

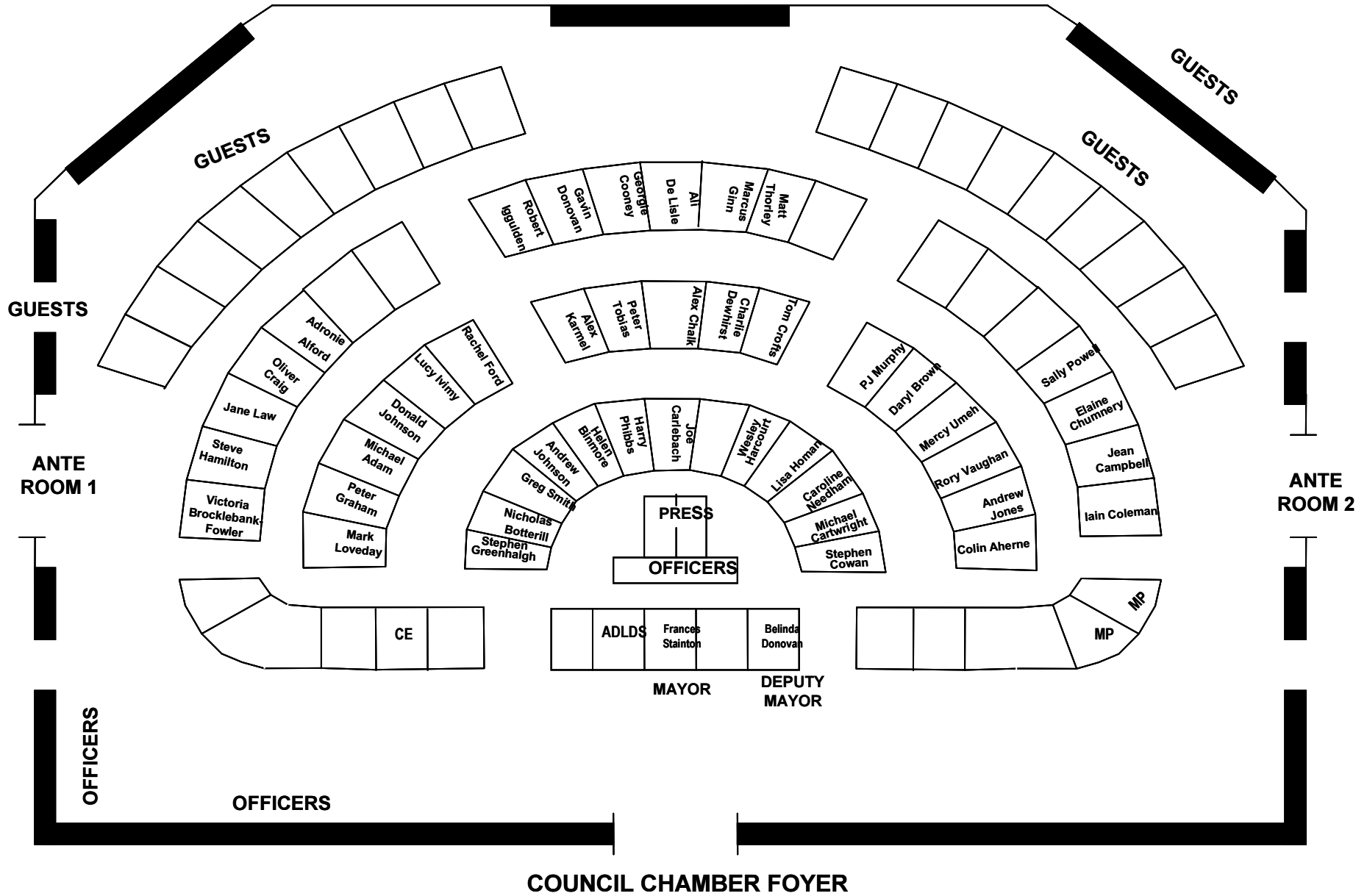
# COUNCIL AGENDA

(Budget Council Meeting)

Wednesday 29 February 2012



# COUNCIL CHAMBER SEATING 2011/12





The Mayor (Councillor Frances Stainton)  
Deputy Mayor (Councillor Belinda Donovan)

ADDISON

Alex Chalk (C)  
Belinda Donovan (C)  
Peter Tobias (C)

HAMMERSMITH  
BROADWAY

Michael Cartwright (L)  
Stephen Cowan (L)  
PJ Murphy (L)

RAVENSCOURT PARK

Charlie Dewhirst (C)  
Lucy Ivimy (C)  
Harry Phibbs (C)

ASKEW

Lisa Homan (L)  
Caroline Needham (L)  
Rory Vaughan (L)

MUNSTER

Michael Adam (C)  
Adronie Alford (C)  
Alex Karmel (C)

SANDS END

Steve Hamilton (C)  
Ali de Lisle (C)  
Jane Law (C)

AVONMORE &  
BROOK GREEN

Helen Binmore (C)  
Joe Carlebach (C)  
Robert Iggulden (C)

NORTH END

Daryl Brown (L)  
Georgie Cooney (C)  
Tom Crofts (C)

SHEPHERDS BUSH  
GREEN

Iain Coleman (L)  
Andrew Jones (L)  
Mercy Umeh (L)

COLLEGE PARK &  
OLD OAK

Elaine Chumnerly (L)  
Wesley Harcourt (L)

PALACE RIVERSIDE

Marcus Ginn (C)  
Donald Johnson (C)

TOWN

Oliver Craig (C)  
Stephen Greenhalgh (C)  
Greg Smith (C)

FULHAM BROADWAY

Victoria Brocklebank-  
Fowler (C)  
Rachel Ford (C)  
Matt Thorley (C)

PARSONS GREEN AND  
WALHAM

Nicholas Botterill (C)  
Mark Loveday (C)  
Frances Stainton (C)

WORMHOLT AND  
WHITE CITY

Colin Aherne (L)  
Jean Campbell (L)  
Dame Sally Powell (L)

FULHAM REACH

Gavin Donovan (C)  
Peter Graham (C)  
Andrew Johnson (C)



# SUMMONS

Councillors of the London Borough of  
Hammersmith & Fulham  
are requested to attend the  
Meeting of the Council on  
Wednesday 29 February 2012  
at Hammersmith Town Hall, W6

The Council will meet at 7.00pm.

21 February 2012  
Town Hall  
Hammersmith W6

Derek Myers  
Chief Executive

# Full Council Agenda

29 February 2012

<u>Item</u>		<u>Pages</u>
<b>1.</b>	<b>MINUTES</b>	846 - 867
	To approve and sign as an accurate record the Minutes of the Council Meeting held on 25 January 2012.	
<b>2.</b>	<b>APOLOGIES FOR ABSENCE</b>	
<b>3.</b>	<b>MAYOR'S/CHIEF EXECUTIVE'S ANNOUNCEMENTS (IF ANY)</b>	
<b>4.</b>	<b>DECLARATIONS OF INTERESTS</b>	
	If a Councillor has any prejudicial or personal interest in a particular report he/she should declare the existence and nature of the interest at the commencement of the consideration of the item or as soon as it becomes apparent.	
	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.	
	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.	
<b>5.</b>	<b>PUBLIC QUESTIONS</b>	
	There are no public questions to consider.	
<b>6.</b>	<b>ITEMS FOR DISCUSSION/COMMITTEE REPORTS</b>	
<b>6.1</b>	<b>REVENUE BUDGET AND COUNCIL TAX LEVELS 2012/13</b>	868 - 951
	This report sets out the 2012/13 revenue budget proposals, including Council Tax levels, and deals with the precept from the Greater London Authority (GLA), together with ancillary issues.	

<b>6.2</b>	<b>CAPITAL PROGRAMME 2012/13 TO 2016/17</b>	952 - 975
	This report sets out proposals in respect of the capital programme, together with ancillary issues.	
<b>6.3</b>	<b>TREASURY MANAGEMENT STRATEGY REPORT</b>	976 - 1000
	The report provides information on the Council's Treasury Management Strategy for 2012/13. It seeks approval for borrowing limits and authorisation for the Executive Director of Finance and Corporate Governance to arrange the Council's cashflow, borrowing and investments in the year 2012/13.	
	The report seeks approval to changes recommended by Cipfa to the Treasury Management Policy Statement and Treasury Management Practices.	
	The report explains the treasury management implications of HRA Reform and seeks approval to the treatment of debt and interest on HRA receipts and balances with effect from 1 April 2012.	
<b>6.4</b>	<b>COUNCILLORS' ALLOWANCES SCHEME: ANNUAL REVIEW AND REVISION</b>	1001 - 1011
	This report performs the statutory annual review of Councillors' allowances for the 2012/13 financial year and contains a revision to the 2011/12 Councillors' Allowance Scheme. The annual review takes into account the recommendations made in the Independent Remunerator's report to London Councils (May 2010).	
<b>6.5</b>	<b>PAY POLICY OF THE LONDON BOROUGH OF HAMMERSMITH AND FULHAM</b>	1012 - 1036
	Council is asked to approve the Pay Policy attached at Appendix 1 to the report and endorse the pay schemes attached at Appendices 2, 3 and 4. The Council's Pensions Policy is attached for information at Appendix 5. The Councillors' Allowances Report has been submitted as a separate item (agenda item 6.4). Once approved, it will constitute Appendix 6 of this report.	
<b>6.6</b>	<b>INTERIM DIRECTOR OF LEGAL SERVICES</b>	1037 - 1039
	This report deals with the appointment of an Interim Monitoring Officer pursuant to Section 5 of the Local Government and Housing Act 1989.	
<b>7.</b>	<b>INFORMATION REPORTS - TO NOTE</b>	
	There are no information reports to consider.	

# **COUNCIL MINUTES**

(ORDINARY COUNCIL MEETING)

WEDNESDAY 25 JANUARY 2012



PRESENT

The Mayor Councillor Frances Stainton  
Deputy Mayor Councillor Belinda Donovan

Councillors:

Michael Adam	Stephen Cowan	Lucy Ivimy
Colin Aherne	Oliver Craig	Andrew Johnson
Adronie Alford	Tom Crofts	Andrew Jones
Helen Binmore	Ali De-Lisle	Alex Karmel
Nicholas Botterill	Charlie Dewhirst	Jane Law
Victoria Brocklebank-Fowler	Gavin Donovan	Mark Loveday
Daryl Brown	Rachel Ford	Caroline Needham
Jean Campbell	Marcus Ginn	Harry Phibbs
Joe Carlebach	Peter Graham	Sally Powell
Michael Cartwright	Stephen Greenhalgh	Greg Smith
Alex Chalk	Steve Hamilton	Matt Thorley
Elaine Chumnerly	Wesley Harcourt	Mercy Umeh
Iain Coleman	Lisa Homan	Rory Vaughan
Georgie Cooney	Robert Iggulden	

**25. MINUTES**

The minutes of the Council Meeting held on 19 October 2011 were confirmed and signed as an accurate record.

**26. APOLOGIES FOR ABSENCE**

Apologies for absence were received from Councillors Donald Johnson, PJ Murphy and Peter Tobias.

**27. MAYOR'S/CHIEF EXECUTIVE'S ANNOUNCEMENTS (IF ANY)**

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

7.03pm - The Mayor announced with great sadness the deaths of former Councillors and a former Mayor, Mr Robert Gordon Field on 8 November 2011, Mr Simon Knott on 20 November 2011, and Captain Peter Prince (RN retired) on 3

December 2011 in London.

Mr Robert Field was elected as Councillor for Brook Green Ward in May 1959 and served until 1971. He was Deputy Mayor from 1969 – 1970 and elected Mayor from 1970 – 1971. He was elected again as Councillor for Brook Green Ward in May 1974 – 1978.

Mr Simon Knott was elected as Councillor for Broadway Ward in 1967 and served until 1968. He was elected again as Councillor for Broadway Ward in May 1974 – 1989.

Mr Peter Prince (RN Captain retired), was elected as Councillor for Brook Green Ward in May 1982 and served until 1994. He was elected Leader of the Opposition from 1986 – 1991.

The meeting stood for one minute in their memory.

Councillors Adronie Alford, Nicholas Botterill and Stephen Greenhalgh paid tribute to Mr Peter Prince and Councillor Greenhalgh paid tribute to Mr Simon Knott.

## **28. DECLARATIONS OF INTERESTS**

Councillor Georgie Cooney declared a personal interest in Special Motion 2 – Special Schools, as she was a governor at Queensmill and Cambridge Schools.

## **29. PUBLIC QUESTIONS**

There were no public questions received.

## **30. ITEMS FOR DISCUSSION/COMMITTEE REPORTS**

### **30.1 Council Tax Base and Collection Rate 2012/2013**

7.15 pm - 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	29
AGAINST	0
NON VOTING	12

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

7.15 pm **RESOLVED:**

That the following recommendations for the 2012-2013 financial year be approved:

- (1) That the estimated numbers of properties for each Valuation Band as set out in the report, be approved.

- (2) That an estimated Collection rate of 97.5% be approved.
- (3) That the Council Tax Base of 80,087 Band "D" equivalent properties be approved.

### 30.2 Treasury Management Update for the First Six Months of 2011-12

7.16 pm - The report and recommendation were formally moved for adoption by the Leader of the Council, Councillor Stephen Greenhalgh.

The report and recommendation were put to the vote:

FOR	Unanimous
AGAINST	0
NON VOTING	0

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

7.16 pm **RESOLVED:**

That the Council's debt, borrowing and investment activity up to the 30 September 2011 be noted.

## 31. **SPECIAL MOTIONS**

### 31.1 Special Motion 2 - Special Schools

Under Council Procedure Rule 15 (e) (iii), Councillor Mark Loveday moved that Special Motion 2 – Special Schools have precedence and be debated as the next item which was agreed.

7.18 pm – Councillor Georgie Cooney moved, seconded by Councillor Helen Binmore, the special motion standing in their names:

"This Council notes:

- 1) That 100% of the special schools in H&F; as well as the specialist provision at the Bridge Academy, are rated as Outstanding by Ofsted: Queensmill, Cambridge, Woodlane, The Bridge and Jack Tizard - this is an historical achievement.

This Council welcomes:

- 1) The new autism unit attached to Fulham Primary
- 2) The increased number of schools which have at least BB93 acoustics for children with hearing impairments
- 3) The new SEN website which is to try and improve communication between all parties involved with SEN children

- 4) The exciting new site committed to the development and co-location of Queensmill primary and secondary schools
- 5) The improved provision of Cambridge school due to the cost effective move to the Bryony Centre, next to the Phoenix. Pupils from each school can now attend lessons on either site, according to their needs
- 6) The new hydrotherapy pool at Jack Tizard school which is being used by children from all over the borough. There is even a bus available to pick the children up from different sites.
- 7) The commitment of the 5 newly qualified teachers of OCR Level 5 - 'teaching and understanding learners with specific learning difficulties' and the 7 who are currently undergoing the training.
- 8) The excellent work of the staff at the Medical Needs Unit, Woodlane school, managed by the headteacher, Peter Harwood. In addition, the success of the independent travel training, also managed by Peter Harwood.
- 9) The 3 students at Fulham Cross and William Morris who are visually impaired and are now accessing the entire curriculum through braille. A great achievement.
- 10) Queensmill school for autism, once again, has been accredited by the National Autism Society whilst also managing a new, bigger and stronger team of Occupational Therapists.

This Council resolves to continue to strive to improve the provision and opportunities for all children with SEN in Hammersmith and Fulham.”

Speeches on the special motion were made by Councillors Georgie Cooney, Helen Binmore and Marcus Ginn (for the Administration).

Under Standing Order 15 (e) (vi), Councillor Caroline Needham moved, seconded by Councillor Elaine Chumnerly, an amendment to the motion as follows:

“Delete the last paragraph, and insert the following:

“This Council resolves to continue to enhance the provision of support to all children with Special Education Needs by providing support to families through Short Breaks (respite care), the provision of appropriate youth services and specialist holiday play schemes. The Council recognises that children with special needs are particularly vulnerable to poverty and will provide targeted support to protect children with special needs from financial hardship.”

Speeches on the amendment were made by Councillors Caroline Needham and Elaine Chumnerly (for the Opposition) and Councillors Stephen Greenhalgh and Georgie Cooney (for the Administration) before it was put to the vote:

FOR	14
AGAINST	29

NON VOTING      0

The motion was declared **LOST**.

The substantive motion was put to the vote:

FOR	Unanimous
AGAINST	0
NON VOTING	0

The motion was declared **CARRIED**.

7.47 pm – **RESOLVED**:

This Council notes:

- 1) That 100% of the special schools in H&F; as well as the specialist provision at the Bridge Academy, are rated as Outstanding by Ofsted: Queensmill, Cambridge, Woodlane, The Bridge and Jack Tizard - this is an historical achievement.

This Council welcomes:

- 1) The new autism unit attached to Fulham Primary
- 2) The increased number of schools which have at least BB93 acoustics for children with hearing impairments
- 3) The new SEN website which is to try and improve communication between all parties involved with SEN children
- 4) The exciting new site committed to the development and co-location of Queensmill primary and secondary schools
- 5) The improved provision of Cambridge school due to the cost effective move to the Bryony Centre, next to the Phoenix. Pupils from each school can now attend lessons on either site, according to their needs
- 6) The new hydrotherapy pool at Jack Tizard school which is being used by children from all over the borough. There is even a bus available to pick the children up from different sites.
- 7) The commitment of the 5 newly qualified teachers of OCR Level 5 - 'teaching and understanding learners with specific learning difficulties' and the 7 who are currently undergoing the training.
- 8) The excellent work of the staff at the Medical Needs Unit, Woodlane school, managed by the headteacher, Peter Harwood. In addition, the success of the independent travel training, also managed by Peter Harwood.

- 9) The 3 students at Fulham Cross and William Morris who are visually impaired and are now accessing the entire curriculum through braille. A great achievement.
- 10) Queensmill school for autism, once again, has been accredited by the National Autism Society whilst also managing a new, bigger and stronger team of Occupational Therapists.

This Council resolves to continue to strive to improve the provision and opportunities for all children with SEN in Hammersmith and Fulham.

### 31.2 Special Motion 1 - Mayor for London

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

“This Council notes the inappropriate and rambling personal attacks by Ken Livingstone on members of this Council at a public meeting at St Augustine's Church on 2 November 2011 that clearly demonstrate his unfitness to be the next Mayor for London or to represent the people of Hammersmith and Fulham.

This Council notes since 1 May 2008 Boris Johnson has delivered on his promises to:

- Beef up the police presence in the borough by increasing police numbers and cutting red tape at the Metropolitan Police Service
- Implement serious strategies on knife and gun crime and arm the police with handheld weapon scanners
- Crack down on the culture of casual disorder that leads to more serious crime, with live CCTV on buses and a community service scheme for young people who abuse free travel
- Make transport safer in Hammersmith and Fulham by putting more uniformed officers on buses and station platforms
- Protect our green, open spaces and encourage more recycling across the borough
- Scrap the Western Congestion Charge zone and make the existing system fairer and more flexible for residents in Hammersmith & Fulham
- Work in partnership with the borough Council to build the homes that people in the borough want and can afford
- Stretch the taxpayer pound to give Hammersmith & Fulham Council Tax payers more bang for their buck and axe the waste and overspending at City Hall.
- Freeze the Mayoral Council Tax precept in each year to reduce the burden on taxpayers in the borough.

This Council looks forward to the re-election of Boris Johnson as Mayor for London in May 2012.”

Speeches on the special motion were made by Councillors Stephen Greenhalgh, Mark Loveday, Tom Crofts, Nicholas Botterill and Andrew Johnson (for the Administration).

Under Standing Order 15 (e) (vi), Councillor Stephen Cowan moved, seconded by Councillor Lisa Homan, an amendment to the motion as follows:

“Delete all after *“This Council”* and replace with:

“is deeply concerned by the increasing hardship that tens of thousands of Hammersmith and Fulham households are experiencing.

The Council therefore regrets the following actions and failures by London Mayor Boris Johnson:

- Fares Hikes - That transport fares have risen by vastly more than inflation since Mr. Johnson was elected in 2008 - with some fares rising by almost 60%. This stealth tax has added unnecessary additional costs to millions of Londoners’ budgets and the Conservative London Mayor did this during the worst economic slow down since 1929. The Council notes that Boris Johnson hopes to continue to vastly increase transport fares up until 2017 should he be re-elected on 1<sup>st</sup> May 2012. This would cause additional hardship to Borough residents and will continue to have a dampening effect on the London economy.
- Crime failures - That knife crime has risen and the London Mayor has failed to cut total crime. Furthermore, the Metropolitan Police Authority has confirmed that Boris Johnson is cutting London’s police numbers by 1,800 meaning a fall from 33,260 in 2010, to just 31,460 during a two year period. This is unnecessary and the wrong time to cut police numbers.
- Housing crisis – That the Mayor has failed to ensure sufficient numbers of genuinely affordable homes to buy or rent have been built and that Boris Johnson even missed his own, already reduced, housing targets. There is a housing crisis which the mayor is failing to tackle and many of his policies are making much worse.

The Council notes that Labour’s Ken Livingstone is offering Borough residents positive change with, for example:

- A 7% cut in transport fares saving the average household up to £1000 between 2012 to 2018.
- To protect frontline policing in the capital
- To increase the numbers of genuinely affordable homes to buy and to rent.”

Speeches on the amendment were made by Councillors Stephen Cowan, Lisa Homan and Michael Cartwright (for the Opposition) and Councillors Alex Karmel and Joe Carlebach (for the Administration) before it was put to the vote:

FOR	14
AGAINST	28
NON VOTING	0

The motion was declared **LOST**.

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

FOR	28
AGAINST	14
NON VOTING	0

The motion was declared **CARRIED**.

8.45 pm – **RESOLVED**:

This Council notes the inappropriate and rambling personal attacks by Ken Livingstone on members of this Council at a public meeting at St Augustine's Church on 2 November 2011 that clearly demonstrate his unfitness to be the next Mayor for London or to represent the people of Hammersmith and Fulham.

This Council notes since 1 May 2008 Boris Johnson has delivered on his promises to:

- Beef up the police presence in the borough by increasing police numbers and cutting red tape at the Metropolitan Police Service
- Implement serious strategies on knife and gun crime and arm the police with handheld weapon scanners
- Crack down on the culture of casual disorder that leads to more serious crime, with live CCTV on buses and a community service scheme for young people who abuse free travel
- Make transport safer in Hammersmith and Fulham by putting more uniformed officers on buses and station platforms
- Protect our green, open spaces and encourage more recycling across the borough
- Scrap the Western Congestion Charge zone and make the existing system fairer and more flexible for residents in Hammersmith & Fulham
- Work in partnership with the borough Council to build the homes that people in the borough want and can afford
- Stretch the taxpayer pound to give Hammersmith & Fulham Council Tax payers more bang for their buck and axe the waste and overspending at City Hall.
- Freeze the Mayoral Council Tax precept in each year to reduce the burden on taxpayers in the borough.



This Council looks forward to the re-election of Boris Johnson as Mayor for London in May 2012.

### 31.3 Special Motion 3 - Hammersmith Flyover

8.46 pm – Councillor Nicholas Botterill moved, seconded by Councillor Rachel Ford, the special motion standing in their names:

“This Council notes that:

1. Transport for London (TfL) commenced works on the Hammersmith Flyover several weeks ago.
2. On Friday 23 December 2011, a decision was made following an overnight inspection by TfL engineers to close the flyover to traffic pending full scale structural assessments.
3. Although this route and the structure of the Hammersmith Flyover form a strategic London route and that they are therefore under the full control of TfL, the resulting adverse impacts of closure to the residents of Hammersmith & Fulham (in economic and social terms) are severe.

This Council calls on TfL to:

- Seek to reopen the flyover at the earliest opportunity when it is safe to do so,
- Carry out all remedial works to the structure of the Hammersmith Flyover sufficient to extend the life span and allow unrestricted operation in as timely a manner as possible,
- Continue to share all information and engineering assessments on the flyover with officers of this Council as soon as they are available, and
- Continue to liaise with the affected boroughs on the traffic management implications of closure.”

Under Standing Order 15 (l), Councillor Nicholas Botterill moved, seconded by Councillor Rachel Ford, an amendment to their motion, to which the meeting agreed, as follows:

“Delete paragraph 3 and add after “severe”

- “3. Although the flyover was reopened to single file light traffic in each direction on the 13<sup>th</sup> January 2012, there is still considerable consequent additional congestion having an adverse impact on travelling in the borough, in particular westbound traffic in Hammersmith.
4. TfL is proposing a programme of works (full details should be available by the end of January) which will allow full reopening of the flyover to all traffic in time for the London Olympics in July 2012. These works will most likely continue after the Olympics.

5. The remedial works (when fully complete) will give the flyover an additional expected life of seven to ten years.”

Delete bullet point 1 and insert

“Convene a consultative panel which will include representatives of business and commerce, the Council and local residents to consider options for full replacement of the flyover in particular the potential for a tunnel.”

Speeches on the special motion (as amended) were made by Councillors Nicholas Botterill, Rachel Ford and Lucy Ivimy (for the Administration).

Under Standing Order 15 (e) (vi), Councillor Michael Cartwright moved, seconded by Councillor Stephen Cowan, an amendment to the motion as follows:

“Add the paragraph below after the following words: “*of closure*” in the final paragraph...

“Request the Greater London Authority to carry out an investigation into the circumstances regarding the deterioration and closure of the flyover.

Request that the Mayor carry out a feasibility study into putting the A4 into a tunnel through central Hammersmith, and pending receipt of the study, put the pedestrian bridge to Furnival Gardens into abeyance.

Notes that this Council was warned about the problems with the Hammersmith Flyover last summer and that included the possibility of closure. It therefore is concerned about the lack of a proactive approach taken by the Council’s Conservative Administration and the London Mayor Boris Johnson (Con). The Council therefore calls for an inquiry into how the incompetence associated with this closure meant that:

- The London Borough of Hammersmith and Fulham had no traffic management plan to deal with the resulting problems in subsidiary residential streets when the Hammersmith Flyover was closed.
- There was little to no effective communication between the London Mayor, Transport for London and this Council which meant the Council was taken by surprise when the Hammersmith Flyover closed.”

Speeches on the amendment were made by Councillors Michael Cartwright and Stephen Cowan (for the Opposition) and Councillor Nicholas Botterill (for the Administration) before it was put to the vote:

FOR	13
AGAINST	27
NON VOTING	0

The motion was declared **LOST**.

The substantive motion (as amended) was put to the vote:

FOR	Unanimous
AGAINST	0
NON VOTING	0

The motion was declared **CARRIED**.

9.19 pm – **RESOLVED**:

This Council notes that:

1. Transport for London (TfL) commenced works on the Hammersmith Flyover several weeks ago.
2. On Friday 23 December 2011, a decision was made following an overnight inspection by TfL engineers to close the flyover to traffic pending full scale structural assessments.
3. Although the flyover was reopened to single file light traffic in each direction on the 13<sup>th</sup> January 2012, there is still considerable consequent additional congestion having an adverse impact on travelling in the borough, in particular westbound traffic in Hammersmith.
4. TfL is proposing a programme of works (full details should be available by the end of January) which will allow full reopening of the flyover to all traffic in time for the London Olympics in July 2012. These works will most likely continue after the Olympics.
5. The remedial works (when fully complete) will give the flyover an additional expected life of seven to ten years.

This Council calls on TfL to:

- Convene a consultative panel which will include representatives of business and commerce, the Council and local residents to consider options for full replacement of the flyover in particular the potential for a tunnel.
- Carry out all remedial works to the structure of the Hammersmith Flyover sufficient to extend the life span and allow unrestricted operation in as timely a manner as possible,
- Continue to share all information and engineering assessments on the flyover with officers of this Council as soon as they are available, and
- Continue to liaise with the affected boroughs on the traffic management implications of closure.

## 31.4 Special Motion 4 - Housing Allocations

9.20 pm – Councillor Andrew Johnson moved, seconded by Councillor Harry Phibbs, the special motion standing in their names:

“This Council notes and endorses the recent comments made by Leader of the Opposition, The Rt Hon Ed Miliband MP, that:

1. *“Those on the waiting list for council accommodation should move up that list if they are contributing to their communities, being good neighbours, and seeking work”*
2. *“Need matters, but actually you should be rewarded with extra points, and councils around the country are starting to do this, and I want more of them to do it, if you for example work or contribute to your community.”*

This Council resolves:

1. To continue to meet its statutory obligations in respect of urgent housing need, and;
2. To enable social housing in Hammersmith & Fulham to be accessed by residents who work or make a contribution to the local community, and;
3. To ensure that the future scheme of allocation for social housing will seek to give greater priority for those applicants who can demonstrate a positive community contribution. These will include:
  - Those in employment
  - Those looking to start their own business
  - Those undertaking certain training
  - Transfer applicants with a positive tenancy history with no previous rent arrears
  - Those who can demonstrate a contribution to the local community through certain types of voluntary work
  - Current and former members of the armed forces, including the Territorial Army.”

Speeches on the special motion were made by Councillors Andrew Johnson and Harry Phibbs (for the Administration).

Under Standing Order 15 (e) (vi), Councillor Stephen Cowan moved, seconded by Councillor Andrew Jones, an amendment to the motion as follows:

“Delete all after the final line of the third paragraph that reads *“... for example, work to contribute to your community”* and replace with:

- “This Council recognises that it is increasingly impossible to allocate homes if the political will to build and maintain local social housing isn’t there and the supply is being drastically cut. The Council therefore deplores the Conservative Administration’s approach to housing in this Borough which has seen them:

- Insulting all residents of social housing by branding them as locked into a “dependency and expectancy culture”
- Refusing to grant planning permission for any genuinely affordable social housing to rent since they were last made to do so when Ken Livingstone was London’s Mayor
- Planning to demolish up to a third of all Council housing stock
- Selling off much needed genuinely affordable council homes to property speculators instead or re-letting them to residents on the housing waiting list
- Encouraging property speculators to use “confidential” financial modelling as a means to allow them to avoid GLA and this Council’s own planning requirements to build affordable social housing
- Refusing to build any genuinely affordable homes to buy that gives people on average incomes opportunities to get onto the property ladder
- Wrongly making local residents on the housing waiting list accept Private Sector Landlord properties rather than a council home which is detrimental to their rights, forces them to need housing benefit support and can often lock them into the welfare trap
- Has introduced draconian homeless policies that has seen one Maladministration case and at least two settlements to avoid further maladministration judgements
- Allows property developers to build small Tokyo style micro flats that do not meet the Council’s own specifications of the type of homes needed in this Borough for home ownership and rent.
- Successfully lobby the government to adopt a policy of “near market rents” and an end to secure tenancies

The Council recognises that there is a developing housing crisis and calls for new housing policies that works for the majority of Borough residents seeking a home to buy or rent.”

Speeches on the amendment were made by Councillors Stephen Cowan and Andrew Jones (for the Opposition) before it was put to the vote:

FOR	11
AGAINST	26
NON VOTING	0

The motion was declared **LOST**.

Speeches on the substantive motion were made by Councillor Stephen Cowan (for the Opposition) and Councillor Stephen Greenhalgh (for the Administration).

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

FOR	26
AGAINST	0
NON VOTING	11

The motion was declared **CARRIED**.

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Minutes are subject to confirmation at the next meeting as a correct record of the proceedings and any amendments arising will be recorded in the minutes of that subsequent meeting.

9.52 pm – **RESOLVED:**

This Council notes and endorses the recent comments made by Leader of the Opposition, The Rt Hon Ed Miliband MP, that:

1. *“Those on the waiting list for council accommodation should move up that list if they are contributing to their communities, being good neighbours, and seeking work”*
2. *“Need matters, but actually you should be rewarded with extra points, and councils around the country are starting to do this, and I want more of them to do it, if you for example work or contribute to your community.”*

This Council resolves:

1. To continue to meet its statutory obligations in respect of urgent housing need, and;
2. To enable social housing in Hammersmith & Fulham to be accessed by residents who work or make a contribution to the local community, and;
3. To ensure that the future scheme of allocation for social housing will seek to give greater priority for those applicants who can demonstrate a positive community contribution. These will include:
  - Those in employment
  - Those looking to start their own business
  - Those undertaking certain training
  - Transfer applicants with a positive tenancy history with no previous rent arrears
  - Those who can demonstrate a contribution to the local community through certain types of voluntary work
  - Current and former members of the armed forces, including the Territorial Army.

## **32. INFORMATION REPORTS - TO NOTE**

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

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

Meeting started: 7.00 pm  
Meeting ended: 9.53 pm

Mayor .....

## ANNOUNCEMENTS BY THE MAYOR

1. I am sure everyone shares my sadness to hear of the deaths of our former Councillors and a former Mayor, Mr Robert Gordon Field on 8<sup>th</sup> November 2011, Mr Simon Knott on 20<sup>th</sup> November 2011, and Captain Peter Prince (RN retired) on 3<sup>rd</sup> December 2011 in London.

Robert Field was elected as Councillor for Brook Green Ward in May 1959 and served until 1971. He was Deputy Mayor from 1969 – 1970. Elected Mayor from 1970 – 1971. He was elected again as Councillor for Brook Green Ward in May 1974 – 1978.

Mr Simon Knott was elected as Councillor for Broadway Ward in 1967 and served until 1968. He was elected again as Councillor for Broadway Ward in May 1974 – 1989

Peter Prince (RN Captain retired), was elected as Councillor for Brook Green Ward in May 1982 and served until 1994. He was elected Leader of the Opposition from 1986 – 1991.

