

# Annual Report 2016

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A Lampton 360 Report







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# Welcome to the first Annual Report for the Lampton 360 Group

You will find details of the considerable growth Lampton 360 and its subsidiary companies have achieved outlined in the Chairman's report. The Executive Directors' reports in turn outline the activities of each subsidiary company.

Lampton 360 Ltd was established by the London Borough of Hounslow (LBH) in 2012 with the objective of trading local authority functions in order to generate financial surpluses and return those to the council. It is a company wholly owned by the council and with an aim of returning value to the council.

## **It was established with the following clear-cut objectives:**

1. to allow the Council to trade services and to build commercial businesses.
2. to provide a new option for the Council; that of commissioning the delivery of services via a third party while not spending public funds to generate profit for third party private sector providers.
3. to be a vehicle for providing innovative solutions for addressing significant Council issues in cases where particular skills and alliances are required that do not fall within the traditional skills and alliances of local government.

This has been instilled in our Group mission statement:

**Lampton 360 stands for integrity, reliability and customer service.** We are an organisation which is 'of the Council' but different, combining commercial expertise with a commitment to public service. It is a company wholly owned by the council, with all surpluses made returning to the council.

Lampton 360 seeks out business opportunities with clients who share our values and where our activities are in line with the policies and values of our sole shareholder the London Borough of Hounslow.

# Executive Team

Lampton 360 is led by a strong board of Directors:

The role of the Board of Directors of Lampton 360 is to deliver the objectives with which it has been tasked, within the parameters set for it. In this it is answerable to the Cabinet of the London Borough of Hounslow.

Lampton 360 is otherwise free to operate in the best interests of the Group and to compete on an even basis with its competitors in the marketplace.

## **Howard Woollaston**

Non-executive Chairman of the board of Lampton 360 Ltd, Howard has over 40 years of experience in the property industry as a Proprietary Partner of Knight Frank LLP and is a Fellow of the Royal Institution of Chartered Surveyors. He now has a small Property Consultancy business since retiring in 2014.

## **Antony Middleton**

Antony is a non-executive Director with considerable experience in facilities maintenance from both the public and private sector, and including London Borough Croydon. Antony sits as a non-executive Director of Lampton 360 Ltd, and is currently engaged in the transfer of DLO2 into FM360. Antony is Chief Operating Officer with Coast to Capital.

## **Howard Ellard**

Howard has over 30 years of experience as a regulator and waste management professional. He sits as a non-executive Director of Lampton

360 Ltd with oversight particularly of the waste services provided by Lampton 360.

## **Brendon Walsh**

Interim Group Managing Director and Executive Director for Regeneration, Economic Development and Environment. Brendon is the day-to-day lead for the Group. Brendon resigned from the Group board on in May 2017.

## **Dave Ward**

Dave joined as the Managing Director of Recycle 360 in February 2016. He is a high profile Senior Environmental Manager with over 30 years of experience in strategic and operational management. He is an experienced professional with expertise covering a wide range of environmental services including having managed both directly provided and outsourced operations.

## **Barbara Richardson**

Barbara joined Lampton 360 Ltd in December 2015, as Managing Director for both the Development and Investment business. Barbara has worked in the housing and property sector since 1995. During this time she has held several posts at Senior Director and board level, in both medium and large National and International organisations. Barbara currently holds the position of Managing Director – Property & Development at Lampton 360 Ltd, and is responsible for both the build, acquisition and management of mixed use, mixed tenure projects.

# A Statement from the Chair

Howard Woollaston, Chair of Lampton 360 Group

I am pleased to be able to report the considerable success we have witnessed in both the growth and development of the Lampton 360 Group over the past year. The success of our subsidiary companies demonstrates the Group's ability to deliver services successfully not just to the London Borough of Hounslow but also over a wider area. This success is something we hope to expand upon over the next year.

## What we do

### **Recycle 360**

Recycle 360 was established to provide, cost-effective and efficient, high-quality recycling and waste collection services for its customers and commenced operations on October 31st, 2016. Recycle 360 delivers these services in a way that helps reduce the carbon impact of the company's business activities, through investment in a modern, fuel-efficient fleet. Recycle 360 is developing a commercial waste business that can successfully generate revenue growth whilst at the same time meeting customers' needs and also motivate and support those customers in their own efforts to reduce residual waste generation.

### **Property 360**

Lampton Development is a property developer established with the aim of re-developing local authority land through residential and mixed-use projects. The overall programme intends to deliver up to 1500 new build homes over the next 5 years. Offering sustainable communities where local people will choose to live. The programme will be split by 40% affordable, 40% private, and 20% for private rent offering a range of housing solutions that will need housing need.

Lampton Investment is a property investor with the remit to acquire up to 175 properties for use in a property purchase scheme, all with rents set at 90% of market rents. This will enable the LBH housing team to discharge some of their housing obligations through permanent, good quality housing. The investment company also has a remit to acquire new build properties for private rent, again to aid the offer of alternative housing solutions for local people.

Both companies represent a bold, new and ambitious approach by a London Borough to improve the level of housing supply, and to address the level of affordable homes needed across the borough.

