

**Reason for late publication:** This report was made available to the Leadership Team and published on 21 May 2021. The Council has refrained from holding meetings or publishing Grenfell-related reports while Council witnesses are being cross-examined at the Grenfell Inquiry on the grounds that local people should be given the time and space to participate both in the Inquiry and in Council decisions.

Agenda item

**A5**

**THE ROYAL BOROUGH OF KENSINGTON AND CHELSEA**

**AUDIT AND TRANSPARENCY COMMITTEE - 25 MAY 2021**

**JOINT REPORT BY THE DIRECTOR OF AUDIT, FRAUD, RISK AND INSURANCE,  
THE DIRECTOR OF FINANCIAL MANAGEMENT AND THE DIRECTOR OF  
GRENFELL PARTNERSHIPS**

**GRENFELL - FINANCIAL SUMMARY JUNE 2017 TO MARCH 2024**

This report is intended to update the Audit and Transparency Committee on the financial management and controls in place between June 2017 and March 2024.

**1. INTRODUCTION**

- 1.1 This report provides Audit and Transparency Committee with an update on the Council's expenditure on its response to the Grenfell Tower Fire tragedy on 14 June 2017 and more recently on recovery efforts through the implementation of the Recovery Strategy.

**2. BACKGROUND**

- 2.1 This report inevitably describes the financial costs that followed the tragedy. These may appear nominally large but the Committee will realise that in practice they are small. The far greater cost is to those who are bereaved and those who have survived the tragedy. This is to be found in the immeasurable loss of human life, the appalling impact on so many hundreds of families, and the continuing grief and trauma experienced by so many in our communities.
- 2.2 From June 2017 to 31 March 2021, the Council has spent a gross aggregate of £405.8m on its response and recovery efforts, of which £105m was recovered or covered by grants from Government (excluding Lancaster West). This £405.8m is a combination of revenue and capital spending and this report provides the full details and breakdown of this expenditure.
- 2.3 In 2019 the Council agreed to finance £50m supporting the Grenfell Recovery strategy. As of the end of March 2021 some £22m has been spent; and a further £28m is planned to be spent for the remaining three years of the strategy. These

overall plans were set out in the Grenfell Recovery Resourcing Framework (KDR05767/20/K/A) agreed by the Leadership Team in December 2020.

- 2.4 Audit and Transparency Committee is asked to note that Grenfell related issues are reported to a number of different Council Committees as set out in Section 10 and the focus of this report is to support the Audit and Transparency Committee in its responsibility, which is set out in the Constitution and includes:

*Independent scrutiny of the authority's financial and non-financial performance to the extent that it affects the authority's exposure to risk and weakens the control environment.*

- 2.5 There is, of course, some overlap with the role of the Overview and Scrutiny Committee. The Overview and Scrutiny Committee is charged with examining the overall effectiveness of the Grenfell recovery strategy - whether the right things are being done. By contrast, the Audit and Transparency Committee examines planned and actual expenditure on Grenfell, the efficacy of budgetary controls, and how spending and income is audited thoroughly - whether budgets are properly controlled and audited. This report is therefore factual in its nature. All figures quoted are those which are already in previous published reports.

### **3. GRENFELL RESPONSE – REVENUE SPEND JUNE 2017 TO 31 MARCH 2019**

- 3.1 During the first six weeks following the fire, the Council was able to access the Government's Bellwin Scheme and apply for emergency financial assistance. "A Bellwin scheme may be activated where an emergency or disaster involving destruction of or danger to life or property occurs and, as a result, one or more local authorities incur expenditure on, or in connection with, the taking of immediate action to safeguard life or property, or to prevent suffering or severe inconvenience, in their area or among its inhabitants. There is no automatic entitlement to financial assistance. Ministers are empowered by section 155 of the Local Government and Housing Act 1989 to decide whether or not to activate a scheme after considering the circumstances of each individual case." ([https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/653402/Bellwin\\_Scheme\\_Guidance\\_Notes\\_2017-18.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/653402/Bellwin_Scheme_Guidance_Notes_2017-18.pdf)). A detailed breakdown of eligible spend during this six-week period was reviewed by MHCLG in advance of the initial payment of the Section 31 grant of £7.3m under the scheme.
- 3.2 During the period June 2017 to 31 March 2019, total spend was £134.8m. Total Government funding through a Section 31 grant (including the grant through the Bellwin Scheme) was £69.9m. A summary is set out in Table 1.

Table 1 – Revenue Spend 14 June 2017 to 31 March 2019

<b>Revenue</b>	<b>2017/18 £'000</b>	<b>2018/19 £'000</b>	<b>Total £'000</b>
<b>Housing</b>	39,074	17,429	56,503
<b>Social Care &amp; Wellbeing</b>	23,666	17,542	41,208
<b>Site &amp; Premises</b>	6,379	4,712	11,091
<b>Support Services</b>	13,235	5,173	18,408
<b>Corporate Services</b>	3,988	3,605	7,593
<b>Total</b>	<b>86,342</b>	<b>48,461</b>	<b>134,803</b>
<b>S31 MHCLG Grant</b>	<b>(41,600)</b>	<b>(28,280)</b>	<b>(69,880)</b>

### Section 31 MHCLG grant

3.3 The Section 31 Grant for the period totals just under £70m. This covers costs associated with:

- Emergency accommodation and some financial assistance for residents living in Grenfell Tower, Grenfell Walk and those who have come from overseas to support families impacted.
- Mental health and wellbeing support for those affected.
- The management and environmental monitoring of the tower and the site.
- A contribution to the costs of the building at Old Court Place, initially covering the costs of both the 5<sup>th</sup> (the Friends and Family Assistance Centre (FFAC) and 6<sup>th</sup> floors (Grenfell United space) of the building. This followed a direct request from Government to rent a space for Grenfell United and a longer term space for the bereaved. More details are provided in section 3.11 and Appendix 1. This funding has paid for the costs of the Grenfell United space right through until today. The costs of the FFAC have been met from the £50m Grenfell Recovery budget since April 2019.

### Housing

3.4 The total housing related spend during the first two years was £56.5m. The main elements of this spend related to:

- £33m on emergency accommodation.
- £14m on Stage 2 (temporary) and 3 accommodation (permanent).
- £3.5m on property maintenance and management costs, such as painting, cleaning and fire safety.

