

28 FEBRUARY 2007

<u>ITEM</u>		<u>PAGE</u>
1.	MINUTES – 31 JANUARY 2007	
	To approve and sign as an accurate record the Minutes of the Ordinary Council Meeting held on 31 January 2007.	Circulated separately
2.	APOLOGIES FOR ABSENCE	
3.	MAYOR’S & CHIEF EXECUTIVE’S ANNOUNCEMENTS (IF ANY)	Circulated separately
4.	DECLARATIONS OF INTEREST	
4.1	If a Councillor has any personal or prejudicial interest in a particular report they should declare an interest.	
4.2	A Councillor should not take part in the discussion or vote on a matter in which they have a prejudicial interest. They should withdraw from the meeting whilst the matter is under consideration unless the disability to participate has been removed by the Standards Committee, or unless a relevant exemption applies under the Council’s Code of Conduct.	
5.	PUBLIC QUESTIONS (20 MINUTES)	
	The Leader / relevant Cabinet Member to reply to any questions submitted by members of the public:	
	PQ1.Virginia Ironside, 5 Loftus Road W12	
6.	ITEMS FOR DECISION / COMMITTEE REPORTS (IF ANY)	
	<u>Revenue Budget & Council Tax Levels 2007/2008</u>	
	<u>Capital Programme – 2007/ 2008 to 2011/ 2012</u>	
	<u>Treasury Management Strategy Report</u>	
	<u>Councillors’ Allowances Scheme : Annual Review</u>	

Adoption of New Contract Standing Orders

Amendment to the Council's Constitution: Terms of Reference of Licensing Committee & Sub-Committee

7. SPECIAL MOTIONS

To consider and determine any Special Motions:

Special Motion No.1 – Sustainable Communities

8. INFORMATION REPORTS – TO NOTE (IF ANY)

jpc20/02/07

COUNCIL MINUTES

(ORDINARY COUNCIL MEETING)

WEDNESDAY 31 JANUARY 2007



PRESENT:

The Mayor (Councillor Minnie Scott Russell)
Deputy Mayor (Councillor Andrew Johnson)

Councillors:

Colin Aherne
Mrs Adronie Alford
Jeanette Bentley
Will Bethell
Helen Binmore
Nicholas Botterill
Paul Bristow
Victoria Brocklebank-
Fowler
Aidan Burley
Jean Campbell
Michael Cartwright
Alex Chalk
Stephen Cowan

Gill Dickenson
Belinda Donovan
Gavin Donovan
Caroline Ffiske
Rachel Ford
Sarah Gore
Stephen Greenhalgh
Steve Hamilton
Wesley Harcourt
Lisa Homan
Robert Iggulden
Lucy Ivimy
Alex Karmel
Antony Lillis

Mark Loveday
Reg McLaughlin
Lisa Nandy
Ed Owen
Harry Phibbs
Dame Sally Powell
Alexandra Robson
Greg Smith
Frances Stainton
Peter Tobias
Mercy Umeh
Rory Vaughan
Eugenie White

35. MINUTES – 20 SEPTEMBER 2006 (ORDINARY MEETING) & 29 NOVEMBER 2006 (EXTRAORDINARY MEETING)

7.00pm - The minutes of the Ordinary Council Meeting held on 20 September 2006 were confirmed and signed as an accurate record.

The minutes of the Extraordinary Council meeting held on 29 November 2006 were confirmed and signed as an accurate record, subject to correction of the attendance list to show Cllr.Jane Law as being present rather than absent.

36. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors Adam, Gugen, Donald Johnson and Law.

37. MAYOR'S ANNOUNCEMENTS

The Mayor's Announcements were circulated and tabled at the meeting. (Copy attached as **Appendix 1** to these minutes).

The Mayor announced that the Mayor's Charity for the municipal year would be the Charlie Waller Memorial Trust, a charity which aimed to raise awareness of the nature and dangers of depression, reduce stigma, provide training for primary care staff and encourage those suffering from depression to seek help.

The Mayor also drew Councillors' attention to the "London in Bloom" competition and urged everyone to raise the Borough's profile by publicising the competition and encouraging the planting out of window boxes and tubs.

Finally, the Mayor asked the Council to remember those in from the Borough in the armed forces and TA presently serving in Afghanistan and Iraq, and called on the Council to stand for one minute's silence in their memory.

38. DECLARATIONS OF INTEREST

The Mayor advised Councillors that legal advice received was that those members who were appointed as LEA School Governors should declare a personal interest on Special Motions Nos.3, 6, & 9 on the agenda. Declarations of interest were made as follows:

- Cllr.Belinda Donovan – personal interest as Governor on Addison Primary School
- Cllr.Alex Chalk – personal interest as Governor on Lena Gardens Primary school
- Cllr.Lucy Ivimy – personal interest as Governor of John Betts School
- Cllr.Mark Loveday – personal interest as Governor, London Oratory School
- Cllr.Steve Hamilton – personal interest as Governor on Sullivan primary School
- Cllr.Rachel Ford – personal interest as Governor on Fulham Primary School
- Cllr.Caroline Ffiske – personal interest as Governor James Lee Nursery
- Cllr.Helen Binmore – personal interest as Governor on Burlington Danes Secondary School
- Cllr.Lisa Nandy – personal interest as Governor on Brackenbury Primary School
- Cllr.Michael Cartwright – personal interest as Governor on Larmenier & Sacred Heart Junior Schools and Governor on Sacred Heart High School

- Cllr.Paul Bristow – personal interest as Governor on Bayonne Nursery School
- Cllr.Victoria Brocklebank-Fowler – personal interest as Governor on Fulham Cross School, as a parent of a pupil at Lady Margaret School, and as the Cabinet Member for Education
- Cllr.Wesley Harcourt – personal interest as Chair of Governors The Good Shepherd RC Primary School, and as a Governor Phoenix High School
- Cllr.Colin Aherne – personal interest as Chair of Governors Wormholt Park Primary School
- Cllr.Jean Campbell – personal interest as Governor Canberra Primary School
- Cllr.Alex Karmel – personal interest as Chairman of Governors Sir John Lillie Primary School
- Cllr.Aidan Burley – personal interest as Governor on St.Thomas of Canterbury Primary School
- Cllr.Minnie Scott-Russell – personal interest as Governor Jack Tizard School
- Cllr.Eugenie White – personal interest as Chairman of Governors Bentworth Primary School
- Cllr.Andrew Johnson – personal interest as Governor on xxxxx
- Cllr.Peter Tobias – personal interest as a Governor on St.Mary's RC Primary School
- Cllr.Robert Iggulden – personal interest as a Governor on Avonmore Primary School
- Cllr. Harry Phibbs – personal interest as a Governor on Greenside Primary School
- Cllr.Rory Vaughan – personal interest on Special Motion No.1 as a resident of Larden Road.

39. PUBLIC QUESTION TIME (20 MINUTES)

7.08pm - The Mayor announced that Public Questions Nos.1 & 2 to the Deputy Leader (from Caroline Yates and John Matthews respectively) had been withdrawn by the questioners. The Mayor then called on those remaining members of the public who had submitted questions to the Leader or Cabinet Members to ask their questions:

Question No.3 – Ms.Catherine Reifen, 23 Radipole Road SW6 to the Cabinet Member for Community & Children's Services (Councillor Antony Lillis).

Question No.4 – Mr.Sean Kneale, 78a Larden Road W12 to the Deputy Leader of the Council (Councillor Nicholas Botterill)

[Copies of the questions asked and the reply given are attached at **Appendix 2** to these minutes.]

40. ITEMS FOR DECISION / COMMITTEE REPORTS

7.16pm – **Council Tax Base and Collection Rate 2007/2008**

The report and recommendations were moved for adoption by the Leader of the Council, Councillor Stephen Greenhalgh, seconded by the Deputy Leader, Councillor Nicholas Botterill.

The report and recommendations were put to the vote:

FOR	Unanimous
AGAINST	0
ABSTENTIONS	0

The report and recommendations were declared **CARRIED.**

7.17pm - **RESOLVED:**

1. That the estimated numbers of properties for each Valuation Band, as set out in the report, be approved.
2. That an estimated Collection rate of 97.5% be approved.
3. That the Council Tax Base of 77,145 Band "D" equivalent properties be approved.

7.18pm – **New Byelaws for Pleasure Grounds, Public Walks & Open Spaces**

The report and recommendation was moved for adoption by the Deputy Leader, Councillor Nicholas Botterill, seconded by the Chief Whip, Councillor Frances Stainton.

The report and recommendation was put to the vote:

FOR	Unanimous
AGAINST	0
ABSTENTIONS	0

The report and recommendation was declared **CARRIED.**

7.19pm - **RESOLVED:**

That the report and proposed new model Byelaws (as set out in Appendices 1 & 2 to the report) be approved, subject to confirmation by the Secretary of State at the Department for Communities & Local Government.

7.20pm – **Crossrail Petition**

The report and recommendation was moved for adoption by the Deputy Leader, Councillor Nicholas Botterill, seconded by the Chief Whip, Councillor Frances Stainton.

A speech on the report was made by Councillor Wesley Harcourt as the local Ward Councillor, before being put to the vote:

FOR	Unanimous
AGAINST	0
ABSTENTIONS	0

The report and recommendation was declared **CARRIED.**

7.21pm - **RESOLVED:**

That the Council's Petition to the House of Commons, attached as Appendix 1 to the report, be approved.

41. URGENT LATE ADDITIONAL REPORT

7.22pm - The Mayor advised the Council that she had decided to permit consideration of an urgent late additional report not on the agenda for the meeting which had previously been circulated to all Councillors and was tabled at the meeting for the following reason: (Copy attached as **Appendix 3** to these minutes)

Reason for urgency

In accordance with S.100(B) (4) (b) of the Local Government Act 1972, the Mayor had decided that this matter should be considered at this meeting of the Council as a matter of urgency in order that the work of the relevant Scrutiny Committees was not impaired. The next ordinary meeting of the Council at which the matter could be considered was not scheduled to be held until 28 February. The next Cleaner & Greener Scrutiny Committee was scheduled to be held on 21 February.

Changes to Scrutiny Committee Memberships

The report and recommendation was moved for adoption by the Mayor and put to the vote:

FOR	Unanimous
AGAINST	0
ABSTENTIONS	0

The report and recommendation was declared **CARRIED.**

7.23pm - **RESOLVED:**

1. That Councillor Jane Law be appointed to the Health & Adult Social Care Scrutiny Committee in place of Councillor Alexandra Robson with immediate effect.
2. That Councillor Alexandra Robson be appointed to the Cleaner & Greener Scrutiny Committee in place of Councillor Jane Law with immediate effect.

42. SPECIAL MOTIONS

Special Motion No. 1 – Prestolite Development

7.24pm – Councillor Nicholas Botterill moved, seconded by Councillor Lucy Ivimy, the special motion standing in their names:

“This Council notes:

1. The Mayor of London's deplorable decision to veto the Prestolite affordable housing development on Larden Road which will deny hundreds of hard working families on modest incomes the chance to own their own homes.
2. The Mayor's shameful abuse of his powers to interfere in local planning decisions for purely political purposes, against the advice of his own officers.

This Council looks forward to the launch of the new Home Ownership Unit next month and resolves to promote low cost home ownership and shared ownership housing schemes so that more people can own a stake in their own homes.”

Speeches on the motion were made by Councillors Botterill and Ivimy (for the Administration)

Under Council Procedure Rule 15(e)(vi), Councillor Lisa Nandy moved, seconded by Councillor Lisa Homan, an amendment to the motion, to delete all words after “This Council” in the first line and insert:

“.....regrets the stress suffered by residents of Askew ward resulting from the delays and confusion caused by the Council's lack of attention to detail in reviewing its plans for the Prestolite site, including the failure to check the revised plans with the Housing Corporation and the Mayor for London, and to ensure the revised scheme meets the terms of the Council's own statutory plan.

Furthermore, this Council pledges to provide more genuinely affordable homes to rent and to buy, in line with the previous Labour Administration's housing strategy, widely recognised as the most successful in London and central to the aims of creating a genuinely inclusive Borough.”

Speeches on the amendment were made by Councillors Nandy and Homan (for the Opposition), and by Councillor Botterill (for the Administration), before being put to the Vote:

FOR -	13
AGAINST -	28
ABSTENTIONS -	0

The amendment to the motion was declared **LOST**

Councillors Stainton, Andrew Johnson (maiden speech), and Mrs. Alford then made closing speeches on the debate before the substantive motion was put to the vote:

FOR -	27
AGAINST -	13
ABSTENTIONS -	0

The substantive motion was declared **CARRIED**

7.59pm – **RESOLVED:**

That this Council notes:

1. The Mayor of London's deplorable decision to veto the Prestolite affordable housing development on Larden Road which will deny hundreds of hard working families on modest incomes the chance to own their own homes.
2. The Mayor's shameful abuse of his powers to interfere in local planning decisions for purely political purposes, against the advice of his own officers.

This Council looks forward to the launch of the new Home Ownership Unit next month and resolves to promote low cost home ownership and shared ownership housing schemes so that more people can own a stake in their own homes.

Special Motion No. 2 – Neighbourhood Beat Policing

8.01pm – Councillor Greg Smith moved, seconded by Councillor Alex Chalk, the special motion standing in their names:

“This Council welcomes the trialling of 24/7 neighbourhood beat policing in two 'test market' wards; further welcomes the introduction of accountable ward Inspectors; and anticipates decreases in crime in those wards, comparable to US cities such as New York and Chicago, of greater than ten per cent per year.”

Speeches on the motion were made by Councillors Greg Smith, Alex Chalk (maiden speech), and Rachel Ford.

Under Council Procedure Rule 15 (e) (vi), Councillor Lisa Homan moved, seconded by Councillor Ed Owen, an amendment to the motion to delete all words after “beat policing” in the first line and to insert:

“.... and noting the 3.4% increase in government settlement for the London Borough of Hammersmith & Fulham, calls for a substantial amount of the Council's budget to be used to provide 24-hour ward police team cover, 7 days a week, on a sustainable basis, in the five wards with the highest crime.”

Speeches on the amendment were made by Councillors Homan, Owen, and Cowan (for the Opposition), and by Councillor Greenhalgh (for the Administration), before it was put to the vote:

FOR -	13
AGAINST	25
ABSTENTIONS	0

The amendment to the motion was declared **LOST**

Councillor Greg Smith (for the Administration) made a closing speech winding up the debate before the substantive motion was put to the vote:

FOR	- 26
AGAINST	- 0
ABSTENTIONS	- 13

The substantive motion was declared **CARRIED.**

8.35 pm - **RESOLVED:**

That this Council welcomes the trialling of 24/7 neighbourhood beat policing in two 'test market' wards; further welcomes the introduction of accountable ward Inspectors; and anticipates decreases in crime in those wards, comparable to US cities such as New York and Chicago, of greater than ten per cent per year."

Special Motion No. 3 – Secondary School Strategy

8.36pm - Councillor Antony Lillis moved, seconded by Councillor Victoria Brocklebank-Fowler, the special motion standing in their names:

"This Council notes:

- (1) Publication of the borough Secondary School Strategy.
- (2) The consultation on closure of Hurlingham & Chelsea Secondary School.

This Council welcomes publication of the Secondary Schools Strategy and the Administration's commitment to seek up to £116 million of Building Schools for the Future funding to transform the borough's secondary schools."

Speeches on the motion were made by Councillors Lillis and Brocklebank-Fowler (for the Administration).

Under Council Procedure Rule 15(e)(vi), Councillor Reg McLaughlin moved, seconded by Councillor Michael Cartwright, an amendment to the motion to delete all words after "This Council" in the first line and insert:

".....is concerned with the high number of parents choosing to have their children educated out of Borough. To reverse this, the Council will pledge to provide real choice for parents in choosing a good quality state mixed secondary school close to where they live.

To achieve this, the Council will support the parents' and children's request, and calls upon the Cabinet to withdraw its proposal to close Hurlingham & Chelsea School, the only mixed state secondary school in the south of the Borough, review the capacity of the school and provide the appropriate funds to enable the school to continue its excellent progress in providing good quality education for its students.

This Council welcomes the Government's investment of up to £116 million to Hammersmith & Fulham's schools through its programme Building Schools for the Future."

Speeches on the amendment were made by Councillors McLaughlin, Cartwright, Loveday and Cowan before the amendment was put to the vote:

FOR	-13
AGAINST	-27
ABSTENTIONS	- 0

The amendment to the motion was declared **LOST**.

Councillor Lillis (for the Administration) made a closing speech winding up the debate before the substantive motion was put to the vote:

FOR	- 27
AGAINST	- 0
ABSTENTIONS	- 13

The substantive motion was declared **CARRIED**

9.17 pm - **RESOLVED**:

That this Council notes:

- (1) Publication of the borough Secondary School Strategy.
- (2) The consultation on closure of Hurlingham & Chelsea Secondary School.

This Council welcomes publication of the Secondary Schools Strategy and the Administration's commitment to seek up to £116 million of Building Schools for the Future funding to transform the Borough's secondary schools.

Special Motion No.4 – Congestion Charging Zone

9.18pm – Councillor Mark Loveday moved, seconded by Councillor Belinda Donovan, the special motion standing in their names:

“This Council notes:

1. The Mayor for London's continuing intention to expand the Congestion Charge zone westwards;
2. The massive disruption this will cause to borough residents;

3. The overwhelming opposition of the people of this borough to the westwards extension.

This Council regrets the ambivalent attitude of the previous Labour Administration towards the congestion charge zone and resolves firmly to oppose this misguided scheme."

Speeches on the motion were made by Councillors Loveday, Belinda Donovan, Iggulden (maiden speech), Tobias, and Karmel (for the Administration).

Under Council Procedure Rule 15(e)(vi), Councillor Michael Cartwright moved, seconded by Councillor Colin Aherne, an amendment to the motion to delete all from the word "regrets" in the first line of the last paragraph to the word "and" in the second line of the last paragraph. The amended paragraph therefore to read:

"This Council resolves firmly to oppose this misguided scheme".

Speeches on the amendment were made by Councillor Cartwright (for the Opposition) and Councillor Botterill (for the Administration) before the amendment to the motion was put to the vote:

FOR	-12
AGAINST	-27
ABSTENTIONS	- 0.

The amendment to the motion was declared **LOST**

Councillor Loveday (for the Administration) made a closing speech winding up the debate before the substantive motion was put to the vote:

FOR	- 27
AGAINST	- 12
ABSTENTIONS	- 0

The substantive motion was declared **CARRIED**

9.59pm – **RESOLVED:**

This Council notes:

1. The Mayor for London's continuing intention to expand the Congestion Charge zone westwards;
2. The massive disruption this will cause to borough residents;
3. The overwhelming opposition of the people of this borough to the westwards extension.

This Council regrets the ambivalent attitude of the previous Labour Administration towards the congestion charge zone and resolves firmly to oppose this misguided scheme."

43. OPERATION OF GUILLOTINE PROVISIONS

As it had turned 10.00pm, the guillotine provisions set out in Council Procedure Rules came into effect.

The Mayor called for any declarations of interest on the remaining items of business on the agenda. (None were declared.)

The Mayor ruled that remaining Special Motions Nos.5 & 9 were out of order, as they had previously been discussed and moved as amendments during the debates on Special Motion Nos.2 & 3 respectively, and had been voted on by the Council and lost.

The Mayor then put the remaining items of business to the vote without debate:

Special Motion No.6 – Primary School Strategy

Councillor Reg McLaughlin moved, seconded by Councillor Colin Aherne, the special motion standing in their names:

“This Council notes that at the meeting held on 8 January 2007, the Cabinet decided that the consultation period for the primary school strategy should only last for three weeks.

A proposal by Labour Councillors at this meeting to extend the consultation period to 28th February 2007 was rejected.

This consultation is not urgent as any proposals arising out of it will not be implemented until 2010.

Best practice for non-urgent consultation is a minimum of three months. This enables all partners to be involved in developing a good strategy for the future of our primary schools.

This Council calls upon the Cabinet to ensure that all future consultations confirm to good practice.”

FOR	-12
AGAINST	-27
ABSTENTIONS	- 0.

The motion was declared **LOST**.

Special Motion No.7 –Home Care Provision

Councillor Rory Vaughan moved, seconded by Councillor Michael Cartwright, the special motion standing in their names:

“This Council regrets the decision of the Cabinet to outsource the in-house home care service, which will affect 636 elderly, vulnerable residents across the Borough and up to 166 dedicated staff. It also regrets the fact that this decision was taken without consultation with users and that it was not subject to public scrutiny. The Council therefore calls upon the Cabinet to put its outsourcing plans on hold until a full consultation with service users has taken place. Any subsequent decision should be subject to full public scrutiny.”

FOR	-21
AGAINST	-27
ABSTENTIONS	- 0.

The motion was declared **LOST**

Special Motion No. 8 – The Mayhew Animal Home

With the consent of the Council, this motion was withdrawn.

44. INFORMATION REPORTS TO COUNCIL (IF ANY)

There were no information reports to this meeting of the Council.

* * * * * CONCLUSION OF BUSINESS * * * * *

Meeting ended: 10.05p.m. - Wednesday, 31 January 2007.

.....
MAYOR

APPENDIX 1

**ANNOUNCEMENTS BY
THE MAYOR**

1. On 21st September 2006, I was delighted to attend and present awards to the winners of the borough's best Garden competition, Mayor's Parlour, HTH
2. On 21st September, I attended the annual Historic Buildings Group meeting, Holy Innocents Church
3. On 22nd September, I attended the London Soldier 2006 Reception, Chelsea Barracks, Chelsea Bridge Road SW3
4. On 22nd September, I was delighted to attend H & F Pensioners' Forum 80th birthday celebrations for HM The Queen, Small Hall, HTH
5. On 22nd September, I was delighted to attend H&FVC and Brent Active Citizens projects AGM Dinner and Dance, also attended by the Mayor of Brent, Assembly Hall, HTH
6. On 23rd September, I attended a football match between FFC and CFC, Fulham Football Club, Craven Cottage, SW6
7. On 24th September, I attended the Pearly King and Queen of Old Kent Road Harvest Service at St Mary Le Bow Church, EC4 followed by a reception on board HMS President, Westminster
8. On 25th September, I attended a food tasting for Chef of the Year 2006, The Gate, Queen Caroline Street, W6
9. On 26th September, I was delighted to attend H&F Open Day, Bhavan Centre, Castletown Road, W14
10. On 29th September, I was delighted attend the World's Biggest Coffee Morning, Charing Cross Hospital, W6 in aid of McMillan Nurses
11. On 29th September, I attended H&F Junior Membership Scheme Launch at the Phoenix Fitness Centre, W12
12. On 2nd October, I was delighted to attend Hammersmith Fire Station and present a plaque to retiring Stn Officer Charlie Woodruff, W6
13. On 2nd October, I visited the garden of Mr. Tony Baker, H&F winner of the Community Garden Award and the Senior Citizens Award, Wentworth Court, Laundry Road, W6

14. On 2nd October, I visited Mr & Mrs Parker, winners of the best balcony garden, Rylett Road, W12
15. On 3rd October, I attended the Impetus UK showcase Celebration 2006, Regents College (Turk Hall) Regent's Park,
16. On 4th October, I attended the press night performance of Metamorphosis, Lyric Theatre, W6
17. On 5th October, I attended the launch of H&F SSD, Sign Video Relay Service, 145 King Street W6
18. On 6th October, I was delighted to attend H&F Time of Your Life event for Older People, Assembly Hall, HTH
19. On 6th October, I attended and presented certificates to Volunteers of CAB, Dr Edwards & Bishop Kings, Dawes Road, SW6
20. On 10th October, I attended the Metropolitan Police Junior Citizen showcase for H&F Primary Schools, Linford Christie Stadium, W12
21. On 10th October, I attended the H&F Caring for Carers Association AGM, Edwards & Bishop Kings, Dawes Road, SW6
22. On 11th October, accompanied by my consort, I attended the Small Job Scheme 10 Year Anniversary celebration, Park Court, Ravenscourt Park, W6
23. On 12th October, I attended the Louise T Blouin Institute Opening Exhibition, Olaf Street, W12
24. On 12th October, I attended Age Concern's Conference "Bridging The Gaps", Bonnington Hotel, WC1
25. On 13th October, I attend the Mayor of Havering's, Charity Race Night, Romford Greyhound Stadium, Romford
26. On 15th October, I attended the London Mayors' Association, Annual Civic Service, Westminster Abbey
27. On 19th October, I was delighted to attend and judge H&F Primary Schools' Educational Talent Contest, organised by FFC, Craven Cottage, SW6
28. On 19th October, I was delighted to attend the official opening of "The Shed", Brackenbury Primary School, W6
29. On 23rd October, I attended the London Gardens Society Presentation Awards Evening, for the London In Bloom competition, The Old Library, Guildhall, EC2

30. On 25th October, I attended the “One World Week”, Hammersmith Broadway Information Centre, W6
31. On 26th October, I attended the European Safety Week, Mayor's Foyer, HTH
32. On 27th October, I attended the Mayor of Greenwich tour of the Cutty Sark Clipper, Greenwich
33. On 28th October, I attended and presented certificates at the Racial Awareness football match between Fulham FC & Wigan Athletic, Craven Cottage, SW6
34. On 31st October, I attended a charity reception, Royal Hospital Chelsea, SW3
35. On 1st November, I took part in the H&F Consecration Ceremony of Section E2, which the Bishop of London also attended, Mortlake Cemetery, SW14
36. On 1st November, I attended the opening performance of “Pool (No Water)” Lyric Theatre, W6
37. On 2nd November, accompanied by my consort, I attended Chelsea FC Breakfast Club for H&F Primary Schools, Stamford Bridge, SW6
38. On 2nd November, I was honoured to attend the opening of Melcombe Primary School New Garden, W6
39. On 3rd November, I attended the Great River Race Annual reception for Volunteers’, HMS President, Westminster Embankment, SW1
40. On 4th November, I was delighted to attend and launch H&F annual Fireworks Display, Ravenscourt Park, W6
41. On 7th November, I attended West London Action for Children AGM, Ashburnham Community Centre, Ashburnham Road, SW10
42. On 7th November, I attended Leighton House Art Exhibition, W8
43. On 7th November, I was delighted to attend Park Royal Partnership Dinner, Four Seasons Hotel, Hamilton Place, Park Lane, W1
44. On 8th November, I was delighted to launch “Stop Means Stop Campaign”, King Street, and Mayor’s Foyer, HTH
45. On 8th November, accompanied by my consort, I attended the Lennox Gallery Art Exhibition in aid of SPARKS, Moore Park Road, SW6
46. On 8th November, accompanied by my consort, I attended the Bhavan Institute Diwali Banquet, Marriott Hotel, NW3

47. On 9th November, accompanied by my consort, I attended LAMDA Breakfast Meeting, Talgarth Road, W6
48. On 9th November, accompanied by my consort, I was honoured to welcome to the Borough, HRH The Countess of Wessex, to Sir Oswald Stoll Mansions, SW6
49. On 9th November, I was delighted to host a reception for the reopening of Fulham Palace, SW6
50. On 11th November, I attended the Lord Mayor of London outward procession, Mansion House, EC4
51. On 12th November, I was honoured to take the salute at the Remembrance Day Parade and Service, All Saints Church Fulham, SW6
52. On 13th November, I attended and presented certificates at the Jack Petchey Achievement Awards, Chelsea Old Town Hall
53. On 14th November, I was delighted to attend the final of H&F Chef of the Year Contest, West London College, W6
54. On 15th November, I was delighted to attend H&F Children's Parliament, Council Chamber, HTH
55. On 15th November, I attended H&F Housing Support Services Open Day, Irish Centre, W6
56. On 15th November, Hector son of Cllr Minnie Scott Russell, The Mayor, died unexpectedly at home, SW6 aged 21
57. On 18th November, I attended the launch of the Mukti Trust charity event for destitute girls in Bangladesh, Holiday Inn Elstree, WD6
58. On 24th November, I attended the first performance of a new piece by local composer Parain Vir recorded for Radio 3 by BBC Symphony Orchestra, Assembly Hall, HTH
59. On 6th December, accompanied by my consort, I attended Fulham Broadway Shopping Centre where Chelsea and Fulham footballers switched on the Christmas lights, Fulham Broadway Shopping Centre, SW6
60. On 6th December, I was delighted to switch on the Lyric Square Christmas lights and launch the BID initiative, King Street, W6
61. On 7th December, accompanied by my consort, I was honoured to attend and greet His Royal Highness the Duke of Kent to celebrate the partnership between Trinity College of Music, University of Westminster and Bhavan, Bhavan Centre, W14
62. On 12th December, I was honoured to attend the Rotary Club of Fulham 80th anniversary luncheon party, Ibis Hotel, SW6

63. On 13th December, I was delighted to attend and read a lesson at the Fulham Society Christmas Service, Fulham Palace Chapel, SW6
64. On 15th December, I was delighted to attend and take the salute at the London International Horse Show, Olympia, W14
65. On 17th December, I attended and read a lesson at St Andrew's Church Carol Service, Star Road, W14
66. On 18th December, accompanied by my consort, I was delighted to attend the Christmas Carol Concert, HM. Wormwood Scrubs Prison, W12
67. On 19th December, I attended and read a lesson at All Saints Church Christmas Carol Service, Fulham, SW6
68. On 11th January 2007, accompanied by my consort, I attended Canon John Record's induction service and reception, St Peters Church, Black Lion Lane W6
69. On 18th January, I attended the launch of Chelsea FC Corporate Social Responsibility Report, House of Commons Terrace Pavilion, SW1A
70. On 18th January, I attended the press night performance of Cymbeline, Lyric Theatre, W6
71. On 23rd January, I attended a tour and lunch at the Royal Hospital Chelsea with Mr John Shooter, Chelsea Pensioner, SW10
72. On 25th January, I was delighted to attend H&F annual Burns luncheon event, HTH restaurant, W6
73. On 26th January, I attended and presented certificates to pupils of Normand Croft Community School, W14
74. On 30th January, I attended the Speaker of Hackney's coffee morning in aid of Age Concern and St Joseph's Hospice, Hackney Town Hall, E8
75. On 31st January, I was delighted to launch my Keep Fit Session for all staff, Mayor's foyer, HTH. Part of the money raised will be donated to the Charlie Waller Memorial Trust.
76. Since 27th September, accompanied by my consort, I have attended 15 Citizenship Ceremonies during which, I presented each citizen with their official certificate, Fulham Town Hall, SW6

APPENDIX 2

No. 3

PUBLIC QUESTION TIME

LONDON BOROUGH OF HAMMERSMITH & FULHAM

COUNCIL MEETING – 31 JANUARY 2007

Question by: Ms.Catherine Reifen, 23 Radipole Road SW6 5DN

to the: Cabinet Member for Community & Children's Services

QUESTION

What action is being taken by the Council to find alternative local school places for the pupils of Hurlingham & Chelsea school after its proposed closure in 2008?

REPLY

- Should the school close, the current plan is that pupils in Years 10 and 11 would stay at the school to complete their GCSEs. The current Year 11 will leave in July 2007 and the current Year 10 will leave in July 2008.
- The plan for the current Year 9 is to transfer them to other borough schools this summer so that they can begin a two-year GCSE course this September in a new school.
- The pupils in the current Years 7 and 8 would be transferred in July 2008 before the planned school closure on 31 August 2008.
- There are sufficient spare places, based on admission number, to accommodate all of the pupils in Years 7-9 at the following four schools: Fulham Cross (spaces in current Year 7 only); Henry Compton (spaces in Years 7-9); Phoenix High (spaces in Years 7-9); and, by agreement, Burlington Danes Academy (spaces in Years 7-9).
- The local authority will co-ordinate casual admissions, providing support and assistance to schools and parents throughout the process.
- Informal discussions have already taken place with the headteacher of Hurlingham and Chelsea School about these planned arrangements, along with discussions with the headteachers of the schools with spare places.

ipc/29/01/07

PUBLIC QUESTION TIME

LONDON BOROUGH OF HAMMERSMITH & FULHAM

COUNCIL MEETING – 31 JANUARY 2007

Question by: Mr.Sean Kneale, 78a Larden Road, W12

to the: Leader of the Council

QUESTION

“What is the Council’s response to the Mayor’s direction to refuse planning approval for the Prestolite development unless more affordable rented units are provided given that most residents in the area support Council approval of 92 such units or even fewer of them”?

REPLY

While the London Mayor has stated that he would lift the direction to refuse permission if a negotiated position was agreed, we are disappointed and somewhat dismayed at this response given the current tenure mix to be found in the north of the borough and the proposed mix of housing that the Planning Committee supported. The Askew Ward with 33.5% social rented housing and indeed the northern part of the borough with 42.7% social rented housing is significantly higher than the 26.1% social rented housing found across London.

The Council view is that the development that was agreed by the Planning Committee on the 12th December last had a tenure mix that was right for the local neighbourhood and area and was one that local residents wanted to see developed. Additionally, the mix was one that we believe would ensure that a new and vibrant community could be achieved on the old Prestolite factory site.

We are not interested in crude percentages – our key aims are to provide all new residents with an opportunity to own a stake in their home and achieve a “sustainable” development. These are aims that the Prestolite applicant, Genesis Housing Group shares and which underpin their negotiations with the London Mayor. We are hopeful that a modified scheme will soon be presented to Planning Committee and that this will meet our aims and provide housing for the broad range of households who need and want to live in the borough including key workers and those other working households on low to middle incomes.

ipc/25/01/07



URGENT REPORT TO COUNCIL

6.4

31 JANUARY 2007

CHIEF EXECUTIVE

**CHANGES TO SCRUTINY COMMITTEE
MEMBERSHIP**

WARDS

All

Reason for Urgency

In accordance with S.100B (4) (b) of the Access to Information Act 1985, this report needs to be considered by the Council as a matter of urgency in order that the work of the relevant Scrutiny Committees is not impaired. The next ordinary Council meeting at which this matter could be considered and appointment made is not scheduled to be held until 28 February if the matter is not considered at this Council meeting. The next Cleaner & Greener Scrutiny Committee is scheduled to be held on 21 February.

Summary

This report details changes which need to be made to the membership of the Cleaner & Greener Scrutiny Committee and the Health & Adult Social Care Scrutiny Committee.

CONTRIBUTORS

RECOMMENDATIONS:

ACE

1. That Councillor Jane Law be appointed to the Health & Adult Social Care Scrutiny Committee in place of Councillor Alexandra Robson with immediate effect.
2. That Councillor Alexandra Robson be appointed to the Cleaner & Greener Scrutiny Committee in place of Councillor Jane Law with immediate effect.

PUBLIC QUESTION TIME

LONDON BOROUGH OF HAMMERSMITH & FULHAM

COUNCIL MEETING – 28 FEBRUARY 2007

Question by: Ms.Virginia Ironside, 5 Loftus Road W12

to the: Leader of the Council

QUESTION

“Will Hammersmith and Fulham co-operate with Hillingdon and Ealing and Kensington and Chelsea Councils to find ways to oppose the proposed tram along the Uxbridge Road, and will they appoint a specific person to co-ordinate opposition from residents associations along the route and elsewhere?”

ipc/30/01/07

LEADER

*Councillor Stephen
Greenhalgh*

**REVENUE BUDGET AND COUNCIL TAX
LEVELS 2007/08**

This report sets out proposals in respect of the revenue budget for the Council for 2007/08 including Council Tax levels, and deals with the precept from the Greater London Authority (GLA), together with ancillary issues.

Wards

All

CONTRIBUTORS

All Departments

**ALL SCRUTINY
COMMITTEES**

January 2007

RECOMMENDATIONS:

1. **To note the Council Tax decrease, for the Hammersmith & Fulham element, of 3% for 2007/08, and the planned decrease of 3% for 2008/09 and 2009/10.**
2. **The Council Tax be set for 2007/08 for each category of dwelling, as calculated in accordance with Sections 30 to 47 of the Local Government Finance Act 1992, as outlined below and in full in Appendix A:**
 - (a) **The element of Council Tax charged for Hammersmith & Fulham Council will be £889.45 per Band D property in 2007/08.**
 - (b) **The element of Council Tax charged by the Greater London Authority will be £303.88 per Band D property in 2007/08.**
 - (c) **The overall Council Tax to be set will be £1,193.33 per Band D property in 2007/08.**

Category of Dwelling	A	B	C	D	E	F	G	H
Ratio	6/9 £	7/9 £	8/9 £	1 £	11/9 £	13/9 £	15/9 £	18/9 £
a) H&F	592.97	691.79	790.62	889.45	1,087.11	1,284.76	1,482.42	1,778.90
b) GLA	202.59	236.35	270.12	303.88	371.41	438.94	506.47	607.76
c) Total	795.56	928.14	1,060.74	1,193.33	1,458.52	1,723.70	1,988.89	2,386.66

- 3. The Council's own total net expenditure budget for 2007/08 is set as £180.181m**
- 4. That fees and charges are approved as set out in paragraph 5.1.**
- 5. That the Director of Finance's budget projections to 2009/10 be noted.**
- 6. That the Director of Finance's statements under Section 25 of the Local Government Act 2003 regarding adequacy of reserves and robustness of estimates be noted (paragraphs 6 and 7).**
- 7. That the Director of Finance be authorised to collect and recover National Non-Domestic Rate and Council Tax in accordance with the Local Government Finance Act 1988 (as amended), the Local Government Finance Act 1992 and the Council Schemes of Delegation.**
- 8. That all Chief Officers be required to report monthly on their projected financial position compared to their revenue estimates (as part of the Corporate Monitoring Report).**
- 9. That all Chief Officers be authorised to implement their service spending plans for 2007/08 in accordance with the recommendations within this report and the Council's Standing Orders, Financial Regulations and relevant Schemes of Delegation.**

1 BACKGROUND

- 1.1 The Council is obliged by legislation to set a balanced budget. It also has responsibility to set the Council Tax every year in accordance with the Local Government Act 1992.
- 1.2 The calculation of the Council Tax is made up from the following elements:
 - the recommended net Council budget for 2007/08 (sections 2 to 7);
 - the Aggregate External Support estimated by the Council (section 8);
 - the Council Tax base set at Council on [31 January 2007](#) (section 9);
 - the precept notified by the Greater London Authority (section 10).
- 1.3 The requisite calculation for the Council's share of the Council Tax is set out in **Appendix A**.

2 INFLATION AND OTHER ADJUSTMENTS

- 2.1 An allowance of 2% has been made within the departmental budget estimates for the 2007/08 pay award. This is in line with Government guidance. The final pay award is subject to negotiation and a central contingency has been established which provides, if necessary, for an additional 0.5% increase. The latest Actuarial Valuation has also required a 3% increase in the Employer's Pension Contribution rate for 2007/08.
- 2.2 In order to contain growth no inflation has been applied to non-pay items except where there is a contract in place. Certain exceptional increases, such as for energy costs, are separately identified within the growth proposals.
- 2.3 From 2006/07 funding for schools transferred to a ring-fenced, Dedicated Schools Grant (DSG). The Department for Education and Skills is responsible for determining each local authority's 'Dedicated Schools Budget' (DSB) – the amount spent locally on schools and other services for pupils. Local authorities can opt to top-up such funding through additional contributions. The change to direct government funding of schools has required LBHF to exclude the DSB from the Council's budget requirement.
- 2.4 The accounting framework within which local authorities charge services for their use of capital assets has changed in 2006/07. Previously services were charged with both depreciation and a notional interest figure. Such sums had a net nil impact on the overall revenue budget as a matching adjustment was made within central items. For 2007/08 the requirement to charge notional interest has ceased. Departmental budgets have accordingly reduced by £11.9m whilst a matching increase of £11.9m is shown within central items.

Such changes are noted within the budget book pages. The net overall impact on the Council's budget is nil.

3 GROWTH

- 3.1 In the course of the budget process departments have identified areas where additional resources are required. Additional requirements are summarised in **Appendix C** and summarised in Table 1 below for 2007/08.

Table 1

	£000s
Children's Services	(11)
Community Services	2,374
Customer First	2,266
Environment Services	453
Finance	125
Assistant Chief Executive	(160)
Corporate Items	4,341
Total Growth	9,388

- 3.2 Additional budgetary provision of £2m per annum is also to be set aside for the next two years with regard to a pilot project on zero tolerance policing, although it is anticipated that contributions will be made from other partners to significantly reduce the final annual cost to the Council. This will be financed from an earmarked reserve.

4 EFFICIENCY SAVINGS AND INCOME GENERATION

- 4.1 The key priorities of the Council include the delivery of high quality value for money services and lowering current council tax levels year on year. The aim is for Hammersmith and Fulham to be the most efficient council in the country.
- 4.2 In order for the Council to deliver its key priorities a wide range of efficiency savings are being implemented by departments. These are detailed, along with income generating measures, in **Appendix D** and summarised in Table 2 below for 2007/08:

Table 2

	£000s
Children's Services	(3,300)
Community Services	(3,776)
Customer First	(611)
Environment Services	(3,183)
Finance	(427)
Assistant Chief Executive	(1,368)
Corporate Items	(1,769)
Total Savings and Income Generation	(14,434)

4.3 Further to considerations of the budget proposals by the Scrutiny Committees, a proposed efficiency of £0.050m regarding Theatre Grants has been withdrawn. This change is reflected in Table 2 and Appendix D.

5. FEES AND CHARGES

5.1 In line with last year, the Revenue Budget for 2007/08 has generally been prepared on the basis of an average 5% increase in income budgets. Labour costs are the main driver behind many of the services provided by the council and, as stated previously, the Budget has provided for a 2.5% pay award. Furthermore the Council will make an additional 3% contribution to the Pension Fund. Where fees and charges have been increased by a rate other than 5%, except when the increases are set by statute, details are provided in **Appendix G**.

6. REVENUE BALANCES, RESERVES AND PROVISIONS

6.1 The Council is currently projecting to draw down £2.2m from reserves in the current financial year. It is expected that at year-end there will be approximately £12.1m in general reserves. This is just over 6.7% of the current budget requirement. It is proposed that the reserves reduce by £1.1m during 2007/08. No further contributions from reserves are projected thereafter. A total reduction of £1.1m in reserves by 2008/09 will leave them at 6.1% of the Council's budget requirement of £180.7m.