### **Facilities Maintenance 360**

The primary objective of FM360 is to meet both the current and future aspirations of the London Borough of Hounslow to maintain its housing stock and also generate operational surpluses by extending the service to other parties such as Housing Associations or other Local Authorities. FM360 is designed to improve both customer service and the service delivery of all technical services transferred to it by the Council.

### **Our People**

Lampton 360 stands for integrity, reliability and customer service. Our focus is to ensure we do the best job possible whilst maintaining positive engagement with all of our customers, employees and the general public. Our aim is to be seen and recognised as a positive influence in people's lives.

We can only achieve this by engendering a culture of openness, honesty and transparency which in turn will help our people to become great at what they do. We need to act with conviction and ensure we deliver upon our commitments. We need to live up to the standards that are both set for us, and expected of us. We want to be fantastic to work for and with.

The Lampton 360 Group employs over 308 people and we see the development of all our staff as central to our success. We do this in a number of ways, including:

- A commitment to paying the London Living Wage to our staff.
- Training and development; from 'tool box training' for staff on the ground through to team building exercises for managers and supervisors. In this we received assistance from a team of trainers from a company called 'Culture Builders' and have an in house training plan for most staff.
- Our "Recruit from Within" policy
- recognises staff skills and abilities and enables our best team members to progress within the group.

## Corporate Responsibility and Sustainability

### **Sustainability**

Lampton 360 takes corporate responsibility and sustainability very seriously. To enshrine this into our governance, a part of our five-year plan is to establish a Corporate Responsibility Policy for rolling out across the Group. On a practical level, one example of our commitment to sustainability is evidenced in our investment in a modern fleet for our recycling services, as well as the reconfiguring of services to fortnightly collections, and also curb-side sorting for recycling services. The other approach we are taking to sustainability is around the promotion of reduced carbon emission on all new build developments, and the removal of construction waste from our building sites in conjunction with our Joint Venture Development Partner.

### **Local Businesses**

The Lampton Group is required to comply with London Borough of Hounslow's procurement arrangements. Where we can, we seek to utilise suppliers based within the borough, as a way of supporting local businesses in our area. Examples of this include Jiksaw, Kallkwik and Rolfe East.

## Governance

The Lampton 360 Group is continuing to develop a robust and transparent governance structure. We assess and review our organisation's governance needs to be certain that the complexities of the Group are all adequately addressed. And we examine how appropriately the structure of the Group reflects its various needs.

Our Board has defined responsibilities and receives regular training in both governance matters and in team work to ensure that the Board and the Executive work cohesively together and also command the appropriate

expertise.

The Board has a responsibility to the Shareholder to ensure that the Lampton 360 Group remains "of the council" while delivering its services. The Board works with the Management Team to facilitate the delivery both of day-to-day objectives and of the longer term visions of the group.

The Group continues to work with the Shareholder' auditors, and has been audited by Mazars in September 2015, RSM in June 2016 and RSM again in February 2017.

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## Outlook

The next year looks to be an exciting one for the Lampton 360 Group, especially with Facilities Maintenance 360 joining our operations. The Group has identified the key focus areas for each business set out in this report, along with the Group Five Year Plan, which will ensure our continued growth and success as well as generating a positive return for its Shareholder, the London Borough of Hounslow.

# Case Study 01

## **What is your role at Lampton 360?**

HR Officer

## **Before working at Lampton 360, what was your job?**

Working as a HR Assistant for LBH, for three years!

## **How has Lampton 360 helped you in your career development?**

It gave me an opportunity to progress further in my career, something that wouldn't have been possible at the council.

## **What are 3 words to describe Lampton 360?**

Vibrant, fast-paced, and fun!

## **What have you gained from working at Lampton 360?**

I have gained invaluable experience in my new role. Since starting I have taken on new tasks such as taking on my own casework.

## **What is your proudest moment at Lampton 360?**

Being part of two successful TUPE transfers. Seeing our hard work pay off and watch the business grow has been very exciting.

## **What advice do you have for prospective Lampton 360 candidates?**

Buckle up. This is going to be a fast, bumpy yet very enjoyable ride.

## **And finally, if you could meet anyone in the world dead or alive who would it be and why?**

Angelina Jolie. Her dedication to the United Nations is simply amazing. All the work she has done and continues to do as a UNHCR is truly inspiring as she does a lot of the things I wish I could do. Not to mention she is a very talented actress with amazingly good looks!



# Recycle 360

A Lampton 360 subsidiary

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# A Lampton Recycle 360 **Report**

## Operational update

Since going live at the end of October 2016, this service has operated well and business consolidation is proceeding as planned. We are pleased to report gratifying improvements in performance and quality over and above those delivered by the previous contractor. In addition, absence through sickness is 28% lower than industry standards.

While we are witnessing a settling down into a state of 'business as usual' this is not in any way reflected in complacency. On the contrary, there is a visibly greater attention to detail, on top of which supervisors regularly update staff through 'toolbox talks' on operational-, health & safety and quality issues.

