

COUNCIL

- AGENDA -

27 FEBRUARY 2008

<u>ITEM</u>	<u>PAGE</u>
1. MINUTES – 30 JANUARY 2008	265
1.1 To approve and sign as an accurate record the Minutes of the Ordinary Council Meeting held on 30 January 2008.	
2. APOLOGIES FOR ABSENCE	
3. MAYOR'S / CHIEF EXECUTIVE'S ANNOUNCEMENTS (IF ANY)	Circulated separately (Green Sheet)
4. DECLARATIONS OF INTEREST	
4.1 If a Councillor has any prejudicial or personal interest in a particular report they should declare the existence and nature of the interest at the commencement of the consideration of that item or as soon as it becomes apparent.	
4.2 At meetings where members of the public are allowed to be in attendance and speak, any Councillor with a prejudicial interest may also make representations, give evidence or answer questions about the matter. The Councillor must then withdraw immediately from the meeting before the matter is discussed and any vote taken unless a dispensation has been obtained from the Standards Committee.	
4.3 Where members of the public are not allowed to be in attendance, then the Councillor with a prejudicial interest should withdraw from the meeting whilst the matter is under consideration unless the disability has been removed by the Standards Committee.	
5. PUBLIC QUESTIONS (20 MINUTES)	
The Leader / relevant Cabinet Member to reply to questions submitted by members of the public:	
Question 1 – Mr Jon Burden, 82a Minford Gardens, London W14 0AP	286
Question 2 - Mr John O'Callaghan-Williamson, 33 William Banfield House, Munster Road, Fulham, London, SW6 4EX	287
Question 3 – Mr John Griffiths, 122c Edith Road, West	288

Kensington, London, W14 9AP

6.	ITEMS FOR DECISION / COMMITTEE REPORTS (IF ANY)	
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7. SPECIAL MOTIONS

To consider and determine any Special Motions:

There are none.

8. INFORMATION REPORTS – TO NOTE (IF ANY)

COUNCIL MINUTES

(ORDINARY COUNCIL MEETING)

WEDNESDAY 30 JANUARY 2008



PRESENT:

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

Councillors:

Michael Adam
Colin Aherne
Mrs Adronie Alford
Helen Binmore
Nicholas Botterill
Paul Bristow
Victoria Brocklebank-
Fowler
Aidan Burley
Michael Cartwright
Alex Chalk
Stephen Cowan
Gill Dickenson
Belinda Donovan

Gavin Donovan
Rachel Ford
Stephen Greenhalgh
Steve Hamilton
Wesley Harcourt
Lisa Homan
Robert Iggulden
Lucy Ivimy
Donald Johnson
Alex Karmel
Jane Law
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

45. ADJOURNMENT OF MEETING

7.00pm – Councillor Frances Stainton moved, seconded by Councillor Colin Aherne that under Standing Order 15 (E) (ix) the meeting be adjourned to allow Reverend Joe Hawkes, the Mayor’s Chaplain, to say prayers.

The motion was declared **CARRIED**.

(the meeting was adjourned until 7.09pm)

46. MINUTES – 21 NOVEMBER 2007

7.09pm - The minutes of the Extraordinary Council Meeting held on 21 November 2007 were confirmed and signed as an accurate record.

47. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors Bentley, Campbell, Ffiske, Gore and Gugen.

48. MAYOR’S ANNOUNCEMENTS

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

49. DECLARATIONS OF INTEREST

No declarations of interest were made at this meeting of the council.

50. PUBLIC QUESTION TIME (20 MINUTES)

7.11pm - The Mayor called on those members of the public who had submitted questions to the Leader or to Cabinet Members to ask their questions:

Question No.2 – Ms C Reifen to the Cabinet Member for Residents’ Services (Councillor Paul Bristow)

Question No.3 – Mrs B Allam to the Cabinet Member for Housing (Councillor Mrs Adronie Alford)

Question No.4 – Miss S Shepherd to the Cabinet Member for Housing (Councillor Mrs Adronie Alford)

Question No.5 – Mr A Rowden to the Leader of the Council (Councillor Stephen Greenhalgh)

Question No. 6 – Ms E Young-Sandy to the Cabinet Member for Environment Services (Councillor Nicholas Botterill)

Public Question No1 was not asked, and a written reply will be sent to the questioner after the meeting.

[Copies of all public questions submitted and the reply given are attached at Appendix 2 to these minutes.]

51. ITEMS FOR DECISION / COMMITTEE REPORTS

7.21pm – Council Tax Base and Collection Rate 2008/09

The report and recommendations were formally moved for adoption by the Leader of the Council, Councillor Stephen Greenhalgh.

The report and recommendations were put to the vote:

FOR	Unanimous
AGAINST	0
ABSTENTIONS	0

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

7.21pm - **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 98.0% be approved; and
3. That the Council Tax Base of 78, 768 Band “D” equivalent properties be approved.

7.22pm – The Tenth London Local Authorities Bill, London Local Authorities (Shopping Bags) Bill, London Local Authorities and Transport for London (no. 2) Bill

The report and recommendation was formally moved for adoption by the Deputy Leader of the Council, Councillor Nicholas Botterill.

The report and recommendations were put to the vote:

FOR	Unanimous
AGAINST	0
ABSTENTIONS	0

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

7.22pm - **RESOLVED:**

That the Council agrees to pass the formal (second) resolution set out in Appendix 1 to the officer’s report.

52. SPECIAL MOTIONS

Special Motion No. 1 – Celebration of LBHF’s Heritage

7.22pm – Councillor Frances Stainton moved, seconded by Councillor Lucy Ivimy, the special motion standing in their names:

“This Council notes the importance of celebrating H&F’s heritage and therefore welcomes the news that the Cecil French Bequest will come to the Borough in May and that an Olympic Dinner will celebrate the anniversary of the 1908 White City Olympics.”

Speeches on the motion were made by the Mayor and Councillors Stainton, Ivimy and Cartwright before being put to the vote.

FOR	Unanimous
AGAINST	0
ABSTENTIONS	0

The motion was declared CARRIED

7.55pm – **RESOLVED:**

This Council notes the importance of celebrating H&F’s heritage and therefore welcomes the news that the Cecil French Bequest will come to the Borough in May and that an Olympic Dinner will celebrate the anniversary of the 1908 White City Olympics.

Special Motion No. 2 – Introduction of ‘Slivers of Time’ to LBHF

7.55pm – Councillor Stephen Greenhalgh moved, seconded by Councillor Mark Loveday, the special motion standing in their names:

“This Council notes that economic dependence is one of the key pathways to poverty. In H&F 18% of the working age population is on some form of benefit and a staggering 3725 lone parents are on income support. The Council welcomes the introduction of Slivers-of-Time to H&F which will allow greater opportunity for flexible working in the local workplace and demonstrates the Council’s Commitment to making H&F a borough of opportunity.”

Speeches on the motion were made by Councillors Greenhalgh and Loveday.

Under Council Procedure Rule 15 (e) (vi), Councillor Stephen Cowan moved, seconded by Councillor Wesley Harcourt, an amendment to the motion to delete all words after “to H&F” and insert:

“...and plans to support the long term unemployed by providing them with skills, knowledge and working conditions that will build their confidence and provide them with new opportunities. This Council believes that the Slivers of Time programme in Hammersmith and Fulham should include an accredited training, mentoring and

development programme. That the people on the scheme should be given the rights of employees with the Minimum Earnings Guarantee and overtime payments and confirms that this Conservative council will not seek to manipulate the Slivers of Time programme in order to replace permanent jobs by using the scheme members as a cheap form of labour.”

Speeches on the amendment were made by Councillors Cowan and Harcourt (for the Opposition) and Councillor Loveday (for the Administration) before it was put to the vote:

FOR	12
AGAINST	28
ABSTENTIONS	0

The amendment to the motion was declared LOST.

Councillors Law, Tobias and Greenhalgh (for the Administration) made speeches winding up the debate before the substantive motion was put to the vote:

FOR	28
AGAINST	0
ABSTENTIONS	12

The substantive motion was declared **CARRIED.**

8.32 pm - **RESOLVED:**

This Council notes that economic dependence is one of the key pathways to poverty. In H&F 18% of the working age population is on some form of benefit and a staggering 3725 lone parents are on income support. The Council welcomes the introduction of Slivers-of-Time to H&F which will allow greater opportunity for flexible working in the local workplace and demonstrates the Council’s Commitment to making H&F a borough of opportunity.

Special Motion No. 3 – Council Tax Proposals

8.32pm – Councillor Stephen Greenhalgh, seconded by Councillor Nicholas Botterill, moved the special motion standing in their names:

“This Council notes the dreadful local government financial settlement. Despite this the Council welcomes the plans to cut Council tax bills for the second year running, with an anticipated saving of nearly £350 off the average Council tax bill in just two years, and looks forward to considering these proposals in detail at the budget meeting on 27th February.”

Speeches on the motion were made by Councillors Cowan, Karmel and Greenhalgh before it being put to the vote:

FOR	28
AGAINST	0
ABSTENTIONS	12

The motion was declared **CARRIED.**

8.49 pm - **RESOLVED:**

This Council notes the dreadful local government financial settlement. Despite this the Council welcomes the plans to cut Council tax bills for the second year running, with an anticipated saving of nearly £350 off the average Council tax bill in just two years, and looks forward to considering these proposals in detail at the budget meeting on 27th February 2008.

Special Motion No. 4 – Changes to Committee Memberships

8.49pm – Councillor Frances Stainton, seconded by Councillor Donald Johnson, moved the special motion standing in their names:

“The following changes to the Pensions Fund Investment Panel memberships will be made, effective from the day after the Council meeting:

Cllr. Lucy Gugen - to come off Pensions Fund Investment Panel.

Cllr. Stephen Greenhalgh - be appointed a member of Pensions Fund Investment Panel and as the Chairman of the Panel.

Cllr. Nicholas Botterill - already a member of Pensions Fund Investment Panel, to be appointed as Vice-Chairman.”

The motion was put to the vote.

FOR	Unanimous
AGAINST	0
ABSTENTIONS	0

The motion was declared **CARRIED.**

8.50pm - **RESOLVED:**

The following changes to the Pension Pensions Fund Investment Panel memberships will be made, effective from the day after the Council meeting:

Cllr. Lucy Gugen - to come off Pensions Fund Investment Panel.

Cllr. Stephen Greenhalgh - be appointed a member of Pensions Fund Investment Panel and as the Chairman of the Panel.

Cllr. Nicholas Botterill - already a member of Pensions Fund Investment Panel, to be appointed as Vice-Chairman.

Special Motion No. 5 – Cuts in Discretionary Grants to Families on Low Incomes

8.50pm – Councillor Reg McLaughlin, seconded by Councillor Lisa Nandy, moved the special motion standing in their names:

“This Council notes that part of this year’s budget cuts contains the decision by Children’s Services to phase out the discretionary grants for music and dance to families on low incomes.

The discretionary grant to parents on low incomes for school uniforms is to be reduced so that a grant will only be made on two occasions, once when the child starts primary school and once when they start secondary school.

This Council agrees that this is an unacceptable attack on families on low incomes and calls on the Cabinet to reject these cuts.”

Speeches on the motion were made by Councillors McLaughlin, Nandy and Lillis. In response, Councillor Lillis stated that the discretionary grants for music and dance which was a non-means tested grant but based on talent would be phased out with nobody in receipt of the grant being affected. The discretionary grant to parents on low incomes for school uniforms would now be retained. He called on Councillors McLaughlin and Nandy to withdraw the motion accordingly. The motion not being withdrawn, it was put to the vote:

FOR	11
AGAINST	27
ABSTENTIONS	0

9.07pm - The motion was declared **LOST**.

Special Motion No. 6 – Rules of Debate at Council

9.08pm – In reference to the special motion which had been moved by Councillor Colin Aherne and seconded by Councillor Michael Cartwright, the Leader stated that current standing orders did not need any amendments as they were sufficient to allow the Council to operate.

However, in line with the existing convention, he agreed that at meetings of the Budget Council, the Leader of the Council and the Leader of the Opposition may speak on the budget proposals without a time limit being imposed with up to three other members of each group on the Council also making speeches not exceeding five minutes.

With the consent of the Council, the motion was withdrawn by the mover and seconder.

Special Motion No. 7 – Shepherd’s Bush Tube Station Closure

9.10pm – Councillor Lisa Homan, seconded by Councillor Rory Vaughan, moved the special motion standing in their names:

“This Council resolves to support the campaign of Andrew Slaughter MP to make TfL change their plans to close Shepherd’s Bush Tube Station and instead come up with a refurbishment programme that would better accommodate residents’ travel needs”.

Speeches on the motion were made by Councillors Homan and Vaughan.

Under Council Procedure Rule 15 (e) (vi), Councillor Nicholas Botterill moved, seconded by Councillor Stephen Greenhalgh, an amendment to the motion to delete all words after “This Council” and insert:

“notes that a peremptory decree was made shortly before Christmas to close the important Shepherds Bush Central Line station for a period of 8 months from February 2008 by Transport for London (TfL) giving residents no say and virtually no notice in the decision to close such a vital transport link. The closure of such a vital transport link will have a significant negative impact on the lives of the many borough residents who use this station to get to work and in their daily lives.

This Council further notes that the closure is to facilitate the construction of new ground level booking offices plus carry out replacement of both of the troublesome escalators and that the replacement of the escalators cannot be carried out in a manner which would allow continued operation of the station. The alternative would be for the reconstruction of the booking hall to take place from February 2009 with the station continuing to operate in a restricted way and for full closure to take place sometime in the near future in order to replace the escalators. As full closure would still be required sometime in the near future, this Council reluctantly concedes that it is better to have this now rather than risk a much longer period of disruption including the inevitable full closure.

This Council therefore agrees to join with all interested parties in order to lobby TfL (chaired by the current Mayor of London Mr Kenneth Livingstone) to ensure that:

1. All the works are carried out in a period as short as possible (i.e. less than 8 months);
2. A comprehensive bus replacement programme is agreed with H&F officers and put in place for the duration of the station closure;
3. A lift, as was originally set out in the planning permission, is included in the works;
4. Common sense is applied to resolve this fiasco with the new West London Line station at Shepherds Bush and to stop the bickering about the platforms (which are deemed a mere 18” too narrow) so as to open this station now to passengers.

Finally the Council calls on senior managers at TfL to attend a transport summit called by H&F Council in order to resolve these issues and to commit never again to treat residents of H&F in such a cavalier manner.”

Speeches on the amendment were made by Councillors Botterill, Owen and Greenhalgh before it was put to the vote:

FOR	28
AGAINST	11
ABSTENTIONS	0

The amendment was declared **CARRIED.**

Councillor Homan made a speech winding up the debate before the substantive motion (as amended) was put to the vote:

FOR	28
AGAINST	12
ABSTENTIONS	0

The substantive motion (as amended) was declared **CARRIED.**

9.39pm - **RESOLVED:**

This Council notes that a peremptory decree was made shortly before Christmas to close the important Shepherds Bush Central Line station for a period of 8 months from February 2008 by Transport for London (TfL) giving residents no say and virtually no notice in the decision to close such a vital transport link. The closure of such a vital transport link will have a significant negative impact on the lives of the many borough residents who use this station to get to work and in their daily lives.

This Council further notes that the closure is to facilitate the construction of new ground level booking offices plus carry out replacement of both of the troublesome escalators and that the replacement of the escalators cannot be carried out in a manner which would allow continued operation of the station. The alternative would be for the reconstruction of the booking hall to take place from February 2009 with the station continuing to operate in a restricted way and for full closure to take place sometime in the near future in order to replace the escalators. As full closure would still be required sometime in the near future, this Council reluctantly concedes that it is better to have this now rather than risk a much longer period of disruption including the inevitable full closure.

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4. Common sense is applied to resolve this fiasco with the new West London Line station at Shepherds Bush and to stop the bickering about the platforms (which are deemed a mere 18" too narrow) so as to open this station now to passengers.

Finally the Council calls on senior managers at TfL to attend a transport summit called by H&F Council in order to resolve these issues and to commit never again to treat residents of H&F in such a cavalier manner.

53. INFORMATION REPORTS TO COUNCIL (IF ANY)

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

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

Meeting ended: 9.40p.m. - Wednesday, 30 January 2008.

.....
MAYOR

APPENDIX 1

**ANNOUNCEMENTS BY
THE MAYOR**

1. On 22nd November 2007, I attended Mary Seacole House, extra care scheme for the elderly, Invermead Close, W6
2. On 24th November, I attended the Mayoress of Harrow's Charity Ball, Elliott Hall, Uxbridge Road, Hatch End
3. On 27th November, I attended a Charity Launch For "Fresh 02", The Wyndham Grand London, Chelsea Harbour SW10
4. On 29th November, I attended the final workshop of "A Cloven Pine" by Ian McHugh, The Bush Theatre, Bush Futures, Ealing, Hammersmith and West London College, Gliddon Road, W6
5. On 29th November, accompanied by my consort, I attended The Mayor of Kensington & Chelsea's Dinner reception, Town Hall, Horton Street W8
6. On 31st November, I attended and switched on the Christmas Lights, Fulham Broadway Shopping centre, SW6
7. On 3rd December, I attended the Pre School Learning Alliance AGM, The Polish Centre, King Street W6
8. On 6th December, I attended Age Concern Christmas Party 105 Greyhound Road W6
9. On 7th December, I attended Wendell Park School Winter Fair, Wendell Park, W12
10. On 7th December, I attended a performance of Beauty and the Beast, Lyric Theatre, W6
11. On 12th December, I attended the University Trial V111's, Vesta Rowing Club, Putney Bridge Pier, SW15
12. On 12th December, I read a lesson at the Fulham Society Annual Carol Service, Fulham Chapel, Fulham Palace, SW6
13. On 13th December, accompanied by the Chairman of the PCT, I attended Mend Graduation Evening, held in the Johnny Haynes Lounge, FFC
14. On 13th December, I attended the Mayhew Centre Celebrity Christmas Evening, St Mary Abbots Church, Vicarage Gate, W8
15. On 13th December, I read a lesson at St Saviours Church, Cobbold Road, W12

16. On 16th December, I read a lesson at the Carol Service of St Andrews Church, Star Road W14
17. On 17th December, I attended the Altera Gallery and Pro Art & Co viewing, St James Piccadilly Church Hall, 197 Piccadilly
18. On 18th December, I read a lesson and co hosted the third Fulham Community Carol Service, All Saints Church
19. On 20th December, I attended Shepherd Bush Ice skating rink, photo call, Shepherds Bush Common, W12
20. On 20th December, I attended the Old Oak Tenants and Residents' Assoc. Christmas Party, Old Oak Community Centre, 76 Braybrook Street W12
21. On 21st December, accompanied by Cllr Rachel Ford, Deputy Mayoress, and other Councillors, I attended and took the salute at the Annual London International Horse Show event, Olympia
22. On 25th December, I joined Councillor Adronie Alford, Councillor Mark Loveday and his son at the Pensioners Christmas Day Party, Assembly Hall, HTH
23. On 1st January 2008, I was delighted to attend the New Year's Day Parade. Albert & Friends Instant Circus won a special award in the parade.
24. On 5th January, accompanied by my two nieces, I attended the Mansion House Children's Fancy Dress party, Mansion House, EC4
25. On 10th January, I attended The London Government Dinner, Mansion House, EC4
26. On 17th January, I attended a farewell reception for Bhavan's UK Patron, The High Commissioner for India and Commonwealth Secretary General (Designate) His Excellency Sri Kamalesh Sharma, Bhavan Centre, W14
27. On 29th January, I attended the Private guided tour of China's Terracotta Army, British Museum, Great Russell Street WC1
28. On 29th January, I attended a viewing of the plans for Shepherds Bush Common, W12 Shopping Centre

APPENDIX 2

No. 1

PUBLIC QUESTION TIME

LONDON BOROUGH OF HAMMERSMITH & FULHAM

COUNCIL MEETING – 30 JANUARY 2008

Question by: Miss Meher Oliaji, 5 Chaucer Mansions, Queens Club Gardens W14 9RF

To the: Leader of the Council

QUESTION

According to a recent newspaper report between 5 and 20 percent of all household recycle-able waste collected using commingled collections (such as Hammersmith and Fulham's Orange Bag scheme) actually ends up as landfill because it is of too poor quality to be recycled.

What assurance can you give that the stuff we put out for recycling is actually being re-used, rather than being dumped, either here or in China?

RESPONSE

- Hammersmith & Fulham distributes a great deal of publicity about its recycling schemes in its newspaper (H&F News) on the website and via other types of communication campaigns (local press, posters and handouts etc.) aimed at informing people which materials can and cannot be recycled.
- Monitoring and Enforcement activities are also employed to better inform residents about what they should and should not be placing in their orange sacks and recycling banks;
- However despite this and because not everything residents ultimately place in their orange sacks etc. for recycling is actually recyclable, the co-mingled materials we collect for recycling always includes a certain amount of “residual” waste.
- Having been removed during the sorting process that all of our recyclables go through, this residual element of waste will ultimately have to be disposed of via landfill or incineration in the UK.

