 7 to 10 years.

The savings to the PTS budgets will be used to offset any costs arising in the service to ensure that the overall charge to internal clients namely adults & children's services is kept as low as possible.

Wherever possible these vehicles will be used to maximise income by utilising spare capacity to provide ad hoc services to external clients such as schools, academies and other Councils. Reduce costs may also make the service more competitive when bidding for such work, generating more income should there be an increase in contracts won.

Legal implications and risks:

This report seeks approval to award 3 contracts to the named suppliers within the Recommendations.

The Council has a statutory duty under Section 508A (1) (c) of the Education Act 1996 (as amended by the Education and Inspections Act 2006) to promote the use of sustainable modes of travel to meet the school travel needs of its area. The recommendations within this report are in keeping with this duty.

The procurement process followed has already been set out in the body of this report and appears to be a fully compliant procedure.

Officers have conducted mini competitions using the Procurement Partnership Limited (TPPL) national Minibus, Bus and Coach Procurement Framework (Contract Award Notice 2021/S 000-020126) for the purchase of replacement buses.

This is in accordance with the Council's Contract Procedure Rule 20.4, which requires all purchases under a multi supplier framework to follow the express framework provisions for choosing a supplier and if there are no such express provisions to hold mini-competitions amongst the relevant suppliers.

The Framework itself was launched in August 2021. Participating authorities therefore have until August 2025 to call-off from this Framework.

Officers have satisfied themselves that the bids submitted by the named Suppliers represent the most economically advantageous tenders for the Council overall.

Human Resources implications and risks:

There are no anticipated HR issues resulting from this decision.

Equalities implications and risks:

The Public Sector Equality Duty (PSED) under section 149 of the Equality Act 2010 requires the Council, when exercising its functions, to have 'due regard' to:

(i) The need to eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Equality Act 2010;
(ii) The need to advance equality of opportunity between persons who share protected characteristics and those who do not, and;
(iii) Foster good relations between those who have protected characteristics and those who do not.

Note: 'Protected characteristics' are age, sex, race, disability, sexual orientation, marriage and civil partnerships, religion or belief, pregnancy and maternity and gender reassignment.

An EqHIA (Equality and Health Impact Assessment) is usually carried out when a current or planned service/policy/activity is likely to affect staff, service users, or other residents. It is acknowledged that in emergency or urgent situations it will not always be possible to carry out an EqHIA in advance of a relevant activity, however, managers will undertake the required EqHIAs at the earliest opportunity. Where managers are already clear that protected groups/users will be impacted negatively by the intended activity, then this will be noted in the next paragraph and/or put into EqHIAs. Where the negative impact of the intended activity can be mitigated, this too should be set out in this report and/or the EqHIA.

In all situations, urgent or not, the Council will seek to ensure equality, inclusion, and dignity for all.

PTS transport is generally provided on behalf of vulnerable client groups due to age, physical or mental disability or a combination of all factors.

The replacement fleet assets will continue to be fully accessible to wheelchair users with the appropriate comfort, cooling / heating, lighting, wheel chair securing, all age seat belts and other safety features for the welfare of our service clients

Health and Wellbeing implications and Risks

Below lists the positive health and wellbeing implications relating to the proposed decision to purchase the 27 buses designed to carry children & adults with special educational needs.

- The New Buses are designed for maximum comfort and come with full climate control, tinted windows and mood lighting to aid Mental health and wellbeing
- The New Buses are fully accessible and will provide all age groups access to education or any other training opportunities agreed by the authority (CAD)

- Employment, income, opportunities for economic development
- These buses will be able to access green spaces (parks), sports facilities, and any other opportunities to allow the clients to be active in partnership with CAD
- The buses will be used to take clients to day centres which allows the clients the opportunity to interact socially with other people, social isolation, community support networks and being able to live independently
- Ability to access health and social care services
- Flexible Transport, and connections to places within or between the Borough

ENVIRONMENTAL AND CLIMATE CHANGE IMPLICATIONS AND RISKS

The Buses to be purchased are EURO 6 with stop start systems and Ad blue. A treatment injected into the SCR (Selective Catalytic Reduction) systems which removes harmful nitrogen oxide converting it into nitrogen and water.

All of the New Buses will be fully compliant to meet the strict ULEZ / LEZ standards for London and will be running on GTL .This is the current green alternative fuel to diesel which all our current fleet vehicles operate on.

GTL complies with EN15940 standards and reduces NOx by 37% and Particulate Matter by 50% reducing our carbon footprint.

Other advantages of GTL:

- It has a much higher cetane number (fuel burns better within the engine)
- It has a higher mass calorific value
- It has a lower sulphur levels
- It has lower levels aromatics
- It is almost free from other unsaturated molecules such as olefins (unsaturated hydrocarbon compounds)
- More efficient combustion at lower temperatures (improved cold starting)
- Fully Bio- Degradable and Non Toxic with a low hazard rating (evaporates if spilt)
- Reduced noise levels by 1-4Db (uniform combustion shortens ignition delay reducing diesel knock)
- Reduced fuel consumption due to a more efficient fuel burn rate
- No smell from the fuel or from the exhaust
- Reduction in the following harmful gases: Nitrogen oxides (N0x) Particulate Matter (PM) Carbon monoxide (C0) and Hydrocarbons (HC) all associated with respiratory illness.

  Other measures to reduce fuel consumption:

  All our PTS bus drivers are subjected to periodic training which includes eco driver training and anti –idle training, which identifies the health benefits and the impact on the environment from efficient driving techniques.

All bus routes are designed to be as fuel efficient as possible taking in the need of our clients, distance, time and destination.

BACKGROUND PAPERS

None.

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Havering
LONDON BOROUGH

CABINET

Subject Heading:	**Anti-Idling Enforcement**
Cabinet Member:	
SLT Lead:	**Barry Francis** Director of Neighbourhoods
Report Author and contact details:	**MarieClaire Irvine, Public Protection Manager** London Borough of Havering Public Protection t. 01708 432649 e. marieclaire.irvine@havering.gov.uk
Policy context:	The Council's Air Quality Action Plan 2018-2023 aims to improve air quality in Havering. Vehicle engines which are left running unnecessarily are a source of air pollution. Enforcement against stationary idling vehicles is part of the overall effort being made by the Council to reduce emissions caused by transport and improve local air quality within the borough.
Financial summary:	It is envisaged that the introduction of fixed penalties will generate a small amount of income for the Council. Against this, there will be administrative costs, which will be absorbed within existing budgets.
Is this a Key Decision?	**Yes**

When should this matter be reviewed?	OSC might wish to review the operation of the scheme after a year.
Reviewing OSC:	Environment Overview & Scrutiny Sub-Committee

The subject matter of this report deals with the following Council Objectives

Communities making Havering	[X]
Places making Havering	[X]
Opportunities making Havering	[]
Connections making Havering	[]

SUMMARY

Idling of stationary vehicles causes unnecessary pollution which harms public health and the environment. Idling vehicle engines have also been a concern to residents and the Council has received a growing number of complaints of idling engines, mostly outside schools.

The Council is committed to improve air quality in Havering, in line with its Air Quality Action Plan and has carried out a number of anti-idling events to raise awareness and educate drivers on the effects of idling.

In 2019 Havering joined the Mayor of London's London-wide Idling Action project, which is largely a behaviour change campaign. As part of this project, the Greater London Authority requires that all participating local authorities adopt enforcement powers.

The Road Traffic (Vehicle Emissions) (Fixed Penalty) (England) Regulations 2002 give discretionary powers to council officers to issue fixed penalty notices to drivers who allow their vehicle engines to run unnecessarily whilst the vehicle is stationary on the public highway.

This report seeks approval to begin to adopt anti-idling legislation and use enforcement action under the Road Traffic (Vehicle Emissions) (Fixed Penalty) (England) Regulations 2002 and to influence citizens' behaviour to switch off their engine while stationary and improve air quality within the borough.

The objective of the proposed scheme is to bring about positive behaviour change and improve air quality within the borough. Fixed Penalty Notices (FPNs) will be used as a deterrent and only issued as a last resort when a driver is uncooperative and refuses to switch off their vehicle's engine when asked to do so by an authorised officer.

RECOMMENDATIONS

1. To authorise the implementation and enforcement of the powers under The Road Traffic (Vehicle Emissions) (Fixed Penalty) (England) Regulations 2002.

2. To delegate authority to the Director of Neighbourhoods all powers to use, issue and enforce Fixed Penalty Notices under the Road Traffic (Vehicle Emissions) (Fixed Penalty) (England) Regulations 2002 and authorise any referral for legal proceedings where necessary.

3.To authorise the Director of Neighbourhoods to further delegate the discharge of powers at Recommendation 2, above, to other Council Officers referred to in paragraph 4.2 of the report.

REPORT DETAIL

1. Background

1.1 Poor air quality is the biggest environmental risk to public health in the UK. Leaving engines running while stationary is an unnecessary source of air pollution. In Havering, vehicle idling contributes to localised poor air quality, particularly in areas with large numbers of waiting vehicles, such as outside schools, hospitals and bus stations.

1.2 Havering has been designated an Air Quality Management Area (AQMA) for Nitrogen Dioxide (NO_2) and Particulate Matter (PM_{10}) and has produced an Air Quality Action Plan (AQAP) which details measures on how it is working towards achieving the air quality objectives.

1.3 Leaving engines running while stationary contributes to localised air pollution and it has been a concern to residents. The Council tackles engine idling through awareness raising and behaviour change campaigns (e.g., anti-idling events around schools, workshops for residents, engagement with its fleet drivers etc.).

1.5 In 2019 Havering joined the Mayor of London's London-wide Idling Action project, which is largely a behaviour change campaign. As part of this project, the GLA requires that all participating local authorities will be able to demonstrate that they have adopted or are working towards adopting enforcement powers, by the close of the project (March 2022). (This was a requirement for a borough to sign up to the project and Havering committed to it when we submitted the joint bid in 2018.)

2. Powers for anti-idling enforcement

2.1 A stationary idling offence under the 2002 Regulations is defined to be a contravention of, or failure to comply with, Regulation 98 of the Road Vehicles (Construction and Use) Regulations 1986 (stopping of engine when stationary) as it relates to the prevention of exhaust emissions. The Regulation 98 offence, driver failing when the vehicle is stationary to stop the running of the engine of that vehicle, is contrary to Section 42 of the Road Traffic Act 1988 (as substituted by the Road Traffic Act 1991). The Road Traffic (Vehicle Emission) (Fixed Penalty) (England) Regulations 2002 (the RTVE) are made under Section 87 of the Environment Act 1995 and empower local authorities to issue FPNs to drivers who allow their vehicle engines to run unnecessarily while the vehicle is parked.

2.2 Regulation 98(2) of the Road Vehicles (Construction and Use) Regulations 1986 sets out the circumstances where vehicles are permitted to be stationary with the engine running:

- When vehicles are queuing at traffic lights;
- Where an engine is being run so that a defect can be traced and rectified;
- Where machinery on a vehicle requires the engine to be running (e.g., where the engine powers refrigeration equipment or the compaction equipment in a refuse vehicle);
- Where a vehicle is propelled by gas produced by the functioning of plant carried on the vehicle.

2.3 Guidance issued by the Secretary of State "Guidance on powers to require drivers to switch off engines" encourages a 'common sense' approach should be followed when using these powers. FPNs should only be issued in limited circumstances when a driver is uncooperative and refuses to switch off engines when advised to do so by an authorised officer.

3. The Enforcement process

3.1 Regulation 12 of the RTVE sets out the enforcement process as:

Stopping of engine when vehicle stationary

(*(1) An authorised person who has reasonable cause to believe that the driver of a vehicle that is stationary on a road is committing a stationary idling offence may, upon production of evidence of his authorisation, require him to stop the running of the engine of that vehicle.*

(2) A person who fails to comply with a requirement under paragraph (1) shall be guilty of an offence and be liable on summary conviction to a fine not exceeding level 3 on the standard scale.

3.2 Regulation 13 of the RTVE states that an FPN will only be issued where a driver refuses to turn off the engine when requested to do so by an authorised officer. Enforcement action will not be taken in instances of an offence occurring accidently or there is a genuine reason for not complying.

3.3 The regulation stipulates the penalty for an offence as £20, which will increase to £40 if not paid within 28 days. There is no discretion to amend this charge.

3.4 A further FPN could be issued if a vehicle is found stationary during the initial 28-day period with its engine running unnecessarily on a second or subsequent occasion. The offence is absolute and applies equally on every occasion the offence occurs.

3.5 Fixed Penalty Notices are already used for a variety of purposes within the Council, including fly tipping and littering. There is no formal appeal process for these FPNs. However, the Environment Enforcement team will review any correspondence/ representations received against the issue of a FPN and will not expect payment until they have decided whether or not the representation has been successful. A similar mechanism will be adopted for any vehicle driver who wishes to challenge an FPN issued under anti-idling regulations.

3.6 Regulation 14 of the RTVE allows authorised officers discharging their functions under regulation 12 (see para 3.1 above) to require the driver of the vehicle to disclose their name, address and date of birth. If the driver of the vehicle is not the person in whose name the vehicle is registered the name of the latter must also be provided on request. A person who fails to provide the information will be committing an offence and may be liable on summary conviction to a fine not exceeding Level 3 on the standard scale.

3.7 When implementing the scheme, it will be necessary to consider the exemption of certain types of vehicles that may need to leave their engine running. Such cases are likely to include vehicles that need to be left idling to power auxiliary equipment, such as local authority Passenger Transport Service buses that need to use engine power to operate a tail lift, due to the vehicle's battery being low, or a highways vehicle powering a breaker gun. There will be a need to communicate the implications of the scheme to certain operational managers and drivers within the Council and provide appropriate exemptions stickers. Appropriate guidance will also need to be given to enforcement staff.

4. Administration of the scheme

4.1 The anti-idling enforcement scheme would be administered by Council officers from Environmental Enforcement and Community Safety services. The additional administrative costs of operating the scheme are expected to be minimal, as existing systems and databases will be used, and any costs will be absorbed within the existing budgets of the services concerned.

4.2 Members are asked to delegate the use of the enforcement powers under the RTVE to the Director of Neighbourhoods and to authorise the Director to further delegate these powers to all of LB Havering’s Environmental Health, Public Protection, and Enforcement staff.

4.3 In the event that a driver failed to pay a FPN and a prosecution was commenced the Council would incur legal costs, though these would, in principle, be reimbursable in the event of a successful court outcome. In practice, it is envisaged that very few cases would reach court. Firstly, any aggrieved driver would be given the opportunity to make representations, as outlined in paragraph 3.5. Secondly, few people are likely to risk incurring additional court costs for the sake of a £20 FPN.

4.4 In cases of non-payment, a reminder letter is normally sent out for unpaid FPNs in the first instance. Those outstanding will be enforced by the Council, by issuing legal proceedings in the County Court. In addition, a person to whom a FPN has been given may also request a hearing in order to challenge it. The Council may also choose to prosecute an individual in the Magistrates' Court - for example, if a person had deliberately flouted the RTVC. If a prosecution is issued in the Magistrates' Court, any non-payment of a fine will be enforced by the Court.

REASONS AND OPTIONS

Reasons for the decision:

1. The Council has a statutory duty to improve air quality in the borough and has produced an AQAP which details measures on how it is working towards achieving this. The ability to issue FPNs for stationary idling vehicles will enable the Council to reduce emissions caused by transport and improve local air quality within the borough through a combination of education and enforcement activities.

2. As part of the Mayor's Air Quality Funded Idling Action project, the GLA requires all participating local authorities to adopt anti-idling enforcement powers. The Council committed to this when it signed up to the project in 2018 and therefore needs to fulfil this commitment.

Other options considered:

1. Do nothing.

As noted in the report, the Council undertook to establish an anti-idling scheme, with enforcement powers, when it joined the Mayor of London's London-wide Idling Action Project in 2019. Not proceeding with an anti-idling scheme would involve a breach of this commitment.

2. *Enforce anti-idling through Penalty Charge Notices (PCNs) and creation of a Traffic Management Order (TMO), under the Road Traffic Regulation Act 1984*.

Officers with experience of dealing with anti-idling in other boroughs have advised that PCNs do not work very well in practice. They require a relatively long observation period (at least 6 minutes), using body cam footage, and, by that time, the offending vehicle has often moved on or its engine has been switched off. The FPN route is more straightforward to apply.

3. *Enforce anti-idling through Public Spaces Protection Order (PSPO) under the* Anti-social Behaviour, Crime and Policing Act 2014.

Councils can use PSPOs to prohibit specified activities and/or require certain things to be done by people engaged in particular activities, within a defined public area. PSPOs are usually seen as an appropriate tool when a location necessitates the policing of multiple issues across a common boundary. They are not considered to be suitable for dealing with individual cases of unauthorised vehicle idling and fixed penalty notices are easier to administer.

IMPLICATIONS AND RISKS

Financial implications and risks:

The envisaged additional costs of administering the scheme to the Council are likely to be minimal, as existing staff and systems will be used. As the objective of the scheme is to educate drivers to turn off their engines when stationary, rather than to fine them, the anticipated income from Fixed Penalty Notices is likely to be considerably less than £1,000 per annum. The experience of some London boroughs is that fewer than five FPNs are issued in a typical year: financial penalties are very much a last resort.

Legal implications and risks:

As set out in the body of the report the Road Traffic (Vehicle Emissions) (Fixed Penalty) (England) Regulations 2002 (the 2002 Regulations) are made under Section 87 of the Environment Act 1995. The Environment Act 1995 sets out the standards relating to air quality and the objectives for particular pollutants. Part IV of the Act requires local authorities to review and assess air quality within their districts and take the required steps to improve areas of poor air quality. It is not mandatory for a consultation to be undertaken prior to the adoption of the 2002 Regulations. However, the Council is advised to raise awareness through publicity, such as social media campaigns, etc.

Regulation 6 (3) of the 2002 Regulations states that a Local Authority is not required to be designated by the Secretary of State to stop the commission of stationary idling offences and to issue FPNs in respect of such an offence committed in its area. A local authority can also authorise any officer of its authority, or any other person, to deal with the offences.

Under Regulation 18, a person to whom an FPN has been issued may give notice requesting a hearing in respect of the offence to which the FPN relates. A request in writing for a hearing can be made no later than the 28th day after the FPN was issued. In this situation, the FPN is suspended once a hearing has been requested. Where an FPN remains unpaid and a request for a Hearing has not been made within the specified time, Regulation 21 permits local authorities to recover non-payment of FPNs in the County Court. The Council has the power to issue prosecution proceedings in the Magistrates Court under

Regulation 12 of the 2002 regulations, if an authorised person has reasonable cause to believe that the driver of the vehicle that is stationary on a road is committing a stationary idling offence. If found guilty, the offence can attract a fine not exceeding Level 3 on the standard scale (up to £1,000).

Human Resources implications and risks:

No additional training or Risk Assessments are needed, as relevant training is already provided via the standard FPN enforcement training programme.

Council Fleet drivers and operators of machine tools that may need to be powered from a stationary vehicle should be reminded of their responsibilities under the proposed scheme and the need to set a good example.

As the proposals do not represent a significant departure from existing processes involving FPNs, it is not considered necessary to undertake formal consultation with trade unions though they will be advised as part of the regular service level TU meetings.

Equalities implications and risks:

Idling vehicles emit pollutants including nitrogen dioxide and particulate matter, which are linked to asthma, heart disease, chronic bronchitis and cancer. Cleaner air will benefit all residents within the vicinity of such vehicles, but particularly people with respiratory conditions, the elderly, pregnant women and children.

In 2015, City Hall commissioned a report which estimated that over 9,000 Londoners died prematurely from long-term exposure to air pollution in 2010. The Mayor of London's Environment Strategy (2018) states that:

> "Research has shown air pollution has a big impact on health at all life stages, from development in the womb to the end of life. A baby born in 2010 and exposed to that same level of air quality for its entire life would lose around two years of life expectancy. Mortality is not the only air pollution related health effect. In 2010, London air pollution was linked to over 3,000 hospital admissions. The economic cost of these health impacts in London is estimated as being up to £3.7bn a year
>
> "There is also strong evidence that poor air quality affects children’s lung development, and emerging evidence that improving air quality can reverse those effects."

There is no reason to believe that fixed penalty notices will adversely impact any particular group within the community more than others. However, as with any flat rate penalty, the impact will be greater on people with low incomes than high. Nevertheless, as has been emphasised throughout this report, FPNs will only be issued when a driver is uncooperative and refuses to switch off their vehicle's engine, after being asked to do so by an authorised officer.

Health and Wellbeing implications and risks

The Council is committed to improving the health and wellbeing of the local population and this includes improving air quality. Air pollution has been shown to adversely impact health and wellbeing, with nitrogen dioxide and particulate matter linked to respiratory and heart disease.

There are two main reasons for promoting improvements in air quality: the first is the associated improvements in public health, the second is the reduction of CO_2 and the contribution that this will make to the borough's climate change objectives.

Reducing air pollution can improve life expectancy, allow people to be more active, reduce days missed through sickness from work and school, and relieve pressure on the NHS, freeing up budgets to be refocused on other needs.

The reduction of unnecessary vehicle idling, particularly in residential areas and outside schools, is expected to make a significant long-term impact on public health outcomes in the borough.

Havering's Joint Strategic Needs Assessment profile for 2020 includes a recommendation that health and care partners should 'work together to minimise the direct contribution of health and social care services to air pollution; put in place the infrastructure/ encourage residents to switch to electric vehicles and public transport, or better still, walk and cycle, choosing routes that minimise their exposure to pollutants.'

A separate Equality and Health Impact Assessment (EqHIA) on the impact of the anti-idling measures proposed in this report is being carried out.

Climate Change Implications

Improved air quality is central to the Council's Climate Change Action Plan and the Council's Air Quality Action Plan is one of the core documents underpinning the borough's approach to tackling climate change. It is recommended that the proposed anti-idling enforcement scheme be implemented alongside awareness raising and behaviour change campaigns, to reduce engine idling and improve public health and wellbeing.