6.2 Under Section 25 of the Local Government Act 2003, the Director of Finance is required to include in budget reports a statement of her view of the adequacy of the reserves the budget provides for.

6.3 The Council's budget requirement for 2007/08 is in the order of £180m. Within a budget of this magnitude there are inevitably areas of risk and uncertainty. The key financial risks that currently face the Council have been identified and quantified. They are set out in **Appendix F** and amount to £8.7m. The Council

has in place rigorous budget monitoring arrangements and a policy of restoring balances once used.

- 6.4 The Director of Finance considers that this combined approach enables an optimal level of balances to be set at £9m-£11m. This optimal level is projected to be broadly met over the next 3 years and is, in the Director of Finance's view, sufficient to allow for the risks identified and to support effective medium term financial planning.

7. THE BUDGET REQUIREMENT

- 7.1 The relevant Service Directors and Cabinet Members, in conjunction with the Director of Finance, have considered the detail of the individual estimates. Under Section 25 of the Local Government Act 2003, the Director of Finance is required to include in budget reports a statement of her view of the robustness of the estimates for 2007/08 included in the report.

- 7.2 For the reasons set out below the Director of Finance is satisfied with the accuracy and robustness of the estimates included in this report :

- The budget proposals have been developed following guidance from the Director of Finance and have been through a robust process of development and challenge.
- Pay inflation is provided for.
- Additional inflation has been provided for where contracts are in place or where exceptional increases are forecast
- Adequate allowance has been made for the increase in pension costs
- Service managers have made reasonable assumptions about growth pressures.
- Mechanisms are in place to monitor sensitive areas of expenditure and the delivery of efficiency savings.
- Key risks have been identified and considered.
- Procedures are in place to capture and monitor procurement and corporate savings.
- Prudent assumptions have been made about interest rates and the budget proposals are joined up with the requirements of the prudential code and Treasury Management Strategy.
- The revenue effects of the capital programme have been reflected in the budget.
- The recommended increases in fees and charges are in line with the assumptions in the budget.

- 7.3 The Director of Finance's projections of the budget requirement for the Council in the medium term to 2009/10 is set out in **Appendix B** and is also summarised below for 2007/08:

Table 3

		£000s
	2006/07 Budget	176,558
	Adjustment For Prior Year Use of Reserves	3,755
	Adjustment For Formula Grant Base	(162)
<u>Plus</u>	Inflation	6,218
	Growth	9,388
<u>Less</u>	Efficiency Savings and Income Generation	(14,434)
	Use of Balances	(1,142)
Net Council Budget 2007/08		180,181

8. EXTERNAL FUNDING

- 8.1 Notification of the Final Local Government Finance Settlement was received on 18 January 2007. The original estimate for the Council's 2007/08 Formula Grant, reported to Scrutiny Panels in January 2007, was £110.578m. The actual grant, as set out in Table 4, has been confirmed as [£110.578m](#).

Table 4

		£000s
	Revenue Support Grant	15,891
	Redistributed Non-Domestic Rates	94,688
	Total 2007/08 Formula Grant	110,578
	Prior Year Collection Fund Surplus	986
	Total External Support	111,564

- 8.3 A three-year Settlement is expected to be announced from 2008/09. The Council is currently assuming a 2.5% increase for the Hammersmith and Fulham allocation. This is a reduction on last years assumption of a 3% increase. It is expected that the Government will build in even greater efficiency expectations within the Settlement and that previous funding formula changes regarding social services for younger adults and children's social care will continue to disadvantage London authorities
- 8.4 The Local Government and Finance Act 1988 requires that all council tax and non-domestic rates income is paid into a collection fund, along with payments out regarding the Greater London Authority precept, the national pool for non-domestic rates and the contribution towards a Council's own General Fund. The level of income collected by the Council has been better than anticipated and the collection fund is forecast to be in surplus. The prior year adjustment, shown in

Table 4, represents the Hammersmith and Fulham share of the forecast surplus. A payment will also be made to the Greater London Authority regarding their share of the surplus.

- 8.4 The Government introduced the Local Authority Business Growth Incentive Scheme in 2005/06. This allows local authorities, provided they pass a certain threshold, to share in the growth in local Business Rates. Figures for 2006 will not be known until February. It is currently projected that the Council will not receive any benefit from the scheme. When setting the threshold local authorities were divided into 8 baseline groups. Hammersmith and Fulham was placed in the baseline group with the second highest threshold target. The Council received no benefit in 2006/07, nor did any London authority in the top 3 baseline groups, and is unlikely to do so in 2007/08.

9. COUNCIL TAX BASE

- 9.1 On 31 January 2007, the Council formally agreed a Tax Base of 77,145 equivalent Band D properties. Therefore the Council's element of the Council Tax can be calculated as follows:

$\frac{\text{Total Budget Requirement}}{\text{Tax Base}} = \frac{\text{£180.181m} - \text{£111.564m}}{77,145} = \text{£889.45}$

- 9.2 This represents a decrease of **£27.52** or **3%** in respect of the Council's own Band D Council Tax (**2.3%** on the overall Council Tax bill).

10. PRECEPTOR'S COUNCIL TAX REQUIREMENTS

- 10.1 The Greater London Authority's precept of **£23.443m** also has to be funded from Council Tax. The following table analyses the total amount to be funded and the resulting overall Band D Council Tax level.

$\frac{\text{Preceptors Budget Requirement}}{\text{Tax Base}} = \frac{\text{£23.443m}}{77,145} = \text{£303.88}$
--

10.2 This represents an increase of £15.27 or 5.3% in respect of the GLA's budget requirements (1.3% on the overall Council Tax bill).

11 OVERALL COUNCIL TAX REQUIREMENTS 2007/08 AND 2008/09

11.1 It is proposed to decrease Hammersmith and Fulham's element of the Council Tax by 3% in 2007/08 in order to provide a balanced budget in year with £11.1m in current reserves. The overall amount to be funded from the Council Tax is calculated as follows:

Table 5

	£000s
London Borough of Hammersmith & Fulham	180,181
Greater London Authority	23,443
<u>Less</u>	
External Support	(111,564)
Total Requirement for Council Tax	92,060

11.2 In accordance with the Local Government Finance Act 1992, the Council is required to calculate and approve a Council Tax for its own budgetary purposes (section 9) and then add the separate Council Tax requirements for each of the preceptors (section 10).

11.3 It must then set the overall Council Tax for the Borough. These calculations have to be carried out for each of the valuation bands A to H, and are set out in the recommendations at the front of the report. The amount per Band D equivalent property is calculated as follows:

$\frac{\text{Total Budget Requirement}}{\text{Tax Base}} = \frac{\text{£ 92.060m}}{77,145} = \text{£1,193.33}$
--

- 11.4 In 2006/07 the overall amount per Band D equivalent property was £1,205.58. The decrease can be explained as follows:

Table 6

	2006/07 Band D	2007/08 Band D	Decrease On 2006/07
	£	£	£
Hammersmith & Fulham	916.97	889.45	(27.52)
Greater London Authority	288.61	303.88	15.27
Total	1,205.58	1,193.33	(12.25)

- 11.5 This represents an decrease of **£12.25** or 1% on the overall Council Tax bill
- 11.6 The robust forward financial plans set out in the Council's MTFs has enabled an indicative Council Tax figure to be provided for 2008/09. The projected decrease in Hammersmith and Fulham's Band D is £26.68 (from **£889.45** to **£862.77**). This is an indicative decrease of 3%, which the Cabinet plans to repeat in 2009/10.
- 11.7 When setting the Council Tax level for 2006/07 the Council indicated that it planned to increase Council Tax by a further 1.5% in both 2007/08 and 2008/09. It is now proposed that Council Tax be reduced by 3% for both these years. The current planned Band D charge for 2008/09, of £862.77, is £81.91 lower than the previously indicated Band D charge of £944.68.

12 CONSULTATION WITH NON DOMESTIC RATEPAYERS

- 12.2 In accordance with the Local Government Finance Act 1992, the Council is required to consult with Non Domestic Ratepayers on the budget proposals. The consultation can have no effect on the Business Rate, which is set by the Government.
- 12.3 As with previous years, we have discharged this responsibility by writing to the twenty largest payers and the local Chamber of Commerce together with a copy of this report. The Director of Finance also attended a meeting with local businesses organised through the Chamber of Commerce on the 24th of **January** 2007.

13 COMMENTS OF THE SCRUTINY COMMITTEES

13.1 As part of the Scrutiny process each department's estimates have been reviewed by a relevant Scrutiny Committees. Comments from the Scrutiny Committees are attached at **Appendix E**.

14 COMMENTS OF THE DIRECTOR OF FINANCE

14.1 These are contained within the body of this report.

15 COMMENTS OF THE HEAD OF LEGAL SERVICES

15.1 The Council is obliged to set the Council Tax and a balanced budget for the forthcoming financial year in accordance with the provisions set out in the body of the report.

15.2 In addition to the statutory provisions the Council must also comply with general public law requirements and in particular it must take into account all relevant matters, ignore irrelevant matters and act reasonably and for the public good when setting the Council Tax and budget.

15.3 The recommendations contained in the report have been prepared in line with these requirements.

15.4 Section 25 of the Local Government Act 2003, which came into force on 18 November 2003, requires the Director of Finance to report on the robustness of the estimates made for the purposes of budget calculations and the adequacy of the proposed financial reserves. The Council must take these matters into account when making decisions about the budget calculations.

LOCAL GOVERNMENT ACT 2000 **LIST OF BACKGROUND PAPERS**

No.	Description of Background Papers	Name/Ext. of Holder of File/Copy	Department/ Location
1.	Revenue Budget 2007/08	Andrew Lord Ext. 2531	Finance Department 2 nd Floor Town Hall Extension
2.	Formula Grant Papers 2007/08	Andrew Lord Ext. 2531	Finance Department 2 nd Floor Town Hall Extension

3.	Finance and Assistant Chief Executive Budget Papers	Dave Lansdowne Ext. 2549	Finance Department 2 nd Floor Town Hall Extension
4.	Community Services Budget Papers	Leigh Whitehouse Ext. 5006	Community Services Department 145 King Street
5.	Children's Services Budget Papers	Andy Rennison Ext 2881	Education Department Cambridge House
6.	Housing Revenue Account Budget Papers	Graham Mitchell Ext. 4868	Community Services Department 145 King Street
8	Customer First Budget Papers	Kellie Gooch Ext 1614	Finance Department 2 nd Floor Town Hall Extension
9	Environment and Direct Services Budget Papers	Dave McNamara Ext. 3404	Environment Department Town Hall Extension

APPENDIX A

The Requisite Calculations for Hammersmith & Fulham (as set out in Sections 36 to 36 of the Local Government Finance Act 1992)

		<u>£000s</u>
(a)	being the aggregate of the amounts which the Council estimates for the items set out in section 32 (2)(a) to (e) of the Act.	702,331
(b)	being the aggregate of the amounts which the Council estimates for the items set out in Section 32 (3)(a) to (c) of the Act.	522,150
(c)	being the amount by which the aggregate at (a) above exceeds the aggregate at (b) above, calculated by the Council in accordance with Section 32 (4) of the Act, as its budget requirement for the year.	180,181
(d)	being the aggregate of the sums which the Council estimates will be payable for the year into its General Fund in respect of redistributed non-domestic rates, revenue support grant, or additional grant, (in accordance with section 33 (1) decreased by the amount of the sums which the Council estimates will be transferred in the year from its Collection Fund to its General Fund in accordance with Section 97 (3) of the Local Government Finance Act 1988 (i.e. Council Tax Deficit). (i.e. Aggregate External Support plus Council Tax adjustments).	111,564
(e)	being the amount at (c) above less the amounts at (d) above, calculated by the Council in accordance with Section 33 (1) of the Act	68,617
(f)	being the amount at (c) above less the amount at (d) above all divided by the amount in Section 8 of the report, calculated by the Council, in accordance with Section 33 (1) of the Act, as the Basic Amount of its Council Tax (Band D) for the year i.e. $\frac{\pounds(c)k - \pounds(d)k}{\text{Amount Section 9}}$	889.45

(g) Valuation Bands – Hammersmith & Fulham Council:

Band A	Band B	Band C	Band D
592.97	691.79	790.62	889.45
Band E	Band F	Band G	Band H
1,087.11	1,284.76	1,482.42	1,778.90

being the amounts given by multiplying the amount at (f) above by the number which, in proportion set out in section 5 (1) of the Act, is applicable to dwellings listed in a particular valuation band divided by the number which that proportion is applicable to dwellings listed in band D, calculated by the Council, in accordance with Section 36 (1) of the Act, as the amounts to be taken into account for the year in respect of dwellings listed in the different valuation bands.

(h) Valuation Bands – Greater London Authority

That it be noted that for the year 2007-08, the following amounts in precepts issued to the Council in respect of the Greater London Authority, its functional and predecessor bodies, in accordance with Section 40 of the Local Government Finance Act 1992, for each of the categories of dwellings shown below:

Band A	Band B	Band C	Band D
202.59	236.35	270.12	303.88
Band E	Band F	Band G	Band H
371.41	438.94	506.47	607.76

(i) That having calculated the aggregate in each case of the amounts at (g) and (h) above, the Council, in accordance with Section 30 (2) of the Local Government Finance Act 1992, hereby sets the following amounts of Council Tax for the year 2007-08 for each of the categories of dwellings shown below:

Band A	Band B	Band C	Band D
795.56	928.14	1,060.74	1,193.33
Band E	Band F	Band G	Band H
1,458.52	1,723.70	1,988.89	2,386.66

Appendix B

	Year 1 2007/08 £'000	Year 2 2008/09 £'000	Year 3 2009/10 £'000
2006/07 Council Budget	176,558	0	0
RSG - Reversal of Prior Year Amending Report	-162	0	0
Add Back Use of Balances in 2006/07	3,755	0	0
2007/08 Net General Fund Base Budget	180,151	180,151	180,151
Known Changes:			
Inflation	6,218	12,136	18,707
Growth (C)	9,388	13,733	15,690
Efficiencies (D)	-14,434	-26,119	-33,810
Total Expenditure	181,323	179,901	180,738
Use of General Balances	-1,142	0	0
Budget Requirement	180,181	179,901	180,738
Formula Grant (RSG) (Assumes 2.5% annual increase from 2008/09)	110,578	113,342	116,176
2006/07 Collection Fund Surplus	986	0	0
Council Tax - 3% decrease per year	68,617	66,558	64,562
Total Resources	180,181	179,901	180,738
Budget Gap	0	0	0
<i><u>For information</u></i>			
Further risks (F)	8,720	11,902	13,986

Appendix C**GROWTH**

Department	Title	Description	2007/08 £'000	2008/09 £'000	2009/10 £'000
Environment	Waste Disposal	Increased contractual costs of waste disposal and increases in landfill tax.	353	709	1,065
Environment	Building Technical Services	Increase in energy prices.	100	300	300
Environment	Parking	Implement a smart match day only parking policy cost effectively. Cost to be met by counter parking measures	0	0	0
Environment	Total		<u>453</u>	<u>1,009</u>	<u>1,365</u>
Children's Services	Leisure	The running costs for the Janet Adegoke Pool	-31	-33	-33
	Play Service	Continuation of concessionary rates	20	20	20
	Total		<u>-11</u>	<u>-13</u>	<u>-13</u>
Community Services	Older People Services	Open new day service	275	275	275
Community Services	Adult Social Care	Price and Volume Pressures on Adult Social Care Placements	500	1,000	1,500
Community Services	Cross Cutting	Transport for London Price Freedom Pass increases above inflation	190	440	700
Community Services	Cross Cutting	Expansion of direct payments	50	100	150
Community Services	Cross Cutting	Transfers from specific grant funding (£225m nationally)	300	300	300
Community Services	Learning Disabilities	Increase in demand for learning disability placements and care packages	750	1,350	1,950
Community Services	Safer Communities	Zero tolerance policing (to be met from earmarked reserve for 2 year period)	0	0	
Community Services	Safer Communities	CCTV - Operational improvements.	159	159	159
Community Services	Housing	Creation of Home Ownership Office	150	150	150
Community Services	Total		<u>2,374</u>	<u>3,774</u>	<u>5,184</u>
Customer First	Core Teams	Budget shortfall for Smarter Borough Service	100	100	100

Appendix C**GROWTH**

Department	Title	Description	2007/08 £'000	2008/09 £'000	2009/10 £'000
Customer First	Core Teams	Budget Shortfall for IT Applications and Core Charges	175	175	175
Customer First	Cross-Cutting	Restructure of Customer First	245	245	245
Customer First	Housing Benefit	Housing Benefit Subsidy shortfall	1,500	1,500	1,500
Customer First	Housing Benefit	Reduction in Housing Benefit Administration Grant	246	246	246
Customer First	Total		<u>2,266</u>	<u>2,266</u>	<u>2,266</u>
Finance	Customer Services (Revenues)	Court Costs	125	125	125
Finance	Total		<u>125</u>	<u>125</u>	<u>125</u>
Assistant Chief Executive					
Policy & Partnerships	Subscriptions	WLA IT and E-Government Group and London Connects Subscriptions	45	45	45
Policy & Partnerships	Councillor Services	Councillor Briefings after May Elections	-15	-15	-15
Organisation Development	Local Elections	Local Elections and Implementing the new Electoral Administration Bill	-190	-190	-190
Assistant Chief Executive	Total		<u>-160</u>	<u>-160</u>	<u>-160</u>
Corporate	Insurance	Increased premium costs due to increased incidence of claims	41	82	123
	Office Accommodation	Rental and NNDR increases	700	850	1,000
	Pension Fund	Additional Contributions arising from the April 2004 actuarial valuation	2,800	3,700	3,700
	Capitalisation	Use of Capitalisation	0	1,300	1,300
	Single Status	Upgrade of relevant posts	400	400	400
	Local Authority Business Growth Incentive Scheme	No income now anticipated from this scheme. Growth is required to fund the sum assumed within the 2006/7 base budget.	400	400	400
Corporate	Total		<u>4,341</u>	<u>6,732</u>	<u>6,923</u>
Grand Total			<u>9,388</u>	<u>13,733</u>	<u>15,690</u>

Appendix D

EFFICIENCIES

Department	Title	Description	2007/08 £'000	2008/09 £'000	2009/10 £'000
Environment	<u>Gershon Efficiencies</u>				
	Street Cleansing and Refuse Collection	Service review and productivity improvements before tendering - figures net of potential £500,000 client side costs (prudent estimate - may be less for client side)	-500	-500	-500
	Borough Construction	Procurement, securing external contracts and other efficiencies	-249	-498	-746
	Borough Highways	Procurement, securing external contracts and other efficiencies	-169	-337	-506
	Building Technical Services	Reduction in Energy Consumption	-50	-200	-200
	Depots	Remodel Stowe Road and Glenthorne Road savings can include reduced accommodation costs arising from transferring staff from released buildings. Potential disposal to be included in Asset strategy	-150	-150	-150
	Grounds Maintenance	Service review including prospect of reducing revenue costs by increasing capital investment and maximising Section 106 agreements.	0	-200	-200
	Highways & Engineering	Potential efficiency gains following the initial investments to review the most cost effective and efficient means for maintaining highway assets.	-20	-20	-20
	Highways & Engineering	Review of contract procurement esp. additional measures in respect of packaging services together smartly, maintaining a small responsive in-house contractor and including consideration of shared services	0	-200	-200
	Parking	Efficiency gains for Attendants including possibility to Tender parking control services following NCP expert input.	-100	-200	-200
	Parking	Back office efficiency gains from the implementation of new parking systems	-200	-400	-400
	Planning	Savings delivered by investment of Planning Delivery Grant or from Best Value Review	0	-150	-150
	Transport	Vehicle procurement, maintenance and usage (numbers)	-100	-200	-200

Appendix D**EFFICIENCIES**

Department	Title	Description	2007/08 £'000	2008/09 £'000	2009/10 £'000
	Accommodation	Home and mobile working. Review of space standards, hot desking, shared buildings. Cambridge House netted off.	-150	-650	-650
	Western Riverside Waste Authority	Efficiency programme	-270	-270	-270
	<u>Other Efficiencies</u>				
	Building Technical Services	Staff re-organisation	-50	-100	-150
	Corporate Property Services	Merger/transfer of roles to avoid duplication	-38	-77	-115
	Director's Office	Reduction in project budget	-13	-26	-40
	Finance	Staffing re-organisation following merger	-19	-39	-58
	Fulham Palace	NNDR, insurance and other efficiencies	-8	-15	-23
	Highways and Engineering	Staff and other efficiencies	-64	-128	-193
	North End Market	Review of arrangements	-50	-50	-50
	Planning	Review of charges, on-line applications and completion of Local Development Framework	-75	-150	-224
	Public Protection and Safety	Increased income and review of building control service	-101	-203	-304
	Resources	Staff and other efficiencies	-27	-55	-82
	<u>Increased Income</u>				
	Highways & Engineering	Additional income mainly from fixed penalty notices and permit fees from implementing the traffic management orders - offset by start up costs of the new permitting system	-230	-230	-230
	Trade Refuse	Increase in trade refuse agreements	-50	-50	-50

Appendix D**EFFICIENCIES**

Department	Title	Description	2007/08 £'000	2008/09 £'000	2009/10 £'000
	Fees and Charges	New Income Opportunities - Fireworks Display	-14	-14	-14
	Fees and Charges	New Income Opportunities - Parks and Cemeteries	-50	-50	-50
	Fees and Charges	New Income Opportunities - Public Advertising	-436	-436	-436
Environment	Total		<u>-3,183</u>	<u>-5,598</u>	<u>-6,411</u>

Children's Services Gershon Efficiencies

	Cross-cutting	Procurement efficiencies	-750	-1,100	-1,100
	Libraries, Adult Education and Archives	Spend to save for libraries	-160	-160	-160
	Preventive, assessment and outreach	Realignment of teams	0	-50	-100
	Resources	Staff efficiencies and grant reduction	-250	-300	-300
	Transport	Procurement and joint work with Ealing	-450	-525	-550
	<u>Other Efficiencies</u>				
	Direct Service Provision	Productivity improvements and realignment of salaries for social workers	-150	-300	-300
	Education	Cleaning and Catering (MEG)	-200	-400	-400
	Libraries, Adult Education and Archives	Reduction of archives to free up accommodation and elimination of subsidy for adult education	-125	-125	-125
	Libraries, Adult Education and Archives	Review long-term strategy for libraries	0	-200	-200
	Play and Youth Service	Re-alignment of management responsibilities and deletion of posts	-117	-117	-117

Appendix D**EFFICIENCIES**

Department	Title	Description	2007/08 £'000	2008/09 £'000	2009/10 £'000
	Play and Youth Service	Lower subsidy for the play service	-100	-200	-200
	School Improvement and Achievement	Revised management structure	-50	-75	-100
	Strategy , Policy and Information	Staff saving in management information systems	-45	-75	-100
	Traded Services	Increased services in partnership with other boroughs	-15	-30	-45
	<u>Initiatives rising after Member Challenge</u>				
	Cross-Cutting	Merge functions with K&C such as the Haven Respite Centre	-100	-100	-100
	Cross-Cutting	Increase savings target from merger of Education and Children's Social Services from 3.3% to 10%	-45	-45	-45
	Cross-Cutting	Delete policy and communications posts and any unnecessary support functions not central to service delivery	-60	-60	-60
	Transport	In addition to Passenger Transport Review above, explore tender opportunities	-50	-50	-50
	Assets	Non-renewal of Cambridge House Lease	-350	-350	-350
	Vulnerable Children	Savings from Implementation of the new Children's Information System	-223	-223	-223
	Asylum	Resolve issue of 25 'children' who are 18 year old or above and who do not have leave to remain	-60	-150	-150
Children's Services Total			-3,300	-4,635	-4,775

Appendix D**EFFICIENCIES**

Department	Title	Description	2007/08 £'000	2008/09 £'000	2009/10 £'000
Community Services	<u>Gershon Efficiencies</u>				
	Adult Social Care	Collaborative Procurement Initiatives with other West London Boroughs	-250	-500	-500
	Adult Social Care	Learning Disability Service - Efficiencies in external day care	-50	-50	-50
	Cross-Cutting	ISCIS - Further savings following re-design of business processes	-50	-50	-50
	<u>Other Efficiencies</u>				
	Adult Social Care	Fair Access to Care Services - Review of Criteria	-250	-500	-500
	Adult Social Care	Rationalisation of Strategy and Policy functions - including impact of CORVU	-140	-190	-190
	Adult Social Care	Remodel Mental Health Daycare facilities	-250	-530	-530
	Adult Social Care	Learning Disability Team - Minor Restructure and review of floating support	-40	-40	-40
	Adult Social Care	Review social work support against benchmark comparators	-65	-65	-65
	Adult Social Care	Review of Information and Assessment Service	-60	-60	-60
	Adult Social Care	Physical Disability team - minor re-organisation	-88	-88	-88
	Adult Social Care	Independent Living Service at Sunberry	-25	-25	-25
	Community	Meals on Wheels - Efficiencies on rounds and additional income	-50	-100	-100
	Community	Restucturing and market testing of Home Care Service	-525	-900	-900
	Community	Review of joint equipment	-50	-50	-50
	Community	Community Support Centres - Review usage	0	-250	-500
	Housing	Housing support and advice - minor re-organisation	-43	-43	-43
	Housing	Root & branch review of Private Sector Housing services	-350	-350	-350

Appendix D

EFFICIENCIES

Department	Title	Description	2007/08 £'000	2008/09 £'000	2009/10 £'000
	Housing	Occupational Therapy Service - efficiencies through smarter processes	-80	-150	-150
	Housing	Housing Register - efficiencies through smarter processes	-50	-100	-100
	Housing	Temporary Accommodation - Improved income performance and minor re-organisation	-505	-505	-505
	Housing	More efficient use of in-house storage	-30	-30	-30
	Regeneration	Regeneration - Reorganisation of service	-350	-350	-450
	Resources	Review of Facilities Management functions	-35	-35	-35
	Resources	More efficient use of staff advertising budget	-30	-30	-30
	Resources	Review of departmental finance function	-40	-40	-40
	Safer Communities	Review and market test Security functions	-100	-150	-200
	Voluntary Sector	More effective commissioning and more efficient use of property	-20	-100	-100
	<u>Income Efficiencies</u>				
	Fees and Charges	Improved collection and contributions for practical support	-250	-250	-250
Community Services	Total		-3,776	-5,531	-5,931
Customer First	<u>Gershon Efficiencies</u>				
	Cross-Cutting	Extension of contact centre, face to face strategy and increased self-service	-250	-500	-500
	Cross-Cutting	Implementation of Residents Direct Strategy	0	-250	-500
	Cross-Cutting	Customer Access Strategy	0	0	-2,000
	Contact Centre	Productivity and multi-skilling	-24	-47	-71
	Hammerprint	Vacancy management and efficiency measures	-36	-72	-108

Appendix D

EFFICIENCIES

Department	Title	Description	2007/08 £'000	2008/09 £'000	2009/10 £'000
	Mail Services	Staff review and fleet management efficiencies	-12	-23	-35
	<u>Other Efficiencies</u>				
	Cross-Cutting	Core Teams	-19	-38	-57
	Facilities Management	Outsourcing of Hammerprint	-250	-250	-250
	Lettings	Efficiencies and income generation	-6	-12	-18
	Registration Services	Agency and other cost reductions, increased income.	-14	-28	-42
Customer First	Total		<u>-611</u>	<u>-1,220</u>	<u>-3,581</u>
Assistant Chief Executive	<u>Gershon Efficiencies</u>				
Organisation Development	Legal Services	Rationalisation of Private Sector Leasing work	-35	-35	-35
Policy and Partnerships	Cross-cutting	Rationalisation of Councillor Services, Policy Team and Communications - Phase 1	-623	-623	-623
	<u>Other Efficiencies</u>				
Organisation Development	Electoral Services	Postage/stationery budgets	-10	-20	-30
Organisation Development	Human Resources	Review of Trade Union funding arrangements	-50	-100	-100
Organisation Development	Human Resources	Review of processes, consideration of shared services, recruitment costs	-250	-500	-500
Organisation Development	Human Resources	Review of child care subsidy provisions	-200	-200	-200
Organisation Development	Legal Services	Reduced cost, usage and provision of legal services including through improvements in departmental procedures and through tendering/select lists	-100	-200	-200
Policy and Partnerships	Irish Centre	Review usage	-100	-100	-100
Assistant Chief Executive	Total		<u>-1,368</u>	<u>-1,778</u>	<u>-1,788</u>

Appendix D**EFFICIENCIES**

Department	Title	Description	2007/08 £'000	2008/09 £'000	2009/10 £'000
Finance	<u>Gershon Efficiencies</u>				
	Council Tax and Benefits	Service reconfiguration	-250	-500	-500
	Corporate Finance	Restructure	-21	-43	-64
	Customer Services	Review of Revenues service	-36	-72	-108
	Financial Services	Shared services and efficiency review	0	-400	-400
	IT Strategy and Services	Joint Venture Company contract savings	-120	-300	-300
Finance	Total		<u>-427</u>	<u>-1,315</u>	<u>-1,372</u>
Corporate	<u>Gershon Efficiencies</u>				
	E-Procurement	On-going savings	-500	-1,000	-1,000
	Finance	Staff efficiencies from new General Ledger system	0	-200	-200
	Human Resources	Productivity improvements	-680	-1,500	-1,500
	Capital Debt Reduction	Debt Reduction Strategy	-480	-1,550	-2,300
	<u>Other Efficiencies</u>				
	Debt Restructuring	Debt Restructuring	-109	-217	-326
	Cross-Cutting	Further productivity and other efficiencies from outsourcing and new ways of working	0	-825	-3,876
	<u>Income Efficiencies</u>				
	Fees and Charges	New income opportunities	0	-750	-750
Corporate	Total		<u>-1,769</u>	<u>-6,042</u>	<u>-9,952</u>
		Grand Total	-14,434	-26,119	-33,810

Appendix F**RISKS**

Title	Description	2007/08 £'000	2008/09 £'000	2009/10 £'000
ITSD	Potential increase in re-licensing costs if Microsoft change the way they charge for new upgrades	300	300	300
Children's Services	Increase in numbers of 18+ UASC eligible for Leaving Care Support (subject to grant negotiations)	250	250	250
Children's Services	Action on lobbying Home Office on UASL costs currently being taken, may not be as successful as expected.	100	100	100
Benefits (Admin)	Previous MTFS savings in respect of EDM and the Benefit Fraud Inspectorate recommendations have not been achieved	400	400	400
Contaminated Land	Unable to contain expenditure within budget	40	40	40
Transport for London	Road condition - reduction in TfL funding for Principal Road Maintenance. Average allocation each year £900K.	0	200	200
Community Services	White City Collaborative Care Centre	150	150	150
Community Services	Additional Direct Payment numbers.	500	1,000	1,000
Community Services	Increased demand for Services following Charging review.	300	300	0
Community Services	Welfare Bill - Impact of housing benefit changes on homelessness income.	700	700	700
Community Services	Increasing numbers of people with no recourse to public funds.	150	150	150

Appendix F**RISKS**

Title	Description	2007/08 £'000	2008/09 £'000	2009/10 £'000
Community Services	Above forecast increase in Learning disability placements & packages	150	450	600
Fostering Allowance	Introduction of national minimum rates	250	250	250
Planning	Planning Delivery Grant reduction	400	400	400
Parking	Parking Income loss (or increase)	2,500	2,500	2,500
Parking	Differential Charging for PCNs	700	700	700
Environment	Delays in Traffic Management Regulations	230	230	230
Corporate	Pay Award at 3% rather than 2.5%	800	1,600	2,400
Corporate	1.25% rather than 2.5% increase in formula grant	0	1,382	2,816
Environment	Land charges income only to cover expenditure	800	800	800
	Grand Total	8,720	11,902	13,986

**REVENUE BUDGET AND COUNCIL TAX 2007-08
COMMENTS OF SCRUTINY COMMITTEES**

**CLEANER AND GREENER SCRUTINY COMMITTEE COMMENTS –
15 JANUARY 2007**

The Cleaner and Greener Scrutiny Committee considered the Cabinet's proposals for the Revenue Budget and Council Tax 2007 – 08 at its meeting held on 15th January 2007.

The Committee discussed a range of issues including the implications of the GLA precept, staffing and organisational changes, revenue from advertising and other income opportunities.

In addition, the Committee also considered detailed information in relation to the proposed budget for the Environment Services Department and the Regeneration Division.

RECOMMENDATIONS -

1. That the Cleaner and Greener Scrutiny Committee endorses the Revenue Budget and Council Tax proposals for 2007 – 08.
2. That consideration be given to increasing the involvement of scrutiny committees in the Council's budget process for 2008 – 09.

**EDUCATION AND CHILDREN'S SERVICES SCRUTINY COMMITTEE
COMMENTS – 16 JANUARY 2007**

The Education and Children's Services Scrutiny Committee considered the report on the Revenue Budget and Council Tax for 2007/08 at its meeting on 16th January 2007.

The Committee discussed a range of issues but focused specifically on the implications for the Children's Services Department. Members discussed the implications of the realignment of services and the reduction of staff resources which delivered administrative and back room support. The Committee also sought assurances that staff reconfigurations to develop the role of qualified social workers and support staff to allow greater efficiencies and that the provision of an intelligent service would not impact on the quality of service provided.

RECOMMENDATION -

The Committee endorses Revenue Budget and Council Tax Strategy 2007/08.

APPENDIX E

HEALTH AND ADULT SOCIAL CARE SCRUTINY COMMITTEE COMMENTS – 23 JANUARY 2007

The Health and Adult Social Care Scrutiny Committee considered a report on the Revenue Budget and Council Tax for 2007/08 at its meeting on 23rd January 2007.

The Committee considered a number of issues within the scope of budget implications for Adult Social Care services. Members identified two particular areas of interest regarding the meals on wheels service. A two phased increase to the cost of meals was accepted by members who acknowledged that this still compared favourably with charges levied by other councils across London. A forthcoming review of the categorisation regarding eligibility for receipt of the service was noted by members and officers were asked to provide detailed information regarding the number of service users prior to and following the review. A further area of interest to members was fair access to care services.

RECOMMENDATIONS -

1. That officers provide detailed figures regarding the number of users eligible for meals on wheels and their respective category designations, both prior to and following the categorisation review of the service.
2. The Committee endorses Revenue Budget and Council Tax Strategy 2007/08.

HOUSING SCRUTINY COMMITTEE COMMENTS – 17 JANUARY 2007

The Housing Scrutiny Committee considered the proposals for the Revenue Budget and Council Tax 2007-08 at its meeting held on 17th January 2007.

The Committee discussed a range of issues including the proposed decrease in Hammersmith and Fulham's element of the Council Tax by 3% in 2007/08; and the efficiency savings and income generation relating to Housing, including the re-organisation of Temporary Accommodation and Housing Support and Advice.

RECOMMENDATION –

That the Committee endorses the proposals for the Council's Budget for 2007/08 and notes the Housing revenue estimates.

APPENDIX E

LOCAL NEIGHBOURHOODS SCRUTINY COMMITTEE COMMENTS – 10 JANUARY 2007

The Local Neighbourhoods Scrutiny Committee considered a report on the Revenue Budget and Council Tax for 2007/08 at its meeting on 10th January 2007.

The Committee welcomed operational improvements in close circuit television which represented a growth increase of £159,000 to cover additional staff and improved monitoring equipment. The Committee noted that a proposed saving was anticipated when council security services were market tested, with the possible option of outsourcing. Linked to this, the Committee also welcomed plans to further support the council key priority of 24/7 zero tolerance policing, which was to be piloted in two wards (subject to external funding).

RECOMMENDATION –

The Committee endorses Revenue Budget and Council Tax Strategy 2007/08.

VALUE FOR MONEY SCRUTINY COMMITTEE COMMENTS – 24 JANUARY 2007

The Value For Money Scrutiny Committee considered the Executive's proposals for the Revenue Budget and Council Tax 2007-08 at its meeting held on 24th January 2007.

The Committee discussed a range of issues including the Revenue Support Grant, debt reduction strategy, trade union funding, whether service delivery would be affected by efficiency savings and the possible future disposals of some assets.

In addition, the Committee also considered detailed information in relation to the proposed budgets for Finance, ACE and Customer First departments.

RECOMMENDATIONS -

That the Committee endorses the Revenue Budget and Council Tax proposals for 2007-08.

Resources

	2006/07	2007/08
Copying fees:		
Copy of Planning permission/B regs	£5.00	£5.00
Copy of TPO	£11.00	£12.00
Copy of agreements	£21.00	£22.00

Development Services

	2006/07	2007/08
Copying Charges for various documents		
AO	£6.00	£6.00 up to 10 sheets. £0.60 per sheet thereafter
A1	£5.00	£5.00 up to 10 sheets. £0.50 per sheet thereafter
A3	£2.00	£2.00 up to 10 sheets. £0.20 per sheet thereafter
A4	£1.00	£1.00 up to 10 sheets. £0.10 per sheet thereafter
Decision Notice	£5.00	£5.00 up to 10 sheets. £0.50 per sheet thereafter

Parking		2006/07	2007/08	% Increase
Permits				
Residents	Individual's first permit (6mths)	£55.00	£60.00	9.09%
	Individual's second permit (6mths)	£220.00	£225.00	2.27%
	Individual's first permit (Yearly)	£95.00	£99.00	4.21%
	Individual's second permit (Yearly)	£420.00	£430.00	2.38%
Business	Business first permit (6mths)	£390.00	£400.00	2.56%
	Business second permit (6mths)	£660.00	£680.00	3.03%
	Business first permit (Yearly)	£620.00	£635.00	2.42%
	Business second permit (Yearly)	£1,100.00	£1,130.00	2.73%
P&D	Charge per Hour	£1.60	£1.60	0.00% Boroughwide charge for P&D is to be replaced replaced by differential pricing during 2007/08
Penalty Charge Notices	More Serious	£100.00	£120.00	20.00% Set by GoL
	Less Serious		£80.00	
Towaway		£150.00	£200.00	33.33% Set by GoL
Suspension of Parking Bay				
	Application	£50.00	£52.00	4.00%
	Enablement	£25.00	£26.00	4.00% per space
	Enforcement	£25.00	£26.00	4.00% per day

<u>Development Services</u>		
Pre-application advice	2006/07	2007/08
Major-Scale (+VAT)	£1,300.00	£2,000.00
Medium-Scale (+ VAT)	£650.00	£1,000.00
Minor Scale		£500.00

Fulham Palace			
2007/08			
Location	Full Day	Half Day	Civil Ceremony only
The Great Hall	£750.00	£550.00	£550.00
Bishop Sherlock's Room	O/R	O/R	O/R
Howley's	£500.00	N/A	N/A
Bishop Terrick's Drawing Room	£400.00	£300.00	£300.00
Bishop Terrick's Dining Room	£250.00	£150.00	£150.00
The Chaplain's Garden Marquee	£2,500.00	O/R	N/A
The East Courtyard	O/R	O/R	N/A
The West Courtyard	O/R	O/R	N/A
The North or Main Lawn	O/R	O/R	N/A
The Palace for private use excluding marquee	£2,500.00	£2,500.00	£2,500.00
The Palace for private use including marquee	£4,000.00	£4,000.00	£4,000.00

Notes:

'Full day' refers to a function running between 9.00am and 5.00pm daily or an evening function running between 6.00pm and 1.00am.

'Half day' refers to a function of maximum of four hours' duration running either between 9.00am and 1.00pm or 1.00pm and 5.00pm.

'OR' refers to 'on request'. Please contact us to discuss your requirements for this special space.

'N/A' indicates 'not available'.

'The Palace for private use' indicates the lettable space within the building and/or specified area but does not include the entire grounds.