- Within Hammersmith & Fulham however the percentage of such residuals is very much smaller than the range of between 5 and 20% quoted in the Question above. For example, during 2006/07 the average “residual” excluded from the total tonnage of material delivered to the sorting plant for the purposes of recycling, was **1.84%** and the average to-date during 2007/08 is **1.04%**.
- To put this in context, during 2006/07, some **14,356** tonnes of co-mingled materials were collected, of which only **264** tonnes were removed by the sorting plant for disposal as “residual” waste. The remainder was all recycled.
- Separated “clean” materials produced by the sorting plant are ultimately baled and sold back into industry either in the UK or abroad, for use as raw materials in the manufacture of new goods.
- Following a large number of UK reprocessing plant closures in recent years, there is no longer sufficient capacity in the UK to reprocess a large proportion of the recyclable material now being collected by local authorities. However owing to the manufacturing boom in the Far East and elsewhere, there is a stable and growing demand for secondary materials abroad.
- The company employed to sort recyclables collected from Hammersmith & Fulham (Grosvenor Waste Management Ltd) therefore routinely sends sorted recyclables to China and elsewhere abroad for reprocessing. This activity is however subject to regulation under the “*Transfrontier Shipment of Waste Regulations 1994*”, which are rigorously enforced by the Environment Agency.
- To further ensure that no materials outside of the agreed specifications (and therefore unsuitable for recycling) are exported to Chinese reprocessors (with whom contracts are held by Grosvenor), officials from the Peoples republic of China maintain a permanent presence on-site at the Grosvenor plant with the sole purpose of monitoring the quality of material being containerised there for export back to China.
- Materials exported to China and elsewhere internationally are typically transported on large container ships that have initially been used to transport newly manufactured goods to the UK and would otherwise have been returning empty. The environmental impact of exporting our recyclables for reprocessing abroad is therefore mitigated to some extent and the continuing existence of these foreign markets for our recyclable materials obviates the need to dispose of them within the UK in a less sustainable way.

PUBLIC QUESTION TIME

LONDON BOROUGH OF HAMMERSMITH & FULHAM

COUNCIL MEETING – 30 JANUARY 2008

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

To the: Cabinet Member for Residents Services

QUESTION

What action is being taken by the Council to increase the provision of public allotment sites in the borough?

RESPONSE

There are currently two public allotment sites in the borough, at Fulham Palace Meadows (409 plots) and at Emlyn Gardens Estate (86 plots). Both are on council land and are run on the council's behalf by community associations. Although both sites have full waiting lists and waiting times can be up to one and a half years, there are at present no plans to create further allotments.

In order for the council to increase the provision of public allotments in the borough, we would either need to reuse some existing open space as allotments or to create allotments on new open space that is provided as part of major developments, such as the new park at Imperial Wharf.

As H&F does not have that much open space per person, we would need to decide whether we should increase the amount of space used for allotments at the expense of other uses of open space, such as informal recreation, children's play areas, sports provision, nature conservation, community gardens etc.

PUBLIC QUESTION TIME

LONDON BOROUGH OF HAMMERSMITH & FULHAM

COUNCIL MEETING – 30 JANUARY 2008

Question by: Mrs B Allam, 10 Kelmscott Gardens, Askew Road, London W12 9DB

To the: Leader of the Council

QUESTION

“Could you please tell me why residents of Kelmscott Gardens are still waiting for their Kitchens and Bathrooms to be finished off as there are many that are not completed?”

RESPONSE

The work to renew kitchens and bathrooms across the estate was carried out in 2006. However the original contract was problematic; the kitchen units supplied and fitted did not meet our quality standards and some of the other work completed was of a poor standard.

The contract was terminated and the properties that had not had work carried out yet were completed by another contractor who also replaced the kitchen units and carried out other remedial works to the properties that had been within the original contract.

The majority of properties had the work completed during the contract period, but some residents refused the work or did not want additional remedial work completed at the time and therefore from time to time additional work will be identified either when a property becomes empty or if a resident decides that they wish to have remedial work completed that they had previously refused.

We are aware of 3 properties where work has been requested. These properties have been inspected and we have agreed to renew the kitchen units in two of these homes and renew vinyl flooring in the bathroom to the third home.

Discussions are being held with Lovells who are carrying out similar work in the area to add this work to their contract and enable it to be completed. We do not yet have a proposed start date for the work but we let the residents affected know as soon as possible.

PUBLIC QUESTION TIME

LONDON BOROUGH OF HAMMERSMITH & FULHAM

COUNCIL MEETING – 30 JANUARY 2008

Question by: Miss S Shepherd, 32 Kelmscott Gardens, Askew Road, W12 9DB

To the: Leader of the Council

QUESTION

“Why have you never listened to the residents of Kelmscott gardens, of Blocks 1-35, about replacing 2 trees as when they are fully grown we will have to start putting on our lights through the day. Because of the lack of light and considering we are meant to be conserving energy we do not want these trees replaced at a cost to housing.”

RESPONSE:

Kelmscott Gardens Tenants & Residents Association applied for and were granted funding under the Housing Estates Improvement Programme for improvements to the garden at the rear of nos 1-35. Residents worked with Groundwork worked with the TRA to draw up a scheme for the area which included the removal of a very large sycamore tree and two smaller self-sown sycamores (although these were still around three storeys high), the council Arboricultural Officer agreed only to the removal of the smaller trees and felt the magnolia trees chosen by residents would not be suitable replacements for the trees being removed. Ashchurch Grove residents were concerned about the removal of the two sycamores as they provided some screening and therefore privacy.

It was recognised that Kelmscott Gardens residents wanted to see the garden area improved with the self sown sycamores removed and Ashchurch Grove residents were concerned at the proposed loss of screening, in addition the views of the Arboricultural Officer needed to be taken into account; it was therefore agreed at a meeting with the Leader, Ward Councillors and Cabinet member for Housing, that the garden improvements would be progressed but with semi-mature trees of at least 5 metres replacing the self-sown sycamores. All residents of Kelmscott Gardens were sent a letter by their local ward councillors which included photographs of the four trees suggested by the Arboricultural Officer and a voting form in June 2007, the species of tree voted for was the Robina Black Locust. Therefore, residents of Kelmscott Gardens were therefore consulted on the choice of trees for the garden at the rear of block 1-35 and their choice was planted in early November 2007. Unfortunately, in early January the trees were cut down by persons unknown and this has been reported to the police. In conjunction with Ward Councillors, it has been decided that the trees will be replaced and a budget is currently being identified.

PUBLIC QUESTION TIME

LONDON BOROUGH OF HAMMERSMITH & FULHAM

COUNCIL MEETING – 30 JANUARY 2008

Question by: Alan Rowden, 103 Ashcroft Square, London W6 0YL

To the: Leader of the Council

QUESTION

“I have been informed that the Council has been in discussion with key stakeholders about demolishing Kings Mall and that this may also include part or all of Ashcroft Square.

Will the Leader of the Council clarify exactly what is being considered, who has been informed so far and at what stage the plans have reached? Can he also tell me why some organisations have been privy to this information and yet the tenants and their associations have not?”

RESPONSE:

There are no firm redevelopment plans for Ashcroft Square. However, in response to the council's public consultation in 2007 on the Local Development Framework (LDF) site allocations preferred options consultation the owners of the site, St Martins, responded requesting a site policy for the whole of their land holdings in King Street including the multi storey car park and Ashcroft Square. St Martins stated that the site "is likely to be the subject of proposals for redevelopment and renewal during the plan period" (15 years).

As a result of their request, council officers have met with them to ascertain the extent of any proposals that may come forward to ensure residents' interests are protected and that any scheme is integrated into wider King Street regeneration. However, there are no clear proposals at this stage, and none are likely in the near future. As a result, discussions have not taken place with any stakeholder interest groups.

PUBLIC QUESTION TIME

LONDON BOROUGH OF HAMMERSMITH & FULHAM

COUNCIL MEETING – 30 JANUARY 2008

Question by: Elizabeth Young-Sandy, 1 Rowberry Close, London SW6 6PQ

To the: Leader of the Council

QUESTION

“There is a dangerous section of wall between lamps 26 and 29 on the Thames Path. Can you tell me what is the legislation that regulates issues like this? Whether the Council has considered if the wall is within the legislation and on top of that whether the Council is satisfied with the safety of this area of the river path wall?

Please also detail what actions have been taken to make this area safer since this issue was first raised by local residents in 2006.”

RESPONSE

The riverwalk or Thames Path has varying widths, paving, railings, walls and ownerships in the borough. The section known as Rosebank Wharf, midway between Hammersmith Bridge and Fulham Football Club is privately owned by Rosebank Estate Wharf Ltd. The section between lamp columns 26 and 29 was dedicated as a walkway under the Greater London Council (General Powers) Act 1969 in an agreement dated 1982 between the borough and riparian landowner. Under this agreement the council has no powers to carry out any improvements; only to pave, repair, drain, clean and light.

Along this stretch of riverwalk is a low wall to protect against flooding. The agreement does not include this wall and as such the council has no powers to amend its height or erect any railings.

On 26 August 2006 a 92 year old woman died from injuries sustained after falling into the river Thames, while the tide was out. Her mobility scooter was found on the riverwalk however the details of what happened are unclear. There was a coroner’s inquest on 14 December 2006 that concluded that the cause of death was a fall from a height and that the local authority was not deemed to be an ‘interested party’. The inquest notes that ‘her state of mind and exact circumstances could not be ascertained’.

Following this incident council officers have been in extensive and prolonged negotiations with the riparian owner and have requested that they erect railings on the low wall. This is in keeping with the majority of the riverwalk and with the council's own strategic aspirations for improving the riverwalk for all users, as detailed in our streetsmart design guide.

The riparian owner has failed to respond to many correspondences and has dragged negotiations on for many months. Towards the end of 2007, a year since the first meeting with council officers, the riparian owner stated that they do not propose to erect railings along their stretch of riverwalk.

The council is reluctant to risk serving notice on the riparian owner as the matter could end up in the magistrate's court and a lengthy and costly appeal process could ensue. Despite the unfortunate incident at this site there are many British waterways that do not have any form of pedestrian protection and as such the likelihood of the council being successful in any ensuing appeal is limited.

5

No. 1

PUBLIC QUESTION TIME

LONDON BOROUGH OF HAMMERSMITH & FULHAM

COUNCIL MEETING – 27 FEBRUARY 2008

Question by: Mr Jon Burden, 82a Minford Gardens, London W14 0AP

To the: Deputy Leader of the Council and Cabinet Member for Environment

QUESTION

“What are the Council’s policies regarding recycling of car batteries, in particular providing other options than going to recycling facilities in Wandsworth?”

5

No. 2

PUBLIC QUESTION TIME

LONDON BOROUGH OF HAMMERSMITH & FULHAM

COUNCIL MEETING – 27 FEBRUARY 2008

Question by: Mr John O’Callaghan-Williamson, 33 William Banfield House, Munster Road, Fulham, London. SW6 4EX

To the: Leader of the Council

QUESTION

Does the current administration propose, during the course of its current term in office to make an additional charge to council tenants, in addition to rent, for the provision of Estate Maintenance and up keep? If so, when?”

5

No. 3

PUBLIC QUESTION TIME

LONDON BOROUGH OF HAMMERSMITH & FULHAM

COUNCIL MEETING – 27 FEBRUARY 2008

Question by: John Griffiths, 122c Edith Road, West Kensington, London, W14 9AP

To the: Deputy Leader and Cabinet Member for the Environment

QUESTION

Westfield have designed the Southern Interchange to accommodate predicted traffic and bus flows. LBHF are using the designs presented to them by Westfield, or more precisely by their transport consultants Halcrow. Westfield have conducted a Non-Motorised User audit for that part of the Southern Interchange that is on Westfield land, to seek out and reveal dangers to vulnerable road users. Westfield have not conducted a Non-Motorised User audit for that part of the Southern Interchange that is on LBHF land.

The proposed Toucan Crossing across the Uxbridge rd and Shepherds Bush Green, part of the Southern Interchange, has been designed by Westfield to cater for pedestrians and cyclists on LBHF land. Cyclists will be using the carriageway designed by Westfield on LBHF land.

Has LBHF conducted a Non-Motorised User audit for that part of the Southern Interchange covered by the Planning Application 2007/02266/FUL that is on LBHF land, and if not when will it be completed, and what figures are LBHF using for the predicted pedestrian and cyclist flows on the crossing, and, for cyclists, on the carriageway and cycle tracks?

27 FEBRUARY 2008

LEADER

Councillor Stephen Greenhalgh

REVENUE BUDGET AND COUNCIL TAX LEVELS 2008/09

Wards

All

This report sets out proposals in respect of the revenue budget for the Council for 2008/09 including Council Tax levels, and deals with the precept from the Greater London Authority (GLA), together with ancillary issues.

CONTRIBUTORS

All Departments

**HAS A PEIA BEEN COMPLETED?
YES**

RECOMMENDATIONS:

1. **To note the Council Tax decrease, for the Hammersmith & Fulham element, of 3% for 2008/09 and the planned decrease of 3% for 2009/10 and 2010/11.**
2. **The Council Tax be set for 2008/09 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 £862.77 per Band D property in 2008/09.**
 - (b) **The element of Council Tax charged by the Greater London Authority will be £309.82 per Band D property in 2008/09.**
 - (c) **The overall Council Tax to be set will be £1,172.59 per Band D property in 2008/09.**

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	575.18	671.04	766.91	862.77	1,054.50	1,246.22	1,437.95	1,725.54
b)GLA	206.55	240.97	275.40	309.82	378.67	447.52	516.37	619.64
c)Total (Draft)	781.73	912.01	1,042.31	1,172.59	1,433.17	1,693.74	1,954.32	2,345.18

- 3. The Council's own total net expenditure budget for 2008/09 is set as £186.502m.**
- 4. That fees and charges are approved as set out in paragraph 5.1.**
- 5. That the Director of Finance's budget projections to 2010/11 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 2008/09 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 2008/09 (sections 2 to 7);
 - the Aggregate External Support estimated by the Council (section 8);
 - the Council Tax base set at Council on 30 January 2008 (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 2008/09 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 1% increase in the Employer's Pension Contribution rate for 2008/09.
- 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. Sensitivity analysis has been undertaken to review the impact on the Council should the current inflation assumptions be exceeded. Such impacts have been identified as a Risk and are set out in **Appendix F**.
- 2.3 From 2006/07 funding for schools transferred to a ring-fenced, Dedicated Schools Grant (DSG). The Department for Children, Schools and Families 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 set their budgets, and account for expenditure, continues to evolve. In accordance with the latest

Statement of Recommended Practice current service costs should be attributed, as far as possible, to front line services. Accordingly a number of items, such as provision for maternity pay or redundancy costs that the Council previously reported within Central items have been allocated to Departmental budgets. Such changes are noted within the budget book pages. They have no net overall impact on the Council's budget.

- 2.5 2008/09 is the first year of a new 3-Year Local Government Finance Settlement. Details were announced on 6 December. Following earlier consultation, and the publication of the 2007 Comprehensive Spending Review, it was expected that the overall Settlement would be 'tighter' than for recent years and that Hammersmith and Fulham would be a grant 'floor' authority. This has proved to be the case. This authority will be a 'floor' authority for each year of the settlement and receive the national minimum increase in grant funding. Hammersmith and Fulham will receive a Formula (RSG) Grant increase of 2% against the comparable 2007/08 allocation. The increases for 2009/10 and 2010/11 are 1.75% and 1.5% respectively. In 2007/08 the Council received a grant increase of 3.4%.
- 2.6 A number of other changes relating to specific grants, particularly regarding a new 'Area Based Grant' (ABG), have also been announced as part of the Local Government Finance Settlement. Further review is required to quantify the impact of such changes. In the interim, budgetary provision of £1.74m has been set aside, for 2008/09, regarding the transition (smoothing) to the new ABG and specific grant arrangements. Use of this funding will be subject to Member approval.

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 2008/09.

Table 1

	£000s
Assistant Chief Executive	0
Children's Services	650
Community Services	1,235
Environment Services	2,400
Finance	42
Resident Services	67
Corporate Items	5,233
Total Growth	9,627

- 3.2 Allowance has been made within the growth proposals for an increase of £0.624m in contingency sums. The move to a 3-year Local Government Finance Settlement transfers some financial risk to the Council. Should inflation or population growth be higher than allowed for within the Settlement then the Council will need to meet the funding shortfall. The Council is also taking forward a number of major initiatives, such as Building Schools for the Future and regeneration (including the King Street Regeneration Scheme) which may impact on Council budgets. The contingency has been adjusted upwards in recognition of such potential spend pressures.

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 2008/09:

Table 2

	£000s
Assistant Chief Executive	546
Children's Services	2,136
Community Services	3,970
Environment Services	4,243
Finance	500
Resident Services	1,214
Corporate Items	2,587
Total Savings and Income Generation	15,196

5 FEES AND CHARGES

- 5.1 In line with the last two years, the Revenue Budget for 2008/09 has generally been prepared on the basis of an average 5% increase in income budgets. However, where there are exceptions to this, details are provided in **Appendix G**.

6 REVENUE BALANCES, RESERVES AND PROVISIONS

- 6.1 The Council is currently projecting (month 6 forecast) to contribute £0.066m to reserves in the current financial year. It is expected that at the year-end there will be approximately £12.3m in general reserves. This is just over 6.8% of the current budget requirement. It is proposed that the reserves are unchanged

during 2008/09 and 2009/10. This will leave them at 6.6% of the Council's 2008/09 budget requirement of £186m.

- 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 2008/09 is in the order of £186m. 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 £10m. 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 £11m-£13m. 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. This range is £2m higher than that identified as part of the 2007/08 Budget Report. The increase reflects the move towards a 3-year Local Government Finance Settlement and consequent transfer of risk to the Council on issues such as inflation and population growth. This risk is particularly high on the first year of any 3-year Settlement.

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 2008/09 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 2010/11 is set out in **Appendix B** and is also summarised below for 2008/09:

Table 3

		£000s
	2007/08 Budget	180,181
	Adjustment For Prior Year Use of Reserves	1,142
	Adjustment For Formula Grant Base	4,055
<u>Plus</u>	Inflation	6,693
	Growth	9,627
<u>Less</u>	Efficiency Savings and Income Generation	(15,196)
	Net Council Budget 2008/09	186,502

8 EXTERNAL FUNDING

8.1 Notification of the Final Local Government Finance Settlement was received on 24 January 2008. The original estimate, as per the Provisional Settlement, for the Council's 2008/09 Formula Grant, reported to Scrutiny Committees in January 2008, was £116.926m. The actual grant, as set out in Table 4, has been confirmed as **£117.150.m**. This represents an increase of 2% against the comparable 2007/08 allocation. The increase of £0.224m in Formula Grant, since the Provisional Settlement, is due to an adjustment for Public Law Family Fees to reflect the policy change by her Majesty's Court Service to require full cost recovery for proceedings under the Children's Act. This growth pressure was anticipated in the Budget proposals previously reported to Scrutiny Committees. Accordingly the extra funding is set aside within contingency sums.

Table 4

	£000s
Revenue Support Grant	14,316
Redistributed Non-Domestic Rates	102,834
Total 2008/09 Formula Grant	117,150
Prior Year Collection Fund Surplus	1,393
Total External Support	118,543

- 8.2 A three-year Settlement has been announced from 2008/09. Hammersmith and Fulham will be a 'floor' authority for each year of the settlement. It will receive the national minimum increase in grant funding. The expected increase in formula grant is 1.75% for 2009/10 and 1.5% for 2010/11. After allowance for inflation the settlement represents a year on year 'real terms' cut in funding for this authority.
- 8.3 The main reason why this authority will be a 'floor' authority is that the Government have removed social care damping from the formula. Back in 2006/07 changes were made to the formulae for social services. The changes were bad news for London and, following representation, separate damping arrangements were introduced that provided some protection. The formulae have now been implemented in full. London Boroughs have consistently argued that these formulae are flawed and not fit for purpose. The removal of the damping makes it likely that this Council will be a floor authority for the foreseeable future. For example, were the floor not operating in 2008/09, this Council's Formula Grant allocation would be £27.5m lower.
- 8.4 Within the Settlement it was confirmed that a number of specific grants (relating to Children's and Adult Social Services) will cease with the funding transferring to Formula Grant. In line with previous practice this change has been allowed for by adjusting upwards the opening Hammersmith and Fulham 2008/09 Formula Grant baseline by £4.006m. An adjustment of £0.049m has also been made regarding new burdens and transfers of functions.
- 8.5 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.
- 8.6 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. It is not known when figures for 2007 will be released. The scheme has been subject to a number of legal challenges and the Government have announced that they are currently re-considering all aspects of the approach used to distribute resources. This Council is currently projecting that it 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 either 2006/07 or 2007/08 and is unlikely to do so in 2008/09. The Government intend to implement a new scheme from 2009/10 onwards. It will be funded at a considerably lower level. The Council has responded to an initial consultation paper on the issues that should underpin a new scheme.