- £2.6m to compensate for loss of income to registered providers (housing associations and registered social landlords) for voids and protected rent levels.
- 3.5 From 16 June 2017 until September 2017, the response to the Grenfell tragedy was coordinated under the aegis of the London Resilience Partnership by a network of local authorities across London empowered through the London Local Authority Gold arrangements (known as “London Gold”). Much of the overall direction of the response was established by the Grenfell Fire Response Team under London Gold. This included the approach to rehousing survivors from the Tower and the Walk, the fundamentals of the welfare support to those directly affected including the Key Worker service and the assistance centres, which provided humanitarian assistance and practical support to those affected. Requests for financial support were submitted through Key Workers before being approved and paid, under a scheme and procedures designed and implemented through London Gold.
- 3.6 The Council’s Corporate Anti-Fraud Service (CAFS) supported the finance and housing functions co-ordinated by London Gold to carry out background checks (using internal and external data) to verify the details of those seeking the various forms of support and assistance being provided to ensure they had a connection to Grenfell Tower. In addition, CAFS also worked closely with the Metropolitan Police Service (MPS) in cases where potentially fraudulent activity was identified. This led to the MPS progressing a number of criminal investigations and successful prosecutions against a number of individuals who had no connection with Grenfell Tower and one instance where a (now former) member of staff was convicted and imprisoned for fraud offences. Following initial checks, CAFS carried out in depth reviews on over 50 cases. In 20 cases, no evidence of fraud was found. To date there have been 20 successful prosecutions with 14 further cases pending with the MPS. Summaries of the prosecution cases have been reported previously to the Committee as part of the regular fraud updates.
- 3.7 The allocation of housing to former residents of Grenfell Tower and Grenfell Walk was in line with the Grenfell Rehousing Policy, which was agreed in July 2017 (05084/17/H/AB) ([RBKC Committees > Meetings](#)) and subsequently revised in April 2019 ([R.B.K.C. Corporate Templates \(rbkc.gov.uk\)](#)). The policy was an addition to the mainstream Housing Allocations Scheme.

### **Social Care and Well Being**

- 3.8 The total social care and wellbeing spend for the first two years was £41.2m. The main elements of this spend related to:
- £12.9m of targeted client support through the mental health support contract with Hestia, client care support contract, key worker support and the Grenfell Education Fund. The commissioning of emotional health and well-being services was mostly from grassroots local providers.
  - £13m in discretionary hardship payments to individuals and families.
  - £5.1m for the immediate support through Assistant Centres, the Curve and the Old Court Place building.

- £8m for support from other organisations – charities, local authorities and voluntary organisations.
- 3.9 The discretionary financial support was provided mainly to those in emergency accommodation, including former residents of Grenfell Tower and Grenfell Walk and residents from the wider Lancaster West Estate. Initially, discretionary payments were determined by London Gold. A food allowance was paid to residents placed in hotels (primarily to pay for meals where people did not have access to kitchens or for whom hotel meals were not suitable for cultural or religious reasons). Some payments were also made to assist with travel costs for displaced children to attend school (where this was not covered by Transport for London’s free transport scheme) and for laundry costs in hotels (where this service was not charged to the room and automatically invoiced to the Council).
- 3.10 In total, 1,700 residents were supported through the Key Work service at its height and hundreds of residents accessed emotional health and wellbeing services through local providers funded by the Council and via the Old Court Place building and the Curve. This was in addition to the support provided by the NHS and other partners.
- 3.11 The decision to lease the space Old Court Place was made by the Council’s Leadership Team in October 2017 (report available [here](#)) and all reports clearly outline who was consulted. Namely, on the FFAC, a number of families were involved in an informal process, while the Grenfell United committee were involved in selecting their space.

### **Support Services**

- 3.12 The total of ‘support services’ costs during the first two years was £18.4m, £13m in 2017/18 and £5m in 2018/19. Following the transfer of responsibility back from London Gold, in September 2017, the Council had to hire sufficient interim staff and programme management support to ensure the continuity of response arrangements and the detailed reporting of performance to Government. In both years, these costs covered spend on community engagement, a new complaints/enquiries function, communications to those affected by the tragedy, and support functions including HR and financial management of the response. Staffing, which cost £6m in 2017/18 was provided by internal staff re-directed to support the response and external agency staff. In addition, external support for the co-ordination of the Council’s response through PWC, KPMG and EY accounted for £5m in 2017/18.

### **Corporate Services**

- 3.13 The total ‘corporate services’ costs during the first two years was £7.6m. The largest proportion of this relates to legal costs (£6m) but also for the costs for the mortuary and coroners services as well as a sum of £200,000 for the necessary costs of the Government’s independent Task Force.
- 3.14 The appointment of external legal support was essential from the outset because of the need for relevant expertise on claims, insurance and other

necessary legal advice. There are a range of solicitors that the insurance service use and is agreed and authorised by insurers under the claims handling authority. Following the fire, immediate action was required and the appointment of DWF was based on their expertise and their complementary skills to our internal insurance and legal officers. Appointment of legal counsel was through a pre-existing procurement / tender exemption. In this instance, any delay would have resulted in all the experienced and relevant law firms not being available.

- 3.15 DWF were appointed to handle the personal injury aspect and therefore from a business sense, it was practical that this support was extended to advise on the regulatory and likely subsequent Public Inquiry aspects given the need to ensure confidential information was restricted to a single law firm. The Leadership Team approved the appointment of DWF at their meeting on 21 September 2017 (KDR 05113/17/F/B). DWF continue to provide legal support to the Council in respect of the Public Inquiry and criminal investigation.
- 3.16 The Audit and Transparency Committee should note that from June 2017 to March 2019, all expenditure relating to Grenfell's response was reported together. However, when the Grenfell Recovery Strategy was agreed from April 2019 (see further details in the following section) there was a clear distinction between budgets for Grenfell Recovery (funded through a £50m ringfenced budget) and budgets that met the Council's inevitable corporate costs. Both are discussed in further detail in the following sections.