Service Area	Service Description	Fee charged 06/07	New Fee	% Increase	Comments
Play	Out of School Care (Full Fee)	£38.50	£38.50	0%	Not going to increase as current 100% higher than neighbouring borough
Play	Out of School Care (Concession)	£8.50	£9.35	10%	Up by 10% to help cover cost of service
Play	Holiday Care (Full Fee)	£109.50	£109.50	0%	Not going to increase as current 100% higher than neighbouring borough
Play	Holiday Care (Concession)	£24.00	£26.40	10%	Up by 10% to help cover cost of service
Archives	Photocopying (A4)	£0.20	£0.25	25%	Increases to cover the actual costs of the service
Archives	Photocopying (A3)	£0.40	£0.45	13%	Increases to cover the actual costs of the service
Archives	Microfilm Printout	£0.40	£0.45	13%	Increases to cover the actual costs of the service
Archives	Handling fee for use of copying stand for photocopies	£10.00	£16.00	60%	Increases to cover the actual costs of the service
Sports	Memberships				
Sports	One-off Joining Fee	£35.00	£35.00	0%	
Sports	Monthly charge - Single	£39.95	£39.95	0%	Leisure contractors are required, as part of their
Sports	Monthly charge - Partners	£73.00	£73.00	0%	respective contracts to only increase charges
Sports	Single payment - Annual Single	£399.50	£399.50	0%	by the rate of inflation unless agreed by the
Sports	Single payment - Annual Partner	£730.00	£730.00	0%	Council.
Sports	Monthly Concessionary	£19.00	£19.55	3%	There is no benefit to the Council in increasing
Sports					prices above the rate of inflation as the income
Sports	Pay & Play Membership - Adult	£36.90	£38.00	3%	is retained by the Contractor. In addition the
Sports	Pay & Play Membership - Partner	£71.80	£73.95	3%	Contractor needs to keep the charges low
Sports	Pay & Play Membership - Concessionary	£21.10	£21.75	3%	to remain competitive with other leisure service
Sports					providers in the area.
Sports	Fulham Pools Card - Adult Borough Resident	£34.00	£35.00	3%	Therefore the average increase is below 3%
Sports	Fulham Pools Card - Adult Non-Borough Resident	£55.00	£56.00	2%	rounded up or down to the nearest 5p to help
Sports	Fulham Pools Card - Junior Borough Resident	£17.00	£18.00	6%	cash handling.
Sports	Fulham Pools Card - Junior Non Borough Resident	£28.00	£29.00	4%	
Sports	Sauna / Steam				
Sports	Adult Pay & Play Member - Peak	£3.60	£3.70	3%	
Sports	Adult Non Member - Peak	£5.15	£5.30	3%	
Sports	Adult Pay & Play Member - Off Peak	£3.60	£3.70	3%	
Sports	Adult Non Member - Off Peak	£5.15	£5.30	3%	
Sports	Gym				
Sports	Adult Pay & Play Member - Gym session per hour - Peak	£4.50	£4.65	3%	
Sports	Adult Non Member - Gym session per hour - Peak	£5.50	£5.50	0%	
Sports	Adult Pay & Play Member - Gym session per hour - Off Peak	£3.50	£3.50	0%	
Sports	Adult Non Member - Gym session per hour - Off Peak	£4.60	£4.60	0%	
Sports	Junior Pay & Play Member 11-16 yrs - Gym session per hour	£3.10	£3.20	3%	
Sports	Pay & Play Member - Personal Programme	£9.75	£10.05	3%	
Sports	Non Member - Personal Programme	£15.00	£15.00	0%	
Sports	Pay & Play Member - Full Inductor	£21.40	£22.05	3%	
Sports	Pay & Play Member - Basic Inductor	£16.05	£16.55	3%	
Sports	Non Member- Basic Induction	£15.00	£15.00	0%	
Sports	Life Style Group Inductor	£0.50	£0.50	0%	

Service Area	Service Description	Fee charged 06/07	New Fee	% Increase	Comments
Sports	Group X Classes inc Aqua				
Sports	Pay & Play Member - 45/60 Min Classes - Peak	£4.55	£4.70	3%	
Sports	Non Member - 45/60 Min Classes - Peak	£5.80	£5.95	3%	
Sports	Pay & Play Member - 45/60 Min Classes - Off Peak	£4.55	£4.70	3%	
Sports	Non Member - 45/60 Min Classes - Off Peak	£5.80	£5.95	3%	
Sports	Pay & Play Member - 75 /90 Min Classes - Peak	£5.55	£5.70	3%	
Sports	Non Member - 76 /90 Min Classes - Peak	£7.40	£7.60	3%	
Sports	Pay & Play Member - 75 /90 Min Classes - Off Peak	£5.55	£5.70	3%	
Sports	Non Member - 75 /90 Min Classes - Off Peak	£7.40	£7.60	3%	
Sports	Badminton, Table Tennis & Squash				
Sports	Badminton - Pay & Play Member - Per Person Per Hour	£4.00	£4.10	2%	
Sports	Badminton - Non Member - Per Person Per Hour	£4.00	£5.30	33%	Increase to encourage more residents to take out membership;
Sports	Table Tennis - Pay & Play Member - Per Person Per Hou	£4.00	£4.10	2%	
Sports	Table Tennis - Non Member - Per Person Per Hou	£4.00	£5.30	33%	Increase to encourage more residents to take out membership;
Sports	Squash - Pay & Play Member - Per Court	£7.35	£7.55	3%	
Sports	Squash - Non Member - Per Court	£8.65	£8.90	3%	
Sports	Admission / Spectator fee				
Sports	Admission/Spectator fee - Pay & Play Member	£0.50	£0.50	0%	
Sports	Admission/Spectator fee - Non Member	£1.00	£1.05	5%	
Sports	Lifestyle Plus Session Charge				
Sports	Lifestyle Plus Session Charge	£0.50	£0.55	10%	
ALL OTHER SPORTS RELATED FEES AND CHARGES TO INCREASE BY 5% FROM 1ST APRIL 2007					
	Fines:				
Libraries	Books	£0.10	£0.15	50%	Above 5% increase to help cover administration costs
Libraries	DVD	£0.50	£1.00	100%	Above 5% increase to help cover administration costs
Libraries	CD	£0.10	£0.15	50%	Above 5% increase to help cover administration costs
Libraries	Talking Books	£0.10	£0.15	50%	Above 5% increase to help cover administration costs
Libraries	Language Courses	£0.10	£0.15	50%	Above 5% increase to help cover administration costs
	Loans:				
Libraries	DVD	£1.00	£2.00	100%	Above 5% increase to help cover administration costs
Libraries	CD	£0.50	£1.00	100%	Above 5% increase to help cover administration costs
Libraries	Videos	free	£1.00		Above 5% increase to help cover administration costs
Libraries	Language Courses	£2.00	£2.50	25%	Above 5% increase to help cover administration costs
Libraries	Play station games	N/A	£2.50		Above 5% increase to help cover administration costs
	Sales of Product & Materials:				
Libraries	Lost library membership card	£0.50	£1.00	100%	Above 5% increase to help cover administration costs
Libraries	Sales of Headphones	£3.50	£3.50	0%	Introduced 2006/07
Libraries	Sales of pens	£0.10	£0.10	0%	Introduced 2006/07
Libraries	Sales of notepads	£0.50	£0.50	0%	Introduced 2006/07
Libraries	Photocopying Fees A4	£0.15	£0.15	0%	Charges stay the same until contract can be changed mid year
Libraries	Photocopying Fees A3	£0.30	£0.30	0%	Charges stay the same until contract can be changed mid year

Service Area	Service Description	Fee charged 06/07	New Fee	% Increase	Comments
	Reservations:				
Libraries	Items in stock	£0.70	£0.80	14%	Above 5% increase to help cover administration costs
Libraries	Items not in stock	£1.00	£1.10	10%	Above 5% increase to help cover administration costs
Libraries	British Library Application	£4.00	£4.50	13%	To also charge under 16s and over 60s
	Premises Hires:				
Libraries	Community groups Opening hours	£7.50	£7.50	0%	Increased by 50% in 2006/07
Libraries	Community groups outside library hours	£30 per hour	£30.00	0%	Increased by 50% in 2006/07
Libraries	Other groups opening hours	£15 per hour	£15.00	0%	Increased by 50% in 2006/07
Libraries	Other groups outside library hours	£60 per hour	£60.00	0%	Increased by 50% in 2006/07
Libraries	Exhibitions weekdays	£100 per day	£100.00	0%	Increased by 50% in 2006/07
Libraries	Exhibitions weekends	£130 per day	£130.00	0%	Increased by 50% in 2006/07
Adult Ed	Adult Education Class Full Fee per hour Band 5	£6.30	£9.26	47%	£9.29 per hr. Full cost fee for students not resident in EU and not eligible for LSC subsidy
Adult Ed	Adult Education Class Conc. Fee per hour Band 1	£0.47	£0.66	40%	£0.66 per hr. Concessionary fees increased to 40% of full fee, to bring them closer to neighbouring boroughs where concessions are 50% of full fee.
Adult Ed	Adult Education Class Conc. Fee per hour Band 2	£0.73	£1.03	41%	£1.03 per hr. Concessionary fees increased to 40% of full fee, to bring them closer to neighbouring boroughs where concessions are 50% of full fee.
Adult Ed	Adult Education Class Conc. Fee per hour Band 3	£1.00	£1.41	41%	£1.41 per hr. Concessionary fees increased to 40% of full fee, to bring them closer to neighbouring boroughs where concessions are 50% of full fee.
Adult Ed	Adult Education Class Conc. Fee per hour Band 4	£1.26	£1.76	40%	£1.76 per hr. Concessionary fees increased to 40% of full fee, to bring them closer to neighbouring boroughs where concessions are 50% of full fee.
Adult Ed	Adult Education Class Conc. Fee per hour Band 5	n/a			No concessions available for full cost fee payers not eligible for LSC subsidy

PRICE LIST: INNER BOROUGH

Equipment	Deposit	2006/07	2007/08	Increase	%age increase	Comment	
Candy Floss Machine	£ 100.00	£	32.70	£ 35.00	£ 2.30	7.034%	Increases required to ensure income covers the cost of running the service
Sticks (each)		£	0.03	£ 0.05	£ 0.02	66.667%	Increases required to ensure income covers the cost of running the service
Popcorn Machine	£ 100.00	£	32.70	£ 35.00	£ 2.30	7.034%	Increases required to ensure income covers the cost of running the service
Cones (each)		£	0.03	£ 0.05	£ 0.02	66.667%	Increases required to ensure income covers the cost of running the service
Badge Machine	£ 50.00	£	18.10	£ 20.00	£ 1.90	10.497%	Increases required to ensure income covers the cost of running the service
Components (each)		£	0.16	£ 0.20	£ 0.04	25.000%	Increases required to ensure income covers the cost of running the service
CD Player	£ 100.00	£	37.20	£ 40.00	£ 2.80	7.527%	Increases required to ensure income covers the cost of running the service
PA System	£ 75.00	£	51.80	£ 55.00	£ 3.20	6.178%	Increases required to ensure income covers the cost of running the service
BBQ	£ 20.00	£	15.80	£ 20.00	£ 4.20	26.582%	Increases required to ensure income covers the cost of running the service
Water Boiler	£ 50.00	£	9.10	£ 10.00	£ 0.90	9.890%	Increases required to ensure income covers the cost of running the service
Trestle Tables 6ft x 2 ft	£50 per 10	£	3.70	£ 5.00	£ 1.30	35.135%	Increases required to ensure income covers the cost of running the service
Chairs Folding/Stacking	£30 per 10	£	1.95	£ 2.50	£ 0.55	28.205%	Increases required to ensure income covers the cost of running the service
Chairs with cushion seats	£30 per 10	£	2.10	£ 3.00	£ 0.90	42.857%	Increases required to ensure income covers the cost of running the service
Marquee 30ft x 15ft	£ 200.00	£	96.70	£ 100.00	£ 3.30	3.413%	Increases required to ensure income covers the cost of running the service
Mess Tent 24ft x 6ft x 12ft	£ 60.00	£	51.80	£ 55.00	£ 3.20	6.178%	Increases required to ensure income covers the cost of running the service
Easy Up Canopy 15ft x 10ft	£ 100.00	£	51.80	£ 55.00	£ 3.20	6.178%	Increases required to ensure income covers the cost of running the service
Stalls	£50 per 10	£	5.05	£ 10.00	£ 4.95	98.020%	Increases required to ensure income covers the cost of running the service
Stage (excluding Disabled ramp)		£	220.50	£ 240.00	£ 19.50	8.844%	Increases required to ensure income covers the cost of running the service
Overhead Projector	£ 50.00	£	15.80	£ 20.00	£ 4.20	26.582%	Increases required to ensure income covers the cost of running the service
Screen	£ 20.00	£	7.35	£ 10.00	£ 2.65	36.054%	Increases required to ensure income covers the cost of running the service
Generator 5KVA	£ 200.00	£	73.10	£ 80.00	£ 6.90	9.439%	Increases required to ensure income covers the cost of running the service
Generator 3KVA	£ 175.00	£	67.50	£ 70.00	£ 2.50	3.704%	Increases required to ensure income covers the cost of running the service
Bunting	£ 10.00	£	1.95	£ 2.00	£ 0.05	2.564%	Increases required to ensure income covers the cost of running the service
Santa Claus Outfit	£ 25.00	£	7.95	£ 15.00	£ 7.05	88.679%	Increases required to ensure income covers the cost of running the service
Raffle Drum	£ 20.00	£	5.00	£ 10.00	£ 5.00	100.000%	Increases required to ensure income covers the cost of running the service
Inflatables per day (includes blower and tape)							Increases required to ensure income covers the cost of running the service
Walled Bed 3m square	£ 200.00	£	37.20	£ 40.00	£ 2.80	7.527%	Increases required to ensure income covers the cost of running the service
Squash Court Bouncer 4.25m square	£ 200.00	£	46.20	£ 50.00	£ 3.80	8.225%	Increases required to ensure income covers the cost of running the service
Bumper Bouncer 6.5m square	£ 200.00	£	51.80	£ 60.00	£ 8.20	15.830%	Increases required to ensure income covers the cost of running the service
Bouncy Castle 7m square	£ 200.00	£	58.50	£ 70.00	£ 11.50	19.658%	Increases required to ensure income covers the cost of running the service
5-a-side Football goals		£	13.80	£ 20.00	£ 6.20	44.928%	Increases required to ensure income covers the cost of running the service
Splat the Rat	£ 40.00	£	6.70	£ 10.00	£ 3.30	49.254%	Increases required to ensure income covers the cost of running the service
Totals	£	£	1,024.07	£ 1,142.80	£ 118.73	11.594%	Increases required to ensure income covers the cost of running the service

	<u>2005/06</u>	<u>2006/07</u>			<u>Apr-07</u>	<u>Comments</u>
FOOTBALL						
Weekend	£ 47.40	£	49.80	£	49.80	No increase proposed. Current charges are higher than similar facilities in neighbouring boroughs.
Weekday	£ 23.70	£	24.90	£	24.90	No increase proposed. Current charges are higher than similar facilities in neighbouring boroughs.
Bank Holiday	£ 53.55	£	56.20	£	56.20	No increase proposed. Current charges are higher than similar facilities in neighbouring boroughs.
Adult						
Youth Team U/16	£ 23.70	£	24.90	£	24.90	No increase proposed. Current charges are higher than similar facilities in neighbouring boroughs.
RUGBY/GAELIC FOOTBALL/LACROSSE/HOCKEY						
Weekend - full pitch	£ 47.40	£	49.80	£	49.80	No increase proposed. Current charges are higher than similar facilities in neighbouring boroughs.
Weekday - half pitch	£ 23.70	£	24.90	£	24.90	No increase proposed. Current charges are higher than similar facilities in neighbouring boroughs.
Bank Holiday	£ 53.55	£	56.20	£	56.20	No increase proposed. Current charges are higher than similar facilities in neighbouring boroughs.
Youth Teams - u/18'						
CRICKET						
Weekend	£ 47.40	£	49.80	£	49.80	No increase proposed. Current charges are higher than similar facilities in neighbouring boroughs.
Weekday - nets	£ 23.70	£	24.90	£	24.90	No increase proposed. Current charges are higher than similar facilities in neighbouring boroughs.
Bank Holiday	£ 53.55	£	56.20	£	56.20	No increase proposed. Current charges are higher than similar facilities in neighbouring boroughs.
Youth Team - U/18	£ 23.70	£	24.90	£	24.90	No increase proposed. Current charges are higher than similar facilities in neighbouring boroughs.
TENNIS						
Adult - per court per hour	£ 5.60	£	5.90	£	6.50	Above inflation increase to encourage more memberships and to align charges with those in other boroughs
Youth - U/18 - 9am-6pm, Mon - Fri	£ 3.30	£	3.45	£	3.75	No increase proposed. Current charges are higher than similar facilities in neighbouring boroughs.
<i>Tennis per hour - School</i>	£ 3.30	£	3.45	£	3.75	No increase proposed. Current charges are higher than similar facilities in neighbouring boroughs.
Lifestyle - 1Mem pcph 9am-4pm, Mon-Fri	£ 3.30	£	3.45	£	3.45	No increase proposed. Current charges are higher than similar facilities in neighbouring boroughs.
Annual Membership Card	£ 10.00	£	11.00	£	11.00	No increase proposed. Current charges are higher than similar facilities in neighbouring boroughs.
5 games	£ 28.00	£	29.50	£	29.50	No increase proposed. Current charges are higher than similar facilities in neighbouring boroughs.
10 games	£ 56.00	£	59.00	£	59.00	No increase proposed. Current charges are higher than similar facilities in neighbouring boroughs.
Coaches Licence Fee	£ 374.60	£	395.00	£	395.00	No increase proposed. Current charges are higher than similar facilities in neighbouring boroughs.
All Weather Pitches						
Hockey per hour	£ 44.00	£	46.00	£	46.00	No increase proposed. Current charges are higher than similar facilities in neighbouring boroughs.
11-a-side	£ 44.00	£	46.00	£	46.00	No increase proposed. Current charges are higher than similar facilities in neighbouring boroughs.
5-a-side	£ 22.00	£	23.00	£	23.00	No increase proposed. Current charges are higher than similar facilities in neighbouring boroughs.
Flood Lights						
training area	£ 15.44	£	16.20	£	16.20	No increase proposed. Current charges are higher than similar facilities in neighbouring boroughs.

SCHOOL SPORTS - Charges quoted apply to Local Authority Schools and exclude VAT. Charges to Grant Maintained and Private Schools are increased by the VAT amount.

SPORTS CHARGES - all inclusive of VAT
FOOTBALL

2006/07
5% inc. **Proposed April 2007**

Comments

Weekend	£49.80	£49.80 No increase proposed. Current charges are higher than similar facilities in neighbouring boroughs.
Weekday	£24.90	£24.90 No increase proposed. Current charges are higher than similar facilities in neighbouring boroughs.
Bank Holiday	£56.20	£56.20 No increase proposed. Current charges are higher than similar facilities in neighbouring boroughs.
Youth Team U/18	£24.90	£24.90 No increase proposed. Current charges are higher than similar facilities in neighbouring boroughs.
Hurlingham - Centre Pitch	£56.20	£56.20 No increase proposed. Current charges are higher than similar facilities in neighbouring boroughs.
Football per hour - School	£11.90	£11.90 No increase proposed. Current charges are higher than similar facilities in neighbouring boroughs.
**11-a-side All Weather Pitch	£46.00	£46.00 No increase proposed. Current charges are higher than similar facilities in neighbouring boroughs.
**5-a-side All Weather Pitch	£23.00	£23.00 No increase proposed. Current charges are higher than similar facilities in neighbouring boroughs.
**11-a-side All Weather Pitch - School	£10.50	£10.50 No increase proposed. Current charges are higher than similar facilities in neighbouring boroughs.
**5-a-side All Weather Pitch - School	£5.20	£5.20 No increase proposed. Current charges are higher than similar facilities in neighbouring boroughs.

RUGBY/GAELIC FOOTBALL/LACROSSE/HOCKEY

Weekend	£49.80	£49.80 No increase proposed. Current charges are higher than similar facilities in neighbouring boroughs.
Weekday	£24.90	£24.90 No increase proposed. Current charges are higher than similar facilities in neighbouring boroughs.
Bank Holiday	£56.20	£56.20 No increase proposed. Current charges are higher than similar facilities in neighbouring boroughs.
Hurlingham - Centre Pitch	£56.20	£56.20 No increase proposed. Current charges are higher than similar facilities in neighbouring boroughs.
Rugby per match @ Hurlingham - School	£49.80	£49.80 No increase proposed. Current charges are higher than similar facilities in neighbouring boroughs.
**All weather Pitch - Hockey	£46.00	£46.00 No increase proposed. Current charges are higher than similar facilities in neighbouring boroughs.
**All weather Pitch - Hockey - Schools	£10.50	£10.50 No increase proposed. Current charges are higher than similar facilities in neighbouring boroughs.

CRICKET

Weekend	£49.80	£49.80 No increase proposed. Current charges are higher than similar facilities in neighbouring boroughs.
Weekday	£24.90	£24.90 No increase proposed. Current charges are higher than similar facilities in neighbouring boroughs.
Bank Holiday	£56.20	£56.20 No increase proposed. Current charges are higher than similar facilities in neighbouring boroughs.
Youth Team - U/18	£24.90	£24.90 No increase proposed. Current charges are higher than similar facilities in neighbouring boroughs.
Cricket per hour - School	£11.90	£11.90 No increase proposed. Current charges are higher than similar facilities in neighbouring boroughs.

NETBALL

Per court per game	£9.80	£10.00 No increase proposed. Current charges are higher than similar facilities in neighbouring boroughs.
Netball per hour - School	£4.00	4.00 No increase proposed. Current charges are higher than similar facilities in neighbouring boroughs.

ROUNDERS/BASEBALL

Per pitch per game	£39.50	£39.50 No increase proposed. Current charges are higher than similar facilities in neighbouring boroughs.
Rounders per hour - School	£4.00	£4.00 No increase proposed. Current charges are higher than similar facilities in neighbouring boroughs.

SOFTBALL

Marking per pitch to be quoted & paid		
Per pitch per game	£39.50	£39.50 No increase proposed. Current charges are higher than similar facilities in neighbouring boroughs.

BICYCLE POLO

Weekends	£49.80	£49.80 No increase proposed. Current charges are higher than similar facilities in neighbouring boroughs.
Weekdays	£24.90	£24.90 No increase proposed. Current charges are higher than similar facilities in neighbouring boroughs.

ATHLETICS

Weekend - per day	£100.00	£100.00 No increase proposed. Current charges are higher than similar facilities in neighbouring boroughs.
Bank Holiday - per day	£160.00	£160.00 No increase proposed. Current charges are higher than similar facilities in neighbouring boroughs.
Weekdays: Full Day	£59.50	£59.50 No increase proposed. Current charges are higher than similar facilities in neighbouring boroughs.
Half Day	£29.75	£29.75 No increase proposed. Current charges are higher than similar facilities in neighbouring boroughs.

ATHLETICS - Schools

<i>Athletics per meeting @ Hurlingham full day</i>	£59.50	£59.50 No increase proposed. Current charges are higher than similar facilities in neighbouring boroughs.
<i>Athletics per meeting @ Hurlingham half day</i>	£29.75	£29.75 No increase proposed. Current charges are higher than similar facilities in neighbouring boroughs.
<i>Athletics per hour @ other Parks</i>	£11.90	£11.90 No increase proposed. Current charges are higher than similar facilities in neighbouring boroughs.

TENNIS

Adult - per court per hour	£5.90	£6.50 Above inflation increase to encourage memberships and align charges with those in other boroughs
Youth - U/18 - 9am-6pm, Mon - Fri	£3.45	£3.75 No increase proposed. Current charges are higher than similar facilities in neighbouring boroughs.
<i>Tennis per hour - School</i>	£3.45	£3.75 No increase proposed. Current charges are higher than similar facilities in neighbouring boroughs.
Lifestyle - 1 member per court per hour - 9am-4pm, Mon - Fri	£3.45	£3.45 No increase proposed. Current charges are higher than similar facilities in neighbouring boroughs.
Tennis Booking - Annual Membership Card	£11.00	£11.00 No increase proposed. Current charges are higher than similar facilities in neighbouring boroughs.
5 games	£29.50	£29.50 No increase proposed. Current charges are higher than similar facilities in neighbouring boroughs.
10 games	£59.00	£59.00 No increase proposed. Current charges are higher than similar facilities in neighbouring boroughs.
Coaches Licence Fee	£395.00	£395.00 No increase proposed. Current charges are higher than similar facilities in neighbouring boroughs.

MINI BASEBALL

Per pitch per game	£39.50	£39.50 No increase proposed. Current charges are higher than similar facilities in neighbouring boroughs.
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TOUCH RUGBY (half size of football pitch, 2 pitches = 1 football pitch)

Weekdays	£12.50	£12.50 No increase proposed. Current charges are higher than similar facilities in neighbouring boroughs.
Weekends	£24.90	£24.90 No increase proposed. Current charges are higher than similar facilities in neighbouring boroughs.

@ HURLINGHAM

COMMUNITY ROOM

Setting up and breaking down per hour	£10.50	£12.00 Above inflation increase to cover costs of providing this service
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CHANGING ROOM @ HURLINGHAM

Charge per booking	£13.50	£13.50 No increase proposed. Current charges are higher than similar facilities in neighbouring boroughs.
For schools per booking	£10.50	£10.50 No increase proposed. Current charges are higher than similar facilities in neighbouring boroughs.

BOWLS

Adult - per person per round	£1.65	£1.65 No increase proposed. Current charges are higher than similar facilities in neighbouring boroughs.
OAP/Youth - per person per round	£0.85	£0.85 No increase proposed. Current charges are higher than similar facilities in neighbouring boroughs.
Adult season ticket	£37.30	£37.30 No increase proposed. Current charges are higher than similar facilities in neighbouring boroughs.
OAP/Youth season ticket	£8.15	£8.15 No increase proposed. Current charges are higher than similar facilities in neighbouring boroughs.
Locker rent	£8.15	£8.15 No increase proposed. Current charges are higher than similar facilities in neighbouring boroughs.

@ HURLINGHAM

TRAINING AREA & FLOODLIGHTS

Training area per hour (in half hour slots)(does not include changing) £16.20

£16.20 No increase proposed. Current charges are higher than similar facilities in neighbouring boroughs.

Floodlights per hour (in half hour slots) - Tue & Thur 6 - 9pm ON £1.60

£1.60 No increase proposed. Current charges are higher than similar facilities in neighbouring boroughs.

Training Area combined with use of changing rooms (per hour)- £20.00

£20.00 No increase proposed. Current charges are higher than similar facilities in neighbouring boroughs.

(H&F RFC use only, floodlights extra)

EVENT ADMINISTRATION CHARGE £40.00

£45.00 Above inflation increase to cover costs of providing this service

Adult Social Care Fees and Charges Schedule 2007/08

Description of Service	Current Fee (£)	Proposed Fee (£)	Increase %	Comment
Adult Social Care				
Meals Service	2.50 per meal	2.85 per meal	11.75	
1. Careline Alarm Gold Service (Pendant) - Emergency Response & Monitoring Service				
(A) Provided to Council tenants in non-sheltered council properties	See Comment			The income is funded from Supporting People, and is therefore subject to outcomes of the SP review. Therefore no change will be made to charges at present.
(B) Provided to Council tenants in Sheltered Council Accommodations	See Comment			
(C) Provided to Social Services Funded clients	See Comment			
(D) Provided to Care & Repair Funded clients	£542.52 for 3-years	£542.52 for 3-years		
2. Careline Alarm Gold Service (Pendant) - Monitoring Service only				
(A) Provided to Council tenants in non-sheltered council properties	See Comment			
3. Careline Alarm Gold Service (Pull cord) - Emergency Response & Monitoring Service				
(A) Provided to Registered Social Landlord Sheltered Accommodations (RSL Financed)	See Comment			
(B) Provided to All Council Sheltered Accommodations (SP funding through SLA Agreement with Housing)	See Comment			
Laundry				
Sands End Laundry - Wash	3.50	3.50	0	
Sands End Laundry - Dry	0.50	0.50	0	

Housing Services Fees and Charges Schedule 2007/08

Description of Service	Current Fee (£)	Proposed Fee (£)	Increase %	Comment
Housing & Community Support				
Env Hsg - HMO Registration Fee (Standard 5 year licence)	820.10	850.85	3.75	
Env Hsg - HMO Registration Fee (Standard 5 year licence with discount)	745.10	773.04	3.75	
Env Hsg - HMO Fit & Proper Person Check (Standard 5 year licence)	710.92	737.58	3.75	
Env Hsg - Fit & Proper Person Check (Standard 5 year licence with discount)	635.92	659.77	3.75	
Env Hsg - HMO Registration Fee (Reduced 2 year licence)	746.89	774.90	3.75	
Env Hsg - HMO Fit & Proper Person Check (Reduced 2 year licence)	637.71	661.62	3.75	
In-House Improvement Agency - Charges for services	Recovery of Costs + 15% on-charge	Recovery of Costs + 15% on-charge	3.75	In line with pay inflation
In-House Improvement Agency - Other Charges	Recovery of costs	Recovery of costs	3.75	In line with pay inflation
B & B Amenity Charge Adult	9.20 per week	9.20 per week	0	It is not cost effective to propose a 5% increase ion this area as 90% of the B&B amenity charge are for Adults and a 5% increase will result in less than 7 pence per day increase.
" Adult + Child	9.70 per week	9.70 per week	0	
" 2 Adults	11.75 per week	11.75 per week	0	
" 2 Adults + Child	12.25 per week	12.25 per week	0	
" 3 Adults + Child	14.80 per week	14.80 per week	0	
" 4 Adults + Child	17.35 per week	17.35 per week	0	

REVENUE BUDGET & COUNCIL TAX LEVELS 2007-08

APPENDIX G FEES AND CHARGES

Gambling Act 2005

1. The Gambling Act 2005 (the act) gives responsibility for the licensing and regulation of gambling premises to licensing authorities. The costs of these new responsibilities will be met by gambling operators through a one of application fee and annual fee.

The Act gives the Secretary of State the power to make regulations prescribing the fees payable to the licensing authority for gambling premises licences and permits as well as other miscellaneous fees

The Department of Culture Media and Sport (DCMS) published the draft fee regulations in November 2006 prescribing the maximum fees chargeable for each type of gaming premises. The final version of these regulations are not due to be published until mid February.

2. Licensing authorities should set the fees for gambling premises licences on a full cost recovery basis. Fees will include the cost of administration (including hearings and appeals), inspection and enforcement associated with the new regime (direct and indirect costs, including a full proportional share of overhead costs, insurance, depreciation and cost of capital charge). Licensing authorities are required to review their fees annually to ensure that the income from the premises licence fees in any one accounting period (i.e. in any full year) does not exceed the full costs incurred by the authority in carrying out the relevant functions.

Recommendation:

Officers have reviewed the cost breakdown tables used in the consultation and projected the likely enforcement activity. In light of the estimated costs to the authority It is proposed that the maximum fee level is adopted for each type of licence and permit to maximise cost recovery.

Background Papers

Gambling Act 2005

The Guidance to Licensing Authorities – April 2006

Gambling Act 2005 Premises Licences and Permit Fees: Consultation

28 FEBRUARY 2007

LEADER

Councillor Stephen Greenhalgh

CAPITAL PROGRAMME 2007/08 TO 2011/12

This report sets out the current commitments in the capital programme and recommends, after consideration of an updated resource forecast, new schemes for inclusion in 2007/08 and the setting aside of resources for debt reduction .

WARDS

All

CONTRIBUTORS

All Departments

RECOMMENDATIONS:

- 1 To note that the General Fund Capital Programme for 2007 / 2008 is £24.367m. (Appendix 1 to the report).
- 2 To note the level of capital receipts needed to support the capital strategy (detailed in Table 1).
- 3 To agree that the current capital contingency of £2m be retained to meet unforeseen and unavoidable expenditure (Para 2.5 refers).
- 4 To approve the following initiatives within the Capital Programme:
 - The completion of existing schemes including the expansion of Wendell Park school (Para 3.3 refers)
 - The continuation, at current funding levels, of the rolling programmes for Corporate Planned Maintenance, repairs to Carriageways and Footways and Disabled access Works.(Para 3.5 refers)
 - The continuation, at a reduced funding level of £1.6m per annum, of the rolling programme for private sector housing grants.(Para 3.5 refers)
 - New investment of £1.5m for Parks (Para 3.6 refers)
 - The setting aside of £2m for the potential capitalisation of equal pay awards (Para 3.7 refers)

- 5 To agree that the temporary investment of Civic accommodation balances be made permanent (Para 3.8 refers)**
- 6 To agree that the forecast surplus in mainstream resources be set aside for debt redemption.**
- 7 To approve the position where the Council does not increase its borrowing by the amount the government assumes in its Formula grant calculation.**
- 8 To note the updated HRA resource forecast as detailed in Table 4 and indicative Capital Programme as detailed in Appendix 2 to the report.**
- 9 To approve the prudential Indicators as detailed in Appendix 3 to the report.**

1. INTRODUCTION

1.1 The Council is committed to reducing the current level of capital debt. This report sets out an updated capital resource forecast and a Capital Programme for 2007/08 to 2011/12. A surplus of resources is identified for potential debt redemption. Other options for delivering revenue savings are also put forward.

2 GENERAL FUND SCHEMES.

2.1 The current mainstream resources forecast are shown in Table 1.

Table 1 General Fund Resource Forecast.

	2007/8	2008/9	2009/10	2010/11	2011/12
	£'000s	£'000s	£'000s	£'000s	£'000s
Resources brought forward from 2006/07	4,116	0	0	0	0
Right to Buy Receipts	1,500	1,500	1,500	1,500	1,500
Capital Receipts	17,440	10,175	12,945	6,000	6,000
Scheme Specific Resources	10,752	2,286	1,026	313	313
Total Forecast Resources	33,808	13,961	15,471	7,813	7,813

2.2 The government provides formula grant for the revenue capital financing costs of both new mainstream and new Education capital investment. It has been assumed in this report that the Council will not undertake new borrowing for the capital programme. This will provide revenue saving of £0.080m in 2007/08. An on-going revenue saving will also be realised. The Council's capital debt, known as the Capital Financing Requirement (CFR), varies from year to year dependant on:

- An increase for any new borrowing
- A reduction for the statutory charge to revenue for debt redemption (the minimum revenue provision).
- A reduction for any debt that is voluntarily repaid, from either capital receipts or revenue.

By not undertaking borrowing the Council's CFR will decrease, at least, in line with the annual MRP sum. This will reduce future capital financing costs.

2.3 Right to Buy receipts have reduced significantly in recent years. Useable receipts have decreased from £6.4m in 2004/05 to a projected £1.7m in 2006/07. The decline in sales follows the Government's decision to reduce, to a maximum of £16,000, the Right to Buy discount receivable for home purchasers. The resource forecast now provides for annual receipts of £1.5m per annum. Options are under review for delivering further housing capital receipts and expanding home ownership. These include the development of financial modelling to consider the potential disposal of certain void properties, other HRA assets and a pilot scheme for Social Home Buy. At this stage it is not possible to quantify what level of receipts may result from these initiatives.

- 2.4 Other sources of potential capital receipts have been identified. The forecast level, and timing, of receipts is subject to certain caveats. Not least they are dependant on the wider property market and planning considerations. For sites, which the Council expects will be acquired for housing development, the valuations are based on the mid point between sale for 100% private housing and sale for 50% private housing and 50% affordable housing. The Council is continuously reviewing its asset holdings and further receipts will be added to the disposal programme as appropriate.
- 2.5 The Council has a capital contingency which is used to meet exceptional items, such as settlement of legal claims or contractual disputes. It is estimated that the contingency will stand at £2m in 2007/08. It is recommended that this continue to be held as a contingency. Use of such funding is subject to Member approval and will be reported through the monthly capital monitoring reports.

3 GENERAL FUND CAPITAL PROGRAMME

- 3.1 A draft, General Fund Capital Programme is set out in Appendix 1 and is summarised in Table 2.

Table 2 – 2007/08 to 2011/12 Core Capital Programme

	2007/08	2008/09	2009/10	2010/11	2011/12
	£'000	£'000	£'000	£'000	£'000
Completion of Existing Schemes	2,008	50	0	0	0
Continuation of Rolling Programmes	8,107	6,450	6,450	6,450	6,450
New Investment	3,500	0	0	0	0
Scheme Specific Resources	10,752	2,286	1,026	313	313
Total	24,367	8,786	7,476	6,763	6,763

Completion of Existing Schemes

- 3.2 The expenditure requirement for existing schemes is based on delivering currently approved capital schemes. Account has been taken of slippage, in the current year from 2006/07 to 2007/08.
- 3.3 Future funding of £1.1m continues to be set aside for the expansion of Wendell Park School. It is anticipated that these resources will be supplemented by a developers' Section (106) contribution of £0.450m. This was originally planned to provide an extension to accommodate children moving into the Larden Road/Prestolite development area
- 3.4 The 2006/07 capital programme provided for £1.239m of supported borrowing, for Education Modernisation, which was used as match funding for a Targeted Capital Fund Allocation of £4.535m. This is providing for improvements to be made to a number of secondary schools.

Rolling Programmes

- 3.5 Members are requested to approve the following rolling programmes:

- Continuation, at current funding levels, for the annual programmes for Corporate Planned Maintenance (£2.5m), repairs to Carriageways and Footways (£2.1m) and Disabled Access works (£0.25m).
- An annual programme of £1.6m for housing private sector grants. This is a £1m reduction on the 2006/07 budget provision of £2.6m.

New Investment

- 3.6 In accordance with the Council's priority of a cleaner, greener borough, additional investment of £1.5m is proposed for Parks. The use of this funding will be subject to the submission of detailed proposals.
- 3.7 The Council, in common with many authorities, has a financial liability, of up to £2m, for back pay from equal pay awards. In certain circumstances local authorities, subject to approval from the Department for Communities and Local Government (DCLG), can capitalise such expenditure. An application has been submitted by LBHF to the DCLG and it is recommended that provision is made for this within the core capital programme. Part of this expenditure may fall in 2006/07 and the budget may need to be split over two years.
- 3.8 A number of options are currently under review for Civic Accommodation. These are at a preliminary stage and are not allowed for within the Capital Programme. Any proposals will be subject to detailed option appraisal and an affordability assessment. In 2005/06 certain balances associated with the Civic Accommodation review were temporarily invested. Such investment has generated revenue savings that have been allowed for within the Medium Term Financial strategy until 2007/08. It is now proposed that these balances be permanently invested. This will deliver on-going revenue savings of £0.800m beyond 2007/08.

Specific Funding Allocations

- 3.9 The specific funding resource forecast is based on known allocations. It will be updated over the forthcoming months in accordance with relevant government, and other public and private, spending announcements.

4 DEBT REDUCTION STRATEGY

- 4.1 A summary of the core capital programme and mainstream resource forecast is set out in Table 3.

Table 3 Balance of Resources Available for Debt Redemption

	2007/8	2008/9	2009/10	2010/11	2011/12
	£'000s	£'000s	£'000s	£'000s	£'000s
Capital Programme (Table 2)	24,367	8,786	7,476	6,763	6,763
Forecast Resources (Table 1)	33,808	13,961	15,471	7,813	7,813
Balance For Debt Redemption	9,441	5,175	7,995	1,050	1,050
Cumulative Balance	9,441	14,616	22,611	23,661	24,711

- 4.2 There is a cumulative surplus of £24.711m in mainstream resources over the five-year period. It is recommended that this be used for debt redemption. On the assumption that this sum is fully applied for debt redemption in 2007/08 it is anticipated that full year revenue savings of £2.2m are achievable from 2010/11 onwards. Lower savings would be secured prior to 2010/11.

4.3 The potential disposals include the sale of shops and the Townmead and Sullivan Business Centres. These assets generate an income stream that will be foregone by sale. Option appraisal is necessary to determine the financial viability of disposal. At this stage it is assumed that the sale of these assets would have a neutral impact on the revenue budget (i.e. the debt saving would match the rental loss). On this basis the potential revenue benefit from the disposal programme would reduce from £2.2m to £1.7m per annum.

Housing Revenue Account.

4.4 The latest capital resource forecast for the Housing Revenue Account is set out in table 4 below , together with the proposed Housing Revenue Account Capital Programme.(detailed in Appendix 2)

Table 4 HRA Capital resource forecast

	2007/8	2008/9	2009/10	2010/11	2011/12
	£'000s	£'000s	£'000s	£'000s	£'000s
Mainstream Resources:					
- Capital Receipts	2,530	0	0	0	0
- Supported borrowing (SCE)	6,877	6,053	6,235	6,235	6,235
- ALMO Funding (confirmed profile)	47,122	0	0	0	0
-ALMO Funding –Original Profile	0	46,645	19,617	0	0
- ALMO Funding (subject to confirmation)	0	15,157	16,610	1,453	0
Major Repairs Allowance	23,302	11,315	11,654	12,004	12,364
Specific Funding	558	1,055	0	0	0
Total Resources	80,389	80,225	54,116	19,692	18,599
Planned HRA Capital Programme (detailed in Appendix 2)	89,757	83,852	74,423	13,523	5,570
Over programming	9,368	3,627	20,307	(6,169)	(13,029)

4.5 The mainstream resource forecast includes the ALMO funding made available to Hammersmith and Fulham to meet the decent homes standard by 2010.

4.6 The original ALMO bid sought £192m of funding of which £78m was confirmed for 2005/06 and 2006/07. A further funding allocation of £47.1m has now been confirmed for 2007/08.

4.7 As reported through the regular capital monitoring reports, the delivery of the ALMO programme has been subject to slippage of £33.2m for 2005/06 and 2006/07. HFHMS continue to be in discussion with the DCLG to seek approval for the reprofiling of this sum to later years and are hopeful that such confirmation will be forthcoming. There is, however, no guarantee that approval will be granted and the Government retains the right to review the ALMO allocations. Within the HRA capital resource forecast (Table 4) the £33.2m is shown as subject to confirmation. There is a risk that the original allocations could be reduced and

expenditure within the proposed HRA capital programme would need to be adjusted accordingly. Updates regarding progress of discussions with the DCLG will be provided to Members as appropriate.

- 4.8 Over programming recognises that schemes, from inception and design stage of the project through to final completion, can suffer delays for a variety of reasons. These may include redesign or change of plans following public consultation, extended negotiations with contractors, or the occurrence of unforeseen contract variations.
- 4.9 The level of over programming will need to be monitored carefully to ensure it reduces to zero by the end of the year either through scheme slippage or through additional resources becoming available.
- 4.10 A detailed analysis of the proposed Housing Revenue Account Capital Programme is shown in appendix 2.

5 DIRECTOR OF FINANCE COMMENTS

- 5.1 This report has set out a proposed Capital Programme and updated resource forecast. A projected surplus of resources of £24.711m is identified that can be used for debt redemption. After allowance for the potential loss of rental income this will eventually deliver General Fund revenue savings of £1.7m per annum.
- 5.2 Continuing General Fund revenue savings are also achievable, from 2008/09 onwards, regarding the permanent investment of Civic Accommodation balances.
- 5.3 As set out in paragraph 2.2 a decision not to take-up the supported borrowing allocations will also benefit the General Fund revenue position. This gain is estimated to be £0.8m by 2011/12.
- 5.4 The overall impact of the proposals set out in this report on the General Fund revenue budget is set out in Table 5.

Table 5 – Impact on the Revenue Budget

	2007/8	2008/9	2009/10	2010/11	2011/12
	£'000s	£'000s	£'000s	£'000s	£'000s
Non take-up of supported borrowing	80	200	400	600	800
Debt Reduction Strategy	400	550	1,100	1,700	1,700
Civic Accommodation balances	0	800	800	800	800
Total	480	1,550	2,300	3,100	3,100

- 5.5 In accordance with the requirements of the Prudential Code for Capital Finance local authorities are required to maintain a number of prudential indicators. These are set out in appendix 3. The indicator used to reflect the underlying need of an authority to borrow for a capital purpose is the Capital Financing Requirement (CFR). The General Fund CFR was estimated to be £171m at the start of 2006/07. The proposals set out in this report are estimated to reduce the CFR to £130m by the close of 2011/12. This is a reduction of £41m (24%) and arises from the £24.711m, identified in this report, for debt redemption plus the annual

amounts charged to revenue, the minimum revenue provision, for debt redemption.