9 COUNCIL TAX BASE

- 9.1 On 30 January 2008, the Council formally agreed a Tax Base of 78,768 equivalent Band D properties. Therefore the Council's element of the Council Tax can be calculated as follows:

$\frac{\text{Total Budget Requirement}}{\text{Tax Base}} = \frac{\text{£186.502m} - \text{£118.543m}}{78,768} = \text{£862.77}$

- 9.2 This represents a decrease of **£26.68** or **3%** in respect of the Council's own Band D Council Tax (**2.2%** on the overall Council Tax bill).

10 PRECEPTOR'S COUNCIL TAX REQUIREMENTS

- 10.1 The Greater London Authority's precept of **£24.404m** 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.

$\frac{\text{Preceptors Budget Requirement}}{\text{Tax Base}} = \frac{\text{£24.404m}}{78,768} = \text{£309.82}$
--

10.2 This represents an increase of £5.94 or 2.0% in respect of the GLA’s budget requirements (0.5% on the overall Council Tax bill).

11 OVERALL COUNCIL TAX REQUIREMENTS 2008/09 AND 2009/10

11.1 It is proposed to decrease Hammersmith and Fulham’s element of the Council Tax by 3% in 2008/09 in order to provide a balanced budget in year with £12.3m 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	186,502
Greater London Authority	24,404
<u>Less</u>	
External Support	(118,543)
Total Requirement for Council Tax	92,363

11.1 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).

11.2 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:

$\frac{\text{Total Budget Requirement}}{\text{Tax Base}} = \frac{\underline{\underline{£92.363\text{ m}}}}{78,768} = \underline{\underline{£1,172.59}}$

- 11.3 In 2007/08 the overall amount per Band D equivalent property was £1,193.33. The decrease can be explained as follows:

Table 6

	2007/08 Band D	2008/09 Band D	Change From 2007/08
	£	£	£
Hammersmith & Fulham	889.45	862.77	(26.68)
Greater London Authority	303.88	309.82	5.94
Total	1,193.33	1,172.59	(20.74)

- 11.4 This represents a decrease of £20.74 or 1.7% on the overall Council Tax bill
- 11.5 The robust forward financial plans set out in the Council's MTF5 has enabled an indicative Council Tax figure to be provided for 2009/10. The projected decrease in Hammersmith and Fulham's Band D is £25.88 (from £862.77 to £836.89). This is an indicative decrease of 3%, which the Cabinet plans to repeat in 2010/11.
- 11.6 When setting the Council Tax level for 2007/08 the Council indicated that it planned to reduce Council Tax by 3% in 2008/09. The proposed 2008/09 budget will enable this indicative decrease to be delivered. Table 6 sets out the changes in the Band D charge for the Hammersmith and Fulham element of Council Tax since 2003/04. The proposed Band D charge for 2008/09 is £27.30 lower than that approved for 2004/05.

Table 6

	Band D Hammersmith and Fulham Element	Change	Change
	£	£	%
2003/04	848.49	+76.08	+9.85
2004/05	890.07	+41.58	+4.90
2005/06	903.42	+13.35	+1.50
2006/07	916.97	+13.55	+1.50
2007/08	889.45	-27.52	-3.00
2008/09	862.77	-26.68	-3.00
2009/10 (Indicative)	836.89	-25.88	-3.00
2010/11 (Indicative)	811.78	-25.11	-3.00

12 CONSULTATION WITH NON DOMESTIC RATEPAYERS

- 12.1 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.
- 12.2 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.

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

1.	Revenue Budget 2008/09	Andrew Lord Ext. 2531	Finance Department 2 nd Floor Town Hall Extension
2.	Formula Grant Papers 2008/09	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	Graeme Trott Ext 5050	Children's Services Department Cambridge House
6.	Housing Revenue Account Budget Papers	Leigh Whitehouse Ext. 5006	Community Services Department 145 King Street
7.	Resident Services Budget Papers	Gerry Glover Ext. 2114	Resident Services Department Hammersmith Town Hall
8.	Environment 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.	700,469
(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.	513,967
(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.	186,502
(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).	118,543
(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	67,959
(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. $\frac{\pounds(c)k - \pounds(d)k}{\text{Amount Section 9}}$	862.77

(g) Valuation Bands – Hammersmith & Fulham Council:

Band A	Band B	Band C	Band D
575.18	671.04	766.91	862.77
Band E	Band F	Band G	Band H
1,054.50	1,246.22	1,437.95	1,725.54

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 2008-09, 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
206.55	240.97	275.40	309.82
Band E	Band F	Band G	Band H
378.67	447.52	516.37	619.64

(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 2008-09 for each of the categories of dwellings shown below:

Band A	Band B	Band C	Band D
781.73	912.01	1,042.31	1,172.59
Band E	Band F	Band G	Band H
1,433.17	1,693.74	1,954.32	2,345.18

OVERVIEW

Appendix B

	Year 1 2008/09 £'000	Year 2 2009/10 £'000	Year 3 2010/11 £'000
2007/08 Council Budget	180,181	0	0
Add Back Use of Balances in 2007/08	1,142	0	0
2007/08 Net General Fund Base Budget	181,323	181,323	181,323

Known Changes:

Inflation	6,693	13,386	20,079
Growth (Appendix B)			
- Existing Growth	5,819	9,531	11,987
- New Growth	3,808	3,004	3,819
Efficiencies (Appendix C)			
- Existing Efficiencies	-9,170	-17,501	-25,159
- New Efficiencies	-6,026	-8,679	-11,176
Transfers from Specific to Formula Grant and New Burdens	4,055	4,009	3,992
Total Expenditure	186,502	185,073	184,865

Use of General Balances	0	0	0
Budget Requirement	186,502	185,073	184,865

Formula Grant	117,150	119,153	120,922
Council Tax - 3% decrease per year	67,959	65,920	63,943
2007/08 Collection Fund Surplus	1,393	0	0
Total Resources	186,502	185,073	184,865

Budget Gap	0	0	0
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For information

<i>Further risks (Appendix D)</i>	10,245	12,447	13,299
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GROWTH

Appendix C

Assistant Chief Executives				
Existing Growth		2008/09	2009/10	2010/11
Title	Description	£'000	£'000	£'000
Councillor Services	Councillor Briefings after May Elections	0	0	15
Local Elections	Local Elections and Implementing the new Electoral Administration Bill	0	0	150
Existing Growth Total		0	0	165
New Growth		2008/09	2009/10	2010/11
		£'000	£'000	£'000
Electoral Services	May 2010 Election	0	0	100
New Growth Total		0	0	100
Total Growth		0	0	265

Children's Services				
New Growth		2008/09	2009/10	2010/11
NMFA Rates	Implementation of the National Minimum Fostering Allowance	450	450	450
Legal Aid Costs	Change in arrangements regarding Residential Assessments	200	200	200
New Growth Total		650	650	650

GROWTH

Community Services				
Existing Growth		2008/09	2009/10	2010/11
Title	Description	£'000	£'000	£'000
Adult Social Care	Price and Volume Pressures on Adult Social Care Placements	500	1,000	1,000
Cross Cutting	Expansion of direct payments	50	100	100
Learning Disabilities	Increase in demand for learning disability placements and care packages	450	900	1,400
Safer Communities	24/7 policing (to be met from earmarked reserve for 2 year period)	0	750	750
Existing Growth Total		1,000	2,750	3,250

New Growth		2008/09	2009/10	2010/11
		£'000	£'000	£'000
Adult Social Care	Increase in demand for disabled people and care packages	60	265	465
Adult Social Care	Increase in demand for older people placements and care packages	80	300	500
Adult Social Care	Increase in demand for mental health placements and care packages	20	130	255
Housing (TA)	Changes to the Housing Benefit thresholds	0	190	380
Safer Communities	Street Wardens - expiry of NRF funding	45	45	45
Safer Communities	Airwave Radio System	30	30	30
New Growth Total		235	960	1,675

Total Growth		1,235	3,710	4,925
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GROWTH

Environment Services				
Existing Growth		2008/09	2009/10	2010/11
Title	Description	£'000	£'000	£'000
Building Technical Services	Increase in energy prices.	200	200	200
Waste Disposal	Increased contractual costs of waste disposal and increases in landfill tax.	1,747	2,518	3,121
Existing Growth Total		1,947	2,718	3,321

New Growth		2008/09	2009/10	2010/11
		£'000	£'000	£'000
Waste Management	Client side including trade waste and approx 6 monitoring officers with 2-3 administrative support officers	333	333	333
Waste Management	Recycling & Waste Minimisation	120	120	120
New Growth Total		453	453	453

Total Growth		2,400	3,171	3,774
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Finance				
NewGrowth		2008/09	2009/10	2010/11
Title	Description	£'000	£'000	£'000
Internal Audit	Adjustment re HRA recharge	42	42	42
Debt Recovery	Increase in Court Costs	0	140	140
New Growth Total		42	182	182

Resident Services				
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New Growth				
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		£'000	£'000	£'000
Benefits	Reduction in Housing Benefit Administration Grant	67	135	135
New Growth Total		67	135	135

Corporate				
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Existing Growth		2008/09	2009/10	2010/11
Title	Description	£'000	£'000	£'000
Capitalisation	Use of Capitalisation	1,300	1,300	1,300
Insurance	Increased premium costs due to increased incidence of claims	41	82	120
Office Accommodation	Rental and NNDR increases	0	150	300
Pension Fund	Additional Contributions arising from the 2007 actuarial valuation	900	1,900	2,900
Recharges	Recharge and Overhead Adjustments	631	631	631
Existing Growth Total		2,872	4,063	5,251

New Growth		2008/09	2009/10	2010/11
Title	Description	£'000	£'000	£'000
Area Based Grant	Transition to new arrangements	1,737	0	0
Contingency	Emergent spend pressures	624	624	624
New Growth Total		2,361	624	624

Total Growth		5,233	4,687	5,875
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GROWTH

Hammersmith and Fulham - Summary		2008/09	2009/10	2010/11
		£'000	£'000	£'000
Existing Growth		5,819	9,531	11,987
New Growth		3,808	3,004	3,819
Grand Total		9,627	12,535	15,806

EFFICIENCIES

Assistant Chief Executives				
Existing Efficiencies		2008/09	2009/10	2010/11
Title	Description	£'000	£'000	£'000
Electoral Services	Postage/stationery budgets	-10	-20	-20
Human Resources	Review of Trade Union funding arrangements	-50	-50	-50
Human Resources	Review of processes, consideration of shared services, recruitment costs	-250	-250	-250
Legal Services	Reduced cost, usage and provision of legal services including through improvements in departmental procedures and through tendering/select lists	-100	-100	-100
Existing Efficiencies Total		-410	-420	-420

New Efficiencies		2008/09	2009/10	2010/11
		£'000	£'000	£'000
Business Transformation	Increased income / productivity	-100	-100	-100
Communications	Productivity Improvements	-10	-21	-30
Communications	Restructuring and income from advertising	-26	-66	-97
Councillors Services	Vacancy Management	0	-30	-55
Councillors Services	Productivity Improvements	0	-80	-80
Electoral Services	Efficiency measures	0	-20	-30
Human Resources	Improvements through shared services	0	0	-500
Legal Services	Productivity Improvements	0	-40	-90
Legal Services	Market Testing	0	-170	-200
New Efficiencies Total		-136	-527	-1,182

Total Efficiencies		-546	-947	-1,602
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EFFICIENCIES

Appendix D

Children's Services				
Existing Efficiencies		2008/09	2009/10	2010/11
Title	Description	£'000	£'000	£'000
Asylum	Resolve issue of 25 'children' who are 18 year old or above and who do not have leave to remain	-90	-90	-90
Cross-cutting	Procurement efficiencies	-350	-350	-350
Direct Service Provision	Productivity improvements and realignment of salaries for social workers	-150	-150	-150
Education	Cleaning and Catering	-200	-200	-200
Mail Services	Staff review and fleet management efficiencies	-11	-23	-23
Preventive, assessment and outreach	Realignment of teams	-50	-100	-100
Play and Youth Service	Lower subsidy for the play service	-100	-100	-100
Resources	Staff efficiencies and grant reduction	-50	-50	-50
School Improvement and Achievement	Revised management structure	-25	-50	-50
Strategy , Policy and Information	Staff saving in management information systems	-30	-55	-55
Traded Services	Increased services in partnership with other boroughs	-15	-30	-30
Transport	Procurement and joint work with Ealing	-75	-100	-100
Existing Efficiencies Total		-1,146	-1,298	-1,298

EFFICIENCIES

Appendix D

Children's Services (continued)				
New Efficiencies		2008/09	2009/10	2010/11
		£'000	£'000	£'000
Accommodation	The department is currently undergoing a review of all its accommodation with a view to relocating services to ensure that areas of synergy are recognised and the correct groups are located together. It is envisaged that this will enable the department to alter its property portfolio to better reflect its needs and make savings in the process.	-100	-750	-1100
Asylum	See separate asylum document for basis of calculation.	-50	-120	-260
Discretionary Grants	Currently Children's Services offer a variety of discretionary grants such as dance awards and music awards. It is proposed that the level of discretionary grants be reduced.	-50	-70	-90
DSG	Change funding arrangements for Bridge Secondary PRU to be on a more business model reflecting current use	-250	-250	-250
DSG	LEA retained elements within DSG restrict inflation to council levels and supplement with School Improvement council funded services to meet threshold levels	-200	-400	-600
Education Catering	Following the Market Testing programme affecting this service it is expected that the successful tenderer will offer to run the service at a contract price similar to the current amount paid by the schools. This will enable the department to save the additional amount paid to catering managers under any single status agreement.	-100	-100	-100
Finance and Administration	Following the recent centralisation of the finance function within Community Services Department the AD Resources in Children's Services will review the finance and administration structures currently in place within the department and will realign the provision of these services to provide the best possible support to service managers at the most efficient cost.	0	-50	-50
Lease Cars	Eliminate all lease car provision within the department	0	-9	-10

EFFICIENCIES

Appendix D

Play Service	The AD Youth and Communities will be reviewing the play service within the borough with a view to delivering efficiencies whilst maintaining a sustainable service. This review will look at the co-location of play with partners including schools and the voluntary sector. Currently the total income generated by this service is just over £500k and the total numbers of users is approximately 520 during term time and 360 during school holidays.	0	-200	-400
Public Conveniences	The council currently owns one brick built toilet block in Fulham. In order to avoid vandalism and keep the facilities to a reasonable standard there is currently a full time toilet attendant on site. Consideration should be given to alternative uses for this site which could potentially provide a small capital receipt as well as saving the post referred to above.	-30	-38	-38
Resources	Currently H & F schools benefit from highly effective school management support service. In order to ensure this service remains financially competitive the services it provides are now being offered to schools in neighbouring boroughs. The expansion of this service will enable it to become self financing.	-50	-100	-150
Treatment Foster Care	Decision to be made on whether this scheme should continue. If the scheme ceases the saving will be delivered. If the scheme is successful the saving will be realised and also deliver better outcomes for the vulnerable children involved	-90	-180	-180
Union Officials	Review the number of union officials currently employed within CHS with a view to reducing the number by at least 1 fte	-30	-30	-30
Cross Cutting	Framework I real benefits to department following automation of functions and centralisation of IT into Bridge Partnership	-40	-80	-80
New Efficiencies Total		-990	-2,377	-3,338

Total Efficiencies		-2,136	-3,675	-4,636
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EFFICIENCIES

Appendix D

Community Services				
Existing Efficiencies		2008/09	2009/10	2010/11
Title	Description	£'000	£'000	£'000
Adult Social Care	Extension of use of external home care providers	-375	-375	-375
Adult Social Care	Review of eligibility criteria in line with fair access to care services guidance. Key decision report has been approved in July 07, recommending services for 'critical', 'substantial' and greater moderate rate'.	-350	-350	-350
Adult Social Care	Community Support Centre - Staffing Efficiencies	-350	-535	-719
Adult Social Care	Improved procurement for Adult Social Care as part of the West London Alliance Procurement Group.	-250	-250	-250
Adult Social Care	Remodel Mental Health Daycare facilities	-100	-100	-100
Adult Social Care	Meals on Wheels - Review of Market Testing	-50	-50	-50
Partnerships & Procurement	Rationalisation of Strategy and Policy functions	-50	-50	-50
Housing	Occupational Therapy Service - efficiencies through smarter processes	-70	-70	-70
Housing	Housing Register - efficiencies through smarter processes	-50	-50	-50
Safer Communities/ASC	Income from provision of Keyholders service to other partners	-75	-75	-75
Safer Communities	Review and market test Security functions	-50	-100	-100
Existing Efficiencies Total		-1,770	-2,005	-2,189

EFFICIENCIES

Appendix D

Community Services (continued)				
New Efficiencies		2008/09	2009/10	2010/11
Adult Social Care (MH)	Review of out of borough residential/nursing home placements	-350	-350	-350
Adult Social Care	Improve utilisation of P.F.I contract.	-200	-200	-200
Adult Social Care (LD)	Review all cases costing over £1,600 per week. This initiative requires collaboration between LD team, Procurement and contracts.	-100	-100	-100
Adult Social Care	Remodelling of supported housing at Perham Road. This project will provide an alternative to residential rehabilitation provision for clients of the D & A team, resulting in a reduction in placement costs.	-60	-60	-60
Adult Social Care (DP)	Efficiencies in Sensory Loss Service	-50	-50	-50
Adult Social Care (LD)	Investing in transitions. Savings to be achieved from early planning process and co-ordination of services between Learning Disability Team, Children Services, Social and Housing.	-40	-40	-40
Adult Social Care (OP)	Meadbank services. Services have been transferred to Farm Lane - a rehab Nursing care provision.	-20	-20	-20
Adult Social Care (LD)	Efficiencies in Options Day Service.	-10	-10	-10
Adult Social Care (OP)	Review of Elgin Resource Centre Community Outreach Team	-10	-10	-10
Partnerships & Procurement	Supporting People: Efficiencies to be achieved from review of contracts, joint procurement and careful management of programme.	-310	-310	-310
Partnerships & Procurement	Maximisation of alternative funding sources from section 106 (Planning Gain), collaborative procurement and reduction of salaries budget.	-70	-70	-70
Partnerships & Procurement	Savings on Administration and Supplies & Services. To be achieved from reduction in 3rd party payments, admin review, reduction of supplies and reduced contribution towards Old Oak community centre.	-60	-60	-60
Resources (Finance)	Review of recharges	-150	-150	-150
Resources (Finance)	Financial Administration savings through reduction of posts as a result of co-location of payments processing, better management of residential care income function and deputyship team.	-120	-205	-205
Resources (Finance)	Streamlining of Financial Management Support by reviewing current work processes.	-40	-125	-290
Housing (TA)	Reduce staffing through streamlining repairs process, and rationalisation of income team	-110	-110	-110

EFFICIENCIES

Appendix D

Housing	Review technical support staff in Private Housing Service (PHS) which includes filtering functions, incorporation of tasks to front line and hence allowing PHS officers to dedicate to PHS activities.	-100	-100	-100
Housing (TA)	Reduce spend on supplies and services in Temp Accom service	-100	-100	-100
Housing (TA)	Reduction in TA management costs through better procurement process, reduction in use of hostels and economies of scale on pooling of staffing resources.	-100	-200	-200
Housing	Reduce staffing numbers in Home Buy service following end of initial start up work	-35	-35	-35
Housing (TA)	To review existing Housing Association Landlords Scheme (HALS) contracts for management of temporary accommodation.	-20	-20	-20
Housing	Review of supplies, services and transport in Housing Assessment Advice(HAA).	-15	-15	-15
Housing	Review of Home Improvement Agency	0	-35	-35
Safer Communities	Income from CCTV at various commercial locations. Savings to be achieved by undertaking a unit cost analysis with a view to instigating a commercial charging policy	-25	-45	-45
Safer Communities	Income from provision of Keyholders service to other partners	-30	-30	-30
Safer Communities	Income from issuing fixed Penalty Notices (FPN's) for littering and dog fouling.	-15	-45	-45
Safer Communities	Income from hire of Safety net Radios. Further income will be generated by expanding the service to business and retail sectors.	-10	-10	-10
Regeneration	BBC Income Generation	-15	-15	-15
Cross-Cutting	Review of Travel Expenses	-35	-35	-35
New Efficiencies Total		-2,200	-2,555	-2,720
Total Efficiencies		-3,970	-4,560	-4,909

EFFICIENCIES

Appendix D

Environment Services				
Existing Efficiencies		2008/09	2009/10	2010/11
Title	Description	£'000	£'000	£'000
Accommodation	Home and mobile working. Review of space standards, hot desking, shared buildings. Resident Services & Community Support Strategy	-328	-1,067	-1,117
Borough Highways	Procurement, securing external contracts and other efficiencies	-168	-337	-337
Building Technical Services	Reduction in Energy Consumption	-150	-150	-150
Building Technical Services	Staff re-organisation	-50	-100	-100
Corporate Property Services	Merger/transfer of roles to avoid duplication	-39	-77	-77
Director's Office	Reduction in project budget	-13	-27	-27
Finance	Staffing re-organisation following merger	-20	-39	-39
Fulham Palace	NNDR, insurance and other efficiencies	-7	-15	-15
Grounds Maintenance	Service review including prospect of reducing revenue costs by increasing capital investment and maximising Section 106 agreements.	-200	-200	-200
Highways and 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	-200	-200	-200
Highways and Engineering	Staff and other efficiencies	-64	-129	-129
Parking	Efficiency gains for Attendants including possibility to Tender parking control services following NCP expert input.	-100	-100	-100
Parking	Back office efficiency gains from the implementation of new parking systems	-200	-200	-200
Planning	Savings delivered by investment of Planning Delivery Grant or from Best Value Review	-97	-125	-125
Planning	Review of charges, on-line applications and completion of Local Development Framework	-54	-90	-140
Public Protection and Safety	Increased income and review of building control service	-102	-203	-203
Resources	Staff and other efficiencies	-28	-55	-55
Transport	Vehicle procurement, maintenance and usage (numbers)	-100	-100	-100