I invite you all to stand for a one minute silence in their memory.

2. I would like to congratulate residents and those working in our Borough, who received various honours in Her Majesty The Queen's New Year Honours list 2012. Prof. Sir Stephen Robert Bloom, Head of Diabetes and Endocrinology, Imperial College London on his knighthood. Charles Lamb Allen, CBE for services to the 2012 Olympics and Paralympics. James Bowler, Principal Private Secretary, No.10 on his Order of the Bath. Guy Alexander Wilkinson OBE, lately Archbishop's Secretary for Inter-Religious Affairs and National Inter-Religious Affairs Adviser, Richard Brunwin OBE, lately Chief Executive Officer, Sir Oswald Stoll Foundation, Miss June Taylor, Chairman OBE, Independent Schools Inspectorate and Magdalen Christian OBE. Mrs Fergusson MBE, Secretary of the Royal Society of Literature and Daphne Hamblin MBE, for her voluntary work at Wormwood Scrubs Pony Centre.
3. On 20<sup>th</sup> October, I attended and presented awards to the H&F Apprentices at a reception held in their honour HTH
4. On 20<sup>th</sup> October, I attended the Hammersmith Society AGM and congratulated Angela Dixon on her retirement from the Historic Buildings Group, reception held at St Pauls Church Hammersmith, W6
5. On 28<sup>th</sup> October, I was delighted to attend and take part in a photocall for the 'Fulham in the Pink' event held for The Haven, at Fulham Broadway Centre, SW6

6. On 29<sup>th</sup> October, I was delighted to attend the Parnham Funfair opening held at Parsons Green SW6 where I received a large teddy bear for my charity.
7. On 29<sup>th</sup> October, I was delighted to open South Park's first Harvest Festival, South Park, SW6
8. On 31<sup>st</sup> October, accompanied by my Mayoress, I attended the Memorial Service for Sir Simon Milton, Westminster Abbey, SW1
9. On 31<sup>st</sup> October, I attended the Inaugural Annual Awards for Exceptional Service to The International Community, House of Lords, SW1
10. On 3<sup>rd</sup> November, accompanied by my Mayoress, I was delighted to host my Charity Gala Dinner in aid of my chosen charity Walking with the Wounded, where I greeted various dignitaries including Chelsea Football Club, other borough Mayors, captains of business, the Charity's founder and three of the wounded who are in the team attempting to summit Everest at the end of May held at Chelsea Football Club, SW6.
11. On 5<sup>th</sup> November, accompanied by Cllr Stephen Greenhalgh, Leader of the Council and my Mayoress, I was delighted to undertake the countdown for the H & F Firework display, Ravenscourt Park, W6
12. On 8<sup>th</sup> November, I opened and unveiled a plaque at Brackenbury Primary School's Breakfast Club Opening, W6
13. On 9<sup>th</sup> November, I was delighted to greet and host a reception for the Chinese Delegation, Mayor's Parlour, HTH
14. On 10<sup>th</sup> November, I was delighted to present the London In Bloom Awards to various H&F residents, contractors and businesses, in achieving recognition on the outstanding number of awards won including our first bi-borough Gold Medal for Little Wormwood Scrubs, reception held in the Mayor's Parlour, HTH
15. On 10<sup>th</sup> November, I attended the Graduation for Ealing, Hammersmith and West London College students and presented certificates to the graduates, HTH
16. On 11<sup>th</sup> November, accompanied by my Consort, I attended the Annual Service of Remembrance, City Hall, SE1
17. On 11<sup>th</sup> November, I attended and presented certificates to participants, 'Youth Take Over Day', HTH
18. On 12<sup>th</sup> November, accompanied by my Mayoress, I attended the Lord Mayor's Parade, Mansion House, EC4
19. On 13<sup>th</sup> November, I was honoured to lay a wreath on behalf of the Borough at the Lyons War Memorial, Margravine Cemetery, W14



20. On 13<sup>th</sup> November, accompanied by my Consort & Mayoress, I was honoured to take the salute at the Remembrance Day Parade and Service, All Saints Church Fulham, SW6
21. On 14<sup>th</sup> November, I attended the unique presentation of Awards for Achievement at the Virtual School, Cambridge School, Bryony Road W12 followed by their celebratory party.
22. On 15<sup>th</sup> November, I attended the Italian Cultural Institute, 39 Belgrave Square SW1
23. On 16<sup>th</sup> November, I attended the Apprentices Olympic Quiz event, in aid of Walking with the Wounded, Ealing Hammersmith & West London College, Gliddon Road, W14
24. On 16<sup>th</sup> November, I was delighted to attend and address attendees at the Enterprise Club event for new business starters, Macbeth Street, W6
25. On 17<sup>th</sup> November, I attended the Bishops Park Museum Private View Exhibition, Fulham Palace, SW6
26. On 17<sup>th</sup> November, I presented awards and certificates at H&F Borough Commander's Commendation Ceremony, The Pillar Hall, Olympia W14
27. On 18<sup>th</sup> November, I attended St George Conference 'Growth through Localism', City Hall, Queens Walk
28. On 18<sup>th</sup> November, I was delighted to attend HE Ambassador of The Sultanate of Oman National Day Reception, Jumeirah Carlton Tower Hotel, Cadogan Place, SW1
29. On 20<sup>th</sup> November, accompanied by my Mayoress, I was delighted to arrange and take part with several borough residents and volunteers, members of 4 Para, Chelsea Pensioners, members of the Stoll Foundation and staff, a charity collection to raise funds for my chosen charity, Walking With The Wounded, Chelsea Football Club, Stamford Bridge, SW6.
30. On 20<sup>th</sup> November, I attended and addressed participants at the Albanian Flags Day celebration, Assembly Hall, HTH
31. On 22<sup>nd</sup> November, I attended the Fulham Society AGM, Lady Margaret School, SW6
32. On 23<sup>rd</sup> November, I attended and made a presentation at the opening of Fulham Artists and Potters Autumn Exhibition, Fulham Library, SW6
33. On 23<sup>rd</sup> November, I attended the Boat Race Company Reception to mark the start of the 2012 Boat Race Season, Thames Rowing Club Putney Embankment, SW15

34. On 24<sup>th</sup> November, I attended with the Bishop of Kensington the Induction of Rev John Henley, St Etheldreda Church, Fulham Palace Rd, SW6
35. On 25<sup>th</sup> November, accompanied by my Mayoress, I attended and switched on the Christmas Lights, Fulham Broadway Retail Centre, SW6
36. On 26<sup>th</sup> November, I attended and opened the Holy Trinity Church Bazaar Day, Brook Green, W6
37. On 27<sup>th</sup> November, I attended the St Saviour's Church Annual Advent Service, Cobbold Road, SW6
38. On 28<sup>th</sup> November, accompanied by my Mayoress, I attended the Mayor of Barnet's charity tour of the Mansion House, EC4
39. On 28<sup>th</sup> November, I attended the Bhavan Institute Diwali Banquet, The Millennium Hotel, Mayfair W1
40. On 29<sup>th</sup> November, I was delighted to attend St John School Church Service and take part in a procession back to St John's Walham Green CE Primary School, Fulham, SW6 where the children and camels took part in my Christmas card photograph.
41. On 29<sup>th</sup> November, accompanied by my Mayoress, I attended the Counselling Pastoral Trust Service, St Paul's Knightsbridge
42. On 1<sup>st</sup> December, accompanied by my Consort and family, I attended the Lord Mayor of Westminster's 'Oslo Lighting Up Ceremony', Trafalgar Square, SW1
43. On 2<sup>nd</sup> December, accompanied by Sandy Cahill DL for H&F to receive the Commemorative Diamond Jubilee Black Poplar sapling, by Sir David Attenborough OM CH CVO CBE, Holland Park, W8
44. On 2<sup>nd</sup> December, I attended the Daisy Trust Family Carol Service, St Dionis Church, SW6
45. On 5<sup>th</sup> December, I attended and addressed the members of the Third Age Foundation AGM, Irish Centre, Blacks Road, W6
46. On 6<sup>th</sup> December, I attended and welcomed the Mayor of London to a launch of his team London 'Love Libraries Scheme' at Westfield Library (Shepherds Bush), Wood Lane, W12
47. On 6<sup>th</sup> December I visited the Fulham Palace Garden Centre, Fulham Palace, SW6
48. On 6 December I was delighted to propose a toast to mark the last meeting of the West London Magistrates at a reception held in the Mayor's Foyer Hammersmith Town Hall. (The West London Magistrates merged with the City of London and Westminster Magistrates on 1<sup>st</sup> January 2012).

49. On 6<sup>th</sup> December I attended The Friends of The Royal Brompton Hospital Festival Of Carols, Holy Trinity Church Sloane Street SW1
50. On 7<sup>th</sup> December, I presented the awards to the winners of the outstanding Westfield Christmas Carol Competition, Westfield London Shopping Centre, W12
51. On 7<sup>th</sup> December, I attended and read the lesson at the Fulham Society Carol Concert, Fulham Palace, SW6
52. On 8<sup>th</sup> December, I attended a reception to celebrate the birthday of His Majesty the Emperor of Japan, hosted by the Japanese Ambassador, the Japanese Embassy, 101 - 104 Piccadilly
53. On 8<sup>th</sup> December, I attended and presented the awards to the successful winners of the Jack Petchey 'Speak Out Challenge' held at Lady Margaret School, SW6
54. On 9<sup>th</sup> December I attended the Mayor of Bexley Charity Tudor Banquet, Hall Place, Bexley, in support of the Mayor's charity.
55. On Saturday 10<sup>th</sup> December I launched the Little Brook Green, Christmas Fair which is the start of a local community event lead by local businesses.
56. On 10<sup>th</sup> December accompanied by Consort I attended the Albert & Friends Christmas Fair and Cabaret, St Alban's Church Margravine Road London W6
57. On 13<sup>th</sup> December, Presents Round The Tree, (Mayor's Parlour HTH) including a young child in care who received a big teddy bear kindly given to me by Parnhams Funfair on 29<sup>th</sup> October.
58. On 13<sup>th</sup> December I attended a reception hosted by HE Mr K Al-Duwaisan, Ambassador of the State of Kuwait, Kensington Palace Gardens W8
59. On 14<sup>th</sup> December, I attended the year 4 & 5 Christmas concert 'Witnesses' Larmenier & Sacred Heart Primary School, Brook Green, W14
60. On 14<sup>th</sup> December I attended the Addison Primary School W14, Year 5 Production of Robin Hood.
61. On 16<sup>th</sup> December, I officially re-opened the newly refurbished McDonald's Shepherds Bush Green where a number of new jobs have been created.
62. On 16<sup>th</sup> December, I was delighted to take part in the Access Self Storage Christmas Toy Appeal in aid of Imperial College Healthcare, Shepherds Bush Road
63. On 16<sup>th</sup> December, I attended and took the salute at The International Horse Show, Olympia

64. On 17<sup>th</sup> December I opened and re-launched the newly refurbished William Parnell, Pineapple Park Playscape, Sands End, SW6
65. On 17<sup>th</sup> December I attended a concert and reception held at the Italian Cultural Institute, 39 Belgrave Square SW1X 8NX
66. On 19<sup>th</sup> December, I planted a Black Poplar Tree in Bishops Park, SW6 which will commemorate the Queens' Diamond Jubilee in June. I also planted an additional specimen in Eel Brook Common which reflects my enthusiasm for saving this species.
67. On 19<sup>th</sup> December accompanied by Mrs Priscilla Ladha, I attended a Carol Service, HMP Wormwood Scrubs, W12
68. On 20<sup>th</sup> December I attended the annual Christmas Service for the London Oratory School, held at The Oratory Church, Brompton Road, South Kensington.
69. On 20<sup>th</sup> December, accompanied by my Mayoress I attended a Christmas reception, by Sandy Orr, SW10
70. On 20<sup>th</sup> December accompanied by the Mayoress I attended the RBK&C Christmas reception, Mayor's Parlour K&C,
71. On 25<sup>th</sup> December, I welcomed over 250 very happy senior citizens at the borough's Christmas lunch and wished them all the best for the coming year with the Olympics and the Jubilee, held in Assembly Hall, Hammersmith Town Hall
72. On 1<sup>st</sup> January 2012, accompanied by my Mayoress and Consorts we took part in the New Year's Day Parade. Out of all the London boroughs we achieved 4<sup>th</sup> place, winning £4,000 for my chosen charity together with £1,350 from the bucket collection, One Whitehall Place, SW1
73. On 2<sup>nd</sup> January accompanied by my Mayoress I attended a reception and concert as part of the New Year's Day Parade celebrations, Westminster City Hall and Cadogan Hall.
74. On 7<sup>th</sup> January, accompanied by my Consort and his two children, attended the Lord Mayor of London's Fancy Dress Party, the Mansion House.
75. On 12<sup>th</sup> January, I attended the London Government Dinner, Mansion House
76. On 17<sup>th</sup> January, accompanied by Cllr Julie Mills, Mayor of the Royal Borough of Kensington & Chelsea, visit to Little Wormwood Scrubs, Dalgarno Gardens to celebrate our joint Gold Award in the London in Bloom competition.
77. On 18<sup>th</sup> January, I attended a reception and briefing on the Queen's Diamond Jubilee River Pageant, City Hall, The Queen's Walk, London, SE1.

78. On 20<sup>th</sup> January, I was honoured to present a plaque and congratulate Bishop Sealy, on his retirement, Nubian Life 50 Commonwealth Avenue W12
79. On 22<sup>nd</sup> January, I attended, together with Greg Hands MP, the Collation and Induction by the Bishop of Kensington of Rev'd Mark Osborne, St John with St James Waltham Green SW6.
80. On 23<sup>rd</sup> January, accompanied by HH Prince Mohsin Ali Khan I attended and presented our very significant number of awards to this borough's schools at the Jack Petchey Achievement Awards, The Great Hall, RBK&C
81. On 24<sup>th</sup> January, Mayor accompanied by Mr Peter Camp, I attended the annual ceremony to mark Holocaust Memorial Day, City Hall, SE1



## Report to Council

29 FEBRUARY 2012

### LEADER

Councillor Stephen Greenhalgh

### REVENUE BUDGET AND COUNCIL TAX LEVELS 2012/13

This report sets out the 2012/13 revenue budget proposals, including Council Tax levels, and deals with the precept from the Greater London Authority (GLA), together with ancillary issues.

### Wards

All

### CONTRIBUTORS

All Departments

### RECOMMENDATIONS:

1. To note the Council Tax reduction of 3.75% for the Hammersmith & Fulham element for 2012/13. For planning purposes, there will be a freeze on Council Tax for 2013/14 and 2014/15.
2. The Council Tax be set for 2012/13 for each category of dwelling, as calculated in accordance with Sections 31A to 49B of the Localism Act 2011, as outlined below and in full in Appendix A:
  - (a) The element of Council Tax charged for Hammersmith & Fulham Council will be £781.34 per Band D property in 2012/13.
  - (b) The element of Council Tax charged by the Greater London Authority is £306.72 per Band D property in 2012/13. A reduction of 1%.
  - (c) The overall Council Tax to be set will be £1088.06 per Band D property in 2012/13.

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	520.89	607.71	694.52	781.34	954.97	1,128.60	1,302.23	1,562.68
b)GLA	204.48	238.56	272.64	306.72	374.88	443.04	511.20	613.44
<b>c)Total</b>	<b>725.37</b>	<b>846.27</b>	<b>967.16</b>	<b>1,088.06</b>	<b>1,329.85</b>	<b>1,571.64</b>	<b>1,813.43</b>	<b>2,176.12</b>

3. **The Council's own total net expenditure budget for 2012/13 is set at £200.82m**
4. **That fees and charges are approved as set out in paragraph 4.2.**
5. **That the Executive Director of Finance and Corporate Governances' budget projections to 2014/15 be noted.**
6. **That the Executive Director of Finance and Corporate Governances' statements under Section 25 of the Local Government Act 2003 regarding the adequacy of reserves and robustness of estimates be noted (section 13).**
7. **That the Executive Director of Finance and Corporate Governance 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 2012/13 in accordance with the recommendations within this report and**

**the Council's Standing Orders, Financial Regulations and relevant Schemes of Delegation.**

**10.Members attention is drawn to S106 of the Local Government Finance Act 1992 which requires any Member who is two months or more in arrears on their Council Tax to declare their position and not to vote on any issue that could affect the calculation of the budget or Council Tax.**



## 1 BACKGROUND

- 1.1 The Council is obliged to set a balanced budget and Council Tax charge in accordance with the Local Government Finance Act 1992.
- 1.2 The calculation of the Council Tax is made up from the following elements:
  - the recommended net Council budget for 2012/13 (sections 2 to 6);
  - the Aggregate External Support estimated by the Council (section 7);
  - the Council Tax base set at Council on 30 January 2012 (section 8);
  - the precept notified by the Greater London Authority (section 9).
- 1.3 The requisite calculation for the Council's share of the Council Tax is set out in **Appendix A**.

## 2 BUDGET OVERVIEW

- 2.1 Last year Britain's fiscal deficit was the largest in its peacetime history. In the 2011 Autumn Statement the Chancellor of the Exchequer confirmed plans to eliminate the deficit by 2016/17. As part of the deficit reduction plan the 2010 Spending Review set out spending targets upto 2014/15. For local government, excluding schools, this means an average funding reduction of 26.8% from 2011/12 to 2014/15. Further funding reductions are possible to 2016/17.
- 2.2 As a grant 'floor' authority, the funding reduction for Hammersmith and Fulham is even greater. Underlying Formula Grant previously reduced by 11.3% in 2011/12 and will further reduce by 7.7% in 2012/13. In 2013/14 and 2014/15 the Council's Medium Term Financial Strategy assumes funding reductions of 2.8% and 7.5% respectively.
- 2.3 The budget proposals put forward by the Council play their part in tackling the fiscal deficit whilst focusing available resources on key local priorities. Front-line services and council tax payers are protected as far as possible (**a council tax reduction of 3.75% is proposed for 2012/13, followed by a freeze for the next 2 years**) with a continued emphasis on value for money. A number of new cross-cutting transformational projects are to be taken forward both within the Council and as partners with our collaborative tri and bi borough partners the Royal Borough of Kensington and Chelsea and City of Westminster.
- 2.4 The scale of the financial challenge facing the Council is summarised in Appendix B. **Savings of £23m (11% of the Base Budget) are required to balance the budget in 2012/13**. The total savings requirement over the Spending Review period, from 2011/12 to 2014/15, is estimated at £84m.
- 2.5 It is against this demanding background that the Council's revenue budget proposals are presented for approval.

### 3 THE COUNCIL TAX REQUIREMENT

- 3.1 The Executive Director of Finance and Corporate Governance's medium term projection of the Council Tax requirement to 2014/15 is set out in Appendix B and summarised in Table 1 for 2012/13.

**Table 1: The Council Tax Requirement**

	£000s
<b>Base Budget Rolled Forward From 2011/12</b>	<b>214,585</b>
<i>Plus</i>	
Inflation ( <i>para 4.1 refers</i> )	3,617
Growth	3,719
Contingency	1,584
<i>Less</i>	
Efficiency Savings and Income Generation	(22,687)
<b>Gross Council Budget 2012/13</b>	<b>200,818</b>
<i>Less</i>	
Core Revenue Grants (unringfenced)	(23,322)
Formula Grant ( <i>para 7.1 refers</i> )	(114,921)
<b>Council Tax Requirement</b>	<b>62,575</b>

- 3.2 The relevant Service Directors and Cabinet Members, in conjunction with the Executive Director of Finance and Corporate Governance have considered the detail of the individual estimates. A statement by the Executive Director of Finance and Corporate Governance on the robustness of the 2012/13 budget estimates is set out in section 13.

### 4 Budget Assumptions

- 4.1 **Inflation.** In order to contain growth, no inflation has been applied except where there is a contract in place. A pay freeze is expected and no inflation has been built into the 2012/13 salary budgets. Current inflation is above the long-term government target and sensitivity analysis has been undertaken to identify the potential impact should this be on-going. This is identified as a risk in **Appendix E**.
- 4.2 **Fees and Charges.** The budget has been prepared on the basis of an average 2% increase in fees and charges. Exceptions to the average 2% inflationary uplift are detailed in **Appendix G**.

- 4.3 **Contingency.** A net increase in contingency balances of £1.6m is proposed. Uncertainty around the future economy makes it impossible to predict how financial pressures will manifest. The only certainty is that there will be pressures.

## 5 GROWTH

- 5.1 In the course of the budget process departments have identified areas where additional resources are required. Additional requirements are detailed in **Appendix C** and summarised in Table 2 below for 2012/13.

**Table 2: Growth Proposals**

	<b>£000s</b>
Children's Services	478
Community Services	894
Transport & Technical Services	172
Finance and Corporate Services	700
Housing and Regeneration	0
Environment Leisure and Resident Services	575
Corporate Items (includes post Spending Review growth)	900
<b>Total Growth</b>	<b>3,719</b>

- 5.2 Table 3 summarises why budget growth is required

**Table 3: Reasons for Budget Growth**

	<b>£'000s</b>
Government	650
Other Public Bodies	1,235
Delivery of Efficiencies	750
Other	1,084
<b>Total Growth</b>	<b>3,719</b>

- 5.3 £1.2m of growth relates to other public bodies. The most significant element (£0.7m) relates to cost increases and new usage data for the freedom pass. Higher landfill costs have also increased the charge levied by the Western Riverside Waste Authority (£0.5m) for waste disposal.
- 5.4 New resources are also set aside to help with the delivery of efficiency targets. This includes provision for costs (£0.25m) incurred as part of the asset disposal programme.

## 6 SAVINGS AND INCOME GENERATION

6.1 Over £48m of savings are required to balance the budget over the next 3 years. In bringing forward proposals to meet this challenge the Council has:

- Looked to protect front-line services.
- Continued to focus on asset rationalisation to reduce accommodation costs and deliver debt reduction savings.
- Built on previous practice of seeking to deliver the best possible service at the lowest possible cost. Effective budget management is essential.
- Considered thoroughly what benefits can be obtained from commercialisation and competition.
- Recognised that more cross-cutting action is necessary. A number of council wide transformation portfolios have been created such as; Transforming business, Market Management and Customer access portfolios.
- Taken forward working collaboratively with others. New collaborative working arrangements (Tri-Borough) are now in place or in development with the City of Westminster and the Royal Borough of Kensington and Chelsea. Other shared solutions will be taken forward as and when appropriate.
- Made best use of the NHS funding for social care.

6.2 The saving proposals put forward are detailed in **Appendix D** with the 2012/13 position summarised in Table 4.

**Table 4: Savings Proposals**

	<b>£000s</b>
Children's Services	2,955
Community Services	7,647
Transport & Technical Services	5,550
Finance and Corporate Services	2,465
Housing and Regeneration	956
Environment, Leisure and Resident Services	1,643
Corporate Items (Excluding benefits)	1,471
<b>Total Savings</b>	<b>22,687</b>

6.3 A categorisation of the savings is shown in Table 5. Some savings fit within more than one category – for the purposes of this analysis they are categorised according to the main element. Posts will need to be deleted. The latest estimate is a reduction of 336.8 fte's including the potential movement of staff to the mutual. Significant numbers of redundancies are unavoidable but will be kept to a minimum by focusing on vacant posts, controlling recruitment, improving redeployment procedures and releasing agency staff.

**Table 5: Analysis of the 2012/13 Savings**

Type of Saving	£'000s
Tri Borough Transformation portfolio	3,105
Staffing / Productivity	1,586
Commissioning	3,632
Procurement/Market Testing	345
Commercialisation / Income	5,472
Transforming Business Portfolio	1,190
Market Management Transformation Portfolio	903
Customer Access Transformation Portfolio	1,591
Reconfiguration/Rationalisation of Services	1,879
NHS PCT Partnerships	2,984
<b>Total</b>	<b>22,687</b>

## 7. EXTERNAL FUNDING

- 7.1 **Formula Grant.** Formula grant is the main source of funding allocated by central government to local government. In 2012/13 the Council will receive Formula Grant of £114.9m (net of 2011/12 Council Tax freeze grant of £1.6m) – a reduction of 7.7% from the 2011/12 allocation. A comparison against the London and National Position is set out in Table 6.

**Table 6: Formula Grant Decreases**

	2011/12	2012/13
Hammersmith and Fulham	-11.3%	-7.7%
Inner London	-11.2%	-7.4%
Outer London	-11.3%	-7.9%
National Average	-9.9%	-7.3%

- 7.2 Hammersmith and Fulham is a 'floor' authority and receives above average funding reductions. Were the 'floor' arrangements not in place our funding allocation would reduce by a further £29m. Under the present system this authority will remain at the 'floor' for the indefinite future.
- 7.3 The Government are considering making radical changes to the Local Government Finance system. Under the 'localisation' agenda local authorities may be able to retain an element of business rate growth (or bear a part of any reduction) and be responsible for operating a local council tax benefits scheme. Both these changes may come into force in 2013/14 and create considerable uncertainty about the future resource allocation beyond 2012/13.

7.4 **Core Revenue Grants (unringfenced).** In addition to Formula Grant local authorities receive a number of other government revenue grants that can be used for any purpose. The 2012/13 allocations are set out in Table 8. They include new one-off funding of £1.6m for authorities that freeze or reduce their Council Tax in 2012/13.

**Table 8: Core Revenue Grants (unringfenced)**

Grant	Amount £'000s	Notes
Early Intervention Grant	9,874	This grant that is intended to give local areas the freedom and flexibility to invest in early intervention. It is pulled together from a number of old specific grants (such as Sure Start) and ABG.
Learning Disabilities Grant	4,061	This is replacement funding. It reimburses the Council with budgets that have transferred from the PCT.
New Homes Bonus	1,822	It rewards Councils where new homes are built by match funding the Council Tax for six years.
Council Tax Freeze Grant	3,244	Council tax freeze grant. The grant is equivalent to a 2.5% increase in 2011/12 and 2012/13 council tax.
Housing Benefit and Council Tax Administration Grant	2,215	This grant continues from previous years but is reduced from 2011/12 by £0.73m.
Preventing Homelessness	1,775	This continues from previous years but is £0.07m lower than in 2011/12.
Lead Flood Authority	331	Intended to fund the new roles for the council under the Floods and Water Management Act 2010
<b>Total</b>	<b>23,322</b>	

**Note:** Confirmation is still awaited on the allocation for the PFI grant.

7.5 **Core Revenue Grants (ringfenced).** Funding for schools continues to be provided through ring-fenced Dedicated Schools Grant. The 2012/13 allocation for Hammersmith and Fulham will not be known until June 2012. The direct government funding of this service requires the Council to exclude it from its council tax requirement.

7.6 A summary of the 2011/12 and 2012/13 grant allocations is provided in **Appendix F**. Overall external funding, excluding Dedicated Schools Grant, has reduced by £6.4m from 2011/12 to 2012/13.

## 8 COUNCIL TAX BASE

- 8.1 Council on 30 January 2012 formally agreed a Tax Base of 80,087 equivalent Band D properties for 2012/13. Therefore the Council's element of the Council Tax can be calculated as follows:

$\frac{\text{Total Council Tax Requirement}}{\text{Tax Base}} = \frac{\text{£62.575m}}{80,087} = \text{£781.34}$
------------------------------------------------------------------------------------------------------------------

- 8.2 This represents a 3.75% cut in the LBHF element of the Council Tax charge.

## 9. PRECEPTOR'S COUNCIL TAX REQUIREMENTS

- 9.1 The Greater London Authority's precept of £24.564m 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.

$\frac{\text{Preceptors Budget Requirement}}{\text{Tax Base}} = \frac{\text{£24.564m}}{80,087} = \text{£306.72}$
------------------------------------------------------------------------------------------------------------------

- 9.2 This represents a 1% reduction from the 2011/12 level.

## 10 OVERALL COUNCIL TAX REQUIREMENTS 2012/13

- 10.1 It is proposed to reduce Hammersmith and Fulham's element of the Council Tax in 2012/13 by 3.75% in order to provide a balanced budget in year with £10m-£17m in current reserves (see section 13). The overall amount to be funded from the Council Tax is calculated as follows:

**Table 9 – Overall 2012/13 Council Tax Requirement**

London Borough of Hammersmith & Fulham	<b>£000s</b> 62,575
Greater London Authority	24,564
<b>Total Requirement for Council Tax</b>	<b>87,139</b>

- 10.2 In accordance with the Local Government Finance Act 1992, the Council is required to calculate and approve a Council Tax for its own budgetary purposes (section 8) and then add the separate Council Tax requirements for each of the

preceptors (section 9). With effect from 3 December 2011 the Localism Act 2011 has made changes to council tax legislation. The principal effect of the change is to replace the obligation to calculate a budget requirement for a financial year with an obligation to calculate a council tax requirement. The requisite new calculation is set out in Appendix A.

10.3 The Council 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:

<u>Total Budget Requirement</u>	=	<u>£87.139m</u>	=	£1,088.06
Tax Base		80,087		

10.4 The robust forward financial plans set out in the Council’s MTFs has enabled an indicative Council Tax figure to be provided for 2012/13 of £781.34. For 2013/14 planning purposes, the Executive Director of Finance and Corporate Governance has assumed no change to the 2012/13 Council Tax level.

10.5 The current Band D Council Tax charge is the 4th lowest in London and, subject to decisions by other authorities, may become the 3<sup>rd</sup> lowest. The reduction of 3.75% follows a one year freeze and four successive 3% decreases. Table 10 sets out the changes in the Band D charge for the Hammersmith and Fulham element of Council Tax since 2002/03. The proposed Band D charge for 2011/12 is the lowest charge since that approved for 2002/03.

**Table 10 – Band D Council Tax for Hammersmith and Fulham from 2002/03**

	<b>Band D Hammersmith and Fulham Element</b>	<b>Change</b>	<b>Change</b>
	£	£	%
2002/03	772.41	0	0
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	836.89	-25.88	-3.00
2010/11	811.78	-25.11	-3.00
2011/12	811.78	0	0
2012/13	781.34	-30.45	-3.75



2013/14 (indicative)	781.34	0	0
2014/15 (indicative)	781.34	0	0

10.6 Council Tax in Hammersmith and Fulham has reduced by 15% in cash terms (36% in real terms) from 2006/07 to 2012/13. This compares to a forecast London average increase of 8% over the same period. This represents a £1,027 cash saving for Hammersmith and Fulham residents against the average Borough increase from 2006/07 to 2012/13.

## **11 CONSULTATION WITH NON DOMESTIC RATEPAYERS**

11.1 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.

11.2 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.

## **12 COMMENTS OF THE SCRUTINY COMMITTEES**

12.1 As part of the Scrutiny process each department's estimates have been reviewed by a relevant Scrutiny Committee. There have been no additional formal comments made.

## **13 COMMENTS OF THE EXECUTIVE DIRECTOR OF FINANCE AND CORPORATE GOVERNANCE**

### **The Robustness of the Budget Estimates**

13.1 Under Section 25 of the Local Government Act 2003, the Executive Director of Finance and Corporate Governance is required to include in budget reports a statement of her view of the robustness of the estimates for 2012/13 included in the report.

13.2 Budget estimates are exactly that, estimates of spending and income at a point in time. This statement about the robustness of estimates cannot give a guaranteed assurance about the budget, but gives Members reasonable assurances that the budget has been based on the best available information and assumptions. For the reasons set out below the Executive Director of Finance and Corporate Governance is satisfied with the accuracy and robustness of the estimates included in this report :

- The budget proposals have been developed following guidance from the Executive Director of Finance and Corporate Governance and have been through a robust process of development and challenge.
- Contract inflation is provided for.
- Adequate allowance has been made for 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 savings.
- Key risks have been identified and considered.
- 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.
- The provision for redundancy is reasonable to meet future restructuring and downsizing.
- The use of budget monitoring in 2011 -12 in order to re-align budgets where required.
- A review via the Council Executive Management Board of proposed savings and their achievability.
- A Member review and challenge of each department's proposals for the budget.
- The establishment of new management and monitoring arrangements for the delivery of transformation programmes.

### **Risk, Revenue Balances and Earmarked Reserves**

13.3 Under Section 25 of the Local Government Act 2003, the Executive Director of Finance and Corporate Governance is required to include in budget reports a statement of her view of the adequacy of the balances and reserves the budget provides for. The level of balances is examined each year along with the level of reserves in light of the risks facing the Authority in the medium term.

### **General Fund Balances**

13.4 The Council's general balance stood at £16m as at 1 April 2011 and it is currently projected that this will not reduce in the current financial year. This will leave general balances at 9%, as a minimum, of the current budget requirement.

13.5 The Council's budget requirement for 2012/13 is in the order of £200.8m. Within a budget of this magnitude there are inevitably areas of risk and uncertainty particularly within the current challenging financial environment. The key financial risks that currently face the Council have been identified and quantified. They are

set out in Appendix E and amount to £9.47m. The Council has in place rigorous budget monitoring arrangements and a policy of restoring balances once used.

- 13.6 Given the on-going scale of change in local government funding, the Executive Director of Finance and Corporate Governance considers that a wider than normal range needs to be specified for the optimal level of balances. She is therefore recommending that reserves need to be maintained within the range £10m - £17m. This compares to a range of £8m-£9m in 2006/07. The optimal level of £10m-£17m is projected to be broadly met over the next 3 years and is, in the Executive Director of Finance and Corporate Governance's view, sufficient to allow for the risks identified and to support effective medium term financial planning.

