

# LAMPTON GROUP BUSINESS PLAN

2021-2026

# CONTENTS

---

- 3 | SECTION ONE**  
INTRODUCTION AND 2020/21 HEADLINES
  
- 6 | SECTION TWO**  
INTRODUCTION  
LOOKING AHEAD TO RECOVERY AND GROWTH
  
- 10 | SECTION THREE**  
OUR BUSINESS MODEL AND FUTURE PLANS
  
- 13 | SECTION FOUR**  
FINANCIAL REPORT
  
- 16 | SECTION FIVE**  
**LAMPTON COMMUNITY SERVICES**  
BUSINESS PLAN
  
- 23 | SECTION SIX**  
**LAMPTON LEISURE**  
BUSINESS PLAN
  
- 32 | SECTION SEVEN**  
**LAMPTON DEVELOPMENT & INVESTMENT**  
BUSINESS PLAN
  
- 43 | APPENDICES**

# SECTION ONE

## INTRODUCTION AND 2020-21 HEADLINES

Group Revenue  
**£41.4m**

Group Employees  
**910**

Recycle 360  
**22.4m**

bins and recycle boxes collected  
and emptied for our residents

Greenspace 360  
**4,700 trees**  
planted

Coalo

**Over 100,000**

repairs, maintenance and refurbishment jobs  
completed last year

Lampton Leisure

**8,000 members**

and our new virtual fitness offer went live in February

Lampton Development &  
Investment

**192 homes** for Hounslow residents

Group Fixed Assets  
**£65.8m**

# AT A GLANCE WHAT WE DO

## Our organisation operates as three arms under the Lampton Group Board – Lampton Community Services, Lampton Leisure and Lampton Development & Investment

### LAMPTON COMMUNITY SERVICES



#### Coalo

£24.5m

- Housing repairs, maintenance and improvements to Council homes
- Facilities Management
- Cleaning.



#### Recycle 360

£11.9m

- Domestic and commercial waste collection and recycling
- Bulk materials handling.



#### Greenspace 360

£3.7m

- Grounds maintenance and arboriculture
- Management of Parks, open spaces, allotments and cemeteries.

### LAMPTON LEISURE



#### Lampton Leisure

£9m\*

- Management of leisure and sports facilities
- Fitness, sports, health and well-being.

\* without COVID restrictions

### LAMPTON DEVELOPMENT & INVESTMENT



#### Lampton Investment

£62m Portfolio

- Acquisition and management of homes for people in housing need at Local Housing Allowance rents.



#### Lampton Development

124 homes (99 affordable)

- Building homes in mixed-tenure developments, including affordable housing, for local people.

### OUR ROLE

#### Delivering excellent services

Building wealth in communities through providing great services, as part of a circular economy.

#### Promoting diversity and inclusion

Promoting opportunities in all communities through flexible, high-quality services.

#### Making a financial return to the Council

Promoting growth by investing, employing and sourcing locally and making returns for the shareholder.

#### Supporting the Hounslow economy

Paying the London living wage, creating jobs, providing opportunities for local people and procuring locally.

#### Delivering Community and Environmental Impact

Making a clean and green environment and creating sustainable homes.

#### A focus on safety, health and well-being

Promoting health and well-being through fitness and sports, and a safety culture throughout our business.

# TOP OUTCOMES WE WILL DELIVER

## LAMPTON LEISURE

1. Gym Membership stabilisation and increase – get membership back to 12,000 users in 5 years
2. Develop and implement our Customer Charter to deliver premium service
3. Develop and implement our Community Development and Health & Well-being programme
4. Develop and implement our Retail Strategy to increase secondary spend
5. Develop operational and energy hardlines and efficiencies

## LAMPTON COMMUNITY SERVICES

1. Establish the Lampton Academy for future skills both digital and manual
2. Establish the Hounslow Horticultural centre – reducing cost and carbon but offering skills and education to many
3. Establish the commercial waste business – increasing revenue
4. Development of several of our parks and open spaces to create even better places for health & wellbeing
5. Securing additional business and customers through Housing Associations & Local Authorities – increasing revenue

## LAMPTON DEVELOPMENT & INVESTMENT

1. 795 new homes built (50% homes will be affordable)
2. £32.5m (23%) development surplus delivered
3. Property portfolio grown to 1,340 homes
4. Property portfolio delivering value growth and saving for London Borough of Hounslow
5. Reputation for exemplar quality (place-making, sustainability, keeping it local and diversity)



The Lampton Group delivers services to the London Borough of Hounslow and its residents.

We are a commercial organisation with a public service ethos driven by making a difference to the community we serve.

Our aim is to grow, within Hounslow and beyond, provide great services, and return surpluses to our shareholder.



# SECTION TWO

## INTRODUCTION



It has been my privilege to be involved with our council companies over the last couple of years and to be witness to the steady progress that has been made. The last 12 months have been particularly important because, against the background of a very challenging pandemic, companies have not only continued to provide outstanding service across all areas that they cover, they have actually improved their performance across the piece.

We are now at the start of a new era, with the Lampton group restructured to take advantage of synergies and really accelerate development. Our excellent teams are further invigorated by exceptional new leaders, both executive and non-executive and the group is taking on new services with aplomb, and delivering from day one.

I fully expect the achievements of the last year to continue and accelerate. The group has high ambition, tempered with due caution from wise heads within the council and the company teams, to grow their contribution to Hounslow residents in a sustainable way and always under the mantra of a commercial head with a social-based ethos.



**Councillor Guy Lambert**  
**Lead Member For Highways, Recycling and Trading Companies**

Looking back, the extraordinary year of 2020 was one of change and expansion for the Lampton Group, even as we strove to rise to the challenges posed by the pandemic.



The Lampton Group of companies are owned by the London Borough of Hounslow and therefore by the residents of Hounslow. We measure our success through the positive outcomes we can achieve for the people of Hounslow, as well as how effective we are as a commercial business.

We want to provide high-quality services, returns to the Council give additional social value and benefit the local economy.

#### *Our delivery in this extraordinary year*

Covid has brought these links with our residents into stark focus. Our magnificent staff have kept vital public services going – collecting and recycling waste from every home in Hounslow, repairing and improving council homes, keeping parks open and safe, and providing affordable accommodation.

Like many other council staff and key workers, our staff have rightly been hailed as heroes; we have been overwhelmed by the visible expressions of support from our residents and the appreciation they have shown. We are proud that despite the pandemic, operational delivery has been sustained and often improved. Our waste and recycling service, for example, has maintained a full operation throughout, when other Boroughs have struggled with reduced services.

The pandemic has not stopped the delivery of our Business Strategy. Over the last year we have delivered our objectives grown our Group and strengthened of our corporate governance.

#### *Growth and Governance*

During the current year, the shareholder - identifying the overwhelming advantages – decided to bring its two major trading companies together. The Lampton companies and Coalo will now operate under one Group structure. It will be fully operational from 1 April 2021, but is already up and running with shadow arrangements already in place.

In November 2020, we created a new, not-for-profit company – Lampton Leisure (LL) – to take on the management of the Council's leisure centres and sports facilities. Despite the challenges the transfer of responsibilities went really well and was hugely welcomed by the staff concerned.

We have taken the opportunity of these major changes to upgrade our governance arrangements. New board members will bring additional experience and expertise to the expanded Group and we have appointed three very experienced and talented Managing Directors for each of the operational arms of the organisation. There will be revisions to the Articles of Association and the Shareholder Agreement. Our newly developed Performance and Assurance Framework will provide the Board with improved oversight and control.

#### *Alignment with the Shareholder*

These formal developments in governance form part of a wider exercise to ensure that the activities of the Group are fully aligned with the values and priorities of our shareholder – the London Borough of Hounslow.

We have a clear and comprehensive set of commissioning intentions from the Council. These will allow us to move forwards in our commercial environment, confident that we are in line with the shareholder's core strategies – on Climate Change, a Cleaner, Greener Borough, Health and Well-being, Housing, Regeneration and Recovery.

**Gill Steward**  
**Chair, Lampton Group**



# LOOKING AHEAD TO RECOVERY AND GROWTH

The coming year we will continue to play our role in improving the quality of life for the residents of Hounslow.

As a Group, we will operate commercially but with a public service ethos – following the principles of social value, community wealth building, equality, social justice and environmental sustainability.

Our USP is that we can work in partnership with the Council to improve the lives of the residents of Hounslow and make a difference by bringing additional social value through our work. And we can do this even better now as a larger Group of companies. We want to carry on providing great services and make them even better. And in doing so, we will help the borough recover and grow.

Our companies will be at different stages of their development in the coming year.

- Lampton Leisure will be gripping the service and building a new business model in the post-Covid world, based around health and well-being.
- Our operational services will be stabilising after the pandemic but using their strong existing base to grow and develop exciting new areas of operation.
- The Investment and Development companies will invest strongly in the borough and give major asset growth through the expanded provision of high-quality homes.

## **Reinforcing our values through the work we do.**

Common themes run through the work of the companies and across the Group. These will allow us to demonstrate how we put our values into practice.

We will also use the opportunity of an expanded Group to exploit and communicate the linkages between our services and companies, follow the principles of a circular economy and keep money, investment, jobs and surpluses in Hounslow. So, for example, the leisure centres we manage will be maintained by our Community Services arm, as will the investment homes we acquire.

## **Return to our shareholder**

But our focus on developing great services and outcomes for residents will not deflect us from the need also to generate surpluses and returns for the shareholder.

The council has built returns from the Group into its financial forecasting and planning, and we will meet those expectations by applying commercial disciplines and practices to our operations and growing the scope of our external trading.

## **Business Plan**

I am delighted to present this Business Plan for the Lampton Group and its three operational arms. Our plans set out the exciting contribution to recovery and growth in Hounslow the Lampton Group of Companies will make.

I am immensely proud to Chair the Lampton Group, and to work alongside our talented staff, board members and colleagues across the council. There is no doubt that the next 12 months will be challenging but we are well placed to achieve the ambitions set out in our Business plans and we are all committed and determined to do so.

**Gill Steward**  
**Chair, Lampton Group**



## SECTION THREE

***“Our business model reflects what is important to our residents”***

*We have taken great inspiration and direction from our Shareholder strategies and what our residents have told us are important to them.*

*Our business model enables us to focus on delivering high quality services and improved customer care and enables us to pursue new business opportunities.*

# OUR SERVICE DELIVERY PLAN

*Our service delivery plans are the ‘golden thread’ to our success in*

“Creating great places to live, work and visit”

## THEMES

### Delivering excellent services



Building wealth in communities through providing great services, as part of a circular economy.

### Making a financial return to the Council



Promoting growth by investing, employing and sourcing locally and making returns for the shareholder.

### Promoting Diversity and Inclusion



Promoting opportunities in all communities through flexible, high-quality services.

### A focus on safety, health and well-being



Promoting health and well-being through fitness and sports, and a safety culture throughout our business.

### Delivering Community and Environmental Impact



Making a clean and green environment and creating sustainable homes.

### Supporting the Hounslow economy



Paying the London living wage, creating jobs, providing opportunities for local people and procuring locally.