EFFICIENCIES

Environment Services (continued)				
Existing Efficiencies Total		-1,920	-3,214	-3,314

New Efficiencies		2008/09	2009/10	2010/11
		£'000	£'000	£'000
Building Technical Services	Further reduction in office space at Riverview (186m ² less) via hot desking and better archiving and increased use of electronic document management. BTS will with this reduction occupy third floor only. Likely to be achievable before 2008	-40	-40	-40
Building Technical Services	Move client agent role for housing services to H&GH	-50	-50	-50
Building Technical Services	Increased fee recovery via rigid no fee no service provided policy, to commence April 2007	-50	-25	0
Building Technical Services	Streamlining of management structure post market testing*	0	-60	-120
Building Technical Services	Subject to the funding of the market testing programme approval of approx £100k in 2008/09. Efficiency gains from market testing current fee compared to market tested fee. Assumes fee difference will become bankable saving and not reduced charges to programmes/clients*	0	-100	-200
Director's Office	Reduction in project budget	-27	-51	-81
Finance Team	Reorganisation of staff on the back of Direction of Travel and greater efficiency in Accountancy and Financial Administration	-64	-127	-190
Highways	Growth in parking suspension income after review of process in conjunction with RBKC	-450	-450	-450
Highways & Engineering	Deletion of Strategy Team Manager - Post has been removed and workload is managed by existing staff.	-60	-60	-60
Highways & Engineering	Safety Maintenance - Risk management approach to assessing highway defects	-110	-110	-110
Highways & Engineering	Road Marking - Road marking works have been varied into the existing Colas term maintenance contract. Rates for this variation are favourable compared to the old road marking contract.	-15	-15	0
Highways & Engineering	Contract Extension - As a condition of extending term contracts to 2009 officers are currently in negotiation to reduce costs. Cashable and non-cashable savings being investigated.	-50	-50	0

EFFICIENCIES

Appendix D

Environment Services (continued)				
Highways & Engineering	Planned Maintenance Supervision - Possibly could offer up one Planned Maintenance Engineer post. This would mean reduced level of design and supervision of planned maintenance schemes. Post to be used for sign improvement (see Growth)	-50	-50	-50
Highways & Engineering	Annual Condition Surveys - The scope of the annual surveys could be reduced. Network knowledge and ability to manage it efficiently may be adversely affected.	-10	-10	-10
Highways & Engineering	Estate Road Maintenance - Income derived from undertaking safety inspections on estate roads	-50	-50	-50
Highways & Engineering	TMC's retendering - There is a possibility that rates in the new contract (2009) will be more competitive and offer savings, compared to current rates.	0	0	-100
Highways & Engineering	Footway General Maintenance - The only area of service available to cut to achieve the savings would be to limit the level of footway general maintenance.	-43	-43	-43
Highways & Engineering	Special Events - £15k reduction in the football budgets (risk element is the number of European games/friendlies going up which will prevent us from making the saving)	-15	-15	-15
Highways & Engineering	Highway Emergency Team - £5k in new monies from recharging of the emergency call outs to utilities companies and private residents	-14	-14	-14
Highways & Engineering	Network Assurance Team - £20k increased income from section 74 and defects in street works	-20	-20	-20
Parking Enforcement	Reduction in number of vehicles used for enforcement	-10	-10	-10
Parking Services	Transfer of the bulk of the inspection in relation to abandoned vehicles to Parking Attendants using motorcycles. To be introduced during 2007/08	-60	-60	-60
Parking Services	New/Amendments to contract with RBKC to empty P&D machines to reduce total emptyings. Associated risk re thefts from machines which continue at sporadic level and may increase when Westminster remove their meters which are currently suffering £1 million/year losses from thefts.	-100	-95	-90
Parking Services	Growth in parking suspension income after review of process in conjunction with RBKC	-100	-100	-100
Planning	Increase in Planning fees	-130	-130	-130
Planning	Restrict urban Design & Conservation to statutory applications	-50	-50	-50

EFFICIENCIES

Appendix D

Environment Services (continued)				
Planning	Fulham Palace	0	-41	-117
Public Protection & Safety	Environmental Protection - Changes to departmental quality and performance	-35	-35	-35
Public Protection & Safety	Environmental Protection - Increased efficiency derived through implementation of the Gambling Act	-50	-50	-50
Public Protection & Safety	Mortality - Reduction to statutory minimum funding for memorial testing	-25	-25	-25
Public Protection & Safety	Environmental Protection - Increased efficiency in street scene enforcement	-40	-40	-75
Public Protection & Safety	Waste Management - Increased trade waste income	-50	-100	-150
Public Protection & Safety	Building Control - Increased income and efficiency	0	0	-50
Public Protection & Safety	Environmental Protection - Increased efficiency in administration	0	-35	-70
Public Protection & Safety	Licensing - Increase Licensing Income	-40	-40	-40
Public Protection & Safety	Environmental Protection - Reduced workload in pollution control	0	0	-35
Public Protection & Safety	Garden Waste Service	-40	-40	-40
Resources	Customer First Team disbanded	-20	-20	-20
Resources	Reduction in various cash limited budgets	-5	-5	-5
	Introduce charges for Council Parking @£1,000 p.a.	-200	-200	-200
Waste Management	Estimated further reduction in contract price	-250	-250	-250
New Efficiencies Total		-2,323	-2,666	-3,205
Total Efficiencies		-4,243	-5,880	-6,519

EFFICIENCIES

Finance				
Existing Efficiencies		2008/09	2009/10	2010/11
Title	Description	£'000	£'000	£'000
Corporate Finance	Restructure	-22	-43	-43
Financial Services	Shared services - London Mutual	-130	-130	-130
Corporate Finance	Customer Access Strategy - Income Recovery	-60	-100	-100
Debt Restructuring	Debt Restructuring	-108	-217	-317
IT Strategy and Services	Joint Venture Company contract savings	-180	-180	-180
Existing Efficiencies Total		-500	-670	-770

New Efficiencies		2008/09	2009/10	2010/11
		£'000	£'000	£'000
Exchequer Services	Deletion of AD Post	0	-115	-115
Business Support	Debt Management	0	-62	-239
New Efficiencies Total		0	-177	-354

Total Efficiencies		-500	-847	-1,124
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EFFICIENCIES

Resident Services				
Existing Efficiencies		2008/09	2009/10	2010/11
Title	Description	£'000	£'000	£'000
Contact Centre	Productivity and multi-skilling	-23	-47	-47
Cross-Cutting	Customer Access Strategy	-539	-760	-848
Cross-Cutting	Core Teams	-19	-38	-38
Customer Services	Review of Revenues service	-36	-72	-72
Lettings	Efficiencies and income generation	-6	-12	-12
Libraries, Adult Education and Archives	Review long-term strategy for libraries	-200	-200	-200
Registration Services	Agency and other cost reductions, increased income.	-14	-28	-28
Existing Efficiencies Total		-837	-1,157	-1,245
New Efficiencies		2008/09	2009/10	2010/11
		£'000	£'000	£'000
Events	New Income	-200	-200	-200
Freedom Pass	Reduction in Hammersmith and Fulham contribution	-177	-177	-177
New Efficiencies Total		-377	-377	-377
Total Efficiencies		-1,214	-1,534	-1,622

EFFICIENCIES

Appendix D

Corporate				
Existing Efficiencies		2008/09	2009/10	2010/11
Title	Description	£'000	£'000	£'000
Capital Debt Reduction	Debt Reduction Strategy	-1,070	-1,820	-2,420
Cross-Cutting	Further productivity and other efficiencies from outsourcing and new ways of working	0	-5,400	-11,986
E-Procurement	On-going savings	-500	-500	-500
Fees and Charges	New income opportunities	-258	-258	-258
Finance	Staff efficiencies from new General Ledger system	-200	-200	-200
Human Resources	Productivity improvements	-559	-559	-559
Existing Efficiencies Total		-2,587	-8,737	-15,923

Hammersmith and Fulham - Summary		2008/09	2009/10	2010/11
		£'000	£'000	£'000
Existing Efficiencies		-9,170	-17,501	-25,159
New Efficiencies		-6,026	-8,679	-11,176
Grand Total		-15,196	-26,180	-36,335

REVENUE BUDGET AND COUNCIL TAX LEVELS 2008/09

COMMENTS OF THE SCRUTINY COMMITTEES

A. VALUE FOR MONEY SCRUTINY COMMITTEE COMMENTS

Reference to Cabinet 4 February 2008

The Value For Money Scrutiny Committee considered the Executive's proposals for the Revenue Budget and Council Tax 2008-09 at its meeting held on 29th January 2008.

The Committee discussed a range of issues including the efficiency savings, changes in band d council tax and the planned changes in the methodology for charging for the freedom pass.

In addition, the Committee considered detailed information in relation to the proposed budgets for the Assistant Chief Executive's Department, Finance and Resident Services.

The Committee voted on the recommendation to endorse the Revenue Budget and Council Tax Strategy 2008/09 and the results were as follows:

FOR: 5
AGAINST: 0
ABSTAIN: 3

RECOMMENDATION -

That the Committee endorses the Revenue Budget and Council Tax Strategy 2008/09.

B. EDUCATION AND CHILDREN'S SERVICES SCRUTINY COMMITTEE

Reference to Cabinet 4 February 2008

The Education and Children's Services Scrutiny Committee considered a report on the Revenue Budget and Council Tax for 2008/09 at its meeting held on 15 January 2008.

The Committee discussed a range of issues including Looked after Children, external funding, asylum seekers, the play service, discretionary grants, efficiencies, public conveniences, inflation and other adjustments, cleaning and catering, maintenance and provision, redundancies, greater revenue from asset sales in general with 280 Goldhawk Road as an example, education psychologists and training.

It was agreed that further discussions would be held with the Schools Forum to see if priority from the schools' grants for uniforms could be sought.

The Committee voted on the recommendation to endorse the budget proposals and the results were as follows:

FOR: 5
AGAINST: 4

RECOMMENDATION -

The Committee endorses the Revenue Budget and Council Tax Strategy 2008/09.

C. HEALTH AND ADULT SOCIAL CARE SCRUTINY COMMITTEE

Reference to Cabinet 4 February 2008

The Health and Adult Social Care Scrutiny Committee considered a report on the Revenue Budget and Council Tax for 2008/09 at its meeting on 22nd January 2008.

The Committee considered a number of issues within the scope of budget implications for Adult Social Care services. Whilst members acknowledged that the charges for Meals on Wheels still compared favourably with those levied by other councils across London, some members expressed concern at the impact of the increase, and a further report was requested.

The Committee voted on the recommendation to endorse the Revenue Budget and Council Tax Strategy 2008/09 and the results were as follows:

FOR: 4 (inclusive of the Chairman's casting vote)
AGAINST: 3

RECOMMENDATION -

That the Committee endorses the Revenue Budget and Council Tax Strategy 2008/09.

D. CLEANER AND GREENER SCRUTINY COMMITTEE

Reference to Cabinet 4 February 2008

The Cleaner and Greener Scrutiny Committee considered the Cabinet's proposals for the Revenue Budget and Council Tax 2008 – 09 at its meeting held on 14 January 2008.

The Committee also considered detailed information in relation to the proposed budget for the Environment Services Department.

The Committee discussed a range of issues including the growth of the waste management budget and what it comprised, staffing levels in the Urban Design and Conservation Team, and the operation of the pre-application advice service in Development Services.

RECOMMENDATION :

That the Committee endorses the Revenue Budget and Council Tax proposals for 2008/09.

E. HOUSING SCRUTINY COMMITTEE

Reference to Cabinet 4 February 2008

The Housing Scrutiny Committee considered the proposals for the Revenue Budget and Council Tax 2007-08 at its meeting held on 16 January 2008.

The Committee discussed a range of issues including: the switch from a range of specific grants to an area based grant; Home Buy transactions; and staff changes within the Housing and Community Support Department and its potential impact on tenants.

RECOMMENDATION –

That the Committee endorse the Revenue Budget and Council Tax proposals for 2008/09.

F. LOCAL NEIGHBOURHOODS SCRUTINY COMMITTEE COMMENTS

The Local Neighbourhoods Scrutiny Committee considered a report on the Revenue Budget and Council Tax for 2008/09 at its meeting on 9th January 2008.

The Committee welcomed the continuing investment in Safer Communities, in particular the funding for a further two years of the 24/7 policing programme. It also welcomed the investment in upgrading communications between emergency services and front line enforcement teams to the Airwave Radio system used by the Metropolitan Police. The Committee noted the considerable efficiency savings that had been made and which contributed towards the reduction of Council Tax for the second year running.

RECOMMENDATION -

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

RISKS

Children's Services		2008/09	2009/10	2010/11
Title	Description	£'000	£'000	£'000
Asylum	Increase in numbers of 18+ UASC eligible for Leaving Care Support (subject to grant negotiations)	600	600	600
Asylum	Action on lobbying Home Office on UASL costs currently being taken, may not be as successful as expected.	400	400	400
Asylum	Risk of increase in Asylum numbers	150	150	150
Total		1,150	1,150	1,150

Community Services		2008/09	2009/10	2010/11
Title	Description	£'000	£'000	£'000
Cross Cutting	White City Collaborative Care Centre	150	150	150
Cross Cutting	Increasing numbers of people with no recourse to public funds.	150	150	150
Housing	Prevention Initiatives: Possible withdrawal of funding on preventative areas of funding	250	250	250
All ASC Client Groups	Changes to continuing care criteria reduces the number of people funded by Health and increases those that social care are responsible for.	1,271	1,323	1,375
ASC	Income target for contributions policy introduced in 2007/08, but as yet no agreed scheme to deliver this	250	250	250
Safer Communities	Contracts being reviewed for keyholding service with £54,000 income from HFMS. There is a risk that this client could possibly retract from this contract.	54	54	54
Total		2,125	2,177	2,229

Environment Services		2008/09	2009/10	2010/11
Title	Description	£'000	£'000	£'000
Contaminated Land	Unable to contain expenditure within budget	40	40	40
Land Charges	Land charges income only to cover expenditure	800	800	800
Highways	Delays in Traffic Management Regulations	230	230	230
Parking	Parking Income loss (or increase)	2,500	2,500	2,500
Parking	Differential Charging for PCNs	700	700	700
Planning	Planning Delivery Grant reduction	400	400	400

RISKS

Transport for London	Road condition - reduction in TfL funding for Principal Road Maintenance. Average allocation each year £900K.	200	200	200
Building Technical Services	Increased duties arising from new CDM regulations, more complex procurement, risk management, project management tool kit	100	100	100
Total		4,970	4,970	4,970

Resident Services		2008/09	2009/10	2010/11
Title	Description	£'000	£'000	£'000
Freedom Pass	Amendment to Cost Apportionment by London Councils	0	1,400	1,400
Total		0	1,400	1,400
Assistant Chief Executive		2008/09	2009/10	2010/11
Title	Description	£'000	£'000	£'000
Electoral Services	Reduction in cost of May 2010 election	0	0	50
Total		0	0	50

Corporate		2008/09	2009/10	2010/11
Title	Description	£'000	£'000	£'000
Employees	Pay Award at 3% rather than 2.5%	1,500	2,250	3,000
IT	Potential increase in re-licensing costs if Microsoft change the way they charge for new upgrades	500	500	500
Total		2,000	2,750	3,500

Hammersmith and Fulham - Summary		2008/09	2009/10	2010/11
Title	Description	£'000	£'000	£'000
Grand Total		10,245	12,447	13,299

**OUT OF SCHOOL CHILDCARE FOR 4-12 YEAR OLDS
FEES AND CHARGES**

	Current hourly fees 2007/08	Proposed hourly fees from April 2008	Proposed hourly fees from September 2008
After School Care for working parents	£2.80	£2.95	£2.95
After School Care for those on concessionary rate	£0.68p	£1.50	£2.00
Holiday Care for working parents	£2.20	£2.30	£2.40
Holiday Care for those on concessionary rate	£0.62p	£1.50	£2.00
Vulnerable Children	No offer	44 free places per day	44 free places per day

Notes:

- The local authority has a statutory duty under the Childcare Act to secure sufficient childcare for working parents.
- The extended services initiative now provides an alternative range of school based activities for children as well as family learning opportunities. Charges are made to ensure sustainability of after school activities.
- Over 40% of current users are non-working parents. Reducing the number of day's concessionary childcare, from 5 days per week to 2 days maximum, will free up places for working parents – of whom there are currently 62 on our waiting lists. However, the most vulnerable children's needs will be met via the newly introduced free places.

Building Control - 2.5%SCHEDULE 2 CHARGE TABLES
2008/09

Type of Work	Plan Charge			Inspection Charge			Building Notice		
	Charge £ (2)	VAT £ (3)	TOTAL £ (4)	Charge £ (5)	VAT £ (6)	TOTAL £ (7)	Charge £ (8)	VAT £ (9)	TOTAL £ (10)
1.Erection of a detached building which consists of a garage or carport or both having a floor area not exceeding 40m ² , in total intended to be used in common with an existing building and which is not an exempt building	40.00	7.00	47.00	117.00	20.48	137.48	157.00	27.48	184.48
2.Any extension or loft conversion to a dwelling the total floor area of which does not exceed 10m ² , including means of access and work in connection with that extension	314.00	54.95	368.95	No inspection charge (included in plan charge)			314.00	54.95	368.95
3.Any extension or loft conversion to a dwelling the total floor area of which exceeds 10m ² but does not exceed 40m ² , including means of access and work in connection with that extension	117.00	20.48	137.48	352.00	61.60	413.60	469.00	82.08	551.08
4.Any extension or loft conversion to a dwelling the total floor area of which exceeds 40m ² but does not exceed 60m ² , including means of access and in connection with that extension	156.00	27.30	183.30	469.00	82.08	551.08	625.00	109.38	734.38

SCHEDULE 2 CHARGE TABLES
2007/08

Type of Work	Plan Charge			Inspection Charge			Building Notice		
	Charge £ (2)	VAT £ (3)	TOTAL £ (4)	Charge £ (5)	VAT £ (6)	TOTAL £ (7)	Charge £ (8)	VAT £ (9)	TOTAL £ (10)
1.Erection of a detached building which consists of a garage or carport or both having a floor area not exceeding 40m2, in total intended to be used in common with an existing building and which is not an exempt building	39.00	6.83	45.83	114.00	19.95	133.95	153.00	26.78	179.78
2.Any extension or loft conversion to a dwelling the total floor area of which does not exceed 10m2, including means of access and work in connection with that extension	306.00	53.55	359.55	No inspection charge (included in plan charge)			306.00	53.55	359.55
3.Any extension or loft conversion to a dwelling the total floor area of which exceeds 10m2 but does not exceed 40m2, including means of access and work in connection with that extension	114.00	19.95	133.95	343.00	60.03	403.03	457.00	79.98	536.98
4.Any extension or loft conversion to a dwelling the total floor area of which exceeds 40m2 but does not exceed 60m2, including means of access and in connection with that extension	152.00	26.60	178.60	458.00	80.15	538.15	610.00	106.75	716.75

Building Control - 2.5%

SCHEDULE 3 CHARGE TABLES
2008/09

Estimated Cost of Works		
0	-	2000
2001	-	5000

Plan Charge		
Charge £ (2)	VAT £ (3)	Total £ (4)
156.37	27.37	183.74
260.62	45.61	306.22

Inspection Charge		
Charge £ (5)	VAT £ (6)	Total £ (7)
No inspection charge (included in plan charge)		

Total Fee or Building Notice Fee		
Charge £ (8)	VAT £ (9)	Total £ (10)
156.37	27.37	183.74
260.62	45.61	306.22

5001	-	6000
6001	-	7000
7001	-	8000
8001	-	9000
9001	-	10000
10001	-	11000
11001	-	12000
12001	-	13000
13001	-	14000
14001	-	15000
15001	-	16000
16001	-	17000
17001	-	18000
18001	-	19000
19001	-	20000

68.71	12.02	80.73
72.25	12.64	84.90
75.81	13.27	89.08
79.36	13.89	93.24
82.91	14.51	97.42
86.46	15.13	101.59
90.02	15.75	105.77
93.56	16.37	109.94
97.12	17.00	114.12
100.67	17.62	118.28
104.21	18.24	122.45
107.77	18.86	126.63
111.32	19.48	130.80
114.87	20.10	134.97
118.42	20.72	139.14