### **Earmarked Reserves**

- 13.7 The Council also holds a number of earmarked reserves to deal with anticipated risks and liabilities, and to allow for future investment in priority areas. Reviews are undertaken of the need for, and the adequacy of, each earmarked reserve as part of the budget process and again when the accounts are closed. These are formally reported to the Audit and Pensions Committee in June and September of each year.

### **Council Tax Setting**

- 13.8 As part of the Localism Act 2011, the Government replaced the power to cap excessive budgets and Council Tax increases with compulsory referenda on Council Tax increases above limits it sets for 2012-13 onwards. For 2012-13 local authorities "will be required to seek the approval of their local electorate in a referendum if, compared with 2011-12, they set a Council tax increase that exceeds 3.5% for other principal authorities". This will not apply to the Council.

## **14 COMMENTS OF THE ASSISTANT DIRECTOR (LEGAL AND DEMOCRATIC SERVICES)**

- 14.1 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.
- 14.2 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.
- 14.3 The recommendations contained in the report have been prepared in line with these requirements.

14.4 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.

14.5 A public authority must in, the exercise of its functions, comply with the requirements of the Equality Act 2010 and in particular section 149 (the Public Sector Equality Duty). Where specific budget proposals have a potential equalities impact these are considered and assessed by the relevant service as part of the final decision-making and implementation processes and changes made where appropriate.

14.6 The protected characteristics to which the Public Sector Equality Duty ("PSED") applies now include age as well as the characteristics covered by the previous equalities legislation applicable to public authorities (i.e. disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, sexual orientation, religion or belief and sex).

14.7 The PSED is set out in section 149 of the Equality Act 2010 ("the Act") provides (so far as relevant) as follows:

(1) A public authority must, in the exercise of its functions, have due regard to the need to:

(a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;

(b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;

(c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

(3) Having due regard to the need to advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to:

(a) remove or minimise disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic;

(b) take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it;

(c) encourage persons who share a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.

14.8 Case law has established the following principles relevant to compliance with the PSED which Council will need to consider:

(i) Compliance with the general equality duties is a matter of substance not form.

(ii) The duty to have "due regard" to the various identified "needs" in the relevant sections does not impose a duty to achieve results. It is a duty to have "due regard" to the "need" to achieve the identified goals.

(iii) Due regard is regard that is appropriate in all the circumstances, including the importance of the area of life of people affected by the decision and such countervailing factors as are relevant to the function that the decision-maker is performing.

(iv) The weight to be given to the countervailing factors is in principle a matter for the authority. However in the event of a legal challenge it is for the court to determine whether an authority has given "due regard" to the "needs" listed in s149. This will include the court assessing for itself whether in the circumstances appropriate weight has been given by the authority to those "needs" and not simply deciding whether the authority's decision is a rational or reasonable one.

(v) The duty to have "due regard" to disability equality is particularly important where the decision will have a direct impact on disabled people. The same goes for other protected groups where they will be particularly and directly affected by a decision.

(vi) The PSED does not impose a duty on public authorities to carry out a formal equalities impact assessment in all cases when carrying out their functions, but where a significant part of the lives of any protected group will be directly affected by a decision, a formal equalities impact assessment ("EIA") is likely to be required by the courts as part of the duty to have 'due regard'.

(vii) The duty to have 'due regard' involves considering whether taking the particular decision would itself be compatible with the equality duty, i.e. whether it will eliminate discrimination, promote equality of opportunity and foster good relations. Consideration must also be given to whether, if the decision is made to go ahead, it will be possible to mitigate any adverse impact on any particular protected group, or to take steps to promote equality of opportunity by, for e.g., treating a particular affected group more favourably.

14.9 All these matters will be considered by service departments as part of the final decision-making and implementation processes, but must also be considered by the Council when taking its decision.

14.10 To assist Council in fulfilling its PSED, the EIA that has been carried out in respect of the proposed budget, including the proposed Council Tax reduction, is attached to this report. This will need to be read and taken into account by Council, together with the requirements of the PSED itself set out above, in reaching a decision on the recommendations in the report. In addition, the equality implications are summarised in section 15.

14.11 The EIA addresses the broad issue of the proposed reduction in Council Tax and identifies the areas of the budget which may have particular equality implications. It also identifies areas that are likely to require further detailed consideration prior to implementation during the financial year and which may, as a result, be subject to change. The courts have found that this is a legitimate approach.

## **15. EQUALITY IMPLICATIONS**

15.1 Annexed to this report in appendix H is an Equality Impact Assessment ('EIA'). This EIA assesses the impacts on equality of the main items in the budget proposed to Full Council on 29 February 2012, including the recommendation to reduce Council Tax by 3.75% that is proposed in the light of that budget.

15.2 The EIA looks first at the proposal to reduce Council Tax. It finds those who will directly benefit from a decision to reduce Council Tax will be all those who pay full Council Tax and, to a proportionately lesser extent, those who receive partial Council Tax benefit (CTB). In addition, there will be an indirect benefit to all residents through the reduction in cost to the public purse of CTB payments by the government.

15.3 All full Council Tax payers will benefit from the reduction in Council Tax. So, too, will those who pay Council Tax in a lower band than they otherwise would do because they benefit from the Council's scheme for reducing Council Tax for disabled people who need extra room in their home on account of their disability. On average, the reduction will be £30. (Being the reduction for the LBHF element of a Band D Council Tax payer).

15.4 Those to whom the reduction in Council Tax is likely to be most beneficial are those low income groups whose incomes are just above the threshold for CTB or partial CTB. These are likely to include greater proportions of disabled people, ethnic minority groups, women on maternity leave, single parents (who are normally women) and families with young children than are present in the borough population as a whole. A decision to reduce Council Tax will promote equality of opportunity for these groups.

- 15.5 Those who are eligible for partial CTB (which includes a much larger proportion of pensioners than is present in the borough population as a whole – 35% as against 10.2% and a somewhat higher proportion of women than is present in the population as a whole – about 62% as against 52%) will also benefit from a reduction in Council Tax, but to a lesser extent because of the way partial CTB is calculated.
- 15.6 There will be no benefit to those who are eligible for full CTB or who are exempt from paying it. The effect on this group will be neutral. This group includes proportionately more pensioners (26% as against 10.2%) and proportionately more women (62% as against 52%) than in the general population.
- 15.7 All residents may consider that there may be an indirect adverse impact to them because if Council Tax is reduced by 3.75%, the Council will forego income of £2.4m which might otherwise have been used to provide services. In particular, those eligible for CTB or partial CTB are more likely to be in receipt of Council services (especially care services) than those who pay full Council Tax.
- 15.8 However, in the proposed budget the £2.4m sum is outweighed by the Government Grant for freezing Council Tax of £3.244m (Council Tax freeze grant for both 11/12 and 12/13), by £3.1m additional income that will be received from the NHS for care services and by various efficiency transformation savings. Although the proposed budget is based in part on various proposed changes to the ways in which services (in all areas) are to be provided to borough residents, it is not possible to say that there is any direct link between the proposed Council Tax reduction and any particular proposed service change.
- 15.9 The EIA also assesses, insofar as it is possible to do so on the basis of the information available, the overall impact of the budget on which the proposed reduction in Council Tax is based.
- 15.10 Overall, the budget contains some items that will promote equality of opportunity for vulnerable groups (in particular older people, the disabled, women and ethnic minorities), a large number of items that are neutral in their impact on equalities and some items where there may be some negative impact. In the latter cases, steps to mitigate that impact have either already been identified or will need to be identified as part of more detailed EIAs specific to the decisions that will need to be made on a case by case basis.
- 15.11 Items that will promote equality of opportunity include the growth in the areas of Children's Services, Community Services and Finance and Corporate Services which will (among other things) be used to allow more time for review of personal support planning, to sustain home support for out-of-borough placements for mental health placements, to provide support to the Supporting People Careline and to fund Freedom Passes and Concessionary Fares. They also include the proposal not to increase charges for school meals (despite increases in cost of

that service) and new IVR technology in libraries (which will be beneficial for many disabled people.

- 15.12 Items that, though of high potential relevance to the protected groups, are expected to have a neutral impact on equality include those savings that are concerned with better business processes such as more efficient procurement, working to deliver services in the same way across RBKC and WCC, and reductions in staffing.
- 15.13 Items that may have a negative impact on equality include the savings in relation to Housing Options Functions. It will be necessary to consider mitigating measures before any final decision is taken on that matter. Similarly, changes to library services have the potential to impact adversely, particularly on some disabled people, although obvious mitigating measures have already been identified in relation to the proposed changes. The proposal to increase the charge for Meals on Wheels from £4.10 to £4.30 per meal has obvious potential adverse impact on the disabled and aged who are the main users of the service. It will be necessary to ensure that any risk of significant adverse impact is mitigated through careful monitoring in individual cases.
- 15.14 In a few cases, detailed EIAs will be required before the full nature of any impact can be assessed, or mitigating measures identified.
- 15.15 Ultimately if, on further analysis, it is decided that any particular proposed policy would have an unreasonable detrimental impact on any protected group, Hammersmith and Fulham could, if it is considered appropriate, use reserves or virements to subsidise those services in 2012/13.



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

<b>No.</b>	<b>Description of Background Papers</b>	<b>Name/Ext. of Holder of File/Copy</b>	<b>Department/ Location</b>
1.	Revenue Budget	Andrew Lord Ext. 2531	Finance Department Room 38 Town Hall
2.	Formula Grant Papers	Andrew Lord Ext. 2531	Finance Department Room 38 Town Hall
3.	Finance and Corporate Services Budget Papers	Dave Lansdowne Ext. 2549	Finance Department Room 10 Town Hall
4.	Community Services Budget Papers	Mark Jones Ext. 5006	Community Services Department 77 Glenthorne Road
5.	Children's Services Budget Papers	Dave McNamara Ext 3404	Children's Services Department Cambridge house
6.	Housing and Regeneration Budget Papers	Kathleen Corbett Ext. 3031	Housing and Regeneration Department Town Hall Extension
7.	Environment, Leisure and Residents Services Budget Papers	Mark Jones Ext. 3031	Residents Services Department 77 Glenthorne Road
8.	Transport & Technical Services Budget Papers	Dave McNamara Ext. 3404	Environment Department Town Hall Extension

## APPENDIX A

The Requisite Calculations for Hammersmith & Fulham (as set out in Section 31A to 49B in the Localism Act 2011)

		<u>£000s</u>
(a)	Being the aggregate of the amounts which the Council estimates for the items set out in section 31A (2) (a) to (f) of the Act.	714,623
(b)	Being the aggregate of the amounts which the Council estimates for the items set out in Section 31A (3) (a) to (d) of the Act.	(627,484)
(c)	Being the aggregate difference of (a) and (b) above calculated by the Council in accordance with Section 31A (4) of the Act, as its council tax requirement for the year.	87,139
(d)	Being the amount calculated by the council as the council tax base for 2012/13 and formerly agreed by council on the 30 <sup>th</sup> January.	80,087
(e)	Being the amount at (c) divided by the amount at (d) above, calculated by the Council in accordance with Section 31B of the Act as the Basic amount of council tax (Band D) for the year.	1088.06
(f)	Hammersmith and Fulham proportion of the Basic amount of its Council Tax (Band D)	781.34

<b>(g) Valuation Bands – Hammersmith &amp; Fulham Council:</b>			
<b>Band A</b>	<b>Band B</b>	<b>Band C</b>	<b>Band D</b>
520.89	607.71	694.52	781.34
<b>Band E</b>	<b>Band F</b>	<b>Band G</b>	<b>Band H</b>
954.97	1,128.60	1,302.23	1,562.68
<p>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.</p>			

(h) Valuation Bands – Greater London Authority

That it be noted that for the year 2012/13 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:

<b>Band A</b>	<b>Band B</b>	<b>Band C</b>	<b>Band D</b>
204.48	238.56	272.64	306.72
<b>Band E</b>	<b>Band F</b>	<b>Band G</b>	<b>Band H</b>
374.88	443.04	511.20	613.44

(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 2012/13 for each of the categories of dwellings shown below:

<b>Band A</b>	<b>Band B</b>	<b>Band C</b>	<b>Band D</b>
725.37	846.27	967.16	1,088.06
<b>Band E</b>	<b>Band F</b>	<b>Band G</b>	<b>Band H</b>
1,329.85	1,571.64	1,813.43	2,176.12

### Medium Term Budget Requirement

	<b>Year 1 2012/13 £'000</b>	<b>Year 2 2013/14 £'000</b>	<b>Year 3 2014/15 £'000</b>
<b>2011/12 Net General Fund Base Budget</b>	<b>209,431</b>		
Reduction in Drawdown from Earmarked Reserves:			
Community Services Balances and Reserves	1,794		
Area Based Grant Transition Reserve	2,217		
Exclusion of Prior Year Unsupported Transformation Projects	1,143		
<b>Adjusted Base Budget</b>	<b>214,585</b>	<b>214,585</b>	<b>214,585</b>
Contract and Income Inflation	3,617	7,234	10,851
Growth	3,719	5,299	6,612
Departmental Efficiencies	(22,687)	(35,869)	(48,515)
Additional General Contingencies	3,992	5,807	3,158
Release of Unallocated Core Revenue Grant Contingencies	(2,408)	(2,408)	(2,408)
Headroom	0	1,500	3,000
<b>Gross Budget Requirement</b>	<b>200,818</b>	<b>196,148</b>	<b>187,283</b>
<b>Resources</b>			
Council Tax Freeze Grant (2012/13 only) /New Homes Bonus Grant	5,066	4,341	5,241
Core Revenue Grants (2012/13 confirmed, then adjusted in line with Spending Review less floor adjustment of 2%)	18,256	17,572	16,172
Formula Grant (2012/13 confirmed, then adjusted in line with Spending Review less floor adjustment of 2%)	114,921	111,660	103,295
Council Tax	62,575	62,575	62,575
<b>Gross Resources</b>	<b>200,818</b>	<b>196,148</b>	<b>187,283</b>
Risks	9,457	25,007	31,144

Children's Services				
Existing Growth		2012/13	2013/14	2014/15
Title	Description	£'000	£'000	£'000
New Growth				
Children's Social Care	Growth related to reduction in UKBA (Unaccompanied Asylum Seekers) grant funding	200	200	200
Education	EIG uplift to cover 2 year old early education entitlement	278	278	278
		478	478	478
Community Services				
Existing Growth		2012/13	2013/14	2014/15
Title	Description	£'000	£'000	£'000
Adult Social Care	Increase in demand for disabled people placements and care packages	0	205	410
Adult Social Care	Increase in demand for all aged people with care placements and care packages	0	900	900
		0	1,105	1,310
New Growth				
Adult Social Care	Allow more time for review of personal support Planning	300	300	300
Adult Social Care	Sustain Home Support for Out of Borough Placements for Mental Health Placements	150	0	0
Quality Commissioning & Procurement	Support to SP (Supporting People) Careline	144	144	144

## Growth

Quality Commissioning & Procurement	Support Framework Contracts	150	50	50
Adult Social Care	Develop Prevention Strategy	150	150	150
Adult Social Care	Increase in demand, due to demographic and other factors, for care placements and packages.	0	0	900
		894	644	1,544
		894	1,749	2,854
<b>Transport &amp; Technical Services</b>				
<b>New Growth</b>		2012/13	2013/14	2014/15
<b>Title</b>	<b>Description</b>	£'000	£'000	£'000
Highways and Engineering	New Flood Responsibilities	172	172	172
		172	172	172
<b>Finance &amp; Corporate Services</b>				
<b>Existing Growth</b>		2012/13	2013/14	2014/15
<b>Title</b>	<b>Description</b>	£'000	£'000	£'000
H&F Direct	Freedom Passes- Introduction of a new apportionment basis which shifts costs from Outer to Inner London and cost increase	326	665	665
		326	665	665
<b>New Growth</b>				
H&F Direct	Concessionary Fares Settlement Growth	374	374	374
		374	374	374
		700	1,039	1,039

Regeneration & Housing					
Growth		2012/13	2013/14	2014/15	
Title	Description	£'000	£'000	£'000	£'000
		0	0	0	0
Environment Leisure and Resident Services.					
New Growth					
Title		2012/13	2013/14	2014/15	
New Growth	Description	£'000	£'000	£'000	£'000
Residents Services	Additional Gardening requirements at Fulham Palace Gardens.	40	40	40	40
Residents Services	Western Riverside Waste Authority Growth	535	921	1,129	1,129
		575	961	1,169	1,169
Corporate					
Existing Growth	Description	2012/13	2013/14	2014/15	
Existing Growth		£'000	£'000	£'000	£'000
Office Accommodation	Rental and service charges increases	150	150	150	150
		150	150	150	150

## Growth

Corporate (cont'd..)					
<b>New Growth</b>					
Asset Disposals	Provision for costs arising from the disposal programme	250	250	250	250
Corporate Growth	Efficiency Delivery Reserve	500	500	500	500
		<b>750</b>	<b>750</b>	<b>750</b>	<b>750</b>
		<b>900</b>	<b>900</b>	<b>900</b>	<b>900</b>
Hammersmith and Fulham - Summary					
		<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	
		<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	
		476	1,920	2,125	
		3,243	3,379	4,487	
		<b>3,719</b>	<b>5,299</b>	<b>6,612</b>	



**Efficiencies**

<b>Children's Services</b>		<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>
<b>Division</b>	<b>Description of Saving</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>
Social Care	Following reduced demand, removing the additional financial support for more staffing provided to enable the Family Support and Child Protection [FSCP], Contact and Assessment [C&A], and Safeguarding services to manage the increased demand for services following the surge in demand in the period 2008-2011	(300)	(300)	(300)
Social Care	More efficient procurement of the workers providing support in the home for disabled children and their families thereby reducing agency costs.	(75)	(150)	(150)
Social Care	Reorganisation of C&A and FSCP will result in fewer handovers and yield efficiencies in relation to staffing without impact on the quality of child protection service. This will result in fewer 'handovers' of cases, improving the quality of the service	(175)	(175)	(175)
Social Care	It is anticipated that following the publication of the Munro Review it will be possible to deliver process efficiencies, reducing staffing requirements.	0	(250)	(250)
Social Care	Senior management/ senior business support - delayering of management tiers.	(25)	(230)	(230)
Social Care	Continuing to reduce the population of children in care with better preventative services [see Locality teams] and more timely permanent placements [Adoption/Special Guardianship/Residence]; thereby reducing placement costs	(320)	(640)	(640)
Social Care	Transport costs reduced as a result of there being fewer children in care	(60)	(120)	(120)
Social Care	Independent Reviewing Officer costs being reduced as a result of there being fewer children in care	0	(50)	(50)
Social Care	More efficient procurement of placements for children in care from Independent Fostering Agencies and from Private & Voluntary Residential Care Services arising from joint working and joint negotiating with the other Local Authorities forming the West London Alliance	0	(128)	(128)
Social Care	Reduced expenditure on leaving care services resulting from there being fewer children in care	(60)	(120)	(120)
<b>Total Departmental Savings</b>		<b>(1,015)</b>	<b>(2,163)</b>	<b>(2,163)</b>

**Efficiencies**

Appendix D

Division	Description of Saving	2012/13	2013/14	2014/15
		£000s	£000s	£000s
<b>Transformation Savings</b>				
Market Management	Possible stretch related to merger - Traded Services More work is required to better understand the nature of these mergers and the developing strategies, although a further stretch of £175k on traded services if Royal Borough of Kensington and Chelsea is involved seems reasonable	(50)	(150)	(150)
Market Management	Transfer of Traded Services relating to schools into a 'Mutual'/Social Enterprise. Efficiencies as expected to be achieved through further commercialisation of the services.	(50)	(100)	(100)
Market Management	Social Enterprise - School Resources	(103)	(119)	(223)
<b>Total Children's' Services Savings in Market Management Portfolio</b>		<b>(203)</b>	<b>(369)</b>	<b>(473)</b>
Tri Borough	School Improvement - Reducing Senior Management overheads and business support Deletion of 2 principal adviser posts and reduction in AD costs of 30% due to shared role in merger.	(200)	(200)	(200)
Tri Borough	'Mutual'/ Social Enterprise efficiencies created.	(47)	(431)	(327)
Tri Borough	BSF Core Funding & Schools Resourcing Reorganisation following the ending of the BSF and Primary Capital programmes and a further reorganisation following the completion of the merger work	(50)	(100)	(100)
Tri Borough	Senior management/ senior business support - delayering of management tiers. (Tri-borough)	(90)	(90)	(90)
Tri Borough	Merging the Looked After Children [LAC] and Young Peoples Service [YPS] to create one 0 - 18 service for children in care, reducing handovers of cases, so improving the service quality for children, their families and carers.	(125)	(250)	(250)

**Efficiencies**

Appendix D

Division	Description of Saving	2012/13	2013/14	2014/15
		£000s	£000s	£000s
Tri Borough	Savings in foster care costs as a result of there being fewer children in care, and subsequent possible reprobation as part of 3 Borough working	(50)	(300)	(300)
Tri Borough	More efficient procurement of placements for children in care from Independent Fostering Agencies and from Private & Voluntary Residential Care Services arising from joint working and joint negotiating with the other Local Authorities forming the West London Alliance. (Tri-borough)	(225)	(397)	(397)
Tri Borough	Single Mgt Team - joint appointments of Executive team, directors and more efficient use of overheads through shared support	(410)	(610)	(610)
Tri Borough	Single Youth Offending Team - joint appointments for some posts including Head of Service, Court Team and ISS team.	(270)	(270)	(270)
Tri Borough	Single Local Children's Safeguarding Board. Merging of Tri-borough LSCBs into one enabling sharing of multi-agency training, independent chair and allow a reduction in admin and support costs	(70)	(70)	(70)
Tri Borough	Sharing of education services with WCC / RBKC with a potential to review and revise the statutory delivery component to more efficient ways, and better use of joint commissioning and sharing of overhead, management and support costs	0	(370)	(370)
Tri Borough	Commissioning staff - a single joint commissioning team across 3 boroughs allowing efficiencies in staffing and achieving best value contracts through rationalisation	(200)	(700)	(700)

Efficiencies

Appendix D

Division	Description of Saving	2012/13	2013/14	2014/15
		£000s	£000s	£000s
Tri Borough	Finance Staff. Integrated finance team to support 1 integrated Children's Service executive team and services.	0	0	(170)
Tri Borough	Fostering - Trading with other boroughs.	0	0	(160)
Tri Borough	Further Finance Savings - revised structure for one shared cross-borough finance team	0	0	(80)
Tri Borough	Dedicated Schools Grant (DSG) Efficiencies achievable through more efficient procurement of commissioned services and shared overheads	0	0	(620)
Tri Borough	Other Tri Borough	0	0	(200)
	<b>Sub Total Tri Borough Savings as reported in Tri Borough Reports</b>	<b>-1737</b>	<b>-3788</b>	<b>-4914</b>
	<b>Sub total DSG Savings Deducted from Tri Borough figures</b>	<b>0</b>	<b>0</b>	<b>620</b>
	<b>Total Tri Borough savings for LBHF reporting</b>	<b>(1,737)</b>	<b>(3,788)</b>	<b>(4,294)</b>
	<b>Total Transformation Savings</b>	<b>(1,940)</b>	<b>(4,157)</b>	<b>(4,767)</b>
	<b>Total CHS Savings- Departmental and Transformational</b>	<b>(2,955)</b>	<b>(6,320)</b>	<b>(6,930)</b>

Efficiencies

Community Services				
Division	Description of Saving	2012/13 £000s	2013/14 £000s	2014/15 £000s
Adult Social Care	Prior year growth for impact of Independent Living Fund no longer required.	(461)	(461)	(461)
Adult Social Care	More efficient and timely equipment procurement	(50)	(50)	(50)
Adult Social Care	Alternative home support for out of Borough placements for people with learning disabilities	(310)	(320)	(320)
Adult Social Care	Alternative home support for out of Borough placements for people with mental health conditions	0	(200)	(200)
Quality, Commissioning & Procurement	Reprioritisation of 3rd Sector Investment Funds. The proposal is to review the Councils 3rd sector providers contracts with a reallocation of the investment fund and fast track budget.	(80)	(230)	(230)
Quality, Commissioning & Procurement	London Borough Grant Efficiencies (London Council Levy)	(195)	(195)	(195)
HR Resources	Maximising revenue from new and existing Careline products - May include differential contributions	(200)	(200)	(200)
ABG Related Savings	Mental Health - Recommissioning of psychological therapies	(36)	(70)	(70)
ABG Related Savings	Drug Intervention Programme - recommissioning of service with RBKC	(48)	(94)	(94)
ABG Related Savings	Carers Commissioner - sharing management costs with Westminster CC	(34)	(65)	(65)
ABG Related Savings	Supporting People Grant - Reprocuring with other boroughs to reduce prices and share management costs	(1,583)	(1,852)	(1,852)
ABG Related Savings	Review of Mental Health Day services - Under consultation	(290)	(290)	(290)
ABG Related Savings	Review of Support Planning - disestablishing currently vacant posts	(100)	(400)	(400)
ABG Related Savings	Review of Occupational Therapy Services	(50)	(50)	(50)
ABG Related Savings	NHS funding for Social Care	(3,184)	(2,002)	(3,731)
<b>Total Departmental Savings</b>		<b>(6,621)</b>	<b>(6,479)</b>	<b>(8,208)</b>
<b>Transformation Savings</b>				
Tri Borough	<b>Commissioning, Finance and In-house Services</b>	(778)	(778)	(1,258)

Community Services		2012/13	2013/14	2014/15
Division	Description of Saving	£000s	£000s	£000s
Tri Borough	Overheads (Training, Project management)	0	0	(252)
Tri Borough	Joint Commissioning and support services with GP consortia	0	0	(433)
Tri Borough	Procurement savings	(155)	(260)	(367)
Tri Borough	CLCH Integration - Impact on Demand	0	(1,450)	(2,900)
Tri Borough	CLCH Integration - Management	(93)	(93)	(93)
<b>Total Transformation Savings</b>		<b>(1,026)</b>	<b>(2,581)</b>	<b>(5,303)</b>
<b>Total CSD Savings- Departmental and Transformational</b>		<b>(7,647)</b>	<b>(9,060)</b>	<b>(13,510)</b>

Efficiencies

Transport & Technical Services.			
Division	Description of Saving	2012/13	2014/15
		£000s	£000s
Building & Property	PCT Letting of HTHX	200	200
Highways & Engineering	Rationalise the Highway Emergency Vehicle Service working hours	(50)	(14)
Highways & Engineering	Carriageway Planned Maintenance efficiency savings 5%	(70)	0
Highways & Engineering	One-off Footway Planned Maintenance saving (33%) in lieu of developer funded renewals	(150)	0
Highways & Engineering	Income arising from increased planned enforcement activity to tackle congestion and safety compliance	(4,000)	(4,000)
Transforming Business/Highways and Engineering	Income arising from increased enforcement activity to tackle congestion and safety compliance	(500)	0
Highways & Engineering	Pay and Display charges.	(250)	(500)
Planning	Termination of temporary external funding	100	100
Planning	Productivity Savings relating to Development Management + other related initiatives	(30)	(30)
<b>Total Departmental Savings</b>		<b>(4,750)</b>	<b>(4,244)</b>
Transformation Savings			
Customer Access & Service Delivery	E-services Programme - Applying online for services	(300)	(300)
Transforming Business	Accommodation Savings	(500)	(500)
Transforming Business	Automatic Number Plate Recognition - reduction in enforcement net costs	0	(1,000)
Transforming Business	Cashless Parking - Reduction in maintenance, energy + cash collections	0	(1,000)
Transforming Business	Joint Parking Office - Subject to the ongoing Capital Ambition funded project with RBK&C	0	(500)
Tri Borough	Tri Borough Review of Management Structure for Environmental Services	0	(900)
<b>Total Transformation Savings</b>		<b>(800)</b>	<b>(4,200)</b>
			<b>(5,100)</b>

**Efficiencies**

**Appendix D**

Transport & Technical Services.				
Division	Description of Saving	2012/13	2013/14	2014/15
		£000s	£000s	£000s
		(5,550)	(8,444)	(9,344)
<b>Total</b>				



Finance & Corporate Services				
Division	Description of Saving	2012/13 £000s	2013/14 £000s	2014/15 £000s
Communications	Print Service - Savings from enhanced contract management	(50)	(100)	(100)
Communications	Increased revenue from website advertising	(50)	(100)	(100)
H&F Direct	Stop taking payments at H&F Direct office - the service will only issue Parking Permits and take parking fine payments	(180)	(180)	(180)
Corporate Human Resources (CHR)	Removal of previous growth item not subsequently required.	(250)	(250)	(250)
Legal & Democratic Services	Legal - permanent staff to be recruited for posts currently covered by agency staff	(48)	(48)	(48)
Procurement & IT Strategy	Reduced Hammersmith & Fulham Bridge Partnership costs	(200)	(200)	(200)
Departmental	Spans & tiers review including reducing Assistant Director numbers	(227)	(427)	(427)
<b>Total Departmental Savings</b>		<b>(1,005)</b>	<b>(1,305)</b>	<b>(1,305)</b>
Transformation Savings				
Customer Access & Service Delivery	Customer Transformation - more transactions on-line	(50)	(250)	(250)
Customer Access & Service Delivery	E-services Programme - customer self service environmental reporting via Love Clean Streets	(23)	(23)	(23)
Customer Access & Service Delivery	E-services products re-sold to other councils via Agilisys/H&F Carousel model	0	(256)	(256)
Customer Access & Service Delivery	Decommissioning of outmoded Customer Relationship Management system	(150)	(150)	(150)
Customer Access & Service Delivery	Tender of Customer face-to-face services including third-party payment provision	(130)	(230)	(230)
Market Management	Additional income streams around new advertising opportunities: web adverts on H&F News website; lamp post advertising and neighbourhood guides	(5)	(5)	(5)

Finance & Corporate Services				
Division	Description of Saving	2012/13	2013/14	2014/15
Market Management	Income Generation - Sponsorship	(98)	(173)	(323)
Market Management	Savings from a reduction in the rates paid to agencies for temporary staff	(195)	(195)	(195)
Transforming Business	Transformational Business - World Class Financial Management	(500)	(500)	(500)
Transforming Business	Transformational Business: Business Support Review	(100)	(240)	(390)
Transforming Business	Smartworking Finance & Corporate Services Project	(90)	(90)	(90)
Tri Borough	Role of the Council - Integration of London Borough of Hammersmith & Fulham and Royal Borough of Kensington & Chelsea Legal Teams	(55)	(100)	(100)
Tri Borough	Tri Borough Insurance Saving	(65)	(79)	(79)
Tri Borough	Finance & Corporate Services Tri Borough Savings	0	(21)	(2,921)
<b>Total Transformation Savings</b>		<b>(1,461)</b>	<b>(2,312)</b>	<b>(5,512)</b>
<b>Total</b>		<b>(2,465)</b>	<b>(3,617)</b>	<b>(6,816)</b>

Regeneration & Housing				
Division	Description of Saving	2012/13 £000s	2013/14 £000s	2014/15 £000s
Economic Development	The posts of Head of Service for Adult Learning & Head of Service for Economic Development are to be aggregated into a single SMG post.	(68)	(68)	(68)
<b>Total Departmental Savings</b>		<b>(68)</b>	<b>(68)</b>	<b>(68)</b>
Transformation Savings				
Customer Access & Service Delivery	Efficiency and VFM Analysis of Housing Options Functions	(783)	(1,023)	(1,023)
Customer Access & Service Delivery	Customer Activity - <b>Booking &amp; Paying</b> - self-service technology enabling on-line booking of courses will reduce the need for a course administration function within Adult Learning & Skills Service	(105)	(105)	(105)
<b>Total Transformation Savings</b>		<b>(888)</b>	<b>(1,128)</b>	<b>(1,128)</b>
<b>Total</b>		<b>(956)</b>	<b>(1,196)</b>	<b>(1,196)</b>

Efficiencies

Appendix D

Environment Leisure and Resident Services.				
Division	Description of Saving	2012/13	2013/14	2014/15
Customer and Commercial Services	Review of the Events Service - Phase 1	(55)	(55)	(55)
Customer and Commercial Services	Review of the Registration of Births, Deaths & Marriages Service	(74)	(74)	(74)
Customer and Commercial Services	Further Efficiencies in Admin Support	(30)	(30)	(30)
Customer and Commercial Services	Cross Cutting Income growth	(285)	(395)	(395)
Cleaner Greener & Cultural Services	TUPE liability re Waste & Street Cleansing Contract Ends	(48)	(48)	(48)
Cleaner Greener & Cultural Services	Additional Income from Hammersmith All Weather Pitch Agreement	(20)	(20)	(20)
Cleaner Greener & Cultural Services	Library staff Protected Pay Ends	(19)	(19)	(19)
Cleaner Greener & Cultural Services	Increase self service in libraries - Phase 1	(70)	(70)	(70)
Cleaner Greener & Cultural Services	Review of the Waste and Parks Service	(89)	(89)	(89)
Cleaner Greener & Cultural Services	Further Review of Grounds Maintenance contract service efficiencies	(74)	(114)	(114)
Cleaner Greener & Cultural Services	Review of Sports & Leisure Development Services - Outsourcing	0	(25)	(25)
Safer Neighbourhoods	Review of the security operation as the LBHF estate reduces	(120)	(120)	(120)