## Circular economy



### We will be promoting a circular economy within the Group. For example:

- Lampton Investment will purchase some properties built by Lampton Development.
- Coalo will refurbish and maintain homes bought by Lampton Investment.
- Coalo, Greenspace and Recycle will all provide services to Lampton Leisure.
- Lampton Leisure and Greenspace will work jointly on a new Health & Well-being-based model for Leisure.

### Quality and Excellence Customer Service

- Customer Charters for Community Services and Leisure
- Performance and Assurance Framework
- Business Intelligence and Customer Insight
- Project Management Office



# SECTION FOUR FINANCIAL REPORT

## “Like for like surpluses are up £0.7m since March 2020”

2020-21 has seen the size and shape of the Group change significantly, these changes have had a material effect on the financial performance of the Group, namely the new undertakings of Lampton Leisure and the transfer of ownership of Coalo to the Group. Both these company have made losses in the year ending March 2021 for reasons directly linked to Covid 19.

### Significant Like for Like Growth

Recycle 360, Greenspace 360 and Investment are considered to have traded “Like for Like” (LFL), meaning that whilst the environment may have changed, there has been no material changes to the shape or remit of the companies and as such we can compare the year on year performance clearly. Lampton Development Limited Liability Partnership (LLP) by it’s very nature delivers different programmes each year and as such is excluded.

The LFL businesses made a combined loss of £0.4m in the year ending March 2020. Through operational cost savings in Recycle 360 and Greenspace 360 and a settled, fully occupied property investment portfolio, 2020-21 has seen a favourable swing of over £0.7m to a surplus of £0.3m.

### The Lampton Group

Full Year Forecast		2019-20	2020-21	Variance
		£000 Surplus	£000 Surplus	£000 Surplus
<b>Like for Like Group Entries</b>	Lampton Recycle 360	49	131	82
	Lampton Greenspace 360	(318)	145	463
	Lampton Investment	(160)	(1)	159
	<b>Lampton Group (Like for Like)</b>	<b>(429)</b>	<b>275</b>	<b>704</b>
<b>Non Like for Like</b>	Development & Investment <sup>1</sup>	388	-	(388)
<b>Group New Undertakings</b>	Lampton Leisure	-	(1,300)	(1,300)
	Coalo	(479)	(1,019)	(540)
	Intercompany	1,868	1,900	32
	Lampton 360	(1,868)	(1,859)	9
	<b>Lampton Group (New 2020-21)</b>	<b>(520)</b>	<b>(2,003)</b>	<b>(1,483)</b>

<sup>1</sup>The Lampton Group’s share of Lampton Development LLP’s comprehensive income is 1%, which is the value shown in the accounts for Lampton 360. For ease of publication the full (100%) value is shown in the table above.

### Extraordinary Events

The landscape in which the Group has delivered its services throughout 2020-21 has changed dramatically throughout the year. The effect on revenue growth, cost of sales and planned cost reductions has been material. Revenue growth opportunities through the expansion of the Group into the Sports and Leisure sector have been curtailed due to extended lockdowns of the sector, and as such resulted in additional overhead being carried without the forecast revenues.

Covid-19 restrictions have delayed the delivery of two active property development projects meaning recognition of these surpluses are not shown within this year’s accounts as planned, instead they will be finalised in the next financial year.

Lampton Investment has maintained high levels of rent collection, however prudence is displayed in our future projections. Where contracts have allowed, we have discussed with partners the increases in contract delivery costs and amended services and or sought additional revenues to remain commercially strong. We continue to work with our partners to ensure whilst remaining a strong value for money proposition, the long term commercial viability of the Group is ensured.

## Financial Statements March 2021<sup>1</sup>

Income Statement	Coalo	G360	R360	I360	D360 <sup>2</sup>	LL	Inter Company	Group L360	Total
	£m	£m	£m	£m	£m	£m			
Revenues	24.5	3.7	11.9	2.6	-	0.7	(2.0)	-	41.4
Cost of Sales	19.1	2.3	8.3	0.5	-	0.8	(1.4)	-	29.6
Admin Costs	5.7	1.3	3.4	0.2	-	1.2	(2.5)	1.8	11.1
Non Operating	-	-	-	0.1	-	-	-	-	0.1
Financing Costs	-	-	-	1.8	-	-	-	0.1	1.9
Surpluses	(0.3)	0.1	0.1	-	-	(1.3)	1.9	(1.9)	(1.3)
Extraordinary Items	0.7	-	-	-	-	-	-	-	0.7
Revaluation of Assets	-	-	-	3.0	-	-	-	-	3.0
Pre Tax Surpluses	(1.0)	0.1	0.1	3.0	-	(1.3)	1.9	(1.9)	1.0
Tax	-	-	-	-	-	-	-	-	-
Net Surpluses	(1.0)	0.1	0.1	3.0	-	(1.3)	1.9	(1.9)	1.0
Fixed Assets	-	0.3	-	65.5	-	-	-	-	65.8
Other Assets	-	-	0.7	0.3	-	-	(0.7)	0.1	0.5
Debtors	2.4	0.9	1.8	-	-	0.2	(0.4)	0.4	5.2
Cash	2.9	0.3	1.2	0.6	0.4	0.5	-	0.4	6.2
Creditors	(4.2)	(0.5)	(1.4)	(0.4)	-	(0.6)	0.6	(0.7)	(7.1)
Borrowing	-	(0.5)	-	(63.9)	-	(1.2)	0.5	(1.3)	(66.3)
Other Liabilities	(2.8)	(0.9)	(2.2)	-	(0.4)	(0.1)	-	(0.1)	(6.4)
Assets Less Liabilities	(1.7)	(0.2)	0.2	2.2	-	(1.3)	-	(1.2)	(2.1)
Distributable Surpluses	(1.7)	(0.2)	0.2	(0.8)	-	(1.3)	-	(1.2)	(5.1)
Non Distributable Surpluses	-	-	-	3.0	-	-	-	-	3.0
Total Equity	(1.7)	(0.2)	0.2	2.2	-	(1.3)	-	(1.2)	(2.1)

<sup>1</sup>Forecast to March 2021 at end of Q3 December 2020

<sup>2</sup>The Lampton Group's share of Lampton Development LLP's comprehensive income is 1%, which is the value shown in the accounts for Lampton 360. For ease of publication the full (100%) value is shown in the table above

The above table shows the financial performance of each of the Group's companies in the year to March 2021. The £0.3m underlying surplus in Recycle 360 and Greenspace 360 represents a significant improvement in revenue generation and cost management.

The opportunity to growth this surplus is now high, and we hope that when trading becomes stable, with regards to COVID restrictions in the coming year the full year effect of these improvements will lead to continued surplus growth.

Rent collection in Lampton Investment has allowed for an on forecast surplus delivery of breakeven against a loss of £170k in the previous year. This is predominately due to low levels of tenants moving out of our properties, avoiding costly void periods. Favourable movements in the property market within the west London area has allowed the revaluation of the property portfolio which has increased by £3.0m in the

year ending March 2021. The Group's new company, Lampton Leisure, has met with unrepresented pressure due to multiple periods of enforced closure.

Trading is yet to fully get underway, transactions within the current year represent the fixed overhead costs, staff wages and Grant income. Cashflows to support the net cost are achieved through £1.5m of borrowing provided by our shareholder the London Borough of Hounslow (LBH). Property development activity within Lampton Development LLP have been slowed due to lockdown and supply chain complications, meaning no projects have completed in year. All active projects will complete in Q2 of 2021-22 and be delivered on budget.

In contrast to previous years where Coalo has been able to return surpluses to the housing client, the attempt to retain full service levels combined with increased unit costs and lowered activity levels has resulted in losses of £1m.

## Financial Forecast 2021-22 to 2025-26

Year Ending March 2021 <sup>1</sup>	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26
<b>Surplus £m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Lampton Recycle 360	0.1	0.3	0.3	0.3	0.3	0.3
Lampton Greenspace 360	0.1	0.2	0.2	0.2	0.2	0.2
Coalo	(1.0)	0.3	0.3	0.3	0.3	0.3
Lampton Investment	-	(0.6)	0.6	2.4	4.7	6.2
Lampton Development LLP <sup>2</sup>	-	-	0.2	2.1	1.5	5.5
Lampton Leisure	(1.3)	(2.4)	-	0.4	0.4	0.5
Lampton 360	-	0.1	0.2	0.2	0.2	0.2
<b>Lampton Group Surplus</b>	<b>(2.0)</b>	<b>(2.1)</b>	<b>1.8</b>	<b>6.0</b>	<b>7.6</b>	<b>13.2</b>
<b>Fixed Assets</b>	65.8	160.8	262.0	348.6	363.3	390.5
<b>Other Assets</b>	0.5	13.5	27.5	28.2	34.9	23.2
<b>Debtors</b>	5.2	5.4	5.8	5.7	5.8	5.8
<b>Cash</b>	6.0	5.4	5.2	8.1	11.6	18.1
<b>Creditors</b>	(7.4)	(6.7)	(6.4)	(6.3)	(6.2)	(6.4)
<b>Borrowing</b>	(66.3)	(175.2)	(289.2)	(373.7)	(391.3)	(400.3)
<b>Other Liabilities</b>	(6.4)	(6.2)	(6.1)	(6.2)	(6.2)	(6.3)
<b>Assets Less Liabilities</b>	<b>(2.6)</b>	<b>(3.0)</b>	<b>(1.4)</b>	<b>4.4</b>	<b>11.8</b>	<b>24.8</b>
<b>Distributable Surpluses</b>	(5.1)	(6.0)	(5.3)	(2.0)	1.5	9.2
<b>Non Distributable Surpluses</b>	3.0	3.0	4.0	6.4	10.4	15.6
<b>Total Equity</b>	<b>(2.1)</b>	<b>(3.0)</b>	<b>(1.4)</b>	<b>4.4</b>	<b>11.8</b>	<b>24.8</b>

<sup>1</sup> Forecast to March 2021 at end of Q3 December 2020

<sup>2</sup> The Lampton Group's share of Lampton Development LLP's comprehensive income is 1%, which is the value shown in the accounts for Lampton 360. For ease of publication the full (100%) value is shown in the table above.

Group revenues are forecast to grow to £125m over the coming 5 years, with major growth being driven from the Lampton Development LLP and Lampton Investment (I360), where the Group is investing heavily over the coming years.

Lampton Development (D360) is set to borrow £57m over the period and return £16.6m in pre-tax surpluses, on top of a 50% (Social) and 15% (Rental) market discount on sales price for residential units purchased internally. Lampton Investment, will in turn grow from revenues of £2.6m in 2020-21 to £17.2m in 2025-26 with the portfolio size growing to 1,125 properties with a asset value of £390m backed by £376m of borrowing. Financing costs of the portfolio will rise to £11.7m in 2025-26. To aid in the presentation in the full Lampton Development LLP plan, the financial projections have been extended to 2026-27 in the detailed pages that follow.

We expect the Leisure Sector to recover during Q1 of 2021-22 and breakeven in year 2022-23 with surpluses delivered from 2023-24. In the meantime, losses from this part of the

business are supported by surpluses made in other group companies.

Service Companies, Recycle 360 (R360), Greenspace 360 (G360) and Coalo, forecast growth over the coming years through a mixture of continued organic improvements to cost management but also a number of key business development activities.