BACKGROUND PAPERS

The Road Traffic (Vehicle Emissions) (Fixed Penalty) (England) Regulations 2002 and explanatory note
https://www.legislation.gov.uk/uksi/2002/1808/contents/made
https://www.legislation.gov.uk/uksi/2002/1808/note/made

London Environment Strategy, Mayor of London, May 2018
https://www.london.gov.uk/sites/default/files/london_environment_strategy_0.pdf

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Havering
LONDON BOROUGH

CABINET

Subject Heading:	***East Havering Datacentre Campus***
Cabinet Member:	Councillor Graham Williamson, Cabinet Lead for Regeneration
SLT Lead:	Neil Stubbings
Report Author and contact details:	***Howard Swift, Head of Inclusive Growth 01708 432654 howard.swift@havering.gov.uk***
Policy context:	***The decision supports delivery of the Council's Inclusive Economic Growth Strategy, its Employment and Skills Plan and its Social Value Strategy.***
Financial summary:	***The decision seeks to expedite delivery of workstreams that could have substantial positive fiscal impact for the Council providing retained Business Rate uplift during the current MTFS period to 2025 of up to £13.556m.***
Is this a Key Decision?	***(a) Expenditure or saving (including anticipated income) of £500,000 or more*** ***(b) In excess of 10% of the gross controllable composite budget at Head of Service/ Assistant Chief Executive level (subject to a minimum value of £250,000)*** ***(c) Significant effect on two or more Wards***
When should this matter be reviewed?	June 2023
Reviewing OSC:	30 November 2022

The subject matter of this report deals with the following Council Objectives

Communities making Havering	[]
Places making Havering	[]
Opportunities making Havering	[X]

Connections making Havering []

SUMMARY

This report together with its attachments describes an inward investment project proposed to be delivered in East Havering for the creation of a carbon-neutral datacentre and associated works on a site of 202 hectares (499 acres) to create new public open space in the form of an ecology park all resulting in the creation of up to 9,900 jobs and an expected income of up to £13.556m over the current MTFS period to 2025 in Business Rate uplift to the Council. The report seeks to confirm the welcome of the investment in principle. For the avoidance of doubt, the report does not seek the predetermination of matters which lie properly within the purview of the Council as Local Planning Authority

RECOMMENDATIONS

1. **To note and to endorse the decision of the Director of Regeneration to include the development at East Havering in a proposed Investment Zone whether or not as part of or in concert with the Thames Freeport.**
2. **To authorise the Director of Regeneration to bring forward proposals for the development at East Havering and to do all things necessary and appropriate to expedite delivery.**

REPORT DETAIL

Background

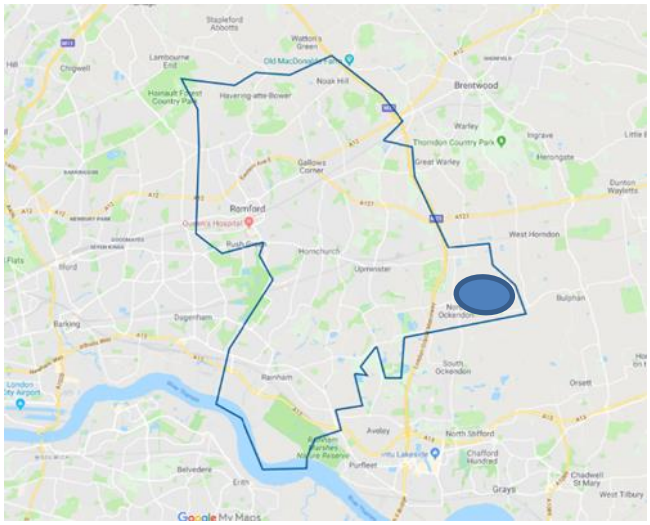
1. The Council has been in discussion with a private sector developer, Digital Reef, in the matter of a proposed £5.3bn inward investment project proposed to be located on Green Belt land in East Havering. This project is one of the largest mobile investments globally. . To give a sense of financial scale, this would represent 25% of all UK inward investment in 2021 and about 75% of the value of the London 2012 Olympics. Havering can be duly proud to have sustained investment interest through to this crucial stage at which the investment decision will be confirmed.

2. The project envisages the creation of Europe's largest datacentre on a site of 202 hectares (499 acres) but with the majority of the site to be opened up as a public access ecology park in order to deliver the aspiration for the datacentre to be carbon neutral.

The Site

3. Located one mile from the M25 and two miles from Upminster Underground and mainline rail stations, the Site offers exceptional transport links providing easy access to and from central London. It sits within the outer boundary of the current Thames Freeport.

Map showing approximate location of opportunity:



Plan showing current location of the new M25/Lower Thames Crossing junction:

4. The Site is designated as green belt land and this designation is a significant consideration in the planning process. If planning is secured (see section below), the datacentre could be a cornerstone of the UK Government's new

focus on sovereign data. In addition, this type of data infrastructure and presence could be used to attract data and digital operators to the Borough. The datacentre has the potential to deliver significant commercial and economic opportunities and benefits locally, for London and for the UK as a whole.

5. As the country moves forward post Covid-19 and post-Brexit data infrastructure will be of national significance. The datacentre will support new creative, research and manufacturing opportunities in the UK, supporting a resurgent UK economy. This initiative would support the UK Government's aspirations to kickstart a data revolution across the UK as set out in the Government's National Data Strategy.

6. The digital infrastructure facilities on the site would enable the Borough to support the UK Government's initiative to build on the UK's existing strength as a leading "digital nation" with aspirations to build the necessary secure infrastructure for the secure provision of "sovereign data" for the UK as set out in the Government's Digital Strategy.

7. The datacentre development is propose to be developed a carbon-neutral facility and through a partnership with the University of Leicester will establish the Earth and Space Sustainability Institute which has as its core purpose the monitoring of agricultural and other land use activity to improve the sustainability of the planet. It is expected that this can become a nexus for the development of green technology with resultant positive economic impact.

8. The site is close to the designated route of the Lower Thames Crossing as shown above and lies within the outer boundary of the Thames Freeport although is not currently designated as a Tax Site. With the announcement of the Government's plans to establish Investment Zones, and having offered to Freeports to scope to convert into investment zones and to add further tax sites, the Freeport has expressed interest to convert in this way and to add the East Havering site as an additional Tax Site. This is referenced further below.

9. More extensive details of the project can be found in the appendices to this report:

- Project Summary
- Detailed Project Proposal
- Economic Impact Assessment

The attachments reflect the views of their respective authors and are presented without implied endorsement by the Council

Jobs and Skills

10. 9,900 jobs have the potential to be created - 2,800 local jobs during the time-limited construction phase of up to 5 years which would bring a substantial skills legacy for subsequent economic benefit, and 7,100 jobs without limit of time going forward. Of the latter, 2,370 jobs are potentially expected be located within Havering either directly, indirectly or induced.

11. To optimise the extent to which local people can take advantage of emerging employment opportunities offer by the datacentre – directly, and indirectly – it is proposed to establish a Skills Development Board which would have as its aim the identification of future skills needs and the resourcing of appropriate and sufficient skills development provision. This would see the bringing together of parties with an interest in both skills supply and demand.

Open Space and Ecology

12. It is expected that the datacentre campus will enable the opening up of green belt land currently without public access to create up to 120 Hectares (300 acres) of new green bio diverse nature reserve fully accessible to the public. The campus is planned to provide environmentally friendly heat recovery systems for low carbon agritech farming. Educational interpretation facilities on site will engage with schools locally.

13. To achieve its required green credentials the developers will provide on-site renewables power generation and Battery Grid balancing to minimise power demand from the National Grid. Links will be effected as appropriate to local solar parks to reduce demand further and tree planting using native species will create an on site carbon sink

14. Earth Monitoring, supported by Leicester University's Earth & Space Sustainability Institute to be established on site will monitor the environmental impact of the facility, to demonstrate and set a standard for improved biodiversity yield and carbon sequestration.

Planning

15. This report is presented in the context of the pursuit of an inward investment enquiry. As such it cannot be relied upon for a full consideration of the related planning matters. The planning routes for delivery include three main options: the making of a Local Development Order (LDO) by the Council, application by the developer for consent in the usual way, and finally, using the Local Plan refresh to designate the subject site for development in the manner proposed followed by the submission of a planning application.

16. This report does not seek to recommend any one route to achieve a particular planning outcome but rather requires the Director of Regeneration to give support to any and all routes to achieve the most expeditious outcome thus

giving certainty to and bringing forward to earliest realisation of the benefits of the project.

Fiscal Impact

17. Each planning route will result in a projected profile of fiscal outcomes. These are detailed in the Financial Implications section below but it should be remembered that the fiscal implications are not a material consideration in the planning process, whichever route the proposal progresses via..

Recommendation

18. Cabinet is recommend to support and endorse the continued pursuit of all options to expedite delivery of the project.

REASONS AND OPTIONS

Reasons for the decision:

19. Acceptance of the recommendation would not in itself secure successful delivery of the project. It would however hold open the possibility of future delivery which could secure the benefits described above.

Other options considered:

20. An alternative option for the Council would be to decline to engage further in the matter and to require the investor to navigate the planning process independently. This is not recommended given the scale of the inward investment opportunity.

IMPLICATIONS AND RISKS

Financial implications and risks:

21. There are no published timelines for the processing of the Enterprise Zone application. Whilst there may be an indication when the new Chancellor sets out the Government's fiscal plan on 31st October, feasibly it may not be until the release of the local government finance settlement usually released just before Christmas.

22. Establishing an Investment Zone within Havering could be extremely attractive for companies wishing to invest in the borough and also conveys significant financial benefits for the Council as well. The following is a list of the time-limited tax incentives that are under consideration for varying periods of time.

    1. Business Rates – 100% relief from business rates on newly occupied business premises, and certain existing businesses where they expand in English Investment Zone tax sites. Councils hosting Investment Zones will receive 100% of the business rates growth in designated sites above an agreed baseline for 25 years.

    2. Enhanced Capital Allowance – 100% first year allowance for companies' qualifying expenditure on plant and machinery assets for use in tax sites.

    3. Enhanced Structures and Buildings Allowance – accelerated relief to allow businesses to reduce their taxable profits by 20% of the cost of

qualifying non-residential investment per year, relieving 100% of their cost of investment over 5 years.

4. Employer National Insurance contributions relief – zero-rate Employer NICs on salaries of any new employee working in the tax site for at least 60% of their time, on earnings up to £50,270 per year, with Employer NICs being charged at the usual rate above this level.

5. Stamp Duty Land Tax– a full SDLT relief for land and buildings bought for use or development for commercial purposes, and for purchases of land or buildings for residential developers.

23. These are simply areas being considered at this moment, but the most attractive for the Council is where Councils hosting Investment Zones will receive 100% of the business rates growth in designated sites above an agreed baseline for 25 years. Obviously it would be in the council's interest to have a baseline for growth as low as possible. It is also possible that there may be some conditions attached that restrict how retained NNDRs can be used; again we would want to lobby for as few conditions as possible so that any funds can be used as a funding source for our MTFS.

24. Aligned to the application is the current interest shown in land designated within the Expression of Interest. The council's positioning to support this area as an Investment Zone could also be hugely beneficial from the private sector company involved, subject to the appropriate timing of events. However there are significant issues to be considered before these events can become a reality, and it is only at that point of certainty that the Council will be able to include the financial benefits in its Medium Term Financial Strategy. Whilst there are exemplifications set out in the report ranging from an annual contribution of £5.778m and £41.706 p.a by 2029/30 there is a considerable amount of work still to be done to achieve this and requires the Council's interests and the business interests of the private sector company to remain aligned. The range of possible fiscal outcomes are explored more fully in the tables below:

LDO Option

Income element	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m	2027/28 £m	2028/29 £m	2029/30 £m
Development Premium	9.000						
Business Rate Uplift 30% Retained		1.200	2.880	5.184	7.488	9.792	12.096
Community Fund Receipt		.138	.330	.594	.858	1.122	1.386
TOTAL	**9.000**	**1.338**	**3.218**	**5.778**	**8.346**	**10.914**	**13.482**

Standard Planning Application

Income element	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m	2027/28 £m	2028/29 £m	2029/30 £m
Business Rate Uplift 30% Retained				1.200	2.880	5.184	7.488
Community Fund Receipt				.138	.330	.594	.858
TOTAL				**1.338**	**3.218**	**5.778**	**8.346**

Local Plan Refresh

Income element	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m	2027/28 £m	2028/29 £m	2029/30 £m
Business Rate Uplift 30% Retained					1.200	2.880	5.184
Community Fund Receipt					.138	.330	.594
TOTAL					**1.338**	**3.218**	**5.778**

LDO Option with Investment Zone Awarded

Income element	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m	2027/28 £m	2028/29 £m	2029/30 £m
Development Premium	9.000						
Business Rate Uplift 100% Retained		4.000	9.600	17.280	24.960	32.640	40.320
Community Fund Receipt		.138	.330	.594	.858	1.122	1.386
TOTAL	**9.000**	**4.138**	**9.930**	**17.874**	**25.818**	**33.762**	**41.706**

Note that the development premium is subject to a start on site in 2024.

The Investment Zone allows billing authorities to retain 100% of business rate uplift

Legal implications and risks:

25. There are no legal risks of accepting the recommendation. This decision will enable the Director of Regeneration to promote the project. The decision and the promotion it enables, is sought is entirely separate from and without prejudice to the Council's role and responsibility as Local Planning Authority.

26. The Assistant Director of Planning and the Local Planning Authority will determine the appropriate planning route for this proposal.

Human Resources implications and risks:

27. Acceptance of the recommendation will result in the allocation of substantial people resource in supporting the advancement of the subject project. It is expected that the cost of this additional or displaced resource will be met by the developer. As such the impact of the recommendation on the Council's directly employed workforce can be taken to be neutral.

Equalities implications and risks:

28. It is considered that an Equalities Assessment is not necessary at this stage as any impact of the recommendation – positive or negative – will be equally felt by those with protected characteristics as by those without. In general, impacts are expected to be positive and expected to be experienced no less beneficially by those with protected characteristics.

Health and Wellbeing implications and Risks

29. The project, if it were to proceed, the opportunity for which the recommendation only holds open rather than guarantees, would have a positive impact as follows:

    - An individual's behaviour and lifestyle such as diet, and exercise – through the availability locally grown produce and access to public open space.
    - Mental health and wellbeing - through the availability access to public open space.
    - Access to, and quality of, education or other training opportunities – available to employees on site, in the supply chain and in the entrepreneurial ecosystem around the datacentre and the ecology park
    - Employment, income, opportunities for economic development
    - Access to green space, and opportunities to be active
    - Ability to access health and social care services – potentially through access to emerging remote health monitoring technologies

30. At this stage, it can be confirmed that were the subject investment to proceed, protocols would be established to optimise these positive outcomes for the whole Havering community. A Health Impact Assessment would be required as part of the planning process, through which a full consideration of the issues would be undertaken.

Environmental and Climate Change Implications and Risks

31. The recommendations contained in the report seek to secure the option of future investment. As such there are no direct environmental or climate change impact. Should the project proceed, a full environmental impact assessment would be required. Collateral benefits could also include investment in monitoring technology that would itself allow for broader positive change to be effected.

BACKGROUND PAPERS

Project Summary – Reef group

Foundry Project Summary_221025_v3.p

Project Detail – Reef Group

220623_The Foundry Thames Freeport.pdf

Economic Impact Report – Oxford Economics Revised 12/08/22

220812 Oxford Economics_Reef Grou

The attachments reflect the views of their respective authors and are presented without implied endorsement by the Council. Where details might be inconsistent with details contained in the body of this report, this report shall prevail.

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OXFORD ECONOMICS

THE LOCAL ECONOMIC IMPACT OF A PROPOSED DATA CENTRE CAMPUS IN LONDON

AUGUST 2022

ABOUT OXFORD ECONOMICS

Oxford Economics was founded in 1981 as a commercial venture with Oxford University's business college to provide economic forecasting and modelling to UK companies and financial institutions expanding abroad. Since then, we have become one of the world's foremost independent global advisory firms, providing reports, forecasts and analytical tools on more than 200 countries, 250 industrial sectors, and 8,000 cities and regions. Our best-in-class global economic and industry models and analytical tools give us an unparalleled ability to forecast external market trends and assess their economic, social, and business impact.

Headquartered in Oxford, England, with regional centres in New York, London, Frankfurt, and Singapore, Oxford Economics has offices across the globe in Belfast, Boston, Cape Town, Chicago, Dubai, Dublin, Hong Kong, Los Angeles, Melbourne, Mexico City, Milan, Paris, Philadelphia, Stockholm, Sydney, Tokyo, and Toronto. We employ 450 full-time staff, including more than 300 professional economists, industry experts, and business editors—one of the largest teams of macroeconomists and thought leadership specialists. Our global team is highly skilled in a full range of research techniques and thought leadership capabilities from econometric modelling, scenario framing, and economic impact analysis to market surveys, case studies, expert panels, and web analytics.

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August 2022

The modelling and results presented here are based on information provided by third parties, upon which Oxford Economics has relied in producing its report and forecasts in good faith. Any subsequent revision or update of those data will affect the assessments and projections shown.

To discuss the report further please contact:

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EXECUTIVE SUMMARY

Reef Group plans to undertake a multi-billion pound investment to develop a data centre campus in the London Borough of Havering in east London, and has commissioned Oxford Economics to quantify the economic impact this investment could have on the local (Havering), regional (London), and national (UK) economies.

THE CONSTRUCTION PHASE

The proposed development will provide a range of economic benefits to the Havering economy throughout the construction phase. The proposed development represents a £5.30 billion investment (in 2019 prices) to improve London and the UK's digital infrastructure, of which £2.72 billion will be spent in the UK, including £2.0 billion in Havering, during the five-year construction phase through 2023 to 2027.[1] The construction of the proposed development will generate additional economic activity, supporting employment and spending across a range of sectors.

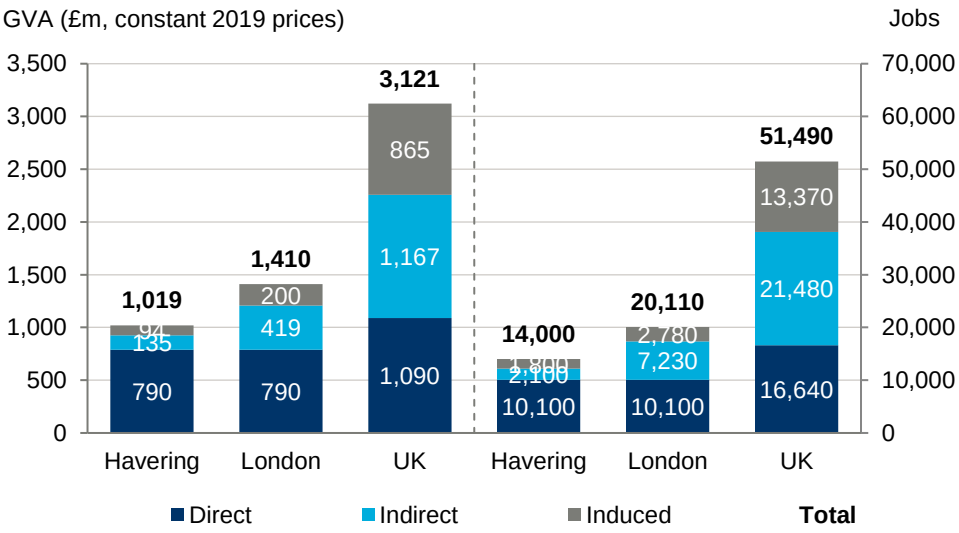
Capital expenditure throughout the construction phase will make a positive contribution to the Havering economy. Construction activity at the proposed development site will directly generate £790 million of GVA through the construction phase, supporting 10,100 job years of employment among the local workforce, and £307 million in wages. This equates to an average of £158 million of GVA, 2,020 jobs, and £61 million in wages per year.

Once accounting for the local supply chain (indirect) and wage consumption (induced) effects of this activity, and the spillover benefits of expenditure on mechanical & electrical hardware and professional services elsewhere in the UK, the construction phase is estimated to cumulatively support £1.02 billion of GVA, 14,000 job years of employment, and £428 million in wages, across the Havering economy. This equates to an average of £204 million of GVA, 2,800 jobs, and £86 million in wages per year, across the five-year construction phase.

The construction phase will therefore have (Type II) GVA and job multipliers of 1.29 and 1.39, respectively: each £100 of GVA directly generated by capital expenditure will stimulate £29 of additional GVA across the Havering economy, while each 100 direct construction jobs will support a further 39 jobs across the local economy.

[1] All values quoted in this report are in constant 2019 prices unless otherwise stated.

Fig. 1. Cumulative total economic impact, construction phase, Havering, London, and the UK, 2023 to 2027



Source: Reef Group, Oxford Economics. Note: may not sum due to rounding.

The economic benefits of the construction phase will spillover to other parts of the UK economy. Expenditure on M&E hardware and professional services, and the leakage of supply chain (indirect) and wage consumption (induced) spending outside of Havering, will stimulate economic activity elsewhere in London and nationally.

The construction phase could cumulatively support a £3.12 billion GVA contribution to UK GDP, supporting 51,490 job years of employment across the UK workforce, and £1.56 billion in wages. This equates to an average of £624 million of GVA, 10,300 jobs, and £313 million in wages per year, across the five-year construction phase.

The construction phase would therefore have a (Type II) GVA multiplier of 2.86, or £186 of additional GVA stimulated across the UK economy for every £100 of GVA directly generated by capital expenditure, and an equivalent employment multiplier of 3.09: every direct job arising through capital expenditure will stimulate more than two further jobs elsewhere in the UK economy.

The construction phase would also generate £694 million in fiscal revenues to the Exchequer.

£695 million

GVA contribution to the Havering economy through the construction phase, or £139 million per year.

Fig. 2. The economic benefits of the construction phase, 2023 to 2027

Source: Reef Group, Oxford Economics

THE OPERATIONAL PHASE

The operations of the proposed development could have a substantial economic impact on the Havering economy. Data provided by Reef Group indicates that, once fully operational, the proposed development will directly generate £390 million of GVA, support 1,200 jobs, and £65 million in wages, across the Havering economy.