Environment Leisure and Resident Services.				
Division	Description of Saving	2012/13	2013/14	2014/15
Safer Neighbourhoods	Savings obtained by having a single undertakers contract across west London boroughs in Coronial area & toxicology contract	(10)	(10)	(10)
Safer Neighbourhoods	Application of Existing Income to Enhanced Policing	(167)	(167)	(167)
Safer Neighbourhoods	Eyes and Ears Project - Rationalise Enforcement Teams	(95)	(95)	(95)
Safer Neighbourhoods	Review and reorganise Community Safety Team work across the borough	(50)	(50)	(50)
Safer Neighbourhoods	Targeted under spend across all former ABG grants	(50)	(50)	(50)
Departmental	15% Saving on Divisional Contracts (CCTV maintenance and Airwave Radio contracts)	(17)	(17)	(17)
<b>Total Departmental Savings</b>		<b>(1,273,000)</b>	<b>(1,448)</b>	<b>(1,448)</b>
Transformation Savings				
Customer Access	E-services Programme - Council Information & Advice	(50)	(50)	(50)
Tri Borough	Tri Borough Library Efficiency Savings	(222)	(270)	(270)
Tri Borough	Emergency Services Saving	0	(40)	(40)
Market Management	Income Generation - Sponsorship (headline targets)	(98)	(173)	(323)
<b>Total Transformation Savings</b>		<b>(370)</b>	<b>(533)</b>	<b>(683)</b>
<b>Total</b>		<b>(1,643)</b>	<b>(1,981)</b>	<b>(2,131)</b>

Corporate Items		2012/13	2013/14	2014/15	2015/16	2016/17	Reduction in FTEs
Division	Description of Saving	£000s	£000s	£000s	£000s	£000s	
Capital Debt Reduction	Debt Reduction Strategy (assumes 25% slippage in forecast receipts)	(316)	(2,352)	(3,688)	(3,688)	(3,688)	(3,688)
Pensions	Savings in London Pension Fund Authority Contributions and Employers Contributions	(800)	(800)	(800)	(800)	(800)	(800)
Corporate Human Resources (CHR)	Reduced cost of added years	(50)	(100)	(100)	(100)	(100)	(100)
Market Management	Contract review and renegotiation/ contract renewals (headline targets)	(305)	(1,500)	(2,500)	(2,500)	(2,500)	(2,500)
Market Management	Expected Future Procurement Savings	0	(500)	(1,500)	(1,500)	(1,500)	(1,500)
<b>Total Corporate Efficiencies</b>		<b>(1,471)</b>	<b>(5,252)</b>	<b>(8,588)</b>	<b>(8,588)</b>	<b>(8,588)</b>	<b>0</b>
<b>Hammersmith and Fulham - Efficiencies Summary</b>							
		2012/13	2013/14	2014/15	2015/16	2016/17	Reduction in FTEs
		£000s	£000s	£000s	£000s	£000s	
	<b>Grand Total</b>	<b>(22,687)</b>	<b>(35,869)</b>	<b>(48,515)</b>	<b>(48,585)</b>	<b>(48,585)</b>	<b>0</b>

<b>Children's Services</b>				
		<b>2012/13 £'000</b>	<b>2013/14 £'000</b>	<b>2014/15 £'000</b>
Tri-borough working	Fostering - Trading with other boroughs	-	-	150
Social Care	More efficient procurement of the workers providing support in the home for disabled children and their families, and reorganisation of the social work teams.	75	150	150
Social Care	Continuing to reduce the population of children in care with better preventative services [see Locality teams] and more timely permanent placements [Adoption/Special Guardianship/Residence]; thereby reducing placement costs	320	640	640
<b>Total</b>		<b>395</b>	<b>790</b>	<b>940</b>
<b>Transport &amp; Technical Services</b>				
		<b>2012/13 £'000</b>	<b>2013/14 £'000</b>	<b>2014/15 £'000</b>
Customer Access and Service Delivery	E-services Programme - Applying online for services	300	300	300
Highways & Engineering	Income arising from enforcement activity to reduce congestion may be less than expected as a result of greater than anticipated compliance with traffic restrictions.	1,000	1,000	1,000
<b>Total</b>		<b>1,300</b>	<b>1,300</b>	<b>1,300</b>

## Risks

Community Services		Description			
Title		2012/13 £'000	2013/14 £'000	2014/15 £'000	
All Divisions	New organisational structure which may result in overstretch in management leading to difficulties in budget management	1,000	500	0	
All Divisions	Shortfall in Redundancy costs over and above the departmental provision which is ear-marked for triborough cost of transition	75	330	330	
Adult Social Care	Risk of higher prices in the residential and nursing homes market as there has been reduced price settlement over the last few years.	663	663	663	
Adult Social Care	Potential Changes resulting from Fairer Care funding review for Adult Social Care (Dilnot Commission)	200	200	200	
Adult Social Care	NHS Funding for social care ending in 2012/13 and assumed to be on going in the MTFs model.	0	2,002	3,731	
<b>Total</b>		<b>1,938</b>	<b>3,695</b>	<b>4,924</b>	
Finance & Corporate Services		Description			
		2012/13 £'000	2013/14 £'000	2014/15 £'000	
<b>Total</b>		<b>0</b>	<b>0</b>	<b>0</b>	
Environment Leisure and Residents Services		Description			
		2012/13 £'000	2013/14 £'000	2014/15 £'000	
Cleaner Greener & Cultural Services	Failure to fully implement Library Tri Borough model, or delays to implementation	270	270	270	
Cleaner Greener & Cultural Services	Failure to transfer Sands End and Baron's Court Library services to third sector community groups	160	160	160	
Cleaner Greener & Cultural Services	Identification and feasibility of alternative archive provision	80	80	80	
Cleaner Greener & Cultural Services	May be unable to achieve Grounds Maintenance savings in full due to excessively negative impact on service delivery	70	70	70	



## Risks

Cleaner Greener & Cultural Services	Delays in completing works to the All Weather Pitch at Hammersmith Park, thereby delaying potential for new income generation	70	70	70
All Divisions	Shortfall in Redundancy costs over and above the departmental provision	80	80	80
<b>Total</b>		<b>730</b>	<b>730</b>	<b>730</b>

<b>Regeneration &amp; Housing</b>				
<b>Title</b>	<b>Description</b>	<b>2012/13 £'000</b>	<b>2013/14 £'000</b>	<b>2014/15 £'000</b>
Housing	Cap on HB subsidy (LHA) for HALS properties	0	798	945
Housing	Cap on HB subsidy (LHA) for PSL properties	0	531	735
<b>Total</b>		<b>0</b>	<b>1,329</b>	<b>1,680</b>

<b>Corporate</b>				
		<b>2012/13 £'000</b>	<b>2013/14 £'000</b>	<b>2014/15 £'000</b>
Cross-Cutting	Further productivity and other efficiencies from outsourcing and new ways of working	0	2,176	8,689
Corporate	Contract Inflation 2% higher than currently assumed	2,894	5,787	8,681
Corporate	Potential Non Delivery of Savings	2,200	2,200	2,200
Corporate	Grant Reduction Smoothing	0	5,000	0
Corporate	Council Tax Support Localisation	0	2,000	2,000
<b>Total</b>		<b>5,094</b>	<b>17,163</b>	<b>21,570</b>

<b>Hammersmith &amp; Fulham Summary</b>				
		<b>2012/13 £'000</b>	<b>2013/14 £'000</b>	<b>2014/15 £'000</b>
<b>Grand Total</b>		<b>9,457</b>	<b>25,007</b>	<b>31,144</b>

## Revenue Grant Funding 2012/13

Funding Stream	2011/12 Actual Award £000's	2012/13 Funding Award	Change in Funding £000's	Comment
<b>Formula Grant</b>	124,510	114,921	(9,589)	
<b>Specific Grants</b>				
- Adult Social PFI Grant	TBC	TBC	TBC	
- Preventing Homelessness Grant	1,775	1,775	0	
- Council Tax and Housing Benefits Admin	2,288	2,215	(73)	
<b>Specific Grants Total</b>	<b>4,063</b>	<b>3,990</b>	<b>(73)</b>	
<b>Other Funding Streams</b>				
- Learning Disability Commissioning	3,962	4,061	99	
<b>Other Funding Streams Total</b>	<b>3,962</b>	<b>4,061</b>	<b>99</b>	
<b>New Core Revenue Grants</b>				
- Early Intervention Grant	9,429	9,874	445	
- New Homes Bonus Grant	909	1,822	913	
- Council Tax Freeze Grant	1,619	3,244	1,625	
- Lead Flood Authority Grant	159	331	172	
<b>New Core Revenue Grants Total</b>	<b>12,116</b>	<b>15,271</b>	<b>3,155</b>	
<b>Total Non Schools Funding</b>	<b>144,651</b>	<b>138,243</b>	<b>(6,408)</b>	
Dedicated Schools Grant	TBC			TBC To be confirmed in June 2012
<b>Total Funding</b>	<b>144,651</b>	<b>138,243</b>	<b>(6,408)</b>	

**Appendix G Fees and Charges.**

Community Services	2011/12 Charge (£)	2012/13 Charge (£)	Proposed Uplift (%)	Total Estimated Income Stream for 12/13	Reason for uplift/exemption
<b>Meal Service</b>					
Meals Service	4.10	4.30	4.9%	276,000	Meals on Wheels service the price per meal is proposed to increase from £4.10 to £4.30 in 2012/13. Some other Boroughs currently charge more, up to £5.99 per meal. Hammersmith & Fulham has kept its price lower by making efficiencies in the costs of delivery.
<b>Home Care Charging</b>					
Home Care Charge	12.00	12.00	0%	443,300	It is proposed that there is no increase to the homecare charge of £12.00 between 2011/12 and 2012/13. This is because Cabinet has given the department a limit for the charge which cannot be exceeded. With the implementation of new home care contracts from 2011/12, the Council has contained the inflationary pressure within the home care contracts and therefore has no requirement to increase of charges to service users.
<b>Removals</b>					
Standard removals within the borough Monday - Friday 0800hrs-1730hrs	688.50	688.50	0%		
Standard removals within the borough Saturdays 0800hrs-1430hrs	706.86	706.86	0%		
<b>ADDITIONAL STAFFING</b>					
Monday - Friday - per man hour	21.68	21.68	0%		
Saturday - per man hour	22.54	22.54	0%		
Out of hours - per man hour	22.54	22.54	0%		
Saturday after 1430hrs	30.09	30.09	0%		
Waiting time per hour	38.71	38.71	0%		
Late notice of cancellation (within 24hrs)	38.71	38.71	0%		
Cancellation on site	688.50	688.50	0%		
Cancellation from store	60.28	60.28	0%		
Packing service - per man hour	21.68	21.68	0%		
Packing cases - each	3.77	3.77	0%		
Client access to store per hour	56.10	56.10	0%		
<b>STORAGE COSTS</b>					
0-300 cubic ft per day	2.35	2.35	0%		
351-550 cubic ft per day	4.83	4.83	0%		
Over551 cubic ft per day extra - per cubic ft	0.01	0.01	0%		
Packing crate charge per week	0.71	0.71	0%		
Dump charge per container (Housing)	46.61	46.61	0%		
<b>ALL OTHER REMOVALS</b>					
Monday-Friday 0800hrs-1500hrs Van x 2 staff	43.35	43.35	0%		
Extra staff - per man hour	21.68	21.68	0%		
Saturdays - per man hour	32.44	32.44	0%		
Sundays - per man hour	43.35	43.35	0%		
				483,000	Hammersmith & Fulham has kept its price lower by making efficiencies in the costs of delivery and have attempted to do this as an in house operation the costs are increasing and the service is anticipated to be outsourced in 2012 to reduce the service cost as part of Tri-Borough work.

Environment Leisure and Resident Services	2011/12 Charge (£)	2012/13 Charge (£)	Proposed Uplift (%)	Total Estimated Income Stream for 12/13	Reason for uplift/exemption
<b>CEMETERIES - Exempt for VAT</b>					
<b>Resident Fees</b>					
<b>Private Grave</b>					
Purchase and Grant (75 years)	£1,200.00	TBC	TBC		
<b>Interment/Reopening</b>					
Up to 2 interments (each)	£1,047.00	TBC	TBC		
Per extra interment (below 7ft)	£219.00	TBC	TBC		
<b>Exhumations</b>					
Standard Charge (Coffin or Casket)	£1,874.00	TBC	TBC		
Disinterment of Cremated Remains	£150.00	TBC	TBC		
Grave Diggers Allowance per Grave	£100.00	TBC	TBC		
<b>Interment of cremated remains</b>					
Purchase and Grant	£353.00	TBC	TBC		
Interment	£232.00	TBC	TBC		
Scattering of Ashes	£59.00	TBC	TBC		
<b>Search Fee</b>					
Standard	£58.00	TBC	TBC		
<b>Change of Ownership</b>					
Standard	£83.00	TBC	TBC		
<b>Chapel</b>					
Use of chapel	£58.00	TBC	TBC		
<b>Grave Maintenance</b>					
Soil or Turf	£77.00	TBC	TBC		
Full Maintenance	£154.00	TBC	TBC		
Attention only	£110.00	TBC	TBC		
<b>Non Resident Fees</b>					
<b>Private Grave</b>					
Purchase and Grant (75 years)	£3,693.00	TBC	TBC		
<b>Interment/Reopening</b>					
Up to 2 interments (each)	£1,600.00	TBC	TBC		
Per extra interment (below 7ft)	£700.00	TBC	TBC		
Casket (includes interment fee)	£1,948.00	TBC	TBC		
<b>Non private grave</b>					
Grave space only	£1,544.00	TBC	TBC		
<b>Exhumations</b>					
Standard Charge (Coffin or Casket)	£1,874.00	TBC	TBC		
Disinterment of Cremated Remains	£150.00	TBC	TBC		
Grave Diggers Allowance per Grave	£100.00	TBC	TBC		
<b>Interment of cremated remains</b>					
Purchase and Grant	£1,180.00	TBC	TBC		
Interment	£360.00	TBC	TBC		
Scattering of Ashes	£59.00	TBC	TBC		
<b>Search Fee</b>					
Standard	£58.00	TBC	TBC		
<b>Change of Ownership</b>					
Standard	£83.00	TBC	TBC		
<b>Chapel</b>					
Use of chapel	£70.00	TBC	TBC		
<b>Grave Maintenance</b>					
Soil or Turf	£77.00	TBC	TBC		
Full Maintenance	£154.00	TBC	TBC		
Attention only	£110.00	TBC	TBC		
<b>LIBRARIES</b>					

Service review currently underway to determine the long term delivery of the cemetery and grave maintenance service. Fees and charges for 2012/13 to be reviewed as part of the service review to ensure full cost recovery. Reporting to Cabinet before April 2012.

<b>Adults 16-59, Concessions: Children 0-11, Teens 12-15, Pensioners 60+, Lifestyle Plus cardholders.</b>			
<b>Book Overdue and Reservation Charges</b>			
Overdue Books - Per Day Age 16-59	£0.25	TBC	TBC
Requests not in stock - British Library	£5.00	TBC	TBC
Requests not in stock - SELMS partners	£2.00	TBC	TBC
Requests - Age 16-59	£1.00	TBC	TBC
Overdue Notifications Printed- all ages (No VAT Charged)	£0.40	TBC	TBC
<b>Audio-Visual Loan and Overdue Charges</b>			
DVD Loans: Feature Films 3 days Adult Age 16-59	£1.50	TBC	TBC
Overdue DVDs: Age 16-59 Per Day/Max £7.50	£0.75	TBC	TBC
Language Courses/ Learning Packs-three weeks	£2.50	TBC	TBC
Overdue CDs- Per Day Max £7.50 (No VAT Charged)	£0.25	TBC	TBC
Box sets DVDs loans Age 16-59 (No VAT Charged)	£3.50	TBC	TBC
Box sets DVDs Overdue to a maximum of 7.50 Age 16-59 (No VAT Charged)	£0.75	TBC	TBC
Talking Book Loans	£1.00	TBC	TBC
<b>Internet Charges</b>			
Access -After First Half Hour - Per Half Hour members (H&F School Children Free)	£0.50	TBC	TBC
A4 Print - black and white	£0.00	TBC	TBC
A4 Print - black and white	£0.10	TBC	TBC
Access- None members pay for every Half Hour	£0.50	TBC	TBC
Access- Advance 3 hour booking	£2.00	TBC	TBC
A4 Colour	£1.00	TBC	TBC
<b>Fax Charges - Per Page</b>			
UK	£1.00	TBC	TBC
Europe	£1.50	TBC	TBC
North America	£2.00	TBC	TBC
Australia	£2.00	TBC	TBC
Elsewhere	£4.00	TBC	TBC
Incoming Material	£1.00	TBC	TBC
<b>Photocopying - Per Page</b>			
A4 black and white - self service	£0.10	TBC	TBC
A3 black and white - self service	£0.20	TBC	TBC
A4 black and white - assisted service	£0.20	TBC	TBC
A3 black and white - assisted service	£0.40	TBC	TBC
A4 colour - self service	£1.00	TBC	TBC
A3 colour - self service	£1.50	TBC	TBC
A4 colour - assisted	£1.50	TBC	TBC
A3 colour - assisted	£2.00	TBC	TBC
<b>Sale Items - guide prices - No VAT Charged</b>			
<b>Withdrawn Library Books</b>			
Adult Fiction and Children's books	£0.60	TBC	TBC
Adult Non-Fiction	£1.00	TBC	TBC
Paperbacks	£0.50	TBC	TBC
Cassettes	£0.50	TBC	TBC
CD's	£0.50	TBC	TBC
Videos/DVDs	£0.50	TBC	TBC
<b>Miscellaneous Sale Items</b>			
ECC Bags	£1.00	TBC	TBC
Memory Sticks	£9.00	TBC	TBC
<b>Premises Hire - Per Hour</b>			
<b>Community Groups:</b> <i>(Voluntary groups in H&amp;F, Registered charities and Residents Associations only)</i>			
During Library Hours	£15.00	TBC	TBC
Outside library Hours	£50.00	TBC	TBC
<b>Other Groups</b>			
During Library Hours	£30.00	TBC	TBC
Outside library Hours	£100.00	TBC	TBC
<b>Exhibition Space - Per Day</b>			
Preparatory Day	£60.00	TBC	TBC
Exhibition Days	£120.00	TBC	TBC

Fees and charges for 2012/13 to be reviewed alongside Westminster and Kensington & Chelsea as part of new Triborough Library service from 2012.

<b>LEISURE</b>								
<b>Winter Pitch Bookings</b>								
<b>FOOTBALL</b>								
Weekend	£70.00	£75.00	7%					
Weekday	£60.00	£75.00	25%					
Bank Holiday	£60.00	£75.00	25%					
Youth Team U/18	£60.00	£75.00	25%					
	£45.00	£48.00	7%					
Football per hour - in Borough state Schools	£32.00	£35.00	9%					
Football per hour - out of borough and private Schools	£37.60	£42.00	12%					
<b>**11-a-side All Weather Pitch</b>								
Adult	£70.00	£75.00	7%					
Junior	£60.00	£75.00	25%					
In Borough state School	£32.00	£35.00	9%					
<b>Out of borough and private Schools</b>	£37.60	£42.00	12%					
<b>**5-a-side All Weather Pitch</b>								
Adult	£35.00	£38.00	9%					
Junior	£32.50	£38.00	17%					
School - in borough state Schools	£17.00	£20.00	18%					
<b>Out of borough and private Schools</b>	£19.98	£24.00	20%					
<b>RUGBY/GAELIC FOOTBALL/LACROSSE/HOCKEY/AUSTRALIAN RULES*</b>								
Weekend	£70.00	£75.00	7%					
Weekday	£60.00	£75.00	25%					
Bank Holiday	£60.00	£75.00	25%					
Hurlingham - Centre Pitch	£60.00	£75.00	25%					
Youth Team - U/18	£60.00	£75.00	25%					
Rugby per match @ Hurlingham - in borough state Schools	£32.00	£35.00	9%					
Rugby per match @ Hurlingham - out of borough and private schools	£37.60	£42.00	12%					
<b>Summer Pitch Booking</b>								
<b>CRICKET (10am - 5.00pm or 5.00pm -9.00pm)</b>								
Weekend	£85.00	£95.00	12%					
Weekday	£70.00	£85.00	21%					
Bank Holiday	£70.00	£110.00	57%					
Youth Team - U/18	£70.00	£95.00	36%					
Cricket per hour - in borough state School	£32.00	£35.00	9%					
Cricket per hour - out of borough and private schools	£37.60	£42.00	12%					
<b>ROUNDERS/BASEBALL</b>								
Per pitch per game	£70.00	£75.00	7%					
Rounder's per hour - in borough state Schools	£32.00	£35.00	9%					
Rounder's per hour - out of borough and private schools	£37.60	£42.00	12%					
<b>MINI BASEBALL</b>								
Per pitch per game	£50.00	£50.00	0%					
<b>SOFTBALL</b>								
Per pitch per game	£70.00	£75.00	7%					
<b>BICYCLE POLO</b>								
Weekends	£70.00	£75.00	7%					
Weekdays	£60.00	£65.00	8%					
<b>TOUCH/TAG RUGBY (half size of football pitch, 2 pitches = 1 football pitch)</b>								
Weekdays	£32.00	£35.00	9%					
Weekends	£30.00	£35.00	17%					
Tag Rugby per hour - in borough state School	£32.00	£35.00	9%					
Tag Rugby - out of borough and private schools	£37.60	£42.00	12%					
<b>ATHLETICS- Adult and Corporate groups</b>								
Athletics per hour	£45.00	£50.00	11%					
Athletics Half Day (3 hours)	£130.00	£140.00	8%					
Athletics Full Day (6 hours)	£250.00	£275.00	10%					
<b>ATHLETICS Hurlingham Park inc. changing rooms- Schools</b>								
Athletics per half day- now includes £49 mark out fee and Community Room	£90.00	£95.00	6%					
Athletics per full day- now includes £49 mark out fee and Community Room	£170.00	£185.00	9%					

<b>Athletics &amp; Sports Days all other parks (South Park, Ravenscourt, Brook Green, Lillie Road)</b>									
Athletics per hour (with markings)	£20.00	£22.00						10%	
Athletics per hour (without markings)	15.00	20.00						33%	
Athletics per half day (3 hours with markings)	55.00	60.00						9%	
Athletics per full day (6 hours with markings)	110.00	115.00						5%	
<b>TENNIS - Pay &amp; Play</b>									
Adult - turn up and play	£9.00	£9.00						0%	
Adult - on line only (min- 5 bookings over the phone)	£7.00	£7.00						0%	
Youth - U18 - Anytime	£3.50	£3.50						0%	
School	£3.50	£3.50						0%	
Lifestyle - 2 members per court per hour - 9am-4pm, Mon - Fri	£3.50	£3.50						0%	
Lifestyle - 1 member per court per hour - 9am-4pm, Mon - Fri	£3.50	£3.50						0%	
Tennis Booking - Annual Membership Card									
<b>TENNIS pre paid advance bookings</b>									
<b>5 games</b>									
Adult	£35.00	£35.00						0%	
Junior	£17.50	£17.50						0%	
School	£17.50	£17.50						0%	
<b>10 games</b>									
Adult	£70.00	£70.00						0%	
Junior	£35.00	£35.00						0%	
School	£35.00	£35.00						0%	
<b>Coaching Licence Fees</b>									
Coaches Licence Fee (One payment)	£920.00	£920.00						0%	
Coaches Licence Fee (Six payments)	£960.00	£960.00						0%	
<b>NETBALL</b>									
Per court per game	£10.00	£15.00						50%	
Plus floodlights	£20.00	£25.00						25%	
Youth Team - u/18 per game	£9.00	£15.00						67%	
Netball per hour - in borough state School	£10.00	£12.00						20%	
Netball per hour - out of borough and private schools	£11.75	£14.40						23%	
<b>COMMUNITY ROOM @ HURLINGHAM</b>									
Room Hire only	£46.00	£50.00						9%	
Room Hire (Thr), Sports Pitch (1hr) Party Hire	£90.00	£95.00						6%	
<b>CHANGING ROOM @ HURLINGHAM</b>									
<b>Sports booking for grass area have priority - if available</b>									
Charge per booking	£16.00	£18.00						13%	
For in borough state schools per booking	£16.00	£18.00						13%	
Out of borough and private schools booking	£18.80	£21.60						15%	
<b>BOWLS</b>									
Adult - per person per round	£2.00	£2.00						0%	
OAP/Youth - per person per round	£1.00	£1.00						0%	
Lifestyle - per cardholder per round	£1.00	£1.00						0%	
Adult season ticket	£44.00	£44.00						0%	
OAP/Youth season ticket	£22.00	£22.00						0%	
Locker rent	£10.00	£10.00						0%	
<b>TRAINING AREA &amp; FLOODLIGHTS @ HURLINGHAM</b>									
Training area per hour - includes Change & Com room (H&F RFC use only, floodlights extra)	£32.00	£35.00						9%	
<b>Fulham Football Club - Grass pitch and Community Room Prices</b>									
Grass pitches, Com Room & Changing room -per day	£225.00	£230.00						2%	

TRAINING AREAS at LILLIE ROAD, BISHOPS PARK, SOUTH PARK and EEL							
<b>BROOK COMMON</b>							
Football, Rugby, Gaelic Football, Australian Rules Football							
Training area per hour	£32.00		£35.00			9%	
Equipment Storage	£150.00		£150.00			0%	
GROUP TRAINING INSTRUCTOR ANNUAL LICENCE FEE	£1,200.00		£1,200.00			0%	
PERSONAL TRAINER ANNUAL LICENCE FEE	£350.00		£350.00			0%	
<b>Discounts Allowed on booking price</b>							
6-9 block booking	20%		20%			-20%	
10 or more booking that meet criteria VAT EXEMPT	18%		18%			-18%	
Council Depts. - RSD Only	50%		N/A				
Council Depts. - Not RSD	25%		20%			-20%	
Charities H&F based	20%		10%			-10%	
Charities non H&F based	10%		10%			10%	
<b>SPORTS CHARGES - Linford Christie Stadium</b>							
<b>Athletics</b>							
*Under 16's Over 60's or Disabled	£0.00		£0.00			0%	
<b>Annual Inclusive Pass</b>							
Adult (Member)	£90.00		£90.00			0%	
Adult (Non Member)	£140.00		£140.00			0%	
*Concessionary (12 months only) (member)	£40.00		£40.00			0%	
*Concessionary (12 months only) (Non Member)	£70.00		£70.00			0%	
Student 12 months	£70.00		£70.00			0%	
Adult 6 months (member)	£50.00		£50.00			0%	
Adult 6 months (non member)	£80.00		£80.00			0%	
<b>Causal Use session Price</b>							
Adult (Member)	£4.00		£4.00			0%	
Adult (Non Member)	£5.00		£5.00			0%	
*Concessionary (12 months only) (member)	£2.00		£2.00			0%	
*Concessionary (12 months only) (Non Member)	£3.00		£3.00			0%	
Lifestyle Plus Member	£0.50		£0.50			0%	
Adult spectator/ entrance fee (events)	£2.00		£2.00			0%	
Use of shower facilities / changing facilities	£2.00		£2.00			0%	
<b>Track Hire</b>							
Training (LBHF School) facilities only	N/A		£24.00			New Charge	
Training (LBHF School) facilities and Instructor	N/A		£42.00			New Charge	
Training (non LBHF School) facilities only	N/A		£48.00			New Charge	
Training (non LBHF School) facilities and Instructor	N/A		£56.00			New Charge	
Sports Day (LBHF School) up to 3 hrs - Facility only	N/A		£140.00			New Charge	
Sports Day (LBHF School) up to 3 hrs - Facility and Instructor	N/A		£220.00			New Charge	
Sports Day (non LBHF School) up to 3 hrs - Facility only	N/A		£164.50			New Charge	
Sports Day (non LBHF School) up to 3 hrs - Facility and Instructor	N/A		£258.50			New Charge	
Sports Days move than 3 hours	N/A		£56.00			New Charge	
TVH meetings	N/A		£48.00			New Charge	
Additional miscellaneous fee - setting out and clearing up	N/A		£56.00			New Charge	



<b>Pitches &amp; Ancillary Hire Services</b>			
11-a-side AWP Main (whole pitch)			
Adult	£80.00	£82.00	2%
Club	£60.00	£62.00	3%
School	£40.00	£42.00	5%
Out of borough and private Schools	£47.00	£50.40	7%
<b>Contact Price for QPR-Chelsea-Chiswick Hockey</b>			
Adult	£40.00	£45.00	13%
Junior	£27.00	£30.00	11%
<b>5-a-side AWP</b>			
Adult & Club - Peak	£35.00	£38.00	9%
Adult & Club - Off Peak	£20.00	£22.00	10%
Schools	£17.00	£20.00	18%
Out of borough and private Schools	N/A	£24.00	New Charge
<b>Contact Price for QPR-Chelsea-Chiswick Hockey</b>			
Adult	£20.00	£22.00	10%
Junior	£17.00	£20.00	18%
* Off Peak rate are charged before 18H00 Mon - Fri excl W/ends			
<b>Grass Pitches</b>			
Centre - without Floodlighting	£70.00	£80.00	14%
Centre - without Floodlighting - School	£50.00	£55.00	10%
Centre - with Floodlighting	£80.00	£100.00	25%
Centre - with Floodlighting - School	£60.00	£65.00	8%
Rugby Training area - top & bottom (no Floodlights)	£32.00	£32.00	0%
<b>Rooms / Storage Hire</b>			
Community Room	£30.00	£32.00	7%
Announcer box	£30.00	£32.00	7%
Changing Room per team (when no pitch hire)	£30.00	£32.00	7%
Storage container per annum	£1,750.00	£1,750.00	0%
Community Room - School	£17.00	£18.00	6%
Announcer box - School	£17.00	£18.00	6%
Changing Room per team (when no pitch hire) - School	£17.00	£18.00	6%
Storage container per annum - School	£1,200.00	£1,200.00	0%
<b>TRANSPORT</b>			
<b>Transport Workshops - Internal Charges</b>			
Parts	Cost + 10.5%	Cost + 10.5%	
Fuel - Diesel / Petrol / LPG	Cost + 10.5%	Cost + 10.5%	
Ad Hoc Vehicle Hire	Cost + 10.5%	Cost + 10.5%	
Management and Administration Charge	Total Cost (excluding Fuel and NSEs) + 10.5%	Total Cost (excluding Fuel and NSEs) + 10.5%	
<b>Transport Workshops - External Charges</b>			
Parts	Cost + 10.5%	Cost + 10.5%	
Fuel - Diesel / Petrol	Cost + 10.5%	Cost + 10.5%	
Ad Hoc Vehicle Hire	Cost + 10.5%	Cost + 10.5%	
Management and Administration Charge	Based on Insurance Cost only + 10.5%	Based on Insurance Cost only + 10.5%	

<b>WASTE MANAGEMENT</b>						
<b>Trade Waste Charges</b>						
Trade Waste Sacks - General Waste - cost per sack	£1.55	£1.65		6%		
Trade Waste Sacks - Recycling - cost per sack	£1.10	£1.35		23%		
360 Ltr Wheelie Bins - General Waste - cost per empty	£7.65	£7.65		0%		
360 Ltr Wheelie Bins - General Waste - 2.5 bins - cost per empty	£7.55	£7.55		0%		
360 Ltr Wheelie Bins - General Waste - 6+ bins - cost per empty	£7.45	£7.45		0%		
360 Ltr Wheelie Bins - Recycling - cost per empty	£4.85	£4.85		0%		
360 Ltr Wheelie Bins - Recycling - 2.5 bins - cost per empty	£4.80	£4.80		0%		
360 Ltr Wheelie Bins - Recycling - 6+ bins - cost per empty	£4.75	£4.75		0%		
1100 Ltr Euro Bins - General Waste - cost per empty	£13.00	£13.81		6%		
1100 Ltr Euro Bins - General Waste - 2.5 bins - cost per empty	£12.85	£13.66		6%		
1100 Ltr Euro Bins - General Waste - 6+ bins - cost per empty	£12.70	£13.51		6%		
1280 Ltr Euro Bins - Recycling - cost per empty	£8.33	£10.39		25%		
1280 Ltr Euro Bins - Recycling - 2.5 bins - cost per empty	£8.23	£10.29		25%		
1280 Ltr Euro Bins - Recycling - 6+ bins - cost per empty	£8.13	£10.19		25%		
940 Ltr Paladins & Chamberlains - General Waste Only	£12.50	N/A				Product terminated
940 Ltr Paladins & Chamberlains - 2.5 bins - General Waste Only	£12.35	N/A				Product terminated
940 Ltr Paladins & Chamberlains - 6+ bins - General Waste Only	£12.25	N/A				Product terminated
<b>Trade Bulky Collections</b>						
Bulky Waste Collection (e.g. Fridge / Freezer Collection)	POA	POA		N/A		
Three Fridges / freezers	£80.00	POA		N/A		
Two Fridges / freezers	£110.00	POA		N/A		
<b>Skips &amp; Compactors</b>						
Domestic Compactors - Internal	£141.20	TBC		TBC		
Domestic Compactors - External	£141.20	TBC		TBC		
Commercial Compactors	£350.00	TBC		TBC		
Commercial Skips	£200.00	TBC		TBC		
<b>Duty of Care Certificates</b>						
Annual Duty of Care Certificate for casual Pay As You Throw customers	N/A	£25.00		New Charge		
Annual Duty of Care Certificate for contract customers	N/A	£30.00		New Charge		
Revisions to Duty of Care Certificates	N/A	£25.00		New Charge		
<b>Household Waste</b>						
<b>Household Bulky Collections - VAT Zero rated</b>						
Up to 10 items of unwanted household furniture or similar items	£20.00	£25.00		25%		
Up to 10 electrical items/domestic appliances	£20.00	£25.00		25%		
Up to 10 bags of miscellaneous effects	£20.00	£25.00		25%		
Further items charged at £5.75 per additional item						
To be confirmed following review of waste disposal costs						

Other bulky household collections (e.g. builders rubble, fence panels, bathroom suites etc)	POA	POA	POA	N/A
<b>General Bagged Household Waste - VAT Zero rated</b>				
Minimum charge for up to 10 sacks of miscellaneous waste	£0.00	£0.00	£0.00	
Further items charged at £2.00 per additional sack				
<b>Household Derived Builders Rubble - VAT Zero rated</b>				
Minimum charge for up to 10 sacks of household derived builders rubble	£30.00	£30.00	£30.00	
Further items charged at £3.00 per additional sack				
<b>Bathroom Suites (items include bath, toilet, hand basin &amp; shower stand)</b>				
First item	£30.00	£30.00	£30.00	
Further items charged at £6.00 per additional item				
<b>Household Fencing Waste</b>				
First 5 panels	£35.00	£35.00	£35.00	
Additional Panels	extra panels charged for at the unit rate of £6.04	extra panels charged for at the unit rate of £6.04	extra panels charged for at the unit rate of £6.04	0%
Broken down sheds	£60.00	£60.00	£60.00	
<b>STREET TRADING CHARGES</b>				
<b>CERTIFICATE OF REGISTRATION</b>				
Permanent Trader	£55.00	£55.00	£55.00	0%
Temporary Trader	£55.00	£55.00	£55.00	0%
Annual Renewal	£55.00	£55.00	£55.00	0%
Replacement Licence	£55.00	£55.00	£55.00	0%
<b>Street &amp; Market Traders - Weekly charges</b>				
1 day per week (Standard)	£20.40	£20.40	£20.40	0%
1 day per week (Extended)	£29.58	£29.58	£29.58	0%
2 days per week (Standard)	£27.54	£27.54	£27.54	0%
2 days per week (Extended)	£41.82	£41.82	£41.82	0%
3 days per week (Standard)	£42.84	£42.84	£42.84	0%
3 days per week (Extended)	£61.20	£61.20	£61.20	0%
4 days per week (Standard)	£54.06	£54.06	£54.06	0%
4 days per week (Extended)	£80.58	£80.58	£80.58	0%
5 days per week (Standard)	£68.34	£68.34	£68.34	0%
5 days per week (Extended)	£99.96	£99.96	£99.96	0%
6 days per week (Standard)	£83.64	£83.64	£83.64	0%
6 days per week (Extended)	£120.36	£120.36	£120.36	0%
An additional charge of £10 per day will be payable for trading on Friday and/or Saturday				
<b>News Vendors</b>				
<b>Annual Charges</b>	£3,053.00	£3,053.00	£3,053.00	0%
<b>Daily charges:</b>				
Temporary Licences for casual traders at street markets (per day)				
Mon-Thurs (Standard)	£20.40	£20.40	£20.40	0%
Mon-Thurs (Extended)	£29.58	£29.58	£29.58	0%
Fri/Sat (Standard)	£30.60	£30.60	£30.60	0%
Fri/Sat (Extended)	£39.78	£39.78	£39.78	0%
* An additional charge of £10 will be payable for trading on Friday and/or Saturday				
<b>Charges for Traders outside football grounds</b>				
Annual Charge per square metre	£395.00	£395.00	£395.00	0%
Minimum charge of 1.5 sq m and maximum charge of 12 sq m				

No plan to increase for 2012/13. Service review planned for 2012.