Coalo in particular is forecast to return to breakeven by the end of year 2021-22 with future years forecast to return sustainable levels of surpluses and reinvestment in services. Further efficiencies resulting from Coalo joining the Lampton Group are also expected.

Whilst no assumption of surplus distribution has been modelled in these financial projections, the earliest opportunity will be in financial year 2023-24 where Lampton 360 could allow for £0.7m of surpluses to be distributed. This is in addition to surpluses generated by Lampton Development LLP which naturally flow to the partners, under current arrangement.

# SECTION FIVE LAMPTON COMMUNITY SERVICES BUSINESS PLAN 2021 – 2026

## *“Our Vision”*

**To deliver high quality community services with community hearts and commercial heads, through trusted and empowered colleagues, re-investing the benefits to generate employment and create safe and welcoming spaces that serve our Borough.**

## Strategic ambitions

Lampton Community Services has been created through the coming together of Coalo, Recycle & Greenspace. We exist to deliver high quality, value for money community services. We also deliver significant levels of social value by creating homes and spaces that are safe and inviting, by looking for ways in which we can reduce carbon in our Borough and by creating employment, skills and training opportunities to those that need it most. We recognise that through employment and wealth creation people can thrive and better succeed with life choices. We are qualified experts within our professional field, and we deliver services efficiently and effectively and through our future ambitious growth plans over the next 5 years we will increase the dividend back to the shareholder. Lampton Community Services has 5 main strategic objectives:

- (i) **Service Excellence** - Serving customers in the most economic, efficient, and effective manner and raising even further both the standard and quality of our service delivery.
- (ii) **Great Places** - Maintaining and creating excellent homes and open spaces that serve as great places for people's health & wellbeing.
- (iii) **Business Growth** – Developing our services further and increasing our customer segments to create surpluses with purpose. Raising our commercial presence in the market and in doing so increase the return to the shareholder.
- (iv) **Environmental Stewardship** – Making sure that we leave our environment in a better place than we found it. Through our parks and greenspaces programme we will plant more trees and we will reduce our carbon by the change to a green fleet.
- (v) **Social Value** - Our social ethos and impact are our USP. We will deliver a range of additional services and employment opportunities that add value to the community in a range of ways and sets us apart from other service providers.

Lampton Community Services has already delivered some excellent results. This new 5-year strategy builds on the successes to date and establishes an ability to build capacity, infrastructure, and new services to enable further delivery of services for LBH and acquisition of new customer segments.

However, we must acknowledge that we currently face a commercial landscape that reflects unprecedented times. We continue to see the impacts of the global pandemic; we are recently facing post Brexit changes and we must not forget that the Government housing white paper has now landed with regulatory changes on the way.

We will take an approach to growth and business development that recognises and balances the current landscape and enables us to build infrastructure, capacity, and reputation on which we can then compete.

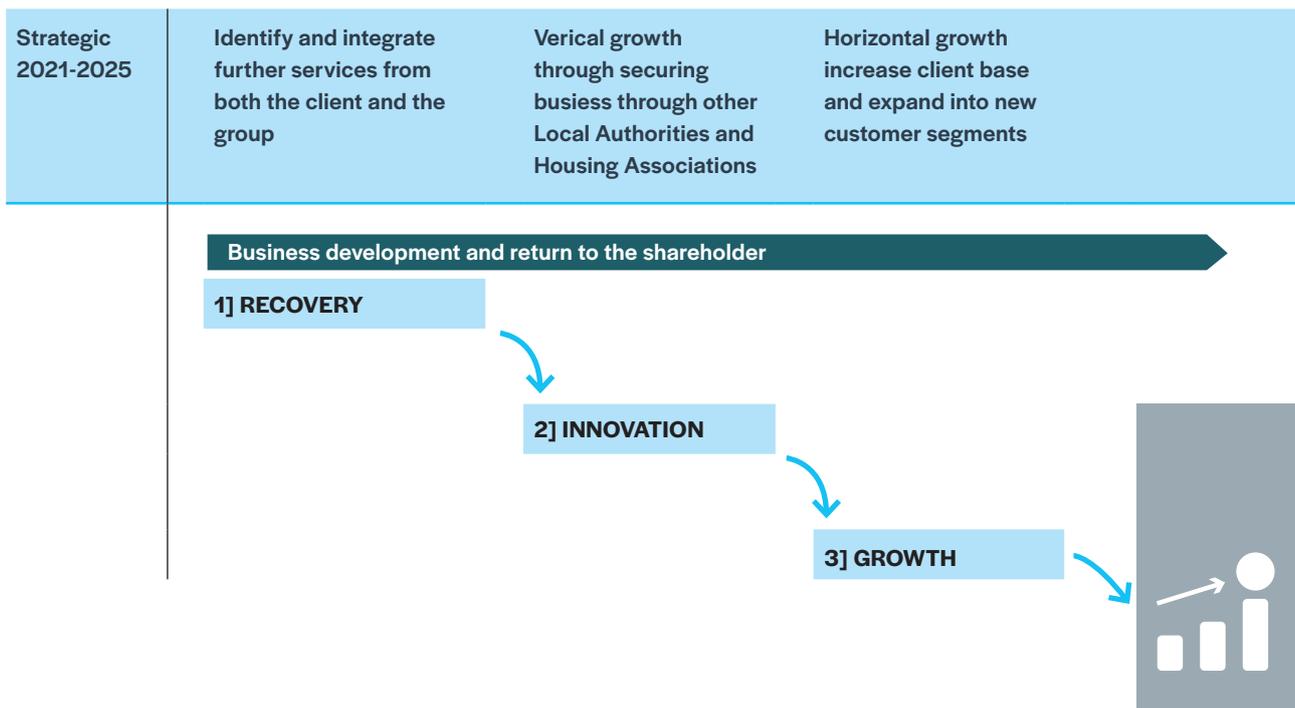
We should focus on the stabilisation and recovery of the business both operationally and financially and be relentless in our pursuit of efficiencies. We will seek to move those things forward that don't increase risk but can still make a positive difference to the Borough and ensure we have solid foundations on which to develop.

For that reason, we will look to deliver this strategy in three phases:

- (i) **Phase 1 – Recovery** of the business post COVID/BREXIT. Build infrastructure and increase service delivery from within the Lampton Group and from the Client. Look for quick wins in terms of efficiencies through business integration.
- (ii) **Phase 2 – Innovation** and digitalise our service delivery model and build capacity looking to secure further growth through HA's & LA's
- (iii) **Phase 3 – Growth** of the business with a full suite of improved services that can trade off the enhanced performance and reputation to secure commercial wins in new sectors.

## Growth ambitions

**We are taking a phased approach to the business plan delivery that will enable us to better manage the risks and build strong foundations for the future growth of the business.**



## Our ethos

We deliver **value for money** in the services that we provide to both clients and customers. We approach our service delivery with customers at the heart of our thinking and will ensure that customers can hold us to account through a new **customer charter**. We will always look for ways to reduce our carbon footprint and positively contribute to a **cleaner greener London**. We will work to create skills and employment both now and for the future and **keep it local** in terms of our supplies thereby keeping the Hounslow pound in the Borough. We want to increase our dividend returned to the shareholder and so will be bold in our thinking to create **surplus for purpose**.



## Case study 1 – Coalo

### Responsive Repairs and Minor Works performance 2020

2020 was a challenging year for many of and it continues to be so as we move forward into 2021.



From the start of the pandemic in 2020, Coalo and LBH made the decision together to continue to undertake all essential, urgent and emergency repairs.

This is different to many service providers who took the decision to shut down most services and deliver only the emergency repairs. Coalo have teams of truly dedicated professionals and all our staff continued to ensure the residents of Hounslow had a near as normal service as possible whilst also taking every precaution to keep customers safe.

To date, our KPI's from 1st April until 30th November 2020 have remained impressively high. With 21,860 urgent and routine orders raised and 20,229 Routine and urgent repairs completed. Av. 2528 responsive repair orders completed each month.

Our minor works team have also successfully completed over 2,500 minor work repair orders in the past eight months. With only urgent and emergency works being undertaken during April to July, the achievement of delivering to our residents such a great number of complex repairs has highlighted the true dedication and commitment within our teams.

We have also been able to redeliver our on-line Community Repair Workshops which was a great achievement for the Repairs teams during such difficult times. This demonstrated real innovation and creative thinking at a time that the pandemic needed us to think differently.

The workshops have been an initiative set up in collaboration with our Client and through the LBH Community Engagement Officer they have proven to be a great success. We felt it important to ensure the community of Hounslow were still able to benefit from these during the pandemic and the feedback and success have been featured in in the local Housing Matters publication.



## Case study 2 – Greenspace & Grounds Maintenance

Hounslow is one of London's greenest boroughs with approximately 40 per cent of its surface area being green, comprising parks and open spaces. The borough's trees are maintained by Greenspace 360, on behalf of the council who are responsible for over 100,000 trees in our parks. A greener borough benefits both people and the environment as it provides homes for wildlife and helps to absorb pollution.

In November 2019, the council supported us and several local community groups to plant over 800 native trees at Harvard Hill Park and De Brome Open Space. During 2020 over 4,700 trees have been planted by Greenspace 360 and similar community projects are ongoing and will provide extensive tree planting opportunities over the coming months as part of the programme, with many more locations being identified.

Seeding has already taken place for 20 new urban wildflower sites - with many more to feature in our parks, providing over 10,000m<sup>2</sup> of new wildflower area in total throughout the borough.

Greenspace 360 has made several improvements over the past 12 months. During 2019/2020 Hounslow held 12 green flag sites and this has increased to 19 for 2020/2021. The Green Flag Award is an accreditation given to publicly accessible parks and open spaces, primarily in the United Kingdom, in order to promote standards of good management and best-practice amongst the green space sector.



The service was nominated as finalists for the Best Efficiency and Transformation Initiative run by APSE (Association for Public Service Excellence), APSE work promoting excellence in public services, APSE is the foremost specialist in local authority frontline services, hosting a network for frontline service providers in areas such as waste and refuse collection, parks and environmental services.

Whilst 2020 was undoubtedly challenging in many ways, the grounds maintenance team continued to work on some of the community garden projects that we had successfully begun in 2019, submitting four entries into the London in Bloom "it's your neighbourhood" competition 2020 for community gardens we have helped to develop and maintain. These comprised of a newly developed wildlife garden, two communal estate gardens and one sheltered accommodation communal garden. We were delighted for all four to be judged positively by the London in Bloom panel, and a certificate was awarded for each entrant, with further recognition from the Royal Horticultural Society (RHS) for outstanding work following after. This was only our second year entering the in-bloom competition, and despite a scaled back contest this year, we were able to make a strong showing and turn some heads. We look forward to submitting our entries for London in bloom 2021.

## Case study 3 – Recycle

It's been a tough year for those colleagues who work in Lampton Recycle. During the first lockdown, when government guidance was that people had to stay at home, Recycle 360 staff stepped up to the challenge without question. Each colleague simply knew they had to attend work and keep the service going to protect the public health and the environment of the Borough. Without question, they turned up to work and continued to do so day in day out, even gaining a new recognition from the public with thank you cards and gifts left out for them and letters of thanks sent in from young and old. Their public service ethos and dedication enabled us to keep all frontline services operational throughout the year, unlike the majority of other Boroughs.