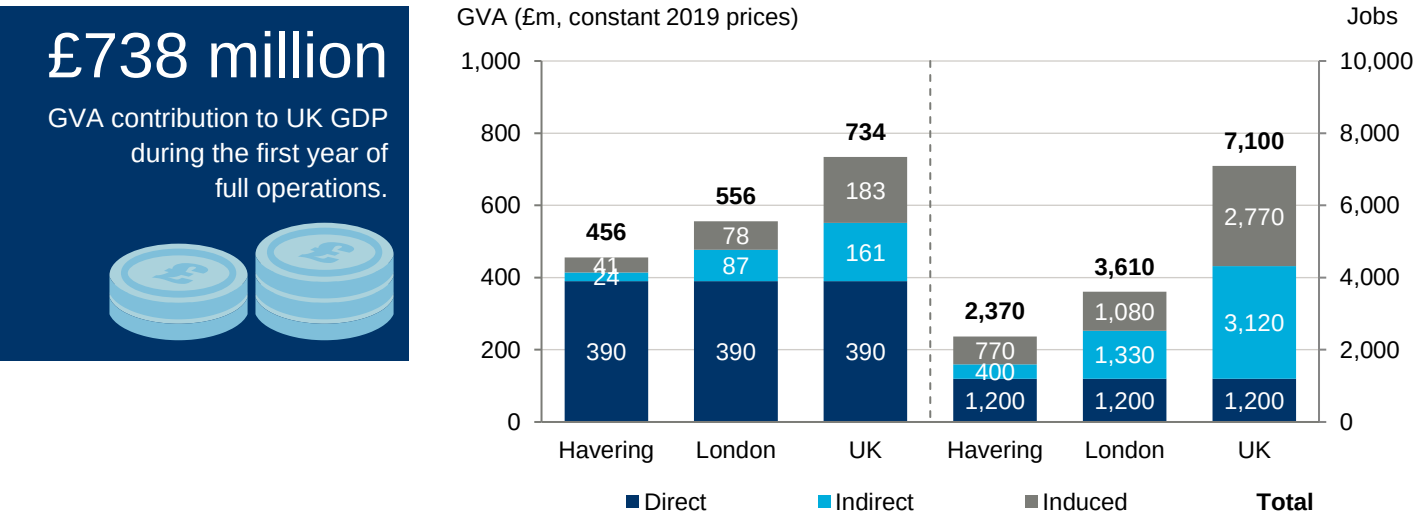
Once the additional supply chain (indirect) and wage consumption (induced) effects of the operational phase are accounted for, the proposed development could support £456 million of GVA, 2,370 jobs and £100 million in wages across the Havering economy, across a diverse mix of sectors. This equates to a 6.8% and 2.3% uplift on our baseline forecast for GVA and jobs across the Havering economy, respectively.

The operational phase will therefore a (Type II) GVA multiplier of 1.17, or £17 of additional GVA stimulated across the Havering economy for every £100 of GVA generated at the proposed data centre campus, and an equivalent employment multiplier almost two, or an additional job across Havering for every direct job at the proposed data centre campus.

The operational phase would enable economic benefits to occur across the UK. As supply chain (indirect) and wage consumption (induced) spending leaks outside of the Havering economy, the first full year of operations could generate a £734 million GVA contribution to UK GDP, supporting 7,100 jobs across the UK workforce, and £244 million in wages. This equates to a (Type II) GVA multiplier of 1.88, or £88 of additional GVA stimulated across the UK economy for every £100 of GVA generated at the proposed data centre campus, and an equivalent employment multiplier of almost: each direct job will support almost five further jobs across the UK economy.

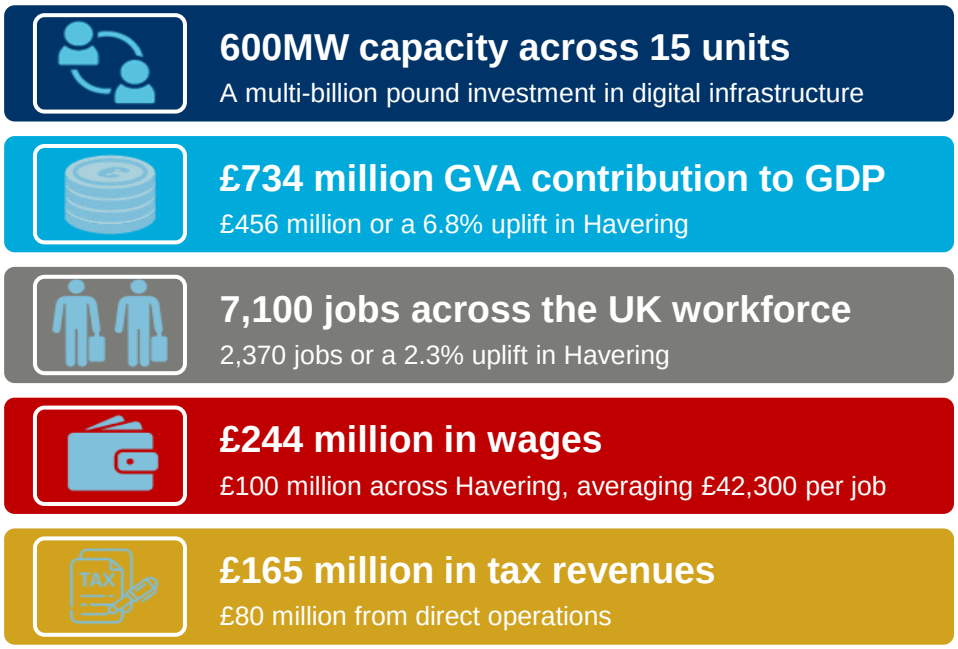
The proposed development could also generate £165 million in fiscal revenues to the Exchequer, of which approximately £80 million will arise from direct activity at the proposed development site.

Fig. 3. Total economic impact, operational phase, Havering, London, and the UK, 2028



Source: Reef Group, Oxford Economics. Note: may not sum due to rounding.

Fig. 4. The economic benefits of the operational phase, 2028



Source: Reef Group, Oxford Economics

WIDER ECONOMIC BENEFITS

The proposed development represents a substantial investment in London's digital infrastructure. Through the provision of 600MW of server capacity, the proposed development will contribute towards economic growth across the wider south east, particularly in the information & communication sector. The UK is the third-largest destination for tech investment globally, the majority of which occurs in London. Through providing a data centre campus in close proximity to this cluster of activity, reducing the latency of digital operations, the proposed development will make a positive contribution to the infrastructure necessary for London's digital sector to continue to grow into the future.

The proposed development will also benefit the Havering economy, through the creation of highly productive jobs. Havering suffers from a 'productivity gap' when compared to the London economy, partly because it tends to support less activity in higher-value sectors such as information & communication, but also because local firms tend to be less competitive than elsewhere. The multi-billion pound investment in digital infrastructure in Havering will directly generate highly productive jobs in the information & communications sector. It will also likely encourage growth in complementary activity which tend to have above average productivity.

The employment opportunities created by the proposed development are likely to benefit local residents. Through stimulating additional supply chain (indirect) and wage consumption (induced) spending effects, the proposed development will benefit all sectors of Havering's economy. Drawing on known commuting patterns, and the future characteristics of the local labour market, our economic impact model estimates that an additional 600 residents will be in employment as a consequence of the proposed development, helping to reduce unemployment.

The proposed development will also support human capital accumulation through investment in local skills. Reef Group will invest £1.5 million (in current prices) each year in local skills and community initiatives. Skill levels influence the population's living standards and the competitiveness of the economy. Investments in skills will help to creative a private benefit to participants, through boosting the lifetime earnings, will generating a societal benefit associated with a more highly skilled population, creating better labour market outcomes which can lead to greater societal wellbeing.

1. INTRODUCTION

1.1 THE PROPOSED DEVELOPMENT

Reef Group plans to undertake a multi-billion pound investment to develop a data centre campus in the London Borough of Havering, in east London. The proposed development site lies east of the M25, in close proximity to the neighbouring local authority areas of Thurrock and Brentwood, both in Essex.

The proposed campus will consist of 10 50MW and five 20MW units, collectively supporting 600MW of capacity. The development will also include ancillary buildings, land retained for agriculture, and two ecology areas. Construction work is anticipated to commence in 2023 and will be built out on an incremental basis, with operations commencing from 2024, with completion in 2027.

To help understand the scale of the economic impact these investments would have on the local (Havering), regional (London), and national (UK) economies, Reef Group commissioned Oxford Economics to undertake an economic impact study.

1.2 INTRODUCING ECONOMIC IMPACT ANALYSIS

The economic footprint of the proposed development is quantified through three metrics:

- **Gross value-added (GVA)[3] contribution to GDP** quantifies the potential economic value associated with economic activity generated the proposed development.
- **Employment** is measured in job years for the construction phase, and jobs for the operational phase. A job reflects the employment of an individual over one year, whereas a job year relates to the equivalent amount of activity, that may not necessarily happen within a 12-month period. Job years are an appropriate measure of temporary construction-related activity which can vary throughout the construction phase.
- **Wages** of those employed directly by occupiers of the proposed development, indirectly in the supply chain, or through wage consumption.

This analysis also considers the **fiscal** impact of the proposed development by considering how additional economic activity may generate additional tax revenues across the UK.

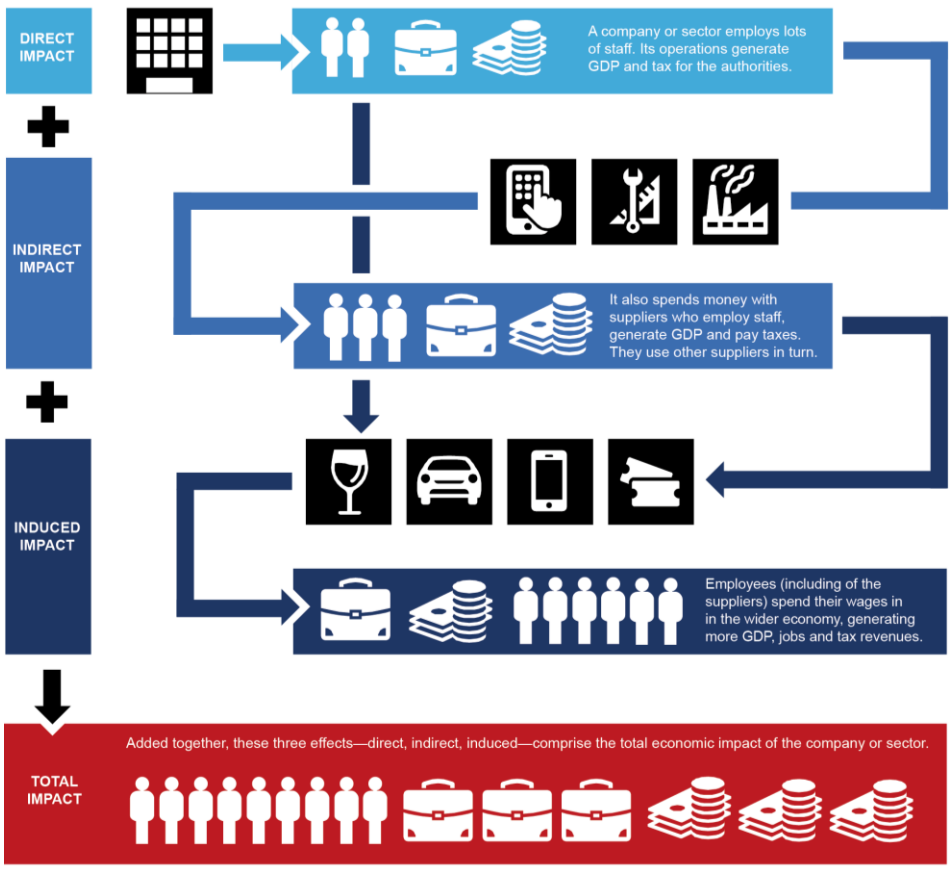
[4] An input-output model uses a matrix representation of a nation's interconnected economy to calculate the effect of changes by consumers, by an industry, or by others, on other industries and therefore on the economy as a whole.

The potential economic impacts detailed in this report draw on a standard assessment framework that quantifies the potential economic footprint of the proposed development across three channels (see Fig. 5):

- **Direct impact**: relates to the activities directly generated to support the construction and/or operations of the proposed development;
- **Indirect impact**: captures the economic activity and employment within the supply chains that support these activities, through the procurement of goods and services from third-party suppliers; and
- **Induced impact**: comprises the wider economic benefits that arise when workers employed at the proposed development, and also by companies in their supply chain, spend their earnings.

The economic impact model utilises an input-output framework to quantify the economic benefits at a national (UK), regional (London), and local (Havering) level.[4] This framework allows us to estimate the indirect and induced impacts that are likely to flow from a given level of investment/activity.

Fig. 5. Illustration of the channels of economic impact



Source: Oxford Economics

[4] An input-output model uses a matrix representation of a nation's interconnected economy to calculate the effect of changes by consumers, by an industry, or by others, on other industries and therefore on the economy as a whole.

In additional, a fourth channel, the **wider economic benefits** that the proposed development can support, is also considered. This reflects the benefits that other industries and the local population may derive from operations of the developments. While these wider economic benefits are often intangible in nature, and hence unlike the other three channels may be difficult to quantify, they remain an important consideration for understanding the overall economic impact of the proposed development.

This includes, for instance, the clustering and agglomeration effects that may be realised through this investment, the contribution it can make to the digital infrastructure that supports growth across the regional economy, the broader socio-economic benefits of such an investment to the Havering economy, and human capital accumulation arising through investment into local skills initiatives. Through exploring the above factors, this assessment considers how the proposed development contributes to meeting local, regional, and national policy aims.

All figures presented in this report are in constant 2019 prices, unless otherwise stated.[5] They are undertaken on a gross basis, which means they do not take account of any economic activity the industry may displace from other sectors, nor do they attempt to quantify how much more productive the resources are, relative to other uses. This is a standard approach for undertaking economic impact appraisal. Further detail on our methodological approach is set out in Appendix 1.

1.3 STRUCTURE OF THIS REPORT

This report takes the following structure:

- **Chapter 2** presents our analysis of the potential economic impact of the construction phase;
- **Chapter 3** presents our analysis of the potential economic impact of each year of operations;
- **Chapter 4** discusses the wider economic benefits that could potentially arise as a consequence of the proposed development; and
- **Appendix 1** provides a summary of our modelling approach.

[5] We consider a constant price base to compare economic variables over time, adjusting for changes in prices (inflation) over time. This ensures that we can compare variables on a like-for-like basis.

2. THE CONSTRUCTION PHASE

2.1 DIRECT ECONOMIC IMPACT OF THE CONSTRUCTION PHASE

Data provided by Reef Group indicate that the proposed development is expected to require £5.30 billion of capital expenditure.[6]

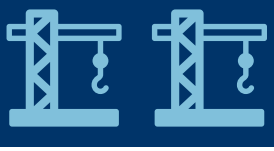
Capital expenditure includes expenditure on building works, site development and infrastructure, and the tenant's fit-out, which will all be invested in the Havering economy. Further investments will be made in mechanical & electrical (M&E) hardware and on a renewable energy battery system, partly domestically and partly through imports. Capital expenditure also includes professional services, assumed to be provided by firms located elsewhere in the UK, and land acquisition costs.[9] This represents a £2.72 billion investment in the UK economy, of which £2.0 billion will be invested in Havering.

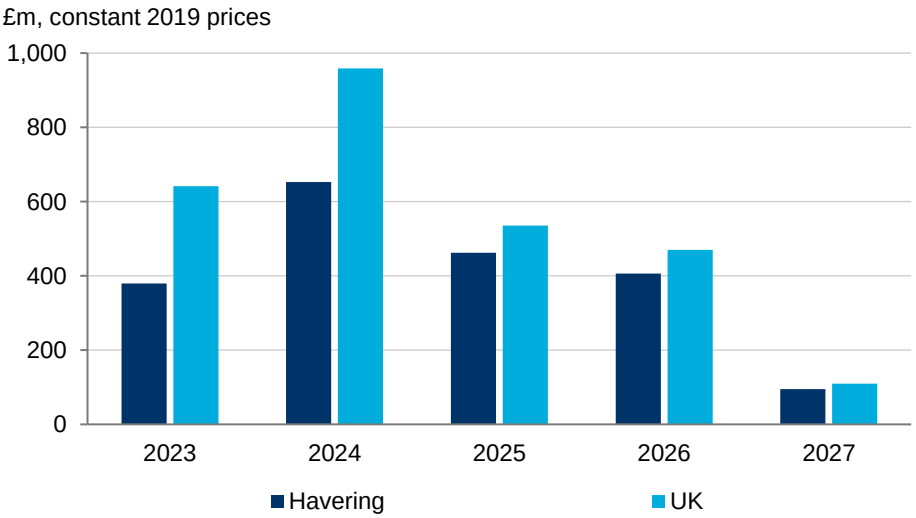
Planning work is expected to begin once planning approval is received, which we assume to be in the second quarter of 2023. Reef Group anticipate that the construction phase will last 51 months, through 2023 to 2027. Each unit will be built out on an incremental basis, taking nine months to complete, with a new unit commencing each quarter. The first 18 months will also include site development and infrastructure works. We assume that professional services will be required in the same period. The bulk of expenditure is therefore expected to occur in 2023 and 2024.

Fig. 6. Capital expenditure, construction phase, Havering and the UK, 2023 to 2027

£2.0 billion

Investment in the Havering economy through the construction phase.





Source: Reef Group, Oxford Economics

[6] £5.62 billion in 2021 prices, including land acquisition costs. We exclude this component from our economic impact assessment as this transfer of ownership does not generate additional economic activity.

[9] Construction-related activity including tenant fit-out is assumed to occur in the construction of buildings sector, M&E hardware and the renewable energy battery system in the manufacturing of electrical equipment, and professional services-related spending in architecture & engineering. We do not consider land acquisition within our calculations as this transfer does not generate additional economic activity.

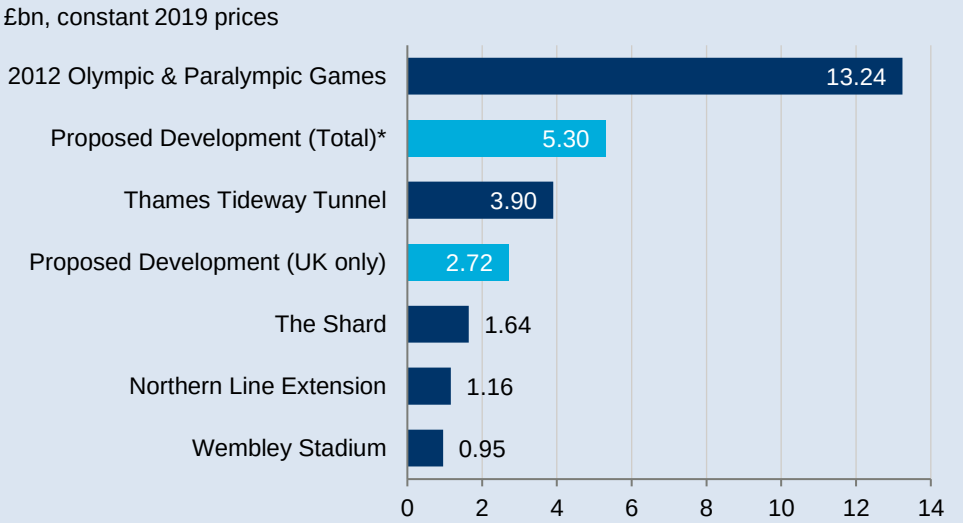
A COMPARISON WITH OTHER MAJOR CONSTRUCTION PROJECTS IN LONDON

Capital expenditure required to construct the proposed development represents a substantial investment into the London economy. To place an investment of this scale into context, we may compare it to other notable investments made across London in recent years.[11]

At £5.30 billion, the total capital expenditure across the construction phase equates to around 40% of the construction cost of the London 2012 Olympic and Paralympic Games,[12] and more than the Thames Tideway Tunnel (£3.90 billion).[13] Total capital expenditure is also more than three-times the speculated cost of The Shard (£1.64 billion),[14] four-times the recently opened Northern Line Extension (£1.16 billion),[15] and more than five-times the cost of the redevelopment of Wembley Stadium (£910 million).[16] [17]

Even deducting expenditure expected to occur outside of the UK, the proposed development will invest £2.72 billion in the UK economy. This level of capital expenditure is around 67% higher than the development of The Shard, more than twice the cost of the Northern Line Extension, and around three-times cost of Wembley Stadium.[18]

Fig. 7. Capital expenditure, the proposed development and other major construction projects in London



Source: Various, Oxford Economics

* including land acquisition costs

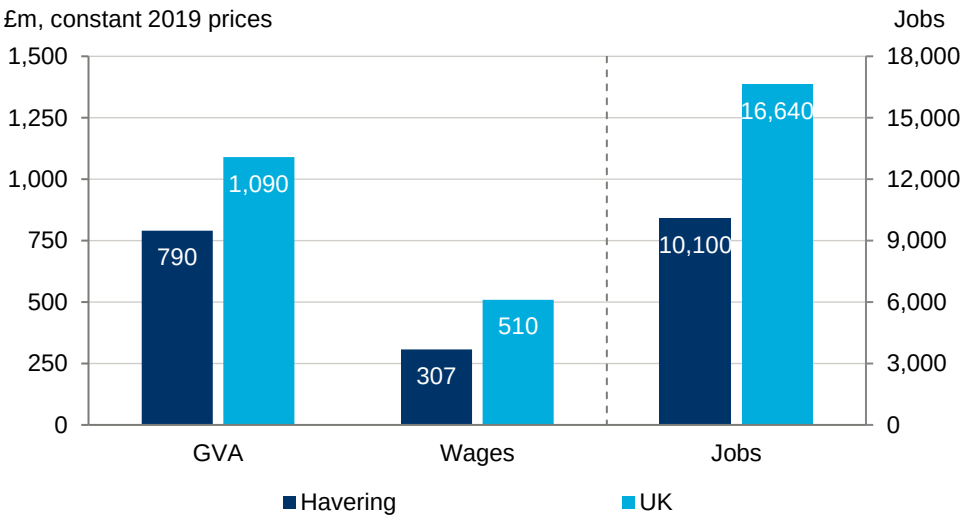
[11] We have rebased other estimates into constant 2019 prices to enable a like-for-like comparison.
[12] £11.9 billion in 2012 prices. https://www.oxfordeconomics.com/media/default/economic-impact/economic-impact-the-impact-of-london-2012.pdf
[13] £4.13 billion, assumed to be in 2020 prices. https://www.theconstructionindex.co.uk/news/view/tideway-sewer-hits-nine-month-delay
[14] £1.50 billion, assumed to be in 2013 prices. https://ig.ft.com/sites/shard-skyscraper-secret-life/
[15] £1.10 billion, assumed to be in 2016 prices. https://tfl.gov.uk/info-for/media/press-releases/2021/september/new-tube-map-unveiled-featuring-new-northern-line-stations-to-open-next-week-as-tube-extends-to-battersea-power-station
[16] £798 million, assumed to be in 2007 prices. https://www.flowcrete.eu/en-gb/case-studies/wembley-the-worlds-greatest-stadium/
[17] Total capital expenditure exceeds these comparable developments when deducting land acquisition costs.