<b>HALL, PARKS &amp; OPEN SPACES HIRE - Zero Rated VAT (Hourly Rates)</b>			
<b>HTH Assembly Hall &amp; FTH Grand Hall</b>			
Weekday daytime	£180.00	£180.00	Freeze weekday charges - limited demand
Weekday evenings	£255.00	£255.00	Freeze weekday charges - limited demand
Weekend (Friday from 6pm & Saturdays)	£280.00	£295.00	
Weekend (Sundays)	£280.00	£295.00	
Commercial ticketed events	£410.00	£430.00	
Bank Holiday Mondays, New Years Eve	£560.00	£590.00	
New Years Eve falling on a Sunday	£615.00	£645.00	
Hourly rate after midnight add £50	£50.00	£52.50	
<b>FTH Concert Hall</b>			
Weekday daytime (subject to GH booking)	£80.00	£80.00	Price freeze at FTH pending disposal
Weekday evenings	£122.00	£122.00	Price freeze at FTH pending disposal
Weekends	£122.00	£122.00	Price freeze at FTH pending disposal
Flat rate supplement for the Concert hall to be added to the Grand hall booking	£210.00	£210.00	Price freeze at FTH pending disposal
<b>HTH Small Hall</b>			
Weekday	£60.00	£60.00	Freeze weekday charges - limited demand
Weekday evening	£80.00	£80.00	Freeze weekday charges - limited demand
Weekend (Friday from 6pm & Saturdays)	£122.00	£128.00	Freeze weekday charges - limited demand

Weekend (Sunday)		£127.00	£133.00	0%	
<b>HTH Committee Room 1, Courtyard Room, Council Chamber</b>					
Weekday		£66.00	£66.00	0%	Freeze weekday charges - limited demand
Weekday evening		£86.00	£86.00	0%	Freeze weekday charges - limited demand
Weekend (Friday from 6pm & Saturdays)		£97.00	£102.00	0%	
Weekend (Sunday)		£102.00	£107.00	0%	
<b>HIRE OF PARKS &amp; OPEN SPACES FOR EVENTS - CHARGES PER DAY</b>					
Large event, 1000+		POA	POA	N/A	
Large event		POA	POA	N/A	
Large event		POA	POA	N/A	
Large event		POA	POA	N/A	
Medium event		POA	POA	N/A	
Medium event		£825.00	£865.00	N/A	
Medium event		£510.00	£535.00	N/A	
Medium event		£280.00	£262.50	N/A	
Medium event		£120.00	£126.00	N/A	
Medium event		£120.00	£126.00	N/A	
Small event		£1,050.00	£1,103.00	N/A	
Small event		£510.00	£536.00	N/A	
Small event		£285.00	£268.00	N/A	
Small event		£120.00	£126.00	N/A	
Small event		£120.00	£126.00	N/A	
Promotional activity - Large scale / space		POA	POA	N/A	
Promotional activity - Large scale / space		POA	POA	N/A	
Promotional activity - Large scale / space		POA	POA	N/A	
Promotional activity - Small scale / space		£255.00	£268.00	N/A	
Promotional activity - Small scale / space		£120.00	£126.00	N/A	
Promotional activity - Small scale / space		£120.00	£126.00	N/A	
Fairground - Large scale		£1,050.00	£1,103.00	N/A	
Fairground - Small scale		£510.00	£536.00	N/A	
Exercise permits - (per location / per month)		£130.00	£137.00	N/A	
Exercise permits - (multiple locations / per month)		POA	POA	N/A	
Damage deposit (reinstatement costs)		POA % based on risk	POA % based on risk		
<b>ADD ON SUPPLEMENTS</b>					
Showcase Park / Town Centre Spaces		£100.00	£105.00	5%	
Large scale Infrastructure e.g. staging, toilets		£200.00	£210.00	5%	
Small scale Infrastructure e.g. tents, generators		£100.00	£105.00	5%	
Catering facilities		£100.00	£105.00	5%	
Sale of alcohol		£100.00	£105.00	5%	
Amplified music		£100.00	£105.00	5%	

Safer Neighbourhoods Fees & Charges 2011/12 - 2012/13	2011/12	2012/13	% Change	Comments
<b>Street Scene Enforcement (Zero VAT)</b>				
Fixed Penalty Notices	£80.00	£80.00	0%	
Motorcycle recovery	£30.00	£30.00	0%	
Return of Stray Dogs to Owners	£75.00	£75.00	0%	
<b>Anti Social Behaviour</b>				
Anti Social Behaviour investigations (charge per hour)	£100.00	£100.00	0%	
<b>Mortuary Services</b>				
Infectious cases from Kingston Hospital to Fulham Mortuary	£750.00	£750.00	0%	
<b>Registration of Births, Deaths &amp; Marriages</b>				
<b>Civil Marriage/Civil Partnership</b>				
<b>Mayor's Parlour, Fulham Town Hall (Register Office)</b>				
Mon - Thur	£83.00	£83.00	0%	
Fri - Sat	£133.00	£133.00	0%	
<b>Walham Green Room Fulham Town Hall</b>				
Mon - Thur	£175.00	£175.00	0%	
Fri - Sat	£235.00	£235.00	0%	
<b>Council Chamber – Fulham Town Hall</b>				
Mon - Thur	£353.50	£353.50	0%	
Fri	£453.50	£453.50	0%	
Sat	£503.50	£503.50	0%	
Sun/Bank Holidays	£653.50	£653.50	0%	
<b>Approved Venues</b>				
Mon - Thur	£323.50	£323.50	0%	
Fri - Sat	£403.50	£403.50	0%	
Sun/Bank Holidays	£503.50	£503.50	0%	
<b>Naming Ceremonies/Marriage Vows Renewal</b>				
<b>Hammersmith and Fulham Register Office, Fulham Town Hall (Up to 60 people)</b>				
Mon - Thur 9am to 4pm	£153.00	£153.00	0%	
Mon - Thur 4pm to 6pm	£204.00	£204.00	0%	
Fri 9pm to 4pm	£178.00	£178.00	0%	
Fri 4pm to 6pm	£255.00	£255.00	0%	
Sat afternoon	£255.00	£255.00	0%	
Sun/Bank Hols	£306.00	£306.00	0%	

Price freeze to bring in line with other local Register Offices prices, but still remain competitively priced.

	2011/12 Charge (£)	2012/13 Charge (£)	Proposed Uplift (%)	Total Estimated Income Stream for 12/13	Reason for uplift/exemption
<b>Fulham Council Chamber, Fulham Town Hall (Up to 100 people)</b>					
Fri	£306.00	£306.00	0%		
Sat	£408.00	£408.00	0%		
Sun/Bank Holidays	£560.00	£560.00	0%		
<b>Other Venues*</b>					
Mon - Thur 9am to 4pm	£178.00	£178.00	0%		
Mon - Thur 4pm to 6pm	£204.00	£204.00	0%		
Fri 9pm to 4pm	£178.00	£178.00	0%		
Fri 4pm to 6pm	£204.00	£204.00	0%		
Sat	£306.00	£306.00	0%		
Sun/Bank Holidays	£357.00	£357.00	0%		
<b>Other Fees</b>					
Same day service for copy certificates	£3.50	£3.50	0%		Statutory charge - cannot be increased on discretionary grounds.
<b>NCS Fees</b>					
Adult	£45.00	£45.00	0%		
Couple	£80.00	£80.00	0%		
Child	£25.00	£25.00	0%		
When child is the only applicant	£45.00	£45.00	0%		
<b>Children's Services</b>					
<b>Play Service</b>					
Play Service - Out of Hours School Care (Full Fee) per day	8.10	0.00	0%		
Play Service - Out of Hours School Care (Concession) per day	5.50	0.00	0%	NIL	Service to be commissioned out to schools to provide directly
<b>Community Hall Hire- Edward Woods</b>					
Community Hall Hire - 1 room per hour	9.40	9.40	0%		
Community Hall Hire - 1 hall per hour	15.30	15.30	0%	£28,400	Negligible usage
Private Hall Hire - 1 room per hour	22.95	22.95	0%		
Private Hall Hire - 1 hall per hour	42.40	42.40	0%		
<b>School Meal Fees</b>					
School Meals- Primary (Pupils)	1.80	1.80	0%		
School Meals- Secondary (Pupils)	1.90	1.90	0%	£2,894,800	
School Meals- Primary (Adults)	3.21	3.21	0%		
School Meals- Secondary (Adults)	3.21	3.21	0%		
<b>City Learning</b>					
CLC 1					
Full day	465.00	465.00	0%		
Half day	235.00	235.00	0%		
CLC 2					
Full day	465.00	465.00	0%		
Half day	235.00	235.00	0%		
CLC 3					
Full day	465.00	465.00	0%		
Half day	235.00	235.00	0%		
Conference per day	330.00	330.00	0%	£5,690	Fees have not been increased since 2008 and benchmarking revealed existing charges were lower than comparable venues.
Curriculum Support/Training per day	660.00	660.00	0%		
Technical Support per day	660.00	660.00	0%		
IT Consultancy per day	660.00	660.00	0%		
<b>Lilla Huset</b>					
<b>Education Staff</b>					
Meeting Room	80.00	80.00	0%		
Boardroom	165.00	165.00	0%		
Training Suite	195.00	195.00	0%		
Conference Room	245.00	245.00	0%		
<b>LBHF EX EDU</b>					
Meeting Room	110.00	110.00	0%		
Boardroom	220.00	220.00	0%		
Training Suite	245.00	245.00	0%		
Conference Room	300.00	300.00	0%		
<b>External Users</b>					
Meeting Room	100.00	100.00	0%		
Boardroom	250.00	250.00	0%		
Training Suite	375.00	375.00	0%		
Conference Room	400.00	400.00	0%		
				£112,433	Charges fixed for academic year so 11/12 fees would apply from 1st September 2011. Any further increase would occur from September 2012.

Transport & Technical Services		2011/12 Charge (£)		2012/13 Charge (£)		Proposed Uplift (%)		Total Estimated Income Stream for 12/13		Reason for uplift/exemption	
Fee Description	2011/12 Charge (£)	2012/13 Charge (£)	Proposed Uplift (%)	2012/13 Charge (£)	Proposed Uplift (%)	Total Estimated Income Stream for 12/13, or 11/12 projected Income.		Reason for uplift	Reason for uplift/exemption		
Full search (Non NLIIS)	269.00	269.00	0%	269.00	0%						
Full search (NLIIS)	230.00	230.00	0%	230.00	0%						
Part II enquiries	14.00	14.00	0%	14.00	0%						
Additional enquiries	24.00	24.00	0%	24.00	0%						
Additional parcels	24.00	24.00	0%	24.00	0%						
Pre-Application Advice	N/A	97.92	100%	97.92	100%			New charge			
Schedule A	Various depending on size and type of work	Various depending on size and type of work	0%	Various depending on size and type of work	0%						
Schedule B	Various depending on size and type of work	Various depending on size and type of work	0%	Various depending on size and type of work	0%						
Exempt Building Works Consent	100.00	100.00	0%	100.00	0%						
Retrieval of archived Files and Records, & Investigation and Retrieval of Microfiche data	88.00	88.00	0%	88.00	0%						
Resurrection of 'old' jobs where no completion inspection had been requested or carried out, and for subsequent issuing of completion letters	88.00	88.00	0%	88.00	0%						
Individual's first permit (6mths)	71.00	71.00	0%	71.00	0%						
Individual's second permit (6mths)	252.00	252.00	0%	252.00	0%						
Individual's first permit (Yearly)	119.00	119.00	0%	119.00	0%						
Individual's second permit (Yearly)	482.00	482.00	0%	482.00	0%			£3,853,500			
Discounted permit charges (Green vehicles)	60.00	60.00	0%	60.00	0%				Resident permit charge increase in January 2011		
Business first permit (6mths)	450.00	450.00	0%	450.00	0%						
Business second permit (6mths)	712.00	712.00	0%	712.00	0%			£632,500			
Business first permit (Yearly)	766.00	766.00	0%	766.00	0%						
Business second permit (Yearly)	1269.00	1269.00	0%	1269.00	0%						
Per hour	2.20	2.20	0%	2.20	0%			£12,948,900	Price increase in November 2010		
Community Infrastructure Levy (CIL) - Mayor of London:	35.00	35.00	0%	35.00	0%			£917,200	Price increase in January 2011		
All except stated	N/A	N/A	100%	£50/m	100%			£0	New charge proposed to start from 1st April 2012 - subject to change Charged by LBHF for Mayor of London		
Community Infrastructure Levy (CIL) - Mayor of London:	N/A	N/A	100%	£0/m	100%			£0	New charge proposed to start from 1st April 2012 - subject to change Charged by LBHF for Mayor of London		
Education and Health	Various	Various	0%	Various	0%			£1,340,000	No change - Changes in charging regulations expected		
Planning application fees	10.00	15.00	50%	15.00	50%						
Decision Notice	13.00	15.00	15%	15.00	15%						
TPO	23.00	25.00	9%	25.00	9%						
Sect 106	10.00	15.00	50%	15.00	50%						
Article 4	10.00	15.00	50%	15.00	50%						
Enforcement Notice	10.00	15.00	50%	15.00	50%						
AO	10.00	11.00	10%	11.00	10%				Increase in photocopying charges		
A1	8.00	8.50	6%	8.50	6%						
A3	5.00	5.25	5%	5.25	5%						
A4	2.50	2.75	10%	2.75	10%						
Renewal Level 1	£150 plus therapists verification	£150 plus therapists verification	n/a	£150 plus therapists verification	n/a				New fee structure		
New Application Level 1	£176 plus therapists verification	£176 plus therapists verification	n/a	£176 plus therapists verification	n/a				New fee structure		
Renewal Level 2	£575 plus therapists verification	£575 plus therapists verification	n/a	£575 plus therapists verification	n/a				New fee structure		
New Application Level 2	£660 plus therapists verification	£660 plus therapists verification	n/a	£660 plus therapists verification	n/a				New fee structure		
Renewal Level 3	£1020 plus therapists verification	£1020 plus therapists verification	n/a	£1020 plus therapists verification	n/a				New fee structure		



New Application Level 3		£1173 plus therapists verification fees n/a										New fee structure	
Therapist Verification fee valid 3 years		60.00 n/a										New fee structure	
Minor variations admin fee*		60.00 n/a										New fee structure	
Additional treatment		pro rata New Application Level fee or £75 whichever is n/a greatest plus variation admin fee										New fee structure	
Amendment to standard conditions		£150 plus variation admin fee n/a										New fee structure	
		Level 1											
		£88 plus therapists verification fees											
		Level 2											
		£330 plus therapists verification fees n/a										New fee structure	
		Level 3											
		£575 plus therapists verification fees											
Occasional Licence up to 5 days at 50% of New application fee													
Duplicate licence admin fee		60.00 n/a										New fee structure	
<b>Housing and Regeneration Department.</b>		<b>2012/13 Charge (£)</b>	<b>2011/12 Charge (£)</b>	<b>Proposed Uplift (%)</b>	<b>Total Estimated Income Stream for 12/13, or 11/12 projected income.</b>			<b>Reason for uplift</b>					
<b>Private Sector Leasing</b>													
Private Sector Leasing Water Charges		Varies	Varies	subject to water company	depend on number of units			Increasing subjected to Water Company charges					
		unchange	unchange	Nil	depend on number of units. £6.9M for 2011/12 as projected on 1 August 2011			From April 2011 to March 2013, the PSL rent threshold is based on the January 2011 Local Housing Allowance (LHA). The LHA varies according to changes in market rents, the location of the property and its bedroom size. The threshold formula is 90% of LHA plus £40 and subject to a cap of £500 on Inner London and Outer South West London Broad Rental Market Areas (BRMA) and a caps of £375 on other BRMAs.					
Private Sector Leasing Rent (average per week)		299.20 as at 1 August 2011	299.20 as at 1 August 2011	Nil	depend on number of units. £6.9M for 2011/12 as projected on 1 August 2011			From April 2011 to March 2013, the B&B rent threshold is based on the January 2011 Local Housing Allowance (LHA). The LHA varies according to changes in market rents, the location of the property and its bedroom size. This fee is the LHA threshold for one bedroom.					
<b>Bed &amp; Breakfast Temporary Accommodation</b>													
B & B Rent Single/Family		unchange	unchange	Nil	depend on number of units. £672K for 2011/12 as projected on 1 August 2011			From April 2011 to March 2013, the B&B rent threshold is based on the January 2011 Local Housing Allowance (LHA). The LHA varies according to changes in market rents, the location of the property and its bedroom size. This fee is the LHA threshold for one bedroom.					
		234.55 as at 1 August 2011	234.55 as at 1 August 2011										
<b>Adult Education &amp; Learning Skills Service</b>													
Adult Education Class Full Fee per hour Band 1		1.93	1.93	2.00	623,700								
Adult Education Class Full Fee per hour Band 2		3.05	3.11	2.00									
Adult Education Class Full Fee per hour Band 3		4.18	4.26	2.00									
Adult Education Class Full Fee per hour Band 4		5.25	5.35	2.00									
Adult Education Class Full Fee per hour Band 5		10.92	11.14	2.00									
Adult Education Class Conc. Fee per hour Band 1		0.80	0.82	2.00									
Adult Education Class Conc. Fee per hour Band 2		1.23	1.26	2.00									
Adult Education Class Conc. Fee per hour Band 3		1.66	1.69	2.00									
Adult Education Class Conc. Fee per hour Band 4		2.09	2.13	2.00									
Adult Education Creche Full Fee		9.32	9.50	2.00									
Adult Education Creche Standard Fee		3.43	3.50	2.00									
Adult Education Creche Conc. Fee		1.50	1.53	2.00									
Adult Education Creche, Fee for Skills for Life		1.50	1.53	2.00									

## **Equality Impact Assessment (EIA) of main Budget proposals for 2012/13.**

### **A) Overview and Summary**

The purpose of this EIA is to assess the main items in the budget proposed to Full Council on 29 February 2012. The Council is obliged to set a balanced budget and Council Tax charge in accordance with the Local Government Finance Act 1992.

For 2012/2013, the Council has set a balanced budget based on various growth areas, efficiency savings, fees and reserves. On the basis of that budget, the Council proposes to reduce Council Tax by 3.75%.

Further information is set out in the accompanying Report to Full Council. This EIA is intended to assist the Council in fulfilling its public sector equality duty ("PSED"). It assesses, so far as is possible on the information currently available, the equality impact of the budget, including the proposal to reduce Council Tax. (The requirements of the PSED are explained in the report to Full Council at 14.7).

### **B) Methodology**

The assessment looks, first, at the impact of reducing Council Tax and, secondly, at the budget on which that decision is based. It is not, however, feasible or appropriate to carry out detailed EIAs of all the individual proposed policy decisions on which the budget is based at this stage. Detailed EIAs will be carried out of policy decisions that have particular relevance to the protected groups prior to any final decision being taken to implement those policy decisions. The aim in this document is to identify the elements of the budget that may have a particular adverse or a particular positive impact on any protected group so that these can be taken into account by the Council when taking a final decision on the budget and the level of Council Tax. Generally, it is not possible at this stage, and prior to any detailed EIA, to identify measures that will mitigate the adverse effects of any particular policy decision, although where this is possible mitigating measures are identified at the appropriate point in this document.

### **C) Assessment of impact of reducing Council Tax by 3.75%**

The impact of the proposal to reduce Council Tax by 3.75% is assessed in three categories:

- (i) those who pay Council Tax in full;
- (ii) those who do not pay any Council Tax because they receive full Council Tax Benefit ('CTB') or are exempt from payment; and
- (iii) those who pay partial Council Tax because they receive partial CTB.

In order to assess the impact of this decision, relevant borough profile and other data is used to assess which group(s) might be impacted in each category and an assessment is made as to the likely impact on equality of opportunity of reducing Council Tax by 3.75% in 2012/13. One limiting factor on the assessment is that no diversity data is held for those eligible for CTB or, conversely, those not eligible for CTB. The Council does, however, have the data on those in receipt of full and partial CTB (Annex One, Tables 1 to 4).

(i) Assessment of impact of reducing Council Tax by 3.75% on those who pay the full Council Tax

Although precise numbers are not known, most adult residents pay full Council Tax. Those that do not fall into three sub-categories:

- (a) those eligible for full or partial CTB, i.e. those receiving this benefit as identified in Tables 1 to 4 of Annex One;
- (b) those exempt from Council Tax on any of the grounds set out in Annex Three; and,
- (c) those who do not have responsibility for payment of Council Tax because they are not responsible for a property, nor required to pay or contribute towards Council Tax by their landlord or similar. The number of people in this latter category is unknown.

In addition, there are households which are eligible for a reduction in Council Tax (but not CTB) where there is a disabled adult or child in the household and because of that person's disability they require an extra bathroom or kitchen, extra space for a wheelchair (if they need to use a wheelchair inside) or a room that is mainly used to meet their needs as a disabled person. If a resident is entitled to this reduction, the bill is worked out using the band below the current band of that person's property. For example, if the home is in Band D, the bill is worked out using Band C. For Band A properties, H&F reduces the council tax by one ninth of the Band D amount<sup>1</sup>.

Although these people pay less Council Tax because of their disability than they would otherwise pay, it is appropriate to include them in this section dealing with the assessment of impact on those who pay the full amount of Council Tax because these two groups will all benefit in the same way as a result of a reduction in Council Tax.

The average reduction for people in the first category will be £30 per Council Tax bill (this being the reduction for anyone paying Council Tax in Band D).

All adults who pay the full rate will benefit financially from the Council Tax reduction. There will also be a small indirect benefit to all taxpayers nationally as the reduction in Council Tax will mean that there is a corresponding reduction in the amount of CTB that is paid out by the Government and therefore a general benefit to the public purse.

Those who will feel the greatest benefit from the reduction in Council Tax, however, will be those whose circumstances mean that they are only slightly above the level at which they would become eligible for CTB or partial CTB (see below).

Because of the way in which benefits are calculated and the number of factors that must be taken into account, it is not possible to give a threshold of savings or income (or similar) below which an individual would be eligible for full or partial CTB, or above which a person will not be eligible for CTB or partial CTB.

However, it can safely be said that those whose financial circumstances place them only just above the threshold for CTB eligibility will also have low levels of income/savings, relative to the rest of the population.

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<sup>1</sup> Full details are available on the Council's website:

[http://www.lbhf.gov.uk/Directory/Advice\\_and\\_Benefits/Council\\_tax/Disabled\\_persons\\_reduction/35753\\_Council\\_Tax\\_Reductions\\_for\\_residents\\_with\\_disabilities.asp](http://www.lbhf.gov.uk/Directory/Advice_and_Benefits/Council_tax/Disabled_persons_reduction/35753_Council_Tax_Reductions_for_residents_with_disabilities.asp)

H&F does not hold diversity data for those with low income/savings levels. Nor does H&F hold full diversity data for those who are eligible for CTB or partial CTB, which could be used to inform an assessment of the likely percentage of people in this group being of a particular race, gender, age, etc.

However, we do have some diversity data sets on those who claim full and partial CTB (see Tables 3 and 4 at Annex One) which provide some assistance for this assessment. These show that about 26% of full CTB claimants are pensioners (in comparison to 10.2% in the general population). About 55% of claimants (pensioner and non-pensioner) are single female, with around 30% (pensioner and non-pensioner) being single male, and around 15% being in a couple. As most couples will be male/female, the total percentage of female CTB claimants is therefore about 62%, which is rather higher than the percentage of females in the H&F population as a whole (52% at the last Census).

In terms of disability, about 10% of claimants receive the CTB disability premium, which is a slightly lower percentage of people with a disability than there are in the H&F population as a whole (which was 14.7% as at the last census).

Among those whose income/savings are low enough that they qualify for CTB the only group that is (on the basis of the information available) disproportionately represented are pensioners.

However, it can probably be assumed that, in general, those with lower income/savings relative to the rest of the population (but nevertheless above the CTB eligibility threshold) will include greater proportions of disabled people, ethnic minority groups, women on maternity leave, single parents (who are normally women) and families with young children than are present in the borough population as a whole.

The reduction in Council Tax will promote equality of opportunity for these groups by appreciably increasing their disposable income.

Residents who are not eligible for CTB may consider that there may be an indirect adverse impact to them because if Council Tax is reduced by 3.75%, H&F will forego income of £2.4M. This may be a particular concern for those in the lower income/savings bracket (even though they will benefit the most from the reduction) because, broadly speaking, they are more likely to be in receipt of Council services (especially care services) than those who are better off. However, in the proposed budget the £2.4m income that H&F will forego is outweighed by the Government Grant for freezing Council Tax of £3.244m, by figures such as an additional £3.1m funding that is due to be provided by the NHS for care services and by various efficiency transformation savings. Although the proposed budget is based in part on various proposed changes to the ways in which services (in all areas) are provided to borough residents, it is not therefore possible to say that there is any direct link between the proposed Council Tax reduction and any particular proposed service change. The potential equality impact of the budget as a whole is, however, assessed in Section D below.

In conclusion, the reduction in Council Tax is likely to have a direct positive effect on all adults in the borough who pay Council Tax (regardless of age, race, sex, disability, etc.). It is likely to be of particular benefit to those who are less well off, but who are not eligible for CTB. This group is likely to include more disabled people, ethnic minority groups, women on maternity leave, single parents (who are normally women) and families with young children than are present in the borough population as a whole.

(ii) Assessment of impact of reducing Council Tax by 3.75% on those who do not pay any Council Tax as they are eligible for full rebate, or are exempt from payment

This group comprises everybody who is eligible for full CTB and those who are exempt from paying Council Tax.

As stated above, full diversity data for those eligible for CTB are not held by H&F. However, the Council does have some information about the numbers of people eligible for CTB in different categories as set out in Annex One. These show that about 26% of full CTB claimants are pensioners (in comparison to 10.2% in the general population). About 55% of claimants (pensioner and non-pensioner) are single female, with around 30% (pensioner and non-pensioner) being single male. Around 15% of claimants are in a couple. Assuming that the majority of couples are male/female, that would increase the total number of women affected to roughly 62%. The percentage of female CTB claimants is therefore somewhat higher than the percentage of females in the H&F population as a whole (52% at the last Census).

In terms of disability, about 10% of claimants receive the CTB disability premium, which is a slightly lower percentage of people with a disability than there are in the H&F population as a whole (which was 14.7% as at the last Census).

Further, as set out in Annex Three, some people will be exempt from paying Council Tax on other grounds. These are:

- full time students (men and women, people of different age groups, people of all race groups, disabled people);
- severely mentally impaired people (disabled people);
- foreign diplomats (all groups);
- children aged under 18 (male and female, people of all race groups, disabled people (children under 18 are not protected by reference to “age” for the purposes of the Equality Act 2010)); and
- elderly or disabled relatives of a family who live in the main property, in certain annexes and self-contained accommodation (older people, disabled people).

People who are exempt from paying Council Tax or who are eligible for full CTB will experience no direct benefit from a reduction in Council Tax.

As set out above, this group includes a high proportion of pensioners and women relative to the proportion of pensioners and women in the population as a whole. It does not, however, include a high proportion of disabled people, relative to the general population. In line with the assumption made above in relation to those in low income/savings groups generally, it may include a higher proportion of ethnic minority groups, but data on this is not held.

While this group will not benefit from a Council Tax reduction, they will not be detrimentally affected by it either. The effect on this group of the decision is neutral.

There will, though, be a small indirect benefit to this group as the reduction in Council Tax will mean that there is a corresponding reduction in the amount of CTB that is paid out by the Government and therefore a general benefit to the public purse.

Because the profile of this group is such that members of the group are more likely to be in receipt of Council services (in particular care services), residents who do not pay Council Tax may consider that there may be an indirect adverse impact to them because if Council Tax is reduced by 3.75%, H&F will forego income of £2.4m which might otherwise have been used to provide services. However, in the proposed budget the £2.4m sum is outweighed by the Government Grant for freezing Council Tax of £3.244m, by £3.1m additional income that will be received from the NHS for care services and by various efficiency transformation savings. Although the proposed budget is based in part on various proposed changes to the ways in which services (in all areas) are provided to borough residents, it is not possible to say that there is any direct link between the proposed Council Tax reduction and any particular proposed service change. The potential equality impact of the budget as a whole is, however, assessed in Section D below.

### (iii) Assessment of impact of reducing Council Tax by 3.75% on those who pay partial Council Tax

Some people who are not eligible for full CTB are nonetheless eligible for partial CTB, dependent on means.

Partial CTB operates on a 20% taper, which means that benefit is calculated in the following way:

**Applicable amount:** The applicable amount is the amount set by the government and it is what the government states a claimant needs to live on to cover basic expenses, such as food and fuel charges. It is made up of several elements depending on the claimant's circumstances, their household and any disabilities they may have.

**The calculation:** 20% of the income above the applicable amount is taken away from the maximum benefit (what the benefit would be if the income was at or below the applicable amount level). The lowest amount a person could qualify for is £0.01 per week council tax benefit.

As the starting point of the calculation, the Council uses the council tax charge after deductions for single person discount and any disabled relief. Whatever is left is the eligible council tax. There are also deductions for non dependants.

#### **Example**

A person's applicable amount is £20 per week. This is the maximum CTB they could get. They do not have any non-dependants living with them. Their income is £30 per week, i.e. it exceeds their applicable amount by £10.00 per week.

Using the 20% taper, their maximum CTB is reduced by  $£10.00 \times 20\% = £2.00$ . Their CTB entitlement is £18.00 per week.

Any reduction in Council Tax will therefore have a correspondingly smaller impact on those who are eligible for partial CTB in comparison to those who are not eligible for CTB at all.

These people will experience some benefit from any reduction in Council Tax, but not as much as those who pay full Council Tax.