Despite the lockdown which saw an increase in all waste arising, and with financial support from the council for backfilling absences, we continued our journey of improvement: missed bins were at their lowest in the last year, we've almost doubled bulky waste collections, the Mixed Handling Facility (MHF) throughput has increased over 15% and a nearly 50% increase in demand of containers was met while lead times were reduced. Across the operational KPI suite Recycle 360 has had its best year since 2016. This has been reflected in the Councils overall recycling rate which has improved by 2% this year.



## Case study 4 – Major Works



### Sparrow Farm

Sparrow Farm School Junior to Infant footpath link, work completed in programme/budget and during school term, which involved working closely with the school heads and safety team to ensure the overall project was delivered on time with the pupil's safety at the foremost.

We worked very closely with the client including design decisions on this project, to ensure that we met the required budget.

### Business Plan Headlines:

- Establish the Lampton Academy for future skills both digital and manual
- Establish the Hounslow Horticultural Centre – reducing cost and carbon but offering skills and education to many
- Establish the commercial waste business – increasing revenue
- Development of several of our parks and open spaces to create even better places for health & wellbeing
- Securing additional business and customers through Housing Associations & Local Authorities – increasing revenue
- Create more local jobs, apprenticeships and skills placements
- Grow our services to new customer segments and win more business
- Work with partners to Green our Fleet

### Business Plan Outcomes

Over the period of the 5-year strategy for Lampton Community Services we will focus on our business outcomes being measured and reported across 6 different levers.

1. Operational Performance – measured in agreed KPI's
2. Financial Performance – measured against business planning and budgets
3. Environmental & Climate Impact – measured through carbon reduction
4. Social & Community – measured through the social calculator and reported in both £'s and impact
5. Customer Experience – measured in customer satisfaction and feedback
6. Return on Investment – measured by increase in dividend to the shareholder.

2021/2022 will be a year of stabilisation and quick wins. The outcomes and financials are set out at appendix 1. For the larger projects such as digital and strategic site a separate business case will be built and delivered to the Group Board for evaluation and approval before going to the shareholder for consideration.

### Governance

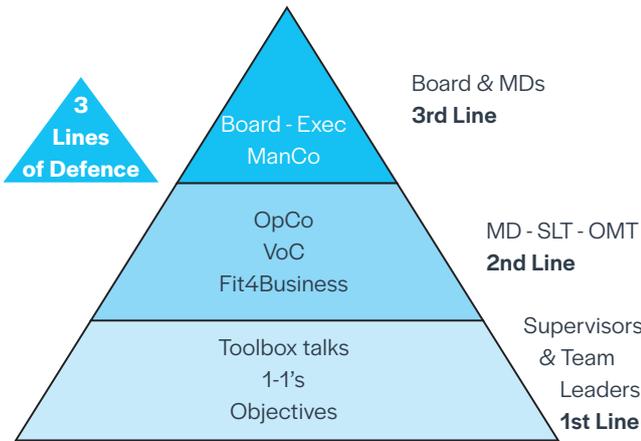
With increased service offerings, increased customer segments and increased client acquisition comes increased risk. To manage this effectively we have established a new **Governance Operating Framework** that will strengthen all areas of audit, risk and business control and ensure that we continue to operate in a robust manner.

We will also be establishing a new **Three Lines of Defence quality assurance framework** across all service delivery business units which will cover areas such as standards – quality – regulation - standards – Health & Safety.

## Achievements to date

### Our achievements

- Delivered 45k repairs and continued service delivery throughout the pandemic
- Customer satisfaction on planned works at 95%
- Successfully brought in-house the cleaning team from Nviro
- Complaints less than 0.2% of repairs undertaken
- More than 20 apprentices started with community services
- 6 apprentices now moved to permanent employment
- 52% of our staff live in the borough and that number is increasing supporting the 'Keeping it Local' agenda
- £1.4 million of surplus returned to the client with a commitment to do more
- Introduction of a new graduate scheme helping post graduates into work and growing our future skills and capability



The new Governance Operating Framework is already in place and a period of further embedding is required with enhanced reporting arrangements that will be ready from Q1 2021.

**Controls**

We have implemented a new control environment that will monitor and review performance of the strategy as well as protect any investment that the Group or the Client makes into Community Services Business. This new control environment is made up of several component parts and ensures full alignment and golden thread of strategy through to delivery.

1. **Management Committee** – Overall business performance – operations – finance - KPIs
2. **VoCC** – Voice of the Customer. Complaints – Customer Satisfaction – Compliments – Community activity
3. **Fit4Business** – Project Management – PMO – Strategy – Change Management
4. **Performance Management** – Personal Objectives – Leadership Development – Talent Management

Each year, the Business Plan will be re-evaluated and approved by the Board.

Within the Fit4Business framework a process that enables successful change management and deployment has been established with a clear set of change gates and a standard set of tools to ensure consistency across the business. Each change gate has a set of requirements to move forward. Each gate will need approval by the Fit4Business Committee. This will also monitor, report and capture all benefits from the strategy delivery.

**Performance**

Community Services Board will receive a suite of reports on a monthly basis that will offer oversight and assurance on all key areas of performance including operational KPIs, financial performance updates and forecasts as well as benefit realisation reporting from the strategy delivery. We will also provide case studies and Voice of the Customer updates in regard to highlighting some of the additional benefit and impact we are having on the Borough and the lives of the residents. On a quarterly basis a similar report will be delivered to Lampton Group Board for assurance purposes. Lampton Community Services wants to demonstrate the full impact that is has across the Borough and so will be reporting against four main impact criteria.

1. **Operational Performance** – Customer experience
2. **Financial Performance**
3. **Social & Community Impact**
4. **Environmental Impact**

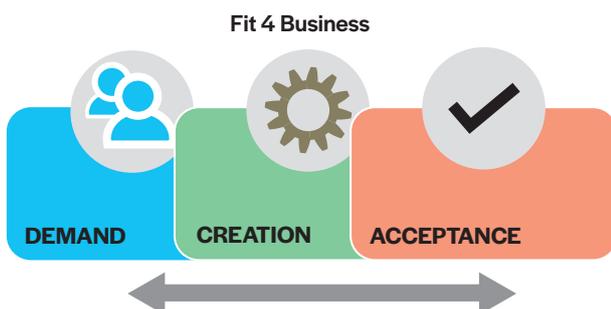
We are in the process of procuring a new system that will support us in being able to fully report our social value through both financial benefits but also through life stories and case studies.

Finally, we have now invested into professional communications capability and will be better placed to offer a fuller range of communications and public relations to demonstrate the full impact that Lampton Community Services has on the borough, its residents, and its environment.

**Risk Management**

Risks are managed and reviewed on a monthly basis through the Management Committee. As part of bringing together the three service delivery business units a process of risk integration will need to be completed that will align issues and remove duplication.

Under the Fit4Business framework each project will also carry its own Risk Register and risks will be managed by the project managers and then reported collectively on a strategic level.



## Lampton Community Services deliverables

Year 1 objective	Year 1 outcome
Align and integrate the three business units of Coalo – Greenspace - Recycle	Fully integrated Community Services Business with improved governance, increased capacity and efficiencies delivered.
Secure a new strategic operational site to combine several depots	Site identified and secured - planning agreed and plan to exit current depots.
The Lampton Academy	Working in partnership with LBH, establish the Academy for work placements, learning & education, and digital skills. Growing our future workforce and creating employment.
Landlord Service & Proposition	Transfer of 1360 property and customers to Community Services for delivery of services and customer experience.
Commence Commercial Waste delivery	Establish scope, proposition, and technology along with sales team and go to market.
Commence Digital Transformation of services – build customer portal	Working in partnership with LBH to agree first phase of digital migration including portal – app and connectivity for both customers and colleagues.
In-house horticultural centre and Spaces 4 Foods	Programme of environmental pods that will deliver reduction in costs – reduction in carbon – create jobs and create sustainable energy.
Green the fleet programme plan and pilot	Working in partnership with LBH and Hounslow Highways to deliver an agreed phased programme of fleet renewal to green the fleet by commencing trials and pilots of various vehicle options.
Commence Anaerobic Digester	Working with both LBH and West London Waste Business - develop and deliver a research & development programme to deliver decision.
Parks & Spaces Business Plan	Working in partnership with LBH and Lampton Leisure to deliver a 5-year growth plan to deliver improvements and revenues to the Borough. Investigate opportunities for Lampton to extend its management of sports grounds, pitches and associated facilities, for example at Dukes Meadow. Supporting health and well-being by creating fantastic open spaces for all.
Community Payback Programme	Established and securing first 5 placements – helping people back into employment.
Efficiencies Programme	Programme of process improvements looking to deliver reduced costs and operating savings.
VoCC – Voice of the Customer	Dedicated committee for customer experience and journey. Bringing customers into the business to work in partnership with us and take overall customer satisfaction to 90%.
Extension of services into the Lampton Group and LBH	Increasing revenues for Commercial Services and supporting the circular economy vision for the Borough.

### Summary

2021/22 will be a year of stabilisation as we bring the business forward post the COVID pandemic, but we will also be preparing for future commercial growth. We have great ambitions to want to create even more great homes and spaces that in turn create great communities. In doing so, we will create more jobs for local people and empower more lives.

We will be bold with our ambitions to grow the commercial business whilst also taking our citizenship responsibilities seriously through reducing our carbon footprint and increasing our social value.

#### Sam Leigh

Managing Director Lampton Community Services

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# SECTION SIX LAMPTON LEISURE

## BUSINESS PLAN – 2021 – 2026



### Introduction

**Vision:**

- Empowering local communities to achieve a better quality of life.
- Inspiring individuals to lead healthy and happy lives.

**Ambition:**

Increasing levels of engagement and participation in leisure. Sports and culture to improve health and wellbeing outcomes, more than buildings, provisions of high-quality facilities, and accessible services.

**Focus:**

We are aiming for a commercial and community focus “A commercial head with a public-sector heart.” With a focus on the health and wellbeing of the residents and workforce in Hounslow, increasing membership and securing sustainability as well as widening our reputation and profile.

## Strategic objectives

As a Group Lampton Leisure, in partnership with the London Borough of Hounslow, is committed to the communities it serves. This is an essential part of our business strategy. One of the things that set us apart from other companies is that we aim to make an impact on the local community and the local economy that goes beyond the services we provide.

Lampton Leisure was set up to operate and manage six leisure facilities across the borough in Brentford, Chiswick, Hanworth, Heston, Isleworth, and Osterley. Hanworth and Isleworth are co-located with libraries.

There are five leisure centres each boasting a full range of facilities including fitness studios, health suites, swimming pools, cafés, crèche facilities, and outdoor pitches. In addition to the five leisure centres there is also a six-lane athletics track and sports centre. All these facilities provide the local residents with a wide variety of sports and physical activity opportunities that sees an average of 120,000 visits per month.

The joint strategic Health and Wellbeing Strategy (JHWBS) for Hounslow identifies physical activity as key to addressing childhood obesity and enabling people to make healthier lifestyle choices. This is reflected in the joint strategic needs assessment (JSNA) which identifies physical inactivity in Hounslow as a key determinant of premature death and ill-health.