#### **4. GRENFELL RECOVERY – SPEND APRIL 2019 TO 31 MARCH 2021**

- 4.1 In January 2019, Leadership Team approved the Grenfell Recovery Strategy (KDR05767/20/K/A) and on 1 April 2019, the Council moved from response to recovery. Alongside the Recovery Strategy, the Leadership Team agreed £50m of ringfenced Council funding to support the delivery of the targeted recovery programme over five years, from 1 April 2019 to 31 March 2024. Roughly one-half of this was committed to services for the bereaved and survivors and one-half on recovery initiatives focused on the local community.
- 4.2 This £50m funding was to support the delivery of a targeted programme of services, including:
- A **Dedicated Service** for the bereaved and survivors and ongoing housing support for survivors who had lost their homes.
  - **Ongoing targeted support** to residents from the local community, including direct support for individuals and families and commissioned emotional health and wellbeing services in schools and community-based settings.
  - A **Grenfell Community Programme** for the local area focused on supporting community-led recovery, building community capacity, and giving communities a greater voice in addressing key local priorities.

The indicative profile of the £50m, as set out in the Grenfell Recovery Strategy when it was first approved was as follows:

*Table 2. Indicative profile of Grenfell Recovery funding, 2019/20 to 2023/24*

<b>2019/20 £'000</b>	<b>2020/21 £'000</b>	<b>2021/22 £'000</b>	<b>2022/23 £'000</b>	<b>2023/24 £'000</b>	<b>Total £'000</b>
12,000	12,000	10,000	8,000	8,000	50,000

- 4.3 This funding was allocated to a range of different programmes. An example of this is detailed in Tables 3 and 4, which show the breakdown of the 2019/20 and 2020/21 expenditure for Grenfell Recovery. The programmes included specific support to bereaved and survivors and wider support to the local community and the funding was split evenly across these two cohorts in acknowledgement of the varying but wide-spread nature of the impact of the tragedy.
- 4.4 These programmes within the Recovery Strategy were spread across the whole Council with multiple different directorates responsible and accountable for delivery. This was a purposeful step as we moved away from a Grenfell Directorate that delivered all parts of the response/ recovery to ensure responsibility for Grenfell was embedded across the whole organisation to facilitate organisational wide change and learning.
- 4.5 Initially, funding was allocated to different parts of the programme on an annual basis as set out against the clear deliverables agreed in the Grenfell Recovery Strategy. To ensure effective controls were in place, the Council adopted its normal budget management processes. Spend against the Grenfell Budget was and continues to be managed through budget managers within the service and the Financial Management Department. The is reported quarterly to Leadership Team and full explanations are provided for where spend or forecast varies from budget. The Grenfell Recovery budget is a separate ring-fenced budget and therefore any underspends are carried forward for future funding future years of the recovery strategy.
- 4.6 This funding profile was revised in the Grenfell Recovery Resourcing Framework, agreed by the Leadership Team in December 2020 (see Appendix 2), which also saw a shift to longer term financial planning. Across the programme, contributions back to the Grenfell reserve are facilitated where commitments had been made but the money had not yet been spent due to the Covid-19 pandemic and in particular the Grenfell Projects Fund .

#### **2019/20 Financial Year**

- 4.7 In the first year of the Recovery Strategy, spend was £12.016m, higher than the budget of £12m. This included some contribution to reserves in areas where commitments had been made but initiatives had not yet started (for example, on the Grenfell Projects Fund).

Table 3 – Expenditure in 2019/20

<b>Service area</b>	<b>2019/20 Spend £'000</b>
<b>Bereaved and Survivors</b>	
Dedicated Service	3,468 <sup>1</sup>
Housing Support	2,021
Housing Accommodation	822
Support Costs (including complaints & monitoring)	844
<b>Total Bereaved and Survivors</b>	<b>7,155</b>
<b>Wider Community</b>	
Commissioned Support Services	1,343
Malton Road Hub	432
The Curve	1,533
Community Engagement	1,675
Housing Support	347
Housing Accommodation	673
Care & Support	298
Employment Services	250 <sup>2</sup>
Support Costs (including complaints & monitoring)	905
<b>Total Wider Community</b>	<b>7,456</b>
Core Costs	551
Grant Income	-3,146
<b>Grenfell Recovery</b>	<b>12,016</b>

#### 2020/21 Financial Year

- 4.8 Year 2 of the Recovery Strategy is the financial year just passed – 2020/21. The budgeted spend agreed in March 2020 was £12m. The final outturn position was £9.6m. A contribution of £2.4m has been transferred to Grenfell reserves, including the £1.4m budgeted to support the remaining 3 years Grenfell Recovery Strategy as set out in the Resourcing Framework. Figures in Table 4 show outturn including reserve movements. This will be reported to Leadership Team in July 2021 and will be subject to External Audit over the summer.

<sup>1</sup> The budget envelope for the Dedicated Service was £4.5m. The additional £1m not spent in 2019/20 has been put aside within the Grenfell Reserve to meet commitments to bereaved and survivors which run across the remaining financial years.

<sup>2</sup> This funding was committed to an employment and skills project ('Community Works'), which is being codesigned with the local community. It has not yet been spent but the funding was placed in reserves, ready to be drawn down when the project is agreed.

Table 4 – Outturn Revenue Spend including Reserve Movements 1 April 2020 to 31 March 2021

<b>Service area</b>	<b>2020/21 Spend £'000</b>
<b>Bereaved and Survivors</b>	
Dedicated Service	3,800
Contribution to Reserves from Dedicated Service to Fund Future Support	700
Housing Support	708
Housing Accommodation	390
Contribution to Reserves from Housing to Fund 3 Year Strategy	169
Support Costs (including complaints & monitoring)	298
<b>Total Bereaved and Survivors</b>	<b>6,065</b>
<b>Wider Community</b>	
Commissioned Support Services	1,366
Contribution to Reserves from Commissioned Services to Fund 3 Year Strategy	200
Malton Road Hub	290
The Curve	1,200
Community Programme (including Grenfell Projects Fund and Community Leadership Programme)	1,300
Contribution to Reserves from Community Programme to Fund 3 Year Strategy	200
Housing Support	183
Housing Accommodation	319
Contribution to Reserves from Housing to Fund 3 Year Strategy	131
Support Costs (including complaints & monitoring)	448
<b>Total Wider Community</b>	<b>5,637</b>
Core Costs	298
<b>Grenfell Recovery</b>	<b>12,000</b>

- 4.9 The budget is ring fenced and therefore the underspend has been set aside in the Grenfell Reserve and will be reinvested in future years of the programme.
- 4.10 There have been specific questions about the Dedicated Service budget. Appendix 1 addresses this area in detail.