- 5.6 The draft capital programme is subject to a number of risks. Over a 5 year period a number of urgent or unavoidable schemes are likely to emerge. It is recommended that the current Capital contingency be retained to help meet such cost pressures. Should this prove insufficient, and additional receipts are not forthcoming, then an adjustment will be necessary to the projected level of debt redemption.
- 5.7 The Council also needs to be mindful that match funding opportunities sometimes arise. A relatively small contribution from the Council can lever in significant other funds. Such opportunities would be presented to Members on a case by case basis.
- 5.8 It should be noted that confirmation of funding for the unused allocation of £33.2m in respect of the 2005/06 and 2006/07 Decent Homes Standards allocations are subject to DCLG agreement. Discussions are on-going between the DCLG and HFHMS on this matter and updates will be reported to Members as appropriate. HFHMS have indicated that they would expect such approval to be forthcoming as DCLG Officials have stated that there is no intention to reduce overall allocations for existing ALMOs. This assurance is not guaranteed. Should the DCLG not agree to the reprofiling this would severely restrict HFHMS's ability to meet the decent homes standard by 2010.

LOCAL GOVERNMENT ACT 2000
LIST OF BACKGROUND PAPERS

No.	Brief Description of Background Papers	Name/Ext. of holder of file/copy	Department
1.	Capital Budget Documents	Isaac Egberedu Ext 2503	Finance Dept., 2 nd floor , HTH Extension

General Fund Capital Expenditure 2007/08-2011/12

Appendix 1

DETAILS						
COST CENTRE	DESCRIPTION	Forecast Budget	Forecast Budget	Forecast Budget	Forecast Budget	Forecast Budget
		2007/08	2008/09	2009/10	2010/11	2011/12
		£ '000	£ '000	£ '000	£ '000	£ '000
1.0 CHILDREN SERVICES						
1.1 MAINSTREAM SCHEMES						
N514E	Hurlingham & Chelsea - Accomodation Improvements Phase 4 Former Education Modernisation Grant	8				
		1,050	50			
TOTAL MAINSTREAM- CHILDREN SERVICES		1,058	50	-		
1.2 SPECIFIC FUNDED SCHEMES						
1.2.1 STANDARD FUND						
	Targetted Capital Allocation	2,268	1,133			
		2,268	1,133	-		
1.2.2 DFES Advanced Formula Capital Grant						
	Community Schools -Modernisation.	629				
		629	-	-		
1.2.3 NATIONA LOTTERY						
	Children Play Initiative	431				
		431	-	-		
1.2.4 Invest to Save						
N511C	Fulham Library Single Desking	1				
		1	-	-		
1.2.5 OTHERS						
	Wendell Park Extention (section 106 funded).	450				
		450	-	-		
		3,779	1,133	-		
TOTAL EDUCATION		4,837	1,183	-		

DETAILS						
COST CENTRE	DESCRIPTION	Forecast Budget	Forecast Budget	Forecast Budget	Forecast Budget	Forecast Budget
		2007/08	2008/09	2009/10	2010/11	2011/12
		£ '000	£ '000	£ '000	£ '000	£ '000
2.CHILDREN'S TRUST						
2.1 MAINSTREAM						
P026B	Fostering Srvc - Expnsm of in hse placements	258				
Total Mainstream - Children's Trust		258	-	-		
2.2 SCHEME SPECIFIC						
2.2.1 SURE START						
	Youth Capital Fund (2006)	69				
N518C	Sands End Library Internal Refurb	2				
		71	-	-		
TOTAL CHILDREN'S TRUST		329	-	-		

DETAILS						
COST CENTRE	DESCRIPTION	Forecast Budget	Forecast Budget	Forecast Budget	Forecast Budget	Forecast Budget
		2007/08	2008/09	2009/10	2010/11	2011/12
		£ '000	£ '000	£ '000	£ '000	£ '000
3.0 COMMUNITY SERVICES						
3.1 MAINSTREAM SCHEMES						
3.1.1 MAJOR PROGRAMMES						
P030C	Day Centre/Community Centre (Nubian Life)	733				
		733	-	-		
3.1.2 Housing						
P050A	Renovation Grants	1,600	1,600	1,600	1,600	1,600
		1,600	1,600	1,600	1,600	1,600
TOTAL MAINSTREAM-COMMUNITY SERVICES		2,333	1,600	1,600	1,600	1,600
3.2 SPECIFIC FUNDED SCHEMES						
3.2.1 Mental Health SCE						
tbc	Mental Health SCE - 06/07	144				
		144	-	-		
3.2.2 OTHER SPECIFIC SCHEMES						
P030H	Information Social Care Information System (ISCIS)	172				
		172	-	-		
3.2.3 Housing						
P050D	DFG Private Clients	313	313	313	313	313
P060A	229 King Street - Hostel Conversion/ROUGH SLEEPERS	57				
		370	313	313	313	313
Specific Schemes -Community Services		686	313	313	313	313
TOTAL Community services		3,019	1,913	1,913	1,913	1,913

DETAILS						
COST CENTRE	DESCRIPTION	Forecast Budget	Forecast Budget	Forecast Budget	Forecast Budget	Forecast Budget
		2007/08	2008/09	2009/10	2010/11	2011/12
		£ '000	£ '000	£ '000	£ '000	£ '000
4.0 ENVIRONMENT						
4.1 MAINSTREAM SCHEMES						
Improvements to Parks						
	Hammersmith and Fulham Parks	1,500				
		1,500	-	-		
Highways						
R025A	Carriageways	30				
R025E	Controlled Parking Zones	470				
R026R	Column Replacement	450				
	Other	50				
		1,000	-	-		
Others						
R025A	Carriageways	1,349	1,349	1,349	1,349	1,349
R025B	Footways	751	751	751	751	751
		2,100	2,100	2,100	2,100	2,100
TOTAL MAINSTREAM ENVIRONMENT		4,600	2,100	2,100	2,100	2,100
4.2 SPECIFIC FUNDED SCHEMES						
4.2.1 TRANSPORT FOR LONDON BSP						
R026C	Principal Road Maintenance/rd maintenance grant	418				
R026G	Local Safety Schemes	335				
R026J	20 Miles per Hour Zones/Grove Home Zone	450				
R026K	Safer Routes to School	174				
R026L	Cycling LCN+RCCO	584	653	470		
R026N	Bus Priority	508				
R026O	Bus Stop Accessibility	80				
R028E	Local Area Accessibility	100				
R035A	Walking	50				
R035D	Cycling Non LCN	20				
R100M	Streetscene Phase 2	1,000				
		3,719	653	470		
4.2.2 SECTION 106						
R018T	Norman Park Development	70	187	243		
R027G	St John's Church - Landscape	305				
R029U	54-108 Uxbridge Road Bldg Improvement Grant	350				
		725	187	243		
4.2.3 OTHER FUNDERS						
R018T	Normand Park Improvements/NDC	1,697		-		
R026X	Park Royal (Ealing Council)	75				
		1,772	-	-		
TOTAL SCHEME SPECIFIC -Environment		6,216	840	713		
TOTAL ENVIRONMENT only		10,816	2,940	2,813		
4.4 Building Technical Services						
4.4.1 Mainstream						
T085C	Disabled Access to Office Buildings	250	250	250	250	250
T099Z(R080A-R080Q)	Planned Maintenance (Inc R080C) see Appendix for details	2,816	2,500	2,500	2,500	2,500
		3,066	2,750	2,750	2,750	2,750

DETAILS						
COST CENTRE	DESCRIPTION	Forecast Budget 2007/08 £ '000	Forecast Budget 2008/09 £ '000	Forecast Budget 2009/10 £ '000	Forecast Budget 2010/11 £ '000	Forecast Budget 2011/12 £ '000
Total Environment and BTS		13,882	5,690	5,563	2,750	2,750

DETAILS						
COST CENTRE	DESCRIPTION	Forecast Budget	Forecast Budget	Forecast Budget	Forecast Budget	Forecast Budget
		2007/08	2008/09	2009/10	2010/11	2011/12
		£ '000	£ '000	£ '000	£ '000	£ '000
5.0 FINANCE AND IT						
5.1 MAINSTREAM SCHEMES						
	Capitalisation of equal pay	2,000				
	Modernisation/Invest to save Programmes.	300				
TOTAL MAINSTREAM FINANCE & IT		2,300	-	-	-	-
Total Finance and IT		2,300	-	-	-	-
MAINSTREAM		13,615	6,500	6,450	6,450	6,450
SCHEME SPECIFIC		10,752	2,286	1,026	313	313
GRAND TOTAL - GENERAL FUND		24,367	8,786	7,476	6,763	6,763

HRA CAPITAL PROGRAMME 2007/08-2011/12

Appendix 2

COST CENTRE	DESCRIPTION	Forecast Budget	Forecast Budget	Forecast Budget	Forecast Budget	Forecast Budget
		2007/08	2008/09	2009/10	2010/11	2011/12
		£ '000	£ '000	£ '000	£ '000	£ '000
1. SUPPLY INITIATIVES						
1.1 Hostel Refurbishment Programme						
X018M	5 Castletown Road	500	39			
		500	39	-	-	-
1.2 MAJOR VOIDS						
XC09A	Decent Homes Voids	2,000	2,000	2,000		
		2,000	2,000	2,000	-	-
TOTAL SUPPLY INITIATIVES		2,500	2,039	2,000	-	-
2. INTERNAL COMPONENT RENEWAL						
2.1 Energy Schemes						
X007I-X007O	Catch-up central heating	100	100	100		
XC10D	Star Rd communal boilers	55				
XC10E	Bradford & Burnand Houses heating	140	15			
XC10H	Bayonne Rd boiler room	100				
XC10F	Chelmsford Close/St Albans Terrace boilers	65				
XC10H	Ashcroft Square boilers	285	15			
	Central heating new starts	500			500	500
		1,245	130	100	500	500
2.2 LIFT SCHEMES						
XC12B	WOODMANS MEWS	96				
XC12C	Sullivan Crt-Block K	110	2			
XC12D	Philpot Square Lifts	230	4			
XC12E	Alice Gilliat Ct Block P lift	290	10			
	Continuing Programme	1,222	1,100	1,000	1,000	1,000
		1,948	1,116	1,000	1,000	1,000
2.3 KITCHEN, BATHROOM AND REWIRING						
X010M	Bulow Court/Carnwath/JD Hse					
X010P	Barton House	125				
X010Q	Edith Summerskill/Herbert Morrison	90				
	Kelmscott/Ashchurch/Grange/Morland internals	45				
XC11B	Stebbing Hse internals	53				
XC11D	Poynter Hse internals	1,390	95			
		1,703	95	-	-	-
Total Internal Component Renewal		4,896	1,341	1,100	1,500	1,500
3. MAJOR REFURBISHMENTS						
3.1 Fabric Repair Schemes						
X080G	22 Castletown Rd	5				
XC09B	31 Gayford Road	3				
		8	-	-	-	-
3.2 Edward Woods -Regeneration Project						
X009L	Swanscombe Road CPZ	25				
XC15A	Tower Block Overcladding	1,575	2,960	165		
		1,600	2,960	165	-	-
3.3 Maystar Estate-Regeneration						
X012E	Maystar Phase 4	235				

COST CENTRE	DESCRIPTION	Forecast Budget 2007/08 £ '000	Forecast Budget 2008/09 £ '000	Forecast Budget 2009/10 £ '000	Forecast Budget 2010/11 £ '000	Forecast Budget 2011/12 £ '000
		235	-	-	-	-
Total Major Refurbishments		1,843	2,960	165	-	-
4. PPM MAIN PRGOGRAMME						
X11-P	PPM Main Programme	1,500	1,500	2,000	3,000	3,000
		1,500	1,500	2,000	3,000	3,000
5. Minor Programmes						
X023I	Emergency Unforseen	50	50	50		
X030F-S	Minor Estate Improvements (MEI)	270	270	270	270	270
X030O	Groundwork Environment	200	200	200	200	200
X040I	Feasibility Future Schemes	50	50	50		
X044R	Disabled Adaptations	600	600	600	600	600
X049E	Water Tanks Programme Phase4	200	200			
X110F	E-HM	51				
	Charecroft-Amenity Deck					
XC19F	Landscaping Ph 3	-	74	277		
XC19J	Hammersmith North Repairs Hub	100				
XC19K	HMS Futures Project	750				
XC19G	Drake/Shackleton booster pumps	130	10			
XC19H	Standish Hse booster pumps	50	5			
	Overcrowding Scheme/TIS	1,000				
Total Minor Programmes		3,451	1,459	1,447	1,070	1,070
6. PRE PARTNERING SCHEMES						
XC08A	Lugard House	33				
XC08B	Aldine Court	35				
XC08C	Springvale Estate Phase 2	37				
XC08D	Flora Gardens	43				
XC08E	Queen Caroline Estate Phase 1	91				
XC08F	Vereker Road, 1 & 25	41				
XC08G	Vereker Road , 50	800	50			
XC80I	Flora Gardens,161-197	400	50			
		1,480	100	-	-	-
7. DECENT HOMES PARTNERING						
7.1 Framework Area 1 - Hammersmith North						
XC01A	Project Partnering Contract 1A	806	161			
XC01B	Project Partnering Contract 1B	1,292	56			
XC01C	Project Partnering Contract 1C	1,876	389	100		
	Programme continuing	1,626	5,294	4,316	500	
		5,600	5,900	4,416	500	-
7.2 Framework Area 2 - Shepherds Bush						
XC02A	Project Partnering Contract 2A	2,357	144			
XC02B	Project Partnering Contract 2B	861	52			
XC02C	Project Partnering Contract 2C	2,746	161			
XC02D	Project Partnering Contract 2D	78	-			
XC02E	Project Partnering Contract 2E	1,671	250	60		
XC02F	Project Partnering Contract 2F	2,293	1,100	93		
XC02G	Project Partnering Contract 2G	2,195	1,050	137		
	Programme continuing	2,668	12,503	14,182	1,500	
		14,869	15,260	14,472	1,500	-
7.3 Framework Area 3 - Hammersmith Central						

COST CENTRE	DESCRIPTION	Forecast Budget	Forecast Budget	Forecast Budget	Forecast Budget	Forecast Budget
		2007/08	2008/09	2009/10	2010/11	2011/12
		£ '000	£ '000	£ '000	£ '000	£ '000
XC03A	Project Partnering Contract 3A	2,310	98			
XC03B	Project Partnering Contract 3B	2,524	300	68		
XC03C	Project Partnering Contract 3C	3,257	450	66		
	Programme continuing	3,500	10,851	10,150	1,000	
		11,591	11,699	10,284	1,000	-
7.4 Framework Area 4 - Fulham North						
XC04A	Project Partnering Contract 4A	1,734	81			
XC04B	Project Partnering Contract 4B	2,066	126			
XC04C	Project Partnering Contract 4C	2,542	300	66		
	Programme continuing	10,120	16,066	16,008	1,500	
		16,462	16,573	16,074	1,500	-
7.5 Framework Area 5 - Fulham Central						
XC05A	Project Partnering Contract 5A	1,846	350	76		
XC05B	Project Partnering Contract 5B	1,881	116			
XC05C	Project Partnering Contract 5C	1,266	74			
XC05D	Project Partnering Contract 5D	1,938	250	75		
XC05E	Project Partnering Contract 5E	1,683	103			
	Programme continuing	1,712	9,740	9,591	1,000	
		10,326	10,633	9,742	1,000	-
7.6 Framework Area 6 - Sands End						
XC06A	Project Partnering Contract 6A	681	39			
XC06B	Project Partnering Contract 6B	1,807	250	72		
XC06C	Project Partnering Contract 6C	1,067	65			
	Programme continuing	2,800	6,500	6,067	500	
		6,355	6,854	6,139	500	-
7.7 Framework Area 7 - Sheltered Housing						
XC07A	Project Partnering Contract 7A	23				
XC07B	Project Partnering Contract 7B	1,353	82			
XC07C	Project Partnering Contract 7C	615	38			
XC07D	Project Partnering Contract 7D	989	60			
XC07E	Project Partnering Contract 7E	697	42			
XC07F	Project Partnering Contract 7F	1,330	300	99		
XC07G	Project Partnering Contract 7G	871	53			
	Programme continuing	650	4,627	4,051	500	
		6,528	5,202	4,150	500	-
TOTAL DECENT HOMES PARTNERING		71,731	72,121	65,277	6,500	-
	Programme to be developed	2,135	2,320	2,434	1,453	
XC38A	Lancaster Ct tenants hall	215	12			
XC35A	White City Community Centre	6				
		2,356	2,332	2,434	1,453	-
GRAND TOTAL		89,757	83,852	74,423	13,523	5,570

PRUDENTIAL INDICATORS

CAPITAL EXPENDITURE

The proposed indicative capital programme for the current financial year and the forthcoming financial years built upon the assumed level of resources is as follows:

	Forecast 2006-07 £000	Estimate 2007-08 £000	Estimate 2008-09 £000	Estimate 2009-10 £000
General Fund	42,771	24,367	8,786	7,476
Housing Revenue Account	38,634	80,389	80,225	54,116
TOTAL	81,405	104,756	89,011	61,592

The above figures exclude over-programming.

CAPITAL FINANCING REQUIREMENT

As a consequence of the proposed indicative capital programme, it is envisaged that the capital financing requirement, which reflects the underlying need to borrow to finance the capital programme, will be as follows:

	Forecast 2006-07 £000	Estimate 2007-08 £000	Estimate 2008-09 £000	Estimate 2009-10 £000
General Fund	167,682	160,256	151,406	139,511
Housing Revenue Account	242,322	303,888	366,328	408,399
TOTAL	410,004	464,144	517,734	547,910

NET BORROWING AND THE CAPITAL FINANCING REQUIREMENT

This is the key indicator of prudence. Its purpose is to ensure that net borrowing is only for capital purposes. This is achieved by measuring net external borrowing against the capital-financing requirement. Estimates of net external borrowing for the preceding year, the current year, and the next two financial years indicate that net borrowing will be less than the capital financing requirement. The Council is forecast to meet the demands of this indicator. The projections are:

	Forecast 2006-07 £000	Estimate 2007-08 £000	Estimate 2008-09 £000	Estimate 2009-10 £000
Net Borrowing	377,787	416,310	469,900	499,234
Capital Financing Requirement (CFR)	410,004	464,144	517,734	547,910
Net Borrowing Less than CFR	-32,217	-47,834	-47,834	-48,676

RATIO OF FINANCING COSTS TO THE NET REVENUE STREAM

This indicator demonstrates the percentage of the GF budget and HRA budget that is consumed by financing the capital programme.

	Estimate 2007-08 %	Estimate 2008-09 %	Estimate 2009-10 %
General Fund	6.61	6.21	5.66
Housing Revenue Account	22.95	24.82	28.80

The HRA Budget has yet to be firmed up, consequently the above provisional figure is subject to a review.

INCREMENTAL IMPACT OF CAPITAL SPENDING ON THE GENERAL FUND AND HOUSING REVENUE ACCOUNT.

The estimate of the incremental impact of capital decisions proposed over and above capital investment decisions that have already been taken by the council are as follows:

	Estimate 2007-08 £	Estimate 2008-09 £	Estimate 2010-11
General Fund– council tax £ per Band D home per annum	-6.22	-9.72	-19.44
Housing Revenue Account – rent £ per household per week	0.00	0.00	0.00

The impact on the Housing Revenue Account is shown as nil. It is anticipated that all the new investment will either be fully funded through housing subsidy or from other specific funding allocations.

BORROWING – AUTHORISED LIMIT & OPERATIONAL BOUNDARY

The prudential indicators concerning the authorised limit for borrowing, and other treasury management activities, are set out in the Treasury Management Strategy report presented elsewhere on this agenda.

28 FEBRUARY 2007

LEADER

*Councillor Stephen
Greenhalgh*

**TREASURY MANAGEMENT STRATEGY
REPORT**

This report provides information on the Council's Treasury Management Strategy for 2007/08 including interest rate projections and borrowing, investment activity reports for the period April to January 2007.

The report seeks approval for borrowing limits and authorisation for the Director of Finance to arrange the Council's cashflow, borrowing and investments in the year 2007/08.

WARDS

All

CONTRIBUTORS

FD

RECOMMENDATIONS:

- 1. To approve the future borrowing and investment strategies;**
- 2. In relation to the Council's overall borrowing for the financial year 2007/08, approve the Prudential Indicators as set out in Section 3 of this report.**

1. Introduction

1.1 The Local Government Act 2003 requires the Council to 'have regard to' the Prudential Code and set Prudential Indicators for the next three years to ensure that the Council's capital investment plans are affordable, prudent and sustainable.

1.2 The Act requires the Council to set out its treasury strategy for borrowing and to prepare an Annual Investment Strategy; this sets out the Council's policies for managing its investments and for giving priority to the security and liquidity of those investments.

1.3 The suggested strategy for 2007/08 in respect of the following aspects of the treasury management function is based upon the Treasury officers' views on interest rates, supplemented with leading market forecasts provided by the Council's treasury advisor. The strategy covers:

- treasury limits in force which will limit the treasury risk and activities of the Council;
- prudential indicators
- the current treasury position;
- the borrowing requirements;
- prospects for interest rates;
- the borrowing strategy;
- the investment strategy;
- debt rescheduling;

1.4 It is a statutory requirement under Section 33 of the Local Government Finance Act 1992, for the Council to produce a balanced budget. In particular, Section 32 requires a local authority to calculate its budget requirement for each financial year to include the revenue costs that flow from capital financing decisions. This, therefore, means that increases in capital expenditure must be limited to a level whereby increases in charges to revenue from:-

- a) increases in interest charges caused by increased borrowing to finance additional capital expenditure, and
- b) any increases in running costs from new capital projects.

are limited to a level which is affordable within the projected revenue income of the Council for the foreseeable future.

2. Treasury Limits 2007/08 to 2009/10

It is a statutory duty under S.3 of the Local Government Act 2003 and supporting regulations for the Council to determine and keep under review how much it can afford to borrow. The amount so determined is termed the "Affordable Borrowing Limit" or "Authorised Limits". In England and Wales the authorised limits represent the legislative limits specified in section 3 of the Local Government Act 2003.

The Council must have regard to the Prudential Code when setting the Authorised Limit, which essentially requires it to ensure that total capital investment remains within sustainable limits and, in particular, that the impact upon its future council tax and council rent levels is 'acceptable'.

Whilst termed an "Authorised Limit", the capital plans to be considered for inclusion incorporate financing by both external borrowing and other forms of liability, such as credit arrangements. The Authorised Limit is to be set, on a rolling basis, for the forthcoming financial year and the two successive financial years.

2.1 Limits to Borrowing Activity

- a) The Authorised Limit – This represents the maximum amount the Council may borrow at any point in time in the year. It has to be set at a level the Council considers "prudent" and it needs to be set and revised by members. It reflects the level of borrowing which, while not desired, could be afforded in the short term, but is not sustainable and encompasses borrowing for temporary purposes. It is not a limit that is designed to be brought into consideration during the routine financial management of the authority. That is the purpose of the Operational Boundary.
- b) The Operational Boundary – This indicator is the focus of day to day treasury management activity within the authority. It is a means by which the authority manages its external debt to ensure that it remains within the self imposed Authorised Limit. Sustained breaches of the Operational Boundary would give an indication that the authority may be in danger of stepping beyond the Prudential boundaries it has set itself.

2.2 Interest Rate Exposures

Interest rate risk management is a top priority for local authority management. While fixed rate borrowing and investment can contribute significantly to reducing the uncertainty surrounding future interest rate scenarios, the pursuit of optimum performance may justify, or even demand, retaining a degree of flexibility through the use of variable interest rates on at least part of a treasury management portfolio. This is a best practice approach to treasury management and is to be encouraged to the extent that it is compatible with the effective management and control of risk.

- a) Upper Limit on fixed rate exposure -- This indicator identifies a maximum limit for fixed interest rates based upon the debt position net of investments.
- b) Upper Limit on variable rate exposure – This indicator identifies a maximum limit for variable interest rates based upon the debt position net of investments. Prior approval from the leader will be sought for any variable rate borrowing in excess of a £25 million exposure.
- c) Total principal funds invested for periods longer than 364 days – These limits are set to reduce the need for early sale of an investment, and are based on the availability of investments after each year-end.

- d) Maturity structures of borrowing – This indicator is designed to be a control over an authority having large concentrations of fixed rate debt needing to be replaced at times of uncertainty over interest rates. It is not necessary to include variable rate debt because local authorities do not face substantial refinancing risks. The indicator is, in effect, a limit on longer term interest rate exposure.
- This indicator gives the upper and lower limits for maturity structure of borrowing.

3. Prudential Indicators for 2007/08 – 2009/10

The following prudential indicators in the table below are relevant for the purpose of setting an integrated treasury management strategy.

The Council is also required to indicate if it has adopted the CIPFA Code of Practice on Treasury Management. This was adopted on 27th February 2002 by the full Council.

Treasury Management Indicators	2006/07 £000	2007/08 £000	2008/09 £000	2009/10 £000
Authorised limit for external debt				
Borrowing	435,004	470,077	545,582	576,149
Other Long Term Liabilities	3,200	3,200	3,200	3,200
Total authorised limit	438,204	473,277	548,782	579,349
Operational boundary				
Borrowing	414,039	438,593	497,525	528,087
Other Long Term Liabilities	3,200	3,200	3,200	3,200

Total operational boundary	417,239	441,793	500,725	531,287
Upper limit for fixed rate exposure				
Expressed as :- net principal re fixed rate borrowing/ investments	385,000	410,000	455,000	515,000
Upper limit for variable rate exposure				
Expressed as :- net principal re variable rate borrowing /investments	77,000	82,000	91,000	103,000
Upper limit for total principal sums invested for over 364 days				
	20,000	20,000	20,000	20,000

Maturity structure of fixed rate borrowing during 2005/06	Upper Limit	Lower Limit
Under 12 months	15%	0%
12 months and within 24 months	15%	0%
24 months and within 5 years	60%	0%
5 years and within 10 years	75%	0%
10 years and above	100%	0%

4. Current Portfolio Position

The Council's treasury portfolio position at the 10 January 2007 is shown in the following table.

		Principal	Ave. rate
		£000's	%
Fixed rate funding	PWLB	378,520	
	Market	<u>0</u>	378,520 6.28
Variable rate funding	PWLB	0	
	Market	<u>0</u>	0
Total Debt			<u>378,520</u> 6.28
Total Short Term Investments			94,700 4.83

5. Borrowing Requirement

	2006/07 £'000	2007/08 £'000	2008/09 £'000	2009/10 £'000
	Probable	Estimate	Estimate	Estimate
New borrowing (including ALMO)	20,000	30,000	59,000	30,500

6. Prospects for Interest Rates

6.1 The Council appointed Sector Treasury Services as treasury adviser to the Council and part of their service is to assist the Council to formulate a view on interest rates. The following table gives the Sector central view:

Sector View: Interest rate forecast - January 2007

	Q1 2007	Q2 2007	Q3 2007	Q4 2007	Q1 2008	Q2 2008	Q3 2008	Q4 2008
	%	%	%	%	%	%	%	%
Base Rate	5.50	5.50	5.25	5.00	5.00	5.00	4.75	4.75
5Yr PWLB	5.50	5.25	5.00	4.75	4.50	4.50	4.50	4.50
10Yr PWLB	5.00	5.00	4.75	4.75	4.50	4.50	4.50	4.50
25 Yr PWLB Rate	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50
50 Yr PWLB Rate	4.25	4.25	4.25	4.25	4.25	4.25	4.25	4.25

	Q1 2009	Q2 2009	Q3 2009	Q4 2009	Q1 2010
	%	%	%	%	%
Base Rate	4.50	4.50	4.50	4.50	4.75
5Yr PWLB	4.50	4.50	4.50	4.50	4.50
10Yr PWLB	4.50	4.50	4.50	4.50	4.50
25 Yr					

PWLB Rate	4.50	4.50	4.50	4.50	4.50
50 Yr PWLB Rate	4.25	4.25	4.25	4.25	4.25

Sector's current interest rate view is that Bank Rate will:-

- Peak at 5.50% in Q1 2007.
- Fall to 5.25% in Q3 2007 and then to 5.0% in Q4 2007
- Fall to 4.75% in Q3 2008 and then to 4.50% in Q1 2009 before rising back to 4.75% in Q1 2010

7. Borrowing Strategy

7.1 The Sector forecast is as follows:-

- The 50 year PWLB rate is expected to remain flat at 4.25%. As the Sector forecast is in 25bp segments there is obviously scope for the rate to move around the central forecast by +/- 25bp without affecting this overall forecast.
- The 25-30 year PWLB rate is expected to stay at 4.50% for the foreseeable future.
- The 10 year PWLB rate will fall from 5.00% to 4.75% in Q3 2007 and then fall again to 4.50% in Q1 2008 and remain at that rate for the foreseeable future.
- The 5 year PWLB rate will fall from 5.50% to 5.25% in Q2 2007 and continue falling until reaching 4.50% in Q1 2008 when it will remain at that rate for the foreseeable future.

This forecast indicates, therefore, that the borrowing strategy for 2007/08 should be set to take very long dated borrowing at any time in the financial year. Variable rate borrowing and borrowing in the five year area are expected to be more expensive than long term borrowing and will therefore be unattractive throughout the financial year compared to long term borrowing.

For the Council to minimise its debt interest costs, the main strategy is therefore as follows;

When the 50 year PWLB rate falls back to the central forecast rate of 4.25%, borrowing should be made in this area of the market at any time in the financial year. This rate will be lower than the forecast rates for shorter maturities in the 5 year and 10 year area. A suitable trigger point for considering new fixed rate long term borrowing, therefore, would be 4.25%.

Against this background caution will be adopted with 2007/08 treasury operations. The Director of Finance will monitor the interest rate market and adopt a pragmatic approach to any changing circumstances.

7.2 Sensitivity of the forecast – The main sensitivities of the forecast are likely to be the two scenarios below. The Council officers, in conjunction with the treasury advisers, will continually monitor both the prevailing interest rates and the market forecasts, adopting the following responses to a change of sentiment:

- If it were felt that there was a significant risk of a sharp rise in long and short term rates, perhaps arising from a greater than expected increase in world economic activity or an increase in inflation, then the portfolio position will be re-appraised with the likely action that fixed rate funding will be drawn whilst interest rates were still relatively cheap.
- If it were felt that there was a significant risk of a sharp fall in long and short term rates, due to e.g. growth rates weakening, then long term borrowing will be postponed, and potential rescheduling from fixed rate funding into short rate funding will be considered..

8. Annual Investment Policy

8.1 The Council will have regard to the DCLG's Guidance on Local Government Investments ("the Guidance") issued in March 2004 and CIPFA's Treasury Management in Public Services of Practice and Cross Sectoral Guidance Notes ("the CIPFA TM Code"). The Council's investments priorities are:-

- (a) the security of capital and
- (b) the liquidity of its investments.

The Council will also aim to achieve the optimum return on its investments commensurate with proper levels of security and liquidity.

The borrowing of monies purely to invest or on-lend and make a return is unlawful and this Council will not engage in such activity.

Investment instruments identified for use in the financial year are listed below under the 'Specified' and 'Non Specified' Investment categories. Counterparty limits will be as set through the Council's Treasury Management Practices.

Specified Investments

8.2 A specified investment is defined in the guidance as an investment which satisfies the conditions set out below:

- (a) The investment is denominated in sterling and any payments or repayments in respect of the investment are payable only in sterling.
- (b) The investment is not a long-term investment (ie over 364 days)
- (c) The investment does not involve the acquisition of share capital or loan capital in any body corporate

Types of specified investments currently used by the Council include.

- Term deposit – UK government
- Term deposits – other Local Authorities
- Term deposits – banks and building societies
- Money market funds
- Callable deposits – under 1 year

8.3 The Council last reviewed the credit criteria for its lending list in September 2004. The Council uses Fitch ratings to decide its criteria. Where a counterparty does not have a Fitch rating, the equivalent Moody's rating will be used. All credit ratings will be monitored monthly.

8.4 The Council is alerted to changes in Fitch ratings through its use of the Sector creditworthiness service. If a downgrade results in the counterparty/investment no longer meeting the Council's minimum criteria it will be withdrawn immediately.

The ODPM guidance requires authorities to specify their minimum acceptable credit rating. The minimum ratings required by the Council are:

	Fitch Long	Fitch Short	Fitch Individual	Fitch Support
Banks	AA-	F1	C	3
	Moody's Long	Moody's Short	Moody's Financial Strength	
Building Societies	A	P-1	C	

Non-Specified Investments

8.5 The Council had made no investments in non-specified investments to date. These are any investments not meeting the definition in para 8.2 above.

8.6 However if there was a core cash balance available after taking into account the cash flow requirements and the outlook for short-term interest rates then the following non-specified investments could be used after consultation with our Treasury Advisor.

- Term deposits with banks with maturities in excess of one year.
- Term deposits with building societies with maturities in excess of one year
- Term deposits with Local Authorities with maturities in excess of one year.
- Bond Funds with AAA rating credit criteria
- Callable deposits in excess of one year

- 8.7 Interest Rate Outlook: Sector is forecasting base rates to peak at 5.50% in Q1 2007 before falling to 5.25% in Q3 2007, to 5.00% in Q4 2007. to 4.75% in Q3 2008 and then to trough at 4.50% in Q1 2009, remaining at that level before rising to again to 4.75% in Q1 2010.. The Council would, therefore seek to lock in longer period investments at higher rates before this fall starts for some element of our investment portfolio which represents the core balances. A cautious investment return of 5.00% has been estimated for 2007/08.

The Council has identified 5.60% as a rate it will consider lending at for 1 year and beyond subject to cash flow liquidity. This rate will be kept under review and discussed with Sector so that investments can be made at the appropriate time.

For its day to day cash flow management, the Council will seek to utilise its business reserve accounts and short dated deposits (1-3 months) in order to benefit from the compounding of interest.

At the end of the financial year, the Council will report on its investment activity as part of its Annual Treasury Report.

9. Debt Rescheduling

- 9.1 In the first part of this year the expectation of higher bank rates and the underlying demand for long –dated gilts continued during the year and accordingly the yield curve remained steeply inverted with shorter period rates close to 5% and 50 year rates closer to 4%.

As a result of the shape of the yield curve, opportunities were taken to restructure debt by repaying shorter dated debt or debt linked to short term rates and refinancing with longer dated debt.

The actual transactions were as follows.

- a) In July 2006 £40 million of loans at an average of 4.5% were repaid when discount rates were higher, generating a discount of around £650,000 and replaced with £40 millions of new loans at 4.35% generating savings of £49k in the current year and thereafter £49k per annum for a further 23 years.
- b) In September 2006 a £15 millions variable rate loan was repaid and replaced with a new loan at 4.10% for 50 years again generating saving of £54k in the current year and thereafter £54k for a further 7 years.

10. Hammersmith & Fulham Housing Management Services (HFHMS)

The HFHMS submitted a bid for £192 million to the DCLG (ODPM) (for supported borrowing for the Decent Homes Initiative.

Following inspection, the HFHMS achieved a two star rating and this released £78 million supported borrowing from the government for the

financial years 2005/06 and 2006/07 but due to slippage of £32 million in 05/06 and 06/07 it is proposed to re-profile this amount into later years.

The DCLG may at a later date make available the balance of £114 million that will enable the HFHMS to complete the Decent Homes Programme by 2010.

The DCLG has since written to all ALMOs proposing individual meetings to discuss expenditure and programme delivery but a date for HFHMS has yet to be confirmed. This could change the profile of expenditure from what is stated below but is still expected to be a total of £192 million.

The authorised borrowing limits and operational boundary are designed to be upper limits to borrowing and therefore we have included this additional borrowing within these limits in paragraph 3 as follows: £21.9 million in 2005/06, £22.1 million in 2006/07, £47.1 million in 2007/08 of which £16.5 million has been borrowed in advance at 4.10%, £61.8 million in 2008/09 and £36.2 million in 2009/10. It is expected that the £192 million over the five years will be supported through Housing Revenue Account Subsidy.

11. VALUE FOR MONEY SCRUTINY COMMITTEE COMMENTS

- 11.1 The Value for Money Scrutiny Committee considered this report at its meeting held on 24th January 2007.

RECOMMENDATION -

That the report be noted and referred to Budget Council for consideration on 28th February 2007.

LOCAL GOVERNMENT ACT 2000 - LIST OF BACKGROUND PAPERS

No.	Description of Background Papers	Name/Ext. of Holder of File/Copy	Department/ Location
1	Borrowings and Investments Ledger	Rosie Watson Ext. 2563	2 nd Floor Town hall Ext.
2	CIPFA-Prudential Code - Accounting for Capital Finance	Rosie Watson Ext. 2563	2 nd Floor Town Hall Ext.
3	Various Economic commentaries	Rosie Watson Ext. 2563	2 nd Floor Town Hall Ext.



REPORT TO COUNCIL

6.4

28 FEBRUARY 2007

LEADER

Councillor Stephen Greenhalgh

**COUNCILLORS' ALLOWANCES SCHEME:
ANNUAL REVIEW**

**WARDS
All**

Synopsis

This report performs the statutory annual review of Councillors' allowances for the 2007-2008 financial year, in the light of the recommendations made in the Independent Remunerator's report to London Councils (December 2006).

CONTRIBUTORS

ACE , FD, HLS

RECOMMENDATION:

That the Councillors' Allowances Scheme 2007-08, as set out in Appendix 1, be approved.

1. BACKGROUND

- 1.1 The Council is required under the Local Government Act 2000 and the Local Authorities (Members' Allowances) (England) Regulations 2003 to undertake an annual review of its members' allowances scheme.
- 1.2 The Council's proposed Scheme for the financial year 2007/8 is set out at **APPENDIX 1** to this report. The Council's Scheme broadly remains the same as in previous years, and includes a provision for an automatic inflation uplift linking Councillors' and co-optees' allowances to the national Local Government Pay Settlement.

2. INDEPENDENT REMUNERATOR'S REPORT

- 2.1 The Council is formally required to undertake a review of its members' allowances scheme each financial year. Any changes in allowances are required to take into account the recommendations of a local independent panel on remuneration for Councillors. Where a scheme includes a provision for an automatic uplift, the operation of this provision may only be relied on for a period of four years before reference must again be made to a local independent remunerator's report and recommendations.
- 2.2 In the case of London, there is a standing report produced by the local remuneration panel appointed by London Councils (formerly known as the Association of London Government or ALG) which is applicable to all London Borough Councils. This independent remunerator's report was previously known as the Grant Report after its author, Professor Malcolm Grant.
- 2.3 The four-year period to which the Grant Report and its recommendations applied have now expired, and a further independent remunerator's report, co-authored by Rodney Brooke, Drew Stevenson and Jo Valentine, has recently been produced (December 2006) as the reference report. A copy of the report and its recommendations is attached at **ANNEXE A**.
- 2.4 In accordance with the Members' Allowances Regulations, the Council must have regard to the independent remunerator's report but is not required to adopt its recommendations. The Council is therefore free to determine its own levels of allowances payable to members. The proposals contained within this report are broadly consistent with the independent remunerator's report and recommendations.

3. COMMENTS OF THE HEAD OF LEGAL SERVICES

- 3.1 The proposals contained within the report are in line with the Local Government Act 2000 and appropriate regulations.

4. COMMENTS OF THE DIRECTOR OF FINANCE

- 4.1 The Director of Finance can confirm that all allowance budgets have been inflated for 2007/08 and that sufficient provision exists to fully fund the costs as contained in this report

LOCAL GOVERNMENT ACT 2000
LIST OF BACKGROUND PAPERS

No.	Description of Background Papers	Name/Ext. of Holder of File/Copy	Department/ Location
1.	The Remuneration of Councillors in London: 2006 Review (December 2006)	John Cheong, ext 2062	ACE/ Room 230, Hammersmith Town Hall
2.	Previous Members' Allowances reports	John Cheong, ext 2062	ACE/ Room 230, Hammersmith Town Hall

APPENDIX 1

Members' Allowances Scheme 2007-08

This scheme is made in accordance with the Local Authorities (Members' Allowances) (England) Regulations 2003 ("the Regulations") for 2007 –2008 and subsequent years. The allowances scheme has been prepared having regard to the report of the Independent Panel on the Remuneration of Councillors in London established by London Councils (formerly known as the Association of London Government or ALG) on behalf of all London Councils, co-authored by Rodney Brooke, Drew Stevenson and Jo Valentine, and published in December 2006.

1. BASIC ALLOWANCE

1.1 The independent remunerator's report suggests a flat-rate basic allowance be paid to each member of the authority, and this recommendation has commonly been accepted by the London Borough Councils:

- £9,964 per annum - to be paid in 12 monthly instalments on the 15th of each month.

Where a Councillor's term of office begins or ends otherwise than at the beginning or the end of the municipal year, the entitlement shall be to payment of such part of the basic allowance as bears to the whole the same proportion as the number of days during which the term of office as member subsists bears to the number of days in that municipal year.

2. SPECIAL RESPONSIBILITY ALLOWANCES

2.1 Regard has been had to the recommendations in the independent remunerator's report for differential banding in relation to the payment of Special Responsibility Allowances (SRA's), but in the interest of maintaining a low Council Tax, it has been decided to retain the Council's own scheme of SRA's (uplifted in line with the Local Government Pay Settlement by 2.95%) and not to follow the independent remunerator's recommendations in this instance, which would have proved considerably more costly to local council taxpayers.

2.2 The following Special Responsibility Allowances shall therefore be paid to Councillors holding the specified offices indicated :

The Leader	£34,900
Deputy Leader	£29,081
Other Cabinet members (6)	£23,261
Chief Whip (where not a member of Cabinet)	£23,261

Deputy Chief Whip	£6,034
Chairmen of Overview & Scrutiny Committees (6)	£6,034
Chairman of Strategic Partnership Board	£6,034
Leader of the Opposition	£17,446
Deputy Leader of the Opposition	£6,034
Opposition Whip	£6,034
Chairmen of Planning Applications Committee, Personnel Appeals Panel, Audit Committee and Licensing Committee	£6,034
The Mayor	£11,633
Deputy Mayor	£6,034

Where a Councillor does not hold throughout the municipal year any such office the entitlement shall be to payment of such part of the special responsibility allowance as bears to the whole the same proportion as the number of days during which the term of office subsists bears to the number of days in that municipal year.