**Our Aim:** is to provide excellent facilities, services, and innovative products to members, and to motivate and assist the residents of the London Borough of Hounslow in engaging in more physical activity and to make healthier lifestyle choices.



### Background and current position

We have set out below the current position of the business.

- We re-opened 3 of 6 sites for the first time since 'Lockdown' in March 2020, but due to the implementation of tier 4 and then the third national lockdown announced on January 6th all our facilities are currently closed.
- Some of our activities were unavailable due to COVID-19 guidance, including cafes, retail shop, creches, soft play, and climbing facilities. The flume at Brentford Fountain and Hanworth remain closed until essential remedial works are completed – there are no firm timescales yet.
- Essential repairs and maintenance works are currently being undertaken at Hanworth Air Parks leisure centre, and the current program shows that these will be completed by the end of February 2021.
- A sales and marketing campaign has been established to support the site re-openings, create awareness, re-engage, with customers and drive participation. The key message is 'Time for a Change' and the promotion offers 'No Joining Fee and No Contract'.
- Meaningful and robust financial data is unavailable at this time and we anticipate that we will need three months of full trading before this is available.
- Summary recommendations for short, medium and long term 'deliverables' have been highlighted in this report on page 30.

### Aims

- To undertake a comprehensive review across all elements of the business to ensure that any financial subsidy is mitigated, whilst at the same time delivering on the Council's objectives and needs of the community.
- To identify areas for potential capital investment that will enhance customer satisfaction, increase participation, and maximise the commercial return to the business.
- To re-establish Income levels to pre-COVID levels within 18 months of re-opening.
- To promote Lampton Leisure branding across all platforms and expand its offer throughout the Borough.
- To develop health and wellbeing opportunities adding social value across the Borough.
- To develop a customer charter
- To develop synergies across the Lampton Group.
- To establish Lampton Leisure as a financially sustainable company to be recognised as a high-quality operator within the industry.
- To explore opportunities for expanding the Lampton Leisure portfolio.

## Key achievements

Completed TUPE transfer of staff	✓
Agreement to implement London Living Wage	✓
Staff onboarding and training delivered	✓
Re-opened 3 of 6 sites	✓
Re-established robust IT systems for staff and customers	✓
Launched new data management system - bookings, direct debit and revenue collections	✓
Data migration – GDPR compliant	✓
Re-engaged with customers and implemented a ‘win-back’ sales campaign	✓
Introduced new branding and uniforms	✓
New website and online App developed and launched	✓
Recruited new SMT roles plus 1 general manage vacancy filled	✓
Operating manuals developed and implemented	✓
Secured all service contracts for reopening	✓
All 6 sites made COVID-19 secure	✓
Governance – all necessary policies in place	✓
Successful registration with relevant governing bodies	✓
Implemented bridging processes whilst ongoing business development	✓

## Market analysis

### Membership Information and the impact of COVID-19

Currently, Lampton Leisure has around 8,000 frozen memberships (including swim school members), before the pandemic the membership base was at over 14,000 (including swim school members).

UK Active completed an impact report on how the first lockdown impacted fitness participation within the UK.

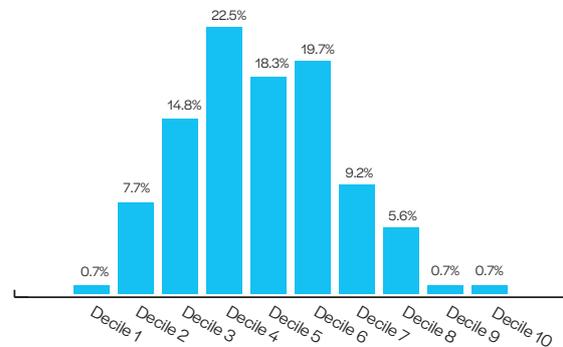
Below is a diagram of participation decline regarding deprivation being a factor in how often an individual will exercise.

#### Deprivation has been a strong factor in resilience:

**PARTICIPATION (in week 8)**

10th decile (low): +4%  
 2nd decile (high): -5%  
 1st decile (high): -14%

### Index of multiple deprivation in Hounslow



1 = most deprived, 10 = least deprived. Date 2019. Source: MHCLG



## The future

### Membership and Sales

#### Strategic objectives and deliverables

- Review current gym strategy and create a new sales recovery plan to stabilise gym memberships.
- Create a virtual offer for gym classes to add value to gym membership.
- Creating a sales team for the venues to maximise on gym membership sales and secondary spend such as catering, merchandise, and birthday parties.
- Re-develop and implement the corporate gym membership product through building key relationships and partnerships with local businesses in Hounslow.
- Creating a junior gym option for children and juniors, which will include activities after school such as football, Kidz boxing, Kidz zumba and full use of the squash, tennis and football indoor courts.
- Improving people’s mental and physical health within the Hounslow community.

### Customer Charter

#### Why do we need a Customer Charter?

A Customer Charter is a key tool that can help us to improve our customer experience, supporting membership retention and brand loyalty. It is a vital tool for instilling confidence in our services and helps build healthy customer relationships as well as setting guidelines and expectations for staff.

#### Principles of a Customer Charter

- Identifying channels of communication and contact.
- Proper handling of customer service standards, customers’ rights, and responsibilities.
- Taking past customers’ feedback and complaints into consideration.
- Consistently monitoring, reviewing, and updating, as necessary.
- Holding staff accountable.

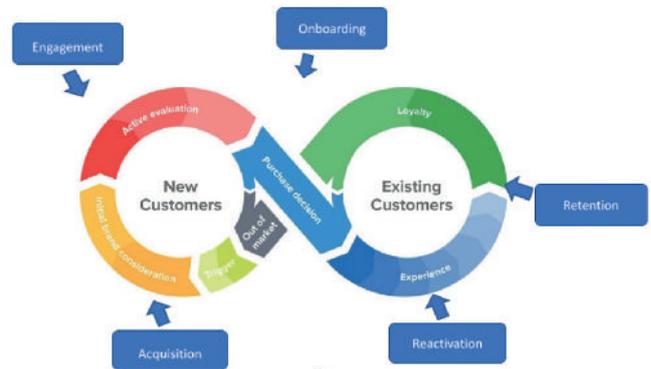


#### Strategic Objectives and Deliverables

- Develop a staff training strategy with role-specific training packs and a customer experience induction session.
- Creation of a customer care policy and a customer care flow chart.
- Develop and fully understand the customer journey.

#### Our Customer and Member journey

- |                     |   |
|---------------------|---|
| <b>Acquisition</b>  | ▪ Turn cold traffic and leads into members            |
| <b>Onboarding</b>   | ▪ Get your members off to the correct start           |
| <b>Engagement</b>   | ▪ Keeping people engaged, involved to keep the return |
| <b>Retention</b>    | ▪ Take steps to keep members and avoid cancellations  |
| <b>Reactivation</b> | ▪ Re-engage lapsed or cancelled members               |



### Circular Economy

Lampton Leisure will work with our key stakeholders to invest back into the Lampton 360 group using the available recycling, greenspace maintenance and repair and maintenance services all while supporting the London Borough of Hounslow.



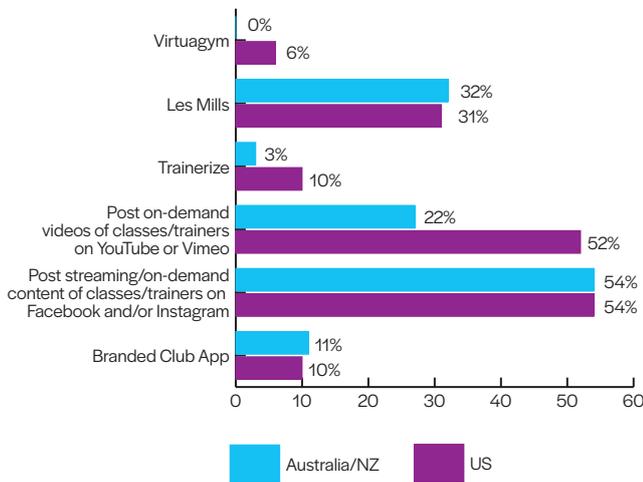
## Virtual Gym

### Strategic objectives and deliverables

- Stabilise membership retention.
- Allow more members to partake in fitness classes with a reduced capacity in the gyms.
- Providing fitness classes and support to members during a lockdown.
- Provides future proofing for Lampton Leisure.
- Create an online community.

### Supporting information

The diagram provided by UK Active shows a breakdown of what providers are doing with virtual classes in Australia and the US.



## Health and Wellbeing Programme

### Strategic objectives and deliverables

- Improve the quality of life for Hounslow residents with Lampton Leisure gentle exercise classes.
- Create gym membership for customers from GP or healthcare professionals – helping to generate referrals to Lampton Leisure.
- Creating a community hub and ongoing support groups within our centres for customers attending the classes.
- Additional income into the centres that provide these services through gym memberships, classes attended, and possible grant funding.

### Social prescribing



## Community Hub



'Community' as a term is used as shorthand for the relationships, bonds, identities and interests that join people together or give them a shared stake in a place, service, culture, or activity.

## The Corporate Offer

### Strategic objectives and deliverables

- Create a corporate gym membership that offers access to our gyms across the city as well as a range of specialist classes that help your teams stay active and healthy.
- Additional income into the centres that provide these services through gym memberships, first aid training and classes, sponsorship, and corporate partnerships.
- Create Corporate Social Responsibility (CSR) options for businesses to support the local community of Hounslow.
- Building relationships with key stakeholders within the Borough.

### Products

Team Building Days	Team building days will allow local businesses to book sessions with us, do work on team development exercises and activities.
Corporate Sponsorship	Working with both a rate card system and a robust sponsorship package we will allow local businesses to sponsor specialist events or have product placement within our facilities as well as advertise there on our digital screens.
Corporate Gym Membership	Provide gym membership at a corporate rate for local businesses.
CSR	Corporate Social Responsibility options for businesses to support the community of Hounslow.
Training	Provide training to local businesses e.g. first aid.

## Holiday Clubs and Junior Gym

### Strategic objectives and deliverables

- Creating a holiday club for the families of Hounslow during the school holidays.
- Creating a full range of activities such as sports, arts, and crafts.
- Additional income for venues and Lampton Leisure.

### Example products



The Holiday club could be a part of the larger Lampton Kidz offering, including a junior gym and sports clubs.

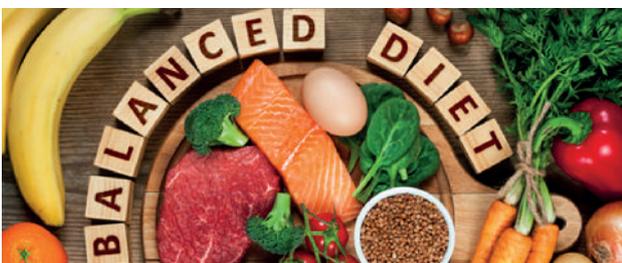
## Retail/Secondary Spend

### Strategic objectives and deliverables

#### Catering and vending

See Appendix 2 for Café layout example.