The Christmas and New Year collection services operated well, with just a few isolated issues caused by emails not reaching the team and this has now been addressed. As part of the drive to improve the service and find efficiencies, the delivery plan is well underway to support the Council in implementing its service changes for the "Recycle Refresh" scheme as well as for Alternate Weekly Collections. This allows for

the potential risk, albeit small, of redundancies as a consequence of implementing these changes. The Garden Waste service for 2017-18 opened for subscription requests between 1 Feb and 31 March. During this period 9,300 subscriptions were received, compared to last year's 16,500 (by year end). An additional period for subscriptions will be open for (last year's subscribers only), from 7-17 April.

On the weekend of 10/11 March 2017, the Recycle 360 team moved from the Bridge Road depot to the temporary facilities at Southall Lane depot despite some early minor concerns from staff. All of those issues have been addressed and the move has gone well. The office-based staff, principally the administrative team plus the Contract Manager, also moved from Bridge Road depot after the Operator's Licence was granted by the Traffic Commissioner on 1 March. The main office is now located in a suitable office facility at Weston International Market and the main operation is next door at the temporary depot site. All operations are now run from the temporary depot facility without any significant operational problems; the productivity of refuse rounds has been impacted slightly, due to increased driving time, but there has been a reduction

in driving time for rounds on other days. These imbalances will be rectified once the newly-optimised collection rounds are implemented (as part of the service changes mentioned at the start of this section).

In March The Mayor visited Recycle 360, a subsidiary company of the Council's wholly-owned trading company, Lampton 360. At the newly-opened facility in Southall Lane, the Mayor spoke to staff who now collect the borough's recycling and waste.

Hardware and software from The Bartec Collective is installed in all operational vehicles. The Bartec system and functions well overall albeit there are a few niggles requiring resolution in both LBH and R360 applications. Bartec has not yet been installed for the Bulky Waste and Container Delivery service. These two areas are still 'works in progress' as the solutions currently on offer are unsuitable until further development has been undertaken and the result is ready for testing.

Recycle 360 continues to employ up to 19 vehicles daily to complete its recycling collections. It quickly became apparent that Suez operated with an under-resourced fleet and that additional vehicles needed to be purchased. The Council has approved funding for 4 more Romaquip vehicles to ensure that there is sufficient capacity available to provide for routine servicing and repair cover. These 4 new Romaquip Recycling Vehicles are expected in early June to coincide with the launch of 'Recycle Refresh'. Effectively they will provide a spare fleet to support the front line fleet in the event of breakdowns and to cover servicing needs.

### **Role of Commissioning Clients**

Commissioning Clients have been directly engaged by Recycle 360 for the first six months of the service to ensure a smooth transfer.

### **Communication**

Through a regime of regular meetings, twice daily for the first two weeks, we ensured that

there were no surprises either side during the transfer. Now the service is in place, these meetings are conducted on a monthly basis. In addition, the client meetings are underpinned by quarterly service level agreement meetings between the Business Manager of the Lampton 360 group and Contracts Manager for the London Borough of Hounslow.

### **Reporting**

We have not yet agreed a reporting specification with the client and we are therefore not in a position to measure those service standards that are important to the client. It is proposed that regular detailed monthly statistics are provided to the client by R360, and this procedure will be developed once the client specification has been agreed. Available data is limited as the Bartec system has only recently been implemented.

### **Next Steps**

*Development plan over the next 18-24 months*

### **Current Service**

Our main focus will be to further enhance our service through fleet improvements, employee training for employee and, wherever possible, streamlining the system.

### **Commercial Waste**

Recycle 360 is very keen to explore the Commercial Waste area. One possibility involves a new Special Purpose Vehicle and would allow us to sell commercial waste and recycling contracts in the Hounslow area. The company, established with London Borough of Hounslow and London Business Waste and Recycling is known as Hounslow Business Waste. We see our advantage in being involved in this venture as being able, with reduced risk, to enter the commercial waste market with a portfolio of established contracts at a future date.

## Depot Development

Development of Southall Lane Depot is underway and is due to be completed for October 2017, though a slight over-run may occur. This development has proved to be difficult because the Environment Agency introduced new regulations on the required length of time such a building has to contain a fire.



## Recycle 360 Strategic Aims

- 1** To provide high quality recycling and waste collection services for its customers cost effectively and efficiently.
- 2** To develop the commercial waste business in such a way that it succeeds in generating revenue growth up to the Teckal limit.
- 3** To ensure, by exploiting opportunities within commercial waste, that the company's financial targets are achieved.
- 4** To deliver services in such a way that the carbon impact of the company's business activities may be reduced.
- 5** To provide LBH with an efficient and cost-effective sorting and processing service that allows its recyclables to be collected and prepared for onward sale and transportation to the re-processor markets.
- 6** To exploit and take advantage of opportunities arising from a new state-of-the-art recycling depot capable of 24 hour operation.
- 7** To recruit and retain an enthusiastic staff committed to delivering services to the highest standards and to provide opportunities for their personal and professional development.
- 8** To compete successfully for other local authority contracts as they come to market.