5. OTHER ALLOWANCES

5.1 Dependent carer allowance

Dependant carer allowance is payable in respect of expenses incurred for the care of a member's children or dependants in attending meetings of the authority, its executive, committees and sub-committees and in discharging the duties set out in paragraph 7 of the Regulations.

- £4.08 per half hour before 10 p.m.; £5.19 per half hour after 10 p.m. (not payable in respect of a member of the councillor's household).

5.2 Travel & Subsistence

Allowances are payable (at the same rates as employees) only for duties undertaken away from the Town Halls when discharging duties under paragraph 8 of the Regulations.

- **Public Transport**
Actual travel costs (second class only) will be reimbursed.
- **Car mileage**

Cc	first 8500 miles (pence per mile)	above 8500 miles (pence per mile)
Below 1000	39.7	12.1
1000 or more	43.1	12.0

- **Cycle allowance**
£36.93 per month – where this is claimed, no other travel claims are permissible.
- **Subsistence**
Allowance payable at same rates and conditions as employees. Payment is only made for expenses incurred outside the Borough, and is subject to a maximum of £5.00 per claim.

6. ANNUAL INCREASE

The allowances in this scheme apply to the financial year 2007-08 and shall be increased by the same percentage rate of increase as the national Local Government Pay Settlement in each subsequent year until 2010-11. The up-rating shall be applied to these allowances at the same time as the employees' pay award.

7. ELECTION TO FOREGO ALLOWANCES

In accordance with the provisions of regulation 13, a Councillor may, by notice in writing to the Chief Executive or Assistant Chief Executive, elect to forgo any part, or all, of his or her entitlement to an allowance under this scheme.

8. TIME LIMIT FOR CLAIMS

The majority of allowances are payable monthly, but where allowances are the subject of claims, these claims should be made in the agreed form with the appropriate declaration within six months of the duty to which they relate.

9. WITHHOLDING OF ALLOWANCES

In the event of a Councillor being suspended or partially suspended, the Standards Committee shall have the power to withhold the allowances payable to that Councillor either in whole or in part for the duration of that suspension.

10. MEMBERS' PENSIONS

Previously, Councillors could only join the authority's pension scheme if they were aged under 70 and could only pay contributions and accrue benefits until their 70th birthday. However, under new pensions regulations, the situation has changed, and the independent remunerator's report now recommends all Councillors under the age of 75 years be entitled to join the London Borough of Hammersmith & Fulham Pension Scheme, and have their basic allowance and special responsibility allowances treated as pensionable. This recommendation has accordingly been adopted.

11. MEMBERSHIP OF MORE THAN ONE AUTHORITY

A member may not receive allowances from more than one authority (within the meaning of the regulations) in respect of the same duties.

ALLOWANCES FOR CO-OPTED MEMBERS AND INDEPENDENT MEMBERS OF STANDARDS COMMITTEE

Co-optees

The independent remunerator's report recommends that the rate of allowance for co-opted members be £117 per meeting, calculated on an annualised basis by the number of meetings. This recommendation has accordingly been adopted, and works out at an annual co-optees allowance of £936 p.a., payable by equal monthly instalments.

Co-opted members shall be entitled to the same travel allowances as Councillors, but shall not be entitled to subsistence payments

Standards Committee independent members

The independent remunerator's report also recommends the independent Chairman of a Standards Committee be paid an allowance of £240 per meeting, calculated on an annualised basis by the number of meetings, to reflect not just attendance at meetings but related and incidental additional activity carried out by this postholder. This recommendation has accordingly been adopted, and works out at an annual allowance for the independent Standards Committee Chairman of £960 p.a., payable by equal monthly instalments.

The other independent members on the Council's Standards Committee are paid at the same rate as co-optees above - i.e. £117 per meeting, calculated on an annualised basis by the number of meetings, which works out at an annual allowance of £468 p.a., payable by equal monthly instalments.

In all cases, these allowances shall be up-rated by the same percentage rate of increase as the national Local Government Pay Settlement and at the same time as the employees' pay award is implemented.

The Remuneration of Councillors in London: 2006 Review

A report by the Independent Panel to
London Councils

December 2006

**Rodney Brooke
Drew Stevenson
Jo Valentine**

Preface	4
The Independent Panel	5
The Chair	5
Members	5
Executive summary	7
1. The Regulations for Allowances	11
2. Experience in London with allowances	12
3. The Panel's Approach	13
The legal provisions	11
The function of the Panel	11
4. Specific issues	18
(1) The Bands	18
(2) The Basic Allowance	18
(3) Special Responsibility Allowances	19
(4) Performance Related Pay	20
(5) Elected Mayors and Leaders	20
(6) Maternity, Paternity and Sickness Pay	20
(7) Resettlement Allowances	20
(8) Uprating of Allowances	20
(9) Pensions	21
(10) Dependants' Carers' Allowances	21
(11) Travelling and Subsistence	23
(12) Co-opted members	23
(13) Quasi-Judicial work	25
(14) Accountability	25
(15) Withholding allowances	25
(16) Electing to forgo allowances	26
(17) Time limit for claims and payments	26
Appendix 1: primary legislation governing members' allowances	27
Local Government and Housing Act 1989, s.18, as amended by Local Government Act 2000, s.99	27
Local Government Act 2000, s.100	30
Appendix 2: The Regulations governing members' allowances - Local Authorities (Members' Allowances) (England) Regulations 2003	31
Appendix 3: Special Responsibility Bands and amounts	51
Appendix 4: On behalf of the community – A Job profile for councillors	60
Appendix 5: Examples of good practice in reporting	62

Preface

This is a report from the Independent Panel appointed by the Association of London Government (ALG), now London Councils. The Panel was first appointed in 1998. The original Panel Chairman was Professor Malcolm Grant and its other members were Rodney Brooke and Bridget Rosewall. Its first report was published in February 1999. It recommended to the London councils (the 32 borough councils and the City of London) that the time had come for them to make fundamental changes in the way they compensated councillors for their time and work. Subsequent reports took into account changes in local government structure, the introduction of the possibility of pensions for councillors, new regulations and other matters.

The report of February 1999 recommended a wholly new approach to allowances. It proposed that councillors should no longer be paid primarily by the time they spent on committees. It recommended that the old attendance allowance should be scrapped. Councillors should instead be paid a reasonable annual allowance at a standard rate which properly reflected the levels of time and responsibility that their office entailed. That approach is now confirmed by law. The law also now requires councils to establish independent panels before reviewing levels of councillors' allowances in their areas. It makes special provision for London by allowing for the continuance of the ALG's single Independent Panel for all London boroughs.

In 2005 Professor Grant and Bridget Rosewall resigned as members of the Panel and were replaced by Baroness Jo Valentine, Chief Executive of London First and Professor Drew Stevenson, immediate past Chair of the London Voluntary Service Council. Rodney Brooke, who is Chair of the General Social Care Council, continued on the Panel and became its Chairman. The Panel reviewed the recommendations of the previous Panel in the light of changes in London government. A questionnaire was issued to all London boroughs and the Panel considered the scheme in the light of the responses. It also considered the extent to which London authorities had implemented previous Panel recommendations. It issued immediate recommendations in September 2006. They largely followed but updated previous Panel recommendations. The current report consolidates all current recommendations of the Panel, so that London authorities will have the advantage of referring only to one document when considering their allowances scheme.

The new Panel shares the conviction of its predecessor that realistic and reasonable allowances should form an integral part of modern local government. It is fortified in its conviction by the interim report on local government by Sir Michael Lyons, which echoes that view. The Government's 2006 White Paper on local government also confirms the importance of the role of councillors. Proper allowances can help enhance the status of councillors and encourage a new generation of citizens to stand for election as councillors and serve their communities in this way. The quality of Council services depends largely on the calibre of councillors. It is essential that the

allowances paid are sufficient to permit able people to serve. The 'ordinary' frontline councillors work more than half-time in the job. They are increasingly expected to assume community leadership and to be accountable. The average elected mayor or Council leader has a commitment going well beyond a full-time job. They are accountable for budgets of hundreds of millions of pounds. However, those spending all their time on Council business will be the exception. Councillors in general will continue to bring to their council responsibilities their continuing experience in other employment and other roles.

The schemes for allowances must therefore reflect three general principles: that being a councillor is for most people a part-time commitment, often undertaken by people who are already very busy in other roles; that councillors are not, and should not be, inspired to do this job by the attraction of financial reward, but primarily by a commitment to the principle of effective and voluntary public service; and that, subject to those principles, the community should ensure that those who do serve them in this way are properly compensated.

The Panel's previous recommendations have had a substantial effect on members' allowances in London. The majority of London authorities have implemented the Panel's recommendations on the basic allowance. Only a minority have fully implemented the Panel's other recommendations. We strongly believe that they should implement the recommendations in full – a belief shared by *London Councils*.

Rodney Brooke Drew Stevenson Jo Valentine

London, December 2006

The Independent Panel

The Chair

Rodney Brooke CBE was the Chief Executive of a metropolitan county council (West Yorkshire) and a London borough (Westminster) before becoming Secretary to the Association of Metropolitan Authorities. He is Chairman of the General Social Care Council and a Deputy Lieutenant of Greater London.

Members

Professor Drew Stevenson OBE

Drew's background is in local government in London, where he was involved at Chief Executive or Chief Officer level for over twenty years including serving as Chief Executive of the London Borough of Newham (1991-95). He has advised numerous bodies, including the Government Office for London, the London Development Agency, London First and the Association of London Government and for the past five years has been seconded to work as a special advisor to the Mayor of London on the policy content and implementation of the London Plan.

Baroness (Jo) Valentine, Chief Executive, London First

Baroness Jo Valentine is Chief Executive of London First, the London business organisation; and a board member of the New West End Company and Central London Partnership. She received a non party political peerage in October 2005 and regularly sits as a Crossbench Peer in the House of Lords.

Executive summary

This report is required by law to address the questions set out in italics below. Our recommendations are in bold type.

(a) as to the responsibilities or duties in respect of which the following should be available -

- (i) special responsibility allowance;*
- (ii) travelling and subsistence allowance; and*
- (iii) co-optees' allowance;*

We recommend that:

- (1) special responsibility allowances should be paid in respect of the responsibilities set out in Appendix Three this report;**
- (2) Not more than 50% of councillors should receive a special responsibility allowance in respect of duties with an authority and should not receive more than one special responsibility allowance for responsibilities within that authority;**
- (3) the basic allowance should be treated as covering all intra-Borough travel costs and subsistence, but councils may consider that there are circumstances where it may be appropriate for a scheme to provide payment for the cost of transport, e.g. journeys home after late meetings and for people with disabilities;**
- (4) the annual allowance for co-optees should be calculated in each case with reference to the number of meetings per year, at a standard rate per meeting and such allowances should be confined to co-optees on the Standards Committee, to Education co-optees and to the independent chair of an Audit Committee;**

(b) as to the amount of such allowances and as to the amount of basic allowance;

- (5) special responsibility allowances should be paid on the basis of the bands and the ranges of allowance within each band, set out in Appendix Three to this report;**
- (6) Councils should make arrangements in their allowances schemes to allow the continuance of special responsibility allowances in the case of sickness, maternity and paternity leave in the same way that the Council's employees enjoy such benefits.**
- (7) where travel and subsistence allowances are payable, having regard to Recommendation (3) above, they should be in**

accordance with the current scheme for travel and subsistence applicable to the Borough's officers;

- (8) travel allowances should extend to travel by bicycle;**
- (9) the standard rate of allowance for statutory co-optees should be £117 per meeting with the exception of the independent chair of the Standards Committee, whose rate should be £240 per meeting; and these amounts should be translated into an annual allowance by multiplying by the anticipated number of meetings;**
- (10) co-optees should be reimbursed for all travel costs in accordance with recommendation (5) above, whether the travel is within or outside the Borough, but co-optees should not be paid subsistence;**
- (11) the amount of the basic allowance should be £9,964;**

(c) as to whether dependants' carers' allowance should be payable to members of an authority, and as to the amount of such an allowance;

- (12) dependants' carers' allowances should be payable, and we recommend a flexible approach; in particular, boroughs should have regard, when setting appropriate levels, to the levels of reimbursement set by their authorities. The principles should be:**
 - (a) a maximum rate should be set locally to reflect local costs, in accordance with social service departments levels;**
 - (b) payment should be claimable in respect of children aged 15 or under or in respect of other dependants where there is medical or social work evidence that care is required;**
 - (c) only one weekly payment should be claimable in respect of the household of each member, except in special circumstances to be judged by the Council's Standards Committee;**
 - (d) the allowance should be paid as a reimbursement of incurred expenditure against receipts;**
 - (e) the allowance should not be payable to a member of the claimant's own household;**
 - (f) any dispute as to entitlement and any allegation of abuse should be referred to the Council's Standards Committee for adjudication;**

(d) as to whether, in the event that the scheme is amended at any time so as to affect an allowance payable for the year in which the amendment is made, payment of allowances may be backdated in accordance with regulation 10(6);

- (13) schemes should make appropriate provision to ensure that, where an amendment to the scheme results in an increase in any**

allowance, payment of it may, if the resolution effecting the amendment so provides, be backdated for a specified period, not extending beyond the beginning of the year to which the scheme applies.

(e) as to whether adjustments to the level of allowances may be determined according to an index and if so which index and how long that index should apply, subject to a maximum of four years, before its application is reviewed;

(14) schemes should provide for all allowances to be automatically updated annually with reference to the annual Local Government Pay Settlement;

(15) the LGPS index should apply for the next four years unless reviewed earlier by the Panel;

(f) as to which members of an authority are to be entitled to pensions in accordance with a scheme made under section 7 of the Superannuation Act 1972; and

(16) all Members under the age of 75 should be entitled to apply for inclusion in a pensions scheme, without satisfying any period of qualification;

(g) as to treating basic allowance or special responsibility allowance, or both, as amounts in respect of which such pensions are payable in accordance with a scheme made under section 7 of the Superannuation Act 1972.

(17) both the basic allowance and any special responsibility allowance should be pensionable.

Other matters

(18) Quasi-judicial work: London boroughs which experience a sufficiently heavy workload of quasi-judicial hearings should set up a panel of non-executive councillors who are available and willing to serve in this capacity, and should make provision for payment of a special quasi-judicial allowance to all members of that panel based on the allowances recommended for co-optees;

(19) Accountability: the current system of Members' remuneration allowances, with its principle of annualised allowances rather than attendance allowances, places a high premium on trust. We therefore regard accountability for this use of public money as being of the highest importance. We welcome the provisions in the regulations which require boroughs to keep a record of all payments made under their schemes of allowances, and for these records to be available for inspection upon request. We further

welcome the requirement for a full report to be made at the end of the year, of the total sum paid by a Borough in the year under the scheme to each recipient in respect of each of the following: (a) basic allowance; (b) special responsibility allowance; (c) dependants' carers' allowance; (d) travelling and subsistence allowance; and (e) co-optees' allowance. We recommend that members themselves should go further. We believe that all members should have a job description and we expect them to be used as the basis for reporting by members on their activities on behalf of their electors and their boroughs. We set out a proposed job description for frontline councillors as Appendix 4 to this report. Councillors should see making such reports as a way of broadcasting the extensive range of tasks and duties which they undertake on behalf of the electorate. We would like them to give an account of what services they have provided to their constituents; what their objectives have been; and their success in achieving them; as well as some record of their general industry. We provide examples of good practice in Appendix 5 of this report

- (20) **Withholding allowances:** We recommend that boroughs should include in their Allowances Scheme provision for their Standards Committee to withdraw allowances in whole or in part in the event of a member being suspended or partially suspended. All allowances should be withheld for the period of total suspension, and in the case of partial suspension the basic allowance should continue to be paid (though we would expect a member voluntarily to abate their claim according to the extent to which they were able to continue to perform the functions of a non-executive member), and to the extent that the partial suspension made it impossible or impracticable for a member to undertake activities in respect of which a special responsibility allowance was payable, that allowance should be withdrawn. It is likely that this would occur in any event, because of the need to appoint another member to undertake the functions concerned, who would then becomes entitled to the allowance.
- (21) **Electing to forgo allowances:** we recommend in accordance with reg. 13 of the regulations that allowances schemes should provide that a person may by notice in writing given to the proper officer of the authority, elect to forgo his/her entitlement or any part of his/her entitlement to allowances.
- (22) **Time limit for claims and payments:** we recommend, in accordance with reg. 14 of the regulations, that schemes of allowances should impose a time of limit of six months for the making of claims for payment of: (a) dependants' carers' allowance; (b) travelling and subsistence allowance; and (c) co-optees' allowance.

1. The Regulations for Allowances

The legal provisions

The legal framework for councillors' allowances is established by the Local Government and Housing Act 1989, section 18. It establishes the general principles, and empowers the Secretary of State to make regulations governing the detail. This section was amended by the Local Government Act 2000, s.99. That section, and section 18 as amended, is set out in Appendix One.

The regulations are now the Local Authorities (Members' Allowances) (England) Regulations 2003 No 1021, which superseded the Local Authorities (Members' Allowances) England Regulations 1991 (SI 1991 No 351). The regulations are reproduced in Appendix Two.

The function of the Panel

The regulations (reg. 21) spell out the duty of the Independent Panel, which is to produce a report for the London boroughs making recommendations:

(a) as to the responsibilities or duties in respect of which the following should be available -

- (i) special responsibility allowance;
- (ii) travelling and subsistence allowance; and
- (iii) co-optees' allowance;

(b) as to the amount of such allowances and as to the amount of basic allowance;

(c) as to whether dependants' carers' allowance should be payable to members of an authority, and as to the amount of such an allowance;

(d) as to whether, in the event that the scheme is amended at any time so as to affect an allowance payable for the year in which the amendment is made, payment of allowances may be backdated in accordance with regulation 10(6);

(e) as to whether adjustments to the level of allowances may be determined according to an index and if so which index and how long that index should apply, subject to a maximum of four years, before its application is reviewed;

(f) as to which members of an authority are to be entitled to pensions in accordance with a scheme made under section 7 of the Superannuation Act 1972; and

(g) as to treating basic allowance or special responsibility allowance, or both, as amounts in respect of which such pensions are payable in accordance with a scheme made under section 7 of the Superannuation Act 1972.

We are empowered to make different recommendations in relation to each of the authorities for which it exercises functions. We have not done so because we believe it to be important to set general principles and limits, and to leave to the Boroughs themselves the adaptation of them to their own circumstances.

The Regulations also require that there should not be more than one panel which makes recommendations in respect of an authority (reg. 21(1)).

2. Experience on members' allowances

Our consultations with the London councils in the course of this review have established that the recommendations made in the Panel's earlier reports have helped to streamline and modernise local remuneration schemes and have proved influential in the movement towards a more rational system that recognises and pays councillors for the work they actually do and the responsibilities they bear on behalf of their communities.

Wide variations remain, however. Basic allowances for London borough councillors range from £5,225 to £10,490. However, the variations in basic allowance are less marked than they used to be. When the Panel was first appointed in 1999, basic allowances varied from £515 to £7,800.

The range for council leaders' allowances is substantial. They vary from £13,271 to £45,701. The three elected mayors receive broadly similar allowances, in all cases close to our recommendations.

Our research on the level of allowances paid to lead members and scrutiny members also threw up marked variations. In some authorities over 60% of members receive special responsibility allowances. These high levels strike us as wrong in principle. Special responsibility allowances should be reserved for those senior posts which call for a special and distinct level of responsibility and time commitment. They should not be used to supplement the basic allowance for the majority of councillors. The best way to raise allowances for non-executive councillors is to increase the basic allowance.

The setting up of new allowance schemes in London is matched by developments elsewhere in the country as councils adjust to the new forms of political organisation which are changing the roles and responsibilities of councillors.

Six years ago the Kerley Report recommended that basic allowances in Scotland should be at the level of £12,000. It also recommended that the leaders of the largest councils, Edinburgh and Glasgow, should receive the same allowance as a member of the Scottish Parliament, which was then £41,255. Other council leaders should be entitled to a similar remuneration on a proportional basis.

The Kerley Report also proposed a proportional scale for councillors with “significant additional responsibilities”, ranging from £25,000 in Edinburgh and Glasgow to £17,000 in the smaller councils.

Similarly, a review of councillor’s pay in Wales published in July 2001 recommended an average basis allowance of almost £10,000 for members, with council leaders receiving an additional special responsibility allowance that would take their total remuneration to an average of £35,437 a year. Leaders of the authorities equivalent in size to a major London council would be paid significantly more: for example, £50,391 in the case of Cardiff (£54,585 for a directly elected executive mayor), and £40,543 in the case of Swansea (£48,202 for an elected mayor). The recommendation for council leaders was to link their salaries to those paid to members of the Welsh Assembly which were then due to increase to £38,000.

Recent surveys of members’ allowances also demonstrate a countrywide trend to making proper allowances to those who govern local authorities, with basic allowances in major authorities usually ranging from £8,000 to £16,000. Panels recommending allowances for leaders in major authorities are increasingly likely to regard the salary of a backbench MP as a touchstone.

3. The Panel’s Approach

Since the Local Government Act 2000, Councils have modernised their system of governance. The Government’s objective was to require all councils to move away from the traditional committee systems so as to improve their efficiency and to make their decisions more transparent and easily understood by the public. Councils have adopted new models of political management with an emphasis on the executive roles and responsibilities of senior councillors. The system relies on other councillors setting up overview or scrutiny committees, which are not part of the executive, but can examine decisions and improve public accountability. We regard these as of great importance in the new structures.

In Hackney, Lewisham and Newham there are directly elected mayors with Cabinets. The other 29 London boroughs use the Leader and Cabinet system.

The purpose of the basic allowance

Every local authority is expected to have a basic, flat rate allowance which is payable to all members. The basic allowance recognises the time commitment of councillors, including meetings with council managers and constituents and attendance at political group meetings. It is also intended to cover incidental costs such as the use of councillors' homes. It must be the same for each councillor and may be paid either as a lump sum or in instalments through the year.

The principle of public service

An explicit premise of the Panel's first report was that the recruitment of councillors should be drawn from across the social spectrum, and not just restricted to those people who can afford to give an open-ended time commitment of their time in return for no more than honorary remuneration.

Altruism, a genuine concern for the welfare of the community and a commitment to public service has historically served local government very well and will continue to be one of the keystones of its effective operation. But it is not enough in itself. A realistic scheme of allowances is needed to enable councillors do their work more effectively.

The general principles that the Panel advocated in 1999 have proved influential in both London and elsewhere in the country, and there is now widespread acceptance that allowances can both help attract a wider spectrum of councillors from all sides of the community and reinforce the ethos of public service. There may always, of course, be some elected members who are happy to forego all or part of their remuneration, but local schemes of allowances should be available to support and assist all councillors in carrying out their duties.

Ideally councillors should reflect the characteristics of their constituents in terms of ethnicity, gender, age etc. This is far from always the case. There is a stereotype of the councillor as being white, middle-aged and male, retired, unemployed or self-employed. It is essential that the recruitment of London's future councillors is from as wide a base as possible, especially at a time when councils wish to be more representative and seek to broaden their appeal.

What should councillors be paid?

Each council should have a clear and easily understood system of remuneration with a basic allowance available for the non-executive work of all councillors and special responsibility allowances paid to those members who have significant additional duties as executive members over and above the everyday role of councillors as community representatives.

Local schemes should reflect the different levels of councillors' responsibility and the hours that they can be expected to work on the council's behalf. There is also a reciprocal obligation on councillors to account for the proper use of public money.

There are three key elements which inform our approach to the setting of allowances:

1. The job profile: what duties councillors are to be expected to carry out, what time they are expected to devote to this and what is a reasonable level of remuneration for this work?
2. Responsibilities: all councillors should be paid a basic annual allowance that acknowledges their work as community representatives. They should also be paid for any additional work they carry out and for special responsibilities they have within the council on behalf of their communities.
3. Transparency and accountability: any scheme for the payment of councillors should be transparent and easily understood by members of the public. There should be a clear systems of accountability.

The commitment of councillors

We continue to be impressed by the amount of time and work which councillors put into their role. This has been highlighted with remarkable consistency by surveys over several years, and shows a degree of public service which is rarely publicly recognised.

The Panel's 1999 report quoted figures published by the 1997 Camden Panel on the workload of councillors which showed that the average (mean) and median number of hours spent per month on each of six categories of activity were as follows:

	Hours per month	
	Mean	Median
(1) attending and preparing for meetings	35	30
(2) representing the council on outside bodies	10	7
(3) representing individual constituents	27	20
(4) representing local community interests	14	10
(5) representing party political interests	12	12
(6) any other activity	8	5
TOTAL	106	82

Other research has confirmed the Camden Panel's figures.

If London councils are to succeed in attracting new councillors from a wider variety of backgrounds, it remains essential that a ceiling be placed upon both the council's and the public's expectations of the time they devote to their work as councillors.

Properly managed the work of councillors on behalf of their communities can be immensely satisfying, but the demands that it places on people need to be contained and effectively organised. For most people with families and in employment, the prospect of working more than an extra 20 hours per week –

much of that necessarily during unsociable hours – is a distinctly unattractive proposition.

In Appendix 4 we have set out a job profile to outline the tasks and responsibilities that we believe are within the essential remit of a councillor. This profile may be helpful to people who are interested in becoming councillors and provide a checklist against which the electorate should be able to measure the performance of their local councillors.

It should also help all councillors identify the key features of their work on behalf of the community. The non-executive community role has been given a new emphasis in the 2000 Act and for councils adopting new political management structures it marks a significant break with the established committee system.

What do we expect from councillors?

We start from the assumption that any scheme for councillors' remuneration should be based upon work of no more than a 60-hour month. This remains an arbitrary figure, but it reflects our concern that communities should have a fair and reasonable expectation of what they expect councillors to do on their behalf. We accept that the expectation of councillors' work in their communities is increasing and will continue to do so.

It is certainly generally expected that most councillors will spend less time in traditional committee meetings and more time undertaking executive, scrutiny, representational and community roles. We hope that it will be possible for councillors to devote more time to work away from the town hall and within their communities. For the moment, we are satisfied that the basic job profile for councillors reflects current patterns of demand, and is reasonable given our next assumption.

The basic level of allowances should be based on the assumption that councillors work some 60 hours each month and that the first 20 hours of this should be voluntary public service. This retains a fair comparison with the voluntary commitment of say an unpaid school governor or Saturday morning football coach.

It also follows from this, that the remuneration scheme should reflect no more than 40 hours effective work per month by local councillors. Many councillors may continue to work without remuneration beyond the total of 60 hours we have suggested as a reasonable ceiling, but our approach should provide all councillors (and prospective councillors and the public) with a rough yardstick of expectation.

Calculating the basic allowance

Our 1999 report said that the most appropriate basis for calculating the work done by councillors was to use the mean white collar wage for male workers in London. We remain satisfied that this is still an appropriate measure and one which is fair to both councillors and council tax payers.

The Greater London hourly rate used in the 1999 report was £15.29, implying an annual basic allowance of £7,339 and allowing for a modest uplift to that figure, the panel proposed an annual basic allowance for all councillors of £7,500.

The New Earnings Survey 2000 data published on 20 July, 2001, showed that the hourly rate for white collar male workers in London was then £17.43. On that basis, while still retaining a substantial element of voluntary public service, the annual basic allowance would be some £8,366.40. In 2001 the Panel recommended an increase in the basic allowance to £8,500 to recognise the increase.

In 2006 the Panel did not re-base the basic allowance on the earnings survey but updated the allowance in accordance with its own recommendation in line with the local government pay awards which took place between 2001 and 2006.

Differences between the boroughs

We see no basis for distinguishing between the level of responsibility exercised by councillors in different boroughs or between inner London and outer boroughs.

The ratio of councillors to residents does vary between boroughs, but not to such an extent that this should be reflected in allowances schemes. We recognise that there are significantly different social and economic pressures in different boroughs. But we believe that the bands recommended are sufficiently wide to enable these to be recognised.

4. Specific issues

The principal questions that we posed in the 2006 review were the following:

- (1) have the Panel's recommended bands satisfactorily accommodated the new structures for internal political management?
- (2) should there be any change in the level of basic allowance?
- (3) should there be any change in the structures and levels of special responsibility allowances?
- (4) Should an element of performance-related pay be introduced?
- (5) Whether there was a difference in practice between an elected mayor and a leader of a council?
- (6) Whether councillors should be eligible for maternity, paternity and sick leave?
- (7) Should councillors who lose their seat be eligible for a resettlement allowance?
- (8) Other issues.

A letter was sent to all the Boroughs with a series of questions along these lines, and a request for any further information or issues they wished the Panel to consider. We had 14 responses.

(1) The Bands

Generally Bands were felt still to be appropriate, though some boroughs identified new roles which had emerged, e.g. community champions, Cabinet assistants and members with substantial (but not separately rewarded) responsibilities outside the borough. We have amended the description of Band One to take these into account. Some boroughs felt that Cabinet portfolios were unequal. We accept that in some authorities it may be sensible to remunerate all Cabinet members at the same level; and in others to recognise inequalities of portfolios by using the width of the bands we recommend. The bands and the remuneration which we recommend should be attached to them are set out in Appendix Three.

(2) The basic allowance

Every local authority is expected to have a basic, flat rate allowance which is payable to all members. The basic allowance recognises the time commitment of councillors, including meetings with council managers and constituents and attendance at political group meetings. It is also intended to cover incidental costs such as the use of councillors' homes. It must be the same for each councillor and may be paid either as a lump sum or in instalments through the year.

We asked the London boroughs if the assumption of community leadership required changes to the basic allowance. The general response was the basic allowance should cover the role of the councillor in the community.

Accordingly, we recommend no change to the presently recommended basic allowance, except for a cost of living uprating.

(3) Special responsibility allowances

We received some comments about the structure we had recommended, including the number of bands and the overall proportion of members (50%) to whom we felt that SRAs should be limited. On this, we remain firmly of the view that there should be a clear limit. SRAs are, by definition, special. We believe that higher level bands should be restricted to those posts where there are clear additional responsibilities and time commitments such as a cabinet member, with the very top bands limited to a full-time council leader, chair of scrutiny or directly elected mayor. We adhere to the view that the number of councillors receiving a special responsibility allowance should not exceed 50%. We stress again the importance of the general principle of limiting tightly, as a matter of good practice, the proportion of councillors entitled to SRAs.

If a borough finds this too restrictive, it should ask whether the basic allowance is at an appropriate level, and whether the responsibility the Borough wishes to recognise is not already adequately catered for by the basic allowance, or could be properly reflected by making an increase in the basic allowance.

Another representation asked whether there might not be different levels of allowance for full and part-time Members. On this, our view is that the allowance should reflect the role rather than the mode in which it is performed. We expect that the role of Leader or elected Mayor will, in most boroughs, be full-time, and the allowance takes that into account. Executive members may or may not be full-time, but if their roles are of comparable responsibility, we recommend that they should be remunerated at the same rate, irrespective of whether they are actually undertaken in part-time or full-time mode. Otherwise there would be an incentive to Members to shift from part-time to full-time service for the sake of an enhanced allowance.

We propose no change to the approach in our last report to special responsibility allowances.

(4) Performance Related Pay

Although performance related pay for councillors may be attractive in principle it is difficult to set criteria. As one borough commented, 'the practicalities of implementation could prove insurmountable. The Panel needs to remember that we are working in a political environment and this still involves adversarial positions. The results of the PRP of councillors would have to be published in the public domain for transparency as required by the legislation. Political parties would be very reluctant to publicly declare that some of their elected members were poor performers...It would be political suicide.' Moreover, it is

doubtful whether it can be achieved within present legislation. We have not pursued the idea. However, we commend the performance management framework for councillors introduced in authorities like Newham.

(5) Elected mayors and leaders

Among the boroughs there was a difference of opinion. Generally speaking elected mayors felt that their personal responsibility exceeded that of leaders. Leaders felt that there was no difference in the responsibilities. We agree with the elected mayors, but record that implementation of the current Government White Paper, when leaders could be elected for four years, might change perspectives.

(6) Maternity and Paternity Pay

In some cases, councillors clearly are highly dependent on their special responsibility allowances. If they fall sick or take paternity or maternity leave, it may be necessary for the Council to appoint a replacement during their absence. We believe that they should enjoy the same rights as employees in that situation. We believe that Councils should make arrangements in their schemes to allow the continuance of special responsibility allowances in the case of sickness, maternity and paternity leave in the same way that the Council's employees enjoy such benefits.

(7) Resettlement allowances

We found considerable support for the proposition that councillors who lose their seat at an election and who suffer loss of a substantial special responsibility allowance should be entitled to a continuance of the special responsibility allowance for a further six months beyond the date of the election. This would give them a reasonable opportunity to seek alternative employment. Such a provision would correspond to the redundancy pay which would be available to an employee in such a situation. This recommendation cannot form part of the London scheme of allowances, since it is outside the statute. We have made representations to the Government accordingly.

(8) Uprating of allowances

The Regulations, picking up an approach which we proposed in our First Report in 1999, include power for an allowances scheme to include provision for automatic uprating, allowing allowances to keep up with changes in the cost of living without requiring a report from an Independent Panel. The regulations allow this to be done by reference to an index specified by the scheme. The operation of the automatic uprating provision thereafter is deemed not to constitute an amendment to the scheme. However, a borough may only rely upon the index for four years before seeking a further recommendation from the Panel (reg 10(4) and (5)).

We continue to recommend that Schemes of Allowances should include an automatic uprating provision, and that this should be tied to the annual Local Government Pay Settlement as its index. Appendix Three sets out the current rates attached to each band, uprated as at April 2006.

(9) Pensions

The Regulations require that a borough's Scheme of Allowances should set out:

“(a) which members of the authority are to be entitled to pensions in accordance with a scheme made under section 7 of the Superannuation Act 1972; and

(b) whether the basic allowance or the special responsibility allowance, or both, may be treated as amounts in respect of which such pensions are payable in accordance with a scheme made under section 7 of the Superannuation Act 1972.”

The Scheme may only include someone who has first been recommended by the Independent Remuneration Panel. The Panel's previous recommendation took into account the then statutory situation and recommended that councillors under the age of 70 should be eligible to join the pension scheme. Under new regulations, this age has risen to 75. Accordingly we recommend that Allowances Schemes should provide for allowances to be pensionable through the Local Government Pensions Scheme, and that all Members under the age of 75 should in principle be eligible to join the scheme, in respect of all allowances paid to them, and without reference to any qualifying period of service as a Member.

(10) Dependants' carers' allowances

The Regulations set out the circumstances for these allowances. They are discretionary. It can only be paid if provision is made for it in the borough's Scheme of Allowances. The regulations (reg. 7) specify that such an allowance is payable in respect of such expenses of arranging for the care of their children or dependants as are necessarily incurred in:

(a) the attendance at a meeting of the authority or of any committee or sub-committee of the authority, or of any other body to which the authority makes appointments or nominations, or of any committee or sub-committee of such a body;

(b) the attendance at any other meeting, the holding of which is authorised by the authority, or a committee or sub-committee of the authority, or a joint committee of the authority and at least one other local authority within the meaning of section 270(1) of the Local

Government Act 1972, or a sub-committee of such a joint committee, provided that:

- (i) where the authority is divided into two or more political groups it is a meeting to which members of at least two such groups have been invited; or
 - (ii) if the authority is not so divided, it is a meeting to which at least two members of the authority have been invited;
- (c) the attendance at a meeting of any association of authorities of which the authority is a member;
- (d) the attendance at a meeting of the executive or a meeting of any of its committees, where the authority is operating executive arrangements;
- (e) the performance of any duty in pursuance of any standing order made under section 135 of the Local Government Act 1972 requiring a member or members to be present while tender documents are opened;
- (f) the performance of any duty in connection with the discharge of any function of the authority conferred by or under any enactment and empowering or requiring the authority to inspect or authorise the inspection of premises;
- (g) the performance of any duty in connection with arrangements made by the authority for the attendance of pupils at any school approved for the purposes of section 342 of the Education Act 1996 (approval of non-maintained special schools); and
- (h) the carrying out of any other duty approved by the authority, or any duty of a class so approved, for the purpose of, or in connection with, the discharge of the functions of the authority or any of its committees or sub-committees.

We believe it is right that such allowances should be paid. They may make it possible for people to serve as councillors who would not otherwise be able to contribute their time because of their other responsibilities. We also believe that London boroughs should take appropriate measures to safeguard against abuse of such a scheme, of which there has been evidence elsewhere. In particular, carers' allowances should not be payable in respect of care by a member of the claimant's own household, nor should an allowance be claimable separately in respect of more than one dependent, except in exceptional circumstances.

Our suggestion of a flexible approach reflecting local social services departments' different levels has found widespread acceptance.

We continue to recommend a flexible approach to childcare and dependent carer's allowances, but especially recommend that boroughs have regard, when setting appropriate levels, to their local social service departments' levels of reimbursement. We restate the principles already recommended, that:

- (a) a maximum rate should be set locally to reflect local costs, in accordance with social service departments levels;
- (b) payment should be claimable in respect of children aged 15 or under or in respect of other dependants where there is medical or social work evidence that care is required;
- (c) only one weekly payment should be claimable in respect of the household of each member, except in special circumstances to be judged by the Council's Standards Committee;
- (d) the allowance should be paid as a reimbursement of incurred expenditure against receipts;
- (e) the allowance should not be payable to a member of the claimant's own household;
- (f) any dispute as to entitlement and any allegation of abuse should be referred to the Council's Standards Committee for adjudication;

(11) Travel and subsistence

The Panel's approach to travel and subsistence has been widely adopted, though with variations. We repeat that the basic allowance should be taken to include travel and subsistence within the borough. It is wasteful and time-consuming for councillors to make claims for small sums, and for councils to process them and pay them. If the regime seems too restrictive, the better approach may be to review the basic allowance. However, our attention has been drawn to special situations. We accept that there may be circumstances where it may be appropriate for a scheme to provide payment for the cost of transport within the borough, such as journeys home after late meeting and for people with disabilities.

We are required to provide advice on levels of travel and subsistence. We strongly recommend that the same rules and scales of claims should apply both to Members and to officers. This approach offers efficiency by providing a uniform model for the handling of claims, and it also conveys equal treatment of officers and members.

We recommend that the basic allowance should be treated as covering all intra-Borough travel costs and subsistence, but with local variations to this rule to meet different local conditions. We also recommend that the rules and entitlements for reimbursement of travel expenses, and for travel by bicycle, should be the same for officers, members and co-opted members.

(12) Co-opted members

Co-opted members are those who are not elected members of the authority but who are invited to become members of committees, such as statutory

education co-optees on scrutiny and independent members of the Standards Committee. We believe that payment to co-opted members should be confined to those for which statutory provision is made, viz. education members and members of the Standards Committee. We add the independent chair of the Audit Committee, given the encouragement to appoint such an independent chair. The regulations require that, should an allowance be paid, it must be paid on an annualised basis. This is a difficult objective. In our opinion, the role of a co-opted member is different from that of an elected member, and it would have been more appropriate to have allowed for an attendance allowance in such cases. Our approach to calculation of an appropriate allowance therefore follows that line. We propose that boroughs should first adopt a standard sum per meeting, for which we suggest £117 (the sum updated for inflation from the Panel's original recommendation), and then multiply it by the anticipated meeting load for the year. For independent chairs of the Standards Committee we propose that the base amount be £240. The allowance would then cover not only attendance at the meetings of the committee concerned but also any related and incidental activity.

An exception to this approach arises in the case of a co-opted member entrusted with the task of presiding at a meeting of the overview and scrutiny committee for education, who must be paid an allowance equal to that of an elected member undertaking the equivalent function. This is a reference to the special responsibility allowance payable to such a member, but not extending to the basic allowance. It also raises the question of the co-opted member who is invited to perform this function on an occasional basis, and only in the absence of the person who normally presides. The relevant regulation provides:

(4) The amount of co-optees' allowance payable to any member who presides at a meeting of an overview and scrutiny committee, where that committee's functions under section 21 of the Local Government Act 2000 relate wholly or partly to any education functions which are the responsibility of the authority's executive, shall not be less than the minimum amount of any special responsibility allowance payable under that authority's scheme to a person who presides at meetings of any other [of the] authority's committees or sub-committees.

The provision is poorly drafted. Although it refers to presiding "at a meeting", such an additional allowance should in our view be paid only to those co-opted members for whom provision is made in statute and have been formally appointed to preside, on the same basis as those elected members presiding at other committees, because the SRA is intended to reflect the workload and responsibility of the office, not just the function of presiding at meetings.

We recommend that schemes of allowance should provide for allowances to be paid to co-opted members. The normal approach should be to set an annual allowance for such members based upon a sum of £117 per meeting (£240 for the independent chair of the Standards Committee), multiplied by the total number of meetings expected each year. Where a co-opted member

has been appointed to preside as chair of an overview or scrutiny committee for education, that member must by law be paid a special responsibility allowance not less than the minimum SRA paid to an elected member undertaking the equivalent responsibility. Co-opted members should be entitled to reimbursement in full of their reasonable travel expenses.

(13) Quasi-Judicial work

The Panel sees no reason to alter the recommendations it made in the 2001 report in relation to quasi-judicial work, such as adoption panels, licensing and development control committees. Councils should consider setting up a panel of non-executive members to sit on such bodies and make provision for payment of a special allowance to all members of that panel only when the workload justifies it.

(14) Accountability

The current system of Members' remuneration allowances, with its principle of annualised allowances rather than attendance allowances, places a high premium on trust. We therefore regard accountability for this use of public money as being of the highest importance. The regulations require boroughs to keep a record of all payments made under their schemes of allowances, and for these records to be available for inspection upon request. They also require a full report to be made at the end of the year, of the total sum paid by a Borough in the year under the scheme to each recipient in respect of each of the following: (a) basic allowance; (b) special responsibility allowance; (c) dependants' carers' allowance; (d) travelling and subsistence allowance; and (e) co-optees' allowance. We believe strongly that Members themselves should go further. We have advised in our previous reports on the drafting of job descriptions, and we expect them to be used as the basis for reporting by members on their activities on behalf of their electors and their boroughs. Councillors should see making such reports as a way of broadcasting the extensive range of tasks and duties which they undertake on behalf of the electorate. We annexed a slightly revised job description for councillors at Appendix Four. We would like them to give an account of what services they have provided to their constituents; what their objectives have been; and their success in achieving them; as well as some record of their general industry. In Appendix Five we give examples of good practice in this area.