- Try to use local sources suppliers where possible for Catering and Vending to support the local businesses of Hounslow.
- Use sustainable, environmentally friendly companies for Catering and Vending in our venues.
- Link catering options to fitness nutritional plans/focus for customers dependent on their diets and food intolerances.
- Create seasonal offers for the leisure centres, based on religious holidays, events such as the World Cup or Wimbledon.
- Create a marketing plan for the re-launch of catering at venues, with weekly social media content.



### Crèche

- Review all pricing and timetable for the crèche to create a new sales strategy to support the businesses.
- Create a soft play timetable for participants to use their soft play for members and non-members.
- Create new offers for the crèche that is inclusive in the gym membership, allowing access times to the soft play.



### Retail merchandise

- Review all merchandise suppliers and previous purchase trends to determine the right supplier and products for resale.
- Create new price points for retail merchandise.



### Birthday parties

- Review all birthday party packages to ensure value for money for the customer.
- Create a new birthday package that includes a new catering offer.
- Create multiple party packages to include extras such as gift bags, cakes/sweet treats and return offers for the birthday child.



## Financial plan

### Financial Forecasting

Due to the lack of any meaningful trading data, and a significant amount of unknown expenditure liabilities, an initial 18 month forecast will be produced when three months of robust data is available. Once six months of data is available, together with more clarity on future expenditure liabilities, a longer-term forecast (3-5 years) will be completed.

### Income Projections linked to Pre-COVID-19 levels

The table below shows income projections as a % of pre-COVID levels, over eighteen months from site re-openings which is assumed to be April 2021.

The target is to re-establish 90% of pre-COVID membership income levels within fifteen months of re-opening, and 100% within eighteen months and re-establish 100% of pre-COVID income across all categories within eighteen months.

	Apr 21	May 21	Jun 21	Jul 21	Aug 21	Sep 21	Oct 21	Nov 21	Dec 21	Jan 22	Feb 22	Mar 22	Apr 22	May 22	Jun 22	Jul 22	Aug 22	Sep 22
Memberships	0%	35%	45%	65%	65%	65%	75%	75%	75%	80%	80%	80%	90%	90%	90%	95%	95%	100%
Classes & courses	0%	35%	45%	65%	65%	65%	75%	75%	75%	80%	80%	80%	90%	90%	90%	95%	95%	100%
Swimming	35%	75%	75%	79%	79%	79%	82%	82%	82%	87%	87%	87%	100%	100%	100%	100%	100%	100%
Swim School	50%	60%	75%	79%	79%	79%	83%	83%	83%	87%	87%	87%	100%	100%	100%	100%	100%	100%
School swimming	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	100%	100%	100%	100%	100%	100%
Indoor activities	10%	10%	10%	11%	11%	11%	11%	11%	11%	12%	12%	12%	75%	75%	75%	90%	95%	100%
Junior activities	20%	20%	20%	21%	21%	21%	22%	22%	22%	23%	23%	23%	75%	75%	75%	90%	95%	100%
Outdoor Sports	80%	80%	80%	84%	84%	84%	88%	88%	88%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Misc/Other income	25%	25%	25%	26%	26%	26%	28%	28%	28%	29%	29%	29%	75%	75%	75%	90%	95%	100%
Management fee income	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%



## Lampton Leisure deliverables

Objective	Outcome	Timescales	Delivery Priority
Finalise mobilisation	All procedures and processes in place (including the systems required to move away from all manual workarounds)	Q1	Short term
Re-establish SCD (Sports & community development) program	Providing quality and innovative initiatives for the local community, enabling Lampton Leisure to access funding from Sports England and other governing bodies	Q1	Short term
Recruit and fully induct required workforce	Efficiencies are realised where opportunities present themselves but also by creating an effective team	Q1	Short term
Implement effective means of ongoing customer insight	Use data and feedback to implement a programme of continued improvement of service	Q1	Short term
Gym membership stabilisation and increase	Stabilise current memberships and enhance new take up	Q1	Short term
Finalise recovery plan for 2020 membership losses	The plan will be to recover all losses within 24 months of reopening	Q1	Short term
Develop current customer products and services	Review pricing structures and develop and implement a secondary spend strategy	Q1	Short term
Growth of membership base to allow Lampton Leisure to be financially independent	Through improved service delivery, effective marketing and robust sales activity the plan will be to recover enough of the 2020 losses to allow Lampton Leisure to be self sustainable	Q2/Q3	Mid term
Complete all customer facing improvement work	Work with LBH Corporate Property and Commissioning to ensure service delivery is at the centre of improvement plans that are being executed	Q2/Q3	Mid term
Develop and gain approval for capital investment program to deliver revenue growth	Create a plan that looks at opportunities both within the existing facilities but also in other locations within the borough that will allow the business to expand its offering and service for residents	Q2/Q3	Mid term
Develop a health and wellbeing strategy	Improve the health and wellbeing offering in the London Borough of Hounslow and add social value	Q2/Q3	Mid term
Develop a retail strategy	Re-launch all existing catering, crèche and soft play areas. Use market research and data allowing us to identify other secondary spend opportunities	Q2/Q3	Mid term
Develop and grant social investment and corporate partnership opportunities	Maximise all sponsorship, partnership, grant funding and social investment opportunities	Q2/Q3	Mid term
Develop operational and energy hardline strategy	Review of services, including contract allocation, supplier review for the best value. Explore renewable and sustainable alternatives	Q2/Q3	Mid term

Objective	Outcome	Timescales	Delivery Priority
Complete capital projects	With the creation of the new revenue streams and the continued recovery, increase income levels beyond that of pre-COVID heights	Q4	Long term
Review staffing structure	Ensure that current staffing structure is still fit for the current operating environment and customer needs, whilst providing needed flexibility to allow for ongoing growth		Long term
Establish Lampton Leisure as a recognised operator within the sector	Lampton Leisure to begin looking for business development opportunities outside of LBH		Long term
Review of sold services	Complete full review of service delivery and other income opportunities		Long term
Hounslow Event Operator	Working with Greenspace 360 to develop and deliver community events	Q4	Long term

## Summary

Our business plan is set out to stabilise our membership base and at the same time improve the products, services that we provide to our customers and the community.

We expect that 2021/2022 will see us slowly recover and stabilise our core business and in a position ready for real growth.

### Rowland Omamor

MD Lampton Leisure

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A photograph of a modern, multi-story brick apartment building. The building features a mix of brickwork and large windows. Several balconies with black metal railings are visible. In the foreground, a street sign is partially visible, showing directions to 'Hounslow town centre', 'Treaty Centre', 'Blenheim Centre', and 'Montague Road'. The sky is clear and blue.

# SECTION SEVEN

## LAMPTON DEVELOPMENT & INVESTMENT

### BUSINESS PLAN – 2021 – 2027

**P** Hounslow town centre **P**

↑ Treaty Centre

Blenheim Centre

← Montague Road

## Strategic ambition

Lampton 360 (L360) exists to return surpluses to LB Hounslow by delivering business opportunity, combining commercial expertise with a commitment to quality and Hounslow's strategic priorities (in line with Cabinet approved commissioning intent). To this end, Lampton Development & Investment has 3 strategic objectives:

- (i) Return capital receipts (surplus) from property development that meets LB Hounslow housing requirements.
- (ii) Establish a residential property portfolio that provides homes in line with LB Hounslow housing requirements and that represents a strong commercial investment.
- (iii) Act as quality exemplar for LB Hounslow demonstrating capability in urban regeneration, design quality, sustainability and supporting the local economy.

So far, Lampton Development & Investment has delivered some positive results. And, has learned. This new Business Plan builds on successes to date and establishes capability to operate at scale and deliver the ambitions LB Hounslow held for Lampton 360 when established.

### Successful intervention

The successes to date are: 124 quality new homes delivered, 99 of these homes are affordable, £5m surplus invested in 50 additional affordable homes. Also, we have a 192 home and £62m property portfolio providing homes that are helping to reduce LB Hounslow's use of private sector homes for homeless households. This demonstrates that the Lampton 360 concept works. Two case studies below demonstrate the impact we have made.

### Lessons learned

The learning is that we need to change our approach to increase the level of development & investment activity. This includes: strong client-side leadership, a delivery structure that suits the shape of our programme and effective controls to maintain progress. This Business Plan has a focus on making the changes needed so that we can increase delivery through a safe phased transition.

- (i) **Phase 1** - completion of the existing development programme and growing our Lampton Investment residential portfolio.
- (ii) **Phase 2** - establishing internal capability & controls for accelerated growth and completing development opportunity reviews with LB Hounslow & development partners.
- (iii) **Phase 3** - accelerated growth to meet LB Hounslow's requirements for new homes, improved places, sustainability targets and a surplus for use to support the delivery of Hounslow's strategic objectives.

From a market context point of view, the time is right to make this transition now. Local Authorities are in a prime position to take an active role the delivery of new homes. Large Housing Associations are pulling back from development (with Building Safety taking a priority), there are counter-cyclical & post-covid19 opportunities and there are new forms of finance available with a focus on meeting environmental, social & governance (ESG) requirements. This Business Plan positions Lampton 360 and LB Hounslow to take this opportunity and deliver more for the people of Hounslow.



## Case study – New Road Triangle

Over the last year we took a significant step forward in progressing this large development delivering 176 new homes. A detailed planning application made, that will make a positive contribution to Feltham – 50% affordable homes owned and managed by LB Hounslow, market homes owned and managed by Lampton Investment, great design that enhances the Feltham master-plan and a significant contribution to sustainable living.

The Lampton 360 intervention has made this possible through the partnership between LB Hounslow and Lampton 360, as well as a financial return to Hounslow. A great example of future intention for projects delivered by Lampton Development:

*Images show quality of design (indistinguishable between tenures), materials (brick with strong boundary treatment) and contribution to the Feltham masterplan (enhancements along river Longford).*

**High quality urban design indistinguishable between tenures**



**High quality facade and materials with a connection to Feltham's historic industrial past.**



**Active street frontage linked to Glebelands Park and new bridge over Longford river.**



**Well designed entrance for all residents with high quality shared amenity space.**

## Case study – Investment portfolio

Since 2017, through Lampton Investment, we have established a property portfolio of 172 homes. 157 of these have been existing home acquisitions. These provide high quality, settled homes for our residents. A recent review of this portfolio shows:

- **We have a strong and growing asset base**
  - value growth over 3 years £2.6m (5%) and yields in excess of 3.5% (target yield 3.25%)
- **Our homes are in demand from households that have been previously homeless**
  - we currently have 98% occupation and 2% arrears
- **There are further benefits to Hounslow**
  - a saving on the use of private sector homes, an asset base that returns surplus and an asset base that can be used flexibly by Hounslow in the longer term.

Most important is the positive impact we have on people's lives.

Originally private renting, Sean lost his job and can no longer afford rent. Facing eviction the family found a second private home, however following a deposit scan this fell through. Having a young child under 5 with autism the family found themselves without choice and homeless. LB Hounslow referred the family to Lampton Investment. The family now have a settled home. Sean is back in full time employment and their son enjoying his place in a new school. Sean says:

*"Before being offered a Lampton home we were unaware of the support available and never imagined being offered such a great home. This is a stepping stone to getting us back on track."*



Images show quality of the homes in the portfolio and the level of internal improvements we are able to achieve.