## Case Study 02

### **What is your role at Lampton 360?**

I work as a contract supervisor. Actually I am responsible for household and communal waste collection. I manage fleet of nearly 20 lorries and 60 people.

### **Before working at Lampton 360, what was your job?**

Before Lampton 360 I had worked as a dustman.

### **How has Lampton 360 helped you in your career development?**

After 3rd month of being our company on the market I have decided to apply for supervisor position. Management team noticed and appreciate my personality and they gave me a chance to develop.

### **What are 3 words to describe Lampton 360?**

Improve, optimism, future.

### **What have you gained from working at Lampton 360?**

Huge experience from working with workforce, clients and environment. Working for society brings me great satisfaction.

### **What is your proudest moment at Lampton 360?**

I dealt with difficult client who was aggressive and I managed to go calm and professionally through the situation.

### **What advice do you have for prospective Lampton 360 candidates?**

Work hard and give your best.

### **And finally, if you could meet anyone in the world dead or alive who would it be and why?**

Freddie Mercury. Because he had a lot of energy and impressive talent.

# Provisional Outturn

For Lampton Recycle 360

Provisional Year End, £

	<b>Actual</b>	<b>Budget</b>	<b>Variance</b> Favourable / (Unfavourable)
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<b>SALES</b>	<b>3,512,000</b>	<b>3,505,000</b>	<b>7,000</b>
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## Spend

<b>STAFF COSTS</b>	(2,065,000)	(1,980,000)	<b>(85,000)</b>
<b>VEHICLE HIRE &amp; REPAIR</b>	(1,073,000)	(950,000)	<b>(123,000)</b>
<b>FUEL</b>	(161,000)	(210,000)	<b>49,000</b>
<b>VEHICLE INSURANCE</b>	(137,000)	(145,000)	<b>8,000</b>
<b>PPE, TRAINING, CONTINGENCY</b>	(32,000)	(200,000)	<b>168,000</b>
<b>ACCOMMODATION</b>	(44,000)	(20,000)	<b>(24,000)</b>

## Total

<b>TOTAL SPEND</b>	<b>(3,512,000)</b>	<b>(3,505,000)</b>	<b>(7,000)</b>
<b>TOTAL PROFIT / LOSS</b>	<b>0</b>	<b>0</b>	<b>0</b>

**The above figures are provisional, and do not allow for charges from L360 for Group overheads.**

Such overheads will increase spend and income, as they will be charged to LBH.

The costs from LBH are based on invoices raised by LBH, but some will be disputed (e.g. some vehicle repair costs seem to include routine maintenance, which is part of the lease). Any adjustment is likely in 17/18.