The estimated economic impacts associated with the construction phase of the development are derived through assigning the values of investment (output) to relevant sectors of the economy, allowing an estimate of the direct GVA, employment and wages associated during the construction phase. Estimates of GVA per job (productivity) are derived from Oxford Economics' baseline forecasts for the Havering, London, and UK economies (where relevant). Wages are derived from the share of GVA captured by labour across each sector of the economy.[19]

In total, the direct construction-related activity could cumulatively generate £790 million of GVA across the Havering economy over the five-year construction phase, supporting 10,100 job years of employment, and £307 million in wages. This equates to an average of £158 million of GVA, 2,020 jobs, and £61 million in wages per year, across the five-year construction phase.

With the inclusion of hardware purchases and professional services-related activity, the construction phase could directly generate £1.09 billion of GVA contributions to UK GDP, supporting 16,640 job years of employment across the UK workforce, and £510 million in wages. This equates to an average of £218 million of GVA, 3,330 jobs, and £102 million in wages per year, across the five-year construction phase.

Fig. 8. Cumulative direct economic impact, construction phase, Havering and the UK, 2023 to 2027



Source: Reef Group, Oxford Economics. Note: may not sum due to rounding.

£1.09 billion

Direct GVA contribution to UK GDP during the five-year construction phase, or £218 million per year.

Supporting 16,640 job years of employment, or 3,330 per year.

[18] This does not necessarily allow for a like-for-like comparison with the other major construction projects, as some of the expenditure supporting these schemes will have been made abroad.

[19] Estimates of GVA per job (productivity) are derived from Oxford Economics' baseline forecast. Given the propensity for construction jobs to draw on the wider London labour market, we assume the productivity of construction workers at the proposed development site reflect the levels of productivity in this sector across London. Similarly, the hardware and professional services-related jobs are assumed to be as productive as the sector across the UK. Wages are derived from the share of GVA captured by labour across each sector of the economy. Further detail on our forecasting method is presented in Appendix 1.

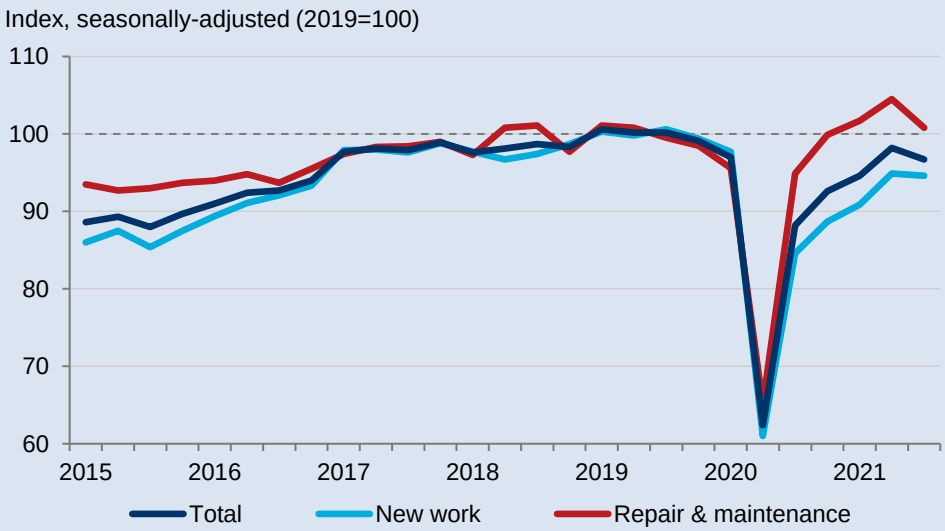
CONSIDERING DISPLACEMENT IN THE CONSTRUCTION SECTOR

In modelling the economic impact of the construction phase, we consider displacement, the degree to which the effects which produce additional economic activity may lead to consequent reductions in activity elsewhere in the economy that would not have occurred if the intervention had not been made.

Our assessment is informed by recent activity across the UK construction sector. The sector was impacted significantly by the challenges presented by the coronavirus pandemic: lockdown measures aimed at reducing the spread of the virus halted much construction activity, with the sector operating at just 61% of its 2019-level of output in the second quarter of 2020.[20]

However, subsequent restrictions have been less stringent, allowing the sector to recover. Indeed, the most recent data for the third quarter of 2021 indicates that the overall sector has nearly returned to 2019 levels of output, driven largely by recent increases in repair & maintenance activity.

Fig. 9. Construction output by sector, Great Britain, Q1 2015 to Q3 2021



Source: ONS

The proposed development will draw on workers across the wider London labour market.[21] At the peak of the construction phase, in 2024, the proposed development will stimulate an estimated 4,200 construction jobs across London (including indirect and induced spending effects). This amounts to just 1.3% of the London workforce. We therefore conclude that the local labour market has capacity to absorb additional demand, and that the construction of the proposed development is unlikely to displace significant construction activity in the local area.

[20] ONS, *Output in the construction sector: Reference tables*, July 2021. https://www.ons.gov.uk/businessindustryandtrade/constructionindustry/datasets/outputintheconstructionindustry

[21] ONS, *Travel to work area analysis in Great Britain: 2016*, September 2016. https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/articles/traveltoworkareaanalysisingreatbritain/2016

2.2 TOTAL ECONOMIC IMPACT OF THE CONSTRUCTION PHASE

A development of this size could provide significant economic benefits for the local economy. The direct activity supported by capital expenditure will also produce indirect (supply chain) or induced (wage consumption) impacts.

In total, **the proposed development could cumulatively support £1.02 billion of GVA, 14,000 job years of employment, and £428 million in wages across the Havering economy through the construction phase**. This equates to an average of £204 million of GVA, 2,800 jobs, and £86 million in wages per year, across the five-year construction phase.

This would arise through indirect (supply chain) impacts, which would add £135 million of GVA and 2,100 job years of employment, and induced (wage consumption) impacts, which would add a further £94 million of GVA and 1,800 job years of employment.

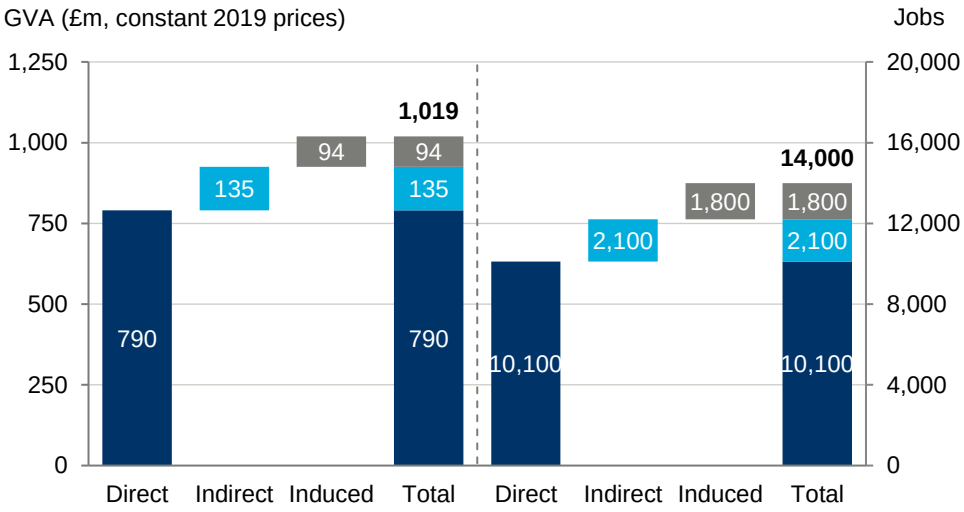
This equates to a (Type II) GVA multiplier of 1.29, or £17 of indirect (supply chain) and £12 of induced (wage consumption) GVA stimulated across the Havering economy for every £100 of GVA directly generated by the proposed development.[22] The employment multiplier is 1.39: every 100 construction job years employed at the proposed development site will create a further 21 indirect (supply chain) and 18 induced (wage consumption) job years across the Havering economy.

Fig. 10. Cumulative total economic impact, construction phase, Havering, 2023 to 2027

£1.02 billion

Total cumulative contribution to Havering's GVA during the five-year construction phase, or £204 million per year.

Supporting 14,000 job years of employment, or 2,800 per year.



Source: Reef Group, Oxford Economics. Note: may not sum due to rounding.

[22] A Type I multiplier reflects the direct and indirect (supply chain) activity associated with a direct effect, whereas a Type II multiplier also includes the induced (wage consumption) activity as a consequence of increased employment across both the direct and indirect effects.

The construction phase of the proposed development will benefit all sectors of the Havering economy. Construction will see the largest overall impact, owing to the direct activity in this sector, but also the propensity for construction activity to draw on suppliers in the same sector. However, supply chain and wage consumption impacts are apparent among the other most-impacted sectors, most notably across the wholesale & retail trade, manufacturing, and real estate sectors.

> All sectors of the Havering economy are due to benefit from construction-related activity at the proposed development.

Fig. 11. Cumulative total economic impact by sector, construction phase, Havering, 2023 to 2027

	GVA (£m)	Job years	Wages (£m)
Agriculture	<1	20	<1
Mining & quarrying	2	110	1
Manufacturing	40	490	26
Utilities	1	<10	<1
Water supply	2	20	1
Construction	839	10,770	327
Wholesale & retail trade	34	770	22
Transportation & storage	7	150	5
Accommodation & food services	11	280	8
Information & communication	7	70	4
Financial & insurance activities	8	70	4
Real estate	23	50	1
Professional, scientific & technical	9	230	6
Administrative & support services	13	240	8
Public administration & defence	2	20	1
Education	4	110	3
Human health & social work	4	110	3
Arts, entertainment & recreation	7	380	4
Other service activities	6	110	2
Total	**1,019**	**14,000**	**428**

Source: Reef Group, Oxford Economics. Note: may not sum due to rounding.

Due to the leakage of this activity outside of the Havering economy, as supply chain and wage consumption spending occurs elsewhere, and the professional services-related activity directly supported elsewhere in the UK, the overall economic impacts are greater both regionally and nationally than estimated across Havering.

In total, we estimate that the Proposed Development could cumulatively generate a £3.12 billion GVA contribution to UK GDP across the five-year construction phase, supporting 51,490 job years of employment across the UK workforce, and £1.56 billion in wages. This equates to an average of £624 million of GVA, 10,300 jobs, and £313 million in wages per year, across the five-year construction phase.

The construction phase would therefore have a (Type II) GVA multiplier of 2.86, or £186 of additional GVA stimulated across the UK economy for every £100 of GVA generated by direct capital expenditure, and an equivalent employment multiplier of 3.09: every direct job years of employment arising through capital expenditure will stimulate an additional two job years of employment elsewhere in the UK economy.

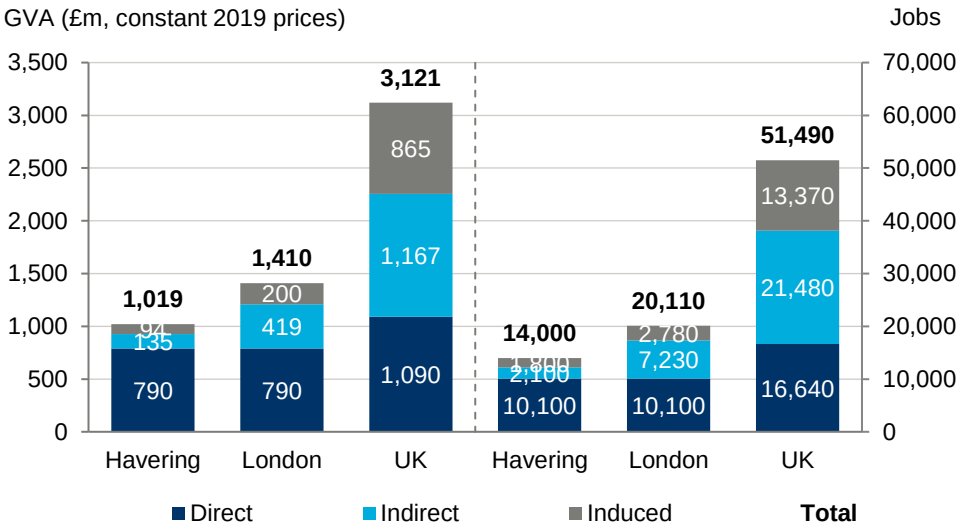
We estimate that London will capture a relatively large share of the supply chain (indirect) and wage consumption (induced) spending effects arising from the construction phase. The wider London economy will benefit from just over two-fifths of the total GVA impact across the UK, of £1.41 billion. It will also support 20,110 job years of employment, and £617 million in wages. This equates to an average of £282 million of GVA, 4,020 jobs, and £123 million in wages per year, across the five-year construction phase.

Fig. 12. Cumulative total economic impact, construction phase, Havering, London, and the UK, 2023 to 2027

£3.12 billion

Total cumulative GVA contribution to UK GDP during the five-year construction phase, or £624 million per year.

Supporting 51,490 job years of employment, or 10,300 per year.



Source: Reef Group, Oxford Economics. Note: may not sum due to rounding.

2.3 FISCAL IMPACT OF THE CONSTRUCTION PHASE

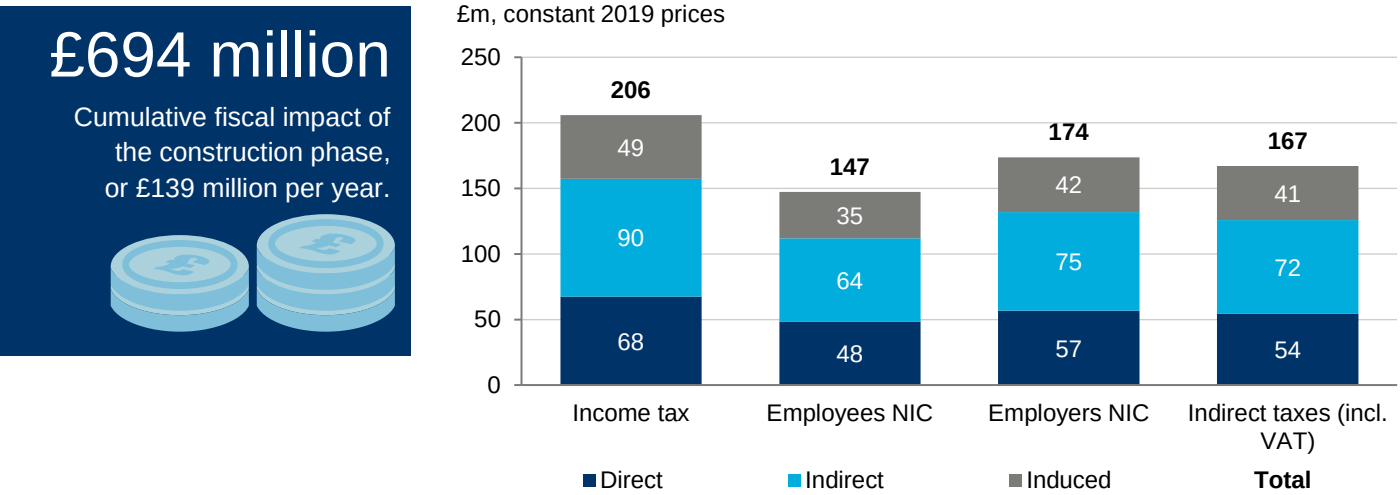
Additional economic activity arising from the construction of the proposed development will also result in a range of fiscal benefits.

Wages generated directly from the activities during the construction phase are subject to income tax and national insurance contributions (NICs). In modelling the tax revenues that could be collected by the Treasury, we use the latest income tax and NIC rates, thresholds, and personal allowance information, and apply these to average (mean) earnings.[23] Tax benefits will arise as a consequence of direct activity, and employment supported through the supply chain (indirect) and wage consumption (induced) effects.

[23] This ensures a conservative estimate of the fiscal benefits of the proposed development, as incomes tend to be positively skewed (with more people earning lower salaries and fewer people earning higher salaries). See Appendix 1 for further detail.

The proposed development would cumulatively generate £694 million in fiscal revenues through the five-year construction phase. This equates to an average of £139 million per year. We estimate that the proposed development would cumulatively generate £206 million in income tax revenues, including £68 million directly supported by the proposed development. A further £321 million will be supported in combined employer and employee NICs, of which £105 million is associated with direct activity. The proposed development would also generate a further £167 million of additional tax revenues indirectly, via the purchases of goods and services (including VAT).

Fig. 13. Cumulative total fiscal impact, construction phase, UK, 2023 to 2027



£m, constant 2019 prices

Source: Reef Group, Oxford Economics. Note: may not sum due to rounding.

2.4 SUMMARY

Capital expenditure arising from the construction of the proposed development would create additional economic activity, benefitting both the local (Havering) and UK economies. The proposed development will require £5.30 billion of capital expenditure across the five-year construction phase, of which £2.72 billion will be spent in the UK, including £2.0 billion invested in Havering.

The construction of the proposed development will cumulatively generate a direct GVA contribution of £1.09 billion to UK GDP, supporting 16,640 job years of employment, and £510 million in wages. The majority of this will be construction-related activity in Havering itself, which will generate £790 million of GVA across the local economy, supporting 10,100 job years of employment, and £307 million in wages. This equates to an average of £158 million of GVA, 2,020 jobs, and £61 million in wages per year, across the five-year construction phase.

Activity directly supported by the proposed development will create additional activity, through indirect (supply chain) spending through the Havering economy, and induced (wage consumption) spending of those employed, both directly and indirectly. In total, the construction phase would cumulatively generate £1.02 billion of GVA across the Havering economy, supporting 14,000 job years of employment across a diverse mix of sectors, and

£428 million in wages. On average, the proposed development will support £204 million of GVA, 2,800 jobs, and £86 million in wages per year in Havering, across the five-year construction phase.

This equates to (Type II) GVA and job multipliers of 1.29 and 1.39, respectively: each £100 of GVA directly generated by capital expenditure will stimulate £29 of additional GVA across the Havering economy, while each 100 direct construction job years will support a further 39 job years of employment across the local economy.

Due to the spillover of spending to other parts of the UK, the economic impacts at the national level will be greater: the construction phase could cumulatively generate a £3.12 billion GVA contribution to UK GDP, supporting 51,490 job years of employment across the UK workforce, and £1.56 billion in wages. This equates to (Type II) GVA and employment multipliers of 2.86 and 3.09, respectively. On average, the proposed development will support £624 million of GVA, 10,300 jobs, and £313 million in wages per year, across the five-year construction phase.

The proposed development will also generate additional fiscal revenues. Through the combination of income tax, employee and employer NICs, and indirect taxes (including VAT), the construction phase will cumulatively generate £694 million in tax revenues, or an average of £139 million per year.

Fig. 14. Cumulative total economic and fiscal impacts, construction phase, Havering, London and the UK, 2023 to 2027[24]

	GVA (£m)	Job years	Wages (£m)	Fiscal (£m)
Havering				
Direct	790	10,100	307	-
Indirect	135	2,100	74	-
Induced	94	1,800	47	-
Total	**1,019**	**14,000**	**428**	**-**
London				
Direct	790	10,100	307	-
Indirect	419	7,230	226	-
Induced	200	2,780	84	-
Total	**1,410**	**20,110**	**617**	-
UK				
Direct	1,090	16,640	510	227
Indirect	1,167	21,480	669	300
Induced	865	13,370	384	167
Total	**3,121**	**51,490**	**1,563**	**694**

Source: Reef Group, Oxford Economics. Note: may not sum due to rounding.

[24] Direct activity in both London and the UK includes professional services-related activity assumed to occur outside of Havering, some of which will be captured by other London boroughs.

3. THE OPERATIONAL PHASE

3.1 DIRECT ECONOMIC IMPACT OF THE OPERATIONAL PHASE

The proposed development will be fully operational in 2028. Reef Group estimate that, once fully operational, it will generate £520 million in revenue (economic output).[26]

Reef Group expects approximately 25% of gross revenue will be spent on operating costs, such as utilities required to run the facility. When combined with the direct operations of the occupier, the proposed development will therefore generate £393 million of GVA once operational in 2028.[27]

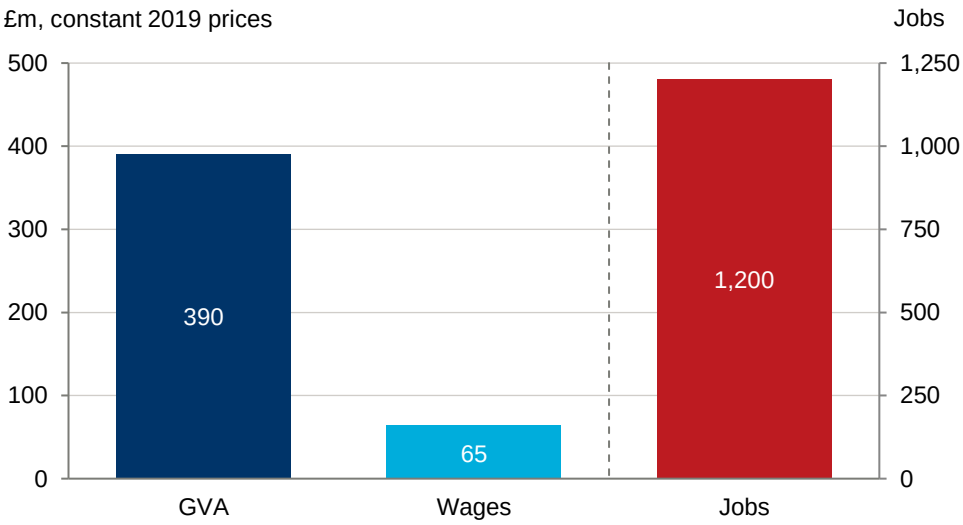
Reef Group also expect the proposed development to support 1,200 direct jobs once fully operational. Drawing on estimates of the typical mean wages earned by workers across the UK in the information services sector,[28] which captures the activity of data centres, we estimate that this workforce could earn approximately £65 million in wages.