A second example is a single man in his late 40's, found sleeping rough by his family. Addicted to drugs and alcohol. Whilst in rehab, he was nominated to us. Now clean for some time and looking for work, he says:

*'I feel like my life has been restarted with me getting this property. I'm so grateful, I feel as though I have been reborn. I would like my story to be used as an inspiration for others to show that we can get back on our feet at any stage in our life.'*

This portfolio has been a positive commercial, social and quality of life contribution for Hounslow!

This Business Plan will see a growth in the Lampton Investment portfolio. Particularly, restarting an acquisition programme buying & improving existing homes with a focus on supporting the reduction of LB Hounslow's use of the private rented sector and with a specific programme providing homes for young people leaving care.

### Existing home portfolio financial performance table

	1 bed	2 bed	3 bed	4 bed	Total
Homes purchased	9	77	51	14	157
Average cost per home	£204k	£305k	£379k	£480k	-
Overall Investment Value	£1.8m	£23.5m	£19.3m	£6.7m	£51.3m
Current values	£216k	£315k	£388k	£491k	£53.9m
Occupancy	98%	98%	98%	98%	-
Full compliance	Yes	Yes	Yes	Yes	-
Rental Yield	4.7%	3.5%	3.7%	4.0%	-
Improvement investment	£148k	£896k	£870k	£215k	£2.13m

## Business plan headlines

The business plan period is 6 years to allow for completion of homes in the development Business plan intent. Looking back from April 2027, we aim to have delivered:

- 795 New homes (185 through EcoWorld JV and 610 through traditional development)
- 50% of new homes will be affordable
- I360 Property Portfolio will grow to 1,340 homes
- £32.5m (23%) surplus delivered
- A strategic intervention with LB Hounslow and partner
- Reputation for exemplar quality (placemaking, sustainability, keeping it local)

**Note:** in year one the deliverables will be 49 homes completed, 101 homes on site, 270 existing homes purchased and setting up for accelerated growth from 22/23.

## Business plan outcomes

2021/2 will be a year of change implementation and completion of the current programme. This will focus on establishing a framework for volume development and investment activity that is both ambitious and controlled (with the ability to anticipate adverse variance and stop/adapt if required). The aim is that phases 1 & 2 will be completed in 2021/22. The outcomes are set out in the deliverables table (pg 42).

The Lampton Development & Investment Business Plan will run for a 6 year period from (2021/22 to 2026/27) in order to complete homes. Completion of phases 1,2 & 3 will see delivery of the 795 new homes by D360 and 1,058 acquired by I360. The outcomes are set out at **appendices 4 and 5**.

The big shift is level of activity in both development & investment and the move towards Lampton Development taking the lead developer role in building new homes. In the first year of this Business Plan we will be establishing a strong control environment in order to manage risk effectively and optimise return to LB Hounslow. Details are set out in ‘Governance’ section below.



## Financial plan

We have established separate new financial plans for both Lampton Development & Investment. The headline cash-flows are included at **appendix 6** and show the level of net cash requirement in each Business Plan year. Headlines below:

	Homes	Affordable	Market	Total loan	Peak debt	Return
Development	610*	303	307	£156m	£57m	23.3% surplus
Investment	1,058	n/a	n/a	£384m	n/a	3.25% yield

(\* = including 185 homes delivered through (and funded by) EcoWorld JV = total 795 new homes built by 2027)

**Managing development market risk:** in the plan we have made an assumption that market homes will be purchased as market rent by I360. The price is 85% OMV (standard PRS valuation assumption in London). The surplus distributed as cash and investment in the asset to cover the 15% discount. At a project approval level, we will consider sales market risk and can elect to sell some or all of these market homes, surplus will be distributed as cash (with a 5% sales cost applied).

**Managing investment market risk:** for this new business plan we have adjusted financial assumptions to ensure affordability for LHA residents by removing the 'plus £10' from LHA rents for new acquisitions. Also we have increased arrears provision from current 2% forecast to 4% in budget and allowed a provision for additional legal costs.

For the 2021/22 Business Plan (BP) we will introduce a new control framework for D360 in order for us to deliver a development programme at scale with D360 as developer and construction work delivered through JCT contracts. A traditional development model that better suits the D360 programme. This will enable D360 to benefit from 100% development surplus. The new framework will mitigate the risks associated with this development model.

The key elements of this new arrangement are:

- **A detailed programme level financial plan** – stress tested against market exposure
- **Governance & delegation clarity** – based on a set of development gateways that control spend & risk
- **Financial Regulations** – a set of 'rules' that control financial exposure and spend
- **A development loan** – clarity on arrangements for internal fee, pre-planning spend and repayment
- **Standard stress test** – an agreed regular stress test to manage risk mitigation and appetite

Importantly, this new arrangement has been developed in light of the Croydon experience and has been created with a focus on: effective oversight, controls on market exposure, ability to stop in adverse situation and regular stress testing.

In future we will deliver 2 annual validated market assessments:

**Development:** annual programme level sensitivity test against cost, value, programme variance to inform BP.

**Investment:** annual portfolio review independently assessed to inform acquisitions and asset management.

### Governance and delegation

Development and Investment decisions will pass through a series of project gateways to ensure effective controls are in place relative to costs, risks and market exposure. Project gateways are detailed at **appendix 7**.

New Governance and delegation arrangements will provide effective decision making and oversight so that we are able to anticipate and adapt or stop when we see adverse variance in cost, value, quality of programme delivery.



## Financial assumptions

Set out below are the financial assumptions that underpin the 2021/22 financial plan. These would be updated annually for Business Plan. At project approval stage the cost will be real project cost, value & programme.

### Financial assumptions table

Financial element	Description	Assumption 21/22
Build cost	Build cost /M2 – currently based on New Road Triangle	£2,700
Land value	Taken as part of profit – on basis 50% affordable homes delivered	£0
Social rent value	% of OMV that social rent homes are purchased	50%
Shared ownership value	% of OMV that shared ownership homes are purchased	70%
Market rent value	% of OMV that market rent homes are purchased	85%
LHA rent value	Value based on local LHA	LHA rent
Market Sale value	% of OMV that market sale homes are purchased	100%
On-Cost	Fees for consultants, planning etc	12%
D360 fee	3% of Total Scheme Cost (TSC)	3%
Gateway 1 spend	% of TSC spend in Gateway 1	5%
Gateway 2 spend	% of TSC spend in Gateway 2	6%
Gateway 3 spend	% of TSC spend in Gateway 3	6%
Gateway 4 spend	% of TSC spend in Gateway 4	78%
Gateway 5 spend	Only applied if costs rise/sales fall by more than 5%	5% contingency
Gateway 6 spend	% of TSC spend in Gateway 6	0%
Grant payment @ Gateway 4	Grant paid at Golden Brick	70% grant
Grant payment @ Gateway 6	Grant paid at Practical Completion	30% grant
Sales rate	Number of market homes sold per month from marketing date	4 homes per month
Cost of sales	Sales and marketing fee	5% sales value
Cash-flow	In Gateway 4 monthly payments in equal amounts	As description
Cost of development loan	Interest rate of development loan – BoE BR & 4.5%	4.51%

## Financial rules

We have introduced some financial 'rules' which are informed by our risk appetite. How many homes, how much loan, how much market exposure. The rule is that we must remain within these parameters and project approval will test this. Also, we will explore how that market is performing at project approval time and assess whether these limits need review.

The table below sets out the financial 'rules' we have used for this Business Plan. All projects in the BP are deliverable within these tests:

### Financial rules table

Financial test	Description	Assumptions 21/22
Overall loan level – approved	Total development facility to deliver BP	£156m
Peak debt	Maximum loan drawn at any one point	£57m
Development loan interest rate	BoE base rate & 4.5%	4.51%
Loan repayment period	6 months after PC of final approved project	6 years
Return on Investment	20% profit on cost – distributed as cash or I360 investment	20%
Level of spend in G1-3	Maximum spend limit pre-planning costs	17%
Number of uncompleted homes	Maximum number of homes on site	440
Number of unsold homes at G4	Maximum number of homes not pre-sold	0
% unsold homes at G4	% of above	0%
Number of unsold homes at G6	Maximum number of completed unsold	0
% unsold homes @ G6	% of above	0%

## New development loan

Previously, through the EcoWorld JV, development cash-flow and loan was managed by EcoWorld. As lead developer, we will agree a new development loan agreement. The arrangements for this loan will be finalised before embarking on development outside the EcoWorld JV. This is based on the following principles:

- LBH make a lending commitment to D360 of a single development facility to deliver the D360 BP
- This development facility is available for projects in the BP, that meet the 'fin reg' tests and are approved through the gateway process
- As part of the annual BP process this loan facility is updated (completed projects out, new projects in, 'fin regs' stressed tested/adjusted)
- Once a project gateway is approved, funds are available from LBH to D360 to deliver the project in that gateway.
- D360 will draw funds on a regular basis to maintain a positive cashflow and meet our contractual obligations
- D360 will pay L360 a fee for administering projects (3% of project TSC), drawn down at gateway approval stages (tba)
- Development team employed by L360, paid for by this fee and responsible for programme delivery through gateways
- As part of the loan agreement LBH recognise risk associated in pre-construction costs being abortive
- This pre-construction cost will be netted off development surplus return (initial period possibly utilising NRT £1.3m surplus)
- We will need budget cover in early 3 years before surplus realised
- When a project completes the loan facility is paid back and surplus dividend is distributed in line with the funding agreement

## Performance

Lampton Development & Investment will provide a suite of Property KPIs, performance updates and forecasts. The focus will be programme performance oversight, horizon scanning and management of adverse variance (supported by Gateway 5, if this variance is of a size requiring further approval).

A headline version of this will be passed up to Lampton 360 Group Finance, Risk, Audit & Performance (FRAP) Committee, Health and Safety (H&S) Committee and Board with approval requests as required.

### Lampton Development & Investment performance table

#### Performance metrics

<b>Development</b>	Cost	Cashflow	Revenue	Programme	H&S	Forecast	Quality	Risk map
<b>Investment</b>	Cost	Cashflow	Revenue	Yield	Forecast	Quality	Risk map	H&S
<b>Investment portfolio</b>	Rent	Void level & resident source	H&S	Customer satisfaction	Operational Expenditure	Repair service	Planned Investment	Portfolio value
<b>New Business</b>	Pipeline development	LB Hounslow partnership	Market intervention	Estate regeneration				
<b>Corporate</b>	H&S	Staff L&D	Communication	Development landscape	Investment landscape	BP review		



## Risk Map

The Lampton Development & Investment business has a number of key risks. The Business Plan aims to mitigate these as set out in the table below.

This Risk Map will be regularly reviewed by Development & Investment with headlines and recommendations going up to Group FRAP, H&S Committee and Board as required.

Each project will have a project level risk management plan, tied back to this Risk Map and management by project teams.