The Tables in Annex One show that about 35% of those eligible for partial CTB are pensioners (in comparison to 10.2% in the general population). About 55% of claimants (pensioner and non-pensioner) are single female, with around 30% (pensioner and non-pensioner) being single male. Around 15% of claimants are in a couple. Assuming that the majority of couples are male/female, that would increase the total number of women affected to roughly 62%. The percentage of female CTB claimants is therefore somewhat higher than the percentage of females in the H&F population as a whole (52% at the last Census).

In terms of disability, about 10% of claimants receive the CTB disability premium, which is a slightly lower percentage of people with a disability than there are in the H&F population as a whole (which was 14.7% as at the last Census).

In addition, there will be a small indirect benefit to this group as the reduction in Council Tax will mean that there is a corresponding reduction in the amount of CTB that is paid out by the Government and therefore a general benefit to the public purse.

Because the profile of this group is such that members of the group are more likely to be in receipt of Council services (in particular care services), residents who are eligible for partial CTB may consider that there may be an indirect adverse impact to them because if Council Tax is reduced by 3.75%, H&F will forego income of £2.4m which might otherwise have been used to provide services. However, in the proposed budget the £2.4m sum is outweighed by the Government Grant for freezing Council Tax of £3.244m and by various efficiency transformation savings. Although the proposed budget is based in part on various proposed changes to the ways in which services (in all areas) are provided to borough residents, it is not possible to say that there is any direct link between the proposed Council Tax reduction and any particular proposed service change. The potential equality impact of the budget as a whole is, however, assessed in Section D below.

#### Summary of Assessment of impact of reducing Council Tax by 3.75% considering all in sub-sections (i), (ii), and (iii) above

Those who will directly benefit from a decision to reduce Council Tax will be all those who pay full Council Tax and, to a proportionately lesser extent, those who receive partial CTB. In addition, there will be a small indirect benefit to all residents through the reduction in cost to the public purse of CTB payments by the government.

All full Council Tax payers will benefit from the reduction in Council Tax. So, too, will those who pay Council Tax in a lower band than they otherwise would do because they benefit from the Council's scheme for reducing Council Tax for disabled people who need extra room in their home on account of their disability. On average, this reduction will be £30 (being the reduction for a Band D Council Tax payer).

Those to whom the reduction in Council Tax is likely to be most beneficial are those low income groups whose incomes are just above the threshold for CTB or partial CTB. These are likely to include greater proportions of disabled people, ethnic minority groups, women on maternity leave, single parents (who are normally women) and families with young children than are present in the borough population as a whole. A decision to reduce Council Tax will promote equality of opportunity for these groups.

Those who are eligible for partial CTB (which includes a much larger proportion of pensioners than is present in the borough population as a whole – 35% as against 10.2% and a somewhat higher proportion of women than is present in the population as a whole – about 62% as against 52%) will also benefit from a reduction in Council Tax, but to a lesser extent because of the way partial CTB is calculated.

There will be no benefit to those who are eligible for full CTB or who are exempt from paying it. The effect on this group will be neutral. This group also includes proportionately more pensioners (26% as against 10.2%) and proportionately more women (62% as against 52%) than in the general population.

All residents may consider that there may be an indirect adverse impact to them because if Council Tax is reduced by 3.75%, the Council will forego income of £2.4m which might otherwise have been used to provide services. In particular, those eligible for CTB or partial CTB are more likely to be in receipt of Council services (especially care services) than those who pay full Council Tax. However, in the proposed budget the £2.4m sum is outweighed by the Government Grant for freezing Council Tax of £3.244m, by £3.1m additional income that will be received from the NHS for care services and by various efficiency transformation savings. Although the proposed budget is based in part on various proposed changes to the ways in which services (in all areas) are provided to borough residents, it is not possible to say that there is any direct link between the proposed Council Tax reduction and any particular proposed service change.

#### **D) Assessment of overall impact of the proposed Budget**

This section attempts to assess the equality impact of the proposed budget upon which the reduction in Council tax of 3.75% is based. The budget set is a balanced one that includes areas of growth, efficiency savings, fees and reserves.

As set out above, it is not, however, feasible or appropriate to carry out detailed EIAs of all the individual proposed policy decisions on which the budget is based at this stage. Detailed EIAs will be carried out of policy decisions that have particular relevance to the protected groups before any final decision is taken to implement those policy decisions. The aim in this section is to identify the elements of the budget that may have a particular adverse or a particular positive impact on any protected group so that these can be taken into account by the Council when taking a final decision on the budget and the level of Council Tax. Generally, it is not possible at this stage, and prior to any detailed EIA, to identify measures that will mitigate the adverse effects of any particular policy decision, although where this is possible mitigating measures are identified.

#### ***Growth***

Among the growth areas are Children's Services (£478,000), and Community Services (£894,000). Growth in these areas will be used (among other things) to allow more time for review of personal support planning, to sustain home support for out-of-borough placements for mental health placements, to provide support to the Supporting People Careline. In Finance & Corporate Services, growth will be used (among other things) to fund Freedom Passes and Concessionary Fares.



All these growth areas are likely to have a positive impact on, and promote equality of opportunity, for disabled and older people who will disproportionately benefit from these growth areas.

## **Savings**

A large number of areas, across the Council's activities, have been identified for savings. The following have been identified as potentially the most significant in equality terms, either because of their monetary value or because of their potential impact on particular groups. These are as follows.

### **Children's Services Department (CHS)**

#### More efficient procurement of workers providing support in the home for disabled children and their families: £75K in 2012/13

It is likely that this will be of high relevance to disabled children, BME children, and children who are vulnerable in H&F. However, the impact is likely to be neutral, as the reduced cost is intended to be achieved by more efficient processes of procurement. The level of service is not intended to change.

#### Reduced numbers of children in care due to better preventative service and more timely permanent placements: £320K in 2012/13

Again, it is likely that this will be of high relevance to disabled children, BME children, and children who are vulnerable in H&F. However, the impact is likely to be neutral. This is because the service will still exist for those who need it, but the Council will not pay as much as previously if, as is the intention, fewer individual children require it.

#### Education services: school improvement reductions of senior management and sharing of educational services with WCC/RBKC: £200K, and £150K (total of £350K) in 2012/13

It is likely that this will be of high relevance to all children who use education services in H&F; in particular, disabled children, BME children, and children who are vulnerable in H&F. The impact is likely to be neutral, as the reduced cost is intended to be achieved by lower staff overheads at senior level, and not by reductions in the level of service

#### Youth Offending: single youth offending team: £270K in 2012/13

It is likely that this will be of high relevance to BME children and young people and those who are vulnerable in H&F. This is likely to have a neutral impact on all groups. This is because the reduced cost is intended to be achieved by lower staff overheads and not by reductions in the level of the service

### **Environment Services Department (Envt)**

#### Pay and Display: £250K in 2012/13

This is a budget adjustment, following increases implemented previously. Blue badge holders can park for free in the borough's shared use bays so any pay and display changes are not applicable. The effect on disabled people is therefore neutral.

Income arising from increased planned enforcement activity to tackle congestion and safety compliance: £4.5M in 2012/13

These two line items are designed to ensure compliance, safety, and to help the traffic to flow better. As such it will help all groups moving about the borough.

**Community Services Department (CSD)**

Mental health day services: £290K in 2012/13

The take-up of mental health "reablement" and social inclusion services has been far lower than predicted and the service does not require the level of staffing currently allocated to it. As there has been no take-up at all for the reablement service in over a year the conclusion has been drawn that such a service is not needed.

The take-up of referrals for the social inclusion service has been very low. It is clear that mental health services have been able to cope without such services for well in excess of a year and the proposed savings are predicated on the fact that these services are not needed. It will still remain open to assessors to have a social inclusion service purchased, however, and there will be no prohibition on them doing this should they assess it as being needed in individual cases. Accordingly, the impact of this proposed saving on all groups should be neutral.

Reprioritisation of 3<sup>rd</sup> Sector Investment Fund: £80K in 2012/13

This item reflects a decision already taken by the Council. The reduction reflects the tapering model of funding for voluntary groups under this grants scheme decided on by Cabinet on 18 July 2010. A 16% reduction in the overall grants budget was agreed in 2010, which is tapered over a 4 year term. In the relevant report from 2011 no further reduction was made to the budget.

Pursuant to Cabinet's decision, funding for groups will only end if the organisation: under performs; does not comply with its contract; or the contract comes to an end. The extension of contracts is based on satisfactory performance, review of strategic priorities and outcomes and availability of funding. It was recognised that this decision would be of high relevance to all voluntary groups who are in receipt of grant funding by the Council and in particular this is likely to include: women's groups, BME groups, and groups for disabled people. A full equalities impact assessment was carried out at the time of assessing funding applications, and presented to Cabinet as part of the grants allocation reports in 2010 and 2011.

An EIA was conducted individually for each service area, and one overarching EIA for both 2010 and 2011 Cabinet Decision reports. This included PSED consideration and broader consideration of the socio-economic factors of the services recommended for funding, to ensure the best possible provision of services to local residents. All successful organisations are expected to meet targets regarding delivering services to targeted communities, and are closely monitored to ensure these targets are met. Organisations will be monitored regularly and will be expected to demonstrate that they have targeted under-represented groups.

It is considered that the equalities impact of this decision was fully and properly assessed at the time of the decision and that appropriate measures are in place to mitigate potential adverse effects of the decision.

### Third sector grants previously funded by London boroughs: £195K in 2012/13

This will be of high relevance to all voluntary groups who are in receipt of grant funding by the Council and in particular this is likely to include: women's groups, BME groups, and groups for disabled people. There will be a reduction and this is likely to have a negative impact. However, this is not in the control of the Council. This is run by London Councils, who made the efficiencies following consultation with all London Boroughs. An equalities impact assessment was carried out by London Councils, which administers the London Boroughs Grants Scheme.

The London Boroughs' Grants Scheme was created as a consequence of Section 48 of the Local Government Act 1985. It inherited, from the former Greater London Council, a programme of funding to voluntary sector organisations whose activities were either London-wide or formed part of a London-wide pattern of service provision. All London boroughs are currently required via a Section 101 agreement made between the boroughs and London Councils (LC) to contribute to the budget of the London Boroughs Grants Scheme. The Scheme is run by the LC Grants Committee, and seeks to fund London-wide voluntary organisations and those which operate in more than two boroughs.

Individual councils do not have the authority to determine the level of contribution they will make to the scheme. Constituent councils are required to contribute to any London Boroughs Grants Scheme expenditure, which has been incurred with the approval of at least two-thirds of the constituent councils. Contributions are, under Regulation 6(8) of the Levying Bodies (General) Regulations 1992, to be proportionate to constituent councils' populations.

Calculation of borough contributions is on a "per head of population" basis, as required by the governing statute (LGA 1985, S48). London Councils is required to use the population figures as determined by the Secretary of State, which in effect means the latest mid-year estimates of population (2006). The calculation is then relatively straightforward with the Hammersmith & Fulham population representing 2.28% of the whole of London, so therefore the LBHF contribution is 2.28% of the total figure required from London local authorities.

### Psychological therapies: £36K in 2012/13

This saving is being achieved by the decommissioning of the Forward Project, a service providing counselling to BME communities. Funding has been reduced from £78k in 2010/11 and the service is being funded at £59,200 in 2011/12 and £40,400 in 2012/13. Funding will be fully withdrawn in 2013/14. The service is providing non-"NICE compliant" psychological therapies. Activity from the service is being diverted to NHS funded services which are NICE compliant and have capacity to absorb the additional referrals. The staged approach to decommissioning is intended to allow for safe exit planning for existing service users. The effect on BME communities should therefore be neutral as they will be able to obtain services from the NHS. An EIA was carried out in 2011 in relation to this decision (Cabinet Member Decision 06 June 2011).

### Drug Intervention Programme – recommissioning of service with RBKC: £48K in 2012/13

This line item relates to a change in the structure of the south west team. The service acts as a liaison between substance misuse services and adult social care when a client has to be jointly

care managed. The service is now being delivered by Central and North West London Foundation Trust which is the borough's main provider (in H&F) of substance misuse treatment. An EIA on service impacts was carried out in 2011 (Cabinet Decision 18 July 2011) and it was found not to have any adverse impacts because the access to the service would not change.

#### Supporting People Grant: £1.5M in 2012/13

This line item deals with better, more cost effective procurement activity, and consequently, the intended achievement of lower prices from independent providers of social care in 2012/13. There will be some adjustment to services. For example, it is intended that there will be changes to the staffing mix and in the locations where services are delivered; but no specific reductions in the level of service are planned for 2012/13 in respect of the "Supporting People" service. The reduction in cost is planned to come from lower prices, reducing voids, and delivering care differently (e.g. sharing night cover staff between providers). None of these is expected to impact on service users in a detrimental way.

#### NHS Funding for Social Care: £3.1M in 2012/13

This line item is income from the NHS, and as such is a saving in the Council budget. It should have no adverse impact on any protected groups.

All other CSD line items are either new income or savings on management and back office costs.

### **Housing and Regeneration Department (HRD)**

#### Efficiency and VFM Analysis of Housing Options Functions: £783K in 2012/13

There is a reorganisation of staff taking place in HRD, within the Housing Options Division. It is considered that this will not have a negative impact on our residents. The revised service model was configured to shift resources into the front office, (Advice and Assessment, Prevention) thus positioning the service to respond to peaks in demand which may arise and enabling us to deliver a more effective and efficient service to customers. Initiatives being introduced would act as enablers and will help streamline current processes, eliminate duplication, improve accuracy and create a "customer-centric" environment. A staff EIA triggered by the Organisational Change Assessment Report is being conducted in conjunction with the HR department. It is hoped that measures for mitigating any adverse impact of the proposals will be identified as part of that EIA.

### **Residents' Services (RSD)**

#### Increase self-service in libraries: Phase 1: £70K in 2012/13

Two of our libraries are "self-serve" and the other two are planned to become self-serve by the end of 2012/13. The self-service terminals using RFID technology are very user-friendly and easy to use and staff are timetabled to floor-walk in this area (rather than most of them passively working behind a desk). The machines do not have any speech capability, which means that blind people will not be able to use them; however, staff will assist in these cases. With the introduction of IVR telephony it will be important to ensure that the system is accessible by those with disabilities. We have had no complaints so far from disabled people regarding self-serve where it has been implemented. Overall, therefore, it is considered that while there may be some adverse impact on disabled people as a result of this proposal, that adverse impact will be mitigated by alternative means of service provision.

**Market Management portfolio 12/13 budget savings.**

This is part of what is called a transformation piece of work in the Council and it will impact on more than one department. It is being led by RSD and so is under RSD in this EIA.

It is considered that the Market Management 12/13 savings will be of low relevance to the protected groups. The most significant savings in the Medium Term Financial Strategy (MTFS) relate to contract review and renegotiation: £4m by 14/15. In the main, these savings are anticipated through negotiating reduced rates with our third party providers. For each project within this programme of work we expect an EIA to support analysis of impacts on residents and service users and the Council's decision-making on whether to proceed. At present, it is anticipated that the equalities implications will be limited but it is not possible to more precise than that.

In the second significant savings initiative, Sponsorship (£645k by 14/15), the portfolio is seeking to increase the Council's income from businesses by offering attractive sponsorship opportunities through better use of existing assets.

The School Resources social enterprise savings (total £473k by 14/15) are anticipated through enabling a Council-funded service to operate independently and are expected to provide an expanded and better value offer to schools for back office support services and therefore we do not see significant implications for equalities duties.

These are the largest areas of savings in the portfolio. The objectives of the Market Management portfolio are to increase and extend income streams where appropriate and reduce back office/third party spend. This approach and associated initiatives assist with efforts to reduce the Council's funding gap and thereby protect front-line service provision.

**Finance and Corporate Services (FCS)**

Nearly all the FCS efficiencies are back office and are expected to have a minimal impact on service users and frontline service provision.

**Stop taking payments at H&F Direct office: £180K in 2012/13**

This saving involves stopping taking cash payments at H&F Direct Office. However this is to be replaced by third party provision (such as use of a bank or post office). This should enhance access and coverage for all equality groups.

**All departments**

Where savings involve potential redundancies, staff will be consulted in accordance with due process.

***Fees and Charges***

The Council charges service users for some of its services. Departments have identified those charges that are proposed to be increased in 2012/13. The following have been identified as potentially the most significant in equality terms, either because of their monetary value or because of their potential impact on particular groups. These are as follows.

School Meals Fees: staying the same in 2012/13

The Council's catering contract price has increased by 2.5%. This cost increase is not being passed onto parents. The price of school meals for them remains at £1.80. Those eligible for free school meals are not affected as the policy for this is not changing. The proposal not to increase the price charged to parents despite increased costs for the Council will promote equality of opportunity for low income groups, which is likely to include a high proportion of ethnic minorities, women and the disabled.

**CSD**

Meals Service: £276K in 2012/13

This line item relates to the Meals on Wheels service. The price per meal is proposed to increase from £4.10 to £4.30 in 2012/13 in order better to balance the increasing costs of providing this service. Some other boroughs currently charge more, up to £5.99 per meal. H&F has kept its price lower by making efficiencies in the costs of delivery. This proposed increase will be of high relevance to disabled and older people who are the users of the Meals on Wheels service.

However, it is anticipated that the modest increase will be affordable for this group. The impact of the proposed increase will be monitored at the point that the meal charge rises to see if any users either cancel services saying they cannot afford them, or reduce services to fit their respective budgets. In such instances these matters or issues will be forwarded to H&F Advice if the service user is not allocated to a social worker or team so that steps can be taken to assist the service user if appropriate. It is anticipated that through this mechanism the adverse impact on users of the Meals on Wheels service can be mitigated.

**HRD**

Private Sector Leasing Rent (average per week) and B & B Rent Single/Family (Average per week): £299.20 per week, and £234.55 per week (respectively) (both dependent on numbers of units in 2012/13)

Local Housing Allowance (LHA) is receivable from central government in order to fund the cost to the Council of temporary accommodation. Due to the reduction in the LHA, the Council has already implemented an action plan to negotiate with landlords in order to reduce the cost of temporary accommodation to a level that enables a balanced budget. This has been largely successful, though it has been necessary to move clients to alternative properties where costs have remained unsustainably high. Due to the lack of supply of affordable temporary accommodation within the borough, it has been necessary to move clients to other boroughs. A panel has been set up to make assessments of clients' housing needs in such cases, to ensure that any unfavourable impact on the protected groups is prevented or at least mitigated.

**RSD**

Cemeteries: multiple line items of various values for 2012/13

There is a review currently underway to determine the long term delivery of the cemetery and grave maintenance service. Fees and charges for 2012/13 are to be reviewed as part of the

service review to ensure full cost recovery, with a Report to Cabinet due later in 2012/13. This would impact anyone wishing to be buried in any of the Council's cemeteries. However, the Council can only seek to recover reasonable costs, which it needs to do in order to run the service.

Under Section 46 of the Public Health and Control of Diseases Act 1984, the Council has a statutory obligation to carry out the funeral arrangements of a person who dies within the London Borough of Hammersmith and Fulham area and where there is no one else willing or able to deal with the funeral arrangements, for whatever reason. Further information can be found at:

[http://www.lbhf.gov.uk/Directory/Health and Social Care/Help for adults/Needs assessment/127841 Funerals and financial assistance.asp](http://www.lbhf.gov.uk/Directory/Health%20and%20Social%20Care/Help%20for%20adults/Needs%20assessment/127841%20Funerals%20and%20financial%20assistance.asp)

Libraries: multiple line items of various values for 2012/13

Fees and charges for 2012/13 are to be reviewed alongside those in Westminster, and Kensington & Chelsea as part of new Tri-borough Library service from 2012, and as part of this process we will review the impact of charges on different groups and carry out an EIA before making any changes.

Leisure: multiple line items of various values for 2012/13

The increases are applicable to all leisure line items. The price change is due to being commercially competitive (benchmarking with other organisations) and in some cases due to improvements in the quality of the offer (e.g. improvements made to some sports pitches). Those affected will be the main users of the service, such as schools, organisations, clubs, and league organisers. Charities are offered a 10% discount on their bookings. Prices are quoted in advance of bookings being confirmed in order that service users are aware of the change. There is no anticipated adverse impact on any of the protected groups.

Waste Management multiple: line items of various values for 2012/13

The Council needs to cover the increased costs of waste disposal and so charges are proposed to increase. All businesses are required by law to have an agreement in place for the removal and disposal of their waste. The Council will still be competitively priced after the price increase. We introduced annual billing from 2011/12, where customers are billed for the full year but can opt to pay by instalments. We will inform businesses with a letter included in the annual invoice sent out to all customers along with duty of care document (legal certificate). We also plan to increase the costs for removal of bulky items, and expect that this will result in a better service as residents will be able to dispose of more items than before and so this results in a cheaper cost per unit of waste. We can help disabled residents with special arrangements in this regard. This would impact on anyone who wants to use the Council's service to dispose of bulky items, although other suppliers are available, and people can take bulky items to their civic amenity site for free. It is not therefore anticipated that this proposal will have any significant adverse impact on any particular protected group.

Halls, Parks & Open Spaces Hire: multiple line items of various values for 2012/13

The increases are applicable to all Hall & Open Spaces Hire bookings. The price change is due to being commercially competitive (benchmarking with other providers). There are no significant impacts expected, as weekend custom is usually for one-off events. There is no proposal to

increase weekday charges which has more group bookings e.g. block bookings for exam sittings etc. We do not usually consult on changes to hall and open space hire fees. Rooms are often hired by local disability groups who pay a different (lower) rate and this will not change. We also support them with audio visual requirements. Additionally, NHS groups are charged a different (lower) rate to cover administration, set up and cleaning costs. New fees and charges are to be published on the Council's internet. Prices will be quoted in advance of booking being confirmed in order that service users are aware of the change. There are no significant adverse impacts expected as a result of this decision.

## **FCS**

Due to the nature of FCS as a department, there are no FCS fees and charges that impact on protected groups and so they are not in the budget.

## **Conclusion on impact of the budget**

Overall, the budget contains some items that will promote equality of opportunity for vulnerable groups (in particular older people, the disabled, women and ethnic minorities), a large number of items that are neutral in their impact on equalities and some items where there may be some negative impact (although in most cases steps to mitigate that impact have either already been identified or will be identified as part of more detailed EIAs in due course).

Items that will promote equality of opportunity include the growth in the areas of Children's Services, Community Services and Finance and Corporate Services which will (among other things) be used to allow more time for review of personal support planning, to sustain home support for out-of-borough placements for mental health placements, to provide support to the Supporting People Careline and to fund Freedom Passes and Concessionary Fares. They also include the proposal not to increase charges for school meals (despite increases in cost of that service) and new IVR technology in libraries (which will be beneficial for many disabled people).

Items that, although highly relevant to protected groups, are expected to have a neutral impact on equality include those savings that are concerned with better business processes such as more efficient procurement, working to deliver services in the same way across RBKC and WCC, and reductions in staffing.

Items that may have a negative impact on equality include the savings in relation to Housing Options Functions (although it is hoped that mitigating measures will be identified before a final decision is taken on that), changes to library services (although obvious mitigating measures have already been identified in relation to the proposed changes) and the proposal to increase the charge for Meals on Wheels from £4.10 to £4.30 per meal (although it is not anticipated that this will have any significant adverse effect and cases where the increase in charge does cause difficulty will be individually monitored).

In a few cases, detailed EIAs will be required before the full nature of any impact can be assessed, or mitigating measures identified.

Ultimately if, on further analysis, it is decided that any particular proposed policy would have an unreasonable detrimental impact on any protected group, H&F could, if it is considered appropriate, use reserves or virements to subsidise those services in 2012/13.





**Tables 1 and 2 of Council Tax Data from H&F**

**Table 1: Composition of CTB claimants in the LBH & F**

	Numbers of households			Weekly payment (Sept 2011)		
	Full CTB	Partial CTB	Total	Full CTB	Partial CTB	Total
<b>Pensioners</b>	3888	1640	5528	66946.07	22155.02	89101.09
<b>Non-pensioners, of which:</b>						
- Households with children	4248	1234	5482	77719.26	16387.32	94106.58
- Households with a disabled adult	1311	518	1829	21931.47	6544.19	28475.66
- Households with children and disabled adult	431	46	477	8963.19	667.89	9631.08
- Households without children or disabled adult	5354	1240	6594	84130.57	15040.95	99171.52
<b>Total</b>	<b>15232</b>	<b>4678</b>	<b>19910</b>	<b>£259,690.56</b>	<b>£60,795.37</b>	<b>£320,485.93</b>

Total Nos of Chargeable Dwellings

79,519

**Table 2: Council Tax band of CTB claimants**

	A	B	C	D	E	F	G	H
<b>Pensioners</b>	291	758	1515	1515	772	404	267	6

<b>Working age</b>	<b>1064</b>	<b>1774</b>	<b>3617</b>	<b>4558</b>	<b>2252</b>	<b>816</b>	<b>293</b>	<b>8</b>
<b>Total</b>	<b>1355</b>	<b>2532</b>	<b>5132</b>	<b>6073</b>	<b>3024</b>	<b>1220</b>	<b>560</b>	<b>14</b>
<b>Per cent</b>	<b>7%</b>	<b>13%</b>	<b>26%</b>	<b>31%</b>	<b>15%</b>	<b>6%</b>	<b>3%</b>	<b>0%</b>

Total Nos of Chargeable Dwellings	3174	5386	13265	22916	14108	8534	10183	1953
	4%	7%	17%	29%	18%	11%	13%	2%

	<b>All CTB Claims</b>	
<b>2008</b>	<b>18,823</b>	
<b>2009</b>	<b>19,649</b>	
<b>2010</b>	<b>20,030</b>	

**Table 3: diversity data from H&F detailing further Composition of CTB claimants by: age (pensioner and non-pensioner), disability, gender**

Total number of claims	19779		
Total number of pensioner claims	6485	Number of Female only claimants = 3523 or <b>54.33%</b>	Number of male only claimants = 2004 or <b>30.9%</b>
Total number of non pensioner claims	13294	Number of Female only claimants = 7376 or <b>55.48%</b>	Number of male only claimants = 3864 or <b>29.07%</b>
			Number of claiming couples = 957 or <b>14.76%</b>
			Number of claiming couples = 2054 or <b>15.45%</b>

Households with a disabled adult (where the disability premium has been awarded)	2045	Number of Female only claimants = 910 or <b>44.5%</b>	Number of male only claimants = 857 or <b>41.91%</b>	Number of claiming couples = 278 or <b>13.95%</b>
----------------------------------------------------------------------------------	------	-------------------------------------------------------	------------------------------------------------------	---------------------------------------------------

**Table 4: diversity data from H&F detailing further Composition of CTB claimants by: gender**

Total number of female claimants (No partner)	10893 or <b>55.13%</b>
Total number of male claims (No partner)	5858 or <b>29.65%</b>
Couples	3006 or <b>15.21%</b>
Total	19757

Note: the tables show data taken at different points in time (under a fortnight apart), which is the reason for the different total of claims

**Annex Two  
Tables of Population Data**

The data in this Annex is from the Borough Profile 2010 or from the Census 2001, or, where information for H&F is not available, from other sources which are given below.

**Data sources and information sets**

- Census 2001
- H&F Borough Profile 2010
- Office of National Statistics Mid Year Population Estimates 2010
- Live Births by Usual Area of Residence, 2010 (From table 2a: <http://www.ons.gov.uk/ons/publications/re-referencetables.html?edition=tcm%3A77-222793>)
- Kairos in Soho, *London's LGBT Voluntary Sector Infrastructure Project*,2007

**Table 5: Age**

Age Structure % Total Population 2008	
	H&F
0-4	6.5
5-10	5.8
11-16	5
17-24	10.8
25-39	35.7
40-49	13.8
50-64	12.3
65-74	5.3
75+	4.9

Page 7: Borough Profile 2010

**Table 6: Disability**

Limiting Long-Term Illness & Dependent Children		H&F
% of households:	No adults in employment	
	with dependent children	6.02
	without dependent	26.19

Page 20 of 24

With dependent children	children	21.62
	all ages	10.02
with one or more persons with LLTI	aged 0-4	27.05

Table 6: 2001 Census Key Statistics for H&F

**Table 7: Disability**

Physical Disability, Sensory Impairments	
Rate of physical disability registrations for H&F as a whole:	37.3 registrations per 1000 people
Rate of blind/visual impairment registrations for H&F as a whole:	5.6 registrations per 1000 people
Rate of blind/visual impairment registrations for Ravenscourt Park:	12.5 registrations per 1000 people
Rate of deaf/hard of hearing registrations for H&F as a whole:	2.4 registrations per 1000 people
Rate of deaf/hard of hearing registrations in College Park & Old Oak:	4.6 registrations per 1000 people

**Table 8: Sex**

Usual Resident Population: Sex	
	H&F
All resident population	165,242
Males	78,993
Females	86,249
2001 Census	

**Table 9: Race**

Race	H&F
All People	165,242
% of people in ethnic groups other than white	22.18
White	77.82
Total white British	58.04

	Irish	4.83
	Other White	14.95
Mixed	White and Black Caribbean	1.22
	White and Black African	0.63
	White and Asian	0.97
	Other Mixed	1.00
	Total Asian	4.44
Asian or Asian British	Indian	1.65
	Pakistani	1.04
	Bangladeshi	0.61
	Other Asian	1.14
Black or Black British	Total Black Caribbean	11.12
	African	5.16
	Other Black	4.88
	Chinese	1.08
Chinese or other Ethnic Group	Chinese	0.79
	Other Ethnic Group	2.00
From 2001 census		

Table 10: Religion or belief (including non-belief)

Religion	H&F
All People	165,242
% of people stating religion as:	
Christian	63.65
Buddhist	0.77
Hindu	1.09
Jewish	0.79
Muslim	6.85
Sikh	0.19
Other religions	0.43
No religion	17.64

Religion not stated	8.59
From 2001 census	

**Table 11: Pregnancy and Maternity**

ONS data for 2010, detailing live births by usual area of residence, gives the following data (numbers and percentages):

Age of mother at birth								
All ages	Under 18	Under 20	20-24	25-29	30-34	35-39	40-44	45+
2,773	18	69	300	521	964	740	165	14

Age of mother at birth								
All Ages	Under 18	Under 20	20-24	25-29	30-34	35-39	40-44	45+
63.6	8.6	19.9	40.2	51.1	107.3	100.6	27.0	2.7

**(Information set 12): Gender Reassignment and Lesbian, Gay, Bisexual and Heterosexual People**

'In 2005, the Department for Trade and Industry published a figure of 6% as the percentage of LGBT people in the general population...the number of LGBT people in London is thought to be anywhere between 6% and 10% of the total population, increased by disproportionate levels of migration.'

The 2001 census recorded 568 people (or 1.1% of couples), aged 16 and over, living as same sex couples in Hammersmith and Fulham. In 2009 there were 49 civil partnerships in this borough. Data on heterosexuality as such is also not collated although given the estimated numbers of LGBT people, it appears that the majority of the population is heterosexual. Data on transgender or transitioning people was not available.



**Annex Three: Council Tax Exemptions**

Further information can be found on our website:

[http://www.lbhf.gov.uk/Directory/Advice\\_and\\_Benefits/Council\\_tax/Exemptions/35774\\_Council\\_Tax\\_Exemptions.asp?LGNTF=13](http://www.lbhf.gov.uk/Directory/Advice_and_Benefits/Council_tax/Exemptions/35774_Council_Tax_Exemptions.asp?LGNTF=13) and a summary of exemptions is given here:

Properties occupied by:

- full time students
- severely mentally impaired people;
- a foreign diplomat who would normally have to pay council tax;
- people who are under 18;
- members of a visiting force who would normally have to pay council tax; or
- elderly or disabled relatives of a family who live in the main property, in certain annexes and self-contained accommodation

Unoccupied properties which:

- are substantially unfurnished, are exempt for up to a maximum of six months (after that, full charge);
- are owned by a charity, are exempt for up to six months;
- are left empty by someone who has moved to receive care in a hospital or home elsewhere;
- are left empty by someone who has gone into prison;
- are left empty by someone who has moved so they can care for someone else;
- are waiting for probate to be granted, and for six months after probate is granted;
- have been repossessed;
- are the responsibility of a bankrupt's trustee;
- are waiting for a minister of religion to move in;
- are left empty by a student whose term-time address is elsewhere;
- are empty because it is against the law to live there, including from 1st April 2007 where a planning condition prevents occupation;
- form part of another property and may not be let separately; or
- are not furnished and need structural alteration or major repair work, and for six months after works are completed, if the property remains unoccupied and unfurnished. There is a maximum 12 month limit for this exemption regardless of whether works have been completed.



## Report to Council

29 FEBRUARY 2012

### LEADER

*Councillor Stephen Greenhalgh*

### CAPITAL PROGRAMME 2012/13 TO 2016/17

This report sets out proposals in respect of the capital programme, together with ancillary issues.

Wards

All

### CONTRIBUTORS

All Departments

#### Recommendations:

1. To approve the General Fund Capital Programme budget at £72.722m for 2012/13.
2. To approve a Debt Reduction target of £44.1m by 2016/17 (since 2011/12) which will reduce underlying debt - as measured by the Capital Financing Requirement - to £77.7m.
3. To approve that 25% of receipts generated for the decent neighbourhoods programme continue to be used to support general capital investment in 2012/13.
4. To approve the following initiatives within the capital programme (Table 4):
  - The continuation of the rolling programmes for repairs to Carriageways and Footways £2.1m;
  - Corporate Planned Maintenance £2.5m;
  - Private Sector Housing Grants £0.45m;
  - Parks Improvements £0.5m;
  - Contributions to the Invest to Save Fund £0.75m; and
  - The Re-provision of Services from Sands End Community Centre £0.22m.
  - This totals £6.52m.
5. To note and approve the level of resource forecast (Table 2) and indicative expenditure budget 2012/13 of £13.043m for the Decent Neighbourhoods programme as detailed in Appendix 1; and 2012/13 contribution to fund

# Report to Council

29 FEBRUARY 2012

works to the HRA stock of £8.82m from the Decent Neighbourhoods Pot (schemes under consideration).