206.12	36.07	242.19
216.77	37.93	254.70
227.43	39.80	267.23
238.08	41.66	279.74
248.73	43.53	292.25
259.39	45.39	304.78
270.04	47.26	317.29
280.69	49.12	329.81
291.35	50.99	342.33
302.00	52.85	354.85
312.65	54.71	367.36
323.30	56.58	379.87
333.96	58.44	392.40
344.61	60.31	404.91
355.25	62.17	417.42

274.82	48.09	322.92
289.03	50.58	339.61
303.24	53.07	356.30
317.43	55.55	372.98
331.64	58.04	389.68
345.85	60.52	406.37
360.05	63.01	423.06
374.25	65.49	439.74
388.45	67.98	456.43
402.66	70.47	473.13
416.87	72.95	489.82
431.06	75.44	506.50
445.27	77.92	523.19
459.48	80.41	539.89
473.67	82.89	556.57

20001	-	100000
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1/4 of total fee		
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3/4 of total fee		
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£473.67 plus £12.33 for every £1000 (or part thereof) by which the costs exceeds £20,000 plus VAT		
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100001 - 1000000	1/4 of total fee	3/4 of total fee	£1,460.23 plus £5.40 for every £1,000 (or part thereof) by which the cost exceeds £100,000 plus VAT
1000001 - 10000000	1/4 of total fee	3/4 of total fee	£6,323.02 plus £4.07 for every £1000 (or part thereof) by which the cost exceeds £1,000,000 plus VAT
10000001 - >			£42,937.05 plus £2.92 for every £1000 (or part thereof) by which the cost exceeds £10,000,000 plus VAT

SCHEDULE 3 CHARGE TABLES
2007/08

Estimated Cost of Works	Plan Charge			Inspection Charge			Total Fee or Building Notice Fee		
	Charge £ (2)	VAT £ (3)	Total £ (4)	Charge £ (5)	VAT £ (6)	Total £ (7)	Charge £ (8)	VAT £ (9)	Total £ (10)
0 - 2000	152.56	26.70	179.26	No inspection charge (included in plan charge)			152.56	26.70	179.26
2001 - 5000	254.26	44.50	298.76				254.26	44.50	298.76
5001 - 6000	67.03	11.73	78.76	201.09	35.19	236.28	268.12	46.92	315.04
6001 - 7000	70.49	12.34	82.83	211.48	37.01	248.49	281.98	49.35	331.33
7001 - 8000	73.96	12.94	86.90	221.88	38.83	260.71	295.84	51.77	347.61
8001 - 9000	77.42	13.55	90.97	232.27	40.65	272.92	309.69	54.20	363.89
9001 - 10000	80.89	14.16	95.05	242.66	42.47	285.13	323.55	56.62	380.17
10001 - 11000	84.35	14.76	99.11	253.06	44.29	297.35	337.41	59.05	396.46
11001 - 12000	87.82	15.37	103.19	263.45	46.10	309.55	351.27	61.47	412.74

Fees and Charges - Increases other than 5%

APPENDIX G

12001	-	13000	91.28	15.97	107.25	273.84	47.92	321.76	365.12	63.90	429.02
13001	-	14000	94.75	16.58	111.33	284.24	49.74	333.98	378.98	66.32	445.30
14001	-	15000	98.21	17.19	115.40	294.63	51.56	346.19	392.84	68.75	461.59
15001	-	16000	101.67	17.79	119.46	305.02	53.38	358.40	406.70	71.17	477.87
16001	-	17000	105.14	18.40	123.54	315.41	55.20	370.61	420.55	73.60	494.15
17001	-	18000	108.60	19.01	127.61	325.81	57.02	382.83	434.41	76.02	510.43
18001	-	19000	112.07	19.61	131.68	336.20	58.84	395.04	448.27	78.45	526.72
19001	-	20000	115.53	20.22	135.75	346.59	60.65	407.24	462.12	80.87	542.99
20001	-	100000	1/4 of total fee			3/4 of total fee			£462.12 plus £12.03 for every £1000 (or part thereof) by which the costs exceeds £20,000 plus VAT		
100001	-	1000000	1/4 of total fee			3/4 of total fee			£1,424.61 plus £5.27 for every £1,000 (or part thereof) by which the cost exceeds £100,000 plus VAT		
1000001	-	10000000	1/4 of total fee			3/4 of total fee			£6,168.80 plus £3.97 for every £1000 (or part thereof) by which the cost exceeds £1,000,000 plus VAT		
10000001	-	>							£41,889.80 plus £2.85 for every £1000 (or part thereof) by which the cost exceeds £10,000,000 plus VAT		

Fees and Charges - Increase other than 5%

Description of Service	Current Fee (£)	Proposed Fee (£)	Proposed % Increase in 2008/09	Comment
1. Careline Alarm Gold Service (Pendant) - Emergency Response & Monitoring Service				
(G) Provided to SP Funded Council Tenants	3.18 per week	3.18 per week	0	Uncertainty around Supporting People Funding means that pricing structure for Community Alarms cannot be determined
2. Careline Alarm Silver Service (Pendant) - Monitoring Service only				
(D) Provided to SP Funded Council tenants	1.92 per week	1.92 per week	0	Uncertainty around Supporting People Funding means that pricing structure for Community Alarms cannot be determined
3. Careline Alarm Gold Service (Pull cord) - Emergency Response & Monitoring Service				
(A) Provided to Registered Social Landlord Sheltered Accommodations (RSL Financed)	1.40 per week	1.40 per week	0	Uncertainty around Supporting People Funding means that pricing structure for Community Alarms cannot be determined
Meals Service	2.85 per meal	3.30 per meal	16%	Officers recommend a 45 pence increase per meal for 2008/09 which at current supply levels and at current budget income targets will enable targets to be met, this will place LBHF meals on wheels charges 8th in table for LB's as known at July 2007

Fees and Charges - Increase other than 5%

	Current Fee (£)	Proposed Fee (£)	Proposed % Increase in 2008/09	Comment
Removals				
Standard removals within the borough Monday - Friday 0800hrs-1730hrs	187.74	234.68	25%	Officers are recommending a review of the schedule of rates to bring this in line with the required income to cover the cost of service.
Standard removals within the borough Saturdays 0800hrs-1430hrs	293.36	366.70	25%	
Out of the Borough Removals:		0.00	25%	
Up to 16 Kilometres	281.62	352.03	25%	
17 to 32 Kilometres	312.91	391.14	25%	
33 to 64 Kilometres	344.20	430.25	25%	
65 to 96 Kilometres	375.47	469.34	25%	
97 to 128 Kilometres	406.76	508.45	25%	
129 to 160 Kilometres	438.07	547.59	25%	
161 to 192 Kilometres	469.81	587.27	25%	
Jobs requiring travel in excess of 192 kilometres will be charged separately at time of booking				
ADDITIONAL STAFFING				
Monday - Friday - per man hour	13.44	16.80	25%	Officers are recommending a review of the schedule of rates to bring this in line with the required income to cover the cost of service.
Saturday - per man hour	20.07	25.08	25%	
Out of hours - per man hour	20.07	25.08	25%	
Saturday after 1430hrs	26.74	33.43	25%	
Waiting time per hour	34.41	43.01	25%	
Late notice of cancellation (within 24hrs)	34.41	43.01	25%	
Cancellation on site	187.74	234.68	25%	
Cancellation from store	53.59	66.99	25%	
Packing service - per man hour	12.17	15.21	25%	
Packing cases - each - £1.05	3.35	4.19	25%	
Client access to store per hour	49.88	62.34	25%	
ALL OTHER REMOVALS				
Monday-Friday 0800hrs-1500hrs Van x 2 staff	38.52	48.16	25%	Officers are recommending a review of the schedule of rates to bring this in line with the required income to cover the cost of service.
Extra staff - per man hour	19.26	24.07	25%	
Saturdays - per man hour	28.85	36.07	25%	
Sundays - per man hour	38.52	48.16	25%	

H & C Support

Description of Service	Current Fee (£)	Proposed Fee (£)	Proposed % Increase 2008/09	Comment
Private Sector Leasing Rent	337.54	303.8	-10%	Deduction due to DWP reduced thresholds.
Houses of Multiple Occupation				
Env Hsg - HMO Registration Fee (Standard 5 year licence)	820.10	844.70	3%	The authority has a legal obligation to just reclaim the costs incurred and therefore a 3% increase is being applied to these fees. The West London Sub-Regional Housing Partnership will be informed of these increases.
Env Hsg - HMO Registration Fee (Standard 5 year licence with discount)	745.10	767.45	3%	
Env Hsg - HMO Fit & Proper Person Check (Standard 5 year licence)	710.92	732.25	3%	
Env Hsg - Fit & Proper Person Check (Standard 5 year licence with discount)	635.92	655.00	3%	
Env Hsg - HMO Registration Fee (Reduced 2 year licence)	748.89	771.36	3%	
Env Hsg - HMO Fit & Proper Person Check (Reduced 2 year licence)	637.71	656.84	3%	
In-House Improvement Agency				
In-House Improvement Agency - Charges for services	charges are based on 15% of cost of works			

In-House Improvement Agency - Other Charges	charges are based on 15% of cost of works				
B & B Rent Single/Family	212.31	191.10	-10%	Deduction due to DWP reduced thresholds.	
B & B Amenity Charge. This charge relates to amenities such as breakfast, heating, water and room services which is levy to B& B residents on a weekly basis.					
" Adult	9.20	9.20	0		
" Adult + Child	9.70	9.70	0		
" 2 Adults	11.75	11.75	0		
" 2 Adults + Child	12.25	12.25	0		
" 3 Adults + Child	14.80	14.80	0		
" 4 Adults + Child	17.35	17.35	0		

Safer Communities Division

Description of Service	Current Fee (£)	Proposed Fee (£)	Proposed % Increase in 2008/09	Comment
Fixed Penalty Notices				
Fixed Penalty Notices - Street Wardens	75 per fine	75 per fine	0	No increase proposed as charges set by legislation
Fixed Penalty Notices - Parks	75 per fine	75 per fine	0	No increase proposed as charges set by legislation

Pest Control

2008/09

Non residents charges:
£80.00 for up to 30 minutes + £40 per every 30 minutes hereafter.
(Price on application for larger jobs and regular contracts)

2007/08

Non residents charges:
£80.00 for up to 30 minutes + £20 per every 15 minutes hereafter.

27 FEBRUARY 2008

LEADER

Councillor Stephen Greenhalgh

CAPITAL PROGRAMME 2008/09 TO 2012/13.

Wards
All

Summary:

**DEPUTY LEADER
CABINET MEMBER
FOR HOUSING**

Councillor Nicholas Botterill

This report sets out the current commitments in the capital programme and recommends, after consideration of an updated resource forecast, the setting aside of resources for new investment and the Council's debt reduction strategy.

CONTRIBUTORS

All Departments

Recommendation(s):

**HAS A PEIA BEEN
COMPLETED?
YES**

- 1 To note that the General Fund Capital Programme for 2008/9 is £27.115m. (Appendix 1).
- 2 To note the level of capital receipts needed to support the capital strategy (detailed in Table 1).
- 3 To agree that capital contingency of £2m be retained to meet unforeseen and unavoidable expenditure (Para 2.6 refers).
- 4 To approve the following initiatives within the Capital Programme:
 - The continuation at current funding levels of the uncommitted mainstream capital schemes for Expansion of Wendell Park School (£1.1m), The modernisation of secondary schools (£1.074m), White City Community Centre and Nubian Life (£0.733m) and Park Improvements (£1.5m).(Para 3.3 refers)
 - The continuation, at current funding levels, of the rolling programmes for Corporate Planned Maintenance, repairs to Carriageways and Footways, private sector housing grant and Disabled Access Works.(Para 3.4 refers)
- 5 To approve that £10.059m be set aside for debt reduction in 2008/09.
- 6 To approve the position where the Council does not increase its borrowing by the amount the government assumes in its Formula grant calculation.
- 7 To approve that the capital bids evaluation process will not be undertaken for 2008/09.
- 8 To approve that the following provision be set

aside for new investment:

- £0.5m for repairs to the Thames River wall.
 - £2m as a match funding contribution to a lottery bid for the restoration of Bishops Park and Fulham Palace.
-
- The progression of both these schemes will be subject to final cost confirmation and separate Member approval.
- 9 To note the level of resource forecast as detailed in Table 3 and indicative expenditure for the Housing regeneration programme.
 - 10 To approve the annual drawdown of £1m from Parking Reserve.
 - 11 To note the updated HRA resource forecast as detailed in Table 5 and indicative capital programme as detailed in Appendix 2 to the report.
 - 12 To note, given the forecast level of overprogramming, that a further report will be presented to Members regarding the HRA capital programme following the finalisation of the 2007/08 outturn.
 - 13 To approve the prudential indicators as detailed in Appendix 3 to the report.
 14. To approve the following Annual Minimum Revenue Provision Statement from 2007/08 onwards;
 - For debt which is supported by Revenue Support Grant this authority will calculate the Minimum Revenue Provision in accordance with current regulations (namely 4% of the Capital Financing Requirement net of Adjustment A)
 - For debt which has arisen through prudential borrowing it shall be written down in equal instalments over the estimated asset life. The debt write-off will commence the year after an asset comes into use.

1. Introduction

1.1 This report sets out an updated resource forecast and a Capital Programme for 2008/09 to 2012/13. A surplus of resources is identified to support the Council's capital and debt reduction strategy. A decision is required on how the forecast surplus should be utilised.

1.2 The Council is currently embarking on a number of major projects such as Building Schools for the Future, King Street Regeneration and a range of Housing regeneration schemes. A brief update on these projects is set out in this report and appropriate allowance made within the overall capital programme.

2 General Fund Schemes

2.1 The current general fund resource forecast is shown in Table 1. In accordance with the Council's debt reduction strategy no provision is made for new borrowing to support mainstream general fund capital expenditure. The core mainstream capital programme for 2008/09 will continue to be funded from capital receipts. New borrowing will only be undertaken in exceptional circumstances, such as an unforeseen shortfall in capital receipts, or to support specific prudential schemes for which Member approval has been granted.

Table 1 General Fund Resource Forecast.

	2008/9	2009/10	2010/11	2011/12	2012/13
	£'000s	£'000s	£'000s	£'000s	£'000s
Resources brought forward from 2007/08	1,887	0	0	0	0
Right to Buy Receipts	1,500	1,500	1,500	1,500	1,500
General Capital Receipts	17,023	6,604	2,892	5,811	5,811
Capital Reserve	2,769				
Scheme Specific Resources	14,366	12,268	4,955	1,313	1,313
Total Forecast Resources	37,545	20,372	9,347	8,624	8,624

2.2 **Resources Brought Forward from 2007/08.** In accordance with the Council's Debt Reduction strategy the Council approved that £7.441m of resources is used to redeem debt in 2007/08. The forecast resources brought forward from 2007/08 are net of such budgeted debt redemption.

2.3 **Right to Buy Receipts.** The projected useable receipt is £1.5m per annum. This assumes, in line with current trends, 40 sales per annum. The Council is a Social Home buy (shared ownership of Council dwellings) pilot authority and an initial target of 20 sales was set for 2007/08. The uptake has been slow and further initiatives are being developed to encourage home and shared ownership. No income from such schemes is assumed within the resource forecast.

2.4 **General Capital Receipts.** 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. The Council is continuously reviewing its asset

holdings and further receipts will be added to the disposals programme as appropriate. Provision of £3m in 2010/11 and £6m per annum, from 2011/12 onwards, is made within the resource forecast for such new, as yet unidentified, receipts. This position will need to be kept under close review.

2.5 Specific Funding Allocations. 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. The scheme specific resources include a £1m annual drawdown from the parking reserve for Highways related schemes. The availability of this funding will be subject to review as part of the regular monitoring of the parking reserve through the Corporate Revenue Monitor.

2.6 Capital Contingency. 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 £2.7m in 2008/09. It is recommended that £2m continue to be held as a contingency with £0.7m released back to support the capital and debt reduction strategy. Any use of the contingency will be subject to Member approval and reported through the monthly capital monitoring reports.

3 The Core General Fund Capital Programme

3.1 The proposed General Fund Capital Programme is set out in Appendix 1 and is summarised in Table 2.

Table 2 – 2008/09 to 2012/13 Core Capital Programme

	2008/09	2009/10	2010/11	2011/12	2012/13
	£'000	£'000	£'000	£'000	£'000
Completion of Existing Schemes (mainstream)	4,299	0	0	0	0
Continuation of Rolling Programmes	6,450	6,450	6,450	6,450	6,450
Contingency	2,000				
Scheme Specific Schemes	14,366	12,268	4,955	1,313	1,313
Total	27,115	18,718	11,405	7,763	7,763

3.2 **Completion of Existing Schemes.** 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 2007/08 to 2008/09.

3.3 The existing capital programme includes a number of schemes that are currently uncommitted. These are:-

- Expansion of Wendell Park School. 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.

- Modernisation of Secondary Schools. The 2006/07 capital programme included provision of £1.239m for Education Modernisation schemes of which £1.074m was slipped to 2007/08. This provision has now been carried forward into 2008/09. This funding was originally provided 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.
- White City Community Centre and Nubian Life: Building a New Day Centre with Community Space. Council on the 23rd February 2005 gave approval of £0.775m as part contribution for the building of a new day centre with community space. To date only £0.042m has been incurred leaving an uncommitted resources of £0.733m (£0.233m in 2007/08 and £0.500m in 2008/09).
- Improvement to Parks. Budget provision of £1.5m was approved in 2007/08 to undertake a range of park improvements. A programme of works has yet to be agreed and this provision has been slipped into 2008/09.

It is recommended that these schemes continue to be included in the capital programme.

3.4 **Rolling Programmes.** The capital programme provides for the continuation, at current funding levels, of the annual programmes for Corporate Planned Maintenance (£2.5m) to address and reduce the backlog in maintenance as recognised in the Council's Asset Management Plan, repairs to Carriageways and Footways (£2.1m), Disabled Access works (£0.25m) and housing private sector grants (£1.6m).

4 Debt Reduction Strategy

4.1 The Council is committed to reducing the current level of capital debt. A debt reduction strategy was approved by Budget Council in February 2007 which required £24.703m of capital receipts to be set aside for debt redemption by 2011/12. It was anticipated that the debt reduction target would deliver annual revenue savings, through lower capital financing charges, of £0.480m in 2007/08 and £2.300m by 2009/10.

4.2 The forecast capital receipts included £7.2m for the sale of shops and the Townmead and Sullivan Business Centres. These assets generate an income stream that would be foregone by sale. The debt reduction strategy 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). Subsequent option appraisal concluded that sale was not financially beneficial (except for a property at 32 Fulham Palace Road) in current market conditions. This position will be kept under review.

4.3 After excluding such disposals the adjusted set aside target for debt reduction is £17.5m. The approved target for debt reduction in 2007/08 is £7.441m, leaving a balance of £10.059m to be achieved. It is proposed that this be fully delivered in 2008/09. This will ensure that the revenue savings target identified within the Council's Medium Term Financial strategy for debt reduction is met.

5 Housing Regeneration Programme

5.1 Options were developed and approved by Cabinet in 2007/08 for the delivery of housing capital receipts to support the Council's objectives regarding Housing regeneration and creating sustainable communities. These include the disposal of properties surplus to requirement and the reconfiguration of Council-owned hostel stock. The current forecast is summarised in table 3.

Table 3 Housing Regeneration Resource/Expenditure Forecast.

	2008/9	2009/10	2010/11	2011/12	2012/13
	£'000s	£'000s	£'000s	£'000s	£'000s
Resources brought forward from 2007/08	8,483	0	0	0	0
Capital Receipts	5,727	0	0	0	0
Total Forecast Resources	14,210	0	0	0	0
Forecast expenditure	(83)	0	0	0	0
Forecast Surplus/(Deficit) Resources	14,127	0	0	0	0

5.2 Other Housing regeneration proposals are expected to be brought forward for consideration in the forthcoming months. In most instances the Council will need to incur some capital expenditure before sites can be brought forward for regeneration. At this stage, until more detailed information is available on prospective expenditure and income, it is proposed that the receipts be set aside for use on future Housing regeneration projects. It should also be noted that the forecast level and timing of receipts are dependant on the wider market and planning considerations. This position will be kept under review.

5.3 The Council's plans for Housing regeneration will not just have a capital impact. Revenue costs are likely to arise regarding management and delivery arrangements and for non-capital items such as feasibility studies. This issue will need to be addressed within the Council's revenue budget planning.

6. Other Matters

6.1 The Council is currently embarking on a number of major projects that are likely to impact on the capital programme over the next 5 years. An update is provided in this section on current progress. As these projects are progressed appropriate amendments will be made to Capital Estimates.

6.2 **Building Schools for the Future (BSF).** BSF is a government funded programme that is intended to deliver significant improvements to the learning

environments of secondary age students. Based on pupil numbers it has been estimated that the Council may eventually attract capital funding, either as capital grant or through revenue support for Private Finance Initiative (PFI) expenditure, of £116m. The Council is currently developing an Outline Business Case which it has to submit to the DCSF by May 2009.