£390 million

Direct GVA contribution to the Havering economy once fully operational in 2028.

Supporting 1,200 jobs.

Fig. 15. Direct economic impact, operational phase, Havering, 2028



Source: Reef Group, Oxford Economics

[26] £554 million in 2021 prices.

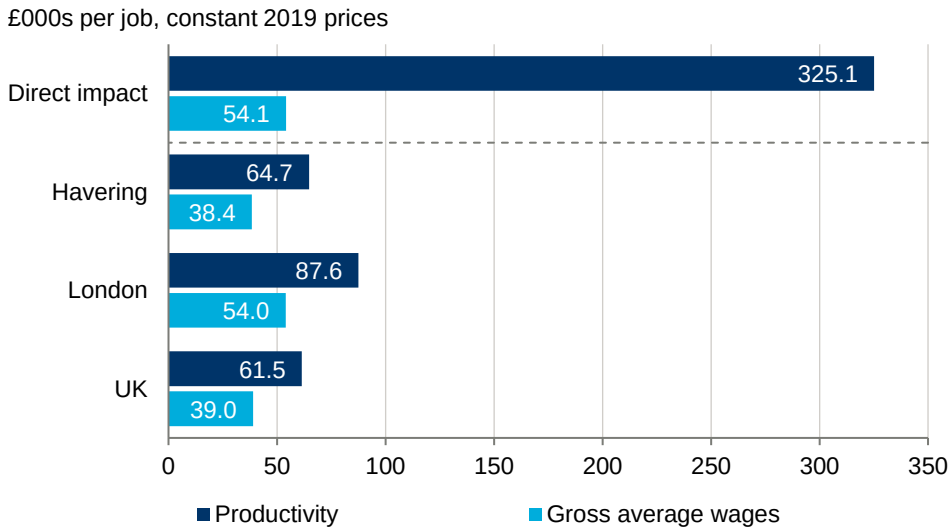
[27] This assessment considers the operations of the proposed development, but as estimates of the economic activity associated with IT and application service delivery are not known at this stage, our assessment does not include this aspect within the economic impact. This would represent an additional economic benefit over and above those set out in this report. Much of the additional expenditure is likely to be through imports, the value associated with which will occur abroad, although installation and associated spending effects are likely to benefit the Havering and UK economies.

[28] A subsector of information & communication that captures the activity of data centres, among other related services.

Employment created at the proposed development will be highly productive. Comparing direct GVA with employment implies an average direct productivity of £325,100, five-times higher than the Havering average implied by our baseline forecast (£64,700 per job).[29] This reflects the highly capital-intensive nature of data centre operations. The proposed development will similarly be more productive than our forecast for the London (£87,600 per job) and UK (£61,500 per job) economies in 2028.

The workforce will also be relatively well paid. We estimate that each job at the proposed development will therefore earn an average salary of approximately £54,100. Our implied gross annual workplace earnings indicate that the median worker in Havering would expect to earn approximately £38,400 per year. The employment directly supported by the proposed development would therefore around 40% higher than the average local wage. The earnings of the direct workforce are also higher than the expected median wage across the UK workforce in 2028 (£39,000 per year), and in-line with London as a whole (£54,000 per year).

Fig. 16. Productivity and annual earnings, Havering, London, and the UK, 2028



Source: Reef Group, Oxford Economics

The proposed development will create 1,200 highly-productive and well-paid direct operational jobs at the proposed data centre campus in Havering.

[29] This high productivity estimate does not consider the employment supported by occupiers in other locations, which would add to direct employment and therefore reduce direct productivity. Similarly, we have assumed the lower-bound of the likely range of on-site employment: in practice, the level of direct employment at the data centre campus could be higher, reducing the average productivity.

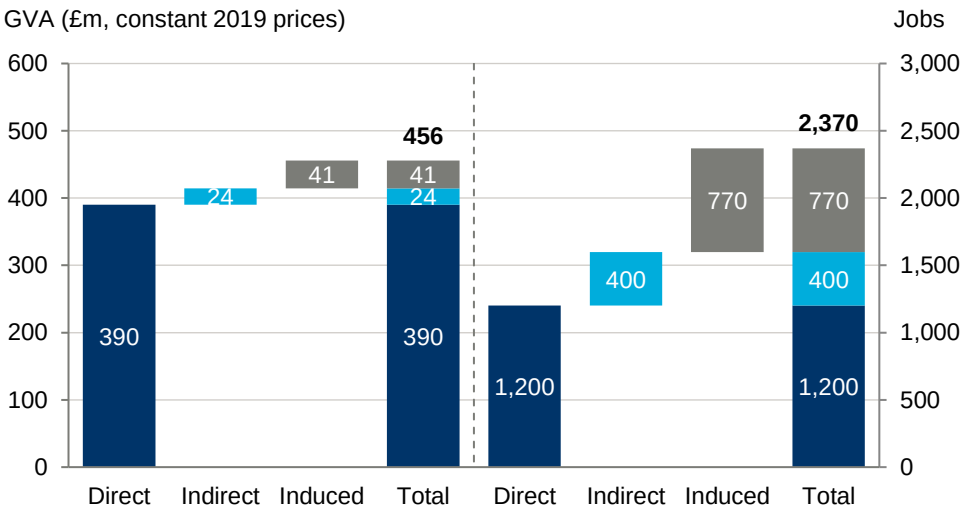
3.2 TOTAL ECONOMIC IMPACT OF THE OPERATIONAL PHASE

As in the construction phase, direct activity at the proposed development will create further indirect and induced economic activity across the local, regional, and national economies.

Once fully operational in 2028, **the proposed development could contribute £456 million of GVA, 2,370 jobs, and £100 million in wages across the Havering economy in 2028**. This equates to a 6.8% uplift on Havering's total GVA, and 2.3% uplift on levels of employment, relative to Oxford Economics' baseline forecast. Indirect (supply chain) spending with local suppliers would add £24 million of GVA and 400 jobs, while the induced (wage consumption) impacts would add a further £41 million of GVA and 770 jobs.

This equates to a (Type II) GVA multiplier of 1.17, or £6 of indirect (supply chain) and £11 of induced (wage consumption) GVA stimulated across the Havering economy for every £100 of GVA directly generated by the proposed development. The equivalent employment multiplier is somewhat higher at 1.98, or almost one further job supported across the wider Havering economy for every direct job at the proposed development.

Fig. 17. Total economic impact, operational phase, Havering, 2028



Source: Reef Group, Oxford Economics. Note: may not sum due to rounding.

£456 million

Total GVA contribution to the Havering economy once fully operational in 2028.

Supporting 2,370 jobs.

Employment created or sustained from the operations of the proposed development will boost diverse mix of sectors in the economy. All sectors of the Havering economy will benefit from the operational phase of the proposed development. Fig. 18 below shows the total sectoral employment impacts associated with the proposed development.

The largest impacts will be in the information & communications sector, which includes the information services sector in which the proposed development will operate. This primarily reflects direct activities at the proposed development, alongside further spending effects, largely along the supply chain as firms draw on inputs from other firms also operating in this sector. Through generating an additional £396 million, the proposed development will more than double the size of Havering's information & communication sector in 2028,

relative to our baseline forecast. Workers in the information & communication sector are typically highly skilled and well remunerated: the 1,260 jobs generated in this sector will support £68 million in wages, averaging £54,300 per worker.

Wholesale & retail trade will be the second most-impacted sector, generating an estimated £11 million of GVA, and supporting 240 jobs. While some activity will be stimulated along the supply chain, the additional activity in this sector will largely arise through wage consumption (induced) effects. Real estate and professional, scientific & technical will be the next most-impacted sectors, both generating £10 million and £9 million of GVA, respectively.

Fig. 18. Total economic impact by sector, operational phase, Havering, 2028

> All sectors of the Havering economy will benefit from the operational phase of the proposed development.

	GVA (£m)	Jobs	Wages (£m)
Agriculture	<1	<10	<1
Mining & quarrying	<1	<10	<1
Manufacturing	4	40	3
Utilities	1	<10	<1
Water supply	<1	<10	<1
Construction	<1	<10	<1
Wholesale & retail trade	11	240	7
Transportation & storage	3	70	3
Accommodation & food services	5	120	4
Information & communication	396	1,260	68
Financial & insurance activities	2	20	1
Real estate	10	20	1
Professional, scientific & technical	9	180	5
Administrative & support services	4	90	2
Public administration & defence	<1	<10	<1
Education	2	50	1
Human health & social work	2	50	1
Arts, entertainment & recreation	3	170	2
Other service activities	2	50	1
Total	**456**	**2,370**	**100**

Source: Reef Group, Oxford Economics. Note: may not sum due to rounding.

We may also consider the likely occupational and skills profile of jobs supported by the operational phase of the proposed development across Havering.[31] The proposed development will create employment among generally more highly-skilled occupations. Approximately 740 jobs, or just under a third of all employment created in Havering, will be in professional occupations, with associate professional & technical (560 jobs) and managers, directors & senior officials (370 jobs) also well-represented. These three occupational groups account for more than two-thirds of jobs created through

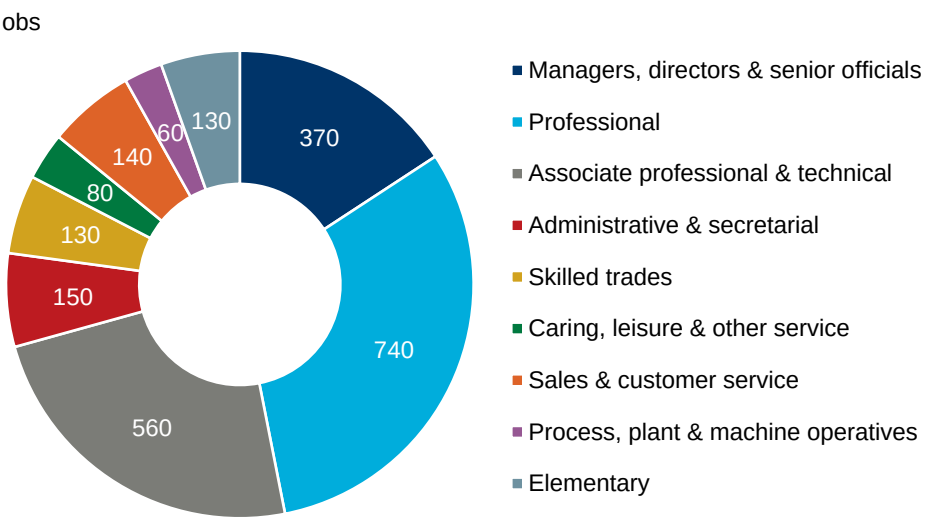
[31] Our baseline forecast takes account of the changing occupational requirements of employment within sectors of the economy, reflecting factors such as the adoption of technology and automation. We also reflect the evolving qualifications profile required by each occupational group over time.

the operational phase. However, direct jobs created at the proposed development itself represents only half of all employment stimulated across Havering, supporting activity across a variety of occupations: the operational phase will create employment across all occupational groups.

Fig. 19. Total employment by occupation, operational phase, Havering, 2028

1,670 jobs

Managerial, professional and associate occupations in Havering through the operational phase.



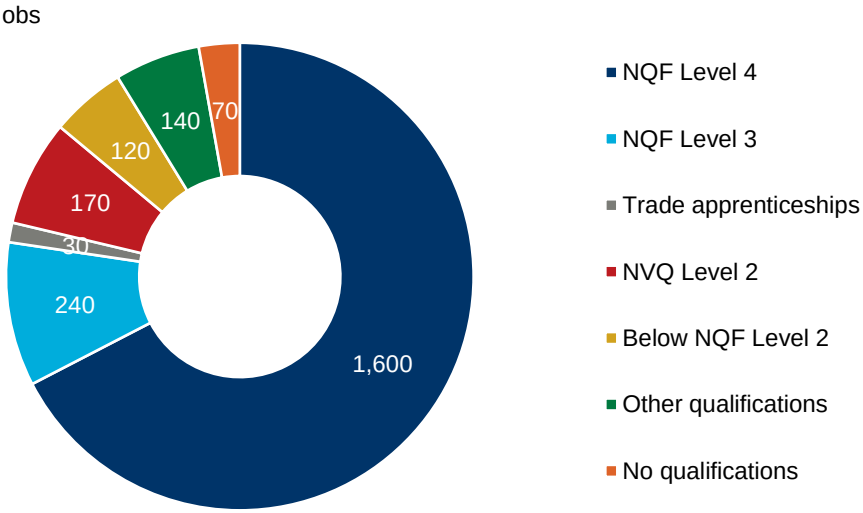
Source: Reef Group, Oxford Economics. Note: may not sum due to rounding.

The occupational mix is also reflected in the types of skills required by the workforce. Drawing on the changing patterns of skill requirements within each occupational group, we expect that the proposed development will create highly-skilled jobs in Havering: 1,600 jobs, or two-thirds of those created through the operational phase, are likely to require NQF Level 4+ qualifications. However, as reflected in the occupational mix, the proposed development will create a variety of employment opportunities through the operational phase, requiring employment across all qualification levels.

Fig. 20. Total employment by qualification level, operational phase, Havering, 2028

67% of jobs

Jobs requiring NQF Level 4+ qualifications in Havering during the operational phase.



Source: Reef Group, Oxford Economics. Note: may not sum due to rounding.

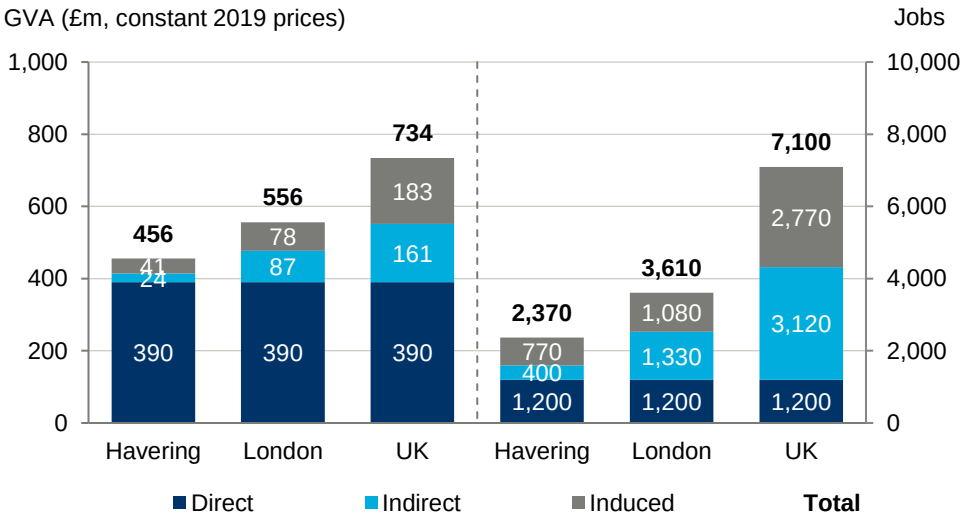
In addition, further economic benefits would be realised elsewhere in the UK economy, as a consequence of the leakage of supply chain and wage consumption spending to other parts of the economy.

We estimate that the operational phase of the proposed development could generate a £734 million GVA contribution to UK GDP in 2028, supporting 7,100 jobs across the UK workforce, and £244 million in wages.

This equates to a (Type II) multiplier of 1.88, or £41 of indirect (supply chain) and £47 of induced (wage consumption) GVA stimulated across the UK economy for every £100 of GVA directly generated by the proposed development. Largely due to the high average productivity at the proposed development, the employment multiplier is almost six, equivalent to more than 260 indirect (supply chain) and 230 induced (wage consumption) jobs for every 100 direct jobs at the proposed development.

A high share of activity generated by the proposed development will be retained in London. Overall, the proposed development will add £556 million to London's GVA once fully operational, supporting 3,610 jobs, and £152 million in wages. This amounts to over three-quarters of all GVA stimulated across the UK economy, and more than half of all employment.

Fig. 21. Total economic impact, operational phase, Havering, London, and the UK, 2028



Source: Reef Group, Oxford Economics. Note: may not sum due to rounding.

£734 million

Total GVA contribution to UK GDP during the first year of full operations.

Supporting 7,100 jobs.

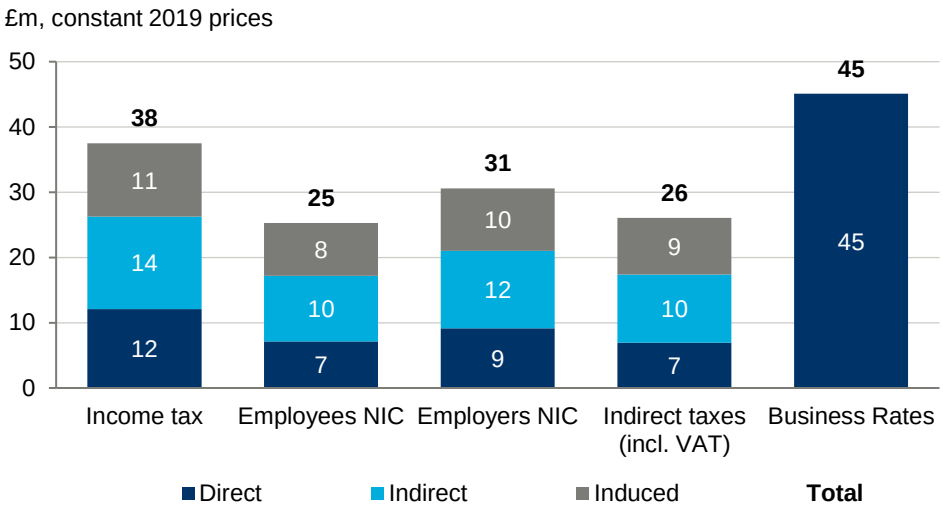
3.3 FISCAL IMPACT OF THE OPERATIONAL PHASE

Wages generated directly from the operations of the proposed development would also generate additional tax revenues for HM Treasury.

The proposed development would generate £165 million in fiscal revenues through its first full year of operations in 2028. The proposed development could generate £38 million in income tax revenues, including £12 million directly supported by the proposed development. A further £56 million will be supported in combined employer and employee NICs, of which £16 million is associated with direct activity. The proposed development

would also generate a further £26 million of additional tax revenues indirectly, via the purchases of goods and services (including VAT), while Reef Group estimate that it will directly generate £45 million in Business Rates.[32]

Fig. 22. Total fiscal impact, operational phase, UK, 2028



Source: Reef Group, Oxford Economics. Note: may not sum due to rounding.

3.4 SUMMARY

Once operational, the proposed development will continue to benefit the Havering, London, and UK economies. According to data provided by Reef Group, the proposed development will directly generate £390 million of GVA, supporting 1,200 jobs and £65 million in wages across the Havering economy.

The economic benefits will not be confined to the proposed development itself, as it will generate further indirect (supply chain) and induced (wage consumption) effects across the local and national economies. In total, we estimate that the proposed development will generate £456 million of GVA across Havering, equivalent to a 6.8% increase in the size of the local economy relative to our baseline forecast. The proposed development would also support 2,370 jobs, a 2.3% increase on our baseline forecast, and £100 million in wages.

This equates to (Type II) GVA and job multipliers of 1.17 and almost two, respectively: each £100 of GVA directly generated by the proposed data centre campus will stimulate £17 of additional GVA across the Havering economy, while each direct job will support a further job across the local economy.

Owing to the spillover benefits of supply chain spending and wage consumption outside of Havering, the operational phase of the proposed development will have an even greater impact on the UK economy. Once fully operational, in 2028, the proposed development could add £734 million in GVA contributions to UK GDP, supporting 7,100 jobs across the UK workforce, and £244 million in wages.

[32] £48 million in 2021 prices.

This equates to a (Type II) GVA multiplier of 1.88, or £88 of additional GVA stimulated across the UK economy for every £100 of GVA generated at the proposed data centre campus, and an equivalent employment multiplier of just under six: each direct job will support almost five further jobs across the UK economy. London will retain three-quarters of all GVA generated across the UK economy, and just over half of all employment.

Fig. 23. Total economic and fiscal impacts, operational phase, Havering, London, and the UK, 2028

	GVA (£m)	Jobs	Wages (£m)	Fiscal (£m)
Havering				
Direct	390	1,200	65	-
Indirect	24	400	15	-
Induced	41	770	21	-
Total	**456**	**2,370**	**100**	**-**
London				
Direct	390	1,200	65	-
Indirect	87	1,330	54	-
Induced	78	1,080	33	-
Total	**556**	**3,610**	**152**	**-**
UK				
Direct	390	1,200	65	80
Indirect	161	3,120	98	47
Induced	183	2,770	81	38
Total	**734**	**7,100**	**244**	**165**

Source: Reef Group, Oxford Economics. Note: may not sum due to rounding.

4. WIDER ECONOMIC BENEFITS

4.1 INTRODUCTION

In this section, we discuss how the proposed development may act as a catalyst in unlocking a range of wider economic benefits across the Havering, London, and UK economies.