6. To note the 2012/13 HRA capital programme of £37.42m as set out in Table 6.
7. To approve the following annual Minimum Revenue Provision (Appendix 5).
  - For debt which is supported through Formula 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 should 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.
8. To approve the prudential indicators as set out in Appendix 6 to the report.

## 1. Introduction

- 1.1 This report sets out an updated resource forecast and a capital programme for 2012/13 to 2016/17. Since 2006/07, the Council has put in place a debt reduction strategy which has enabled £46m of capital debt to be repaid by the end of 2010/11. Annual cumulative revenue savings<sup>1</sup> of £4m are forecast by 2014/15. The capital programme now put forward seeks to build on these savings whilst funding essential new investment and key Council priorities.
- 1.2 The Council has embarked on a number of major projects such as King Street Regeneration Strategy and a range of decent neighbourhood schemes. A brief update on these projects is set out in section 6 of this report. Consideration has been taken of known specific funded schemes. Other funding allocations will be addressed when such funding is confirmed.

## 2. General Fund Debt Reductions

- 2.1 As at the end of the 2006/07 financial year, the outstanding General Fund debt (as measured by the Capital Financing Requirement – CFR) was £168m. The opening 2010/11 CFR was £132.7m and this reduced to £121.8m by the end of 2010/11. **The forecast closing CFR for 2011/12 is £111.7m.** The CFR is explained in more detail in appendix 4.
- 2.2 The CFR forecast, together with associated MTFS revenue savings, for future years is identified in Table 1. General fund debt is now forecast to reduce to **£94m in 2012/13 and to £77.7m by 2016/17.**

**Table 1 - Forecast Movement in the Capital Financing Requirement (CFR)**

	2012/13	2013/14	2014/15	2015/16	2016/17
	£m	£m	£m	£m	£m
<b>Opening Capital Financing Requirement</b>	111.7	94.0	77.7	77.7	77.7
Revenue Repayment of Debt (MRP <sup>2</sup> )	(2.7)	(2.0)	(1.4)	(1.4)	(1.4)
Borrowing For Schools & Education Investment <sup>3</sup>	5.0	0.3	0.0	0.0	0.0
Annual (Surplus) in the Capital Programme	(19.9)	(14.6)	1.4	1.4	1.4
<b>Closing CFR</b>	<b>94.0</b>	<b>77.7</b>	<b>77.7</b>	<b>77.7</b>	<b>77.7</b>
<i>Net Movement from the opening 2011/12 CFR (£121.8 m)</i>	<i>(27.8)</i>	<i>(44.1)</i>	<i>(44.1)</i>	<i>(44.1)</i>	<i>(44.1)</i>
<i>Revenue Impact (9% of CFR – lagged by 1 year)</i>		<i>(2.5)</i>	<i>(4.0)</i>	<i>(4.0)</i>	<i>(4.0)</i>

<sup>1</sup> Taking 2011/12 as the start year.

<sup>2</sup> Minimum Revenue Provision (see Appendix 5 for further information).

<sup>3</sup> Borrowing for Schools Investment to be financed from the DSG Funding.

*Figures may not cast due to roundings*

2.3 It should be noted that the 2012/13 debt reduction target of **£94m** is based on an assumption of General Fund forecast receipts of **£35.010m** being realised. These are detailed in Appendix 3. The actual level, and timing, of sales is subject to certain risks – most notably a dependence on the wider property market, appropriate consultation and planning considerations. In addition a portion of receipts – up to a cap of 4% - may be appropriated to cover the cost of disposal. The Council continues to review its asset holdings to identify potential further disposals. The target for forecast sales is ambitious and a risk is identified within the Medium Term Financial Strategy that sales may slip or not be achieved. An additional risk is that significant cost of sales may be incurred.

### 3. Decent Neighbourhoods Programme

3.1 A key Council objective is the regeneration of housing estates and creation of sustainable communities. Certain housing capital receipts have been earmarked for this purpose and a number of initiatives are now in progress whilst others are under consideration. Details of the expenditure and resource forecasts are provided in Appendix 1 and are summarised in Table 2.

3.2 The programme is forecast to be in **surplus by £102.7m by 2016/17**. The actual level, and timing, of sales underpinning this surplus is subject to the same risks cited in 2.3.

**Table 2 - Decent Neighbourhoods - Expenditure and Resource Forecast**

<b>Decent Neighbourhoods Summary</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16</b>	<b>2016/17</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Forecast expenditure	13.043	1.747	0	0	0
Forecast resources	(31.874)	(32.408)	(21.000)	(21.000)	(21.000)
<b>In year (surplus) - based on approved schemes</b>	<b>(18.831)</b>	<b>(30.661)</b>	<b>(21.000)</b>	<b>(21.000)</b>	<b>(21.000)</b>
Schemes under consideration: Forecast expenditure	14.570	6.652	1.796	(4.183)	0.810
<b>Revised In Year (Surplus)</b>	<b>(4.261)</b>	<b>(24.009)</b>	<b>(19.204)</b>	<b>(25.183)</b>	<b>(20.190)</b>
Balance brought forward	(9.873)	(14.134)	(38.143)	(57.347)	(82.530)
<b>Current Cumulative forecast (Surplus)</b>	<b>(14.134)</b>	<b>(38.143)</b>	<b>(57.347)</b>	<b>(82.530)</b>	<b>(102.720)</b>
<i>Last Reported Cumulative (Surplus)</i>	<i>(20.112)</i>	<i>(36.168)</i>	<i>(56.273)</i>	<i>(82.387)</i>	<i>N/A</i>
<i>Budget Council</i>	<i>(26.015)</i>	<i>(48.178)</i>	<i>(69.178)</i>	<i>(90.178)</i>	<i>N/A</i>

3.3 **Decent Neighbourhoods Receipts.** The council has - via a number of specific Cabinet decisions - opted to ring fence receipts from disposals of certain asset types (hostels, street properties, and other regeneration sites) for regeneration or affordable housing purposes. These receipts have been channelled into the

Decent Neighbourhoods Fund. Although this approach has allowed for investment in a number of such schemes, in general the level of receipts coming into the fund has outstripped the expenditure from it. This has led to a position where the fund is projected to be in **surplus by between £14.1m (2012/12) and £102.7m (2016/17) over the capital programme period**. This is subject to future decisions regarding the possible use of such resources and given the imbalance in funding between this and the general programme the Council agreed that, from 2010/11, these receipts should be top-sliced by 25% to contribute to general resources. This decision is intended to run until 2012/13. The continuation of this contribution thereafter is subject to uncertainties given proposed changes to the Housing Finance regime and it will need to be reconsidered once any changes to the accounting framework are made clear.

- 3.4 The resources available within the decent neighbourhood's pot have arisen from the sale of HRA land and houses (non Right to Buy). It should be noted that up to 75% of these receipts are at risk of being paid over to the government under pooling regulations. However, pooling can be avoided, where the receipt can be matched against the Council's Capital Allowance. The concept of Capital Allowance is explained in detail in appendix 4. As at the start of 2011/12 this allowance stood at £7.3m. This is forecast to increase to £12.9m at year-end after taking into account expected receipts and qualifying expenditure for the year.
- 3.5 Over the longer term there is a risk that the Capital Allowance will be exhausted given the success in disposing of HRA properties combined with having few or no schemes against which to match receipts. Should this risk materialise it will become necessary to pool a portion of receipts.
- 3.6 In considering this risk it is important to note the following:
- In addition to actual expenditure, the Capital Allowance can be increased by a 'resolution to spend' - that is to say a clear and quantifiable commitment to enter into affordable housing or regeneration programmes.
  - The government is presently consulting on changing the capital allowance regulations from 2012/13 to allow authorities to apply receipts against the repayment of housing debt.

#### **4. General Fund Forecast Expenditure and Resources**

- 4.1 The latest General Fund expenditure and resource forecast is set out in Table 3. A **surplus in resources of £19.9m is identified for 2012/13**. The actual level, and timing, of sales is again subject to the risks cited in 2.3. It has been assumed, in accordance with the Council's debt reduction strategy, that the surplus on the General Fund capital programme will be set aside for debt redemption.

**Table 3 - General Fund Capital Programme Summary**

	2012/13	2013/14	2014/15	2015/16	2016/17
	£m	£m	£m	£m	£m
Forecast Expenditure (see Table 4)	72.722	11.134	8.230	7.000	7.000
Forecast Resources (see Table 5)	(92.595)	(25.731)	(6.850)	(5.620)	(5.620)
<b>In-Year (Surplus)/Deficit</b>	<b>(19.873)</b>	<b>(14.597)</b>	<b>1.380</b>	<b>1.380</b>	<b>1.380</b>

4.2 **Expenditure** - The current expenditure programme is set out in Appendix 2 and is summarised in Table 4. The mainstream expenditure budgets relate to the completion of existing schemes and continuation of rolling programmes (Carriageways, Footways, Corporate planned maintenance, Private Sector Housing Grants, Parks Development, and contribution to the Invest to Save Fund).

**Table 4 - General Fund Capital Programme - Expenditure Forecast**

	2012/13	2013/14	2014/15	2015/16	2016/17
	£m	£m	£m	£m	£m
Completion of Existing <sup>4</sup> Schemes (mainstream)	10.951	0.614	0	0	0
Continuation of Rolling Programmes (mainstream):					
- Carriageways	1.350	1.350	1.350	1.350	1.350
- Footways	0.750	0.750	0.750	0.750	0.750
- Corporate planned maintenance	2.500	2.500	2.500	2.500	2.500
- Private Sector Housing Grants	0.450	0.450	0.450	0.450	0.450
- Parks Development	0.500	0.500	0.500	0.500	0.500
- Contributions to Invest to Save	0.750	0.750	0.750	0.750	0.750
- Re-provision of services from Sands End Community Centre	0.220	0	0	0	0
<b>Total Mainstream Expenditure</b>	<b>17.471</b>	<b>6.914</b>	<b>6.300</b>	<b>6.300</b>	<b>6.300</b>
Specific Funded Schemes	<b>55.251</b>	<b>4.220</b>	<b>1.930</b>	<b>0.700</b>	<b>0.700</b>
<b>Total Forecast Expenditure</b>	<b>72.722</b>	<b>11.134</b>	<b>8.230</b>	<b>7.000</b>	<b>7.000</b>

4.3 **Resources** - The general fund resources forecast is shown in Table 5. In line with the debt reduction strategy the core mainstream capital programme continues to be funded from capital receipts (Appendix 3) with no provision made for new borrowing other than the continuation of prudential borrowing for Schools and Education (see appendix 2b). The resource forecast for 2012/13 includes a 25% contribution from receipts realised from the decent neighbourhoods asset disposals programme (see 3.3). The specific resource forecast is based on known

<sup>4</sup> Existing mainstream projects include, the Primary and Secondary School Capital Programmes £9.627m; Corporate Planned Maintenance £738K, and Bishops Park scheme £586K = £10.951m

allocations and includes the updated position for schools capital funding (refer to para 6.6) and Transport for London Local Implementation Plan funding of £2.529m in 2012/13. It will be updated over the forthcoming months in accordance with relevant government, and other public and private, spending announcements. In addition the capital receipts figures will be updated as they become known.

**Table 5 - General Fund Resource Forecast**

	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16</b>	<b>2016/17</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Right to Buy Receipts	0.500	0.500	0.500	0.500	0.500
General Capital Receipts (Appendix 3)	35.010	21.011	4.420	4.420	4.420
Reimbursement to decent neighbourhoods pot	(7.000)				
Contributions from Decent Neighbourhoods. (Appendix 1)	8.834	0	0	0	0
Scheme Specific Resources	55.251	4.220	1.930	0.700	0.700
<b>Total Forecast Resources</b>	<b>92.595</b>	<b>25.731</b>	<b>6.850</b>	<b>5.620</b>	<b>5.620</b>



## 5. Housing Capital Programme

- 5.1 The latest capital resource forecast for the Housing Capital Programme is set out in table 6 below, together with the proposed Housing Revenue Account Capital Programme.

**Table 6 - HRA Capital Programme Summary**

HRA Forecast	2012/13	2013/14	2014/15	2015/16	2016/17
	£m	£m	£m	£m	£m
Expenditure:					
Proposed HRA Capital Programme	35.793	31.091	28.858	29.579	30.318
Jepson House (previously Decent Neighbourhoods Programme)	1.627	0.078	0	0	0
<b>Total Expenditure</b>	<b>37.420</b>	<b>31.169</b>	<b>28.858</b>	<b>29.579</b>	<b>30.318</b>
Resources:					
Major Repairs Allowance	15.178	15.694	16.225	16.772	17.336
Expensive Voids Contributions - Proposed	8.820	4.652	1.796	0.931	0.810
Jepson House - Decent Neighbourhoods Programme	1.627	0.078	0	0	0
Leasehold Contributions	6.692	6.345	3.537	2.500	2.500
Edward Woods receipts	5.103	0	0	0	0
Revenue Contributions	0	4.400	7.300	9.376	9.672
Other Specific Funding	0	0	0	0	0
<b>Total Resources</b>	<b>37.420</b>	<b>31.169</b>	<b>28.858</b>	<b>29.579</b>	<b>30.318</b>
<b>Forecast (Surplus)/Deficit</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

- 5.2 The proposed future programme maintains the condition and fitness for purpose of the stock including ensuring homes are maintained at a decent standard and remain in a condition suitable for letting, addresses our statutory and health and safety obligations, improves energy efficiency, addresses residual backlog works which were outside the scope of the decent homes programme and meets resident priorities such as security and environmental improvements. It should be noted that mainstream resources are insufficient to cover the programme and a draw down has been made from the Decent Neighbourhoods pot of £8.82m in 2012/13 as approved by Cabinet in December 2011.
- 5.3 In November 2011, the Government announced draft determinations to implement self-financing of the HRA from April 2012. Table 6 illustrates the revised assumptions for LBHF's Major Repairs Allowance over the next five years.

## **6. Horizon Scanning - Projects and Resources**

6.1 The Council is currently progressing 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 and Revenue Estimates subject to Member approval.

### **6.2 King Street Regeneration**

The Council is currently taking forward proposals for this scheme which includes a major change to the existing Civic Accommodation provision in Hammersmith. At present a developer has been appointed to take forward this scheme and a planning application submitted. It is hoped that the strategy can be delivered at net nil cost to the Council but this position, particularly in the light of the current economic conditions, will need to be kept under review.

### **6.3 Earl's Court**

The Council is in discussions with other landowners (Transport for London and Capital & Counties) regarding the potential redevelopment of Earl's Court after 2012. This is intended to bring substantial benefits to the wider area, including more and better quality homes, new jobs and improved open spaces. The plans could include the West Kensington and Gibbs Green Estate and a key concern for the Council is that any scheme must provide 760 new homes for the residents. The Council recently received £15m from Capital and Counties (CapCo) for signing an exclusivity agreement relating to the Earl's Court Regeneration site. Of this receipt, £10m is refundable should a conditional land sale agreement (CLSA) not be possible; the remaining £5m is not refundable under any circumstances.

### **6.4 White City/Shepherds Bush Market**

White City is a major development area with potential for up to 5,000 new homes being built. Most of those are being earmarked for land east of Wood Lane with detailed proposals likely to emerge in the next few years. The Council has also set out a new vision to protect Shepherds Bush Market. This is subject to the developer assembling the rest of the land needed to come-up with a viable scheme for redeveloping the market that ultimately gets planning consent and is in accordance with the Council's planning brief.

### **6.5 A Local Housing Company**

The Council is exploring options for establishing two housing companies - a development company that would provide new housing, including housing for sale, and a company with charitable aims that would subsequently hold any rented or intermediate housing (such as shared ownership). The Council has identified a number of sites in its ownership which could, if developed, represent a significant opportunity to develop new homes through innovative delivery arrangements.

### **6.6 Schools' Capital Programme**

Cabinet gave approval to the School Organisation Strategy in March 2011 to deliver the Council's key educational priorities:

- To meet the Council's statutory responsibility to provide school places to meet demand; and
- The Council's commitment to :
  - The Special Schools Strategy
  - The Schools of Choice agenda for expanding popular schools
  - Increase the percentage of resident children choosing the Borough's schools.

On 3 November 2011, the Government announced increased 2011/12 capital funding for Local Authorities experiencing the greatest need in managing shortfalls in providing pupil places. This additional funding has been made available from efficiencies and savings identified in continuing BSF projects. LBHF were one of the highest recipients being 7<sup>th</sup> highest nationally with an additional 2011/12 basic needs allocation of **£15.072m** reflecting the pressures the Council has already identified in the need for statutory school places. Officers have been working with schools to develop proposals for both the 2011/12 Capacity allocation and plans for the 2012/13 allocations, subject to Cabinet consideration on the 5 March 2012.

On 13 December 2011, the Government announced new capital funding for 2012/13 including allocations for devolved formula capital, basic need (funding for additional pupil places), and maintenance of which LBHF will benefit from **£16.6m** local authority capital grant funding.

#### 6.7 **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 and the PCT, and a major housing development delivering on the Council's priority to increase home ownership in the borough. The Council side of 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. PFI Credits worth £335,200 per year over 25 years were approved in April 2011 however the project is still subject to full financial close (expected January 2012). Should this be approved, development can expected to commence shortly thereafter.

#### 6.8 **Park Royal City International (Old Oak Common Opportunity Area)**

As part of developing the business case for a High Speed 2 / Crossrail interchange at Old Oak Common, preliminary discussions have been held with Transport for London, Crossrail and Network Rail to promote oversite development as part of the potential first phase of development. If these proposals come to fruition, this may involve the Council considering underwriting circa £30 million to ensure that preliminary infrastructure is installed to facilitate subsequent oversite development, as part of the initial £300 million investment for phase 1 works.

6.9 With regard to resources, a major potential development in the coming years will be the introduction of the **Community Infrastructure Levy (CIL)**. This is a new levy that local authorities can choose to charge on new developments in their

area. The money raised can be used to support development by funding infrastructure that the Council, local community and neighbourhoods want. Over time it is designed to replace the funding currently delivered through Section 106 payments. The Mayor of London has introduced a London-wide CIL to pay for Crossrail and the Council is currently considering whether to introduce its own CIL. Should the Council introduce a CIL this will give rise to stream of funding which need to be deployed for infrastructure development and improvement.

## **7. Executive Director of Finance and Corporate Governance Comments**

- 7.1 Debt reduction is a key element of the Council's revenue budget strategy. The proposals set out in this report will provide for annual revenue savings of £8.1m to have been delivered from 2006/07 to 2014/15. The future delivery of these savings is heavily reliant on meeting the target for asset sales and progress against target will need to be closely monitored. The costs of sale, including security and relocation, also need to be tightly controlled to avoid additional capital and revenue spend pressures.
- 7.2 The Council's mainstream capital programme is now largely restricted to core rolling programmes but it is looking to regenerate a number of priority areas through a number of initiatives. These may have a major impact, both in terms of expenditure and resources, on the capital forecast over the next 5 years. Amendments will be made in line with Member approval.
- 7.3 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 4. 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 £111.7m at the start of 2012/13. The proposals set out in this report are estimated to reduce it to £77.7m by 2016/17. This net reduction has been taken account of within the Council's Treasury Management Strategy. No allowance is made yet for any borrowing should a decision be taken to proceed with a housing company.
- 7.4 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). Before the start of each financial year full Council is required to approve a statement of its policy on making MRP in respect of that financial year. Appendix 5 sets out the options now available to Hammersmith and Fulham and recommends which option should be followed.

## 8. COMMENTS OF THE ASSISTANT DIRECTOR (LEGAL AND DEMOCRATIC SERVICES)

8.1 There are no direct legal implications in relation to this report.

### Capital Budget Monitoring and Financing Information:

- Appendix 1 Decent Neighbourhoods (Housing & Regeneration) 2012/2017
- Appendix 2a Summary General Fund Capital Programme 2012/2017
- Appendix 2b Departmental General Fund Capital Programme 2012/2017 - Children's Services, Adult Social Care, Transport & Technical Services, Finance and Corporate, Environment, Leisure and Residents Services
- Appendix 3 General Fund anticipated capital receipts 2012/13 to 2016/17
- Appendix 4 The Capital Financing Requirement (CFR) and Capital Allowance
- Appendix 5 Annual Minimum Revenue Provision (MRP) Statement
- Appendix 6 Prudential Indicators

### 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  Jade Cheung Ext 3374	Finance Dept., 2 <sup>nd</sup> Floor, Town Hall Extension

## Appendix 1 - Decent Neighbourhoods (Housing & Regeneration) 2012/2017

<b>HOUSING AND REGENERATION CAPITAL PROGRAMME</b>					
	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16</b>	<b>2016/17</b>
<b>Expenditure / (Resources)</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Fulham Court (development including Childrens Centre)	1,722	1,747	0	0	0
Hostel Improvements	1,321	0	0	0	0
Debt Repayment taken under pooling rules from receipts.	9,500	0	0	0	0
Shop Investments	500	0	0	0	0
<b>Total H&amp;R Expenditure</b>	<b>13,043</b>	<b>1,747</b>	<b>0</b>	<b>0</b>	<b>0</b>
Forecast (Properties to be identified)	(21,000)	(24,500)	(28,000)	(28,000)	(28,000)
<b>Other Sales</b>	<b>(14,335)</b>	<b>(18,814)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Sales Receipts</b>	<b>(35,335)</b>	<b>(43,314)</b>	<b>(28,000)</b>	<b>(28,000)</b>	<b>(28,000)</b>
<b>Resource Transfers</b>					
Temporary use for debt reduction	(7,000)	0	0	0	0
Capital Investment in maintaining existing stock	0	0	0	0	0
Contributions to Jepson House	1,627	78	0	0	0
25% of receipts to the mainstream programme	8,834	0	0	0	0
25% of receipts awaiting further decisions.		10,829	7,000	7,000	7,000
<b>Total Resources</b>	<b>(31,874)</b>	<b>(32,408)</b>	<b>(21,000)</b>	<b>(21,000)</b>	<b>(21,000)</b>
<b>In Year (Surplus)/Deficit</b>	<b>(18,831)</b>	<b>(30,661)</b>	<b>(21,000)</b>	<b>(21,000)</b>	<b>(21,000)</b>
<b>SCHEMES UNDER CONSIDERATION</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16</b>	<b>2015/16</b>
<b>Total</b>	<b>14,570</b>	<b>6,652</b>	<b>1,796</b>	<b>(4,183)</b>	<b>810</b>
<b>Revised In-Year Surplus/Cost</b>	<b>(4,261)</b>	<b>(24,009)</b>	<b>(19,204)</b>	<b>(25,183)</b>	<b>(20,190)</b>
<b>Revised Cumulative Total</b>	<b>(14,134)</b>	<b>(38,142)</b>	<b>(57,346)</b>	<b>(82,529)</b>	<b>(102,719)</b>
<b>Notes:</b>					
No allowance has been made for the reprovision of family dwellings under the revised voids policy current under review					

**Appendix 2a - Summary General Fund Capital Programme 2012/2017**

	<b>2012/13 Budget</b>	<b>2013/14 Budget</b>	<b>2014/15 Budget</b>	<b>2015/16 Budget</b>	<b>2016/17 Budget</b>
<b>Department</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Children's Services	57,174	2,409	0	0	0
Adult Social Care	1,467	450	450	450	450
Transport & Technical Services	9,645	7,025	6,530	5,300	5,300
Finance and Corporate	750	750	750	750	750
Environment, Leisure and Residents Services	3,686	500	500	500	500
<b>Total Capital Programme</b>	<b>72,722</b>	<b>11,134</b>	<b>8,230</b>	<b>7,000</b>	<b>7,000</b>
<b>Draft Capital Financing</b>					
<b>Mainstream (Funded from Capital Receipts):</b>					
Children's Services	9,847	614	0	0	0
Adult Social Care	450	450	450	450	450
Transport & Technical Services	5,338	4,600	4,600	4,600	4,600
Finance and Corporate	750	750	750	750	750
Environment, Leisure and Residents Services	1,086	500	500	500	500
<b>Capital Receipts</b>	<b>17,471</b>	<b>6,914</b>	<b>6,300</b>	<b>6,300</b>	<b>6,300</b>
<b>Specific Funding</b>					
Capital Grant from Central Government departments	36,974	0	0	0	0
Grants and Contributions from Private Developers and third parties	6,028	15	0	0	0
Grants from the Arts Council	3,050	1,450	0	0	0
Capital funding from GLA Bodies/ Transport for London	3,529	1,725	1,230	0	0
Revenue Contributions	700	700	700	700	700
Prudential Borrowing	4,970	330	0	0	0
<b>Total Scheme Specific</b>	<b>55,251</b>	<b>4,220</b>	<b>1,930</b>	<b>700</b>	<b>700</b>
<b>Total Resources</b>	<b>72,722</b>	<b>11,134</b>	<b>8,230</b>	<b>7,000</b>	<b>7,000</b>

## Appendix 2b - Departmental General Fund Capital Programme 2012/2017

<b>CHILDREN'S SERVICES CAPITAL PROGRAMME</b>					
<b>Schemes</b>	<b>2012/13 Budget</b>	<b>2013/14 Budget</b>	<b>2014/15 Budget</b>	<b>2015/16 Budget</b>	<b>2016/17 Budget</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£000's</b>
Lyric Theatre Development	8,850	1,450	0	0	0
Primary Capital Programme	942	79	0	0	0
Schools Capital Programme	46,762	880	0	0	0
Reprovision of Services from Sands End Community Centre	620	0	0	0	0
<b>Total Children's Services</b>	<b>57,174</b>	<b>2,409</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>CHILDREN'S SERVICES FINANCING SUMMARY</b>					
<b>Total Mainstream</b>	<b>9,847</b>	<b>614</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Specific Funding</b>					
Capital Grant from Central Government	35,957	0	0	0	0
Grants and Contributions from Private Developers and Leaseholders	2,350	15	0	0	0
The Arts Council	3,050	1,450	0	0	0
London Development Agency	1,000	0	0	0	0
Prudential borrowing for schools and the Lyric	4,970	330	0	0	0
<b>Total Specific Funding</b>	<b>47,327</b>	<b>1,795</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Children's Services</b>	<b>57,174</b>	<b>2,409</b>	<b>0</b>	<b>0</b>	<b>0</b>



## Appendix 2b - Departmental General Fund Capital Programme 2012/2017

<b>ADULT SOCIAL CARE CAPITAL PROGRAMME</b>					
	2012/13 Budget	2013/14 Budget	2014/15 Budget	2015/16 Budget	2016/17 Budget
<b>Schemes</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Adults' Personal Social Services Grant	1,017	0	0	0	0
Disabled Facilities Grant	450	450	450	450	450
<b>Total Community Services</b>	<b>1,467</b>	<b>450</b>	<b>450</b>	<b>450</b>	<b>450</b>
<b>ADULT SOCIAL CARE FINANCING SUMMARY</b>					
<b>Mainstream Funded Schemes</b>	<b>450</b>	<b>450</b>	<b>450</b>	<b>450</b>	<b>450</b>
Capital Grant from Central Government department - DOH Adults' PSS	1,017	0	0	0	0
<b>Total Specific Funding</b>	<b>1,017</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Community Services</b>	<b>1,467</b>	<b>450</b>	<b>450</b>	<b>450</b>	<b>450</b>

<b>TRANSPORT &amp; TECHNICAL SERVICES CAPITAL PROGRAMME</b>					
	2012/13 Budget	2013/14 Budget	2014/15 Budget	2015/16 Budget	2016/17 Budget
<b>Scheme</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
BTS Capital Planned Maintenance	3,238	2,500	2,500	2,500	2,500
Footways & Carriageways	2,100	2,100	2,100	2,100	2,100
Transport For London Schemes	2,529	1,725	1,230	0	0
Developers Agreements Total	1,078	0	0	0	0
Parking Reserve Total	700	700	700	700	700
<b>Total Environment Services</b>	<b>9,645</b>	<b>7,025</b>	<b>6,530</b>	<b>5,300</b>	<b>5,300</b>
<b>TRANSPORT &amp; TECHNICAL SERVICES FINANCING SUMMARY</b>					
<b>Total Mainstream Funded Schemes</b>	<b>5338</b>	<b>4600</b>	<b>4600</b>	<b>4600</b>	<b>4600</b>
Developer Contributions	1,078	0	0	0	0
Capital funding from GLA Bodies - Transport for London	2,529	1,725	1,230	0	0
Parking Reserve - Revenue Contributions	700	700	700	700	700
<b>Total Specific Funds</b>	<b>4,307</b>	<b>2,425</b>	<b>1,930</b>	<b>700</b>	<b>700</b>
<b>Total Environment Services</b>	<b>9,645</b>	<b>7,025</b>	<b>6,530</b>	<b>5,300</b>	<b>5,300</b>

Appendix 2b - Departmental General Fund Capital Programme 2012/2017

<b>FINANCE &amp; CORPORATE SERVICES CAPITAL PROGRAMME</b>					
	<b>2012/13 Budget</b>	<b>2013/14 Budget</b>	<b>2014/15 Budget</b>	<b>2015/16 Budget</b>	<b>2016/17 Budget</b>
<b>Schemes</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Contribution to Invest to Save Fund	750	750	750	750	750
<b>Total FCS</b>	<b>750</b>	<b>750</b>	<b>750</b>	<b>750</b>	<b>750</b>
<b>FINANCE &amp; CORPORATE SERVICES FINANCING SUMMARY</b>					
Mainstream Total	750	750	750	750	750
<b>Total FCS</b>	<b>750</b>	<b>750</b>	<b>750</b>	<b>750</b>	<b>750</b>

<b>ENVIRONMENT, LEISURE AND RESIDENTS SERVICES CAPITAL PROGRAMME</b>					
	<b>2012/13 Budget</b>	<b>2013/14 Budget</b>	<b>2014/15 Budget</b>	<b>2015/16 Budget</b>	<b>2016/17 Budget</b>
<b>Schemes</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Parks Capital Programme	500	500	500	500	500
Bishops Park	830	0	0	0	0
Shepherds Bush Common Improvements	2,356	0	0	0	0
<b>Total Residents Services</b>	<b>3,686</b>	<b>500</b>	<b>500</b>	<b>500</b>	<b>500</b>
<b>ENVIRONMENT, LEISURE AND RESIDENTS SERVICES FINANCING SUMMARY</b>					
Capital receipts	1,086	500	500	500	500
Developer Contributions	2,600	0	0	0	0
<b>Total Residents Services</b>	<b>3,686</b>	<b>500</b>	<b>500</b>	<b>500</b>	<b>500</b>

### Appendix 3 - General Fund anticipated capital receipts 2012/13 to 2016/17

<b>2012/13</b>	
58 Bulwer Street	
34 Fulham Palace Road	
School Caretaker Houses	
St Johns Walham Green	
3 Blacks Road (Irish Centre)	
Palingswick House	
12-14 Letchford Gardens	
Hurlingham Yard	
Fulham Town Hall	
Stevenage Road Day Centre	
11 Farm Lane	
Sale of Gibbs Green (Earls Court Regeneration)	
Distillery Lane	
132 Wandsworth Bridge Road	
Fulham Cemetery Lodge	
West Lodge, Margravine Cemetery	
<b>Total 2012-13</b>	<b>35,010</b>
<b>2013/14</b>	
Fulham Cross Centre	
Sands End	
282 Goldhawk Rd	
31 Paddenswick Road	
The Lodge Bishops Avenue	
The Lodge North Sheen Cemetery	
The Lodge Paddenswick Road	
The Lodge, Mortlake Cemetery	
50 Commonwealth Avenue	
Clancarty Lodge	
Greswell Centre	
280 Goldhawk Road	
The Lodge Old Oak Common	
Pennard Road	
<b>Total 2013-14</b>	<b>21,011</b>
<b>2014/15</b>	
Stowe Rd	
Property to be identified	
<b>Total 2014-15</b>	<b>4,420</b>
<b>2015-16</b>	
Property to be identified	<b>4,420</b>
<b>2016-17</b>	
Property to be identified	<b>4,420</b>
<b>Total All Years</b>	<b>69,281</b>

## **Appendix 4 - The Capital Financing Requirement (CFR) and Capital Allowance**

### **The Capital Finance Requirement (CFR)**

The CFR measures an authority's underlying need to borrow for a capital purpose. It replaced the 'credit ceiling' as the Council's measure of debt.

The CFR is the difference between Capital Expenditure incurred and the resources set aside to pay for this expenditure. Put simply it can be thought of as capital expenditure incurred but not yet paid for in full and serves as a measure of an authority's indebtedness.

An important caveat is that the CFR does not necessarily equal the outstanding loans of the authority. A council may be cash rich and pay for a new asset in full without entering into new loans. However unless the council simultaneously sets aside reserves (either through recognising a revenue cost or transferring existing reserves from 'usable' to 'unusable' in the bottom half of the balance sheet) the CFR will increase. In this example the authority has effectively borrowed internally.