- 6.3 The ultimate funding mix and amounts receivable will be dependent upon the final pupil mix and the individual school proposals contained within the Outline Business Case. At present no resources are assumed within the resource forecast.
- 6.4 In order to progress BSF, up front investment is required to work up the programme delivery. Estimated revenue costs of £0.279m are likely to arise in 2007/08 and this will be met from Corporate Contingency. Further start up costs, up to £3.8m, are likely to be incurred over the next 4 financial years. It is anticipated that these can be met from within existing revenue resources within Children's Services.
- 6.5 **Primary and Special Schools Strategy.** The strategy sets out a vision for the next five years. As part of the strategy Cabinet agreed (7 January 2008) that Peterborough Primary School be closed with effect from 31 August 2008 and that Gibbs Green School be closed with effect from 31 August 2009 and be replaced with a "Centre" at Langford Primary School with effect from 1 September 2009.
- 6.6 Peterborough Primary School could realise an estimated receipt of £11m, but £8m would be required for re-provision at Queensmill ASD Special School on the Gibbs Green site. Alternatively, the redevelopment of Queensmill ASD Special School could be put on hold and funded through the BSF money. Other alternatives are also being considered for the use of Peterborough Primary School. Given such uncertainties, it would not be prudent to count on any capital receipts, at this point, from the sale of the sites as most of the potential receipts are likely to be re-invested in educational provision.
- 6.7 **King Street Regeneration.** The Council is currently taking forward proposals for a major change to the existing Civic Accommodation provision in Hammersmith. A developer has been chosen to develop a scheme. It is expected that the strategy can be delivered at net nil cost to the Council but this position will need to be kept under review. Amendments will be made to the capital expenditure and resource forecast as appropriate and in line with Members approval.
- 6.8 **White City Collaborative Care Centre (LIFT CO)** – Work is expected to start on site during 2008 on the White City Collaborative Care Centre. The centre will be both a flagship joint health and social care service centre operated in conjunction with H&F PCT, and a major housing development delivering on the Council's priority to increase home ownership in the borough. It is also expected to play a significant role in regenerating the physical environment in the north of the borough.

6.9 The project will be delivered via a Lift Co arrangement, a health finance vehicle with similarities to a PFI deal, where the Council will take a lease-plus interest in the building for a period of 25 years. The cost of the lease plus agreement will be met by freeing up various satellite premises as teams move into the new centre. The Collaborative Care Centre is based on the old Janet Adegoke Leisure Centre site, incorporating the Children's Services site at Sawley Road.

7 New Investment

7.1 A capital investment evaluation process is set out in the Council's capital strategy. It requires Directors to consult on scheme proposals with their respective Cabinet Members and submit schemes for evaluation using the current forms.

7.2 A summary of the core capital programme and mainstream resource forecast is set out in Table 3. In view of the debt reduction strategy, the forecast level of uncommitted resources for the year 2008/09 is limited. The capital evaluation process has therefore not been called for.

Table 4 Balance of Uncommitted Resources Available after Debt Redemption Target

	2008/9	2009/10	2010/11	2011/12	2012/13
	£'000s	£'000s	£'000s	£'000s	£'000s
Forecast Resources (Table 1)	37,545	20,372	9,347	8,624	8,624
Capital Programme (Table 2)	(27,115)	(18,718)	(11,405)	(7,763)	(7,763)
In-Year Surplus/(Deficit)	10,430	1,654	(2,058)	861	861
Budgeted Sum for Debt Reduction	(10,059)	0	0	0	0
Uncommitted In-Year Surplus/(Deficit)	371	1,654	(2,058)	861	861
Cumulative Balance Surplus/(Deficit)	371	2,025	(33)	828	1,689

7.3 After allowing for the debt reduction target of £10.059m the balance of uncommitted resources, for 2008/09, is £0.371m. Over the longer term uncommitted resources of £1.689m are forecast to be available by 2012/13. It should, however, be noted that this forecast is based on the delivery of, as yet unidentified, receipts of £3m in 2010/11 and £6m per annum from 2011/12 to 2012/13. Caution should therefore be exercised before consideration is given to new capital commitments.

7.4 The Director of Environment Services has indicated that the Council could be responsible for undertaking repairs to at least two river walls along the River Thames. An initial assessment is planned to identify and estimate the scope, and costs of the necessary works. This scheme is not currently allowed for within the core capital programme for 2008/09. A further report will be provided to Members once the figures have been firmed up but the cost is likely to be significant (in excess of £0.5m and potentially much higher).

7.5 Plans for the restoration of Bishops Park and Fulham Palace were showcased at a public meeting on 17 November 2007, to demonstrate community support for the project, in order to secure the substantial investment required from the Heritage Lottery Fund. It is still unclear how much contribution the Council would need to make to this project but preliminary work had suggested that it could range from £2m to £3m.

7.6 It is proposed to set aside £0.500m for the riverbank and £2m for Bishops Park/Fulham Palace within the capital programme. At this point in time costings are uncertain and any final decision to proceed will need Member Approval. Confirmation will be required, taking account of the overall resources available to the capital programme, that the schemes are affordable.

8 Housing Revenue Account.

8.1 The latest capital resource forecast for the Housing Revenue Account is set out in table 5, together with the proposed Housing Revenue Account Capital Programme. (Detailed in Appendix 2).

Table 5 HRA Capital resource forecast

	2008/9	2009/10	2010/11	2011/12	2012/13
	£'000s	£'000s	£'000s	£'000s	£'000s
Mainstream Resources:					
Capital Receipts b/fwd	3,659	0	0	0	0
Capital receipts	1,770	1,000	1,000	1,000	1,000
Leasehold Contributions	1,850	2,800	3,000	2,700	2,700
Supported Borrowing (SCE)	6,053	6,235	6,422	6,614	6,812
ALMO Funding- Confirmed profile	50,892	43,906	0	0	0
ALMO Decent Homes –Un-Confirmed.	0	0	4,683	0	0
Major Repairs Allowance	21,725	21,528	12,364	12,735	13,117
Total mainstream resources	85,949	75,469	27,469	23,049	23,629
Specific Funding	2,110	3,588	1,325	0	0
Total Resources	88,059	79,057	28,794	23,049	23,629
Planned HRA Capital Programme	94,279	80,920	40,247	12,277	8,970
In-Year Over programming	6,220	1,863	11,453	(10,772)	(14,659)
Cumulative Over programming	6,220	8,083	19,536	8,764	(5,895)

8.2 **Resources.** The resource forecast incorporates:

- Potential capital receipts from the disposal of expensive void properties.
- Allowance for the use of £1.129m of regeneration receipts. This reflects higher than anticipated costs for the replacement of windows for Decent Homes Programme works.

- An allowance for leaseholder contributions – The Decent Homes programme includes a significant level of work such as the replacement of windows and roofs that will be rechargeable to leaseholders. The value of rechargeable works over the life of the programme is estimated at over £30m. It is difficult to determine the timing of such contributions and allowance is currently made for £7.95m of contributions to be secured by the end of 2010/11. Further work is ongoing to clarify the expectations of contributions from this source.
- Contributions from Thames Water regarding works associated with mains pipework replacement.

8.3 The original ALMO bid sought £192m of funding of which £78m was confirmed for 2005/06 and 2006/07 and £47.1m was confirmed for 2007/08. Further funding allocations of £50.892m and £43.906m have now been confirmed for 2008/09 and 2009/10. Allocations beyond 2009/10 will be considered during 2009/10.

8.4 **Overprogramming.** The general practice of 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. For 2008/09 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.

8.5 The cumulative level of overprogramming increases significantly by 2010/11. Careful consideration is required on how this position can be addressed. Potential actions include:

- A review of the scope, cost and timing of planned but uncommitted works, including the appropriate level of contingencies and assumptions for refusals of work by tenants and leaseholders.
- Reductions in costs due to disposal of properties, for example expensive voids.
- The identification of additional resources, such as the use of housing regeneration receipts.
- A review of the use of existing planned maintenance and HRA revenue budgets.
- Better than expected levels of leaseholder contributions.

It is recommended that a further report be presented to Members regarding the HRA capital programme following finalisation of the year end 2007/08 position.

8.6 The expenditure and resource forecast currently excludes the potential impact of the council's Housing regeneration strategy on the HRA portfolio. This is likely to reduce the level of expenditure required on the refurbishment of existing stock.

9 Director of Finance Comments

- 9.1 This report has set out a proposed Capital Programme and updated resource forecast. The General Fund position is summarised in Table 6. It identifies a net over programming of £0.811m, against available resources of £84.5m, by 2012/13. Such a level of over programming (1%) is considered manageable but will need to be kept under close review. The key risks are the Council's ability to meet the target for asset disposals and the emergence of new spend pressures.

Table 6 – General Fund Capital Programme Summary

	2008/9	2009/10	2010/11	2011/12	2012/13
	£'000s	£'000s	£'000s	£'000s	£'000s
Forecast Resources (Table 1)	37,545	20,372	9,347	8,624	8,624
Capital Programme (Table 2)	(27,115)	(18,718)	(11,405)	(7,763)	(7,763)
Budgeted Sum for Debt Reduction	(10,059)	0	0	0	0
Uncommitted in-year surplus/(Deficit)	371	1,654	(2,058)	861	861
Proposed new investments	(750)	(1,250)	(500)	0	0
In-Year Surplus/(Deficit)	(379)	404	(2,558)	861	861
Cumulative Balance Surplus/(Deficit)	(379)	25	(2,533)	(1,672)	(811)

- 9.2 As set out in the report it is proposed that £10.059m of capital receipts be set aside for debt reduction. This will ensure that the existing Medium Term Financial Strategy for revenue savings from debt reduction will be met.
- 9.3 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 is estimated to be £159m at the start of 2008/09. The proposals set out in this report are estimated to reduce the CFR to £133m by the close of 2012/13. This is a reduction of £26m (16%) and arises from the £10m, identified in this report, for debt redemption plus the annual amounts charged to revenue, the minimum revenue provision, for debt redemption.
- 9.4 Each year local authorities are required to set aside some of their revenues as provision for debt repayment. This is commonly termed the minimum revenue provision (MRP). The Government have issued consultation on legislation which, if approved, offers more flexible statutory guidance. It also requires that before the start of each financial year full council approve a statement of its policy on making MRP in respect of that financial year. Appendix 4 sets out the options now available to Hammersmith and Fulham and recommends which option should be followed. It is proposed that the statement apply for 2007/08 and

2008/09. The Regulations governing the change in the statutory guidance are not due to be confirmed until early March. Should they be materially different from the consultation paper then a revised statement will be put forward for approval at a later date

- 9.5 The 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.
- 9.6 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
- 9.7 Current expenditure and resource forecasts highlight significant levels of overprogramming regarding the HRA capital programme. A range of potential actions are suggested in the report that could help address this difficulty. The position will need to be kept under close review and it is recommended that a further report be presented to Members following the finalisation of the 2007/08 outturn.
- 9.8 It should be noted that the funding allocation for the Decent Homes Programme for 2008/09 and 2009/10 has been confirmed by the Department for Communities and Local Government.
- 9.9 An update is given in the report regarding a range of major projects, such as the King Street Regeneration and Housing Regeneration that the Council is currently progressing. The resourcing and expenditure commitments arising from the Housing Regeneration programme will be significant. At this point in time it is proposed that the potential hostel and void property receipts are set aside for use on regeneration projects. This position will need to be kept under review and considered within the context of the Council's overall Capital Strategy.

LOCAL GOVERNMENT ACT 2000 – BACKGROUND PAPERS

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

	Actual to	2007 / 08	2008 / 09	2009 / 10	2010 / 11	2011 / 12	2012 / 13	Total
	31-03-07	Forecast						
Schemes	£ '000	£ '000	£ '000	£ '000	£ '000	£ '000	£ '000	£ '000
Home Office Grant								-
Safer Communities Fund			91	91	91			273
DOH Grant								-
Mental Health			123	123	123			369
Social Care			107	107	107			321
								-
Specific Schemes -Community Services	-	-	634	634	634	313	313	2,528
TOTAL Community services	42	503	2,909	2,234	2,234	1,913	1,913	11,748
<u>3. RESIDENTS SERVICES</u>								-
<u>3.1 MAINSTREAM</u>								-
Hammersmith and Fulham Parks			1,500					1,500
			1,500	-	-	-	-	1,500
Total Residents' Services			1,500	-	-	-	-	1,500
<u>4.0 ENVIRONMENT</u>								
<u>4.1 MAINSTREAM SCHEMES</u>								
Carriageways			1,349	1,349	1,349	1,349	1,349	6,745
Footways			751	751	751	751	751	3,755
TOTAL MAINSTREAM ENVIRONMENT			2,100	2,100	2,100	2,100	2,100	10,500
<u>4.2 SPECIFIC FUNDED SCHEMES</u>								
<u>4.2.1</u>								
<u>4.2.1 TRANSPORT FOR LONDON BSP</u>								
20mph Zones			200					200
Bridge Strengthening			870					870
Bus Priority			535					535
Bus Stop Accessibility			90					90
Cycling LCN+			725					725
Cycling Non-LCN			105					105
Local Area Accessibility			40					40
Local Safety Schemes			390					390
Parallel Initiatives			140					140

	Actual to	2007 / 08	2008 / 09	2009 / 10	2010 / 11	2011 / 12	2012 / 13	Total
	31-03-07	Forecast						
Schemes	£ '000	£ '000	£ '000	£ '000	£ '000	£ '000	£ '000	£ '000
Disabled Access to Office Buildings			250	250	250	250	250	1,250
Planned Maintenance			2,500	2,500	2,500	2,500	2,500	12,500
			2,750	2,750	2,750	2,750	2,750	11,000
Total Environment and BTS	607	2,293	14,006	9,554	6,192	5,850	5,850	42,457
5.0 FINANCE AND IT								-
5.1 MAINSTREAM SCHEMES								-
Contingency			2,000					2,000
			2,000	-	-	-	-	2,000
5.2 Scheme Specific								
5.2.1 Efficiency Reserve Account								
E-Procurement			28	18				46
			28	18	-	-	-	46
TOTAL SCHEME SPECIFIC			28	18	-	-	-	46
Total Finance and IT	-	-	2,028	18	-	-	-	2,046
MAINSTREAM	42	703	12,749	6,450	6,450	6,450	6,450	36,544
SCHEME SPECIFIC	825	5,477	14,366	12,268	4,955	1,313	1,313	41,372
GRAND TOTAL - GENERAL FUND	867	6,180	27,115	18,718	11,405	7,763	7,763	77,916
	867	6,180	27,115	18,718	11,405	7,763	7,763	77,916

HRA CAPITAL SPENDING PROGRAMME 2008/09-12/13						Appendix 2
Description	Forecast Budget 2008/09	Forecast Budget 2009/10	Forecast Budget 2010/11	Forecast Budget 2011/12	Forecast Budget 2012/13	TOTAL
	£ '000	£ '000	£ '000	£ '000	£ '000	£ '000
1. SUPPLY INITIATIVES						
1.1 Hostel Refurbishment Programme						
5 Castletown Road Hostel Conversion	31					31
	31	-	-	-	-	31
1.3 MAJOR VOIDS						0
Decent Homes Voids	2,919	2,572	2,243			7,734
	2,919	2,572	2,243	-	-	7,734
TOTAL SUPPLY INITIATIVES	2,950	2,572	2,243	-	-	7,765
2. INTERNAL COMPONENT RENEWAL						0
2.1 Energy Schemes						0
Catch-up central heating	100	100				200
Boiler Renewals - Gas Contract	600	600	600	600	600	3,000
Star Rd communal boilers	60	10				70
Bayonne Rd boiler room	90					90
Chelmsford Close/St Albans Terrace	2					2
Woodman's Mews pipework	65	6				71
Rowberry Close communal boilers	40	5				45
Central heating new starts	100	100	100		500	800
	1,057	821	700	600	1,100	4,278
2.2 LIFT SCHEMES						0
Lift Component renewal programme	200	100	100			400
WOODMANS MEWS	8	-				8
Sullivan Crt-Block K	90	5				95
Philpot Square Lifts	200	5				205
Alice Gilliat Ct Block P lift	260	60				320
Flora Gardens lifts	400	55				455
Continuing Programme	322	584	500	500	2,000	3,906
	1,480	809	600	500	2,000	5,389
2.3 KITCHEN, BATHROOM AND REWIRING						0
Poynter Hse internals	165	65				230

Description	Forecast Budget 2008/09	Forecast Budget 2009/10	Forecast Budget 2010/11	Forecast Budget 2011/12	Forecast Budget 2012/13	TOTAL
	£ '000	£ '000	£ '000	£ '000	£ '000	£ '000
	165	65	-	-	-	230
Total Internal Component Renewal	2,702	1,695	1,300	1,100	3,100	9,897
3. MAJOR REFURBISHMENTS						0
3.1 Fabric Repair Schemes						0
Norland House External Repairs	8					8
	8	-	-	-	-	8
3.2 Edward Woods -Regeneration Project						0
Swanscombe Road CPZ	25					25
Tower Block Overcladding	4,780	4,633	1,650			11,063
	4,805	4,633	1,650	-	-	11,088
3.3 Maystar Estate-Regeneration						0
Alice Gilliat Court	89					89
Maystar Phase 2	180					180
Maystar Phase 3	191					191
Maystar Phase 4	727					727
	1,187	-	-	-	-	1,187
3.4 GENERAL CAPITAL REPAIRS						0
Capitalised Repairs	500	500	500		500	2,000
	500	500	500	-	500	2,000
Total Major Refurbishments	6,500	5,133	2,150	-	500	14,283
4. PPM MAIN PROGRAMME						0
PPM Main Programme	1,500	1,500	1,500	2,500	4,000	11,000
	1,500	1,500	1,500	2,500	4,000	11,000
5. Minor Programmes						0
Emergency Unforeseen	50	50	50	50	50	250
Minor Estate Improvements (MEI)	270	270	270	270	270	1,350
Groundwork Environment	200	200	200	200	200	1,000
Feasibility Future Schemes	50	50	50	50	50	250
Disabled Adaptations	800	800	800	800	800	4,000
Controlled Access Total	130					130

Description	Forecast Budget 2008/09	Forecast Budget 2009/10	Forecast Budget 2010/11	Forecast Budget 2011/12	Forecast Budget 2012/13	TOTAL
	£ '000	£ '000	£ '000	£ '000	£ '000	£ '000
Water Tanks Programme Phase4	300	300				600
Charecroft-Amenity Deck Landscaping Ph	50	277				327
Charecroft Emergency Lighting	8					8
Capitalisation of Development Staff Costs	500	500				1,000
HMS Futures Project	500	250				750
Drake/Shackleton booster pumps	3					3
Standish Hse booster pumps	2					2
Maystar Environmentals	15	4	3			22
Total Minor Programmes	2,878	2,701	1,373	1,370	1,370	9,692
6. PRE PARTNERING SCHEMES						0
Flora Gardens,161-197	275	25				300
	275	25	-	-	-	300
7. DECENT HOMES PARTNERING						0
7.1 Framework Area 1 - Hammersmith North						0
Contract 1A: Wormholt Phase 1	62	-				62
Contract 1B: Batman Close	54	-				54
Contract 1C: Wood Lane Estate	2,854	400	171			3,425
Contract 1D: Wormholt Phase 2	1,550	575	170			2,295
Contract 1E: Scrubs Lane etc	600	198				798
Programme continuing	744	3,419	1,863	281		6,307
	5,864	4,592	2,204	281	-	12,941
7.2 Framework Area 2 - Shepherds Bush						0
Contract 2A: Sulgrave Gardens	444	73				517
Contract 2B: Arlington House & street-	320	47				367
Contract 2C: Cathnor Rd et al	2,795	80				2,875
Contract 2D: Becklow Gdns Internals	78					78
Contract 2E: Macfarlane Rd etc	1,579	131				1,710
Contract 2F: Coningham Rd etc	2,955	325	100			3,380
Contract 2G: Thackeray Ct etc internals	40					40
Contract 2G: Thackeray Ct etc externals	1,650	305				1,955

Description	Forecast Budget 2008/09	Forecast Budget 2009/10	Forecast Budget 2010/11	Forecast Budget 2011/12	Forecast Budget 2012/13	TOTAL
	£ '000	£ '000	£ '000	£ '000	£ '000	£ '000
Contract 2J: Becklow Gdns internals Phase	152	-				152
Contract 2K: Springvale Phase 2 & street-	1,500	400	115			2,015
Contract 2X: Becklow Gdns externals	1,171	54				1,225
Contract 2Z: Sulgrave Rd etc	1,450	275				1,725
Programme continuing	1,164	12,376	6,819	2,571		22,930
	15,298	14,066	7,034	2,571	-	38,969
7.3 Framework Area 3 - Hammersmith Central						0
Contract 3A: Emlyn Gdns Phase 1	227					227
Contract 3B: Hammersmith Grove etc	71	55				125
Contract 3B: Hammersmith Grove etc	546	32				578
Contract 3C: Lytton Estate Phase 1	44	66				110
Contract 3D: Emlyn Gdns Phase 2	2,820	535				3,355
Contract 3E: Overstone Rd etc	1,730	305				2,035
Contract 3F: Lytton Estate Phase 2	1,690	424	100			2,214
Contract 3G: Riverside Gardens	1,688	312				2,000
Programme continuing	2,035	8,392	5,777	1,251		17,455
	10,851	10,121	5,877	1,251	-	28,099
7.4 Framework Area 4 - Fulham North						0
Contract 4A: Mary Macarthur & Holman	413	33				446
Contract 4B: Lampeter Square etc	306	97				403
Contract 4C: Desborough & Lickey	294	80				374
Contract 4C: Desborough & Lickey	950	181				1,131
Contract 4D: Barons Ct Rd etc	1,843	219				2,062
Contract 4E: Bayonne Rd Est Phase 1	2,120	450				2,570
Contract 4F: Archel Rd etc	882	33				915
Contract 4G: Cox & Horton Hse internals	1,120	119				1,239
Contract 4H: Bayonne Rd Est Phase 2	2,288	654	235			3,177
Contract 4I: Churchward & Fairburn	2,700	250				2,950
Programme continuing	2,867	13,342	8,777	2,743		27,729
	15,783	15,458	9,012	2,743	-	42,996
7.5 Framework Area 5 - Fulham Central						0