(15) Withholding allowances

We believe that boroughs should include in their Allowances Scheme provision for their Standards Committee to withdraw allowances in whole or in part in the event of a member being suspended or partially suspended. All allowances should be withheld for the period of total suspension, and in the case of partial suspension the basic allowance should continue to be paid (though we would expect a member voluntarily to abate their claim according

to the extent to which they were able to continue to perform the functions of a non-executive member), and to the extent that the partial suspension made it impossible or impracticable for a member to undertake activities in respect of which an special responsibility allowance was payable, that allowance should be withdrawn. It is likely that this would occur in any event, because of the need to appoint another member to undertake the functions concerned, who then become entitled to the allowance.

(16) Electing to forgo allowances

In accordance with reg. 13 of the regulations, we recommend that allowances schemes should provide that a person may by notice in writing given to the proper officer of the authority, elect to forgo his/her entitlement or any part of his/her entitlement to allowances.

(17) Time limit for claims and payments

In accordance with Reg. 14 of the regulations, we recommend that schemes of allowances should impose a time of limit of six months for the making of claims for payment of: (a) dependants' carers' allowance; (b) travelling and subsistence allowance; and (c) co-optees' allowance.

Appendix 1: primary legislation governing members' allowances

Local Government and Housing Act 1989, s.18, as amended by Local Government Act 2000, s.99

Schemes for basic, attendance and special responsibility allowances for local authority members

18. (1) [Subject to subsection (1A)] the Secretary of State may by regulations authorise or require any such relevant authority as may be specified or described in the regulations to make a scheme providing for the payment of:

- (a) a basic allowance for every member of the authority who is a councillor;
- (b) an attendance allowance in relation to the carrying out by any such member of such duties as may be specified in or determined under the regulations; and
- (c) a special responsibility allowance for any such member who has such special responsibilities in relation to the authority as may be so specified or determined.

[(1A) In relation to a district council, county council, county borough council or London borough council, subsection (1) above shall have effect with the omission of paragraph (b).]

(2) Regulations under this section may also authorise or require a scheme made by a relevant authority under the regulations to include provision for the payment to appointed members of allowances in respect of such losses of earnings and expenses as:

- (a) are necessarily sustained or incurred in the carrying out, in connection with their membership of the authority or any committee or sub-committee of the authority, of duties specified in or determined under the regulations; and
- (b) are not of a description in respect of which provision is made for an allowance under any of sections 174 to 176 of the Local Government Act 1972 or sections 46 to 48 of the Local Government (Scotland) Act 1973.

[(2A) Regulations under this section may authorise or require a scheme made by a district council, county council, county borough council or London borough council to include provision for the payment to members of the council of allowances in respect of such expenses of arranging for the care of children or dependants as are necessarily incurred in the carrying out of their duties as members.]

(3) Without prejudice to the generality of the powers conferred by subsections (1) [to (2A)] above, regulations under this section may contain such provision as the Secretary of State considers appropriate for requiring a scheme made by a relevant authority under the regulations—

- (a) to make it a condition of any payment by way of allowance that, in the financial year to which the payment would relate, the aggregate amount which the authority has paid out or is already liable to pay out under the scheme does not exceed such maximum amount as may be specified in or determined under the regulations;
- (b) to make provision for different maximum amounts to be applicable, for the purposes of any such condition, in relation to different allowances or in relation to different members or members of different groups;

- (c) to make provision in relation to claims which cannot be paid by virtue of any such condition and provision for the payment to members of the authority who are councillors of an amount by way of supplement to the basic allowance where, in any financial year, the aggregate paid out or owing under the scheme is less than an amount specified in or determined under the regulations;
- (d) to provide that the amount authorised by virtue of subsection (2) above to be paid by way of allowance in any case shall not exceed such amount as may be so specified or determined;
- (e) to contain such provision as may be so specified or determined with respect to the general administration of the scheme, with respect to the manner in which, time within which and forms on which claims for any allowance are to be made and with respect to the information to be provided in support of any such claim;
- (f) to contain such provision as may be so specified or determined for avoiding the duplication of payments or of allowances, for determining the bodies by which payments of allowances are to be made and for the apportionment of payments between different bodies.

[(3A) Regulations under this section may make provision for or in connection with:

- (a) enabling district councils, county councils, county borough councils or London borough councils to determine which members of the council are to be entitled to pensions, allowances or gratuities,
- (b) treating the basic allowance or the special responsibility allowance as amounts in respect of which such pensions, allowances or gratuities are payable.

[(3B) Regulations under this section may make provision for or in connection with requiring a district council, county council, county borough council or London borough council to establish and maintain a panel which is to have such functions as may be specified in the regulations in relation to allowances, or pensions, allowances or gratuities, payable to members of the council.]

[(3C) Regulations under this section may make provision for or in connection with enabling a panel established by a body specified in the regulations to exercise such functions as may be specified in the regulations in relation to allowances, or pensions, allowances or gratuities, payable to members of such district councils, county councils or London borough councils in England as may be specified in the regulations.]

[(3D) Regulations under this section may make provision for or in connection with the establishment by the National Assembly for Wales on a permanent or temporary basis of a panel which is to have such functions as may be specified in the regulations in relation to allowances, or pensions, allowances or gratuities, payable to members of county councils and county borough councils in Wales.]

[(3E) Regulations under subsection (3B) above may include provision-

- (a) with respect to the number of persons who may or must be appointed to the panel of a council,
- (b) with respect to the persons who may or must be appointed to the panel of a council,
- (c) for or in connection with the appointment by councils of joint panels.]

[(3F) Regulations under subsection (3C) may include provision-

- (a) with respect to the number of persons who may or must be appointed to a panel mentioned in that subsection,
- (b) with respect to the persons who may or must be appointed to such a panel.]

[(3G) Regulations under subsection (3B), (3C) or (3D) may include provision-

- (a) for or in connection with enabling a panel mentioned in that subsection to make recommendations to a council on the level of allowances payable to members of the council,
- (b) for or in connection with enabling such a panel to make recommendations to a council as to which members of the council are to be entitled to pensions, allowances or gratuities,
- (c) which permits different recommendations to be made in relation to different councils or descriptions of council.]
- (4) Regulations under this section may:
 - (a) prohibit the payment, otherwise than in accordance with sections 174 to 176 of the Local Government Act 1972 or sections 46 to 48 of the Local Government (Scotland) Act 1973 or in such other cases as may be specified in the regulations, of any allowance to a member of a relevant authority who is a councillor or to any appointed member of a relevant authority;
 - (b) impose requirements on a relevant authority with respect to the publication, in the minutes of that authority or otherwise, of the details of amounts paid in pursuance of a scheme made under the regulations;
 - [(ba) make provision with respect to the amendment, revocation or replacement of a scheme made by a relevant authority under the regulations; and]
 - (c) contain such incidental provision and such supplemental, consequential and transitional provision in connection with the other provisions of the regulations as the Secretary of State considers appropriate.
- (5) In this section “relevant authority” means-
 - (a) a local authority of any of the descriptions specified in any of the paragraphs of section 21(1) below, other than paragraphs (d) [(g)] and (i), or in section 21(2) below; or
 - (b) any body on which a body which is a relevant authority by virtue of paragraph (a) above is represented and which is designated as a relevant authority for the purposes of this section by regulations made by the Secretary of State; or
 - (c) any appeal committee so designated which is constituted in accordance with [paragraph 2 or 3 of Schedule 33 to the Education Act 1996];
- [(5A) In making or operating any scheme authorised or required by regulations under this section, a district council, county council, county borough council or London borough council shall have regard to any guidance for the time being issued by the Secretary of State.]
- (6) In this section any reference to a councillor includes a reference to a member of the authority concerned who, in accordance with regulations under this section, is to be treated as if he were a councillor.

Local Government Act 2000, s.100

Power to make provision about allowances

- 100.** (1) The Secretary of State may by regulations make provision with respect to-
- (a) allowances payable to members of a parish council,
 - (b) travelling and subsistence allowances payable to members of such relevant authorities as may be prescribed,
 - (c) allowances payable to members of such relevant authorities as may be prescribed for attending conferences or meetings,
 - (d) the reimbursement of expenses incurred by members of such relevant authorities as may be prescribed.
- (2) For the purposes of this section a member of a committee or sub-committee of a relevant authority is to be treated as a member of the authority.
- (3) The provision which may be made under subsection (1)(b) includes provision with respect to allowances in respect of travel by bicycle or by any other non-motorised form of transport.
- (4) The provision which may be made under this section includes provision which amends or repeals any provisions of sections 173 to 178 of the Local Government Act 1972.
- (5) Before making any regulations under this section, the Secretary of State must consult such representatives of local government and such other persons (if any) as he considers appropriate.
- (6) In this section:
- “prescribed” means prescribed by regulations made by the Secretary of State,
 - “relevant authority” means-
 - (a) a body specified in section 21(1) of the Local Government and Housing Act 1989,
 - (b) a body on which a body falling within paragraph (a) is represented,
 - (c) a parish council.
- (7) In its application to Wales this section has effect as if-
- (a) for any reference to the Secretary of State there were substituted a reference to the National Assembly for Wales,
 - (b) for any reference to a parish council there were substituted a reference to a community council.

Appendix 2: the regulations governing members' allowances

LOCAL GOVERNMENT, ENGLAND

Local Authorities (Members' Allowances) (England) Regulations 2003 No 1021

<i>Made</i>	<i>7th April 2003</i>
<i>Laid before Parliament</i>	<i>7th April 2003</i>
<i>Coming into force</i>	<i>1st May 2003</i>

ARRANGEMENT OF REGULATIONS

PART 1

General

- [1. Citation, commencement and application](#)
- [2. Interpretation](#)
- [3. Application of these Regulations](#)

PART 2

Allowances

- [4. Basic allowance](#)
- [5. Special responsibility allowance](#)
- [6. Special responsibility allowance for members of the Association of London Government](#)
- [7. Dependants' carers' allowance](#)
- [8. Travelling and subsistence allowance](#)
- [9. Co-optees' allowance](#)

PART 3

Schemes

- [10. Requirements for schemes](#)
- [11. Pensions](#)
- [12. Transitional provisions for revocation of allowance schemes](#)
- [13. Elections to forgo allowances](#)

- [14. Claims and payments](#)
- [15. Records of allowances](#)
- [16. Publicity](#)
- [17. Transitional provisions](#)

PART 4

Independent remuneration panels

- [18. Application of this Part](#)
- [19. Duty to have regard to recommendations](#)
- [20. Independent remuneration panels](#)
- [21. Recommendations of panels](#)
- [22. Publicity for recommendations of panels](#)
- [23. Transitional provisions for independent remuneration panels](#)

PART 5

Parish councils
[not reproduced]

PART 6

Transitional provisions, revocation and disapplications

- [33. Revocation](#)
- [34. Disapplication](#)

The First Secretary of State in exercise of the powers conferred on him by sections 18 and 190(1) of the Local Government and Housing Act 1989 and sections 100 and 105(2), (3) and (4) of the Local Government Act 2000^[2], and of all other powers enabling him in that behalf, and having carried out such consultation as is required by section 100(5) of the Local Government Act 2000, hereby makes the following Regulations:

PART 1

GENERAL

Citation, commencement and application

1. (1) These Regulations may be cited as the Local Authorities (Members' Allowances) (England) Regulations 2003 and shall come into force on 1st May 2003.

(2) These Regulations apply in England only.

Interpretation

2. In these Regulations -

“the Association of London Government” means the body known by that name and established on 1st April 2000 as a joint committee by the London borough councils and the Corporation of the City of London;

“basic allowance” has the same meaning as in regulation 4 of these Regulations;

“co-optees’ allowance” has the same meaning as in regulation 9 of these Regulations;

“dependants’ carers’ allowance” has the same meaning as in regulation 7 of these Regulations;

“independent remuneration panel” means a panel or joint panel established under regulation 20 of these Regulations;

“local government elector” means a person entitled to vote as an elector at a local government election in accordance with section 2 of the Representation of the People Act 1983;

“parish basic allowance” has the same meaning as in regulation 25 of these Regulations;

“parish remuneration panel” means a panel or joint panel established under regulation 27 of these Regulations;

“parish travelling and subsistence allowance” has the same meaning as in regulation 26 of these Regulations;

“political group” means a group constituted in accordance with regulation 8 of the Local Government (Committees and Political Groups) Regulations 1990;

“proper officer” shall be construed in accordance with section 270(3) of the Local Government Act 1972;

“recommendation” means a recommendation made by a panel in accordance with regulations 21 and 28;

“the scheme” means the scheme for the payment of allowances made in accordance with Parts 2 and 3 of these Regulations;

“special responsibility allowance” has the same meaning as in regulation 5 of these Regulations;

“travelling and subsistence allowance” has the same meaning as in regulation 8 of these Regulations;

“unitary county council” means a county council for an area for which there is no district council; and

“year” means -

(a) the period beginning on the date of the coming into force of these Regulations and ending on 31st March 2004; and

(b) any period of 12 months ending on 31st March in any year after 2004.

Application of these Regulations

3. (1) Any reference in this Part and Parts 2 and 3 of these Regulations to an authority shall, unless otherwise specified be construed as a reference to a body of one of the following descriptions:

- (a) a district council;
- (b) a county council;
- (c) a London borough council;
- (d) the Council of the Isles of Scilly;
- (e) a fire authority constituted by a combination scheme under the Fire Services Act 1947;
- (f) a joint authority established by Part IV of the Local Government Act 1985;
- (g) the London Fire and Emergency Planning Authority;
- (h) the Broads Authority;
- (i) a National Park authority; and
- (j) a conservation board of an area of outstanding natural beauty;

(2) For the purposes of section 18 of the Local Government and Housing Act 1989 -

- (a) the bodies referred to at sub-paragraphs (h) and (j) of paragraph (1) are hereby designated as relevant authorities; and
- (b) any member of an authority listed in paragraph (1) shall be treated as if he were a councillor.

PART 2

ALLOWANCES

Basic allowance

4. (1) An authority shall -

- (a) make a scheme in accordance with these Regulations which shall provide for the payment of an allowance in respect of each year to each member of an authority, and the amount of such an allowance shall be the same for each such member (“basic allowance”); and
- (b) pay basic allowance and any other allowance permitted by these Regulations only in accordance with such a scheme.

- (2) In relation to basic allowance, the scheme shall -
- (a) specify the amount of entitlement by way of basic allowance in respect of any year to which it relates; and
 - (b) provide that where the term of office of a member begins or ends otherwise than at the beginning or end of a year, his entitlement shall be to payment of such part of the basic allowance as bears to the whole the same proportion as the number of days during which his term of office as member subsists bears to the number of days in that year.
- (3) The scheme may specify that where a member is suspended or partially suspended from his responsibilities or duties as a member of an authority in accordance with Part III of the Local Government Act 2000 or regulations made under that Part, the part of basic allowance payable to him in respect of the period for which he is suspended or partially suspended may be withheld by the authority.

Special responsibility allowance

5. (1) A scheme made under this Part may provide, in accordance with paragraph (2), for the payment for each year for which that scheme relates of an allowance (“special responsibility allowance”) to such members of the authority as have such special responsibilities in relation to the authority as are specified in the scheme and are within one or more of the following categories -
- (a) acting as leader or deputy leader of a political group within the authority;
 - (b) acting as a member of an executive where the authority are operating executive arrangements within the meaning of Part II of the Local Government Act 2000;
 - (c) presiding at meetings of a committee or sub-committee of the authority, or a joint committee of the authority and one or more other authorities, or a sub-committee of such a joint committee;
 - (d) representing the authority at meetings of, or arranged by, any other body;
 - (e) acting as a member of a committee or sub-committee of the authority which meets with exceptional frequency or for exceptionally long periods;
 - (f) acting as the spokesman of a political group on a committee or sub-committee of the authority;
 - (g) acting as a member of an adoption panel within the meaning of the Adoption Agencies Regulations 1983;
 - (h) acting as a member of any committee or sub-committee that deals with any function arising under any enactment authorising the authority to license or control the carrying on of any activity;

(i) carrying out such other activities in relation to the discharge of the authority's functions as require of the member an amount of time and effort equal to or greater than would be required of him by any one of the activities mentioned in sub-paragraphs (a) to (h) (whether or not that activity is specified in the scheme).

(2) Any scheme making such provision as is mentioned in paragraph (1) shall -

(a) specify the amount of each special responsibility allowance, which need not be the same;

(b) provide that, where -

(i) members of an authority are divided into at least two political groups; and

(ii) a majority of members of the authority belong to the same political group ("the controlling group"),

a special responsibility allowance shall be paid to at least one person who is not a member of the controlling group and has special responsibilities described in paragraph (1)(a) or (f); and

(c) provide that where a member does not have throughout the whole of a year any such special responsibilities as entitle him to a special responsibility allowance, his entitlement shall be to payment of such part of the special responsibility allowance as bears to the whole the same proportion as the number of days during which he has such special responsibilities bears to the number of days in that year.

(3) The scheme may specify that where a member is suspended or partially suspended from his responsibilities or duties as a member of an authority in accordance with Part III of the Local Government Act 2000 or regulations made under that Part, the part of special responsibility allowance payable to him in respect of the responsibility or duties from which he is suspended or partially suspended may be withheld by the authority.

Special responsibility allowance for members of the Association of London Government

6. (1) For the purposes of regulation 5 –

(a) references to an authority shall include the Association of London Government, which is hereby designated for the purposes of section 18 of the Local Government and Housing Act 1989;

(b) references to members shall, in relation to that body, be references to its members who are also members of London borough councils; and

(c) references in regulation 5 to a scheme made under this Part shall, in relation to the Association of London Government, be construed as references to a scheme established by the Association of London Government for the payment of special responsibility allowance only, in accordance with regulation 5 and the Association of London Government is hereby authorised to make such a scheme in accordance with these Regulations.

(2) Where the Association of London Government pays special responsibility allowance to such members:

(a) Part 3 of these Regulations shall apply to that body in respect of its payments of special responsibility allowance as it applies to an authority; and

(b) Part 4 of these Regulations shall apply to that body as it applies to an authority as regards an independent remuneration panel established by regulation 20(1)(c).

Dependants' carers' allowance

7. (1) A scheme may provide for the payment to members of an authority of an allowance ("dependants' carers' allowance") in respect of such expenses of arranging for the care of their children or dependants as are necessarily incurred in:

(a) the attendance at a meeting of the authority or of any committee or sub-committee of the authority, or of any other body to which the authority makes appointments or nominations, or of any committee or sub-committee of such a body;

(b) the attendance at any other meeting, the holding of which is authorised by the authority, or a committee or sub-committee of the authority, or a joint committee of the authority and at least one other local authority within the meaning of section 270(1) of the Local Government Act 1972, or a sub-committee of such a joint committee, provided that -

(i) where the authority is divided into two or more political groups it is a meeting to which members of at least two such groups have been invited; or

(ii) if the authority is not so divided, it is a meeting to which at least two members of the authority have been invited;

(c) the attendance at a meeting of any association of authorities of which the authority is a member;

(d) the attendance at a meeting of the executive or a meeting of any of its committees, where the authority is operating executive arrangements;

(e) the performance of any duty in pursuance of any standing order made under section 135 of the Local Government Act 1972 requiring a member or members to be present while tender documents are opened;

(f) the performance of any duty in connection with the discharge of any function of the authority conferred by or under any enactment and empowering or requiring the authority to inspect or authorise the inspection of premises;

(g) the performance of any duty in connection with arrangements made by the authority for the attendance of pupils at any school approved for the purposes of section 342 of the Education Act 1996 (approval of non-maintained special schools); and

(h) the carrying out of any other duty approved by the authority, or any duty of a class so approved, for the purpose of, or in connection with, the discharge of the functions of the authority or any of its committees or sub-committees.

(2) For the purposes of this regulation, “authority” means an authority of any description specified in sub-paragraphs (a) to (c) of regulation 3(1).

Travelling and subsistence allowance

8. (1) A scheme may provide for the payment to members of an authority of an allowance in respect of travelling and subsistence (“travelling and subsistence allowance”), including an allowance in respect of travel by bicycle or by any other non-motorised form of transport, undertaken in connection with or relating to such duties as are specified in the scheme and are within one or more of the following categories -

(a) the attendance at a meeting of the authority or of any committee or sub-committee of the authority, or of any other body to which the authority makes appointments or nominations, or of any committee or sub-committee of such a body;

(b) the attendance at any other meeting, the holding of which is authorised by the authority, or a committee or sub-committee of the authority, or a joint committee of the authority and one or more local authority within the meaning of section 270(1) of the Local Government Act 1972, or a sub-committee of such a joint committee provided that -

(i) where the authority is divided into two or more political groups it is a meeting to which members of at least two such groups have been invited, or

(ii) if the authority is not so divided, it is a meeting to which at least two members of the authority have been invited;

(c) the attendance at a meeting of any association of authorities of which the authority is a member;

(d) the attendance at a meeting of the executive or a meeting of any of its committees, where the authority is operating executive arrangements;

(e) the performance of any duty in pursuance of any standing order made under section 135 of the Local Government Act 1972 requiring a member or members to be present while tender documents are opened;

(f) the performance of any duty in connection with the discharge of any function of the authority conferred by or under any enactment and empowering or requiring the authority to inspect or authorise the inspection of premises;

(g) the performance of any duty in connection with arrangements made by the authority for the attendance of pupils at any school approved for the purposes of section 342 (approval of non-maintained special schools) of the Education Act 1996, and

(h) the carrying out of any other duty approved by the authority, or any duty of a class so approved, for the purpose of, or in connection with, the discharge of the functions of the authority or of any of its committees or sub-committees.

(2) A scheme may specify that where a member is suspended or partially suspended from his responsibilities or duties as a member of an authority in accordance with Part III of the Local Government Act 2000 or regulations made under that Part, any travelling and subsistence allowance payable to him in respect of the responsibilities or duties from which he is suspended or partially suspended may be withheld by the authority.

(3) For the purposes of this regulation -

(a) a member of a committee or sub-committee of an authority is to be treated as a member of an authority; and

(b) an authority includes, in addition to those bodies referred to in regulation 3(1), the following bodies -

(i) an authority established under section 10 of the Local Government Act 1985 (waste disposal authorities); and

(ii) a joint board upon which a body referred to in regulation 3(1)(a) to (h) is represented.

Co-optees' allowance

9. (1) The scheme may provide for the payment of an allowance for each year to a member in respect of attendance at conferences and meetings ("co-optees' allowance").

(2) In relation to co-optees' allowance, the scheme shall -

(a) specify the amount of entitlement by way of co-optees' allowance in respect of any year to which it relates; and

- (b) provide that where the appointment of a member begins or ends otherwise than at the beginning or end of a year, his entitlement shall be to payment of such part of the co-optees' allowance as bears to the whole the same proportion as the number of days during which his term of office as member subsists bears to the number of days in that year.
- (3) The scheme may specify that where a member is suspended or partially suspended from his responsibilities or duties as a member of an authority in accordance with Part III of the Local Government Act 2000 or regulations made under that Part, any co-optees' allowance payable to him in respect of the responsibilities or duties from which he is suspended or partially suspended may be withheld by the authority.
- (4) The amount of co-optees' allowance payable to any member who presides at a meeting of an overview and scrutiny committee, where that committee's functions under section 21 of the Local Government Act 2000 relate wholly or partly to any education functions which are the responsibility of the authority's executive, shall not be less than the minimum amount of any special responsibility allowance payable under that authority's scheme to a person who presides at meetings of any other other authority's committees or sub-committees.
- (5) For the purposes of paragraphs (1) to (4) of this Regulation, "member" means a person who is not a member of the authority but who is a member of a committee or sub-committee of an authority.

PART 3

SCHEMES

Requirements for schemes

- 10.** (1) Before the beginning of each year, an authority shall make the scheme required by regulation 4(1)(a) for the payment of basic allowance for that year.
- (2) The scheme shall also make provision for the following allowances if an authority intends to make such payments in respect of the year -
- (a) special responsibility allowance;
 - (b) dependants' carers' allowance;
 - (c) travelling and subsistence allowance; and
 - (d) co-optees' allowance.

- (3) Subject to regulation 12 the scheme may be amended at any time but may only be revoked with effect from the beginning of a year.
- (4) A scheme may make provision for an annual adjustment of allowances by reference to such index as may be specified by the authority and where the only change made to a scheme in any year is that effected by such annual adjustment in accordance with such index the scheme shall be deemed not to have been amended.
- (5) Where an authority has regard to an index for the purpose of annual adjustment of allowances it must not rely on that index for longer than a period of four years before seeking a further recommendation from the independent remuneration panel established in respect of that authority on the application of an index to its scheme.
- (6) Where an amendment is to be made which affects an allowance payable for the year in which the amendment is made, the scheme may provide for the entitlement to such allowance as amended to apply with effect from the beginning of the year in which the amendment is made.
- (7) A scheme may provide that where payment of any allowance has already been made in respect of any period during which the member concerned is
 - (a) suspended or partially suspended from his responsibilities or duties as a member of the authority in accordance with Part III of the Local Government Act 2000 or regulations made under that Part;
 - (b) ceases to be a member of the authority; or
 - (c) is in any other way not entitled to receive the allowance in respect of that period, the authority may require that such part of the allowance as relates to any such period be repaid to the authority.
- (8) Where the scheme is revoked in accordance with this regulation or regulation 12, an authority shall before the revocation takes effect make a further scheme for the period beginning with the date on which the revocation takes effect and ending at the end of the year in question.
- (9) A scheme must make provision to ensure that where a member of an authority is also a member of another authority, that member may not receive allowances from more than one authority in respect of the same duties.

Pensions

- 11.** (1) A scheme made by a district council, county council or a London borough council shall set out -
 - (a) which members of the authority are to be entitled to pensions in accordance with a scheme made under section 7 of the Superannuation Act 1972; and

(b) whether the basic allowance or the special responsibility allowance, or both, may be treated as amounts in respect of which such pensions are payable in accordance with a scheme made under section 7 of the Superannuation Act 1972.

(2) In making such provision an authority may only include someone who has first been recommended by the independent remuneration panel established in respect of that authority for such entitlement under regulation 21.

Transitional provisions for revocation of allowance schemes

12. Where an independent remuneration panel has produced a report in accordance with regulation 21, a district, county or London borough council may, notwithstanding regulation 10(3), revoke an allowance scheme at any time once that council has begun to operate -

(a) executive arrangements, where they are being operated in place of existing alternative arrangements;

(b) alternative arrangements, where they are being operated in place of existing executive arrangements; or

(c) different executive arrangements which involve an executive which takes a different form.

Elections to forgo allowances

13. The scheme shall provide that a person may, by notice in writing given to the proper officer of the authority, elect to forgo his entitlement or any part of his entitlement to allowances.

Claims and payments

14. (1) The scheme shall specify a time limit from the date on which an entitlement to each of the following allowances arises during which a claim for such allowances must be made by the person to whom they are payable -

(a) dependants' carers' allowance;

(b) travelling and subsistence allowance; and

(c) co-optees' allowance.

(2) Nothing in paragraph (1) shall prevent an authority from making a payment where the allowance is not claimed within the period specified in the scheme.

(3) The scheme may provide for payments of allowances to be made at such times as may be specified in it, and different times may be specified for different allowances.

Records of allowances

- 15.** (1) An authority shall keep a record of the payments made by it in accordance with a scheme.
- (2) Such a record shall -
- (a) specify the name of the recipient of the payment and the amount and nature of each payment;
- (b) be available, at all reasonable times, for inspection and at no charge -
- (i) where it is kept by an authority specified in regulation 3(1)(a) to 3(1)(d), by any local government elector for the area of that authority; and
- (ii) where it is kept by any other authority, by any local government elector of any authority specified in regulation 3(1)(a) to 3(1)(d) in whose area that other authority exercises functions; and
- (c) be supplied in copy to any person who requests such a copy and who pays to the authority such reasonable fee as it may determine.
- (3) As soon as reasonably practicable after the end of a year to which the scheme relates, an authority shall make arrangements for the publication within the authority's area of the total sum paid by it in the year under the scheme to each recipient in respect of each of the following -
- (a) basic allowance;
- (b) special responsibility allowance;
- (c) dependants' carers' allowance;
- (d) travelling and subsistence allowance; and
- (e) co-optees' allowance.

Publicity

- 16.** (1) An authority shall, as soon as reasonably practicable after the making or amendment of a scheme, make arrangements for its publication by -
- (a) ensuring that copies of the scheme are available for inspection by members of the public at the principal office of the authority, at all reasonable hours; and
- (b) publishing in one or more newspapers circulating in its area, a notice which:
- (i) states that the authority has made or amended a scheme and specifies the period of time for which the scheme has effect;

- (ii) describes the main features of the scheme and specifies the amounts payable in respect of each allowance mentioned in the scheme;
 - (iii) describes any responsibilities or duties specified in the scheme in accordance with regulations 5(1) and 8(1) in relation to special responsibility allowance and travelling and subsistence allowance;
 - (iv) confirms that in making or amending the scheme, the authority complied with any duty arising under regulation 19 to have regard to the recommendations of an independent remuneration panel;
 - (v) describes the main features of that panel's recommendations and specifies the recommended amounts of each allowance mentioned in its report for that authority;
 - (vi) states that copies of the scheme and copies of a record kept in accordance with regulation 15(1) and (2) are available at the principal office of the authority for inspection by members of the public at such times as may be specified by the authority in the notice; and
 - (vii) specifies the address of the principal office of the authority at which such copies are made available.
- (2) An authority shall ensure that a notice in the form required under subparagraph (b) is published in one or more newspapers circulating in its area as soon as possible after the expiration of twelve months after the previous publication of such a notice, irrespective of whether the scheme has been amended during that twelve month period.
- (3) An authority shall supply a copy of the scheme to any person who requests a copy and who pays to the authority such reasonable fee as the authority may determine.

Transitional provisions

- 17.** (1) Notwithstanding regulation 33, any scheme made by an authority in accordance with the Local Authorities (Members' Allowances) regulations 1991 as amended shall continue in force up to and including 29th September 2003 or until a new scheme in accordance with these Regulations is made by the authority, if sooner.
- (2) An authority shall make a scheme in accordance with these Regulations on or prior to 30th September 2003.
- (3) Where an authority first makes a scheme in accordance with these Regulations it shall revoke any previous scheme for the payment of allowances and ensure that the scheme made in accordance with these Regulations takes effect on the date that the revocation of the previous scheme takes effect.
- (4) Subject to paragraph (5), any scheme made by an authority in accordance with these Regulations between the coming into force of these Regulations

and 30th September 2003 may make provision for any allowance payable in accordance with such a scheme to be payable as if the scheme had been in force with effect from 1st May 2003.

- (5) Any provision made in accordance with paragraph (4) shall not permit a member to receive a greater amount in total under the provisions of that scheme and any previous scheme, in respect of any duty carried out between the coming into force of these Regulations and the making of a scheme in accordance with these Regulations, than he would have received had the scheme been in effect from the 1st May 2003.

PART 4

INDEPENDENT REMUNERATION PANELS

Application of this Part

- 18.** Any reference in this Part to an authority, unless otherwise specified, shall be construed as a reference to a body of one of the following descriptions -

- (a) a district council;
- (b) a county council; and
- (c) a London borough council.

Duty to have regard to recommendations

19. (1) Before an authority referred to in regulation 3(1)(a), (b), or (c) makes or amends a scheme, the authority shall have regard to the recommendations made in relation to it by an independent remuneration panel.
- (2) Before an authority referred to in regulation 3(1)(e), (f), (g), (h), (i) or (j) makes or amends a scheme that authority shall have regard to the recommendations made by any independent remuneration panels in relation to any authority of a description referred to in regulations 3(1)(a), (b) or (c) by which any of its members are nominated.

Independent remuneration panels

- 20.** (1) An independent remuneration panel shall be established in respect of each authority by one of the following means:
- (a) by an authority in which case that panel shall exercise the functions specified in regulation 21 in respect of that authority;
 - (b) jointly by any authorities in which case that panel shall exercise the functions specified in regulation 21 in respect of the authorities which established it; or

- (c) by the Association of London Government in which case that panel shall exercise the functions specified in regulation 21 in respect of any London borough councils, but there shall not be more than one panel which makes recommendations in respect of an authority.
- (2) An independent remuneration panel shall consist of at least three members none of whom -
- (a) is also a member of an authority in respect of which it makes recommendations or is a member of a committee or sub-committee of such an authority; or
 - (b) is disqualified from being or becoming a member of an authority.
- (3) An authority may pay the expenses incurred by an independent remuneration panel established under paragraph (1)(a) or (1)(b) in carrying out its functions and may pay the members of the panel such allowances or expenses as the authority or authorities for which it makes recommendations may determine.
- (4) The Association of London Government may pay the expenses incurred by an independent remuneration panel established under paragraph (1)(c) in carrying out its functions and may pay the members of the panel such allowances or expenses as it may determine.

Recommendations of panels

- 21.** (1) An independent remuneration panel shall produce a report in relation to the authority or authorities in respect of which it was established, making recommendations -
- (a) as to the responsibilities or duties in respect of which the following should be available -
 - (i) special responsibility allowance;
 - (ii) travelling and subsistence allowance; and
 - (iii) co-optees' allowance;
 - (b) as to the amount of such allowances and as to the amount of basic allowance;
 - (c) as to whether dependants' carers' allowance should be payable to members of an authority, and as to the amount of such an allowance;
 - (d) as to whether, in the event that the scheme is amended at any time so as to affect an allowance payable for the year in which the amendment is made, payment of allowances may be backdated in accordance with regulation 10(6);

- (e) as to whether adjustments to the level of allowances may be determined according to an index and if so which index and how long that index should apply, subject to a maximum of four years, before its application is reviewed;
- (f) as to which members of an authority are to be entitled to pensions in accordance with a scheme made under section 7 of the Superannuation Act 1972; and
- (g) as to treating basic allowance or special responsibility allowance, or both, as amounts in respect of which such pensions are payable in accordance with a scheme made under section 7 of the Superannuation Act 1972.

(2) A copy of a report made under paragraph (1) shall be sent to each authority in respect of which recommendations have been made.

(3) An independent remuneration panel may make different recommendations in relation to each of the authorities for which it exercises functions.

Publicity for recommendations of panels

22. (1) Once an authority receives a copy of a report made to it by an independent remuneration panel in accordance with regulation 21, it shall, as soon as reasonably practicable -

(a) ensure that copies of that report are available for inspection by members of the public at the principal office of the authority, at all reasonable hours; and

(b) publish in one or more newspapers circulating in its area, a notice which:

(i) states that it has received recommendations from an independent remuneration panel in respect of its scheme;

(ii) describes the main features of that panel's recommendations and specifies the recommended amounts of each allowance mentioned in the report in respect of that authority;

(iii) states that copies of the panel's report are available at the principal office of the authority for inspection by members of the public at such times as may be specified by the authority in the notice; and

(iv) specifies the address of the principal office of the authority at which such copies are made available.

- (2) An authority shall supply a copy of a report made by an independent remuneration panel in accordance with regulation 21 to any person who requests a copy and who pays to the authority such reasonable fee as the authority may determine.

Transitional provisions for independent remuneration panels

- 23.** Notwithstanding regulation 33(1)(f), any independent remuneration panel established under the Local Authorities (Members' Allowances) (England) Regulations 2001 shall continue in being and shall constitute an independent remuneration panel for the purposes of these Regulations as if it had been established under regulation 20, although where the composition of such a panel does not comply with these Regulations, the authority or authorities or other body by which it is established must ensure that the panel does so comply within four months of the date on which these Regulations come into force.

PART 5

PARISH COUNCILS

[not reproduced]

PART 6

TRANSITIONAL PROVISIONS, REVOCATION AND DISAPPLICATIONS

Revocation

- 33.** (1) The following Regulations shall be revoked to the extent not already revoked:
- (a) the Local Authorities (Members' Allowances) Regulations 1991;
 - (b) the Local Authorities (Members' Allowances) (Amendment) Regulations 1995;
 - (c) the Local Authorities (Members' Allowances) (Amendment) Regulations 1996;
 - (d) the Local Authorities (Members' Allowances) (Amendment) (England) Regulations 2000;
 - (e) the Local Authorities (Members' Allowances) (Amendment) (England) (No. 2) Regulations 2000; and
 - (f) the Local Authorities (Members' Allowances) (England) Regulations 2001.

- (2) Paragraph 4 of the Schedule to the Greater London Authority Act 1999 (Consequential Amendments of Subordinate Legislation) (Fire etc. Authority) Order 2000 shall be revoked.

Disapplication

- 34.** (1) Subject to paragraphs (2) and (3), the following shall be disapplied as respects authorities -
- (a) sections 173 to 175 of the Local Government Act 1972;
 - (b) section 176(1)(a) and (2) of that Act; and
 - (c) section 18(2)(b) of the Local Government and Housing Act 1989, for all purposes other than -
 - (i) the payment of any allowance payable to members of an admissions appeal panel constituted in accordance with regulations made by the Secretary of State under the provisions of the School Standards and Framework Act 1998; and
 - (ii) the payment of any allowance payable to members of an exclusions appeal panel constituted in accordance with regulations made by the Secretary of State under the provisions of the Education Act 2002.
- (2) As respects parish councils the provisions referred to in paragraph (1) shall be disapplied with effect from 30th September 2003.
- (3) As respects any other authority the provisions referred to in paragraph (1) shall be disapplied with effect from the date upon which such authority makes a scheme in accordance with Parts 2 and 3 of these Regulations.
- (4) In this regulation, the reference to “authorities” is a reference to the following bodies -
- (a) a district council;
 - (b) a county council;
 - (c) a London borough council;
 - (d) the Council of the Isles of Scilly;
 - (e) a fire authority constituted by a combination scheme under the Fire Services Act 1947;
 - (f) a joint authority established by Part IV of the Local Government Act 1985;
 - (g) the London Fire and Emergency Planning Authority;

- (h) the Broads Authority;
- (i) a National Park authority;
- (j) a conservation board of an area of outstanding natural beauty; and
- (k) a parish council.

Appendix Three

Special Responsibility Bands and amounts

The case for special allowances

The reasons for payment of additional special responsibility allowances should be clearly set out in local allowances schemes. Special allowances should come into play only in positions where there are significant differences in the time requirements and levels of responsibility from those generally expected of a councillor.

Categories of special allowances

The regulations specify the following categories of responsibility for which special responsibility allowances may be paid:

- Members of the executive where the authority is operating executive arrangements
- Acting as leader or deputy leader of a political group within the authority
- Presiding at meetings of a committee or sub-committee of the authority, or a joint committee of the authority and one or more other authorities, or a sub-committee of such a joint committee
- Representing the authority at meetings of, or arranged by, any other body
- Membership of a committee or sub-committee of the authority which meets with exceptional frequency or for exceptionally long periods
- Acting as spokesperson of a political group on a committee or sub-committee of the authority
- Membership of an adoption panel
- Membership of a licensing or regulatory committee
- Such other activities in relation to the discharge of the authority's functions as require of the member an amount of time and effort equal to or greater than would be required of him by any one of the activities mentioned above whether or not that activity is specified in the scheme.

Local discretion

It is for the councils locally to decide how to allocate their councillors between the different bands having regard to our recommendations. They must have regard to our recommendations. We believe these have the merits of being easy to apply, easy to adapt, easy to explain and understand, and easy to administer.

Band One

1. Role

The 60 hours a month that is reflected in our calculation of the flat rate Basic Allowance should allow an effective councillor to assume a reasonable level of additional responsibility without triggering any requirement for a special allowance.

Judgement needs to be applied in the cross-over point between this and the next band up. That band is intended primarily for councillors who chair the main service

committees of the council, and whose responsibility is substantial. But we acknowledge that the weight of responsibility can vary significantly between chairs of committees or panels. Some posts, such as planning, tend to involve a lot of work outside the committee or sub-committee involved, because planning decisions can have a significant impact on local communities and excite local interest. For this reason, the position tends to be assigned to a relatively senior councillor.

We have included in Band One the Leadership of the Second or Smaller Opposition Group, but only if such a group has a minimum membership of four councillors. We have also included both the Chairs and the Deputy Chairs of area-based committees and forums. This is justified because of the significant variations in the functions and level of responsibility of area committees, and on the basis that the range of allowance we are proposing for this category allows councils to differentiate between Chairs and Deputy Chairs.

The posts we envisage falling within Band One include:

- Vice-Chair of a Service, Regulatory or Scrutiny Committee
- Chair of Sub-Committee
- Leader of Second or Smaller Opposition Group
- Service Spokesperson for First Opposition Group
- Group Secretary (or equivalent) of Majority Group
- First Opposition Group Whip
- Vice Chair of council business
- Chairs and Vice Chairs of Area Committees or Area Forums
- Cabinet Assistant
- Leadership of a major strategic topic

2. Purpose

To meet the basic responsibilities of a councillor as a community representative, together with any one or more of the following additional functions:-

- a. To lead the work of a sub-committee of the authority, whether geared to the delivery or review of a service, or the discharge or review of a function of the authority
- b. To lead a second or smaller Opposition Group on the Council
- c. To lead the larger/largest Opposition Group on the main Service Committees
- d. To act as Group Secretary for the Majority Group on the Council
- e. To act as the largest Opposition Group's Whip
- f. To scrutinise and monitor the work of the council executive and the delivery of local services
- g. To assist a member of the Cabinet with his/her portfolio
- h. To take charge of a major issue, such as championing a particular community or a very major project within the borough

3. Key tasks

To undertake the functions of a Councillor, and any one or more of the following:

- a. To lead the work of a sub-committee of the authority, whether geared to the delivery or review of a service, or the discharge or review of a function of the authority. To chair that sub-committee, including (a) working with officers to determine a programme of work, of performance reviews and/or of reporting to the parent committee; and (b) representing the service or function within and outside the authority as necessary to enable it to delivery its objectives within budget and in a cost-effective way
- b. To lead the second or smaller minority group's scrutiny of the majority group's administration of the authority, and act as spokesperson for the minority group of which he/she is leader
- c. To lead a minority group's scrutiny of the majority group's administration on a Service Committee, and act as spokesperson for his/her group on that Committee
- d. To undertake such duties for the Majority Group on the Council as are required in the administration of the Group's business
- e. To co-ordinate the participation of a Minority Group in the business of the Council's committees by organising that Group's members, liaising with officers and other political groups as appropriate.
- f. Where a member of the Cabinet has a particularly extensive portfolio, to function as assistant to that Cabinet member
- g. Where a borough faces a particularly major project or has a need to establish a champion for a particular community within the borough, to take charge of that issue or champion that community

4. Remuneration

We propose that Band One special responsibility allowances should be on a sliding scale of between 20%-30% of the remuneration package for a council leader

This would be made up as follows:

Basic Allowance:	£9,964
Band 1 Allowance:	<u>£2,227 to £8,323</u>
Total:	£12,191 to £18,267

Band Two

1. Role

We see this as a principal band for senior office holders. The precise division between this and the next Band will depend upon the number of key posts in cabinet and scrutiny, and the weight of responsibility attached to them. Councils will wish to exercise broad judgement in applying our general criteria to the specific circumstances of new models of governance.