## 5. GRENFELL RECOVERY – SPENDING PLANS 2021 TO 2024

- 5.1 In December 2020, the Leadership Team agreed a Grenfell Recovery Resourcing Framework (KDR05767/20/K/A) which set out the broad plans for the next phase of the programme including the allocation of the remaining funding across different areas. The Resourcing Framework included a revised indicative profile for the remaining three years of the programme, taking into account some areas of underspend and some additional income expected in 2020/21.

The revised profile is as follows:

<b>2021/22</b> <b>£'000</b>	<b>2022/23</b> <b>£'000</b>	<b>2023/24</b> <b>£'000</b>
10,500	9,100	8,400

- 5.2 The Resourcing Framework (KDR05767/20/K/A) sets out the revenue expenditure plans for the next three years in more detail and is available on the Council's website [here](#). The table at Appendix 2 sets out the detailed profile of the expenditure across the different areas of the programme. Updates on spending against the budget for 2021/22 will be presented to Leadership Team through the year as part of the Quarterly Finance Monitoring Reports.

## **6. GRENFELL CORPORATE COSTS - SPENDING APRIL 2019 TO MARCH 2024**

- 6.1 The £50m ring fenced budget is specifically for Grenfell Recovery. A separate budget is in place for ongoing legal and other corporate costs from April 2019 to March 2024, of which mainly relate to the legal costs to support the work of the Public Inquiry. As highlighted above, this distinction between Grenfell Response / Recovery costs and Grenfell Corporate costs was only put in place from April 2019, after the Grenfell Recovery Strategy was agreed.

*Table 5 – Legal and Other Corporate Costs*

<b>Corporate Costs</b>	<b>Spend 2019/20 £'000</b>	<b>Spend 2020/21 £'000</b>
Registered Providers Compensation	10,000	(691)
Grenfell Item recovery storage and delivery – (Kenyon's contract)	1,638	(68)
Grenfell Site Works	62	0
Environmental Monitoring	141	(39)
Site Management Project Team	118	10
Legal Costs <sup>3</sup>	3,307	3,433
Communications	628	92
Finance	784	762
Human Resources	264	3

<sup>3</sup> Legal costs include internal legal costs, external legal costs, inquiry support officer costs and inquiry specific IT costs.

<b>Corporate Costs</b>	<b>Spend 2019/20 £'000</b>	<b>Spend 2020/21 £'000</b>
Corporate Costs	493	556
Task Force	139	9
Compensation	0	34
Grenfell Corporate Housing	0	762
Grenfell Corporate Revenue Grant	(1,997)	(634)
<b>Total</b>	<b>15,577</b>	<b>4,229</b>

- 6.2 The final outturn for 2020/21 will be reported to Leadership Team in July 2021 and as part of the draft Statement of Accounts presented to Audit and Transparency Committee June 2021 and then subject to External Audit by Grant Thornton. The Grenfell Corporate budgets for the next three years is set out in Table 6.

*Table 6 – Legal and Other Corporate Costs - 2021/22 to 2023/24*

<b>Corporate Costs</b>	<b>Budget 2021/22 £'000</b>	<b>Budget 2022/23 £'000</b>	<b>Budget 2023/24 £'000</b>
Environmental Monitoring	65	65	65
Communications	61	61	61
Finance	268	293	313
Human Resources	100	0	0
Corporate Costs	61	61	61
Legal Costs <sup>4</sup>	3,435	3,020	3,000
Legal Corporate Costs	50	20	20
<b>Total</b>	<b>4,000</b>	<b>3,500</b>	<b>3,500</b>

- 6.3 Updates on spending against the budget for 2021/22 are reported to Leadership Team through the year as part of the Quarterly Finance Monitoring Reports and this will continue through 2021/22. The first report will be for the period ending 30 June 2021 and will be reported to Leadership Team in September 2021.

## **7. CAPITAL EXPENDITURE**

- 7.1 Revenue expenditure has been split into three phases for the purposes of this report. However, for capital spend this is shown across the three years to 2019/20.

<sup>4</sup> Legal costs include internal legal costs, external legal costs, inquiry support officer costs (20/21 only) and inquiry specific IT costs.

- 7.2 In August 2017, Leadership Team agreed the acquisition of the properties to support the rehousing and delegated responsibility to the Director of Corporate Property, Director of Finance and acting Director of Housing to agree individual purchases on a case by case basis against the criteria set out in the agreed report. The initial budget agreed at this time was for £20m (KDR 5105/17/K/AB).
- 7.3 Subsequent to this, in October 2017, as part of a review of the Capital Programme, Leadership Team agreed a total budget £235 million to cover a range of costs relating to rehousing the victims of Grenfell Tower (05138/17/K/A). This included not only the acquisition of properties to rehouse families, but an estimate of the capitalised cost of compensating registered providers (KDR 5106/17/K/AB ) for losses arising to them from rehousing Grenfell tenants on protected rents. This budget was also confirmed as part of the 2018/19 budget setting process and the Capital Programme agreed by Council in March 2018.
- 7.4 Properties were sourced through engagement with local estate agents and contacts across the sector. The process included purchasing of specific properties for identified residents; or sourcing a range of properties within the Borough covering 1 bed, 2 bed and 3 bed homes.
- 7.5 During the first three years, the Council acquired over 300 new homes for residents of Grenfell Tower and Grenfell Walk (“Cat A residents”) who required permanent homes urgently. This included the acquisition of street properties both in and out of borough as well as 27 in residential Council blocks. Additional properties were secured through Registered Providers and for which the Council secured nomination rights.
- 7.6 The Housing Revenue Account could not sustain this level of capital investment (the debt on capital spending would usually be included in the 30 year HRA Business Plan and thereby “pooled” across existing tenants and leaseholders). As a result, special dispensation was sought from Government to hold up to 250 purchased properties within the Council’s General Fund. These properties are still held within the General Fund at the time of writing this report.
- 7.7 Table 7 shows spend to the end of 2020/21. Expenditure to the end of 2019/20 has been subject to External Audit. Spend for 2020/21 will be subject to External Audit over the summer.