Description	Forecast Budget 2008/09	Forecast Budget 2009/10	Forecast Budget 2010/11	Forecast Budget 2011/12	Forecast Budget 2012/13	TOTAL
	£ '000	£ '000	£ '000	£ '000	£ '000	£ '000
Contract 5A - Fulham Ct internals	2,829	113				2,942
Contract 5B: Lancaster Ct	179	-				179
Contract 5C: Fulham Ct externals	2,370	1,100	158			3,628
Contract 5D: Bloom Park rd etc	1,200	277				1,477
Contract 5E: Aintree Street internals	20					20
Contract 5E: Aintree Street externals	1,743	180				1,923
Contract 5F: Bishops Rd etc	1,043	60				1,103
Contract 5G: Allestree Rd etc	456	1,710	101			2,267
Contract 5H: Waldemar Ave etc	1,550	650	194			2,394
Contract 5I: Barclay Close internals	34					34
Contract 5J: Hartopp/lannoy etc internals	65					65
Contract 5J: Hartopp/Lannoy etc externals	1,200	100				1,300
Contract 5M: Henderson/Banfield internals	563	48				611
Contract 5X: Swan Court Internals	14					14
Contract 5X: Swan/Ravensworth externals	375	24				399
Programme continuing	282	4,765	792	-		5,839
	13,923	9,027	1,245	-	-	24,195
7.6 Framework Area 6 - Sands End						0
Contract 6A: Pearscroft Ct	151					151
Contract 6B: Althea St	1,657	232				1,889
Contract 6C: Ashcombe St etc	715	167				882
Contract 6D: Jepson Hse	1,600	205				1,805
Contract 6M: Sullivan Ct Phase 1	900	138				1,038
Programme continuing	3,288	6,059	2,000	461		11,808
	8,311	6,801	2,000	461	-	17,573
7.7 Framework Area 7 - Sheltered Housing						0
Contract 7A: Thamesview	10					10
Contract 7B: Malvern Ct & Landor Walk	102					102
Contract 7C: Rosewood Square	80					80
Contract 7D: Cedar Lodge	610	89				699
Contract 7E: Rowberry Close	373	37				410

Description	Forecast Budget 2008/09	Forecast Budget 2009/10	Forecast Budget 2010/11	Forecast Budget 2011/12	Forecast Budget 2012/13	TOTAL
	£ '000	£ '000	£ '000	£ '000	£ '000	£ '000
Contract 7F: Meadowbank Close	1,044	63				1,107
Contract 7G: Wentworth Ct	45					45
Contract 7I: Askham Ct	1,208	77				1,285
Programme continuing	2,910	3,980	1,384			8,274
	6,382	4,246	1,384	-	-	12,012
TOTAL DECENT HOMES PARTNERING	76,412	64,310	28,756	7,307	-	176,785
						0
Programmes to be developed	1,034	2,984	2,925			6,943
Lancaster Ct tenants hall	29					29
	1,063	2,984	2,925	-	-	6,972
GRAND TOTAL	94,279	80,920	40,247	12,277	8,970	236,693

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 2007-08 £000	Estimate 2008-09 £000	Estimate 2009-10 £000	Estimate 2010-11 £000
General Fund	38,040	27,115	18,718	11,405
Housing Revenue Account	61,208	88,059	79,057	28,794
TOTAL	99,248	115,174	97,775	40,199

The above figures exclude over-programming. The Housing Revenue Account figures include forecast expenditure of £0.083m on regeneration projects as set out in the Council's capital programme.

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 2007-08 £000	Estimate 2008-09 £000	Estimate 2009-10 £000	Estimate 2010-11 £000
General Fund	159,670	145,150	141,013	137,472
Housing Revenue Account	295,990	353,035	403,276	414,381
TOTAL	455,660	498,185	544,289	551,853

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 2007-08 £000	Estimate 2008-09 £000	Estimate 2009-10 £000	Estimate 2010-11 £000
Net Borrowing	407,836	450,361	496,465	504,029
Capital Financing Requirement (CFR)	455,660	498,185	544,289	551,853
Net Borrowing Less than CFR	-47,824	-47,824	-47,824	-47,824

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 2008-09 %	Estimate 2009-10 %	Estimate 2010-11 %
General Fund	5.45	5.03	4.50
Housing Revenue Account	24.10	26.33	27.59

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 2008-09 £	Estimate 2009-10 £	Estimate 2010-11
General Fund– council tax £ per Band D home per annum	-7.36	-6.74	-4.20
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.

Annual Minimum Revenue Provision (MRP) Statement

Recommendation

The recommended Annual MRP statement for Hammersmith and Fulham is:

- For debt which is supported by Revenue Support Grant this authority will calculate the Minimum Revenue Provision in accordance with current regulations (namely 4% of the Capital Financing Requirement net of Adjustment A)
- For debt which has arisen through prudential borrowing it shall be written down in equal instalments over the estimated asset life. The debt write-off will commence the year after an asset comes into use.

Background

Each year local authorities are required to set aside some of their revenues as provision for debt repayment. This is commonly termed the minimum revenue provision (MRP).

Communities and Local Government have issued a consultation paper regarding new guidance on the calculation of the minimum revenue provision. It offers more flexibility to the existing statutory guidance. It also requires local authorities to approve an annual MRP Statement.

This Appendix sets out:

- Current Hammersmith and Fulham (LBHF) practice
- The new options.
- A recommended annual MRP Statement for this authority.

The Regulations governing the change in the statutory guidance are not due to be confirmed until early March. Should they be materially different from the consultation paper then a revised statement will be put forward for approval at a later date.

Current LBHF Practice

At present local authorities are required to set aside 4% of their opening Capital Financing Requirement, net of Adjustment A and the Commutation adjustment, as their minimum revenue provision.

In addition they can opt to set aside additional revenue contributions for debt repayment.

LBHF practice has been to:

- Comply with the statutory requirement regarding the 4% set aside.
- Voluntarily set aside additional revenue sums for debt repayment for expenditure that has been funded through prudential borrowing. The

debt is written down over the asset life. The cost of writing down the debt is funded through virement from Departmental Budgets The 2008/09 Budget figures are set out below:

	£'000
Opening 2008/09 Capital Financing Requirement (CFR)	159,670
Less Adjustment A	(43,178)
Adjusted CFR	116,492
Gross MRP (at 4%)	4,660
Less Commutation Adjustment	(544)
Net MRP	4,116
Historic Expenditure Funded from Prudential Borrowing	6,278
Budgeted 2008/09 Voluntary Set Aside	855

In total the Council is setting aside revenue provision of £4.971m for debt redemption.

The New Proposals

The consultation paper suggests that Councils can opt for 4 options regarding the MRP calculation.

Option 1

This provides for local authorities to continue to calculate MRP in line with the minimum existing statutory charge. For LBHF it would provide for MRP of £4.116m.

This is not considered appropriate. LBHF has been concerned to ensure that all prudential borrowing is sustainable. As such it has decided to write down such borrowing over the asset life. This should ensure that budget provision is available to fund asset replacement and that overall borrowing levels are affordable.

Option 2

This provides for authorities to calculate MRP prior to Adjustment A.

This is not considered appropriate. Given the scale of Adjustment A for LBHF it would increase the level of MRP by £1.727m. This is not affordable. It is also disproportionate given that our actual borrowing is below the CFR net of Adjustment A. It represents an over provision.

Option 3

This provides for separate treatment for supported and unsupported (prudential) borrowing.

For supported borrowing MRP would be calculated as at present (4% on the CFR net of Adjustment A).

For unsupported borrowing the debt would be written down over the asset life.

This option is most similar to the current LBHF practice but there are subtle differences:

- The debt write off would start the year after an asset comes into use. This would provide transitional relief as schemes are brought on stream and is to be welcomed.
- The level of unsupported borrowing can be excluded from the 4% CFR calculation. This is logical because you are otherwise, in the short-term, writing down debt 'twice' (at both 4% and over the asset life). This change would benefit LBHF. Based on our historic level of prudential borrowing (£6.279m) it would reduce the existing MRP charge by approximately £0.250m per annum. This is subject to Audit confirmation that all historic prudential borrowing can be excluded from the 4% calculation.

The consultation paper suggests that the new policy can be adopted from 2007/08 onwards. It would deliver savings in the current year as well as future years.

Under this option authorities may wish to carefully consider the type of assets they fund through prudential borrowing. For example, in the short-term, it could be financially advantageous to fund schemes that have a long asset life, rather than a short-life, through prudential borrowing. This would reduce the MRP charge. Whilst this is a consideration, and will be borne in mind, it is unlikely to be an attractive option for LBHF. This authority only undertakes prudential borrowing when it is considered affordable and is supported by a business case. For example if IT equipment is purchased through prudential borrowing it is more sustainable for the debt to be repaid over the asset life. This ensures that revenue capacity is retained for its replacement. It also requires Departments to properly cost out their business case.

For option 3 to work clear accounting records will need to be maintained of the use of supported and unsupported borrowing.

The potential revenue savings from this option are subject to Audit confirmation. Allowance will be made within future Revenue Monitoring reports and Estimates as appropriate.

Option 4

This is similar to Option 3. It provides for separate treatment for supported and unsupported (prudential borrowing).

The difference is that it provides for schemes that have been financed from unsupported borrowing to be written down by an amount equivalent to the amount of depreciation provision arrived at under standard accounting rules.

This would be technically more difficult for the Council to introduce and would require a change in existing practice. There could also be future complications regarding asset revaluations that could result in significant increases in debt repayment levels.

Option 4 is not considered as attractive as option 3.

Conclusion

It is proposed that Option 3 be adopted by LBHF and that it should apply from 2007/08 onwards.

27 FEBRUARY 2008

LEADER

Councillor Stephen Greenhalgh

TREASURY MANAGEMENT STRATEGY REPORT

This report provides information on the Council's Treasury Management Strategy for 2008/09 including interest rate projections and borrowing, investment activity reports for the period April to December 2008.

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 2008/09. It also seeks approval for the lending list of financial institutions, use of LOBOs, certifications of deposit and government gilts.

WARDS

All

CONTRIBUTORS

FD

**HAS A PEIA BEEN COMPLETED?
YES**

RECOMMENDATIONS:

- 1. To approve the future borrowing and investment strategies;**
- 2. In relation to the Council's overall borrowing for the financial year 2008/09, approve the Prudential Indicators as set out in Section 3 of this report.**
- 3. To approve the Lending List of Financial Institutions.**
- 4. To authorise the use of LOBO's as described in para.12.2 and Appendix C.**
- 5. To authorise the use of Certificate of Deposits and Government Gilts as described in paras. 8.3 and 8.4**

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 2008/09 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 2008/09 to 2010/11

It is a statutory duty under Section 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.
- 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 – 2010/11

The 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	2007/08 £000	2008/09 £000	2009/10 £000	2010/11 £000
Authorised limit for external debt				
Borrowing	485,660	528,185	574,289	581,853
Other Long Term Liabilities	0	0	0	0
Total authorised limit	485,680	528,185	574,289	581,853
Operational boundary				
Borrowing	451,133	480,345	526,424	533,984
Other Long Term Liabilities	0	0	0	0
Total operational boundary	451,133	480,345	526,424	533,984
Upper limit for fixed rate exposure				
Expressed as: - net principal re fixed rate borrowing/ investments	455,000	500,000	545,000	550,000
Upper limit for variable rate exposure				
Expressed as: - net principal re variable rate borrowing /investments	91,000	100,000	109,000	110,000
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 2006/07	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 31 December 2007 is shown in the following table.

		Principal		Ave. rate
		£000's		%
Fixed rate funding	PWLB	388,520		
	Market	0	388,520	6.12
Variable rate funding	PWLB	0		
	Market	0	0	
Total Debt			388,520	6.12
Total Short Term Investments			115,800	5.84

5. Borrowing Requirement

	2007/08 £'000	2008/09 £'000	2009/10 £'000	2010/11 £'000
	Probable	Estimate	Estimate	Estimate
New borrowing (including ALMO)	29,300	42,500	46,100	7,600

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. Appendix A draws together a number of current City forecasts for short term (Bank Rate) and longer fixed interest rates. The following table gives the Sector central view:

6.2 Sector interest rate forecast – 1 February 2008

	Q/E1 2008	Q/E2 2008	Q/E3 2008	Q/E4 2008	Q/E1 2009	Q/E2 2009	Q/E3 2009	Q/E4 2009	Q/E1 2010	Q/E2 2010	Q/E3 2010	Q/E4 2010	Q/E1 2011	Q/E2 2011
Bank Rate	5.25%	5.00%	4.75%	4.75%	4.75%	4.75%	4.75%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
5yr PWLB rate	4.55%	4.55%	4.50%	4.50%	4.55%	4.65%	4.70%	4.75%	4.80%	4.85%	4.85%	4.85%	4.85%	4.85%
10yr PWLB rate	4.60%	4.55%	4.50%	4.50%	4.55%	4.55%	4.65%	4.70%	4.75%	4.80%	4.85%	4.85%	4.85%	4.80%
25yr PWLB rate	4.55%	4.50%	4.50%	4.50%	4.50%	4.55%	4.60%	4.65%	4.70%	4.70%	4.75%	4.75%	4.75%	4.75%
50yr PWLB rate	4.50%	4.45%	4.45%	4.45%	4.45%	4.50%	4.55%	4.60%	4.60%	4.65%	4.65%	4.65%	4.65%	4.60%

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

- started on a downward trend from 5.75% to 5.50% in December 2007
- to be followed by further cuts in Q1 2008 to 5.25%, to 5.00% in Q2 2008 and 4.75% in Q3 2008
- then unchanged until an increase in Q4 2009 to 5%
- unchanged then for the rest of the forecast period
- there is a downside risk to this forecast if inflation concerns subside and therefore opens the way for the MPC to be able to make further cuts in the Bank Rate

7. Borrowing Strategy

7.1 The Sector forecast is as follows. (These forecasts are based around an expectation that there will normally be variations of +/- 25bp during each quarter around these average forecasts in normal economic and political circumstances. However, greater variations can occur should there be any unexpected shocks to financial and/or political systems.) These forecasts are for the PWLB new borrowing rates:-

- The 50 year PWLB rate is expected to fall marginally from 4.50% in Q1 2008 to 4.45% in Q2 2008 before rising back again to 4.50% in Q2 2009 to eventually reach 4.65% in Q2 2010.
- The 25 year PWLB rate is expected to fall from 4.55% to reach 4.50% in Q2 2008 and to then to rise in gradual steps from Q2 2009 to reach 4.75% in Q3 2010.
- The 10 year PWLB rate is expected to fall from 4.60% in Q1 2008 to 4.55% in Q2 2008 and to 4.50% in Q3 2008 and to then gradually rise from Q1 2009 to reach 4.85% in Q3 2010.
- The 5 year PWLB rate is expected to fall from 4.55% in Q2 2008 to reach 4.50% in Q3 2008 and then to gradually rise starting in Q1 2009 to reach 4.85% in Q2 2010.

7.2 This forecast indicates, therefore, that there is a range of options available for borrowing strategy for 2008/09. Variable rate borrowing is expected to be more expensive than long term borrowing and will therefore be unattractive throughout the financial year compared to taking fixed rate borrowing. There is expected to be little difference between 5-50 year PWLB rates so this may open up a range of choices for new borrowing to spread the Council's debt maturity away from a concentration in long dated debt. There is also expected to be little variation in rates during the year so borrowing could be undertaken at any time in the year.

On 1 November 2007 the PWLB introduced without warning a structural change to its borrowing rates with the introduction of two different rates for new borrowing and early repayment of debt. This resulted in a spread between the two rates of about 40-50 basis points for the longest period loans narrowing down to 25-30 basis points for the short period loans. This changes the basis for calculating the premium/discount which has reduced the ability to make savings from restructuring PWLB loans into new PWLB loans.

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

- Despite the minimally more expensive new borrowing rates expected in the 25-30 year period, these could be seen as being much more attractive than 50 year borrowing as the spread between the PWLB new borrowing and early repayment rates is considerably less. This then maximises the potential for debt rescheduling at a later time by minimising the spread between these two rates.
- This strategy would also mean that after some years of focusing on borrowing at or near the 50 year period, the Council would be able to undertake borrowing in a markedly different period and so achieve a better spread in its debt maturity.
- There is expected to be little difference between PWLB rates in the 5-30 year range so consideration will also be given to creating a greater spread of maturities in the debt portfolio by taking new borrowing at shorter periods.
- When PWLB rates fall back to the central forecast rate of about 4.50%, borrowing should be made at any time in the financial year. A suitable trigger point for considering new fixed rate long term borrowing, therefore, would be 4.50%. The central forecast rate will be reviewed in the light of movements in the slope of the yield curve, spreads between PWLB new borrowing and early payment rates, and any further changes that the PWLB may introduce to their lending policy and operations.
- Consideration will also be given to borrowing fixed rate market loans at 25-50 basis points below the PWLB target rate.

Against this background caution will be adopted with 2008/09 treasury operations. The Director of Finance will monitor the interest rate market and adopt a pragmatic approach to any changing circumstances.

7.3 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 is required to 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 by Council.

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 (i.e. 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 include and may be used by the Council are:

Term deposit – UK government
Term deposits – other Local Authorities
Term deposits – banks and building societies
Money market funds
Callable deposits – under 1 year
Certificates of deposits - issued by banks and building societies.
UK Government Gilts

- 8.3 Certificates of deposit and UK government gilts are new items proposed to be added on the advice of our Treasury advisor in order to provide additional opportunities for investment. Certificates of deposit (CDs) are promissory notes issued by a bank. It is a time deposit that restricts holders from withdrawing funds on demand. Although it is still possible to withdraw the money, this action will often incur a penalty. The illiquidity issues of using fixed deposits can be avoided if the Authority were to use CDs. They can be issued by the organisations that the Council would typically enter into a fixed deposit with and so there is no additional credit risk. The yields are a couple of basis points below those available from a comparable fixed deposit but the advantage is that if there were a change of interest rate view then the Council could sell the instrument.

- 8.4 UK government gilts are bonds issued by the government which pay a fixed rate of interest twice a year. The main advantages of buying gilts are virtually no credit risk and a guaranteed rate of return for a specified period, if held to maturity. If the gilt is not held to maturity then there is a risk that the current value of the gilt is lower than the price originally paid.
- 8.5 The Council last reviewed the credit criteria for its lending list in February 2006. 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.
- 8.6 The Council is alerted to changes in Fitch and Moody's 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 DCLG guidance requires authorities to specify their minimum acceptable credit rating. The minimum ratings required by the Council are:

	Fitch Long
Banks	AA-
	Moody's Long
Building Societies	A2

8.7 Non-Specified Investments

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

- 8.8 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
- Certificates of deposits - issued by banks and building societies in excess of one year.
- UK Government Gilts in excess of one year

9. Credit Markets

- 9.1 The demise of the banking market over the summer months, as a result of the sub prime lending crisis, has continued as many of the major financial institutions have been forced to disclose their large losses associated with this type of investment activity. This, in turn, has led to a liquidity shortage in the financial markets as financial institutions have declined to lend to each other through the fear of further losses being revealed, which would affect the security of their deposits.
- 9.2 Northern Rock were caught up in this liquidity crisis as a result of the fast rate of growth in its mortgage book forcing it to have an unusually high dependency on the money markets for deposits to fund its lending position. The Bank of England was forced to step in to bail out the bank and has said it is prepared to do the same again, if necessary, as long as the institution concerned has not found itself in this position because of poor commercial lending decisions.