The types of office we contemplate being within Band Two are:

Lead member in scrutiny arrangements, perhaps a Chair of a Scrutiny Committee
Representative on key outside body
Chair of major regulatory committee e.g. planning
Chair of council business (Civic Mayor)
Leader of principal opposition group.

2. Purpose

To carry out the functions of a Councillor and any one or more of the following:

- a. To lead the work of a strategy/resource/service committee of the authority;
- b. To assist the Leader of the Council, as the designated Deputy Leader;
- c. To lead the principal Opposition Group on the Council;
- d. To represent the authority on a key outside body, such as a regeneration partnership, not otherwise remunerated;
- e. To lead the work of a major executive sub-committee of the authority, whether geared to the delivery of review or a service, or the discharge or review of a function of the authority
- f. To have responsibility for a major aspect of the scrutiny function of the authority, probably including the programming and direction of individual reviews, recommending the employment of professional experts, where appropriate, and assisting the assembly and presentation of reports
- g. To act as the Chief Whip assisting the business of the authority through the work of the Majority Group

3. Key Tasks

To undertake the tasks of a Councillor and any one or more of the following:

- a. To act as Chair of a strategy/resource/service committee of the authority, with specific responsibility for the development of overall or service-related strategies and plans, the proposal of the annual (service) budget and, in the case of a service committee, the delivery of the overall service, including responsibilities for policy, budget, compliance and achievement of strategic objectives by that service, and to represent the service or function within and outside the authority as necessary to enable it to deliver its objectives consistently with corporate standards
- b. To chair a major executive sub-committee of the authority, including (a) working with officers to determine a programme of work, of performance reviews and of reporting to the parent committee; and (b) representing the service or function within and outside the authority as necessary to enable it to deliver its objectives within budget and in a cost-effective way
- c. To lead an aspect of the scrutiny function, to propose to the appropriate committee a programme of work devised in consultation with senior management, to achieve a balance of service interests, to propose arrangements for the involvement of community or other non-councillor representatives, and to own and present the resulting reports
- d. To assist the Leader of the Council in the formal processes and matters of leadership of the authority, including (a) developing and proposing overall

- strategy, budget, policy arrangements and service reviews, and (b) representing the authority in the community and in discussions and negotiations with regional, national and international organisations and others in relation to the pursuit of matters of interest to the authority and its community.
- e. To lead the Council's formal Opposition, including scrutiny of the majority group's administration of the authority, and act as spokesperson for the Opposition group of which he/she is leader
 - f. To participate in the activities of a key outside body to which the Councillor is appointed, to liaise between that body and the relevant officers and committee of the authority's policies and practices in relation to that body and of the community's needs and aspirations in relation to that body's role and functions.
 - g. To facilitate the business of the authority on behalf of the majority Group by coordinating the timing of decision making, resolving scheduling problems, liaising with officers and other political groups as appropriate.

4. Remuneration

We propose that Band Two allowances should be on a sliding scale between 40%- 60% pro rata of the remuneration package for a council leader.

This is made up as follows:

Basic Allowance	£9,964
Band four allowances:	<u>£14,4178 to £26,609</u>
Total:	£24,382 to £36,573

NB The Panel is very conscious that in some London boroughs planning proposals are of national importance and great complexity must be considered by the Planning Committee. In these cases we believe that the remuneration of the Chair of the Planning Committee should be towards the top of the Band.

Band Three

1. Role

We see this band as appropriate to the following posts:

- Cabinet Member
- Chair of the main overview or scrutiny committee
- Deputy Leader of the Council

There remains a need for judgement when applying our criteria to the specific circumstances of new models of governance. In some cases, cabinet members and chairs of scrutiny committees could fall more obviously within Band Two rather than this Band.

Where there is no overall control, and no councillor is formally designated as Leader of the Council, then, provided there is a formal partnership or coalition between the parties, the Leaders of the two largest controlling party groups should both be

remunerated in this Band, so as to reflect the peculiarly onerous responsibilities of participating in the leadership of a hung council. In cases where a third party group is also significantly involved in the joint leadership, the same principle should apply. We have specifically included Deputy Leaders of the Council in this Band, although their membership of the Cabinet would qualify them anyway. The range of remuneration that we are proposing will provide councils with the opportunity, should they wish, to differentiate between the Deputy Leader and other cabinet members.

2. Purpose

To fulfil the purposes of a Councillor and any one or more of the following:

- a. To take responsibility within the cabinet, on the basis of individual or possibly collective or joint responsibility, for a service or function of the authority.
- b. To fulfil the role of Leader of the authority where it is organised into party political groups, as reflecting the party allegiance by which councillors were elected, and where no political group has an overall majority
- c. To lead one of the two largest political groups on the authority where it is organised into party political groups, as reflecting the party allegiance by which councillors were elected, where no political group has an overall majority, and where no Leader of the Council has been formally designated.
- d. To lead the Scrutiny function of the authority, probably with specific responsibility for the programming and direction of individual reviews, the employment of professional experts, where appropriate, and the assembly and presentation (to the Council or another Committee) of reports (including minority opinions, where necessary).

3. Key Tasks

To undertake the functions of a Councillor and any one or more of the following:

- a. To lead one of the two largest parties on the Council, where there is no formally designated Leader and no overall majority, and to assist in the formal processes of the authority, including (a) developing and proposing overall strategy, budget, policy arrangements and service reviews, and (b) representing the authority in the community and in discussions and negotiations with regional, national and international organisations and others in relation to the pursuit of matters of interest to the authority and its community.
- b. To participate in the cabinet or strategy committee and to implement agreed policies by taking responsibility, individually or collectively, for any portfolio allocated by the authority, including providing a lead on and proposing new policy, strategy, programming, budget and service standards, and leading performance review, as well as acting as spokesperson within and outside the authority for the service/function.
- c. As the Leader of a “hung” authority, to liaise with the smaller political groups and provide leadership of the authority overall in the formal processes of the authority, including (a) developing and proposing overall strategy, budget, policy arrangements and service reviews, and (b) representing the authority in the community and in discussions and negotiations with regional, national and international organisations and others in relation to the pursuit of matters of interests to the authority and its community
- d. To lead the scrutiny function, to propose to the appropriate committee a programme of work devised in consultation with senior management, to

achieve a balance of service interests, to achieve broad coverage across all services over time, to propose arrangements for the involvement of community or other non-councillor representatives, and to own and present the resulting reports (to the Council or another Committee, including any minority views which might be reported separately).

4. Remuneration

Members of a Cabinet with portfolio responsibilities under a new model of governance are in a different position from the chairs of service committees under the traditional model. Under the traditional model, responsibility is shared; in this version of a new model, it is direct. Cabinet members will individually exercise delegated powers, and this carries with it an assumption of risk and responsibility which requires proper remuneration.

We propose that Band Three allowances should be between 70%-80% pro rata of the remuneration package for a council leader.

This is made up as follows:-

Basic Allowance:	£9,964
Band 3 Allowance:	<u>£32,705 to £38,801</u>
Total:	£42,669 to £48,765

Band Four

1. Role

Leader of Cabinet

2. Purpose

To provide political leadership, to propose a policy framework and budget, and to have overall responsibility for key functions within the agreed policy framework.

3. Role

To undertake the functions of a Councillor, and also:

- To provide leadership within the Council;
- To undertake executive responsibility for developing and proposing overall strategy, budget, policy arrangements and service reviews;
- To represent the Council in the community and in discussions and negotiations with regional, national and international organisations and others in relation to the pursuit of matters of interest to the authority and its community;
- To chair the cabinet committee and to take responsibility, individually or collectively, for any specific portfolio allocated by the authority, including providing a political lead on and proposing new policy, strategy, programming, budget and service standards, as well as acting as spokesperson for the authority.

4. Remuneration

This is a full-time job, involving a high level of responsibility. It is right that it should be remunerated on a basis which compares with similar positions elsewhere in the public sector, whilst still retaining a reflection of the voluntary character of public service. There are various comparable models, such as the scale for chairmanship of a national non-departmental public body, or a regional development agency, where the level of remuneration for a full-time equivalent is now more than £120,000.

The most appropriate measure is, in our view, that of a backbench MP. The functions and responsibilities of a full-time Leader of a London borough must be at least as onerous as those of an MP, and it would be quite wrong to expect that they could be remunerated at a lower rate, even excluding (as we do) the generous expenses package to which a backbench MP is entitled.

We therefore propose that the remuneration package for a council leader under Band Four of our scheme should be £61,155.

This is made up as follows:

Basic Allowance:	£9,964
Band 4 Allowance:	<u>£51,191</u>
Total:	£61,155

Band Five

1. Role

Directly elected mayor

2. Purpose

To provide political leadership, to propose a policy framework and budget, and to have overall responsibility for key functions within the agreed policy framework.

3. Key Tasks

- To provide political and executive leadership within the Council;
- To have executive responsibility for overall policy, strategy and budget arrangements for the delivery of local services;
- To represent the Council in the community and in discussions and negotiations with regional, national and international organisations and others in relation to the pursuit of matters of interest to the authority and its community;
- To be accountable to the council's overview or scrutiny committee

4. Remuneration

A directly elected mayor is a major innovation in the political management of local government elected with the office holder taking on a new role and exercising executive responsibilities over a fixed electoral cycle.

We believe this post is significantly different to that of the council leader with cabinet model and that it is a full time job with an importance which should be reflected in the salary level.

We propose that a Band Five Directly Elected Mayor should receive a remuneration package of 25% higher than that recommended for a Council Leader and that it should be a salary set at £76,194.

Appendix Four

On behalf of the community – a job profile for councillors

Purposes:

1. To participate constructively in the good governance of the area.
2. To contribute actively to the formation and scrutiny of the authority's policies, budget, strategies and service delivery.
3. To represent effectively the interests of the Ward for which the councillor was elected, and deal with constituents' enquiries and representations.
4. To champion the causes which best relate to the interests and sustainability of the community and campaign for the improvement of the quality of life of the community in terms of equity, economy and environment.
5. To represent the council on an outside body, such as a charitable trust or neighbourhood association.

Key Tasks:

1. To fulfil the statutory and local determined requirements of an elected member of a local authority and the authority itself, including compliance with all relevant codes of conduct, and participation in those decisions and activities reserved to the full Council (e.g. Setting budget, overall priorities, strategy).
2. To participate effectively as a member of any Committee or Panel to which the councillor is appointed, including related responsibilities for the services falling within the Committee's (or Panel's) terms of reference, human resource issues, staff appointments, fees and charges, and liaison with other public bodies to promote better understanding and partnership working.
3. To participate in the activities of an outside body to which the Councillor is appointed, providing two-way communication between the organisations. Also, for the purpose, to develop and maintain a working knowledge of the authority's policies and practices in relation to that body and of the community's needs and aspirations in respect of that body's role and functions.
4. To participate in the scrutiny or performance review of the services of the authority including where the authority so decides, the scrutiny of policies and budget, and their effectiveness in achieving the strategic objectives of the authority.
5. To participate, as appointed, in the area – and service-based consultative processes with the community and with other organisations.

6. To represent the authority to the community, and the community to the authority, through the various forums available.
7. To develop and maintain a working knowledge of the authority's services, management arrangements, powers/duties, and constraints, and to develop good working relationships with relevant officers of the authority.
8. To develop and maintain a working knowledge of the organisations, services, activities and other factors which impact upon the community's well-being and identity.
9. To contribute constructively to open government and democratic renewal through active encouragement to the community to participate generally in the government of the area.
10. To participate in the activities of any political group of which the councillor is a member.
11. To undertake necessary training and development programmes as agreed by the authority.
12. To be accountable for his/her actions and to report regularly on them in accessible and transparent ways.

Appendix Five

Examples of good practice in reporting

Publication of attendance records for formal council and committee meetings.

Reports to Area Committee meetings by members on local activity.

Reports to Council by Cabinet Members.

Cabinet Members report on a regular basis to the Overview & Scrutiny Committee or relevant thematic panel.

Cabinet Members' performance is open to question through written and oral questions at full council meetings.

The Leader presents a state of the borough address to full council.

Members have time to speak at council meetings about what they have been doing.

The council website hosts a monthly schedule of councillors' activities.

Each councillor has their own web-page on which to record their activities.

Members report back on what they have achieved in relation to their work programmes for Cabinet and Scrutiny.

Cabinet and Ward Members report back to meetings of local residents.

Cabinet Members provide monthly reports of their activities to the Mayor.

28 FEBRUARY 2007

LEADER

*Councillor Stephen
Greenhalgh*

**CABINET MEMBER
FOR STRATEGY**

*Councillor Mark
Loveday*

**ADOPTION OF NEW CONTRACT STANDING
ORDERS**

It is proposed to replace the existing Contracts Code with a simplified and more streamlined Contracts Standing Orders. This report sets out the changes that are required to achieve a more effective and efficient way of procuring works, goods and services across the Council, whilst also securing the wider objectives relating to the Gershon agenda.

The Contracts Code forms part of the Council's Constitution and its replacement with new Contract Standing Orders is a decision for Full Council only.

CONTRIBUTORS

DF
HBTS
HLS
Internal Audit

RECOMMENDATIONS

1. That the Council's Constitution be amended to replace the Contracts Code with new Contracts Standing Orders (set out at Appendix 1 to this report), with effect from 1st April 2007.
2. That the members of the Competition Board be authorised to approve Procurement Guidance Notes to complement the new Contract Standing Orders.

1. BACKGROUND

- 1.1 In light of legislative changes in the new Public Contracts Regulations 2006 (the "Procurement Regulations"), the Council's new priorities (including value for money) and the need to reflect modern procurement practices (without the loss of financial controls, transparency or probity), the opportunity has been taken to review the existing Contracts Code.
- 1.2 The Contracts Code was written over 10 years ago and is outmoded and in need of streamlining. The Code contains both internal requirements and general procurement guidance.
- 1.3 The Chartered Institute for Public Finance and Accountancy (CIPFA) in 2003 published model Contract Standing Orders for local authorities to adopt. These were revised in December 2006.
- 1.4 Recently Hedra Consultancy undertook on behalf of the London Centre of Excellence (LCE) an exercise to identify model clauses for Contract Standing Orders from those used by the London boroughs. The Hedra report was issued to the LCE in June 2006.
- 1.5 The Procurement Strategy Board established an officer panel to review the Code. The panel first met in January 2006 and over the last 12 months has considered best procurement practices arising from the CIPFA model, the Hedra report and other local authorities (including Beacon councils). The aims of the panel were to draft a replacement to the Code which was succinct and to streamline the procurement guidance.
- 1.6 With the introduction of a Cabinet style administration eight years ago, the Contracts Code became part of the Council's formal constitution and is adopted at the annual meeting of the Council. Changes to the Contracts Code, including its replacement, cannot be delegated to the Cabinet and can only be agreed at a full meeting of the Council. It is for this reason that the recommendation to Cabinet is to refer the matter to the next Council meeting.

2. CONTRACT STANDING ORDERS

- 2.1 It is important for the Council to have correct procurement procedures, and to ensure that they are adhered to, for the following reasons:
 - All local authorities are required under section 135 of the Local Government Act 1972 to adopt internal rules relating to the procurement of goods, services and works. The existing Contracts Code provides rules and guidance on the award of Contracts and provides a link to the Corporate Procurement Strategy.
 - The Council and the public expect high standards of probity. These Contract Standing Orders are designed to protect both Members and Officers involved in the procurement process from allegations of impropriety. The Council needs to have robust processes that will

stand up to challenges and upholds its reputation for openness, probity and transparency.

- The award of contracts for works, goods and services and payments to outside organisations are subject to both internal and external audit investigations;
- Contract Standing Orders provide a framework for the tendering of Council contracts. This is important for both the Council and those being invited to submit tenders, as it creates a level playing field. It also helps ensure that the Council gets value for money and that residents receive the services they expect.
- There needs to be a clear audit trail showing how and why a particular contract was awarded to a particular organisation. The decision needs to be transparent and robust, with a clear justification as to why the successful firm was awarded the work;
- Cabinet Members or Chief Officers who may be responsible for awarding contracts require and expect transparency in order to be able to make informed decisions.

2.2 The recommendation is to replace the existing Contracts Code with Contract Standing Orders and supplementary procurement guidance. The Contract Standing Orders will form part of the Council's Constitution.

2.3 The guidance will not be part of the Constitution, but will cover areas such as:

- European procurement rules (and decisions and rulings arising out of the UK's Courts and the European Court of Justice),
- health & safety,
- sustainability and environmental management,
- setting up tender appraisal panels,
- code of conduct for contractors, etc.

As procurement practices and guidance are constantly evolving it is recommended that this should be agreed by Procurement Strategy Board.

2.4 A copy of the proposed Contract Standing Orders is attached and Members are asked to support their adoption. The following key areas are covered by the Contract Standing Orders:

- responsibilities of officers
- steps to be undertaken prior to tendering
- record keeping and the debriefing of candidates
- how to procure through use of advertisements or approved lists;
- competition requirements for purchase, disposal and partnerships
- pre-tender market research and consultation
- standards and award criteria
- invitations to tender and shortlisting
- contract documentation
- use of parent company guarantees

- prevention of corruption and declarations of interest
- post contract monitoring and evaluation.

3. PROPOSED CHANGES

3.1 Financial control

3.1.1 The Council, following the Borough Council election in May, decided to make changes to the financial thresholds for the award of Contracts. These were to set:

- at less than £50,000 the maximum value of a contract that could be awarded by chief officers;
- at between £50,000 or more but less than £100,000 the maximum value of a contract that could be awarded by Cabinet Members; and
- the “Key Decision” threshold at £100,000.

3.1.2 The Working Party, in carrying out its review of Contract Standing Orders, has proposed to change the way contracts are awarded, based upon alternative models used by other boroughs (e.g. LB Wandsworth). The benefits of the proposed changes will improve the efficiency in the way the Council carries out its statutory responsibilities. It also aims to address one of the key issues highlighted in the National Procurement Strategy, which is to reduce the time taken from the date that a Contract Notice is published to the date of the award of contract.

3.1.3 It is proposed that there should be 3 types of approval processes. These are:

- (i) Market testing: the award of all contracts following the market testing of in-house services will be reserved for the Cabinet.
- (ii) Pre-published schemes in the budget: Using the budget planning process and the regular capital monitoring reports it is proposed to bring forward the timing of the “Key Decision”. It is proposed to use these reports as the Key Decision rather than following the tendering exercise, which is the current arrangement. Most schemes will form part of the Capital Programme, and for those which are not included (e.g. other major revenue contracts) may be included in separate reports to the Cabinet. Providing the tendered sum is within budget the award decision is then delegated to Cabinet Members as follows
 - £100k - £1m: the relevant Cabinet Member(s),
 - £1m - £5m: relevant Cabinet Member(s) and the Leader
 An annual report identifying delegated decisions will be submitted to the Cabinet and Value for Money Scrutiny Committee.
- (iii) Retaining status quo: Where a tendered sum is not within budget or where a contract has **not been identified** as part of the budget planning process or capital monitoring reports, but is within the departmental work programme or scheme the contract may be awarded in accordance with current arrangements (paragraph 3.1.1 above).

3.2 **Role and responsibilities**

3.2.1 The Contract Standing Orders (CSOs) will identify more clearly the roles and responsibilities of Members and Cabinet Members. The CSOs provide clear tables indicating how to source contracts and approve purchases.

3.2.2 For routine procurement, there is now an obligation on staff to use the Council's e-procurement system for the ordering of goods and services.

3.3 **Performance bonds**

3.3.1 The CSOs no longer require Chief Officers to seek Performance Bonds from contractors. A Performance Bond is a type of insurance policy that would provide the Council with a maximum of 10% of the contract value in the event that a contractor goes into liquidation or bankruptcy whilst working for the Council.

3.3.2 Financial risk assessments are rigorously carried out when expressions of interest are received from commercial organisations and at the point when award decisions are being made. Contractors are also paid in arrears. By managing the financial risks in this way records show that over the last 15 years no claims have had to have been made against Performance Bonds despite spending in the region of approx. £750k. Acting on advice from the Audit Manager, the Council has decided to set up a separate fund to "self-insure" against future contractor failure. Until the fund is built up, the proposal is to insure the fund against any claims made.

3.4 **Modern procurement practices**

3.4.1 The Council receives advice from both government and professional associations on changes to procurement practices. The replacement of the Contracts Code with Contract Standing Orders means that officers will need guidance on procurement issues both before, and during, tendering exercises.

3.4.2 This guidance is likely to change on a regular basis, and it is therefore proposed that Procurement Strategy Board takes responsibility for reviewing and issuing new guidance to Members, departments, chief officers and tender appraisal panels. The topics covered have been outlined in paragraph 2.3 above.

3.5 Both the Council's internet and intranet sites will need to be updated to set out the changes from the Contracts Code to Contract Standing Orders. The intranet currently provides a wealth of information on current procurement thinking from government (Office of Government Commerce), local authority organisations (e.g. Improvement & Development Agency) and the London Centre of Excellence.

3.6 **Internal Audit**

3.6.1 The Audit Manager from Deloitte, specialising in procurement law has sat on the Working Party and provided advice on the proposed changes to the corporate procurement process.

4. NEXT STEPS

4.1 The Procurement Strategy Board will be setting up a number of half-day training sessions to advise officers about the proposed changes from the Contracts Code to Contract Standing Orders.

4.2 The Corporate Procurement Strategy was originally approved three years ago. At the time it was anticipated that it would be subject to a triennial review. Procurement Strategy Board now proposes to start this review, to build in the Council's new corporate priorities.

5. TRANSITION ISSUES.

5.1 The current Contracts Code contains a mixture of advice, guidance and rules on procurement. The "rules" element of the Contracts Code will effectively become the new Contract Standing Orders and the remaining part will be issued as guidance by the Procurement Strategy Board. It is proposed that in the absence of separately published guidance officers will continue to use the guidance contained in the Contracts Code.

6. HEAD OF LEGAL SERVICES COMMENTS

6.1 The Head of Legal Services is represented on the Working Party and has advised on the content of the new Contract Standing Orders.

LOCAL GOVERNMENT ACT 2000 **LIST OF BACKGROUND PAPERS**

No.	Description of Background Papers	Name/Ext. of Holder of File/Copy	Department/ Location
1.	Contracts Code	Alan Parry	FD, 2nd floor Town Hall Extension. Extn. 2581
2.	CIPFA Guidance	Alan Parry	FD, 2nd floor Town Hall Extension. Extn. 2581
3.	LCE Report on Contract Standing Orders	Alan Parry	FD, 2nd floor Town Hall Extension. Extn. 2581

DRAFT CONTRACT STANDING ORDERS

A BRIEF GUIDE TO CONTRACT STANDING ORDERS

These Contract Standing Orders (“CSO”s) aim to promote good purchasing practice and public accountability and deter corruption. Following the rules is the best defence against allegations that a decision has been made incorrectly or fraudulently. Failure to follow them may result in disciplinary or even criminal proceedings. These Contract Standing Orders are made pursuant to section 135 of the Local Government Act 1972.

Officers and Members responsible for purchasing or disposal must comply with these CSOs, which lay down minimum requirements. They will be supplemented by a series of *Purchasing Guides* (as published on the intranet and internet).

Contents

SECTION 1 - Scope of Contract Standing Orders

1	BASIC PRINCIPLES	1
2	OFFICER RESPONSIBILITIES	1
3	WAIVERS AND EXEMPTIONS	2
4	RELEVANT CONTRACTS	3

SECTION 2 - Common requirements

5	STEPS PRIOR TO PURCHASE	4
6	RECORDS AND DEBRIEFING CANDIDATES	5
7	ADVERTISING AND APPROVED LISTS	6

SECTION 3 - Conducting a Purchase and Disposal

8	COMPETITION REQUIREMENTS FOR PURCHASE, DISPOSAL AND PARTNERSHIP ARRANGEMENTS	8
9	PRE-TENDER MARKET RESEARCH AND CONSULTATION	11
10	STANDARDS AND AWARD CRITERIA	11
11	INVITATIONS TO TENDER/QUOTATIONS	12
12	SHORTLISTING	12
13	SUBMISSION, RECEIPT AND OPENING OF TENDERS	12
14	CLARIFICATION PROCEDURES AND POST-TENDER NEGOTIATION	13
15	EVALUATION AND AWARD OF CONTRACT	14

SECTION 4 - Appointment of Consultants

16	CONSULTANTS & COUNSEL	15
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SECTION 5 - Contract and other formalities

17	CONTRACT DOCUMENTS	15
18	VARIATIONS AND EXTENSIONS	17
19	PARENT COMPANY GUARANTEES AND BONDS.	17
20	PREVENTION OF CORRUPTION	18
21	DECLARATION OF INTERESTS	18

SECTION 6 - Contract management

22	MANAGING CONTRACTS,	19
23	RISK ASSESSMENT AND CONTINGENCY PLANNING	19
24	POST-CONTRACT MONITORING, EVALUATION AND REVIEW	19

APPENDIX - GLOSSARY OF DEFINED TERMS

SECTION 1

Scope of Contract Standing Orders

1 BASIC PRINCIPLES

- 1.1 These Contract Standing Orders have been written to reflect current legislative requirements and to ensure that there is compliance by the Council. However, where there are any inconsistencies between these Contract Standing Orders and the requirements of the Public Contract Regulations 2006, the latter will take precedence.
- 1.2 Procurement is the process which governs the acquisition of goods, works and services - from identification of need, through to the end of a service contract or the end of the useful life of an asset. Purchasing and disposal procedures must:
- Comply with all legal requirements
 - Achieve best value for public money spent
 - Be consistent with the highest standards of integrity
 - Ensure fairness in allocating public contracts
 - Ensure that *Non-commercial Considerations* do not influence any *Contracting Decision*
 - Support the Council's corporate and departmental aims and policies
 - Comply with the Council's procurement strategy, *Purchasing Guides*, and best value methodology
- 1.3 Every person involved in any procurement process has a responsibility to declare any links or personal interests that they may have with potential purchasers, suppliers and/or contractors if they are engaged in contractual or purchasing decisions on behalf of the Council.
- 1.4 To ensure the integrity of the tendering process, nobody involved in the procurement process may -
- act in any way that may be viewed or construed as a conflict of interest, or
 - disclose any information (otherwise known as "insider information") they may have obtained about any external or internal tenderer involved in a contract tendering process to any person who is not expressly entitled to it, or
 - divulge the content of any tender, tender list, detailed estimates, or other tender information to any person who is not expressly entitled to such information.

2 OFFICER RESPONSIBILITIES

- 2.1. These CSOs must be strictly complied with; they are the Council's minimum requirements. A more thorough procedure may be appropriate for a particular contract. (For example, if CSO 8.1 would normally require that quotes be obtained, it might be appropriate in the particular circumstances to seek formal tender submissions. Equally, it may not always be appropriate to make use of an exemption under CSO 3, even if one might apply or be granted.)
- 2.2. General responsibilities of Chief Officers (Directors): The Chief Officer has responsibility for all contracts tendered and let by their Department. He/she is accountable to the Cabinet for the performance of his/her duties in relation to contract letting and management, which are:

- (a) to ensure compliance with English and EU legislation and Council Policy;
 - (b) to ensure value for money in all procurement matters;
 - (c) to ensure compliance with Contract Standing Orders and the *Purchasing Guides*
 - (d) to maintain a departmental scheme of delegation;
 - (e) to ensure that all relevant staff are familiar with the provisions of Contract Standing Orders and the *Purchasing Guides* and that they receive adequate training on their operation;
 - (f) to ensure compliance with any guidelines issued in respect of these Contract Standing Orders;
 - (g) to take immediate action in the event of a breach of Contract Standing Orders or the *Purchasing Guides* within his or her area;
 - (h) to keep proper records of all contracts, tenders etc. including minutes of tender evaluation panels and other meetings;
 - (i) to keep records of waivers and exemptions of any provision of these Contract Standing Orders (as set out in Section 3 below);
 - (j) to make appropriate arrangements for the opening of written quotations and their secure retention, so as to protect the integrity of the tendering process (see CSO 8.2);
 - (l) the safekeeping of all original contracts which have been completed by signature and where the value is below £100,000. For contracts which exceed this figure the contractual paperwork is passed to the Head of Legal Services for sealing as a Deed (and thereafter safekeeping).
- 2.3. *Chief Officers* are empowered within the terms of these CSOs to delegate to any officer within their Department authority to act on their behalf. However, such delegation will not affect their accountability for actions taken in their name.
- 2.4. Officers: The *Officer* responsible for purchasing or disposal must comply with these Contract Standing Orders (CSOs), *Financial Regulations*, *Code of Conduct* and with all UK and European Union binding legal requirements. The *Officer* must:
- (a) keep the records required by CSO 6.
 - (b) ensure that *Tender* procedures are conducted in accordance with procedures set out in the *Invitation to Tender*.
 - (c) also ensure that agents, consultants, and contractual partners acting on their behalf also comply.
 - (d) take all necessary legal, financial and professional advice.
- 2.5. No councillor or officer may accept any form of hospitality from any *Candidate* during a tendering (or similar exercise). Hospitality from suppliers, service providers or contractors who may or may not have current contracts with the Council may only be accepted in accordance with the “*Guidance on Gifts and Hospitality*” which forms part of the Council’s Constitution.

3 WAIVERS AND EXEMPTIONS

- 3.1 Cabinet (the Cabinet) (or, in the case of urgency, the Leader of the Council and the appropriate Cabinet Member) has power to waive the requirement of a CSO in specific instances. No exemption can be used if the *EU Procedure* applies.
- 3.2 Where a waiver or exemption is necessary because of an unforeseeable emergency involving immediate risk to persons, property or serious disruption to

Council services, Chief Officers may approve the waiver or exemption - but they must prepare a report for the next Cabinet to support the action taken.

3.3 A prior written waiver to these CSOs may be agreed by the *Appropriate Persons* if they are satisfied that a waiver is justified because:

- the nature of the market for the works to be carried out, or the goods to be purchased, or the services to be provided has been investigated and is demonstrated to be such that a departure from these CSOs is justifiable; or
- the contract is for works, goods or services that are required in circumstances of extreme urgency that could not reasonably have been foreseen; or
- the circumstances of the proposed contract are covered by legislative exemptions (whether under *EU Directives* or English law); or
- it is in the Council's overall interest; or
- there are other circumstances which are genuinely exceptional.

A departmental record of the decision approving a waiver and the reasons for it must be kept in accordance with CSO 6.2 or CSO 6.3. These CSOs do not provide for *Chief Officers* or *Officers* to seek retrospective waiver.

The *Appropriate Persons* for the purposes of this clause are set out in table 3.3

table 3.3.

<u><i>Appropriate Persons</i></u>	<u><i>Estimated Contract Value</i></u>
Client Director and the Director of Finance (or where the Client Director is the Director of Finance the Chief Executive)	Less than £50,000
The appropriate Cabinet Member(s) acting on advice from the Client Director.	£50,000 or more but less than £100,000
The appropriate Cabinet Member(s) and the Leader of the Council	£100,000 or more.

3.4 All waivers and exemptions, and the reasons for them, must be detailed in a report either to the Cabinet or the appropriate Cabinet Member(s). The report must contain the comments of appropriate Chief Officer, the Director of Finance, the Assistant Director (Performance & Procurement), and the Head of Legal Services.

3.5 The Assistant Director (Performance & Procurement) must be formally consulted where the purchase is to be made using standing arrangements with another local authority, government department, statutory undertaker or public service purchasing consortium.

4 RELEVANT CONTRACTS

4.1 All *Relevant Contracts* must comply with these CSOs.

4.2 A *Relevant Contract* is any arrangement made by, or on behalf of, the Council for the carrying out of work or for the supply of goods, materials or services. These include arrangements for:

- the supply or disposal of goods
- hire, rental or lease of goods or equipment
- execution of works
- the delivery of services, including those related to:
 - the recruitment of staff

- land and property transactions
- financial and consultancy services.

4.3 *Relevant Contracts* do not include contracts relating to:

- the employment of staff
- the engagement of Counsel, or
- the engagement of arbitrators, adjudicators or mediators in connection with construction related disputes.
- the acquisition, disposal, or transfer of land (for which Financial Regulations shall apply)
- the making of grants.

Section 2

Common Requirements

5 STEPS PRIOR TO PURCHASE

5.1 Where an existing contractual arrangement has been approved, no orders shall be placed with any other organisation or new contractual arrangements sought unless:

- there is prior approval from the Assistant Director (Performance & Procurement) and there are reasonable grounds for doing so; or
- the contract itself needs to be renewed or
- an existing contractor or provider has defaulted on a contract. Where a contractor, provider or supplier defaults on a contract, any retention monies held under that contract could be used to raise an order with an alternative provider in the event of such failure.

5.2 Before promoting the procurement of a new or joining a pre-existing framework or consortium arrangement, an Officer must be satisfied that such an approach represents the most economically advantageous solution and can be entered into without breaching the Public Contract Regulations 2006 (or EU Directive 2004/18/EC).

5.3 It is acceptable to consider accessing a framework agreement let by another public body or joining a consortium to procure goods, works or services. Before entering into a contract based upon an existing framework agreement or joining a consortium the *Officer* shall:

- provide evidence to the *AD Performance & Procurement* that a full, open and proper competitive process has been (or will be) undertaken and that such process complies with all statutory requirements
- consult with the Head of Legal Services on the terms and conditions of the proposed contract to ensure that they do not compromise the Council's interests; and
- ensure that the term is not more than 4 years.

5.4 Before beginning a purchase, the Officer responsible for it must, in a manner commensurate with the complexity and value of the purchase:

- ensure that there is an estimating process which sets out the initial project estimate, revised estimates and tender estimate being a necessary part of the tender comparison and competitiveness evaluation
- take into account any procurement guidance issued by the *Procurement Strategy Board* and/or the Director of Finance

- consider any recommendations arising out of a Best Value review
- consult with the Assistant Director (Performance & Procurement) to ensure that a contractual arrangement is not already in place (either as an in-house service or as a contract with an external organisation). The Officer must keep a record of such consultation
- appraise the need for the expenditure and its priority
- define the objectives of the purchase, and where appropriate develop a Business Case
- assess the risks associated with the purchase and how to manage them
- consider, where it is appropriate, the Council's responsibilities under the Civil Contingency Act in terms of potential emergencies and the continuity of high priority services
- consider what procurement method is most likely to achieve the purchasing objectives, including:
 - internal provision ("make decision") or
 - external sourcing ("buy decision"),
 - collaboration (including shared services) with other purchasers, partnering and long-term relationships
 - the use of a *framework agreement* already let by the Council or a *framework agreement* let by another public body and which has been awarded on the basis that it can be used by others;
- consult users as appropriate about the proposed procurement method, contract standards, and also performance and user satisfaction monitoring
- select the most appropriate procurement method, and
- set these matters out in writing if the Total Value of the purchase exceeds £50,000;

and confirm that:

- there is Cabinet, Cabinet Member or delegated approval for the expenditure
- there is committee approval for significant new proposals as required by Financial Regulations, and
- appropriate contract notices (and advertisements), have been placed in accordance with *EU Procedures* and these CSO.

5.5 No telephone orders are to be placed for goods, works or services, unless otherwise agreed by the AD (Performance & Procurement) (e.g. out of hours purchase or buying train tickets, etc). A purchase order must be placed through the Council's e-Procurement system (or other approved specialist order system).

6 RECORDS AND DEBRIEFING CANDIDATES

- 6.1 The *UK Procurement Regulations* (regulations 32(14) & 32(15)) imposes specific record-keeping duties on the Council.
- 6.2 Where the *total value* is less than £50,000, it is a requirement that the following documents must be kept:
- invitations to quote and Quotations received
 - a written record of:
 - any exemptions which apply and reasons for them
 - the reason, if the lowest price is not accepted
 - all communications with the successful *Candidate*.
- 6.3 Where the *total value* is £50,000 or greater, the Officer must record the information in the prescribed format –

- the subject matter and value of the *contract, framework agreement or dynamic purchasing system*
 - details of the successful candidate(s) and the reason why it/they were awarded the *contract, framework agreement* or admitted to the *dynamic purchasing system*.
 - details of the rejected candidate(s), and the reason(s) for rejection.
 - the method for obtaining tenders (see CSO 8.1)
 - any *Contracting Decision* and the reasons for it
 - any exemption under CSO 3 together with the reasons for it
 - the *Award Criteria*
 - tender documents sent to and received from *Candidates*
 - pre-tender market research
 - clarification (and where appropriate post-tender negotiation) (to include minutes of meetings)
 - the contract documents
 - post-contract evaluation and monitoring
 - written records of communications with *Candidates* and with the successful *Candidate(s)*.
- 6.4 Written records required by this CSO must be kept for six years (12 years if the contract is under seal) after the final settlement of the contract.
- 6.5 Documents which relate to unsuccessful *Candidates* should be kept for a minimum period of 12 months, provided there is no dispute about the award (these may be microfilmed or electronically scanned or stored by some other suitable method).
- 6.6 Where a Contract is subject to the provisions of the *Public Contract Regulations 2006*, *Candidates* must be simultaneously notified (in writing and as soon as possible after the award decision has been made) of the decision. The process is set out in Regulation 32 of the 2006 Regulations and must be strictly adhered to (see CSO 15.5).
- 6.7 Where a Contract is not subject to the above Regulations and where a *Candidate* requests in writing the reasons for a *Contracting Decision*, the Officer must give the reasons in writing within 15 days working days of the request

7 ADVERTISING AND APPROVED LISTS

- 7.1 All procurement must be carried out in an open and transparent manner in accordance with *table 7.1* below. The process shall be undertaken by a Tender Appraisal Panel to ensure that the Council receives value for money (except where the award criteria is to be on the basis of the lowest tender received – no subjective decision on quality/price ratios).

table 7.1.

Estimated Value	Works	Supplies	Services	Consultants
Not more than £50,000	<i>Approved List</i> (specialist works through a <i>select list</i> process)	May be sourced from: <ul style="list-style-type: none"> • http://www.supply2.gov.uk/ or • advertisements appearing in trade or other recognised journals (if applicable); or • <i>Standing List</i> 		<i>Approved List</i> or from a <i>Standing List</i> approved by a regulatory body or select list.
£50,000. or more (except those listed below)		<i>Select list</i> or <i>Standing List</i>		
<i>Greater than EU Threshold for: Supplies & Services only (£144,459)</i>		<i>Select list</i> – must include an OJEU Contract Notice (except for non-priority [Part B] services – a Voluntary OJEU Contract Notice may still be considered).		
Greater than the <i>EU Threshold: Works only (£3,611,844)</i>	Select list (must include an OJEU Contract Notice)			

7.2 Where a contract notice is published in a trade journal and/or OJEU, then it shall also be published on the Council's website. No Contract Notice shall appear in any UK publication (including the Council's website) before the date of despatch for publication in OJEU.

7.3 The appropriate *Chief Officer* shall be responsible for ensuring that all persons or bodies invited to tender for the supply of goods, services or works to the Council have been suitably assessed and meet the Council's minimum standards in terms of :

- technical ability and capacity to fulfil the requirements of the Council;
- economic and financial standing;
- insurance cover;
- quality assurance
- professional & business standing
- compliant equalities & diversity employment and service provision policies;
- meeting statutory requirements of Health & Safety legislation; and
- environmental management.

The assessment needs to be proportionate, based upon the value of the contract and the risks involved.

7.4 This may be achieved in respect of all contracts by selecting firms who have met the requirements of CSO 7.1:

- (a) the corporate *Approved List* compiled following responses to a public advertisement (preferred method for all construction related contracts), or

- (b) for low value service and supply contracts only (below £50,000), from organisations who have advertised their products in appropriate trade journals (including “Yellow Pages”); or
- (c) a “Select List” of shortlisted *Candidates* assessed from expressions of interest in a particular contract submitted in response to a *Contract Notice* (public advertisement) using the restricted procedure.
- (d) an “Open List” following a *Contract Notice* the tender list is open to any *Candidate* who responds (not the usual recommended method)
- (d) a “Standing List” of providers, maintained by an external public body usually as a *Framework Agreement* (e.g. OGC-Buying Solutions) or regulatory organisation (e.g. RIBA , RICS or ACE); or

Paragraphs (a) and (b) relate to contracts whose estimated values are below the *EU thresholds*. In both cases, a minimum number of quotation or tenders should be sought and obtained – as set out in CSO 8.2. Where *EU thresholds* apply in relation to (d), verification is needed that the appropriate *EU Procedures* have been complied with.

7.5 Where a restricted process is used (either through the use of an Approved List or a Select List) or where tenders are sought from organisations advertising in trade or other recognised journals, then the minimum number of tenderers invited to tender shall be as set out in the table set out in 8.2 below.