*Table 7 – Capital Spend 2017/18 to 2020/21*

<b>Capital</b>	<b>2017/18 £'000</b>	<b>2018/19 £'000</b>	<b>2019/20 £'000</b>	<b>2020/21 £'000</b>	<b>Total £'000</b>
Acquisition	142,532	23,459	8,946	2,459	<b>177,396</b>
Site & Premises	12,579	14,155	3,580	47	<b>30,361</b>

Leaseholder Compensation	10,108	453	2,042	1,000	<b>13,603</b>
<b>Total</b>	<b>165,219</b>	<b>38,067</b>	<b>14,568</b>	<b>3,506</b>	<b>221,360</b>

### Site and Premises

- 7.8 During the first three years the Council spent £30.3m on site and premises costs. The largest element was for the maintenance to ensure safety and security at the Grenfell Tower site before ownership was passed to Government on 15 July 2019. Prior to that the site was managed independently of the Council by the Site Management Group under the auspices of London Gold. The costs relate to the dangerous structures contract with Wates, transfer, and storage of waste from the site, professional fees and building monitoring.
- 7.9 The contract with Wates was invoked at the point of the fire. At the time, Wates held the Pan London contract for Dangerous Structures. The work on the tower following the fire to stabilise the structure was carried out under this framework.
- 7.10 The works order (under the LB Greenwich framework) was signed by the Building Control Manager on 16 June 2017 as the dangerous structures lead. Three days after the fire, the Building Control functions relating to the site, particularly relating to dangerous structures work, were delegated to the London Borough of Harrow and who were part of the site management team who controlled the Wates contract.
- 7.11 During the time from the fire to the point of transfer of the site to MHCLG on 15th July 2019, the Council also engaged Academy Consulting (via our Insurer) as quantity surveyor/cost consultant to verify the costs throughout the contract to provide assurance. Academy were engaged via our insurer to provide oversight/control over Wates costs and to ensure value for money. The total cost of the Academy support was £136,000.

### Leaseholder Compensation

- 7.12 This spend of £13.6m relates to the compensation paid to 16 resident and non-resident leaseholders in Grenfell Tower and Grenfell Walk, including legal costs and a contribution to the renovation of their new properties and white good replacement. This was agreed by Leadership Team in 2017 (05135/17/K/AB)

### Capital Programme 1 April 2021 to 31 March 2024

- 7.13 In October 2017, the Council estimated that £235m of capital investment would be required to support the Council's response and recovery to the Grenfell Tragedy. As part of the 2018/19 budget setting process this estimate revised down to £228m by the following:
- Movement of registered providers grant to revenue

- Increase in Grenfell Tower site cost – subsequently funded by S31 grant
- Increase in budget for acquisition of new property

7.14 At the end of March 2021, £221m had been spent. The capital programme agreed on 3 March 2021 includes the remaining provision for the three years from April 2021. An estimated £5m is committed for 2021/22 for ongoing renovation works and the re-siting of the electricity sub-station. The remainder is to be retained at this stage for any future liabilities on the purchased properties.

## **8. EXTERNAL REVIEW**

### **Council's External Auditors**

8.1 All revenue and capital expenditure up to March 2019 has been published as part of the Council's Annual Statement of Accounts and been subject to External Audit by the Council's previous auditors KPMG for the year 2017/18 and 2018/19 and by the current Auditors Grant Thornton for 2019/20. An unqualified opinion was given. The Accounts and Audit Opinion for the three years were agreed by Audit and Transparency Committee on 23 July 2018 and 12 September 2019 respectively. Details are also available on the Council's website at the [Audit and Transparency Committee page](#).

8.2 The Council's accounts for 2020/21 are currently being prepared and a draft will be published on the Council's website at the end of May and presented to Audit and Transparency Committee in June 2021. These will then be subject to External Audit by Grant Thornton over the summer and the opinion will be presented to Committee later in the year.

8.3 As part of the annual audit process, all Councils are assessed for the overall arrangements in place for delivering value for money - a view on whether the Council has put in place proper arrangements for securing economy, efficiency, and effectiveness in its use of resources. This is often referred to as VFM conclusion. However, since 2017, a conclusion has not been issued because of the pending outcome of the Grenfell Public Inquiry. This is separate to the audit of the Statement of Accounts and the absence of the VFM conclusion does not undermine the conclusion that the Statement of Accounts gives a true and fair view of the Council's financial position or the accuracy of the figures quoted within the Statement of Accounts that have been subject to External Audit.

### **Other External Audit and Validation**

8.4 In addition to the annual review by the Council's external audit team, expenditure related to the response to the Grenfell Fire has been subject to other scrutiny and audit.

8.5 The capital expenditure on the re-housing was part funded by grant from the Greater London Authority - £60,000 per home. The conditions of the grant were that the expenditure on the purchases was also subject to External Audit on behalf of the Greater London Authority. For purchases relating to 2017/18 and 2018/19, this External Audit work was undertaken by KPMG and a clean audit

opinion issued in 2019/20 and 2020/21 respectively. For acquisitions relating to 2019/20, these were subject to review by Ark Consultancy who are part of the GLA Audit Framework. For purchases in 2020/21, these will be subject to audit by the Council's current auditors, Grant Thornton as part of the annual audit that will take place later in the summer.

- 8.6 Section 31 grant from MHCLG is claimed in retrospect based on expenditure incurred. As part of the conditions of the grant claim, a full review is undertaken by MHCLG's own audit team to ensure expenditure is appropriate and sufficient evidence is available to support the expenditure. All grant claims to date have been paid in full.
- 8.7 In relation to site costs, a separate review was undertaken by Government shortly after the site was transferred in July 2019. It included a review of spending to date and informed the Government's contribution which fully funded these costs.
- 8.8 The emergency nature of procuring hotel accommodation after the fire, coupled with the particular way in which hotels issue invoices led to a situation whereby the Council did not have the full set of documentation to reclaim VAT on hotel expenditure at the time of payment of hotel invoices. A detailed review of the documentation and expenditure was carried out over 18 months between council officers and HMRC to gather a full set of documentation which enabled HMRC to agree a refund to the Council of £5.3m.