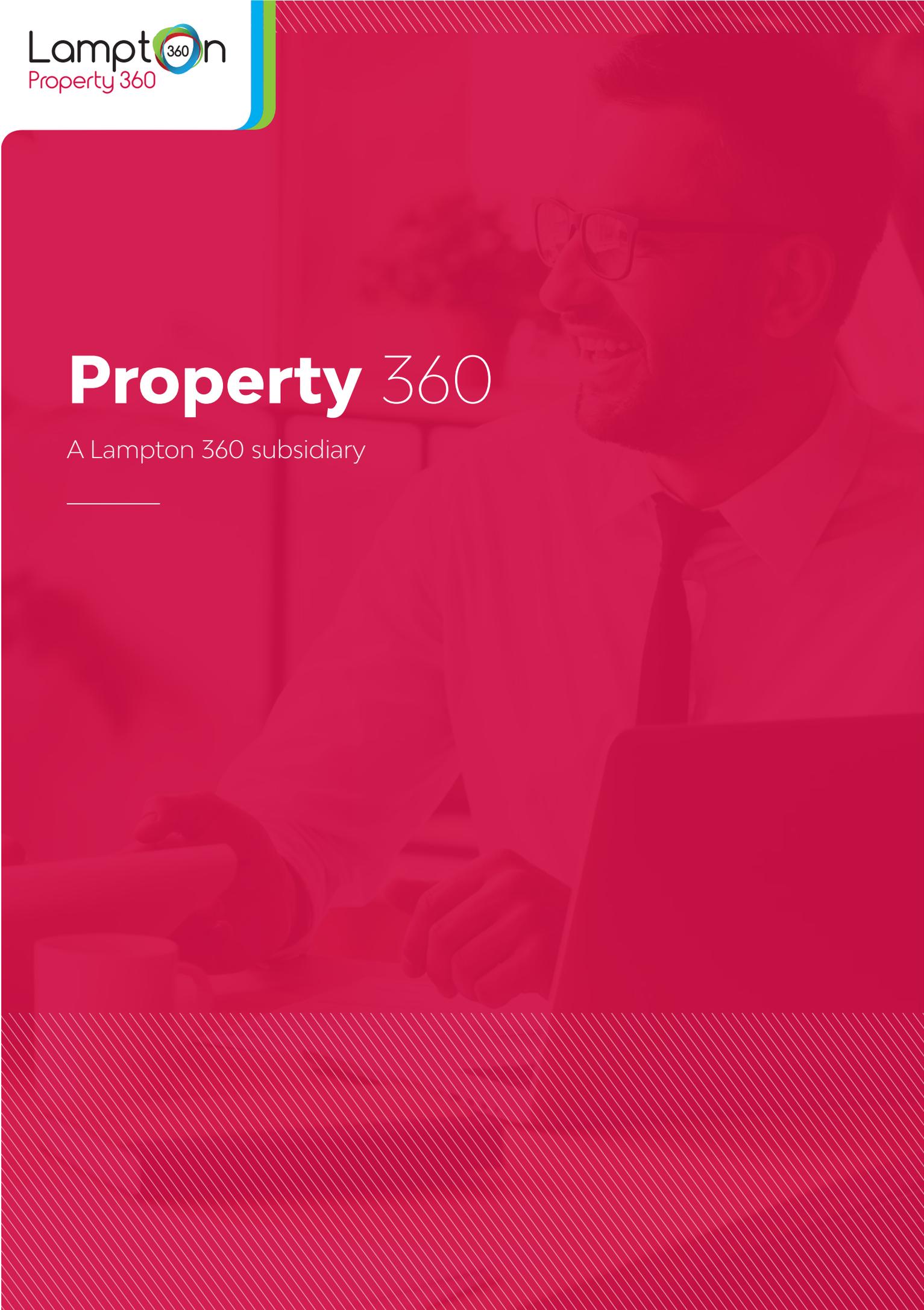




# Property 360

A Lampton 360 subsidiary

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# A Lampton Investments 360 Report

## Lampton Investments

### Property Purchase Scheme

We are making good progress with acquisition of properties under this scheme. We currently have one property in ownership and tenanted (Hatchend Road, Feltham was purchased in September 2016.) This is an ex-local authority 2 bed maisonette, with garden, and it has been successfully let to a family previously residing in bed and breakfast accommodation.) We also have over 12 properties approaching exchange of contracts.

The team have been working hard on the assessment of suitable properties and trying to make these properties as affordable as possible. Rents on all properties are set at 90% of market rent, or lower where possible to meet with affordability criteria set by our housing colleagues.

We do, however, continue to have issues with nominations from the council letting team. These focus mainly on their views on what constitutes affordability, and the supply of working families that can accommodate our properties. The letting team ideally want properties with rents set at between 75-85%

of Market Rents. Where this can be delivered we will also seek to set the rents at the lowest level that enables us to repay our loans within an agreed set time period with our funders. We are seeking new initiatives that may assist with the delivery of a more affordable product in the future.

The chart below show the level of work, and assessment of properties that has taken place over the last year.

UNDER REVIEW	74
VIEWED BUT REJECTED	58
UNDER OFFER	1
SOLD PRIOR	4
OFFER ACCEPTED	12
ACQUIRED	1
OFFER MADE BUT REJECTED	50
ABORTED	16
<b>TOTAL</b>	<b>216</b>

We are looking to move more towards buying in bulk in order to make the process more efficient. Bulk buying, however, means taking on new build properties from a developer. These normally have a premium rent as well as high service charges and ground rents, and this resulting in a much lower net rent in order to pay back our loans. This affects affordability and the rates of financial returns. We are therefore looking at imitative new ways in which we can get families and individuals into a new home, with a more subsidised rent, but the ability to potentially buy at a later stage, if and when their financial circumstances change.

#### Private Rent Scheme

As part of our housing solution offer we are also offering a PRS product for individuals and families who wish to secure a property via a responsible landlord, with a great level of security of tenure, offering a minimum of 12 month Assured Shorthold Tenancy arrangement with extension available subject to all tenancy conditions being complied with. These are likely to be new build properties, and will be deliver through both our own development sites and also our ability to purchase from the market. We have already started to look at a couple of off market opportunities which could give us over 40 units to start our portfolio.

#### Selection of our Managing Agents

Letting agents are required to look after our properties both under our Property Purchase Scheme, and also our Private Rented Scheme. Rolfe East have now been appointed as our managing agent. They have a local office in Isleworth as well as several offices across West London.

#### Priority 10

Priority 10 is an initiative that we have established for Lampton Investment tenants, to help and assist them with improving their job prospects. Lampton Investment 360 will be referring tenants to this scheme, through

the Council's Skills and Employment Team, where it is felt that it could assist and improve their job prospects and their suitability for better-paid employment. The tenant for our first occupied property has now signed up for this initiative

## The next 5 years - Outlook

Whilst we are working hard and concentrating on our core services, we are also always seeking to improve and evolve other products for local residents to improve their housing needs, and their aspirations.

We are therefore looking at some new initiatives that may be able to do this;

This includes:

Rent to buy offer - so that we can bring forward newbuild homes for working families who are in receipt of some benefits, at rental levels that equate to between 75-85% of market rents, for a restricted period of say 10-15 years, with an option to purchases at a later date if and when their financial circumstances improve.

DIYSO – Do it yourself Shared Ownership – where we can assist individuals and families into a shared ownership product that can be either a second-hand property or a new build property, where they can purchase an initial share of 50%, with rent on the unsold equity. This product could be used to assist existing local authority tenants to move on to home ownership, thus freeing up some much needed council housing, and also for local residents to give them access to their first step on the property ladder.