Section 3

Conducting a Purchase and Disposal

8 COMPETITION REQUIREMENTS FOR PURCHASE, DISPOSAL AND PARTNERSHIP ARRANGEMENTS

- 8.1 The *Officer* must calculate the estimated *Total Value*. The following procedures apply where there are no other procedures that take precedence. Other procedures may include agency agreements with other public sector organisations (e.g. *Office of Government Commerce*). If in doubt, *Officers* must seek, in writing, the formal advice of the Assistant Director (Performance and Procurement).
- 8.2 The purchasing/competition requirements set out in table 8.2 (except where a *Framework Agreement, shared service or collaborative procurement is being considered*): where the *Total Value* for a purchase falls within the values in the first column below, the *Award Procedure* in the second column must be followed. Shortlisting shall be approved by the persons specified in the third column.

table 8.2

Maximum Total Value	Award procedure	Shortlisting	Tender opening	Contract Award Procedure.
Not more than £5,000	One Quotation (confirmed in writing), although the duty to obtain value for money still remains.	Officer	Department	Chief Officer's responsibility (may be delegated).
£5,000 to below £50,000	Invitation to Quote as set out in CSO 7.4. A minimum of 3 written quotations should be sought.	Officer & Line Manager	Department – two independent officers who have not been party to the process	Chief Officer's responsibility (may be delegated)

table 8.2

Maximum Total Value	Award procedure	Shortlisting	Tender opening	Contract Award Procedure.
£50,000 to below £100,000	Invitation to Tender as set out in CSO 7.4. A minimum of 3 tenders should be sought.	Officer & Line Manager and/or TAP	Mayor's Secretary	Cabinet Member(s), subject to the exemptions set out in CSO 8.3 below.
£100,000. or more (except those listed below)	Invitation to Tender as set out in CSO 7.4 A minimum of 5 tenders should be sought.	Officer & Line Manager	Mayor's Secretary	Cabinet responsible for award, subject to the exemptions set out in CSO 8.3 below
£144,459 or more (EU Threshold: Supplies & Services only)	Invitation to Tender as set out in CSO 7.4. A minimum of 5 tenders should be sought, if the <i>Restricted Procedure</i> is used	Officer & Line Manager	The Mayor or their Deputy or the Chief Whip or their Deputy.	Cabinet responsible for award, subject to the exemptions set out in CSO 8.3 below
£1,000,000 and above	Invitation to Tender as set out in CSO 7.4. A minimum of 5 tenders should be sought.	Appropriate Cabinet Member and Leader	The Mayor or their Deputy or the Chief Whip or their Deputy.	Cabinet responsible for award, subject to the exemptions set out in CSO 8.3 below
£3,611,844 (or more EU Threshold: Works only)	Invitation to Tender as set out in CSO 7.4. A minimum of 5 tenders should be sought, if the <i>Restricted Procedure</i> is used.	Appropriate Cabinet Member and Leader	The Mayor or their Deputy or the Chief Whip or their Deputy.	Cabinet responsible for award
Market testing of In-house (DSO) services to which ODPM Circular 03/2003 applies	Invitation to Tender as set out in CSO 7.4. A minimum of 5 external tenders should be sought.	Cabinet responsible for agreeing strategy Invitation to tender approved by Leader & Appropriate Cabinet Member.	The Mayor or their Deputy or the Chief Whip or their Deputy.	Cabinet responsible for award

- 8.3 The Contract Award Procedures set out in CSO 8.2 above may be waived for all new contracts or renewals which are reported to Cabinet as either part of the Capital or Planned Maintenance Programme, or other major revenue contracts, provided that the proposed tendering arrangements are approved as a Key Decision. The Key Decision must be made prior to the commencement of the tendering procedure. The report to Cabinet may be part of the regular financial monitoring reports and must include a realistic estimation of the costs. The award decision is then delegated to Cabinet Members as set out in CSO 8.3.1 below.
- 8.3.1 In such cases, where an open and transparent tendering exercise has been completed and the tendered sum is within budget then the contract can be awarded by
- the relevant Cabinet Member(s) where the value is £100,000 or more but less than £1,000,000; or
 - the relevant Cabinet Member(s) and the Leader of the Council where the value is £1,000,000 or more but less than £5,000,000.
- 8.3.2 An annual report shall be prepared for the Value for Money Scrutiny Committee giving details of all contracts valued more than £100,000 that have been awarded under delegated powers.
- 8.4 Where the tender recommended for acceptance is more than 15% below the budget a report to the Cabinet Member shall be required explaining the reasons for the difference and confirm that the contractor has provided written confirmation that they are able to fulfil the contract for their tendered sum.
- 8.5 An Officer must not enter into separate contracts, nor select a method of calculating the Total Value, in order to avoid the EU Procedures or to minimise the application these CSOs (otherwise known as disaggregation).
- 8.6 Where the Public Contract Regulations 2006 apply and tendering under an *EU Procedure* is required, the *Officer (Line Manager or Chief Officer)* shall consult the relevant guidance on the EU public procurement set out in the *Purchasing Guides* and formally consult with the *AD (Performance & Procurement)* to determine the appropriate method of conducting the purchase.
- 8.7 Where no pre-existing disposal arrangements are in place (or have been agreed, disposals of assets must be carried out in accordance with Financial Regulations. Usually this will involve the relevant items being sent to public auction (and in most instances contain a reserve value placed on them), except where better value for money is likely to be obtained by inviting Quotations and Tenders. In the latter event, the method of disposal of surplus or obsolete stocks/stores or assets other than land must be formally agreed with the Director of Finance.
- 8.8 Providing services to external purchasers must be in compliance with the Local Authority (Goods and Services) Act 1970 and/or the Local Government Act 2003. Cabinet Member approval must be sought for the provision of services to other public bodies where the value is in excess of £100,000, and a recommendation from Cabinet to the Council is needed for approval to develop a business case for trading with the private sector.
- 8.9 *Best Value* and partnership arrangements are subject to all UK and EU procurement legislation and must follow these CSOs. If in doubt, *Officers* must seek the formal advice of the AD Performance and Procurement in writing.

- 8.10 The use of the *Competitive Dialogue* or *Negotiation* procedures shall not be undertaken without the prior written consent of the relevant Cabinet Member(s) and the Leader, acting on advice from the Head of Legal Services and the Assistant Director (Performance & Procurement).

9 PRE-TENDER MARKET RESEARCH AND CONSULTATION

- 9.1 The *Officer* responsible for the purchase:
- may consult potential suppliers prior to the issue of the Invitation to Tender in general terms about the nature, level, broad estimated value and standard of the supply, contract packaging and other relevant matters provided this does not prejudice any potential *Candidate*, **but**
 - must not seek or accept technical advice on the preparation of an Invitation to Tender or Quotation from anyone who may have a commercial interest in bidding, if this may prejudice the equal treatment of all potential *Candidates*, or distort competition.
- 9.2 Consultation referred to in 9.1 may be initiated through the publication of a *Prior Information Notice* in *OJEU* and on the Council's website

10 STANDARDS AND AWARD CRITERIA

- 10.1 The *Officer* must ascertain what are the relevant British (or equivalent) European or international standards which apply to the subject matter of the contract. The *Officer* must include those standards that are necessary properly to describe the required quality. The *Assistant Director (Performance & Procurement)* must be formally consulted before any *Officer* decides to use any standard that does not include a European standard.
- 10.2 The *Tender Appraisal Panel (TAP)* (and/or *Officer*) must define and document the *Award Criteria* that are appropriate to the tendering exercise, before tenders are sought. *Award Criteria* must be designed to secure an outcome giving best value for money for the Council. The basis of award shall be either:
- “lowest price” where payment is to be made by the Council
 - “highest price”, if payment is to be received, or
 - “most economically advantageous” offer (where quality and/or other considerations other than purchase price also apply).
- The Council's preferred option is to accept the “most economically advantageous” offer. If this approach is adopted, it must be further defined by reference to sub-criteria. Sub-criteria may refer only to relevant considerations. These may include: price; quality of service; quality of goods; whole-life running costs; whole life cycle costs; technical merit; the supplier's previous experience; delivery date; cost effectiveness; quality; relevant environmental considerations; aesthetic and functional characteristics (including security and control features); safety; after-sales services; technical assistance; partnering arrangements; long-term relationships, and any other relevant matter.
- 10.3 Tender Appraisal Panels are responsible for ensuring the optimum combination of whole life cost and quality.
- 10.4 The *Award Criteria* must not include:
- *Non-commercial Considerations*
 - matters which discriminate against suppliers from the European Economic Area or signatories to the Government Procurement Agreement

- matters which are anti-competitive within the meaning of the Local Government Act 1988.

11 INVITATIONS TO TENDER/QUOTATIONS

- 11.1 The *Invitation to Tender* shall state that no *Tender* will be considered unless it is received by the date and time stipulated in the *Invitation to Tender*. No *Tender* delivered in contravention of this clause shall be considered.
- 11.2 All Invitations to Tender shall include the following:
- A specification that describes the Council's requirements in sufficient detail to enable the submission of competitive offers, along with the contractual terms and conditions.
 - A requirement for tenderers to declare that the tender content, price or any other figure or particulars concerning the *Tender* have not been disclosed by the tenderer to any other party (except where such a disclosure is made in confidence for the purpose of complying with tendering requirements)
 - A requirement for tenderers to complete fully and sign all tender documents including a form of tender and certificates relating to canvassing and non-collusion.
 - Notification that tenders are submitted to the Council on the basis that they are compiled at the Candidate's expense.
 - A description of the *Award Procedure* and, unless defined in a prior advertisement, a definition of the *Award Criteria* in objective terms (including the appropriate weightings).
 - A tender envelope (or label with instructions to use). Unless the relevant tendering exercise involves an e-Auction or e-Tender arrangement, it must be stipulated that any *Tenders* submitted by fax or other electronic means shall not be considered
 - The method by which any arithmetical errors discovered in the submitted tenders is to be dealt with. In particular, whether the overall price prevails over the rates in the tender or vice versa, or whether the Contractor shall be given the opportunity to make a correction.
- 11.3 The Invitation to Tender or Quotation must state that the Council is not bound to accept any Quotation or Tender.
- 11.4 All Candidates invited to Tender or quote must: (a) be issued with the same information, (b) at the same time and (c) subject to the same conditions. Any supplementary information must be given on the same basis.

12 SHORTLISTING

- 12.1 Any *Shortlisting* must have regard to financial and technical standards relevant to the contract and may have regard to *Award Criteria*. Special rules apply in respect of the EU *Procedure*.
- 12.2 The *Officers* responsible for *Shortlisting* are specified in the table CSO 8.2

13 SUBMISSION, RECEIPT AND OPENING OF TENDERS

- 13.1 **Period for *Candidates'* response:** *Candidates* invited to respond must be given an adequate period in which to prepare and submit a proper *Quotation* or *Tender*,

consistent with the urgency of the contract requirement. Normally at least four weeks should be allowed for submission of *Tenders*. The *Public Contract Regulations 2006* setting out *EU* tendering procedures lays down specific time periods for tender return.

- 13.2 All *tenders* (except those being managed through an *e-tendering arrangement*) must be returned to the Council's Mail Room. The appropriate officer in the Mail Room will make arrangements to record on each tender envelope the date and time of receipt (which shall be initialled by the receiving *Officer*).
- 13.3 Quotations and tenders will be opened in accordance with the limits set out in CSO 8.2. Details of each quotation or tender will be logged immediately it is opened in either a departmental or the corporate *Tender Record Book*.
- 13.4 Any tender received after the date and time for its return must not be opened. Late tenders will be sent to the Chief Officer, who will then advise the tenderer that their tender has been rejected because it was received after the date and time scheduled for its return.
- 13.5 The *Officer* must not disclose the names of *Candidates* to any staff not involved in the receipt, custody or opening of *Tenders*.
- 13.6 *Tenders* by fax or other electronic means must be rejected, unless they have been sought in accordance with an e-tendering system approved by the *AD (Performance and Procurement)*.
- 13.7 The Mayor's Secretary shall be responsible for the safekeeping of *Tenders* above the threshold described in CSO 13.3 until the designated time and date for their opening.
- 13.8 The opening of tenders shall be carried out by the person listed in CSO 8.2 in the presence of at least two independent witnesses. Upon opening, a summary of the main financial terms of each *Tender* must be recorded in the *Tender Record Book*. Before the summary is placed in the *Tender Record Book* the relevant details must be signed by the person opening the tender and their witnesses.
- 13.9 **E-tendering:** At the discretion of *AD Performance & Procurement* requests for quotations and invitations to tender may be either issued and/or received by electronic means. Where such a process is agreed, the *AD Performance & Procurement* will (a) obtain and record evidence that the transmission was successfully completed, and (b) ensure that electronic tenders received are kept in a separate secure folder that meets the standards of the Chief Internal Auditor.

14 CLARIFICATION PROCEDURES AND POST-TENDER NEGOTIATION

- 14.1 Providing clarification of an *Invitation to Tender* to potential or actual *Candidates*, or seeking clarification of a *Tender*, whether in writing or by way of a meeting, is permitted. However, discussions with tenderers after submission of a *Tender* and before the award of a contract with a view to obtaining adjustments in price, delivery or content (i.e. post-tender negotiations) must be the exception rather than the rule.
- 14.2 In particular post-tender negotiation must not be conducted in an *EU Procedure* where this might distort competition, especially with regard to price. Such negotiation is not normally permitted under *UK Procurement Regulations*. However, Officers (under instructions from a TAP) may seek clarifications from tenderers.

- 14.3 Where tenders are received above the approved budget, *the Officer* may consider adjusting the specification and *the Candidates* may be asked to re-cost based on an amended specification in order, to bring the cost within budget. However, where it is identified that there needs to be a fundamental change to the specification (or contract terms), the contract must not be awarded but retendered.

15 EVALUATION AND AWARD OF CONTRACT

- 15.1 The confidentiality of *Quotations*, *Tenders* and the identity of *Candidates* must be preserved at all times, and information about one *Candidate's* response must not be given to another *Candidate*. Where questions are received prior to the return of tenders, then the Project Officer shall anonymise both the question(s) and response(s) and forward to all tenderers for information, unless the questions are tenderer-specific.
- 15.2 Where a contract is to be awarded on the basis of the *most economically advantageous tender*, the TAP shall agree prior to the opening of the tenders (or quotations) an appropriate evaluation model. Tenderers will be informed of the evaluation model in the "Invitation to Tenderers". Tenders must be evaluated in accordance with the *Contract Management Procurement Rules* (relating to Tender Appraisal Panels) and awarded in accordance with the published *Award Criteria*.
- 15.3 The arithmetic in compliant *Tenders* must be checked. If arithmetical errors are found they should be notified to the tenderer, who should be requested to confirm or withdraw their *Tender*. Alternatively, if the rates in the *Tender*, rather than the overall price, were stated within the *Invitation to Tender* as being dominant, an amended *Tender* price may be requested to accord with the rates given by the tenderer.
- 15.4 *Chief Officers* shall ensure that submitted tender prices or rates are compared with any pre-tender estimates and that any discrepancies are examined and resolved satisfactorily. Details of correspondence needs to be kept on the project file, and this information needs to be recorded in decision award reports (to Chief Officers, Cabinet Member Decisions or Cabinet Reports).
- 15.5 Where requested, the *Officer* shall debrief all those *Candidates* who submitted a *Quotation* or *Tender* about the reasons why they were unsuccessful and the characteristics and relative advantages of the successful *Candidate*, as appropriate. This should normally include:
- how the *Award Criteria* were applied
 - the prices or range of prices or rates submitted, in either case not correlated to *Candidates'* names, and
 - the names of *Candidates* where there were three or more *Candidates*.
- No information, other than that referred to above, should be given without taking the advice of the AD (Performance & Procurement) and/or the Head of Legal Services.
- 15.6 If a *Candidate* requests in writing the reasons for a Contracting Decision, the *Officer* must give the reasons in writing within 15 days of the request. If requested, the *Officer* may also give the debriefing information at CSO 15.5 above to *Candidates* who were deselected in a pre-tender *Shortlisting* process.
- 15.7 For tenders involving *EU Procurement* there is a statutory requirement under the *UK Procurement Regulations* to have a formal post-award standstill period

(known as the “Alcatel” period, after a legal case of that name). Full details of the requirements are outlined in the *Contract Management Procurement Rules* (relating to obligations under EU Procurement).

Section 4

Appointment of Consultants

16 CONSULTANTS & COUNSEL

16.1 The engagement of consultant architects, engineers and surveyors or other professional consultants including Counsel shall be subject to completion of a formal letter, contract of appointment or brief. Consultants shall be required to provide evidence of and maintain professional indemnity policies to the satisfaction of the relevant *Chief Officer* for the periods specified in the respective agreement. Consultants shall be selected and commissions awarded in accordance with the procedures detailed within these CSOs and as outlined below, but quotations and tenders are not required for arbitrators, adjudicators or mediators in connection with construction related disputes, or for counsel (see para. 4.3).

table 16.1

Total Estimated Fee	Method of Selection and Appointment
Less than £5,000	One <i>Quotation</i> (confirmed in writing).
£5,000 but less than £50,000	Three written <i>Quotations</i>
£50,000 but less than £100,000	Three tenders with the approval of the Leader
£100,000 or more	Three tenders with the approval of the Cabinet For those affected by the EU Thresholds the appropriate rules apply.

Section 5

Contract and Other Formalities

17 CONTRACT DOCUMENTS

17.1 All *Relevant Contracts* shall be in writing, and in a format approved by the Head of Legal Services.

17.2 All *Relevant Contracts*, irrespective of value, shall clearly specify:

- the works, goods, materials or services to be carried out, furnished or provided (description and quality)
- the price or rates to be paid, together with a statement of any discounts or other deductions (amount and timing) which apply, and
- the time, or times, within which the contract is to be performed
- all other contractual terms, which will be based upon:
 - the Council’s standard terms & conditions (for quotations); or

- standard terms and conditions issued by a relevant professional body (e.g. JCT or NEC in relation to construction related works); or
- bespoke terms & conditions drafted by the Head of Legal Services.

- 17.3 In addition, every *Relevant Contract* of purchase over £50,000 must also as a minimum state clearly:
- that the contractor may not assign or sub-contract without prior written consent of a Chief Officer (and where it is a “sub-contract”, written consent of a contract administrator)
 - insurance requirements
 - health and safety requirements
 - ombudsman requirements
 - Freedom of Information Act obligations
 - Civil Contingencies Act 2004 requirements
 - data protection requirements, if relevant
 - that charter standards are to be met, if relevant
 - equalities and other diversity related requirements
 - (where agents are used to let contracts) that agents must comply with the Council’s CSOs relating to contracts
 - a right of access to relevant documentation and records of the contractor for monitoring and audit purposes, if relevant.

- 17.4 The formal advice of the AD Performance & Procurement must be sought for the following contracts:
- where market testing of Council services is being considered
 - where the Total Value exceeds £100,000 (except for construction related contracts, in which case such advice should be sought only where the Total Value exceeds £1,000,000)
 - those involving leasing arrangements
 - those which are complex or considered high risk in any other way

17.5 Where it is proposed to use a supplier’s own terms, the agreement of the Head of Legal Services must be sought in relation to any terms and conditions which differ from the Council’s standard terms.

17.6 Contract formalities

17.6.1 Contracts and agreements shall be entered into in accordance with the following table - table 17.6.1 - (subject to delegated financial limits)

table 17.6.1

<i>Contract value or notional value attached to the agreement</i>	<i>Procedure</i>
Below £50,000	Contract or agreement to be signed by the <i>Officer’s</i> Line Manager, providing there is delegated authority from their Chief Officer, otherwise to follow the procedure below.
£50,000 and above but below £100,000	Contract or agreement to be signed by the Chief Officer (or Assistant/Deputy Chief Officer in accordance with CSO 2.3), otherwise to follow the procedure below.
£100,000 and above	Contract or agreement to be executed by the Head of Legal Services as a Deed and stored by Legal.

- 17.6.2 Where:
- (a) for operational reasons a Chief Officer considers it appropriate for a contract or agreement to be entered into on the basis of a Deed; or

- (b) the price paid or received under the contract is a nominal price and does not reflect the value of the goods or services; or
- (c) where there is any doubt about the authority of the person signing for the other contracting party

the Head of Legal Services will arrange for the document to be sealed on behalf of the Council.

- 17.6.3 The person responsible for executing a contract or agreement must ensure that the person(s) signing it on behalf of the contractor, supplier or service provider is empowered to do so.
- 17.6.4 The execution of a contract as a Deed shall be carried out by the Head of Legal Services on behalf of the Council and by the Contractor in accordance with the relevant legal provisions. The Council's seal must not be affixed without the authority of the Cabinet (or Cabinet Member or Chief *Officer* acting under delegated powers).
- 17.6.5 For all contracts where the actual contract value is £100,000 or more, the relevant contract documentation must be concluded (including the formal exchange of contracts) before its commencement. In exceptional circumstances, and then only with the written consent of the Head of Legal Services, may a contract commence on the basis of an exchange of correspondence.

18 VARIATIONS AND EXTENSIONS

- 18.1 Except for minor variations to projects (which are covered by contingency sums within the contract value – e.g. Contract Administrator Instructions or Variation Orders), and subject to any statutory restrictions and compliance with Financial Regulations and EU Procedures, a Chief Officer, in consultation with the Director of Finance (or the Chief Executive in the case of the Director of Finance), may authorise the following extensions and variations to an existing contract:
- (a) Either:
 - (i) an extension for a particular period provided for within the terms of the contract, but subject to satisfactory outcomes of contract monitoring; or
 - (ii) a single extension of the contract by up to six months or half the contract term, whichever is less; and
 - (b) any other major or significant variation, and if relevant a consequent change in price, determined in accordance with the contract terms.
- 18.2 In any other circumstances the Cabinet may vary or extend a contract providing that to do so is in accordance with current legislative provisions and consistent with the Council's Financial Regulations.

19 PARENT COMPANY GUARANTEES AND BONDS.

- 19.1 Where a *Candidate* is a subsidiary of a parent company, and:
- there is some concern about the stability of the Candidate; and/or
 - the Total Value exceeds £250,000, and/or
 - award is based on evaluation of the parent company,
- the *Officer* must consult the Director of Finance about the use a *Parent Company Guarantee*.

- 19.2 There is no requirement for the *officer* to obtain a *Bond* from a *Candidate*. The Council will self-insure all contracts where significant risks are identified to 10% of the *Total Value*.

20 PREVENTION OF CORRUPTION

- 20.1 The *Officer* must comply with the *Code of Conduct* and the Council's anti-fraud and corruption strategy and must not invite or accept any gift or reward in respect of the award or performance of any contract. It will be for the *Officer* to prove that anything received was not received corruptly.
- 20.2 High standards of conduct are obligatory. Corrupt behaviour will lead to dismissal and is a crime under the statutes referred to in CSO 20.3.
- 20.3 The following clause must be put in every written Council contract:
- “The Council may terminate this contract and recover all its loss if the Contractor, its employees or anyone acting on the Contractor's behalf does any of the following things:
- (a) offers, gives or agrees to give to anyone any inducement or reward in respect of this or any other Council contract (even if the Contractor does not know what has been done); or
 - (b) commits an offence under the Prevention of Corruption Acts 1889 to 1916 or Section 117(2) of the Local Government Act 1972; or
 - (c) commits any fraud in connection with this or any other Council contract, whether alone or in conjunction with Council members, contractors or employees.
- Any clause limiting the Contractor's liability shall not apply to this clause.”

21 DECLARATION OF INTERESTS

- 21.1 If it comes to the knowledge of a member or an employee of the Council that a contract in which he or she has a pecuniary interest has been or is proposed to be entered into by the Council, he or she shall immediately give written notice to the Chief Executive. The Chief Executive shall report such declarations to the appropriate committee.
- 21.2 Such written notice is required, irrespective of whether the pecuniary interest is direct or indirect. An indirect pecuniary interest is distinct from a direct pecuniary interest in as much as it is not a contract to which the member or employee is directly a party.
- 21.3 A shareholding in a body not exceeding a total nominal value of £1,000 or 1% of the nominal value of the issued share capital (whichever is the less) is not a pecuniary interest for the purposes of this CSO.
- 21.4 The Chief Executive shall maintain a record of all declarations of interests notified by members and Officers.
- 21.5 The Chief Executive shall ensure that the attention of all members is drawn to the national code of local government conduct. (Attached as an appendix to these CSOs.)

Section 6 Contract Management

22 MANAGING CONTRACTS,

- 22.1 Chief Officers and/or Heads of Service in sponsoring departments are to name contract managers for all new contracts. All contracts must have a named Council contract manager for the entirety of the contract. Details of named contract managers will be reviewed on a regular basis by the Procurement Strategy Board.
- 22.2 Contract managers must follow the *Purchasing Guides* (and any other procedures determined from time to time by the *Procurement Strategy Board*).

23 RISK ASSESSMENT AND CONTINGENCY PLANNING

- 23.1 A business case must be prepared for all procurements with a potential value over the EU Threshold. Provision for resources for the management of the contract, for its entirety, must be identified in the business case.
- 23.2 For all contracts with a value of over £100,000, contract managers must:
- maintain a risk register during the contract period
 - undertake appropriate risk assessments and
 - for identified risks, ensure contingency measures are in place.

24 POST-CONTRACT MONITORING, EVALUATION AND REVIEW

- 24.1 All contracts which have a value higher than the EU Threshold limits, or which are *High Risk*, are to be subject to monthly formal review with the contractor. The review may be conducted quarterly if permitted by the *Director of Finance*.
- 24.2 For all contracts with a value higher than the EU Threshold limits, or which are High Risk, an annual report must be submitted to the *Procurement Strategy Board*.
- 24.3 A Council-developed Gateway review process must be applied to all contracts deemed to be *High Risk*, *High Value*, or *High Profile*. This process must be applied at key stages of major procurements.
- 24.4 During the life of the contract, the Officer must monitor:
- performance
 - compliance with specification and contract
 - cost
 - any Best Value requirements
 - user satisfaction and risk management
- in relation to that contract.
- 24.5 Where the Total Value of the contract exceeds £100,000, the Officer must make a written report evaluating the extent to which the purchasing need and the contract objectives (as determined in accordance with CSO 5.4) were met by the contract. This should be done normally when the contract is completed. Where the contract is to be re-let, a provisional report should also be available early enough to inform the approach to re-letting of the subsequent contract.
-

APPENDIX - Glossary of Defined Terms

Appropriate Persons	<p>A person who has the delegated powers to waive the provisions of these CSOs. For a contract that has an estimated value of:</p> <ul style="list-style-type: none"> • <u>less than £50,000</u>: the appropriate person will be the Client Director and the Director of Finance (or where the Director of Finance is the Client Director the Chief Executive) • <u>£50,000 or more but less than £100,000</u>: the appropriate Cabinet Member(s) acting on written advice from the Client Director) • <u>more than £100,000</u>: the appropriate Cabinet Member(s) and the Leader of the Council.
Approved List	<p>A list of preferred providers who have expressed an interest in carrying out works, services or providing supplies to the Council, following a public advertisement placed in a local newspaper and on the Council's internet. Admission to the Approved List shall be on the basis that the Council's minimum requirements in terms of finance, references, Health & Safety, diversity and environmental considerations are met. The Approved List shall not contain details of schedules of rates and admission shall be free (in accordance with section 21 of the Local Government Act 1988).</p>
Award Criteria	<p>The criteria by which the successful quotation or tender is to be selected (CSO 10).</p>
Award Procedure	<p>The procedure for awarding a contract as specified in CSO 8</p>
Best Value	<p>The duty on local authorities to secure continuous improvement in the way in which functions are exercised, having regard to a combination of economy, efficiency and effectiveness, as implemented by the Council</p>
Business Case	<p>A document used to obtain management commitment and approval for investment in business change, which alters the way that suppliers are selected and goods and services are purchased. It provides a framework for planning and management of this change and ongoing identification of risks. The viability of the resulting project will be judged on the contents of the business case.</p>
Bond	<p>A form of "insurance policy". If the contractor does not do what it has promised to under a contract with the Council, the Council can claim from the insurer which provided the bond the sum of money specified in the bond (often 10% of the contract value). A bond is intended to protect the Council against a level of cost arising from the contractor's failure.</p>
Cabinet	<p>The executive committee of the Council</p>
Cabinet Member	<p>One of 8 executive councillors reporting to the Cabinet, having the following responsibilities & portfolios: the Leader, Deputy Leader & Cabinet Member for the Environment, Chief Whip & Cabinet Member for Regeneration, Cabinet Member for Housing, Cabinet Member for Education, Cabinet Member for Health & Social Services, Cabinet Member for Crime & Anti-Social Behaviour and Cabinet Member for</p>

	Strategy.
Candidate	Any person or organisation that asks, or is invited, to submit a quotation or tender.
Chief Officer	The Chief Executive, in respect of the Chief Executive's office The most senior officer in a department of the Council, (which at the date of adoption of these CSOs were the Assistant Chief Executive, the Directors of Community Services, Children's Services, Environment, Finance, Residents Services).
Code of Conduct	The code regulating conduct of officers issued by the Assistant Chief Executive
Competitive Dialogue Procedure	Introduced by the <i>EU Directive and Public Contract Regulations 2006</i> as an alternative to the Open, Restricted and Negotiated Procedures. It is less flexible than the Negotiated Procedure.
Consultant	Someone employed for a specific length of time to work to a defined project brief, with clear outcomes to be delivered, who brings specialist skills or knowledge to the role. To be used only where the Council has no ready access to employees with the necessary skills, experience or capacity to undertake the work.
Contract	A binding agreement made between two or more parties, which is intended to be enforceable at law.
Contract Notice	An "advertisement" published in accordance with these CSOs seeking expressions of interest from candidates to tender for works, supplies or services. The Contract Notice must be published on the Council's website and may appear in a local paper, and/or a trade or professional journal. A Contract Notice must be published in the <i>Official Journal of the European Union</i> (OJEU) where the EU thresholds are exceeded.
Contracting Decision	Any of the following decisions: <ul style="list-style-type: none"> • withdrawal of invitation to tender • whom to invite to submit a quotation or tender • shortlisting • award of contract • any decision to terminate a contract.
CSO[#] and CSOs	CSO[#] refers to a specific Contract Standing Order [where the "hash" symbol (#) will be substituted for a specific paragraph number] and CSOs means these Contract Standing Orders.
Deed	This is a legal term relating to a type of contractual arrangement. The execution of a contract as a "Deed" extends the statute of limitations from 6 years to 12 years.
Discrete Operational Unit	A unit: <ul style="list-style-type: none"> • to whom the decision to purchase (and budget) has been devolved • for the sole use of whom a purchase is intended, and • which takes a purchasing decision independently of any other

	part of the Council.
Dynamic Purchasing System	Defined in the <i>Public Contract Regulations 2006</i> as a type of Approved List where framework prices have been provided. A dynamic Purchasing System must remain open to new applicants and is designed to enable “mini-competition” exercises to be carried out.
e-procurement.	A term for electronic procurement or purchasing. It refers not just to the purchasing process but encompasses a range of technologies that allows procurement processes such as the issue and receipt of tender documents, the issue of purchase orders and the receipt of invoices to occur electronically.
e-procurement system	The Civica AFP system approved for use by the Director of Finance for the issuing of orders and the receipt of invoices by the Council.
e-tendering	A computer based system designed to: <ul style="list-style-type: none"> • undertake the tasks of advertising the requirement for goods or services, registering suppliers, and issuing and receiving tender documents via the internet • assist in the evaluation of responses to an invitation to tender.
EU	the European Union
EU Directive	EU Directive 2004/18/EC. Directive 2004/18/EC of the European Parliament and of the Council of 31 March 2004 on the coordination of procedures for the award of public works contracts, public supply contracts and public service contracts.
EU Procedure	The procedure required by the EU Directive (and the UK Procurement Regulations) where the Total Value exceeds the EU threshold
EU Threshold	The threshold at which the EU Directive must be applied. If the Total Value is expected to exceed this amount, the EU procedure must be followed. (Until 31 December 2007 the thresholds are £144,459 (€200,000) for the supply of goods or services and £3,611,844 (€5,000,000) for building and engineering works contracts.)
Financial Regulations	The financial regulations approved by the Council and issued by the Director of Finance.
Framework Agreement	A contractual arrangement (let in accordance with clause 19 of the <i>Public Contract Regulations 2006</i>) that can be up to 4 years in duration and provides for the Council to place individual orders for goods, or services.
High Profile	A high-profile purchase is one that could have an impact on functions integral to Council service delivery, should it fail or go wrong.
High Risk	A high-risk purchase is one which presents the potential for substantial exposure on the Council's part, should it fail or go wrong.

High Value	A high-value purchase is where the value exceeds the EU Threshold values.
Invitation to Negotiate	Invitation to negotiate documents in the form required by these CSOs.
Invitation to Tender	Invitation to tender documents in the form required by these CSOs
Leader, the	The Leader of the Council and Chairman of the Cabinet, whose portfolio includes procurement issues.
Line Manager	The officer's immediate superior or the officer designated by the appropriate chief officer to exercise the role reserved to the line manager by these CSOs.
Market, the	The term "the market" is used as a means of describing organisations outside the Council that provide works, services or supplies that the Council may wish to buy.
Negotiated Procedure	An EU Procedure. The Negotiated Procedure preceded by a Contract Notice can now only be used in exceptional circumstances, and is unlikely to be considered by the Council.
Nominated Suppliers and Nominated Subcontractors	Those persons or organisations specified in a main contract for the discharge of any part of that contract.
Non-commercial Considerations	Matters designated as such under section 17 of the Local Government Act 1988, i.e.: (a) Whether the terms on which contractors' contract with their sub-contractors constitute, in the case of contracts with individuals, contracts for the provision by them as self employed persons of their services only. (b) Any involvement of the business activities or interests of contractors with irrelevant fields of government policy. (c) The conduct of contractors or workers in industrial disputes between them or any involvement of the business activities of contractors in industrial disputes between other persons. (d) The country or territory of origin of supplies to, or the location in any country or territory of the business activities or interests of, contractors. (e) Any political, industrial or sectarian affiliations or interests of contractors or their directors, partners or employees. (f) Financial support or lack of financial support by contractors for any institution to or from which the authority gives or withholds support. (g) Use or non-use by contractors of technical or professional services provided by the authority under the Building Act 1984
ODPM Circular 03/2003	Circular issued by the Office of the Deputy Prime Minister (ODPM) on 13 March 2003 under Part 1 of the Local Government Act 1999 setting out requirements for Best Value and Performance Improvement (including TUPE and Pension arrangements for outsourced services).

Office of Government Commerce (OGC)	The OGC is an executive agency of the H M Treasury, and works with local government mainly through key partners, including the Department for Communities and Local Government (DCLG), the Audit Commission, the Regional Centres of Excellence, the Chief Executives Taskforce, the Local Government Association (LGA), and the Performance Partnership to provide procurement advice.
Officer	The officer designated by the Chief Officer to deal with the Contract in question.
Official Journal of the <i>European Union</i>	The official publication maintained by the European Commission for the purposes of publishing Contract Notice and Contract Award Notices (also known as <i>OJEU</i>)
OJEU	See – <i>Official Journal of the European Union</i>
Open Procedure	An EU Procedure under which all candidates are invited to bid in response to a Contract Notice.
Parent Company Guarantee	A contract which binds the parent of a subsidiary company as follows: If the subsidiary company fails to do what it has promised under a contract with the Council, under the terms of the guarantee, can require the parent company to do so instead.
Purchasing Guides	The suite of guidance documents, together with a number of standard documents, forms and templates, which supports the implementation of these Contract Standing Orders. The guidance is published on the Council's intranet and internet
PQQ or Pre Qualification Questionnaire.	An application form use for admission to an <i>Approved List</i> or in response to a <i>Contract Notice</i> for a <i>Select List</i> .
Prior Indicative/ Information Notice.	A notice that is published in <i>OJEU</i> advising <i>the market</i> of the intention to start tendering within the next 12 months. It may be used to seek the views from interested parties on proposed packaging arrangements.
Procurement Strategy Board.	A Board chaired by the Director of Finance and made up of departmental representatives charged with providing strategic direction and advice to secure <i>value for money</i> in the Council's procurement activities.
Public Contract Regulations 2006.	Statutory Instrument SI 2006/5 Public Contract Regulations effective date 31 January 2006 (which implements the <i>EU Directive</i> into UK law).
Quotation	A quotation of price and any other relevant matter (without the formal issue of an invitation to tender). (The contract will be subject to the Council's standard terms and conditions.)
Relevant Contract	Contracts to which these CSOs apply.
Restricted procedure	Pre-qualification assessment of all candidates responding to a Contract Notice prior to sending out an Invitation to Tender or Negotiate.

Select list	A tender list compiled following expressions of interest received from external organisations who have responded to an: <ul style="list-style-type: none"> • Advertisement appearing in a local news-paper and/or trade journal (if considered appropriate); and/or • Publication on the Council's website; and/or • OJEU Contract Notice (except for non-priority [Part B] services – a Voluntary OJEU Contract Notice may be considered), if the estimated value is above <i>EU threshold</i>
Shortlisting	Where <i>Candidates</i> are selected: <ul style="list-style-type: none"> • to quote or bid, or • to proceed to final evaluation.
Standing List	This is a list of service providers, maintained by an external public body usually as a <i>Framework Agreement</i> (e.g. OGC-Buying Solutions) or regulatory organisation (e.g. RIBA)
Supervising Officer	The <i>Line Manager's</i> immediate superior.
TAP	-see <i>Tender Appraisal Panel</i> .
Tender documents	Documents issued by the Council specifying what it wishes to purchase, the contractual terms and conditions for the tender and instructions for responding with bids.
Tender	A Candidate's proposal submitted in response to an invitation to tender.
Tender Appraisal Panel (TAP)	A panel constituted to manage any tendering process. The composition of the TAP will be in accordance with guidance to be issued by the Director of Finance.
Tender Record Book	The log kept by the Mayor's Secretary to record details of tenders. (made up of the tender opening forms)
Total Value	The whole of the value or estimated value (in money or equivalent value) for a single purchase or disposal excluding VAT. <ul style="list-style-type: none"> • Whether or not it comprises several lots or stages. • To be paid or received by the Council or a <i>discrete operational unit</i> within the Council. The Total Value shall be calculated as follows: <ol style="list-style-type: none"> Where the contract is for a fixed period, by taking the total price to be paid or which might be paid during the whole of the period. Where the purchase involves recurrent transactions for the same type of item, by aggregating the value of those transactions in the coming 12 months. Where the contract is for an uncertain duration, by multiplying the monthly payment by 48. For feasibility studies, the value of the scheme or contracts which may be awarded as a result. For nominated suppliers and sub-contractors, the total value shall be the value of that part of the main contract to be fulfilled by the <i>nominated supplier or sub-contractor</i>. Where an in-house service provider is involved, by taking into account redundancy and similar/associated costs.
Trade	Suppliers or services providers who have placed advertisements in

advertisement	reputable trade journals, magazines and publications (including local Yellow Pages, Thompson Directory, & etc).
UK	United Kingdom
UK Procurement Regulations	Refer to <i>Public Contract Regulations 2006</i>
Value for money	Value for money is not the lowest possible price; it combines goods or services that fully meets the Council's needs, with the level of quality required, delivery at the time you need it, and at an appropriate price.

**Deputy Leader
(+ Environment)**
*Councillor Nicholas
Botterill*

**AMENDMENT TO THE COUNCIL'S
CONSTITUTION: TERMS OF REFERENCE FOR
THE LICENSING COMMITTEE & LICENSING
SUB COMMITTEE**

WARDS
All

Synopsis

The terms of reference for the Licensing Committee and Sub-Committee currently prevent members from participating in a decision in which they have a personal interest or which affects their ward. This restriction is more onerous than is required by the Code of Conduct and is inconsistent with the terms of reference for the Planning Applications Committee. This report recommends that these restrictions be removed.

CONTRIBUTORS:

HLS
DENV

RECOMMENDATIONS:

1. That the restrictions preventing members participating in Licensing Committee and Sub-Committee matters in which they have a personal interest under the Code of Conduct or which relate to their Ward be abolished.
2. That it be noted that members shall continue to be ineligible to participate in Licensing Committee and Sub-Committee meetings in which they have a prejudicial interest or where there is a real danger of bias.
3. That the Assistant Chief Executive amend the Council's Constitution accordingly.

1. **BACKGROUND**

1.1 The Council's Code of Conduct which mirrors the statutory Code provides that a member with a personal interest in a matter must declare that interest at any meeting of the authority where they are present and the matter is discussed. Where the interest is also prejudicial they are required to declare the interest, leave the meeting and not seek to improperly influence the decision. Under the Code a member with a personal interest in a matter is at liberty to participate in the discussion of the matter to which it relates and cast their vote.

1.2 The Council's Constitution has historically imposed more onerous restrictions on its Licensing Committee and Sub-Committee. Paragraph 1.6 of the Terms of Reference of both bodies provides:

“no member shall consider any matter affecting his or her ward or in which he/she (or their spouse/partner) has a personal or prejudicial interest”

This restriction goes much further than the requirements of the Code of Conduct. It produces the anomaly that a member of the Licensing Committee with a personal interest may not sit on that committee whilst their colleague on the Planning Committee with an identical interest may. Given that the Sub-Committee has only 3 members, this rule makes it more likely that a meeting will be inquorate or reduced to two members where a personal interest is discovered late in the day.

1.3 The restrictions are also inconsistent with the Government's current approach to interests. The current Consultation on amendments to the Model Code of Conduct for Local Authority Members states at page 13:

“We wish the Code to allow members to be able more frequently to take part in Council meetings which their communities expect them to participate in or on issues, in some cases, which they have even been elected to specifically address”.

It follows from this principle that members should not be prevented from participating in meetings where the Code allows them to do so.

1.4 Members will continue to be ineligible to sit where they have a prejudicial interest or where the common law rules on bias apply.

2. **COMMENTS OF THE HEAD OF LEGAL SERVICES**

2.1 These are set out above.

LOCAL GOVERNMENT ACT 2000

LIST OF BACKGROUND PAPERS

No.	Description of Background Papers	Name/Ext. of Holder of File/Copy	Department/ Location
1.	Constitution	Michael Cogher X 2700	ACE/Legal Services 1 st Floor, HTH
2.	Constitution on Amendments to the Model Code of Conduct for Local Authority Members	Michael Cogher X 2700	ACE/Legal Services, 1 st Floor, HTH

SPECIAL MOTION NO. 1 – SUSTAINABLE COMMUNITIES

Standing in the names of:

- (i) Councillor Stephen Greenhalgh
- (ii) Councillor Nicholas Botterill

“This Council notes the proposed Parliamentary Private Members Bill on Sustainable Communities and is supportive of the aims contained within this Bill.”

jpc/16/02/07