### **Internal Audit Review**

- 8.9 As part of its annual Internal Audit Plan, the Council's Internal Audit team have undertaken a number of reviews covering a range of aspects of the Council's Grenfell response and recovery activities to complement the work undertaken by the External Auditor. The Internal Audit Plan is reported to the Audit and Transparency Committee prior to the start of each financial year and the outcome of completed reviews is reported through the Internal Audit Update report to the Committee at each meeting. Table 8 sets out the reviews undertaken on Grenfell-related expenditure and activity to date:

*Table 8 – Internal Audit Reviews*

<b>Year</b>	<b>Audit Title</b>	<b>Status</b>	<b>Report Type</b>	<b>Reported to Committee</b>
2017/18	Assistance & Discretionary Payments	Final report issued	Advisory	11 Feb 2019 para 6.1
2018/19	Health & Wellbeing Funding Review	Final report issued	Advisory	11 Feb 2019 para 6.1
2018/19	Care and Support Provision	Final report issued	Advisory	11 Feb 2019 para 6.1
2018/19	Property Purchases - Grenfell Assistance Programme	Final report issued	Assurance	11 Feb 2019 para 6.1
2018/19	Housing Allocations	Final report issued	Assurance	11 Feb 2019 para 6.1

2018/19	Refurbishment of Acquired Properties	Final report issued	Advisory	4 Jun 2020 Appendix 3 para 2.2
2018/19	The Curve	Final report issued	Assurance	11 Nov 2019 para 6.1
2019/20	Grenfell Project Fund	Final report issued	Assurance	Due in Jun 2021
2020/21	Grenfell Acquired Properties - Repairs	Work in progress	Assurance	Due later in 2021
2020/21	Dedicated Service - Pre-paid Cards	Work in progress	Assurance	Due later in 2021

## 9. LANCASTER WEST ESTATE

- 9.1 In line with arrangements adopted soon after the Grenfell tragedy, the Lancaster West estate (and investment in its homes and environment) is managed separately from the rest of the Council's housing stock. This separation is also reflected in the budget and business plan for the housing revenue account.'

### Progress to Date

- 9.2 Budget provision of £57.9m was approved in July 2019. This has enabled the council to commence a comprehensive refurbishment programme co-designed with residents. This is being funded through Government funding and Council contributions.
- 9.3 To date, 11% of all tenanted properties have been refurbished to a "21st century model standard" which has been developed with hundreds of residents. Satisfaction with these homes is at 90%.
- 9.4 Design teams have been procured to work with residents to explore a range of options that meet resident preferences and expectations, as well as the council's ambition to improve energy performance of the homes it manages. Works to the main buildings are likely to commence in mid-2021.
- 9.5 An additional £191k has been included to undertake enabling works that will facilitate the scaling up of works across the estate in terms of welfare facilities for operatives and contractors given the extent of the works.

### Future funding requirements

- 9.6 The council continues to explore additional grant and funding opportunities to meet strategic objectives of the Lancaster West refurbishment, as a key housing legacy of Grenfell recovery.
- 9.7 Based on a fully grant-funded feasibility study undertaken in partnership with the GLA, the current gap in terms of reaching carbon-neutrality is forecast to be £14.4m in terms of the fabric elements of the buildings that comprise Lancaster West (windows, insulation, roofing etc.).
- 9.8 Preferential borrowing opportunities from the Mayor of London specifically for Lancaster West are being explored in order to potentially fund some of these

elements, alongside other opportunities including Green Homes Grants and The Social Housing Decarbonisation Fund.

## **10. OTHER COUNCIL COMMITTEE REPORTING**

- 10.1 Updates on expenditure on the Grenfell Response and Recovery are reported to Leadership Team, Overview and Scrutiny Committee and Audit and Transparency Committee as highlighted through this report. Reports on the audit of each year's accounts are reported to the Audit and Transparency Committee.

### **The Leadership Team**

- 10.2 Leadership Team also receive other reports for decisions relating to Grenfell and over the last three years, this has included:

Grenfell Recovery Strategy	January 2019
Establishment of Grenfell Projects Fund	September 2019
The Curve Community Centre	February 2020
Grenfell Recovery Strategy Update	June 2020
Grenfell Resourcing Framework	December 2020

Other Council committees have other responsibilities and therefore receive updates for discussion.

### **The Grenfell Recovery Scrutiny Committee**

- 10.3 Prior to the review of Scrutiny arrangements in July 2019, a Grenfell Recovery Scrutiny Committee was in place. Full details of the reports considered by this meeting are available on the Council's website at:

[RBKC Committees > Home > Grenfell Recovery Scrutiny Committee](#)

### **The Overview and Scrutiny Committee**

- 10.4 As per the Constitution, the Overview and Scrutiny Committee and the Select Committees are empowered to:
- (i) Review and scrutinise decisions made, or actions taken in connection with the discharge of any of the Council's functions.
  - (ii) Recommend and report to the full Council (including committees of the Council) or the Leadership Team in connection with the discharge of any of the Council's functions.
  - (iii) Consider any matter affecting the Borough or its inhabitants.
  - (iv) Exercise the right to call-in for reconsideration decisions made but not yet implemented by the Executive; and
  - (v) Hold an inquiry into a matter which has been the subject of a report from the Monitoring Officer or the Chief Finance Officer.

10.5 Since its inception, the Overview and Scrutiny Committee has considered a range of different issues and reports that are related to Grenfell, including:

Update on the Grenfell Recovery Strategy Update	June 2020
Grenfell Recovery Resourcing Framework	November 2020
Grenfell Environmental Checks Programme	December 2020
Dedicated Service Update	March 2021

10.6 Although Overview and Scrutiny Committee have overall responsibility for Grenfell, they work alongside the Select Committee on service specific issues where relevant. A summary of the of reports and updates received by the individual Select Committees since are as follows:

#### **Family Select Committee**

Childcare Needs of the Communities Affected by the Grenfell Tragedy Working Group Report	June 2020
Work Programme – Grenfell Recovery	June 2020
Report by the Lead Member for FCS	June 2020
Childcare Provision for the Communities Affected by the Grenfell Tragedy Recommendations	Oct 2020
Education support for children and young people for the Grenfell Dedicated Service	March 2021
Working Group report on the education support provided by the Council to support students affected by the Grenfell tragedy	April 2021

#### **Housing and Communities Select Committee**

Update on Fire Risk Management Strategy	October 2019
Update on Fire Risk Management Strategy	December 2019
Grenfell Update	July 2020
Update on housing fire risk management strategy	October 2020
Update on working with wider Grenfell households in temporary accommodation	October 2020
Housing – rehousing and legacy projects	April 2021

#### **Adult Social Care and Public Health Select Committee**

Grenfell Update	July 2020
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### **11. RECOMMENDATION**

The Audit and Transparency Committee is invited to consider and note this report.