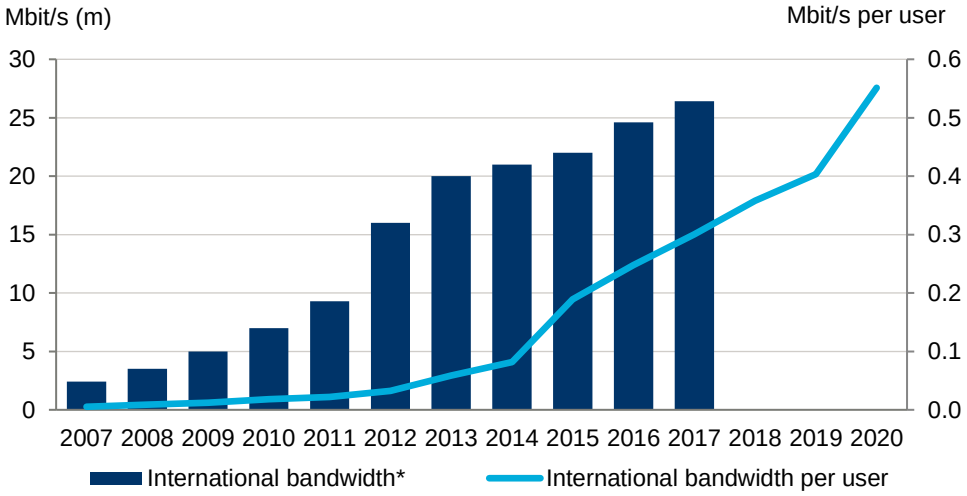
We consider how the proposed development will contribute to the UK's digital infrastructure, how this can support clustering and agglomeration effects in London's growing information & communication sector, the benefits to the local Havering economy of the creation of high-value jobs, and how investing in local skills initiatives can boost human capital accumulation. In doing so, we consider the national, regional, and local policy context.

4.2 THE PROVISION OF DIGITAL INFRASTRUCTURE

The Covid-19 pandemic has demonstrated the increasingly important role that digital services play, across the economy and in society more broadly. These services are being relied upon now more than ever for remote working, streaming, entertainment and much more. Data from Openreach indicates that the pandemic led to UK broadband usage more than double, increasing from 22,000 petabytes of data consumed in 2019 to 50,000 petabytes in 2020.[33] Although the volume of information transmitted over the UK's internet connections has substantially increased over the preceding decade, as demonstrated in Fig. 25 below., demonstrating the growing importance of digital infrastructure in underpinning services throughout the economy.

> The Covid-19 pandemic has demonstrated the increasingly important role that digital services play across the economy and society more broadly.

Fig. 25. International bandwidth, UK, 2007 to 2020[34]



Source: ITU, Oxford Economics

* Data only available to 2017

[33] https://www.openreach.com/news/uk-broadband-usage-more-than-doubled-in-2020---driven-by-live-sport-online-gaming-and-home-working/ A petabyte is equivalent to 1,000 terabytes (TB), or 1,000,000 gigabytes (GB).
[34] Telecommunication Development Sector (ITU-D), *International bandwidth*, Geneva, 2021. https://www.itu.int/en/ITU-D/Statistics/Pages/stat/default.aspx

WHAT IS A DATA CENTRE?

Data centres are stand-alone facilities that house computing equipment to facilitate external IT functions. Data centres such as the proposed development are being increasingly used by enterprises to house information as they transition from centralised on-premises facilities to cloud services. IT organisations therefore use data centres to store and manage their most critical resources which are vital to their continuous operation.

These centres contain specialised warehouse-scale computers which power an array of critical services. Designing and operating such complex systems require expert knowledge, and few companies have the capacity to develop and operate their own data centres. This has led to the rise of cloud computing, where businesses rent network resources from specialised providers, to power their services, instead of developing and maintaining their own infrastructure.[35]

The location of data centres is also a crucial component of digital operations. The location where the data centre holding server hardware is physically stored and maintained can affect website speed and latency—the delay between a user's action and the resulting application's response to that action. Hosting data on a server far away from a user can lead to a lengthy delay in obtaining data, with clear implications for reducing the speed at which tasks can be performed.[36]

Distance from a server can also affect firms' competitiveness. For example, search engines take site speed and page loading times into account when ranking sites for search engine optimisation. Therefore, choosing a distant data centre could damage search engine ranking, potentially costing firms across the wider region to lose out on business that might otherwise go to firms who benefit from higher transmission speeds through closer proximity to their servers.

Digital infrastructure is an increasingly important factor that underpins activity throughout the economy. According to TechUK, data centres *"underpin an internet economy that contributes over 16% of domestic output, 10% of employment and 24% of total UK exports and is growing faster than any other in the G-20."*[37] Through the provision of 600MW of capacity, the proposed development would make a substantial contribution to boosting the UK's data centre capacity.

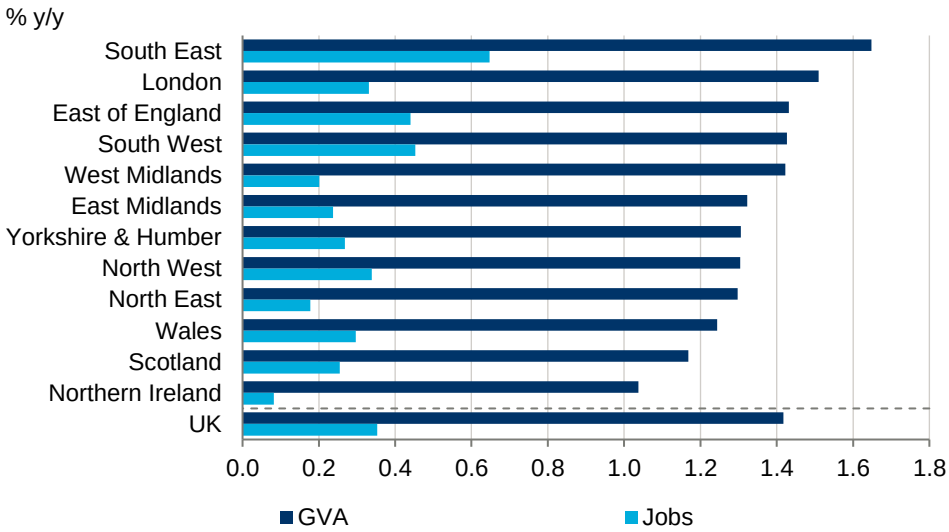
4.3 INFORMATION & COMMUNICATION SECTOR AND AGGLOMERATION EFFECTS

The proposed development therefore contributes to the digital infrastructure that will support growth across London and the wider south east. The proposed development is located in or proximate to the UK's three fastest-growing regions: London, the South East, and East of England.

[35] Diana Popescu, *Latency driven performance in data centres*, University of Cambridge, 2019.
[36] https://www.reliablesite.net/hosting-news/does-data-center-location-really-matter/#.YbIQFr3P1PZ
[37] TechUK, *Data Centre Market Overview UK 2020*, London, 2021.

Collectively, these three regions will account for almost half (48%) of economic growth across the UK economy by 2030, according to our baseline forecast.[38]

Fig. 26. GVA and job growth, UK regions, 2019 to 2030



Source: Oxford Economics

> The proposed development will contribute to the digital infrastructure to support the UK's fastest-growing regions.

While many sectors of the economy are becoming increasingly digitised, the benefits of the proposed development are most apparent within the information & communication sector. This sector alone has more than doubled in size over the preceding decade, and is forecast to be the UK's fastest-growing sector to 2030. According to data gathered by TechUK, the UK is the third-largest destination for venture capital in the world, behind only the USA and China, with investment hitting a record high of $15 billion in 2020, despite the disruption caused by the Covid-19 pandemic.[39]

London supports the UK's largest information & communication sector, contributing £52 billion to UK GDP in 2019—more than two-fifths of the national total—and supporting almost 500,000 jobs. According to TechUK, London was the fourth-largest destination for capital investment in the tech sector, totalling $10.6 billion, or more than two-thirds of investment across the UK.[39] By comparison, investment the next-largest European destination, Paris, equated to less than a third of the London total ($3.3 billion).[39] Provision of infrastructure such as the proposed data centre key to enabling this investment to occur. Owing to the globally-competitive nature of investment in this sector, and failure to provide adequate infrastructure may see London lose out to other major global digital clusters, meaning that this investment would be lost to the UK economy altogether.

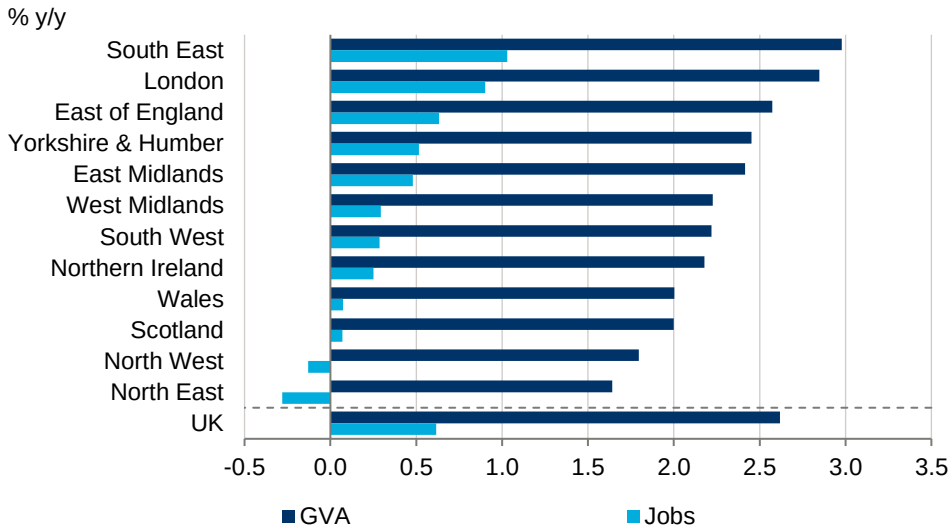
London is expected to continue to be the dominant region in this sector: information & communication is forecast to be London's fastest-growing sector over this period, and London will outperform all other regions bar the South East. Indeed, London alone is forecast to contribute 43% of the increase in GVA forecast across this sector nationally. The wider London, East of England

[38] As of Q4 2021. For further detail on our forecasting method, see Appendix 1.

[39] TechUK, *Tech Nation 2021*, London, 2021. https://technation.io/report2021/#uk-tech-performance

and South East regions are expected to collectively support three-quarters of additional GVA across the UK in the information & communication sector.

Fig. 27. GVA and job growth, information & communication sector, UK regions, 2019 to 2030



Source: Oxford Economics

2.8%

Forecast GVA growth of London's information & communications sector, 2019 to 2030

Both London and the UK's fastest-growing sector

The proposed development therefore contributes to reinforcing the agglomeration effects across London's digital sector. Agglomeration effects refer to the benefits that firms can realise through locating near one another, leading to a cluster of activity in a particular market or sector. These benefits arise from factors such as a highly skilled and/or specialised workforce, or reduced transaction costs in interacting with firms in the same sector. The clustering of activity in London's digital sector indicates the presence of these effects.

Of particular relevance to the proposed development are the agglomeration benefits that arise from proximity to shared suppliers. It is no coincidence that London's leading digital sector is supported by a cluster of data centres. According to Tech UK, London is Europe's leading market for data centres: it houses over 700MW of take-up, almost twice as many as the next-largest clusters, Frankfurt (398MW) and Amsterdam (363MW).[37] Indeed, 70% of the UK's commercial data centre market is clustered in and around the M25.[37]

The provision of additional digital infrastructure through the proposed development can further the wider agglomeration effects across the users of data centres across London. Through adding to London's data centre capacity, the proposed development is contributing to attracting firms to start-up or locate in London to avail of this infrastructure, who may otherwise locate elsewhere without the same provision of data centre services.

Indeed, we may draw on other examples to demonstrate the benefits of data centres to the wider economy. Oxford Economics recently explored the spillover effects arising from the opening of six new data centres for Google in the US, demonstrating that spillover effects in the area the data centre was placed that were even more significant than the traditional economic impact

calculations.[40] The six campuses examined in this study were all located in counties near but not in a major city. The research illustrates that opening the data centre indicated to out-of-county residents that there are new opportunities in the county which possessed the data centre. Within two years of opening the data centre, the counties that had one experienced job gains that exceeded those in the control group. Of those, the job gains were greatest in the counties whose economies were closely integrated with the urban setting close to it. Furthermore, these counties also experienced a growth in residents holding a four-year college degree that was 1.1% higher than that of the control group. We expect that both the employment and educational benefit compound over time.

THE LONDON PLAN 2021

The economic benefits of the proposed development are conducive to the ambitions of the *London Plan 2021*, London's spatial development strategy.[41] The London Plan sets out several ambitions relating to economic, social and technological development, which the proposed development can make a positive contribution towards achieving.

The London Plan illustrates the importance of improving digital infrastructure within the city. Policy SI 6 'Digital connectivity infrastructure' states: *"The provision of digital infrastructure is as important for the proper functioning of development as energy, water and waste management services and should be treated with the same importance. London should be a world-leading tech hub with world-class digital connectivity that can anticipate growing capacity needs and serve hard to reach areas. Fast, reliable digital connectivity is essential in today's economy and especially for digital technology and creative companies. It supports every aspect of how people work and take part in modern society, helps smart innovation and facilitates regeneration".*

The London Plan also seeks to improve the skill level and opportunities of those within the city by numerous different avenues. One of the main objectives of Policy E11 'Skills and opportunities for all' is to *"ensure the greatest possible level of take-up by Londoners of the training, apprenticeship and employment opportunities created."* The London Plan states that more than 270,000 Londoners are unemployed, with particularly high rates of youth unemployment. London also has a growing problem of in-work poverty, associated with low-skilled low-paid work. The proposed development would make a positive contribution to reducing unemployment, both locally in Havering and across the city, through job creation.

The proposed development can help to support growth of London's digital and tech sectors. Policy E8 'Sector growth opportunities and clusters' identifies the digital and tech sector as a growth opportunity for the city. The London Plan aims to *"support the growth and evolution of all sectors in the economy. Planning should ensure that new developments have the digital connectivity required to support London's global competitiveness"* The proposed development will make a positive contribution to the infrastructure required to facilitate growth in these sectors.

[40] https://www.oxfordeconomics.com/recent-releases/d8d830e4-6327-460e-95a5-c695a32916d9

[41] Greater London Authority, *The London Plan: The Spatial Development Strategy for Greater London*, London, 2021. https://www.london.gov.uk/what-we-do/planning/london-plan/new-london-plan/london-plan-2021

4.4 CREATING HIGH-VALUE JOBS IN HAVERING

Productivity is an important measure of economic performance, allowing businesses to grow more profitable and boost investment, while increasing the pay and living standards of workers. We measure labour productivity as the average contribution to GVA per job.

Havering suffers a productivity gap to the rest of London. In 2019, the Havering economy generated £59,300 of GVA per job.[42] While slightly higher than neighbouring Essex, and above the UK average, Havering's productivity lags London. This productivity gap equated to £21,200 per job—the average Havering worker therefore produces less than three-quarters of GVA than the London average.

Havering's weak productivity performance is not a recent phenomenon. Average productivity has never recovered from the 2007 to 2008 financial crisis, in real terms. While the other comparator areas similarly struggled from sluggish productivity growth through the 2010s, in each case productivity has improved, making a positive contribution to growth. Our baseline forecast indicates that the productivity gap to London is expected to continue into the future.

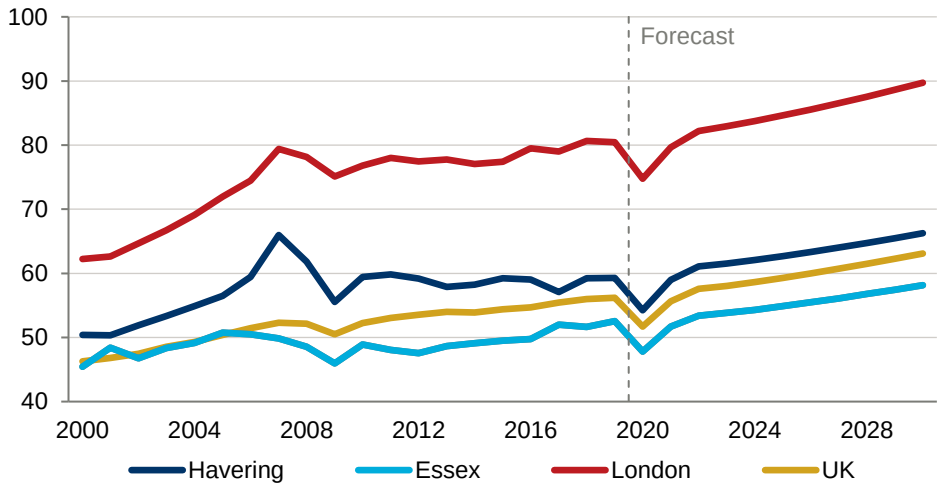
£59,300

GVA per job (productivity) across Havering in 2019.

A £21,200 productivity gap to the London economy (£80,500 per job).

Fig. 28. Productivity, Havering and comparator areas, 2000 to 2030

£000s per job, constant 2019 prices



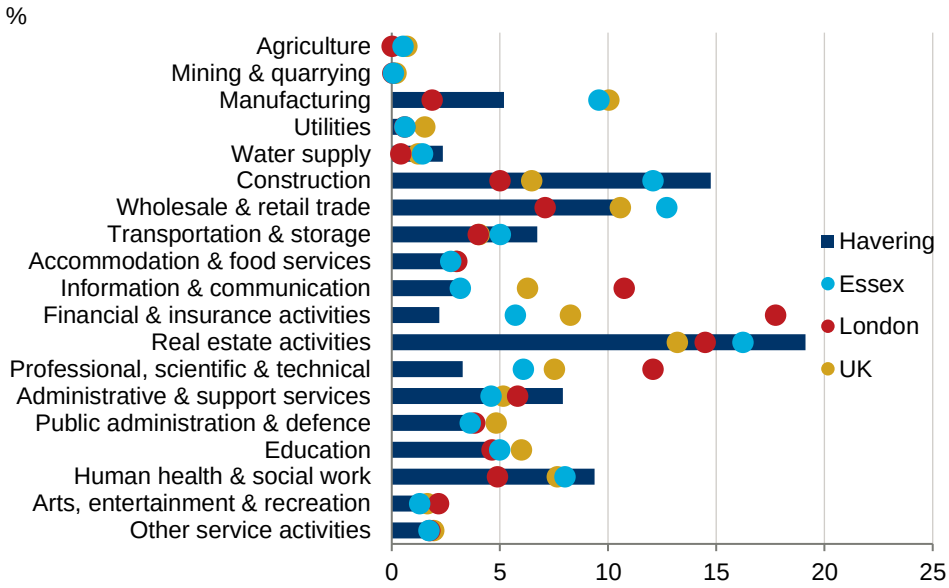
Source: ONS, Oxford Economics

[42] 2019 provides a suitable basis on which to compare Havering's economy as it reflects the most recent GVA data published by the ONS at a sub-national level, and also avoids the distortionary effects of the Covid-19 pandemic that are implicit within our 2020 estimates.

Havering's productivity gap to the London economy is partly a reflection of its sectoral structure. Havering tends to lack the types of business service sectors, such as information & communication, that are forecast to drive growth across London and the UK. Instead, Havering's sectoral structure is more comparable to that of Essex, and is comparatively reliant on real estate,[43] while construction and transportation & storage are also comparatively well-represented across the local economy. We estimate that Havering's sectoral structure alone accounts for around three-quarters of the productivity gap to London, or £16,300 per job. Through the creation of high-value jobs in the information & communication sector, the proposed development contributes to narrowing the productivity gap.

Havering tends to lack the types of business service sectors, such as information & communication, that are forecast to drive growth across London and the UK.

Fig. 29. GVA by broad sector, Havering and comparator areas, 2019



Source: ONS, Oxford Economics

Part of the productivity gap can also be explained by an underperformance within sectors. The Havering workforce tends to produce less than firms within the same sectors elsewhere in London. Even were Havering to match London's sectoral structure, the productivity gap would remain at around £4,900 per job. There are a variety of factors which contribute to this underperformance, including the extent of business or infrastructure investment. Indeed, the Havering Local plan cites enhancing *"digital connections between places, communities and opportunities"* as one of its four 'strategic objectives'.[44] Through its multi-billion pound investment, the proposed

[43] Real estate GVA includes rental income and the imputed rents of owner-occupiers, and the dominance of this sector is largely a reflection of the comparatively high housing costs across Havering. The relative concentration of GVA in real estate may also indicate an absence of other dominant sectors in the local economy, reflected in Havering's comparatively low levels of GVA per capita (£23,200 in 2019) relative to the national average (£29,900).

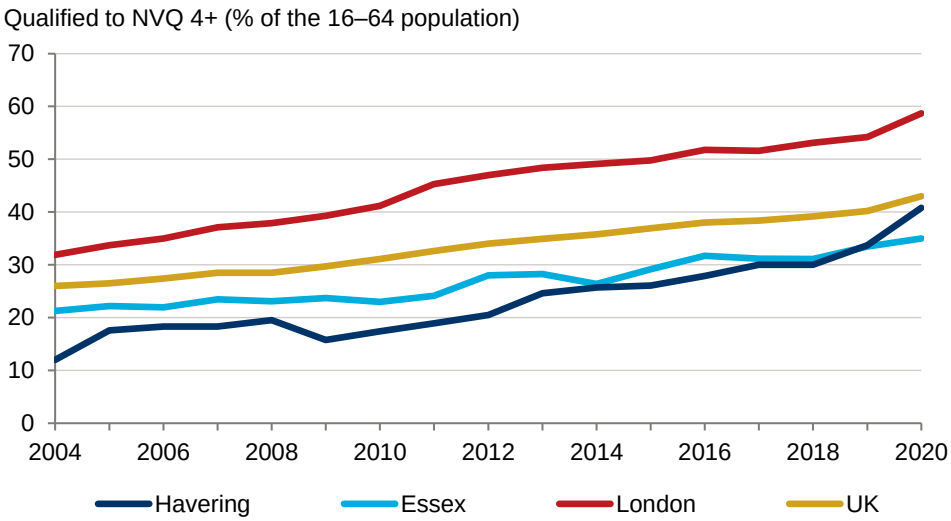
[44] London Borough of Havering, *Havering Local Plan 2016–2031*, London, 2016. https://www.havering.gov.uk/download/downloads/id/1909/lbhlp1_-_proposed_submission_local_plan_2016-2031.pdf

development actively contributes towards business investment and infrastructure across the Havering economy.