The above two new products if approved by our board, would sit very nicely with our existing offer for our Property Purchase Scheme, Private Rented Scheme, and would be owned and managed by Lampton Investment 360.

# A Lampton Development 360 Report

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## Lampton Development

### **JV Development Partner**

Following the OJEU process to recruit a Joint Venture Development Partner, we are very pleased to have signed the JV partner agreement on 02 February with our selected partner, Wilmott Partnership Homes. We will be working with them on our first scheme, Nantly House, which is due for completion by March 2019. This will be the first of many sites in our development pipeline programme, using surplus local authority land to increase housing supply across the borough.

### **Establishment of the LLP**

Lampton Development 360 LLP has been set up and registered at Companies House. We are now in the process of formalising the Partnership Agreement. The LLP has been established primarily to be tax efficient, which will provide significant savings for our shareholder, the London Borough of Hounslow. The Partnership of this company includes London Borough of Hounslow and Lampton 360 Ltd.

### **Development Programme**

The development program is a commitment to deliver 1,187 identified newbuild homes and 331 unidentified properties. Due diligence has been undertaken on the first 11 sites (Phase I), which were identified and approved in the report to Cabinet in April 2016.

At the request of senior officers of the council we have recently added 5 new sites to our newbuild programme (Phase II). However, we have also been requested to remove one site (New Road Car Park) from our programme, in order for this scheme to be sold to aid the regeneration of Feltham Housing Zone.

The above programme does however, assume that all sites in our programme are likely to achieve planning consent over this period of time. Some sites will be more challenging than other through the planning process, and will need to comply with planning policy, to enable a smooth transition into development.

### **Combining sites.**

As part of our viability process, and to deliver economies of scale, we are planning to link some sites together, provided this approach is accepted by the planning authorities. By linking some sites we can then make them

viable and promote delivery of our objectives across the programme. In practice this will mean that some sites will be all affordable housing and some sites will be all private housing.

### **Nantly House, Lampton Road, Hounslow.**

Nantly House is the first development under our planned redevelopment of 11 Council owned sites. The scheme, which includes 1, 2 and 3 bedroom flats and a commercial unit, will be a mix of affordable homes and private sales homes in central Hounslow. The design team were appointed in June 2016 and a resolution to grant planning was agreed at the planning committee on 9th March 2017, subject to the signing of an Unilateral Undertaking.

Ground Floor Commercial Space has been given a designation of A2/D1 as a use class. We are working closely with both the planning team and the Adult Education Team within the London Borough of Hounslow, to see if we can accommodate this team within this space, offering a community use, as well as 42% affordable housing on our first project. The site is being built in conjunction with our joint venture partners Willmott Partnership Homes.

## Outlook

We will be working with our JV Partners to bring forward all 11 sites identified in Phase I of our development programme. As part of this programme the following schemes are likely to be next to be presented to the planners – Acton Lodge, Brentford, and Two Bridges, Feltham – these sites were presented to the Lampton Board in December. Our JV Partner is likely to make these sites their next priority after Nantly as they are vacant, and therefore offer a more straight forward route through the planning process.

158-166 Befont lane, Feltham (10th Feltham Scouts) and Stoneywall Community Centre, Feltham – Our Shareholder asked us to appraise this site, with the aim of adding it to our programme. Property 360 is able to insert this scheme into the Feltham Housing Zone bid, and to bring it forward as one of the first schemes, in order to secure this funding. We are also planning on bringing this site forward jointly with Stoneywall Community Centre, also in Feltham. This will help with both economies of scale and viability.

Lampton Development 360 is gearing up to bring on board a reasonable size development programme over the next 5 years, and will be actively recruiting staff in order to fulfil these Objectives.





West elevation – Nantly House Proposal



South elevation – Nantly House Proposal

Nantly House, Lampton Rd

## Property 360 Strategic Aims

- 1** To maximise existing LBH assets, in order to support and increase the delivery and supply of affordable housing, in particular to maximise the supply of social rented properties.
- 2** To construct, buy and/or develop a minimum of 1,500 homes from 2016-2022, based on 40% private sale, 40% affordable, and 20% for private rent across the programme to aid and reduce housing demand in the borough.
- 3** To achieve a minimum blended gross margin on development activity at 20% of Gross Development Value.
- 4** To invest in the development and training of staff to enable the expansion and efficient running of the business.
- 5** To ensure the governance and viability of the council is not affected by trading activities undertaken by Property 360.
- 6** To ensure that all developments undertaken are tenure blind, and offer a good quality, safe environment where people will choose to live.

## Case Study 03

### **What is your role at Lampton 360?**

Business Development Manager for Property 360.

### **Before working at Lampton 360, what was your job?**

PA to the Assistant Directors at LB Hounslow.

### **How has Lampton 360 helped you in your career development?**

I have moved to a totally different career path which has now provided me with lots of opportunities to learn new skills and training in an area I enjoy.