David Hughes  
**Director of Audit, Fraud, Risk and Insurance**  
Taryn Eves  
**Director of Financial Management**  
Callum Wilson  
**Director of Grenfell Partnerships**

## **Appendix 1 – Specific detail on the Dedicated Service**

1. Some questions have been asked about the specific spend on the Dedicated Service for bereaved and survivors - especially the ratio of spend that has been spent on staffing relative to the spend on the direct services to bereaved and survivors. Further detail has therefore been provided on this appendix but in providing information about the service, we have sought to strike a balance between sharing information and ensuring we continue to protect the privacy of bereaved and survivors, mindful of the very personal nature of their recovery journey.
2. The Dedicated Service has been running since April 2019, following a co-design exercise with bereaved and survivors in the latter half of 2018. Through that process we heard clearly that people wanted a named worker going forward to provide personalised and tailored support to individuals and families, and clearer access to services and support that they had more choice and control over.
3. The co-design exercise also highlighted that bereaved and survivors did not want the team to be based in the Town Hall due to the association with the Council. Following discussions with a group of bereaved families who had helped to originally shape the Family and Friends Assistance Centre (FFAC), the FFAC was redesigned to accommodate the Dedicated Service team whilst still providing space for activities and services for all those eligible.
4. The core aspects of the service design were set out and agreed as part of the Grenfell Recovery Strategy in April 2019. The model that was settled upon strived to reflect this feedback as far as possible through: the universal provision of a Dedicated Service Worker to support people with their needs; personalised budgets available for everyone who has access to public funds which enables people to purchase additional support that will aid their recovery (similar to the Direct Payment model often used in Adult Social Care); a centrally held commissioning pot which can be used to commission specific support that many bereaved and survivors are likely to benefit from.
5. Around 700 people access the service. The support available includes: access to a named Dedicated Service worker who can provide personalised 1-1 or whole family support; specifically commissioned support designed to support recovery spanning alternative therapies to digital skills; access to individual service budgets that can be used to purchase additional specific support each adult or child needs that is relevant to their recovery; and wide ranging education and employment support that has been tailored to account for the impact of the Covid-19 pandemic.
6. There is a high level of engagement in the service and the feedback is generally positive. 96.5% of people who are eligible for the support available are currently accessing it, and of those we are in very regular contact with 92.9% (at least

weekly contact on average taken over the last 12 weeks). 98.2% of adults and 94.3% of children have completed a support plan which outlines and details the specific support the individual needs and helps to track progress and identify issues across five main life areas (housing, work and training, health and well-being, education, and leisure and activities). Bereaved and survivors are able to review their support plans every 4 months and assess the progress they are making and comment on the quality of the support they are receiving. 83.8% of support plans are currently rated as having good/ very good support across all life areas.

7. Since it was established, the levels of scrutiny upon the Dedicated Service has been significant. This is to be expected given it is the main support available to the bereaved and survivors provided by the Council. However, a good deal of inaccurate information has also circulated about the Service. Regular letters, emails and other communications are now sent to bereaved and survivors to ensure everyone has access to update correct information. A key example of this is the claim that the that the funding for the service, along with the wider £50m recovery funding, was given to the Council by the Government. For the avoidance of doubt, this is categorically not the case; as set out in the rest of the paper, the £50m is public money raised from Council reserves that the Council voluntarily committed to support recovery.
8. Public services conventionally involve employing people or engaging suppliers or contractors to deliver services collectively to people. This traditional model is based on a delivery approach where assessed needs are met by, among other things, specialist staff (professional or otherwise). Thus in most public services (such as in health services, education services and Council services) the largest cost of provision involve staff related costs. In order to compare the overall share of costs derived from staff costs we examined the relative cost of staffing in the Council's Environment & Communities Directorate outside of those areas (leisure, and refuse collection, etc) which are contracted out. Even in this directorate an average of 69% of all costs are staffing costs. That noted, the Dedicated Service has been piloting a direct-payments style of service where, following the experience in some adult social care service areas, bereaved and survivors will be better empowered directly to access the services or goods that they need and prefer. Extending this approach, at the direction of service users themselves, is one of the clear possibilities in the next step of this service's development.
9. Updates on the Dedicated Service have been provided to the Overview and Scrutiny Committee and Leadership as part of wider recovery updates. Specific papers on the role and performance of the Dedicated Service were also presented to the Adult Social Care and Public Health Committee in July 2020 and to the Overview and Scrutiny Committee in March 2021. Specific details on the finances of the service were also submitted to the Overview and Scrutiny Committee in December 2020. These details were also shared widely with the community and published on the Council website.

10. There is understandable interest amongst bereaved and survivors in how the funding available to support service provision is managed. Here it is firstly important to be clear on the budget available. There is an annual £4.5m budget envelope to support delivery of the Dedicated Service for the whole five year period (2019-2024). Any unspent funds are held in a specific Dedicated Service reserve. Sometimes these underspends are related to bereaved and survivor families' decisions on how or when to use their personalised budgets; other times they are a result of purposeful future planning agreed with the Dedicated Service Steering Group (formed of 15 bereaved and survivors) to put money aside where possible to avoid a cliff edge in support when funding runs out in March 2024.
11. We have shared and discussed each year's budget with the Steering Group who provide significant challenge to ensure funds are used as effectively as possible. These conversations are informed by the wider feedback and queries received from all bereaved and survivors. In response to these challenges, the management team of the service have worked hard to reduce costs wherever possible and focus support on areas bereaved and survivors feel is most impactful whilst still maintaining the model we settled upon following the original co-design exercise. Table 1 below sets out this year's budget.
12. It is also important to note that, subject to a Leadership Team decision on the 27<sup>th</sup> May, we will be launching a wide-ranging consultation and review on the next phase of the Dedicated Service. Two years into the service, this will help us to understand bereaved and survivors needs as they are now and ensure the support is as effective and meaningful as possible for the future. The outcome of this review and a proposed action and implementation plan for delivering any changes will be presented to the Leadership Team later this year. This could lead to anything from an evolution of the current model to a completely different service. The finances and service model will be developed accordingly within the agreed budget envelope.