The underperformance may also relate to skills. The Havering Local Plan identifies skills and training as an opportunity for the borough, noting a substantial gap in the proportion of highly-qualified residents compared to the London or national average, which in turn leads to lower incomes than elsewhere.[44] Recent ONS data indicates that while this 'skills gap' of working-age residents qualified to NVQ level 4+ (degree level or above) has narrowed in recent years, the proportion of residents qualified to this level remains below the London and UK averages. Through creating high-value jobs in the Havering economy, the proposed development may contribute to attracting highly-skilled workers to the local area.

Fig. 30. Resident qualifications, Havering and comparator areas, 2000 to 2020

The Havering Local Plan identifies skills and training as an opportunity for the borough, noting a substantial gap in the proportion of highly-qualified residents compared to the London or national average, which in turn leads to lower incomes.



Source: ONS, Oxford Economics

The proposed development is also expected to benefit local residents. Through the creation of high-value jobs directly at the proposed development, and through wider multiplier effects as a consequence of supply chain and wage consumption spending, the data centre campus will support an additional 2,370 jobs across the Havering economy once fully operational.

This expansion in the workforce will benefit residents: drawing on established commuting patterns and the labour market characteristics of local economies, we would expect that a further 900 residents of Havering will be employment once the proposed development is fully operational in 2028. This equates to a 0.6% uplift on the number of residents employed according to our baseline forecast. (See Appendix 1 for further detail on our economic modelling framework.) This will in turn reduce unemployment: we estimate that Havering would see 300 fewer unemployed residents as a consequence of the proposed development.

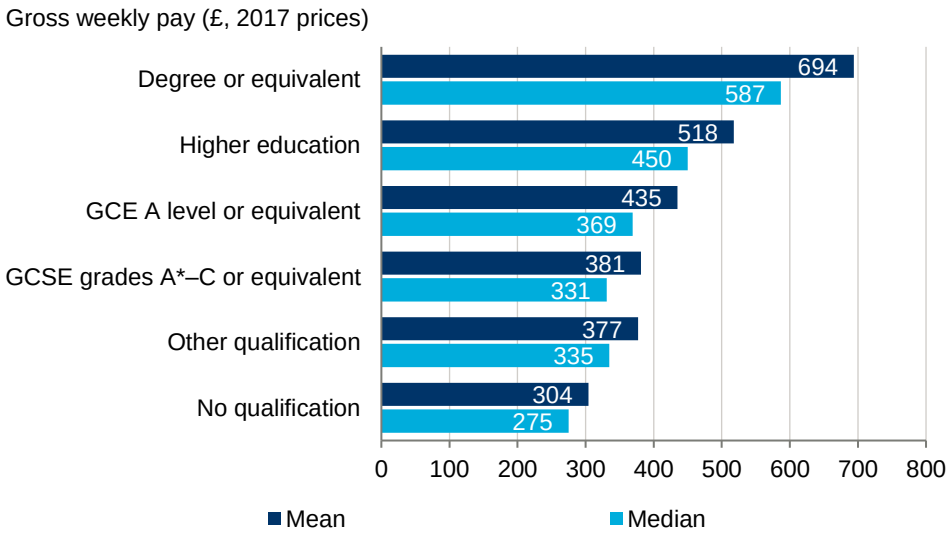
4.5 INVESTMENT IN LOCAL SKILLS AND COMMUNITY INITIATIVES

As part of the proposed development, Reef Group will invest £1.5 million (in current prices) each year on local skills and community initiatives.

The skills and knowledge held by the population, referred to in economic literature as human capital, is a vital determinant of a nation's productivity. Skill levels influence the population's living standards and the competitiveness of the economy.

Improving the skills of the local population will generate a private benefit, through boosting the lifetime earnings of participants. There is a close link between the qualification level of an individual and the earnings they receive. Indeed, a bespoke analysis produced by the ONS from data for 2016 to 2017, set out in Fig. 31 below, demonstrates higher average earnings among more highly educated workers in the UK.

Fig. 31. Earnings by highest qualification level, 2016/17[45]



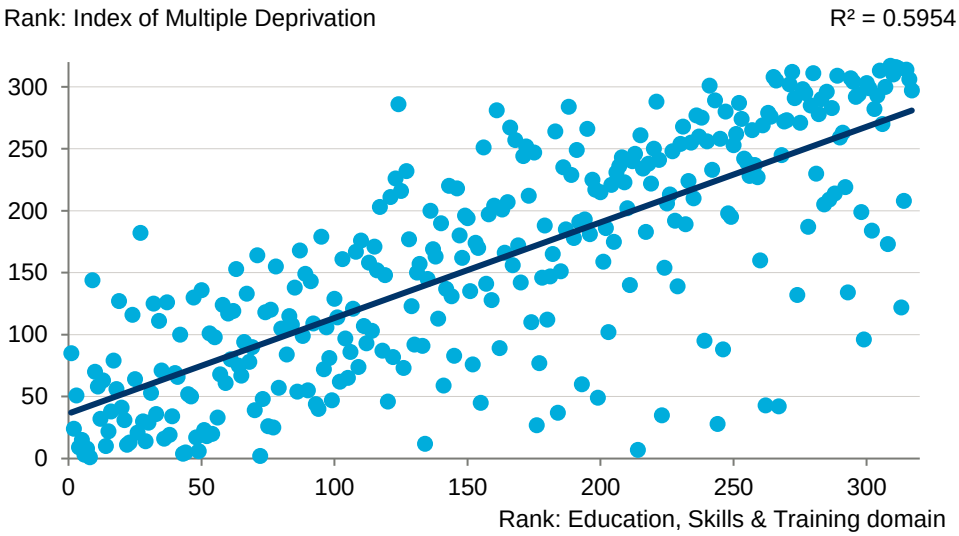
Source: ONS

There are also a range of wider societal benefits associated with a more highly skilled population. The *English Indices of Deprivation* measures relative deprivation across neighbourhoods in England.[46] It demonstrates that the education and skills of a local population are closely related to labour market outcomes, such as income and employment, which in turn influence wider measures of societal wellbeing, including health, crime, and the living environment.

[45] ONS, *The mean and median gross weekly and gross hourly earnings measured by highest education qualification (bespoke request: 008042)*¸ Newport, 2018.
[46] Department for Levelling Up, Housing and Communities (DLUHC, formerly the Ministry of Housing, Communities and Local Government), *The English Indices of Deprivation 2019*, London, 2019. https://www.gov.uk/government/statistics/english-indices-of-deprivation-2019

Indeed, as Fig. 32 demonstrates, those local authority areas that suffer from more acute relative deprivation (ranking lowest) tend to also perform worse among measures of education, skills and training. Through investing in the skills of local residents, the proposed development will contribute to boosting the wellbeing of the local population.

Fig. 32. Education, skills & training and relative deprivation, local authority areas in England, 2019[47]



Source: DLUHC, Oxford Economics

The impact of community funding depends on a number of factors such as the type of initiative being funded. Given the community funding will react to the needs of residents, it is impossible to quantify its potential impact. However, we can draw on the findings of other community-based funding models, such as the National Lottery, to provide insight into the potential for local societal benefits.

The National Lottery Community Fund Impact Research Report shows that nearly all grantholders (92%) reported that activities that were supported by National Lottery community funding had community benefits.[48] Over half reported that the grant had helped to:

- provide opportunities for people to mix with others who were different to them (66%);
- provide opportunities for people to engage in their community and help meet local needs (60%); and
- provide more events and activities in the community (56%).

[47] Fig. 32 presents the rank of all 317 local authority areas in England, by both the overall Index of Multiple Deprivation (Y-axis) and the Education, Skills & Training domain (X-axis), which forms 13.5% of the overall deprivation index, alongside six other domains relating to income, employment, health deprivation & disability, crime, barriers to housing & services, and living environment. Local authority areas that suffer from greater relative deprivation achieve a higher rank, with those tending to suffer from both education, skills & training and overall relative deprivation represented in the bottom-left of the chart.

[48] https://www.tnlcommunityfund.org.uk/media/insights/documents/Exploring-the-impact-of-grant-funding.pdf

In addition, 42% reported that residents exhibited more local pride and belonging. Furthermore, 28% felt local services were not more connected, available, and easier to access.

When surveying grantholders, the researchers presented them with eight potential community benefits and the option to add additional ones. On average grantholders reported the National Lotter funding provided on average 3.2 different types of community benefit. This changed depending on the size of grant awarded. For those receiving £5,000 or less the number of benefits reported averaged 2.7. For those receiving grants from £5,000 to £10,000 the number of benefits reported averaged 3.2.

In addition, grantholders were asked about the benefits to individuals. Nearly all (97%) reported benefits for individuals as a result of the activities supported by the grant. For example:

- 78% reported improved mental health and wellbeing;
- 77% reported more social contact;
- 72% reported improved confidence and self-esteem; and
- 66% reported feeling less lonely
- Nearly half (48%) reported better access to information and support to improve their knowledge
- 45% reported improved physical health
- 43% improved education and development.

APPENDIX 1: TECHNICAL ANNEX

UNDERSTANDING ECONOMIC IMPACT ASSESSMENTS

Introduction

Economic impact modelling is a standard tool used to quantify the economic contribution of an investment or series of investments in a local economy. As set out in the Introduction, our economic impact analysis estimates the contribution of the proposed development through three channels:

- **Direct impact** refers to activity conducted directly during the construction and operation of the proposed development.
- **Indirect impact** consists of activity that is supported because of the procurement of goods and services during construction and operations, throughout the economy. It includes not just purchases by occupiers of the proposed development, but subsequent rounds of spending throughout the supply chain.
- **Induced impact** reflects activity supported by the spending of wage income by direct and indirect employees.

These three channels form our 'static' estimate of the quantifiable economic benefits of the proposed development, comparing the potential economic contribution of the proposed development to our baseline forecast for the local economy. However, in practice there may be a range of wider economic benefits that occur as other economic agents respond 'dynamically' to the investment and operations of the development. While not typically quantifiable, these benefits nevertheless form an important part of the economic benefits of the proposed development. These effects can include for instance the proposed development acting as a catalyst for further clustering and agglomeration effects, providing employment opportunities for local residents, attracting further cultural and tourism-related spending, and improving overall confidence in the local economy.

Direct impacts

Reef Group has provided Oxford Economics with the expected capital expenditure throughout the five-year construction phase. This includes the expected build cost for each unit, expenditure on hardware, the renewable energy battery storage system, tenant expenditure on fit-out, and professional services. We translate the economic output produced in these sectors to GVA, jobs (using local, regional, or national productivity, where appropriate), and wages, derived from the share of GVA captured by labour across each sector of the economy.[49]

Reef Group also provided Oxford Economics with estimates of the gross revenues and operating costs during the proposed development, once fully operational, which allow us to estimate the direct GVA contribution, and expected direct employment.

[49] This 'top-down' approach to estimating aggregate wages ensures that we capture the long-tail of less frequent, but higher earners that is not reflected in median earnings data. It also ensures that wages capture the types of activity occurring through the construction and operational phases, which is not necessarily reflective of existing wage structure of the local economy, which is affected by factors such as the existing sectoral mix of activity, and hence provides a more suitable basis for this calculation than a 'bottom-up' estimate based on existing local wages.

Displacement

Displacement can be defined as the proportion of impacts generated by the proposed development which are offset by reductions in economic activity elsewhere.

In order to consider the potential for displacement in the construction sector, we reviewed the current level and capacity of the sector, and its outlook for growth. Our analysis indicates that the sector will have capacity to absorb the additional activity arising from the proposed development, which is unlikely to result in a significant degree of displacement, when placed into context of the sizeable London construction sector. We therefore assume that no displacement occurs within the construction phase.

Similarly, our analysis of recent trends across the Havering economy indicate that the operational phase is not likely to result in significant displacement effects. The proposed development is due to stimulate activity in a sector which has traditionally been less well-represented within the local economy. Displacement is unlikely to occur when considering the scale of the proposed development within the sizeable Havering economy, where it alone will form only a modest contribution to economic activity within the local authority area. We therefore assume no displacement occurs within the operational phase.

Indirect and induced impacts

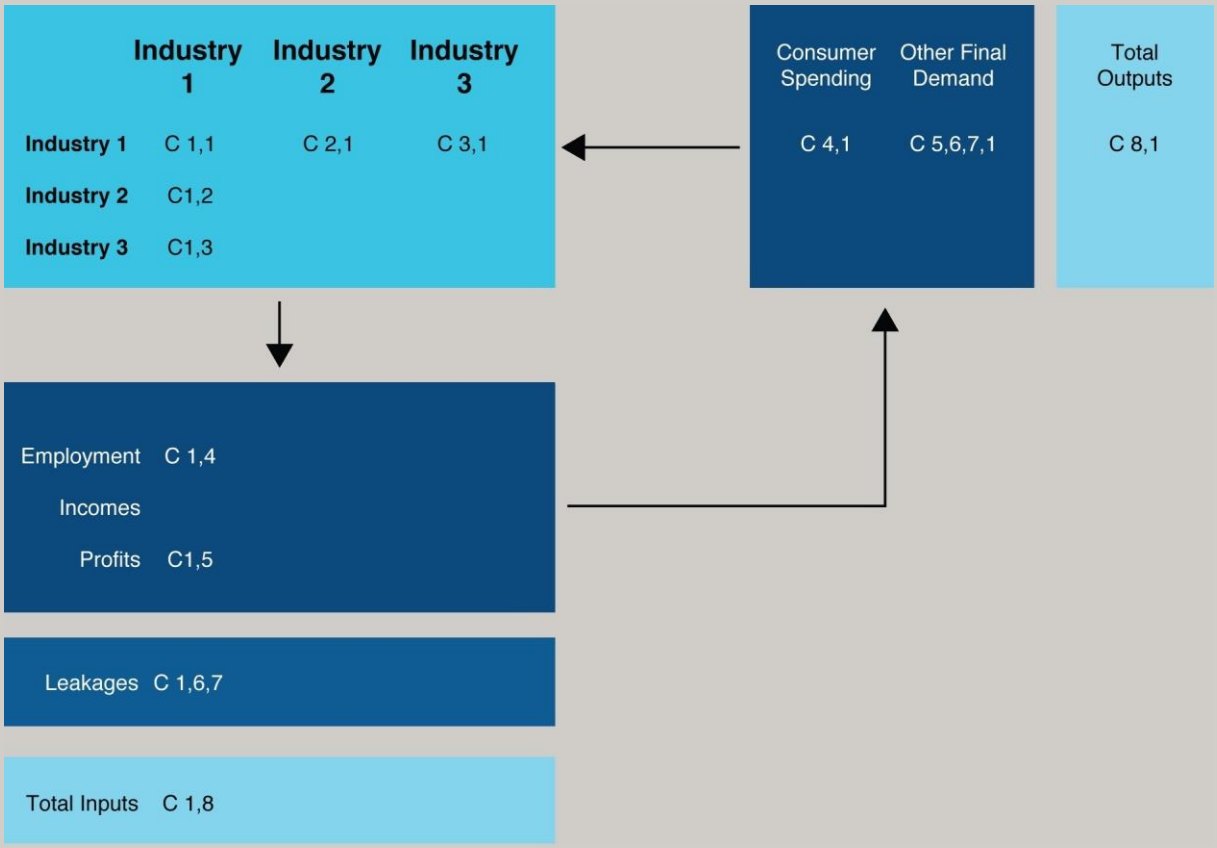
Indirect and induced impacts were estimated using an input-output model. An input-output model gives a snapshot of an economy at any point in time. The model shows the major spending flows from: final demand (i.e. consumer spending, government spending, investment, and exports to the rest of the world); intermediate spending patterns (i.e. what each sector buys from every other sector—the supply chain in other words); how much of that spending stays within the economy; and the distribution of income between employment and other forms such as corporate profits. Fig. 33 provides an illustrative guide to a stylised input-output model.

In building our impact model we have adopted the latest UK input-output tables published by the Office for National Statistics (ONS).[51] To calculate local and regional economic impacts, we adjust the national input-output tables to account for the characteristics of each economy—namely the overall size and degree of specialism within each sector. This reflects academic guidelines set out in papers such as Flegg & Tohmo (2013).[52] It also considers the geographical location and proximity between different local areas and regions, reflecting a greater likelihood that firms will prefer to source inputs locally, while accounting for the leakage of economic impacts outside of the local area.

[51] ONS, *UK input-output analytical tables—industry by industry*, Newport, 2021. https://www.ons.gov.uk/economy/nationalaccounts/supplyandusetables/datasets/ukinputoutputanalyticaltablesindustrybyindustry

[52] Flegg, A. T. and Tohmo, T., *Regional input-output tables and the FLQ formula: A case study of Finland*, Regional Studies (47 (5). pp. 703–721), 2013.

Fig. 33. A stylised input-output model



Source: Oxford Economics

Taxes

Wages generated directly from the proposed development are subject to income tax and national insurance contributions (NICs). In modelling the tax revenues that could be collected by the Treasury, we use the latest income tax and NIC rates, thresholds and personal allowance information, and apply these to average (mean) earnings. However, in the absence of estimates of income distribution either at the proposed development or along firms supporting the wider multiplier effect, we instead approximate this by use of mean earnings. As highlighted above, our approach for estimating aggregate wages captures the 'long-tail' of high earners, and so provides a more accurate estimate of mean earnings than a 'bottom up' estimate, drawing on existing local economy or sector averages.

Tax benefits will arise as a consequence of direct activity, and employment supported through the supply chain (indirect) and wage consumption (induced) effects. The Proposed Development will also generate additional indirect tax revenues, via the purchases of goods and services (including VAT). The indirect fiscal benefit estimates are derived using tax and benefits statistics on household income, published by the ONS. According to the publication, approximately 10.7% of household income is

spent on indirect taxes on final goods and services (Table 17). This rate is then applied to the total wage impact arising from the proposed development nationally.[53]

Labour market and demographic effects

Alongside the workplace variables detailed above, our economic impact model also considers the implications of changing workplace impacts on **resident-based** variables, including labour market measures such as resident employment and unemployment, and demographic factors such as population, both total and working age, and migration.

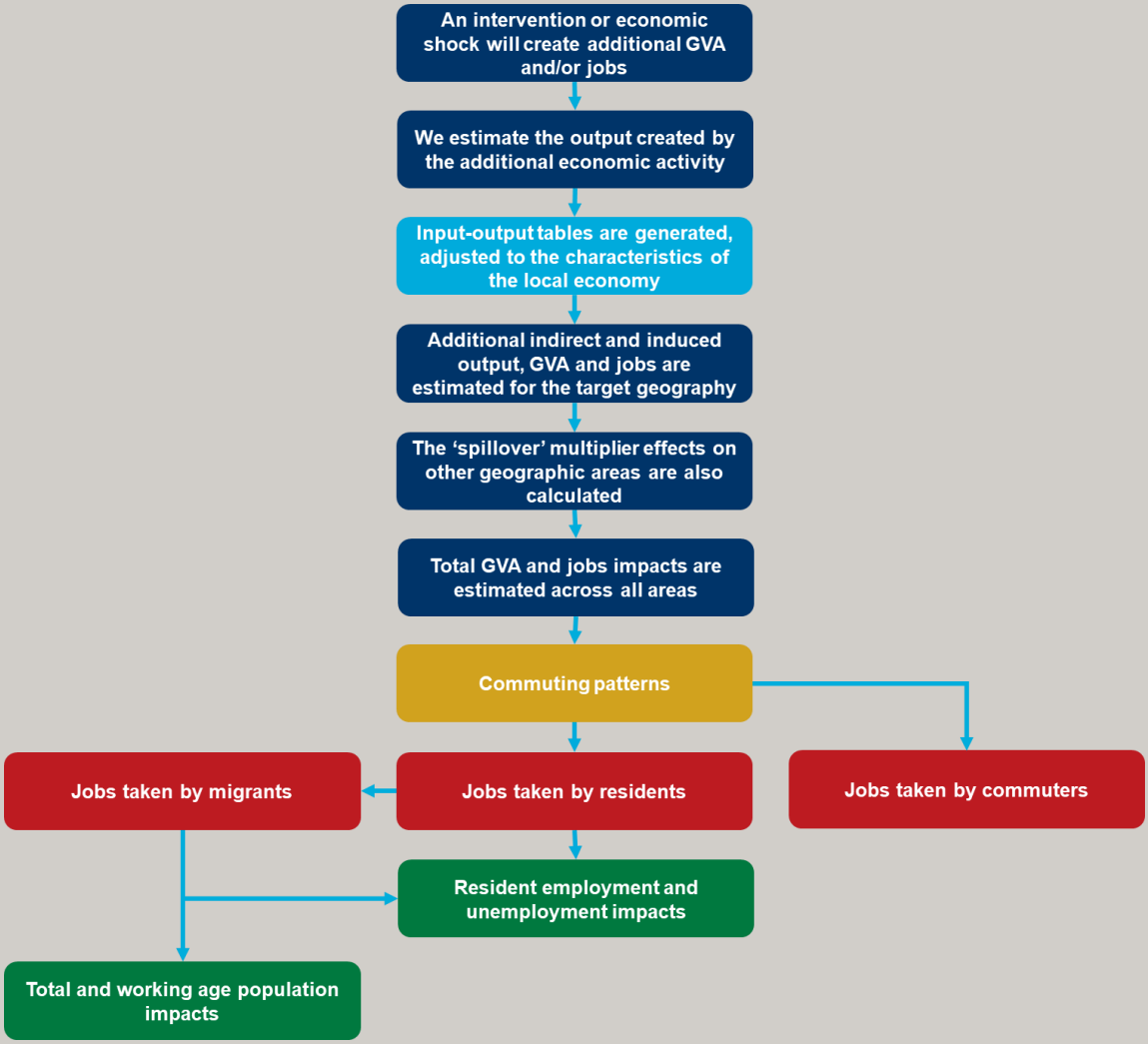
In order to calculate resident-based impacts, the model first adjusts employment impacts from a job-based to people-based measure. It then considers the likely resident employment impacts by applying the **commuting patterns** derived from the 2011 Census. This provides an indication of the extent to which workplace employment in a particular area will be taken up by residents of the same area, or will draw in commuters from other local authority areas. Resident employment therefore reflects the workplace employment taken up by residents of the same local area, but also the aggregation of out-commuters to take up employment across other areas.