### **What are 3 words to describe Lampton 360?**

Exciting. Supportive. Evolving

### **What have you gained from working at Lampton 360?**

I have learned so much from my supportive manager and have gained new knowledge and skills for working in the private property sector. I am looking forward to gaining more

knowledge and progressing further in my career.

### **What is your proudest moment at Lampton 360?**

I think it will be when I see our first development Nantly House being built. It will be good to what all of the hard work has produced.

### **What advice do you have for prospective Lampton 360 candidates?**

Trust your instincts and take the leap as I did. It was the best career move I made and it has opened up a lot of new opportunities for my future.

### **And finally, if you could meet anyone in the world dead or alive who would it be and why?**

David Jason because he is a fascinating person who always makes me laugh and instantly takes me back to happy memories of my childhood.

# Provisional Outturn

Lampton Investment 360 - Management Accounts

Provisional Outturn, £

<b>PROPERTY INCOME</b>	5,635,00
<b>LETTING AGENT'S EXPENSES</b>	-583
<b>SALARY COSTS</b>	-14,306
<b>INTEREST</b>	-5,186
<b>PROFIT / (LOSS)</b>	<b>-14,422</b>
<b>CASH BALANCE</b>	<b>5,052</b>

**Cash balance** - income less agent's expenses; salary costs paid from L360, loan not yet repaid





# Facilities Maintenance 360

A Lampton 360 subsidiary

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# A Lampton Facilities Maintenance 360 Report

## Service Transfer

On 07 February 2017, Cabinet approved the entering of a 5-year Service Delivery Agreement between the Council and Lampton Facilities Maintenance 360 Ltd for the delivery of the Housing Planned Maintenance and Capital Works and Services.

The 26 April 2016 report (CAS 498) to Cabinet by the Director of Housing presented works valued at £43 million in 2016/17. The transfer was approved at the February 2017 meeting. FM360 were given access to detailed information on systems and finances within the DLO (PW ?) on 08 December 2016 and undertook due diligence in readiness for transfer. An updated delivery plan was issued in November 2016. A revised version has since been issued and accepted by the Housing Management Team and is now being used as the basis for mobilisation.

The principal activities, other than direct mobilisation tasks, related to delivering the capital programme for 2016/17 and closing down all completed works ahead of transfer. This also included identifying works in progress as at 31 March so they could be closed down and re-opened following the transfer. As a result of targeted work by staff,

this goal was successfully achieved with a reduction from a total of 1,500 jobs valued at £2.5m outstanding in early March to 160 jobs with a value of £1.6m outstanding by 31 March.

## Mobilisation activity

### ICT

As part of the IT workstream, FM360 completed a review of the existing DLO Servitor system and agreed on a phasing schedule to afford FM360 the sole use of the Civica Servitor system from the date of transfer. Whilst it is clear the Servitor system will require significant investment to support longer term developments in order to improve efficiencies within the service, the basic functionality for managing jobs and finance were sufficient for 'go live' and this is currently being implemented.

### Health and Safety

The Health and Safety element of mobilisation focused on compliance issues and, in particular, on developing a suite of KPIs for inclusion in service contracts. Recognising the need for a dedicated operational H & S officer within FM360, a recruitment activity was scheduled. Interviews have taken place and an officer will be in place by 31 April.

It was also agreed between the FM360 and LBH that current Health and Safety practices within the service should be subject to a wider review after the transfer to inform future priorities with the eventual aim of the service achieving OHS18001 status.

### **Human Resources**

HR priorities focused on developing the i-hounslow system so that transferring employees would be able to access personal databases and also to ensure that the processes for running payroll were in place. These were all achieved ahead of transfer. During this period staff were also sent letters confirming the transfer and the 'measures' which detailed the minor changes to employee working arrangements.

Staff were also invited to formal Tupe consultation events with the Council to provide them with the opportunity to raise questions and queries on any matters of concern and these events were well attended.

On 23 March, FM360 invited all transferring staff to an induction day to welcome them to the organisation. The day included a corporate induction, H & S workshops, HR workshops and details on key activities within the transition period and what changes staff can expect. This included timeframes on new uniform provision and vehicle livery roll-out. Uniforms and images of the new vehicle livery were on display.

### **Financials**

Priority Finance and Commercial activities during the mobilisation phase included the design and implementation of key controls and processes for implementation from 1 April 2017. These included materials ordering, timesheet controls, purchase order processing and the setup of the Agresso accounting system. Work has also been started to develop management and performance indicator reporting mechanisms.

During the transition phase, a key aspect will be development of accurate cost models for each programme, for review in early July.

This will also be valuable in informing debate about pricing mechanisms in the future.

### **Service Level Agreements**

Work continued on finalising a number of the Group's Service Level Agreements. These include those for HR, Finance, H & S, IT, Procurement, Corporate Services and Facilities Maintenance. A clear position was agreed with the client to finalise those relating to IT, H & S, Communications and Corporate Services. It is anticipated that these will be completed by the end of the transition period (30 June 2017).