Table 1 – Dedicated Service 2021-22 budget

The following table sets out a breakdown of this year’s budget with explanatory notes provided below.

<b>2021-2022</b>	
<b>Staffing (1)</b>	
Frontline team	1,333,000
Support team	320,000
Subtotal	1,653,000
<b>Services</b>	
Commissioned services	550,000
Individual services	1,500,000
Education for Recovery	200,000
Subtotal	2,250,00
<b>Building costs (2)</b>	
FFAC Building costs	290,000
FFAC Action for Children contract	204,000
Subtotal	494,000
<b>IT, training and translation</b>	
Training costs	30,000
Translation costs	30,000
Telephony and office	10,000
IT software and website	30,000
Subtotal	100,000
<b>Planning for the future (3)</b>	
Money saved to fund services after 2024 to avoid cliff edge when recovery funding ends	TBC
Subtotal	TBC
<b>Total budget</b>	<b>4,497,000</b>

## **Notes**

### **[1] Staffing**

Staffing costs include funding for 29 front line staff and 6 support staff. The front line team includes the Dedicated Workers, all of whom work directly with bereaved and survivors to provide personalised support. As outlined above, we heard clearly from bereaved and survivors during the codesign of the Dedicated Service that people wanted their own named, individual worker. This feedback directly informs the staffing model in place and the majority of people have strong relationships with their worker.

Workers have an average caseload of around 20, with each case ranging from an individual bereaved or survivor to a whole family. This is significantly higher than typical caseloads in social care in RBKC. This figure also includes the costs of other staff who work directly with bereaved and survivors, including the Service's dedicated Education Lead who works with families and schools to provide tailored educational support for children and young people.

The support team costs include funding for 6 support staff, many of whom also work directly with bereaved and survivors. This includes the Partnerships and Commissioning Leads, who help to coordinate and manage the commissioned services, working with service users and providers to ensure they have maximum impact for bereaved and survivors.

All staff are on permanent contracts to help ensure consistency of service and this has greatly reduced the number of complaints that were received about the service in comparison to the Key Work service that was in place beforehand. Costs have also come down by shifting away from agency provision. As such these staffing costs include salaries plus normal Council on-costs of 35% (including pension and NI contributions)

Significant changes to the staffing costs are not possible until we know the outcome of the review that will be completed this year. This is because the majority of costs are associated with the delivery of the Dedicated Service Worker model that was requested through the original co-design exercise and which many bereaved and survivors report positively about. However, we worked closely with the Dedicated Service Steering Group to reduce management staffing costs across the service by half between 2019/20 and 2020/21, and we are undertaking a further review of all management costs and have committed to report back to the Steering Group on this. Any savings made following this will be added to the Planning for the future pot.

### **[2] Building costs**

This is a provisional figure based on current costs continuing for the full year. The lease is in place until June 2022. However, following a consultation with bereaved and survivors about the future of this space in January and February 2021, we are now working towards leaving this space this August and moving to a different building solution. We are working on options for this now but the key principles that came out of the consultation was that we should look for a low cost space for the

staff, but continue to provide space for bereaved and survivors to be able to meet and attend activities and events. We anticipate being able to make quite considerable savings in this area and the funds saved will be moved into the “Planning for the future” pot.

### **[3] Planning for the future**

As the funding for Grenfell Recovery is only in place until March 2024 and as there is desire for the service to be as efficient as possible, we agreed with the Steering Group that where savings can be made, we would set this funding aside to ensure there is not a cliff edge of support come March 2024. For this year we expect to make in year savings on some management costs and building costs and we also anticipate we will secure some additional income from the Council for specific Covid-19 orientated support we have delivered.

## **Appendix 2: Allocation of resources across the next three years of the Grenfell Recovery programme (2021/2 to 2023/4)**

The Grenfell Recovery Resourcing Framework, agreed by the Leadership Team in December 2020, included a revised indicative profile for the remaining three years of the programme, taking into account some areas of underspend and some additional income expected in 2020/21.

The revised profile for the remaining £28m over the next three years is as follows:

<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>
<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
10,500	9,100	8,400

The following table below gives the profile of the budget allocated to each individual area over the next three years, with reductions evenly implemented across the key areas of the recovery programme.

As the Recovery Strategy intended, roughly half of the funding was to be spent on services for bereaved and survivors and half on the wider community. Given changes to the timescales to the Grenfell Tower Inquiry and the impact of COVID-19, a small pot of money has been set aside to provide longer-term support to bereaved and survivors.

## Framework for resource allocation across the specific areas of the programme

Service area	2021-22 (spend in £m)	2022-23 (spend in £m)	2023-24 (spend in £m)
<b>Bereaved and survivors</b>			
Dedicated Service	3.8	3.5	3.2
Housing support	0.5	0.25	0.25
Core	0.25*	0.2	0.15
<b>Wider community</b>			
Community programme	2.5~	1.95	1.6
Targeted support	1.75~	1.4	1.25
- <i>Schools-based provision</i>	0.5	0.4	0.35
- <i>Community-based provision for children and young people</i>	0.5	0.4	0.35
- <i>Provision for adults</i>	0.5	0.4	0.35
- <i>Targeted support for children and families</i>	0.25	0.2	0.2
Housing	0.5	0.4	0.3
Core	0.5*	0.4	0.35
<i>Funding carried forward to support future services for bereaved and survivors#</i>	0.7	1	1.3
<b>Total</b>	<b>10.5</b>	<b>9.1</b>	<b>8.4</b>

\* We are aiming to make significantly greater reductions in this area than in other parts of the programme.

~ It is proposed that the additional core savings are invested into these areas. These areas therefore have a slightly increased funding envelope in 2021-22.

# Subject to further discussions with the Dedicated Service Steering Group.