Once the number of jobs to be taken up by residents is established, the model considers the implications for **migration**: in a competitive labour market, not all jobs created in a local economy will be taken up by local residents, as new people will be attracted to the area to live and work. The more highly paid we expect these jobs to be, the more attractive they will be to migrants from other areas to move locally, and as such the model assumes that migration will form a larger share of resident employment.

The remaining resident-based employment must therefore be accommodated within the existing population: either those who would otherwise be **unemployed**, or by attracting otherwise **economically inactive** residents to the labour market. The proportion of employment taken up by the unemployed is partly reflective of the sectoral mix of job creation: given the potential for skills mismatches, a lesser proportion of unemployed workers are assumed to find employment where employment is weighted towards sectors that typically support a more highly-skilled workforce, and vice versa.

[53] The indirect fiscal benefit estimates are derived using tax and benefits statistics on household income, published by the ONS. According to the publication, approximately 10.7% of household income is spent on indirect taxes on final goods and services (Table 17). This rate is then applied to the total wage impact arising from the proposed development nationally.
https://www.ons.gov.uk/peoplepopulationandcommunity/personalandhouseholdfinances/incomeandwealth/bulletins/theeffectsoftaxesandbenefitsonhouseholdincome/financialyearending2020

Fig. 34. An overview of the economic impact model flows



Source: Oxford Economics

OXFORD ECONOMICS' BASELINE FORECASTS

Our analysis and modelling assumptions draw on our baseline forecast for the local (Havering), regional (London) and national economies.

Our baseline forecasts are drawn from Oxford Economics' Local Authority District Forecasting Model, which sits within Oxford Economics' suite of global and national macroeconomic and industry forecasting models.[54] This structure ensures that global and national factors (such as developments in the Eurozone and UK Government fiscal policy) have an appropriate impact on the forecasts at a local authority level. This empirical framework (or set of 'controls') is critical in ensuring that the forecasts are much more than just an extrapolation of historical trends. Rather, the trends in our global, national and sectoral forecasts have an impact on the local area forecasts. In the current economic climate this means most, if not all, local areas will face challenges in the short-term, irrespective of how they have performed over the past 15 years.

The Local Authority District Forecasting Model produces baseline forecasts, which can be compared with other published forecasts (though care should be taken over data definition issues), and as a guide to aid commentary or analysis of local authority economies. These forecasts can in one sense be considered to provide baseline 'policy-off' projections with which the actual outturn under policy initiatives could be compared. However, there are inherent difficulties in using the forecasts as a 'policy-off' baseline. In particular the base projections are 'unconstrained' in the sense that they make no allowance for constraints on development which may be greater than in the past.

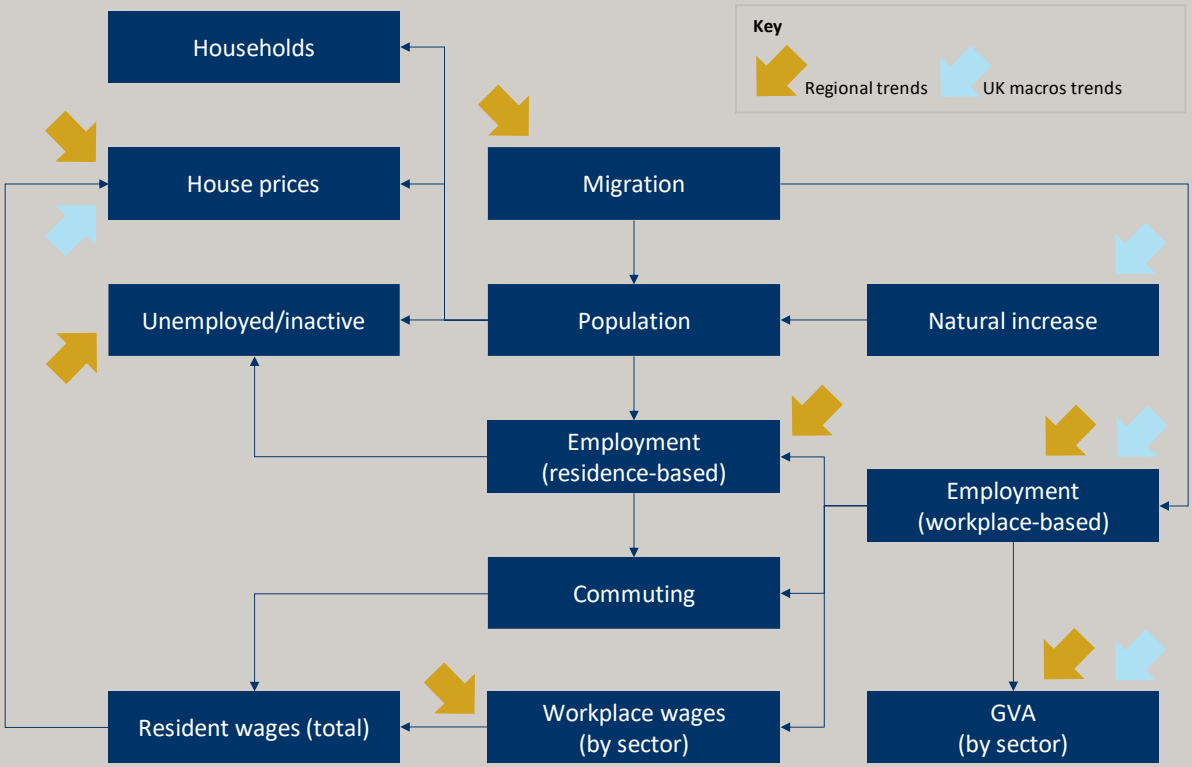
Our local forecasting model depends essentially upon three factors:

- **National/regional outlooks**: all the forecasting models we operate are fully consistent with the broader global and national forecasts which are updated on a monthly basis.
- **Historical trends** in an area which implicitly factor in supply side factors impinging on demand), augmented where appropriate by local knowledge and understanding of patterns of economic development built up over decades of expertise, and
- **Fundamental economic relationships** which interlink the various elements of the outlook.

The main internal relationships between variables are summarised in Fig. 35. Each variable is related to others within the models. Key variables are also related to variables in the other Oxford Economics models.

[54] The model should be viewed as one piece of evidence in making policy decisions and tracking economic and demographic change. It is not intended to be used on its own to set employment targets for local authority areas. Such targets will need to take account of local opportunities, constraints, and community aspirations. As with all models it is subject to margins of error which increase as the level of geographical detail becomes more granular and relies heavily upon published data. Models, though predominantly quantitative, also require a degree of local knowledge and past experience, or more generally forecasting art, to make plausible long-term projections. To this end the Oxford Economics model has been developed by a team of senior staff who have a long history in model building and forecasting at both local and regional levels.

Fig. 35. Main relationships between variables in the LAD Forecasting Model



Source: Oxford Economics

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London Data Freeport, Thames Freeport

Delivering 'Britain's Digital Future' in Havering

Well Paid Green Jobs & Economic Growth for Havering:

- £48m Rates Payable generated per annum
- £2 billion investment in Havering during Construction
- £694 million GVA in contribution to GDP during Construction with £204 million of GVA in Havering.
- 14,000 job in Havering during Construction
- £456 million GVA contribution during operation 6.8% uplift in Havering
- 2,370 permenant high paid jobs in Havering
- £100 million wages during operation averaging £42,300 per job

Creating a Zero Carbon Digital Future for Havering:

- Digital skills drop ins in Rainham & Romford
- Modular Zero Carbon Manufacturing Cluster
- Borough wide Landfill waste recycling programme
- Renewables and alternative green energy projects

Delivering for the Community through the Havering Community Reef:

- £1.65m investment per annum into community initiatives
- Owned, Governed and Deployed by the People of Havering

Energy, Sustainability & Biodiversity

- Up to 300 acres of new green bio diverse nature reserve accessible to the public
- Environmentally friendly using heat recovery systems for low carbon agritech farming On-site Renewables & Battery Grid balancing
- Tree Planting using native species to create an on site Carbon sink
- Connections to local Solar Parks
- Earth Monitoring, supported by Earth & Space Sustainability Institute, to demonstrate and set a standard for improved biodiversity yield and carbon sequestration by transitioning 400 acres of farmland to up to 300 acres of ecology park

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London Data Freeport
‘Britain’s Digital Future’

Summer 2022

LONDON DATA FREEPORT VISION

- Deliver a world class data centre campus that supports the government's digital strategy and ensures the UK remains a leader in the international digital economy and increases London's data centre capacity by 50%, ensuring the UK businesses have access to appropriate digital infrastructure to grow.

- Contribute to the economy and post Covid recovery by investing £12 billion, creating 1300 job years of employment during and post construction equalling £816 million direct GVA contribution to UK GDP during the 5 year Contruction phase.

- Deliver an exemplar green infrastructure project that aligns with the government's Clean Growth Strategy and policy ambitions for a carbon neutral future.

- Integrate onsite renewables and invest in an extensive R&D programme to deliver on site renewable power sources that will ultimately contribute to the grid.

- Promote innovation in agriculture, meeting the Committee on Climate Change's Net Zero UK land use policies including tree planting, the introduction of Agro-forestry and restoration of wetlands.

- Use waste heat from the data centre to grow produce that requires humid growing conditions, dramatically reducing the carbon footprint generated by these products creating a sustainable reduced carbon mile food supply for London.

- Deliver a biodiverse landscape with a discovery and learning centre providing an amenity that increases wellbeing and the health of the community.

- Ensure the design is shaped to integrate the buildings into the surrounding landscape using a strategy of wooded bunding and ditches that in turn increases biodiversity on the site.

THE POSITIVE IMPACT

DATA FREEPORT

INVESTMENT, JOBS & SKILLS FOR HAVERING

£2.34bn total cumulative contribution to UKs GDP during construction supporting

40,000 job years of employment locally during construction

£695m total cumulative contribution to Havering's GVA during construction supporting

10,630 job years of employment locally during construction

£738m total GVA contribution to the UK GDP during the first year of operation supporting over

6,100 jobs locally

£42.796m pa of buisness rates invested into Havering's post Covid recovery

THE DIGITAL ECONOMY

THE GLOBAL OPPORTUNITY

- The world and our population are at a time of unprecedented change. Emerging technologies of the fourth industrial revolution are creating new opportunities. Advances in data proliferation, connectivity, automation and sustainability technology are disrupting existing markets and creating new ones in many infrastructure sub-sectors.

- Between 2010 and 2018, global data storage capacity has increased 25-fold, network traffic has increased 10-fold and computing volumes have increased by 550%.

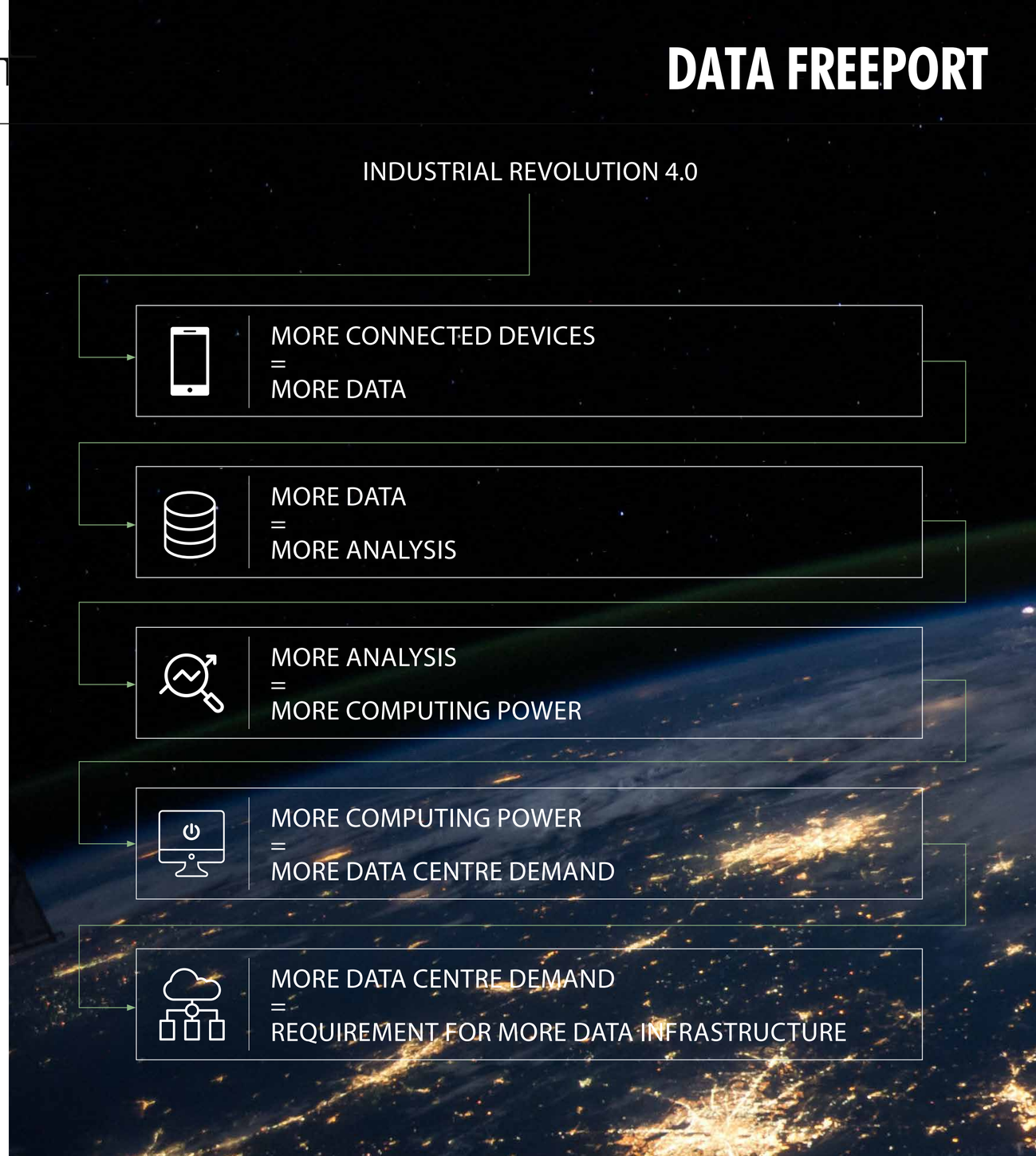
- Data and digital connectivity will power the economies of our future but require investment in infrastructure (Data Centres) and new governance frameworks (National Data Strategy) to ensure scientific and technological innovation thrive.

- Without significant investment, demand will outstrip supply and global payloads will relocate to other nations and economic growth and positive outcomes for society will not be realised, impacting living standards across the UK.

- We believe it is vital new digital infrastructure is sustainable and future proofed to not only advance the digital economy but also protect the planet.

- Investing in the infrastructure of the data centre at Havering we believe a greener model for data storage that operates on a Carbon Neutral basis with future proofed Carbon Negative infrastructure designed and installed into the grid will be an exemplar for the future of data centre design and operation of global significance to the future of the planet and showcasing the United Kingdom as a world leader in reducing carbon emissions.

DATA FREEPORT



THE NATIONAL OPPORTUNITY

Abstract from the UK National Data Strategy (2020)
'Background to the opportunity and data

The UK is already a leading digital nation and our data market is the largest in Europe. Globally, the UK now sits behind only the US and China in terms of venture capital investment.

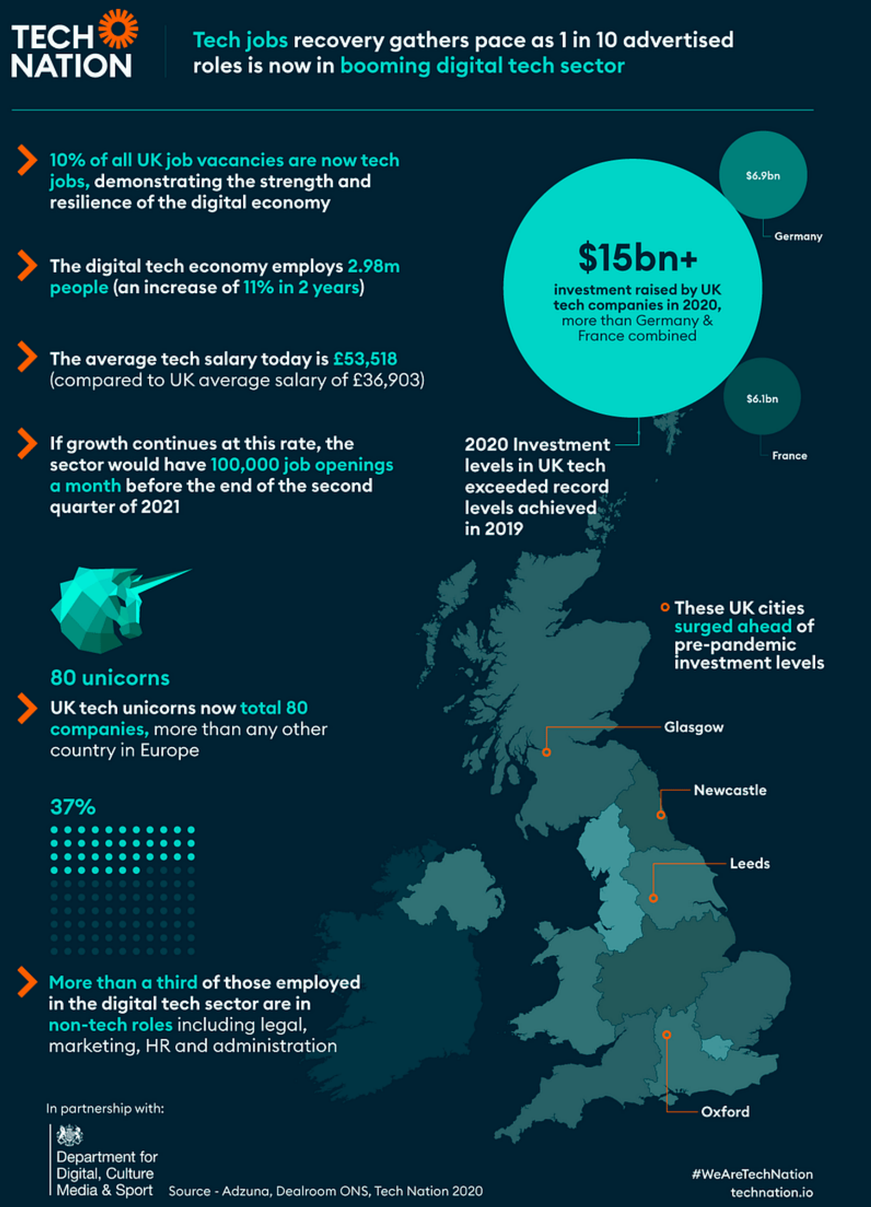
The UK response to the global coronavirus pandemic has powerfully illustrated the potential benefits of data. Our understanding of this disease, our ability to support people and our cooperation across borders have all relied on the responsible and effective use and sharing of data.

We will ensure that data can be leveraged to deliver new and innovative services, promote stronger competition, and better prices and choice for consumers and small businesses. We will drive an approach to data that holds that all can benefit when data is used responsibly.'

National Data Strategy Policy Paper - 9th December 2020 - DCMS

Key outcomes from the UK National Digital Strategy (2017)

1. Building world-class digital infrastructure for the UK
2. Provide the population with access to the digital skills they require
3. Make the UK the best place to start and grow a digital business
4. Support every British business to become a digital business
5. Making the UK the safest place in the world to live and work online
6. Maintain the UK government' position as a world leader in serving its citizens online
7. Unlocking the power of data in the UK economy and improving public confidence in its use



THE UNIQUE OPPORTUNITY

The proposed site benefits from a power resource, via the Warley substation, which has capacity to power the proposed scale of data centre development, and has the ability to expand the power provision to the site. The site is close to a super fast broadband connectivity point and is within close proximity to Canary Wharf, the City and London so benefits from excellent connectivity to the result of the country, and the world. This level of existing digital connectivity is unique. The GLA Smart London Plan has highlighted that London has been the most attractive location for technology companies to make their base, thus the opportunity for Havering and the wider region to capture this economic opportunity is clear, and meeting the unmet need for new data centre development needs to reflect the geographical focus of this need to London and the south east of England.

- 650 MW power supply from the Warley Substation.
- Proximity to London and the South East and within the Thames Freeport.
- Scale of the site and the ability to create positive economic, environmental and social impact due to this.

LONDON DATA FREEPORT MASTERPLAN

- 330,000sqm of new data centre floorspace creating the data centre campus.
- 3.2ha (8 acres) of tech led R&D Agricultural facilities exploring the future of agriculture, utilising the waste heat from the data centre campus to create a zero aviation mile supply of food for London.
- Up to 120ha (300 acres) of new green bio diverse nature reserve accessible to the public via pedestrian board walks and cycle routes that provide an incredible amenity promoting physical exercise and wellbeing within the community.

Discovery & learning centre promoting learning around ecology, bio diversity and sustainable energy in children and the wider community.

THE SITE

DATA FREEPORT

- Warley Substation
- Data Centre
- The Farm & Battery Storage
- Biodiverse Woodland
- Biodiverse Wetland
- Biodiverse Grassland
- Wet Woodland
- Wet Grassland
- Biodiverse Pond
- Biodiversity Corridor
- Eco Horticulture & Battery Storage
- Enhanced biodiverse ditches
- Cycle & Pedestrian Ecology trails & routes
- Ecology Discovery & Learning Centre