### **Client Meetings**

The FM360 Mobilisation team meet with various members of the DLO and Housing Management Team in order to seek a clearer understanding of some of the more immediate challenges needing attention as the service moved across into the FM360 operation. Following this, a Transfer Project Group was established in February to bring together FM360 and LBH Housing transfer activities. By enabling joint working in this way on critical actions, a smooth transition for both staff and the service is expected. The scope included the development of the necessary key work streams to implement transfer as well as other tasks required during the transition period of 1 April – 30 June 2017 to embed new working practices and operational improvements.

## **Outlook**

As planned, the service successfully transferred into Lampton Facilities Maintenance 360 without any significant issues arising. A number of activities have been prioritised for completion within the transition period (up to 30 June 2017) and these form the key focus across all areas in the short-term. As part of the ongoing mobilisation of the service, longer term objectives relating to operational improvements, IT development, reviews of establishment and longer term H & S ISO objectives are being drafted in order to apportion responsibilities and timeframes for delivery.

## Facilities Maintenance 360 Strategic Aims

- 1** To initially deliver all Planned Capital and Revenue Works on behalf of LBH.
- 2** To develop an operating model for improving service delivery and Value for Money of existing and future services.
- 3** To develop a robust business model allowing FM360 to step into the commercial services market and seek to compete for alternative works.
- 4** To achieve an annual average surplus of 4%+.
- 5** To invest in the development and training of staff to enable the expansion and efficient running of the business.
- 6** To ensure the governance and viability of the council is not affected by trading activities undertaken by FM360.
- 7** To generate surpluses for the shareholder to help fund Council services.

# Case Study 04

### **What is your role at Lampton 360?**

Trade Apprenticeship Co-ordinator

### **Before working at Lampton 360, what was your job?**

Trade apprentices co-ordinator, managing the trade apprentices for LBH. We currently have 16 apprentices.

### **How has Lampton 360 helped you in your career development?**

Given me the opportunities to plan training and development for a new company.

### **What are 3 words to describe Lampton 360?**

A new up and coming company with opportunities for promotion and new roles.

### **What have you gained from working at Lampton 360?**

Too early to say. Everyone is helpful and friendly and able to support you with your needs

### **What is your proudest moment at Lampton 360?**

Being part of two successful TUPE transfers. Seeing our hard work pay off and watch the business grow has been very exciting.

### **What advice do you have for prospective Lampton 360 candidates?**

A new bright new company with lots of opportunities.

### **And finally, if you could meet anyone in the world dead or alive who would it be and why?**

Princes Diana as she was she light of the future.



# Management Accounts Summary

For the Lampton Group, as at 31 March 2017

Provisional Year End, £	Outturn	Budget	Variance Favourable / (Unfavourable)
<b>SALES</b>	<b>144,734</b>	<b>182,146</b>	<b>-37,412</b>
<b>EXPENDITURE</b>	<b>-1,327,838</b>	<b>-1,365,591</b>	<b>37,752</b>
<b>TOTAL PROFIT / LOSS</b>	<b>-1,183,104</b>	<b>-1,183,445</b>	<b>341</b>
<b>INTEREST CHARGE ON LOAN</b>	<b>-40,000</b>	<b>-</b>	<b>-40,000</b>
<b>TOTAL PROFIT / LOSS After Interest</b>	<b>-1,223,104</b>	<b>-1,183,445</b>	<b>-39,659</b>

The outturn at year end before the interest charge was virtually to budget. After interest, there was an unfavourable variance of approx. £40k. The above does not allow for charges to R360 for services provided. (The exception is insurance - an apportionment has been made to R360.) After these charges, the variance will move in a favourable direction.

## Cash Flow

**The year end cash at bank figure was £17k.**

## Cash - Expected Incomings

**£32k** was received from R360 to cover April's insurance costs, which had already been paid for in late March.

**£14k** for VAT is owed to L360 by HMRC, in light of the VAT return to the end of February.

## Cash - Expected Outgoings

**£25k** was paid to agency workers in early April who in future will be paid by Lampton Facilities Maintenance 360.

After the agency workers had been paid, and the £32k received from R360, **the bank balance was £25k on 10/04/2017.**

Additional funds will soon be received from Lampton Recycle 360.



# Conclusion

This has been a busy and successful year for the Lampton 360 Group of businesses. It has been achieved through the hard work and commitment from both the Lampton 360 team and our shareholder the London Borough of Hounslow.

Within **Recycle 360** the improvement in staff morale at the depots brought about through improved pay and conditions, the newer and more-environmentally friendly fleet, and the waste-round efficiencies, are all clear demonstrations of the potential of this business.

**Property 360**, with its investment and development businesses, has made significant progress in laying the foundations for a thriving property business. The next year will be very exciting for Property 360, as we see more developments take shape and our housing stock increase in turn making a tangible impact on the residents, many of whom will be able to move from bed and breakfast accommodation into their own homes.

The transfer of service to **Facilities Maintenance 360** took place in April, and the hard work of mobilisation and extensive

collaboration between FM360 and the Council's Housing Team really paying off. The transition phase will be led by a combined team to ensure the success of this business.

The Board and the Executive Team look forward to another year of growing and developing Lampton 360.