10 Lending list of Financial Institutions

- 10.1 Since the lending list was taken to Council in February 2006 a number of amendments have been made in accordance with the agreed credit criteria. These are monitored on a daily basis to ensure that no investments are made to organisations that have been downgraded or expected to be.
- 10.2 Since the last report to Committee more banking institutions have merged and as a result the minimum size funds that many institutions will take for investment purposes has increased, thus making it difficult to get funds placed in the deposit market.
- 10.3 It might appear that those difficulties could be overcome by extending the Lending List. However, this would weaken the tight credit criteria the Council already has in place and so after consultation with our external Treasury Advisors the recommendation is to adjust the amount with any one institution and extend the period of time that funds can be deposited to give greater flexibility at the lower end of the scale and to take advantage of the changes in the Investment Guidance at the top end.
- 10.4 It is proposed that the following limits and investments periods to be amended.
- £12 million limit to change to £20 million –3year period – no change
£10 million limit to change to £15 million - 1 year period – no change
£ 5 million limit no change - 6 month period – no change
£ 3 million limit to change to £5 million – 2 months to change to 6 months
- 10.5 Attached in Appendix B is a list of lending institutions, with the exposure limits and lending periods split into 5 different categories.
- 10.6 Our Treasury Advisors confirm that these limits are similar to other local authorities that have similar cash balances invested and are considered to be practicable and prudent.

11. Interest Rate Outlook

- 11.1 Bank Rate started on a downward trend from 5.75% with the first cut to 5.50% in December 2007. This is forecast to continue with further cuts to 5.25% in Q1 2008, 5.0% in Q2 and 4.75% in Q3 2008. It is then expected to rise back to 5.0% in Q9 2009 and stabilise there for the foreseeable future.
- 11.2 The Council should, therefore, seek to lock in longer period investments at higher rates ahead of these cuts for some elements of their investment portfolio which represents their core balances.
- 11.3 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.
- 11.4 At the end of the financial year, the Council will report on its investment activity as part of its Annual Treasury Report.

12. Debt Rescheduling

- 12.1 An opportunity was taken during September 2007 to take advantage of the shape of the yield curve and generate a saving for the Authority. This involved repaying PWLB loans totalling £41million and refinancing with new PWLB loans for the same value, but for a longer period, which generated a saving of £118k per annum to the General Fund.
- 12.2 The change introduced on 1 November 2007 by the PWLB to have differential rates for new borrowing as opposed to early repayment of debt, and the setting of a spread between the two rates (of about 40-50 basis points for the longest period loans narrowing down to 25-30 basis points for the shortest loans), has meant that PWLB to PWLB debt restructuring is now much less attractive than before that date. Significant interest savings are only likely to be achievable through using LOBO's (Lender Only Borrowing Option) loans and other market loans. The Council to date has not taken out any LOBO's but it is proposed to do so in consultation with our Treasury advisor.

LOBO's are explained in Appendix C.

- 12.3 As average PWLB rates are expected to be minimally higher at the start of the financial year than later on in the year, and as Base Rate is expected to fall more than longer term borrowing rates during the year, this will mean that the differential between long and short rates will narrow during the year and that there should therefore be greater potential for making interest rate savings on debt by doing debt restructuring earlier in the year. Any positions taken via rescheduling will be in accordance with the strategy position outlined in paragraph 7.
- 12.4 The reasons for any rescheduling to take place will include:
- The generation of cash savings.
 - Enhancing the balance of the portfolio (amend the maturity profile and/or the balance of volatility).

13. Hammersmith & Fulham Housing Management Services (HFHMS)

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

The last inspection report awarded H&F Homes a two star rating which led to confirmation of funding of £78 million for the financial years 2005/06 and 2006/07. Following on from this, further funding of £47.122 million was secured for 2007/8.

13.2 Funding for 2008/09 onwards is subject to the outcome of discussions held between H&F Homes, Council Officers and the DCLG to discuss the programme delivery and spending profile. However, this funding allocation will be dependent on a satisfactory inspection of the services provided by H&F Homes by the Audit Commission.

13.3 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, £47.1 million in 2007/08, £50.1 million in 2008/09, £44.0 million in 2009/10 and £4.7 million in 2010/11. It is expected that the £192 million over the five years will be supported through Housing Revenue Account Subsidy.

14 Comments of the Director of Finance

14.2 The comments of the Director of Finance are contained within this report.

15 Comments of the Head of Legal Services

15.1 The statutory requirements are set out in the body of the report.

16 Comments of the Value for Money Scrutiny Committee

16.1 The Value for Money Scrutiny Committee considered this report at its meeting held on 29th January 2008.

RECOMMENDATION -

That the report be noted and referred to Budget Council for consideration on 27th February 2008.

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.

APPENDIX A

INTEREST RATE FORECASTS

The data below shows a variety of forecasts published by a number of institutions. The first three are individual forecasts including those of UBS and Capital Economics (an independent forecasting consultancy). The final one represents summarised figures drawn from the population of all major City banks and academic institutions.

The forecast within this strategy statement has been drawn from these diverse sources and officers' own views.

1. INDIVIDUAL FORECASTS

Sector interest rate forecast – 1 February 2008

	Q/E1 2008	Q/E2 2008	Q/E3 2008	Q/E4 2008	Q/E1 2009	Q/E2 2009	Q/E3 2009	Q/E4 2009	Q/E1 2010	Q/E2 2010	Q/E3 2010	Q/E4 2010	Q/E1 2011	Q/E2 2011
Bank Rate	5.25%	5.00%	4.75%	4.75%	4.75%	4.75%	4.75%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
5yr PWLB rate	4.55%	4.55%	4.50%	4.50%	4.55%	4.65%	4.70%	4.75%	4.80%	4.85%	4.85%	4.85%	4.85%	4.85%
10yr PWLB rate	4.60%	4.55%	4.50%	4.50%	4.55%	4.55%	4.65%	4.70%	4.75%	4.80%	4.85%	4.85%	4.85%	4.80%
25yr PWLB rate	4.55%	4.50%	4.50%	4.50%	4.50%	4.55%	4.60%	4.65%	4.70%	4.70%	4.75%	4.75%	4.75%	4.75%
50yr PWLB rate	4.50%	4.45%	4.45%	4.45%	4.45%	4.50%	4.55%	4.60%	4.60%	4.65%	4.65%	4.65%	4.65%	4.60%

Capital Economics interest rate forecast – 12 December 2007

	Q/E4 2007	Q/E1 2008	Q/E2 2008	Q/E3 2008	Q/E4 2008	Q/E1 2009	Q/E2 2009	Q/E3 2009	Q/E4 2009
Bank rate	5.50%	5.25%	5.00%	4.75%	4.50%	4.25%	4.00%	4.00%	4.00%
5yr PWLB rate	4.65%	4.45%	4.35%	4.05%	3.95%	4.05%	4.25%	4.35%	4.75%
10yr PWLB rate	4.65%	4.45%	4.25%	4.15%	4.15%	4.25%	4.45%	4.65%	4.85%
25yr PWLB rate	4.65%	4.55%	4.45%	4.45%	4.35%	4.45%	4.55%	4.75%	4.95%
50yr PWLB rate	4.55%	4.55%	4.45%	4.35%	4.25%	4.35%	4.55%	4.65%	4.75%

UBS interest rate forecast (for quarter ends) – 25 January 2008

	Q/E1 2008	Q/E2 2008	Q/E3 2008	Q/E4 2008	Q/E1 2009	Q/E2 2009	Q/E3 2009	Q/E4 2009
Bank Rate	5.25%	5.00%	4.75%	4.25%	4.25%	4.25%	4.25%	4.25%
10yr PWLB rate	4.65%	4.60%	4.55%	4.55%	4.55%	4.55%	4.65%	4.75%
25yr PWLB rate	4.50%	4.50%	4.50%	4.45%	4.45%	4.45%	4.55%	4.65%
50yr PWLB rate	4.43%	4.40%	4.45%	4.45%	4.50%	4.55%	4.65%	4.75%

2. SURVEY OF ECONOMIC FORECASTS

HM Treasury – January 2008 summary of forecasts of 24 City and 13 academic analysts for Q4 2007 and 2008. (2009 – 2011 are based on 21 forecasts)

BANK RATE FORECASTS	actual	quarter ended		annual average Bank Rate		
		Q4 2007	Q4 2008	ave. 2009	ave. 2010	ave. 2011
Median	5.50%	5.50%	4.88%	5.20%	5.24%	5.27%
Highest	5.50%	5.75%	6.25%	6.25%	6.25%	6.25%
Lowest	5.50%	5.00%	4.25%	4.80%	4.50%	4.50%

APPENDIX B

GROUP 1 - INSTITUTION LOCAL AUTHORITIES

Exposure limit of £20 Million for 3 years

Unitary Authorities, London Boroughs,
Met. Councils, Borough and District Councils,
Fire and Police Authorities

GROUP 2 - BANKS

Long Term Rating of AAA, AA+, AA

Fitch Credit Ratings

Exposure limit of £20 Million for 3 years	COUNTRY	L TERM
Commonwealth Bank of Australia	Australia	AA
National Australia Bank Ltd	Australia	AA
Dexia Bank Belgium	Belgium	AA+
Royal Bank of Canada	Canada	AA
BNP Paribas	France	AA
Dexia Credit Local	France	AA+
Societe Generale	France	AA
Landwirtschaftliche Rentenbank	Germany	AAA
HongKong and Shanghai Banking Corporation Ltd	HongKong	AA
Dexia Banque Internationale a Luxembourg SA	Luxembourg	AA+
Bank Nederlandse Gemeenten	Netherland	AAA
Rabobank International	Netherland	AA+
ING Bank NV	Netherland	AA
Banco Santander Totta SA	Portugal	AA
Banco Popular Espanol	Spain	AA
Banco Santander Central Hispano	Spain	AA
UBS AG	Switzerland	AA
Ulster Bank Ltd	UK	AA
Bank of Scotland	UK	AA+
Barclays Bank plc	UK	AA+
HBOS Treasury Services (guaranteed by Bank of Scotland)	UK	AA+
HSBC Bank plc	UK	AA
Lloyds TSB Bank plc	UK	AA+
National Westminster Bank plc	UK	AA+
Royal Bank of Scotland	UK	AA+
Citibank NA	US	AA
HSBC Bank USA	US	AA
Bank of America NA	US	AA

GROUP 3 - BANKS

Long Term Rating of AA-

Fitch Credit Ratings

Exposure limit of £15 Million for 1 year	COUNTRY	L TERM
Australia & New Zealand Banking Group Ltd	Australia	AA-
Westpac Bank Corporation	Australia	AA-
Fortis Bank NV	Belgium	AA-
KBC Bank NV	Belgium	AA-
Bank of Montreal	Canada	AA-
Bank of Nova Scotia	Canada	AA-
Canadian Imperial Bank of Commerce	Canada	AA-

Toronto Dominion Bank	Canada	AA-
Danske Bank AS	Denmark	AA-
Nordea Bank Finland	Finland	AA-
Calyon Corp and Investment Bank	France	AA
DBS Bank (Hong Kong) Ltd	Hong Kong	AA-
Deutsche Bank AG	Germany	AA-
Intesa Sanpaolo	Italy	AA-
Fortis Banque Luxembourg SA	Luxembourg	AA-
ABN AMRO Bank NV	Netherland	AA-
DePfa Bank Plc	Rep of Ireland	AA-
Allied Irish Banks plc	Rep of Ireland	AA-
Bank of Ireland	Rep of Ireland	AA-
DBS Ltd	Singapore	AA-
Banco Bilbao Vizcaya Agentaria	Spain	AA-
Confederacion Espanola de Caja de Ahorros	Spain	AA-
Nordea Bank AB	Sweden	AA-
Svenska Handelsbanken AB	Sweden	AA-
Abbey National	UK	AA-
Alliance & Leicester plc	UK	AA-
Clydesdale Bank	UK	AA-
Bank of New York	US	AA-
Mellon Bank NA	US	AA-
Northern Trust Company	US	AA-
State Street Bank and Trust Company	US	AA-

GROUP 4 - BANKS

Long Term Rating of A+, A

Fitch Credit Ratings

Exposure limit of £5 Million for 6 months	COUNTRY	L TERM
Dresdner Bank AG	Germany	A+
Commerzbank AG	Germany	A
HSH Nordbank	Germany	A
Landesbank Baden-Wurtemberg	Germany	A+
Landesbank Rheinland-Pfalz Girozentrale	Germany	A
Norddeutsche Landesbank Girozentrale	Germany	A
UniCredito Italiano SpA(Rating Alert)	Italy	A+
National Bank of Kuwait	Kuwait	A+
Anglo Irish Bank Corporation Plc	Rep of Ireland	A+
Bradford & Bingley	UK	A
American Express Bank	US	A+

GROUP 5 - BUILDING SOCIETIES

Long Term Ratings Aaa to A2

Moody's Credit Ratings

Exposure Limit of £5 Million for 6 months	COUNTRY	L TERM
Britannia BS	UK	A2
Chelsea BS	UK	A2
Cheshire BS (Rating Alert)	UK	A2
Coventry BS	UK	A2
Derbyshire BS	UK	A2
Dunfermline BS	UK	A2
Leeds BS	UK	A2
Nationwide BS	UK	Aa2

Newcastle BS	UK	A2
Norwich and Peterborough BS	UK	A2
Principality BS	UK	A2
West Bromwich BS	UK	A2
Skipton BS	UK	A2
Yorkshire BS (Rating Alert)	UK	A2

Group Limits

The following banks operate under their own name but are part of the same banking group

- 1) Bank of Scotland, Halifax plc, HBOS Treasury Services
- 2) Nat West, Ulster Bank and Royal Bank of Scotland
- 3) Dexia Bank (in Belgium), Dexia BIL (in Luxembourg), Dexia Credit Local (in France)
- 4) Credit Agricole and Credit Agricole Indosuez
- 5) HSBC plc, Credit Commercial de France and HSBC Bank USA
- 6) Bank of Ireland and Bristol and West
- 7) Nordea Bank's - Denmark, Finland, Norge ASA, Sweden
- 8) Banco Santander Central Hispano, Abbey National

The limits for the Groups will be £20 Million or as per the Lending limit for the individual Bank

APPENDIX C

DEBT RESTRUCTURING

As part of our management of our long term debt, we have regularly reviewed opportunities for debt restructuring which might allow us to take advantage of lower interest rates. With the introduction of differential rates for new borrowing and early repayment of debt by the PWLB on 1st November 2007, it is now unlikely that any significant savings can be achieved through PWLB to PWLB debt restructuring. The Council now needs to consider the use of Lender Only Borrowing Options (Lobos).

These are money market loans where an interest rate is fixed up to a specified date (or dates), at which point the lender can opt to increase the interest rate payable. The borrower can either agree to this increase and continue to repay the loan up to the maturity date or reject the new terms and repay the loan in full and without penalty. Terms vary between Lobos but it is usual for the lender to be able to exercise its option at specific intervals (6, 12 months or 1 or 5 years).

A typical loan is a 60 year loan which has a rate of 4.05% fixed for 1 year. Thereafter, the lender can opt at 6 monthly intervals to increase the rate. Another loan might be a 70 year loan, which has a rate fixed for 5 years at 4.25% with the lender having the option to increase the rate at 5 yearly intervals. The attractiveness of using Lobos comes from the low initial rates and it is generally advisable to opt to repay the loan the first time the lender exercises the option to change the interest rate. Otherwise, there is the risk that general interest rates may at some point fall and the lender will keep the interest rate unchanged.

However, when considering taking up a Lobo, it is important to look at the loan in its entirety. The Council's current average rate of interest on debt is 6.12%. The long term PWLB rate for 40 years or more is 4.61%. A 60 or 70 year Lobo with an interest rate of 4.05% or 4.25% still looks good as part of the Council's overall debt management strategy.

It is also possible to have "stepped Lobos" with one or more one fixed term period. However, there are currently concerns about the accounting treatment of these Lobos and it is not recommended that these are considered at present.

Use of Lobos by local authorities is now widespread and local authorities are successfully using them to lower their overall cost of borrowing.

The disadvantages of using Lobos are the loss of flexibility over repayments – the lender must exercise their option before borrowers can make a repayment without penalty; the repayment of a Lobo may require the Council to borrow at a time when interest rates are higher and the Council forgoes the rights to potential discounts associated with PWLB repayments.

27 FEBRUARY 2008

LEADER

*Councillor Stephen
Greenhalgh*

**COUNCILLORS' ALLOWANCES SCHEME:
ANNUAL REVIEW**

**WARDS
All**

Synopsis

This report performs the statutory annual review of Councillors' allowances for the 2008-2009 financial year, and takes into account the recommendations made in the Independent Remunerator's report to London Councils (December 2006).

CONTRIBUTORS

ACE , DF, HLS

RECOMMENDATION:

That the Councillors' Allowances Scheme 2008-09 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 2008/9 is set out at **APPENDIX 1** to this report. The Council's Scheme broadly remains the same as in previous years with no additional SRA being recommended. The scheme and retains the provision for an automatic inflation uplift, which links Councillors' allowances to the previous year's national Local Government Pay Settlement. The pay award for 2007/8 was 2.475%.

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 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. In December 2006, a further independent remunerator's report, co-authored by Rodney Brooke, Drew Stevenson and Jo Valentine was produced and has been used as the reference report. The Executive summary of this report appears at Appendix 2. A full copy of the report can be viewed at <http://www.londoncouncils.gov.uk/doc.asp?doc=18598&cat=1791>
- 2.3 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 with the following significant differences:-
 - The Council's basic allowance will be £8940 rather than £9964 as recommended by remunerator report.
 - The Council will retain its scheme of Special Responsibility Allowances as opposed to the more costly Scheme recommended by the remunerators.

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 2008/09 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)	Kayode Adewumi, ext 2499	ACE/ Room 202a, Hammersmith Town Hall
2.	Previous Members' Allowances reports	Kayode Adewumi, ext 2499	ACE/ Room 202a, Hammersmith Town Hall

APPENDIX 1

Members' Allowances Scheme 2008-09

[Effective from 1 April 2008]

This scheme is made in accordance with the Local Authorities (Members' Allowances) (England) Regulations 2003 ("the Regulations") for 2008 –2009 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 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 of £9,964 per annum to be paid in 12 monthly instalments on the 15th of each month.

1.2 The Council has taken into account the independent remunerator's recommendation but has decided to retain its own basic rate allowance, uplifted in line with the previous year's Local Government Pay Settlement by 2.475%. The basic rate allowance for all LBHF Councillors will therefore be:

£8,940 - to be paid in 12 monthly instalments on the 15th of each month.

Councillors only receive an allowance for the period of their term of office in cases where it is less than the whole financial 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 by 2.475% in line with the previous year's Local Government Pay Settlement) and not to follow the independent remunerator's recommendations 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	£35,763
Deputy Leader	£29,796
Other Cabinet members (6)	£23,838
Chief Whip (where not a member of Cabinet)	£23,838
Deputy Chief Whip	£6,183
Chairmen of Overview & Scrutiny Committees (6)	£6,183
Leader of the Opposition	£17,874
Deputy Leader of the Opposition	£6,183
Opposition Whip	£6,183
Chairmen of Planning Applications Committee, Personnel Appeals, Appointments Panel, Audit Committee, Licensing Committee/Sub-Committee, & Councillor member on Adoption Panel	£6,183
The Mayor	£11,922
Deputy Mayor	£6,183
Lead Member for Recruitment (added Annual Council 2007)	£5,000

Councillors only receive an allowance for the period of their term of office in cases where it is less than the whole financial year.

3) OTHER ALLOWANCES

a) 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.

(1) £4.18 per half hour before 10 p.m.; £5.31 per half hour after 10 p.m. (not payable in respect of a member of the councillor's household).

b) Travel & Subsistence

Allowances are payable (at the same rates as employees) for duties undertaken away from the Town Halls when discharging duties under paragraph 8 of the Regulations. In addition, the cost of travel after late evening meetings from the Town Hall would be paid.

(1) Public Transport

Actual travel costs (second class only) will be reimbursed.

(2) 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

The figures above are the 2007/8 rates as car mileage is paid at the same rate as for officers. The 2008/9 rates are unknown as this is negotiated nationally so the new rates will not be agreed until later in the year. Once the figures are known they will be updated accordingly.

(3) Cycle allowance

£36.93 per month – where this is claimed, no other travel claims are permissible.

(4) 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.

C) Sickness, Maternity and Paternity Allowance

Where a Member is entitled to a Special Responsibility Allowance, it will continued to be paid in the case of sickness, maternity and paternity leave in the same way as employees.

4) ANNUAL INCREASE

The allowances in this scheme apply to the financial year 2008-09, and shall be increased by the same percentage rate of increase as the previous year's national Local Government Pay Settlement in each subsequent year until 2010-11.

5) 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.

6) 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.

7) 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.

8) 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 is accordingly proposed for adoption.

9) 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 a rate of allowance for co-opted members of £117 per meeting, to be calculated on an annualised basis by the number of meetings. This recommended figure has not been adopted. The Council's own figure, uplifted by the previous year's national Local Government Pay Award of 2.475%, works out at an annualised co-optees allowance of £921.00 p.a., payable by equal monthly instalments of £76.75 on the 15th of each month.

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 particular postholder. This recommendation has not been adopted. The Council's own figure, uplifted by the previous year's national Local Government Pay Award of 2.475%, works out at an annualised allowance for all independent Standards Committee members of £459.00 p.a, payable by equal monthly instalments of £38.25 on the 15th of each month.

In all cases, the allowances given in this scheme shall be uprated by the same percentage rate of increase as the previous years national Local Government Pay Settlement.