### Lampton Development & Investment Headline Risk Map table

Risk	Risk 1	Mitigation	Risk 2	Mitigation	Risk 3	Mitigation
<b>Market</b>	Sale value reduction	<i>Regular stress testing hard-wired in Governance</i>	Rental value reduction	<i>Regular stress testing hard-wired in Governance</i>	Demand low	<i>Active product &amp; asset management arrangements in place</i>
<b>Capability</b>	Staff capacity	<i>HR agreed staffing, talent and L&amp;D plan</i>	IT capability	<i>Introduction of new data and programme IT applications</i>	Supply chain capacity	<i>New supply frameworks in place</i>
<b>Cost</b>	Cost increase	<i>Fixed price contracts and contingencies and gateway management</i>	Abortive cost	<i>New loan provisions to cove this risk and gateway process management</i>	Cash-flow	<i>Via new financial regulations</i>
<b>Operational</b>	Letting and arrears	<i>New comprehensive KPI suite</i>	Resident satisfaction	<i>New engagement strategy and KPIs</i>	Return on Investment	<i>Regular stress tests and hard-wired financial hurdles</i>
<b>Legal</b>	Building control	<i>New development delivery process guide</i>	H&S	<i>New H&amp;S Exec Board and KPIs</i>	Commercial	<i>Validated BP stress testing and active asset management</i>
<b>Technical</b>	Sustainability	<i>Establish Development &amp; Investment sustainability strategy</i>	Quality	<i>Establish Development &amp; Investment quality strategy</i>	Operational cost	<i>New KPIs with regular oversight</i>

## Summary

2021/22 will be a year of change, finishing the old programme, establishing a strong, volume property business and getting ready for accelerated growth that will add value to LB Hounslow's strategic objectives.

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## Development & Investment deliverables

### Lampton Development & Investment Business Plan 2021-27 – year one outcomes

Objective	Outcome	Target	Budget requirement	Financial return
<b>Complete Herring Hall Close &amp; Two Bridges</b>	49 homes completed and sold (10 to I360, 19 to LBH & 20 to Octavia)	Q3	Up to £134k for building safety upgrade	£1.52m
<b>Deliver New Road Triangle</b>	Construction start for 176 homes (84 for LBH and 92 for I360)	Q4	I360 £25.7m to acquire 92 market homes at 15% OMV discount	£1.3m surplus and 3.25% rental yield
<b>Deliver Gunnersbury Triangle</b>	Construction start for 9 homes & LWT visitor centre (all for I360)	Q3	I360 £5m to acquire block	3.25% rental yield or 20% surplus
<b>Exit EcoWorld Partnership Agreement JV</b>	Partnership Agreement JV dissolved with IP/warranties transferred	Q2	£25k for legal work to conclude the exit	n/a
<b>Complete commissioned site review for phase 2</b>	Agreed phase 2 programme risk assessed and added to programme	Q1	£250k for detailed appraisal work	n/a
<b>Deliver depot re-development plan</b>	Strategy approved for delivery of the 3 depots (Ashmead, Bridge & Green Lanes)	Q2	£250k for detailed appraisal work	n/a
<b>Agree Phase 3 site strategy</b>	Strategy approved for a final phase to achieve the 1,500 home original target	Q1	£150k for initial appraisal work	n/a
<b>Deliver new P&amp;R (existing home) programme</b>	200 new homes acquired by I360	50 homes each Qtr	I360 £60m to acquire homes	3.25% rental yield
<b>Deliver new P&amp;R 'young household' programme</b>	70 new 1 bed flats for care leavers	Q3	I360 £15m to acquire homes	3.25% rental yield
<b>Implement new Governance arrangements</b>	New Development & Investment Governance, Controls and Performance operational	Q1	n/a	n/a
<b>Recruit new Development &amp; Investment team</b>	Team structure approved and 5 FTEs appointed	Q4	Cost covered by 3% project fee	n/a
<b>Establish new supply chain framework</b>	New Development & Investment supply chain in place (utilising KiL initiative)	Q3	n/a	n/a
<b>Approve Development &amp; Investment Quality strategy</b>	Quality strategy agreed with LB Hounslow	Q3	n/a	n/a
<b>Approve and implement Development &amp; Investment funding strategy</b>	Funding strategy approved to fund work in 201-27 BP	Q2	n/a	n/a
<b>Agree delivery plan for the first strategic intervention</b>	Partnership approach to development agreed with LBH and partner	Q3	n/a	n/a
<b>Deliver new I360 operational arrangements</b>	Operational management transferred to LS360 and portfolio performance reviewed	Q3	n/a	n/a
<b>Approve and deliver Development &amp; Investment communication strategy</b>	Events at: HHC, NRT, GT. Positive comms in Q2 once P2&3 programme agreed	Q by Q	n/a	n/a

# APPENDICES

## APPENDIX 1

### Comparison of predicted membership income for 2021/22

	2021-22	2022-23	2023-24	2024-25	2025-26
	£m	£m	£m	£m	£m
Memberships	3.8	4.7	5.0	5.1	5.2
PAYG Activities	0.5	0.7	0.8	0.8	0.8
Swimming	1.1	1.2	1.3	1.3	1.3
Swim School	1.5	1.9	2.0	2.0	2.1
Other	0.2	0.3	0.4	0.4	0.4
<b>Total Revenue</b>	<b>7.1</b>	<b>8.9</b>	<b>9.4</b>	<b>9.6</b>	<b>9.7</b>

## APPENDIX 2

Example image of how our Café offering can look.



## APPENDIX 3

### Lampton Leisure Performance Dashboard



## APPENDIX 4

### Development & Investment BP 21/22 outputs and budget summary

Homes delivered	Social rent homes	Shared ownership homes	LHA homes	Market rent homes	Market sale homes	Total homes and costs
Homes started	66	18	46	55	0	185
Homes completed	31	8		10	0	49
Homes Acquired by I360	-	-	170	100	0	270
New I360 loan commitment	-	-	-	-	-	£31m (£26m NRT & £5m GT)
New I360 loan spend	-	-	-	-	-	£75m (existing homes)
Pre-construction budget	-	-	-	-	-	£650k
Staff cost	-	-	-	-	-	Within 3% development fee
Sundry spend	-	-	-	-	-	£140k for building safety

## APPENDIX 5

### Lampton Development & Investment business plan outcomes

#### Development programme – completions (homes)

Projects	Total	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
New Road Triangle	176	-	-	176	-	-	-
Gunnersbury Triangle	9	-	9	-	-	-	-
Depot sites	150	-	-	-	75	75	-
Open space sites	76	-	-	-	40	50	-
Community use sites	134	-	-	60	60	-	-
Strategic intervention number 1	250	-	-	-	-	-	250
<b>Total</b>	<b>795</b>	<b>-</b>	<b>9</b>	<b>236</b>	<b>175</b>	<b>125</b>	<b>250</b>

#### Investment programme – acquisitions (homes)

Projects	Total	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
Existing homes	600	200	200	200	-	-	-
Existing homes (care leavers)	70	70	-	-	-	-	-
New Road Triangle	92	-	-	92	-	-	-
Gunnersbury Triangle	9	-	9	-	-	-	-
D360 programme	287	-	-	50	37	75	125
<b>Total</b>	<b>1,058</b>	<b>270</b>	<b>209</b>	<b>342</b>	<b>37</b>	<b>75</b>	<b>125</b>

## APPENDIX 6

### Lampton Development & Investment business plan financial requirements

#### Development programme – loan requirement (peak debt) and programme

Projects	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	Total	Rol
New Road Triangle - £m's	-	-	-	-	-	-	-	10.0%
New Road Triangle - homes completed	-	-	176	-	-	-	176	-
Gunnersbury - £m's	1,892	3,297	-	-	-	-	3,297	5.8%
Gunnersbury - homes completed	-	9	-	-	-	-	9	-
Depot sites - £m's	2,485	5,637	9,741	19,475	26,775	-	26,775	24.8%
Depot sites - homes completed	-	-	-	75	75	-	150	-
Open space sites - £m's	2,534	7,903	10,491	5,398	7,500	-	10,491	22.3%
Open space sites - homes completed	-	-	-	40	50	-	90	-
Community use sites - £m's	2,811	8,220	15,916	11,078	-	-	15,916	20.9%
Community use sites - homes completed	-	-	60	60	-	-	120	-
Strategic intervention number 1 - £m's	3,242	4,810	6,525	8,972	22,670	40,352	40,352	25.3%
Strategic intervention number 1	-	-	-	-	-	250	250	-
<b>Total - £m's</b>	<b>12,963</b>	<b>29,868</b>	<b>42,673</b>	<b>44,923</b>	<b>56,945</b>	<b>40,352</b>	<b>56,945</b>	<b>23.3%</b>
<b>Total - homes completed £m's</b>	<b>-</b>	<b>9</b>	<b>236</b>	<b>175</b>	<b>125</b>	<b>250</b>	<b>795</b>	<b>-</b>

#### Investment programme – loan requirement and programme

Projects	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	Total	Yield
Existing homes - £m's	94.5	70	70	-	-	-	234.5	3.25%
Existing homes - homes acquired	270	200	200	-	-	-	670	-
New Road Triangle - £m's	-	25.7	-	-	-	-	25.7	3.25%
New Road Triangle - homes acquired	-	92	-	-	-	-	92	-
Gunnersbury - £m's	-	4.5	-	-	-	-	4.5	3.25%
Gunnersbury - homes acquired	-	9	-	-	-	-	9	-
D360 programme - £m's	-	-	14.3	10.7	22.0	36.7	83.7	3.25%
D360 programme - homes acquired	-	-	50	37	75	125	287	-
<b>Total - £m's</b>	<b>94.5</b>	<b>100.2</b>	<b>84.3</b>	<b>10.7</b>	<b>22.0</b>	<b>36.7</b>	<b>348.4</b>	<b>3.25%</b>
<b>Total – Homes acquired</b>	<b>270</b>	<b>301</b>	<b>250</b>	<b>37</b>	<b>75</b>	<b>125</b>	<b>1,058</b>	<b>-</b>

## APPENDIX 7

### Development & Investment Business Plan

At the heart of our new Control framework will be a set of Project Gateways through which projects progress from inception to handover. Each gateway has a set of requirements to move forward. Each gateway will need approval by Lampton 360 Group Board (or via Group Board delegation).

Gateway	1	2	3	4	5	6
<b>Phase</b>	Initial feasibility	Planning appraisal	Planning approval	Construction start	Adverse variance resolution	Handover & sale
<b>Investment Commitment</b>	Up to 2% spend	Up to 5% spend	Up to 10% spend	83%+ spend	+/- 5% costs/ value	120% income
<b>Risk &amp; control</b>	Provides realistic development assessment and only spend where land controlled/ owned	Allows stopping project if prospect reduces before full planning cost incurred and only spend where land controlled/ owned	If viability is a problem, planning costs will be covered by increase in land value and only spend where land controlled/ owned. If project not viable, sell land to recoup costs	The significant investment decision where certainty that homes will be completed and sold can be provided	Project performance trigger via monthly review whilst on site to seek mitigation against adverse variance in cost & value	Process starting 6-12 months before completion to ensure sales process, lettings and commissioning don't impact on income & surpluses

Through these Gateways, we can be confident decisions made will best protect both Lampton 360 & LB Hounslow, through:

- Appropriate decisions at the right time to avoid delay, unintended cost and post-handover problems
- Ability to stop if things start to go wrong without the risk of uncontrolled spend
- No significant cash spend until there is an agreed route to mitigating and recouping costs if project doesn't complete



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