In order to keep the CFR 'in check', Local Authorities are required to recognise an annual revenue cost – known as the Minimum revenue Provision (MRP) – which reduces it. There are a number of options for selecting MRP, although traditionally this has been 4% of the CFR.

Authorities are also able to make voluntary provisions – these are basically the application of internal resources over and above the MRP.

In summary:

- The CFR (the underlying need to borrow for a capital purpose) will increase whenever capital expenditure is incurred.
- Where capital expenditure is resourced immediately from internal resources the CFR will reduce at the same time that the capital expenditure is incurred, resulting in no net increase to the CFR.
- Where not resourced immediately the CFR will increase. This will be the case whether or not external borrowing actually occurs.
- The CFR may be reduced over time by future applications of internal resources.
- CFR is reduced when minimum revenue provision (MRP) or loans fund repayments are made to revenue.

### **Pooling and the Capital Allowance**

The Local Government Act 2003 introduced the concept of pooling of Housing Revenue Account (HRA) capital receipts. Under these rules, Local Authorities have been required to pay over a portion of HRA capital receipts to the Government. The amount of money paid over to Government depends on various factors including the type of property being disposed of, disposal expenses (which can be netted-off against the receipt) and the capital allowance (explained further on).

## Appendix 4 - The Capital Financing Requirement (CFR) and Capital Allowance

### Type Of Receipt

**1. Right to Buy (RTB)** - 75% of capital receipts arising from the disposal of a dwelling through Right to Buy are paid over to the Government (pooled). This applies to disposals and to the principal element of repayments on loans (usually mortgages) granted by the authority for Right To Buy or other purchases of HRA properties.

**2. Non-RTB Disposals** - these include non-dwellings (such as shops or bare land), non-RTB dwellings (for example vacant property) and other receipts, such as disposal of mortgage portfolios. These items need not always be pooled - see '*Capital Allowance*' below. Where they are pooled, the poolable proportion is 75% for dwelling sales and 50% for other assets.

### The Capital Allowance

The Capital Allowance constitutes a sort of 'pot' which local authorities top up by specified types of expenditure and represents a mechanism which allows Local Authorities to retain certain HRA receipts (as opposed to pooling them).

The Capital Allowance is the total of **past or planned** expenditure on affordable housing and regeneration (defined as carrying out of works that bring into effective use assets that are under-used, vacant or derelict). The value of the pot may be drawn upon to reduce non-RTB capital receipts before calculating the poolable amount. The value of the pot increases whenever qualifying expenditure is either incurred or planned and falls each time it is applied to reduce a receipt. Where the value of pot falls to nil, then the authority will be required to pool non-RTB receipts as prescribed above (see *Type of Receipt*).

There is nothing to stop the authority 'topping up' the value of the Capital Allowance with resolutions to spend, however these cannot then be counted when the actual expenditure is incurred. Similarly if the resolution to spend is removed then the allowance should fall.

The Government is currently consulting on changes to the Capital Allowance which will enable HRA debt to be included - this will effectively allow authorities to apply receipts to HRA debt in the absence of qualifying spend or resolutions to spend. These changes, if approved, are expected to take effect from 2012/13.

## Appendix 5 - 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).

Local authorities are required to approve an annual MRP Statement.

This Appendix sets out:

- The options.
- A recommended annual MRP Statement for this authority.

### The Options

Councils can opt for 4 options regarding the MRP calculation.

#### Option 1

This provides for local authorities to calculate MRP in line with the minimum statutory charge. This is 4% of their opening Capital Financing Requirement, net of Adjustment A and the Commutation adjustment. As set out in the table below this would provide for an LBHF charge of £2.740m in 2012/13.

	£'000
Opening 2012/13 Capital Financing Requirement (CFR)	111,679
Less Adjustment A	(43,179)
Adjusted CFR	68,500
Minimum Gross MRP (at 4%)	2,740

The statutory minimum is not considered appropriate for this authority. LBHF has been concerned to ensure that all prudential borrowing is sustainable and that debt is actively managed downwards. As such it has decided to write down all prudential borrowing over the asset life. This should ensure that budget provision is available to fund asset replacement and that overall borrowing levels are affordable.

## Appendix 5 - Annual Minimum Revenue Provision (MRP) Statement

### 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 current LBHF practice. It should be noted that for this Council:

- 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.
- The level of unsupported borrowing is 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).

Under this option authorities need 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.

The total estimated MRP charge for this option is £2.665m which is £0.075m greater than option 1.

## Appendix 6 - 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:

	<b>Forecast 2011/12 £000</b>	<b>Estimate 2012/13 £000</b>	<b>Estimate 2013/14 £000</b>	<b>Estimate 2014/15 £000</b>
General Fund	37,836	72,722	11,134	8,230
Housing Revenue Account	41,346	37,420	31,169	28,858
Decent Neighbourhoods	4,005	13,043	1,747	0
<b>TOTAL</b>	<b>83,187</b>	<b>123,185</b>	<b>44,050</b>	<b>37,088</b>

The above figures exclude over-programming.

### CAPITAL FINANCING REQUIREMENT (CFR)

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:

	<b>Forecast 2011/12 £000</b>	<b>Estimate 2012/13 £000</b>	<b>Estimate 2013/14 £000</b>	<b>Estimate 2014/15 £000</b>
General Fund	111,679	94,036	77,735	77,733
Housing Revenue Account	217,427	217,344	207,733	205,312
<b>TOTAL</b>	<b>329,106</b>	<b>311,380</b>	<b>285,468</b>	<b>283,045</b>

The General Fund CFR includes allowance for new prudential borrowing of £5.3m regarding the Schools and Education capital programme.

### 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:

	<b>Forecast 2011/12 £000</b>	<b>Estimate 2012/13 £000</b>	<b>Estimate 2013/14 £000</b>	<b>Estimate 2014/15 £000</b>
Net Borrowing	187,166	172,066	142,510	134,799
Capital Financing Requirement (CFR)	329,106	311,380	285,468	283,045
<b>Net Borrowing Less than CFR</b>	<b>(141,940)</b>	<b>(139,314)</b>	<b>(142,958)</b>	<b>(148,246)</b>



## Appendix 6 - Prudential Indicators

### 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. It should be noted that the HRA expenditure is effectively reimbursed through the Housing Subsidy system.

	Estimate 2012/13 %	Estimate 2013/14 %	Estimate 2014/15 %
General Fund	3.7	2.7	2.1
Housing Revenue Account	16.79	16.52	15.35

### 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 2012/13 £	Estimate 2013/14 £	Estimate 2014/15 £
General Fund – council tax £ per Band D home per annum	-3.95	-29.37	-46.05
Housing Revenue Account – rent £ per household per week	0	0	0

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.

29 FEBRUARY 2012

LEADER	TREASURY MANAGEMENT STRATEGY REPORT	Ward(s)
Councillor Stephen Greenhalgh	<p>The report provides information on the Council's Treasury Management Strategy for 2012/13. It seeks approval for borrowing limits and authorisation for the Executive Director of Finance and Corporate Governance to arrange the Council's cashflow, borrowing and investments in the year 2012/13.</p> <p>The report seeks approval to changes recommended by Cipfa to the Treasury Management Policy Statement and Treasury Management Practices.</p> <p>The report explains the treasury management implications of HRA Reform and seeks approval to the treatment of debt and interest on HRA receipts and balances with effect from 1 April 2012.</p>	All
<b>CONTRIBUTORS</b>	<b>Recommendations:</b>	
EDFCG	<ol style="list-style-type: none"> <li data-bbox="534 1160 1185 1373">1. <b>To approve the future borrowing and investment strategies and authorise the Executive Director of Finance and Corporate Governance to arrange the Council's cashflow, borrowing and investments in 2012/13.</b></li> <li data-bbox="518 1417 1185 1563">2. <b>In relation to the Council's overall borrowing for the financial year 2012/13, approve the Prudential Indicators as set out in Section 3 of this report.</b></li> <li data-bbox="518 1608 1161 1787">3. <b>To agree the changes to the Treasury Management Policy Statement and the Treasury Management Practices as explained in section 1 of the report and reproduced in Appendices A and B.</b></li> <li data-bbox="518 1832 1185 1933">4. <b>To move to a separate HRA and General Fund debt pool with effect from 1 April 2012.</b></li> <li data-bbox="518 1977 1201 2145">5. <b>To pay the HRA investment income on unapplied HRA receipts and other HRA cash balances calculated at the average rate of interest earned on temporary investments with effect from 1 April 2012.</b></li> </ol>	

## 1. INTRODUCTION

### Background

- 1.1 Treasury Management is defined by the CIPFA Code of Practice as ‘The management of the local authority’s investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.’
- 1.2 A revised CIPFA Code of Practice on Treasury Management in Public Service and guidance notes were published in November 2011. These documents were revised to take account of the treasury implications of the HRA reform which is discussed below in paragraphs 18 to 20. It also makes some changes to the Treasury Management Policy Statement and Treasury Management Practices which have been reproduced in full in Appendices A and B respectively. *The changes have been highlighted in red and italics.*
- 1.3 The Council is required to receive and approve, as a minimum, three main reports each year: a treasury Strategy Report, Mid-year report and an Outturn report. These reports are required to be adequately scrutinised by committee before being recommended to the Council. This role is undertaken by the Audit and Pensions Committee.
- 1.4 The Treasury Management Strategy for 2012/13 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;
  - prospects for interest rates;
  - the borrowing strategy;
  - the investment strategy;
  - debt rescheduling;
  - creditworthiness policy; and,
  - policy on use of external service providers.

These elements cover the requirements of the Local Government Act 2003, the CIPFA Prudential Code, the CIPFA Treasury Management Code and CLG Investment Guidance.

## 2. TREASURY MANAGEMENT STRATEGY

- 2.1 The treasury management function ensures that the Council’s cash is organised in accordance with the relevant professional codes, so that sufficient cash is available to meet this service activity. This will involve both the organisation of the cash flow and, where capital plans require, the organisation of appropriate borrowing facilities. The strategy covers the relevant treasury/prudential indicators, the current and projected debt positions and the annual investment strategy.

### 3. CURRENT PORTFOLIO POSITION

- 3.1 The Council's treasury portfolio is summarised below. The table shows the actual external borrowing (the treasury management operations), against the capital borrowing need (the Capital Financing Requirement – CFR), highlighting any over or under borrowing.

Table 1- Current Portfolio Position

£'000	2011/12 Estimate	2012/13 Estimate	2013/14 Estimate	2014/15 Estimate
Borrowing at 1 <sup>st</sup> April	475,520	262,166	262,066	250,051
Expected change in borrowing	(16,000)	(100)	(11,556)	(2,252)
HRA Settlement	(197,354)	0	0	0
<b>Actual Borrowing at 31<sup>st</sup> March</b>	262,166	262,066	250,510	247,799
Total investments at 31 March	(75,000)	(90,000)	(108,000)	(113,000)
Net borrowing	187,166	172,066	142,510	134,799

Other long-term liabilities (OLTL)31 March	13,078	12,164	11,214	10,264
<b>CFR – the borrowing need</b>	329,106	311,380	285,468	283,045

- 3.2 The Executive Director of Finance and Corporate Governance reports that the Council complied with this prudential indicator in the current year and does not envisage difficulties for the future. This view takes into account current commitments, existing plans, and the proposals in this budget report.

### 4. TREASURY INDICATORS – LIMITS TO BORROWING ACTIVITY

- 4.1 **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 Council 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 set itself.

Table 2 – Operational Boundary

Operational boundary £'000	2011/12 Estimate	2012/13 Estimate	2013/14 Estimate	2014/15 Estimate
Borrowing	488,134	271,373	256,226	268,118
HRA Settlement	(197,354)			
Other long term liabilities	13,078	12,164	11,214	10,264
Total	303,858	283,537	267,440	278,382

- 4.2 **The Authorised Limit for external borrowing.** This is a control on the maximum level of borrowing and this limit needs to be set or revised by the full Council. It reflects the level of external borrowing which, while not desired, could be afforded in the short term, but is not sustainable in the longer term.

Table 3 – Authorised Limit

<b>Authorised limit £'000</b>	<b>2011/12 Estimate</b>	<b>2012/13 Estimates</b>	<b>2013/14 Estimates</b>	<b>2014/15 Estimates</b>
Borrowing	548,909	338,287	305,447	303,055
Add HRA settlement	(197,354)			
Other long term liabilities	13,078	12,164	11,214	10,264
<b>Total</b>	<b>364,633</b>	<b>350,451</b>	<b>316,661</b>	<b>313,319</b>

- 4.3 Separately, the Council is also limited to a maximum HRA CFR through the HRA self-financing regime. This limit is currently:

Table 4 – HRA Capital Finance Requirement

<b>HRA Debt Limit £'000</b>	<b>2011/12 Estimate</b>	<b>2012/13 Estimate</b>	<b>2013/14 Estimate</b>	<b>2014/15 Estimate</b>
<b>Total</b>	<b>217,427</b>	<b>217,344</b>	<b>207,733</b>	<b>205,312</b>

## 5. PROSPECTS FOR INTEREST RATES

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

Table 5 - Interest Rates

Annual Average %	Bank Rate	Money Rates		PWLB Borrowing Rates		
		3 months	1 years	5 years	25 years	50 years
March 2012	0.50	0.70	1.50	2.30	4.20	4.30
June 2012	0.50	0.70	1.50	2.30	4.20	4.30
Sept 2012	0.50	0.70	1.50	2.30	4.30	4.40
Dec 2012	0.50	0.70	1.60	2.40	4.30	4.40
March 2013	0.50	0.75	1.70	2.50	4.40	4.50
June 2013	0.75	0.80	1.80	2.60	4.50	4.60
Sept 2013	1.00	0.90	1.90	2.70	4.60	4.70
Dec 2013	1.00	1.20	2.20	2.80	4.70	4.80
March 2014	1.25	1.40	2.40	2.90	4.80	4.90
June 2014	1.50	1.60	2.60	3.10	4.90	5.00

- 5.2 Growth in the UK economy is expected to be weak in the next two years and there is a risk of a technical recession (i.e. two successive quarters of negative growth). Bank rate, currently 0.5%, underpins investment returns and is not expected to start increasing until quarter 3 of 2013 despite inflation currently being well above Monetary Policy Committee inflation target. Hopes for an export led recovery appear likely to be disappointed due to the Eurozone sovereign debt crisis depressing growth in the UK's biggest export market. The Comprehensive Spending Review, which seeks to reduce the UK's annual fiscal deficit, will also depress growth during the next few years.

5.3 Fixed interest borrowing rates are based on UK gilt yields. The outlook for borrowing rates is currently much more difficult to predict. The UK total national debt is forecast to continue rising until 2015/16; the consequent increase in gilt issuance is therefore expected to be reflected in an increase in gilt yields over this period. However, gilt yields are currently at historically low levels due to investor concerns over Eurozone sovereign debt and have been subject to exceptionally high levels of volatility as events in the Eurozone debt crisis have evolved.

5.4 This challenging and uncertain economic outlook has a several key treasury management implications:

- The Eurozone sovereign debt difficulties, most evident in Greece, provide a clear indication of much higher counterparty risk. This continues to suggest the use of higher quality counterparties for shorter time periods.
- Investment returns are likely to remain relatively low during 2012/13;
- Borrowing interest rates are currently attractive, but may remain low for some time. The timing of any borrowing will need to be monitored carefully;
- There will remain a cost of capital – any borrowing undertaken that results in an increase in investments will incur a revenue loss between borrowing costs and investment returns.

## **6. BORROWING STRATEGY**

6.1 The Council is currently maintaining an under-borrowed position. This means that the capital borrowing need (the Capital Financing Requirement), has not been fully funded with loan debt as cash supporting the Council's reserves, balances and cash flow has been used as a temporary measure. This strategy is prudent as investment returns are low and counterparty risk is high.

## **7. TREASURY MANAGEMENT LIMITS ON ACTIVITY**

7.1 There are three debt related treasury activity limits. The purpose of these are to restrain the activity of the treasury function within certain limits, thereby managing risk and reducing the impact of any adverse movement in interest rates. However, if these are set to be too restrictive they will impair the opportunities to reduce costs/improve performance. The indicators are:

- Upper limits on variable interest rate exposure. This identifies a maximum limit for variable interest rates based upon the debt position net of investments
- Upper limits on fixed interest rate exposure. This is similar to the previous indicator and covers a maximum limit on fixed interest rates;
- Maturity structure of borrowing. These gross limits are set to reduce the Council's exposure to large fixed rate sums falling due for refinancing, and are required for upper and lower limits.

7.2 The Council is asked to approve the following treasury indicators and limits:

Table 6 – Interest Rate Exposure

£m	2012/13	2013/14	2014/15
<b>Interest rate exposures</b>			
	Upper	Upper	Upper
Limits on fixed interest rates based on net debt	330,000	311,000	286,000
Limits on variable interest rates based on net debt	66,000	62,200	57,200
Maturity structure of fixed rate borrowing during 2012/13		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%

## 8. POLICY ON BORROWING IN ADVANCE OF NEED

8.1 Any decision to borrow if necessary in advance of need will be within forward approved Capital Financing Requirement estimates, and will be considered carefully to ensure that value for money can be demonstrated and that the Council can ensure the security of such funds.

## 9. DEBT RESCHEDULING

9.1 As short term borrowing rates will be considerably cheaper than longer term fixed interest rates, there may be potential opportunities to generate savings by switching from long term to short term debt. However, these savings will need to be considered in the light of the current treasury position and premiums incurred in prematurely repaying debt.

9.2 The reasons for any rescheduling to take place will include:

- Generating cash savings.
- Enhancing the balance of the portfolio (amend the maturity profile and/or the balance of volatility).

9.3 Consideration will also be given to identify if there is any residual potential for making savings by running down investment balances to repay debt prematurely as short term rates on investments are likely to be lower than rates paid on current debt.

9.4 As part of the HRA reform the Council will receive monies from the CLG in the form of debt redemption. Under this scenario a proportion of the HRA debt will be repaid by the CLG on 28 March 2012. The Council will not have influence over this debt redemption and so a proportion of each PWLB loan will be repaid automatically.

## 10. ANNUAL INVESTMENT STRATEGY

- 10.1 The Council must have regard to the CLG's Guidance on Local Government Investments ("the Guidance") and the 2011 revised CIPFA's Treasury Management in Public Services of Practice and Cross Sectoral Guidance Notes ("the CIPFA TM Code").
- 10.2 Although the annual investment strategy has to be approved by full Council, it is proposed that amendments to the investment methodology are delegated to Cabinet to enable changes to be made on a timely basis to reflect changes in market conditions.
- 10.3 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 risk appetite of this Council is low in order to give priority to security of its investments.
- 10.4 In accordance with the above, and in order to minimise the risk to investments, the Council has clearly stipulated below the minimum acceptable credit quality of counterparties for inclusion on the lending list.
- 10.5 The Council's officers recognise that ratings should not be the sole determinant of the quality of an institution and that it is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. The Council will engage with its advisors to maintain a monitor on market pricing such as "Credit Default Swaps" and overlay that information on top of the credit ratings.
- 10.6 Other information sources used will include the financial press, share price and other such information pertaining to the banking sector in order to establish the most robust scrutiny process on the suitability of potential investment counterparties.
- 10.7 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.
- 10.8 Investment instruments identified for use in the financial year are listed below under the 'Specified' and 'Non Specified' Investment categories.
- 10.9 The DCLG guidance requires authorities to specify their minimum acceptable credit rating. The minimum ratings required by the Council are:

Fitch			
Long Term	Short Term	Individual	Support
A-	F2	bbb-	2
Moody's			
Long Term	Short Term	Financial Strength	
A3	P-2	C	



S & P	
Long Term	Short Term
A-	A-3

## 11. CREDITWORTHINESS POLICY

11.1 This Council applies the creditworthiness service provided by Sector. This service employs a modelling approach utilising credit ratings from the three main credit rating agencies – Fitch, Moody's and Standard and Poors. The credit ratings of counterparties are supplemented with the following overlays.

- Credit watches and credit outlooks from credit rating agencies;
- Credit Default Spreads (CDS) to give early warning of likely changes in credit rating; and,
- Sovereign ratings to select counterparties from only the most creditworthy countries.

11.2 This modelling approach combines credit ratings, credit watches and credit outlooks in a weighted scoring system which is then combined with an overlay of CDS spreads for which the end product is a series of colour coded bands which indicate the relative creditworthiness of counterparties. These colour codes are used by the Council to determine the duration for investments. The Council will therefore use counterparties within the following durational bands.

Table 7 - Exposure limits and Duration

	Exposure limit £ million	Duration
Purple	25	2 years
Blue *	35	1 year
Orange	20	1 year
Red	20	6 months
Green	10	3 months
No Colour	0	not to be used

\*only applies to nationalised or semi nationalised UK Banks

11.3 Their exceptions to this methodology include:

### **UK Government (no maximum amount)**

- Debt Management Office
- Treasury Bills
- Government Gilts

**Public Authorities** (Exposure limit of £25 million with a maximum duration of 364 days)

- Unitary Authorities
- Local Authorities
- Borough and District Council's
- Met Police
- Fire and Police Authorities

These authorities do not have credit ratings but statute (LG Act 2003 s13) suggests that credit risk attached to these authorities is an acceptable one.

### **Money Market Funds**

All funds have a AAA credit rating which have a 60 day weighted average maturity. These funds allow instant access to cash, and provide enhanced yield and security.

Exposure limit of £10 – no maximum duration as these are instant access funds.

- 11.4 Whilst the Council have adopted the Sector methodology for applying creditworthiness if any of the counterparties rating fall below the Council's acceptable minimum credit rating (Para 10.9) they will be withdrawn immediately from the counterparty list.
- 11.5 The Council is alerted to changes to ratings of all three agencies through its use of Sector creditworthiness service.
- If a down grade results in the counterparty/investment scheme no longer meeting the Council's minimum criteria, its further use as a new investment will be withdrawn immediately.
  - In addition to the use of credit ratings the Council will be advised of movements in Credit Default Swaps against the iTraxx benchmark and other market data on a weekly basis. Extreme market movements may result in downgrade of an institution or removal from the Council's lending list.
- 11.6 Sole reliance will not be placed on the use of this external service. In addition the Council will also use market data and market information on government support for banks and the credit ratings of that government.

### **12. COUNTRY LIMITS**

- 12.1 The Council has determined that it will only use approved counterparties from countries with a minimum sovereign credit rating of AA+ from Fitch Ratings (or equivalent from other agencies). The exposure limit to any one Country will be £20 million with the exception of the UK which will be unlimited.

### **13. INTEREST RATE OUTLOOK FOR INVESTMENTS**

- 13.1 Bank Rate has been unchanged at 0.50% since March 2009. Bank rate is forecast to remain unchanged at 0.5% before starting to rise from quarter 3 of 2013. Bank Rate forecasts for financial year ends (March) are as follows:-

2011/12	0.50%
2012/13	0.50%
2013/14	1.25%
2014/15	2.50%

- 13.2 There is downside risk to these forecasts (i.e. start of increases in Bank Rate is delayed even further) if economic growth remains weaker for longer than expected. However, should the pace of growth pick up more sharply than expected there could be upside risk, particularly if Bank of England inflation forecasts for two years ahead exceed the Bank of England's 2% target rate.

13.3 The suggested budgeted investment earnings rates for returns on investments placed for periods up to three months during each financial year for the next five years are as follows:

2012/13	0.70%
2013/14	1.00%
2014/15	1.60%
2015/16	3.30%
2016/17	4.10%

13.4 For its cash flow generated balances, the Council will utilise its business reserve accounts, money market funds and short dates deposits (overnight to three months) in order to benefit from the compounding of interest.

### 13.5 Specified Investments

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
- Treasury Bills

### 13.6 Non-Specified Investments

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.
- Structured deposits.
- 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

## **14. CREDIT CRITERIA**

14.1 The banking sector is still a volatile area and **the current policy is that whilst we maintain our full lending list in accordance with the methodology approved by Council on the 24 February 2010 we have been operating a more restricted lending list, lending only to UK banks, other Local Authorities and AAA Money Market Funds.** For illustrative purposes Appendix C is attached to show the countries and organisations on the lending list at the present time using the approved methodology.

14.2 The limits are driven by the methodology which is explained in paragraph 11 above the maximum limits for these banks are shown in table 7. The limits can change if there are rating changes, however the maximum limit would never be more than £25 million except for the part nationalised banks which have a £35 million limit.

## **15. NATIONALISED BANKS AND PART NATIONALISED BANKS**

15.1 In the UK, the nationalised and part-nationalised banks have credit ratings which do not conform to the credit criteria usually used to identify banks which are of high credit worthiness, as they are no longer separate institutions in their own right. However, the Council has agreed to invest in these institutions as they are now recipients of an F1 short term rating as they effectively take on the creditworthiness of the Government itself i.e. deposits made with them are effectively being made to the Government. They also have a support rating of 1; in other words, on both counts, they have the highest ratings possible.

## **16. HRA REFORM**

16.1 The present HRA subsidy arrangements are to be replaced by a new self-financing regime under the Localism Act 2011 commencing on 1 April 2012. Under the revised arrangements local authorities are expected to become entirely self-sufficient, as a result of an adjustment to their debt position. The intention is that this will give authorities greater control and allow them to manage their housing stock over the longer term, rather than the current year-by-year basis.

16.2 The Department for Communities and Local Government (CLG) has produced a settlement valuation based on assumed levels of income and expenditure over the next 30 years. The settlement valuation is deemed to be supportable over the life of the 30 year business plan and CLG has demonstrated its sustainability by showing that debt could be fully repaid within the 30 years.

## **17 HRA SUBSIDY**

17.1 At present Hammersmith and Fulham is in a positive subsidy position, whereby its assumed annual rental income is less than the assumed level of expenditure. This "shortfall" is met by the subsidy received from the Department for Communities and Local Government (CLG) which in itself is largely a redistribution of the surpluses from authorities in the reverse position.

17.2 Rather than receive subsidy in future Hammersmith and Fulham will receive a one off debt repayment of £196.8 million. No future subsidy will be receivable. The sum received is intended to create a sustainable HRA over a 30 year period.

17.3 The settlement date will be 28 March 2012. When the CLG repays the PWLB

£196.8 million, the PWLB will top slice all the existing PWLB loans in order to maintain both the average interest rate and the maturity profile of the loans. The Council's external debt will thus reduce from £459.5 million to £262.7 million. The General Fund CFR at 31 March 2012 is unaffected by the HRA reform and is estimated to be £112.7 million. The HRA CFR is estimated to be £218 million after moving to the new system.

## **18 IMPACT ON THE NET COST OF BORROWING**

18.1 In the new system, local authorities will need to allocate existing and future borrowing costs between the HRA and the General Fund as the current statutory method of apportioning debt charges will cease. CLG has signalled its intention not to impose a single solution. CIPFA has set out a suggested methodology for splitting loans to meet the requirements of the new system, but has clearly stated that local authorities may pursue other methods which take account of the following recommended principles:

- The underlying principle for the splitting of loans, at transition, must be that of no detriment to the General Fund.
- Local authorities are required to deliver a solution that is broadly equitable between the HRA and the General Fund.
- Future charges to the HRA in relation to borrowing are not influenced by General Fund decisions, giving a greater degree of independence, certainty and control.
- Uninvested balance sheet resources which allow borrowing to be below the CFR are properly identified between General Fund and HRA.

18.2 There are two main options:

- Option A - all loans are pooled and the interest is then apportioned between the General Fund and the HRA according to their respective CFRs. This replicates the existing Consolidated Rate of Interest (CRI) calculation which takes account of both external borrowing and borrowing from internal cash balances but is based on the new lower debt figure.
- Option B – move to a separate HRA and General Fund debt pool. This is CIPFA's proposed solution. It would be assumed that all HRA debt is supported by external borrowing as historically the HRA balances were relatively low. The HRA would also be credited with the interest earned on HRA cash balances (including capital receipts).

18.3 Table 8 exemplifies the interest rate implications of these two options. The exemplifications need to be treated with caution. Assumptions are made about interest rates and levels of debt repayment that may well not transpire. Unapplied receipts may also be significantly less than modelled particularly for the decent neighbourhoods.

**Table 8 – Interest Rate Exemplifications**

18.4

	2012/13	2013/14	2014/15
<b>General Fund</b>	£'m	£'m	£'m
Option A	3.0	2.2	1.1
Option B	2.5	2.2	2.0
<b>Housing Revenue Account</b>			
Option A	11.5	11.8	11.8
Option B	12.0	11.8	10.9

The different options have markedly different outcomes. This is for several reasons but mainly:

- In initially moving to separate loan pools for the HRA and General Fund the interest rate charged to the HRA in 2012/13 would increase from 5.26% to 5.6%. This is because all HRA debt would be supported by external loans (at present there is an element of internal borrowing within the CRI calculation which has a lower rate).
- By 2014/15 this position would reverse. The HRA would start to benefit from the interest earned on receipts (decent neighbourhoods pot). In addition as debt falls out of the HRA it would see the full benefit of interest savings rather than a much smaller reduction in the CRI (less than 0.5%). There are loans totalling £12.1 million which are maturing over the three years 2012/13 to 2014/15 and are at interest rates of between 9% and 9.5% as they were taken out in the late 1980s.
- The rate charged under the CRI calculation to the HRA would also increase significantly in 2013/14. This is because the CFR would drop (due to debt redemption) below actual external debt. Thus the HRA would pick up the full (more expensive) external loans rate.

18.5 Compared to the current MTFs profile the anticipated savings from both option A and B would deliver General Fund underspends. Under option A the net underspend against budget would be £0.9m in 2012/13 increasing to £1.7m by 2014/15. Under option B the net underspend against budget would be £1.2m in 2012/13 reducing to £0.2m by 2014/15.

18.6 **It is recommended that option B – a separate loan pool for the HRA – is most consistent with the underlying principles stated in paragraph 18.1.** It would give the HRA greater certainty and control over its resources. An example as to how the CRI calculation as used by Option A can disadvantage the HRA is the sudden spike in the HRA charge in 2013/14. This has nothing to do with HRA decisions but is due to a greater level of General Fund debt redemption. This does not seem equitable.

18.7 Option B would potentially lower the potential benefits arising to the General Fund in the medium term. However MTFs targets would still be met. There may also be opportunities to increase the amount of debt savings through early settlement of loans. The Council can also revisit at a future point what calculation it uses as part of the annual Treasury Management Strategy.

18.8 It is recommended to move to a separate HRA and General Fund debt pool with effect from 1 April 2012. The HRA to receive investment income on unapplied HRA receipts and other HRA cash balances calculated at the average rate of interest earned on temporary investments.

## **19. INVESTMENT CONSULTANTS AND INVESTMENT TRAINING**

19.1 Sector Treasury Services Ltd were appointed on 1 February 2011 for a three year period following a tendering exercise. Sector provide interest rate forecasts, economic updates, strategy reviews, training for treasury management staff and advice on the formulation of suitable borrowing and investment strategies and advice on investment counterparty creditworthiness.

19.2 The Council is a member of the CIPFA treasury management network which provides a forum for the exchange of views and training of treasury management staff independent of the treasury management consultants. It also provides a quality check on the services received from the consultants.

19.3 Treasury management staff are required to attend the CIPFA network meetings and Sector seminars and training events on a regular basis throughout the year to ensure that they are up to date at all times on developments in treasury management and continue to develop their expertise in this area.

## **20. COMMENTS OF THE EXECUTIVE DIRECTOR OF FINANCE AND CORPORATE GOVERNANCE**

20.1 The comments of the Executive Director of Finance and Corporate Governance are contained within this report.

## **21. COMMENTS OF THE ASSISTANT DIRECTOR (LEGAL AND DEMOCRATIC SERVICES)**

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

## **22. COMMENTS OF THE AUDIT AND PENSIONS COMMITTEE**

22.1 Any comments from the Committee will be reported verbally at the meeting.

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

<b>No.</b>	<b>Description of Background Papers</b>	<b>Name/Ext. of Holder of File/Copy</b>	<b>Department/ Location</b>
1	Borrowings and Investments Ledger	Rosie Watson Ext. 2563	Ground Floor Town Hall
2	CIPFA-Prudential Code -Accounting for Capital Finance	Rosie Watson Ext. 2563	Ground Floor Town Hall

3	Various Economic commentaries	Rosie Watson Ext. 2563	Ground Floor Town Hall
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## APPENDIX A

### THE TREASURY MANAGEMENT POLICY STATEMENT

CIPFA recommends that the Council's treasury management policy statement adopts the following form of words below to define the policies and objectives of its treasury management activities.

- This Council defines its Treasury Management activities as:  
The management of the Council's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.
- This Council regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of Treasury Management activities will focus on their risk implications for the organisation, *and any financial instruments entered into to manage these risks.*
- This Council acknowledges that effective Treasury Management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving value for money in treasury management, and to employing suitable comprehensive performance measurement techniques, within the context of effective risk management.



### TREASURY MANAGEMENT PRACTICES

CIPFA recommends that the Council's treasury management practices (TMPs) include these of the following that are relevant to its treasury management powers and the scope of its treasury management activities:

#### **TMP 1 Risk Management**

##### **General Statement**

The responsible officer will design, implement and monitor all arrangements for the identification, management and control of treasury management risk, will report at least annually on the adequacy/suitability thereof, and will report, as a matter of urgency, the circumstances of any actual or likely difficulty in achieving the organisation's objectives in this respect, all in accordance with the procedures set out in TMP6 Reporting requirements and management information arrangements. In respect of each of the following risks, the arrangements which seek to ensure compliance with these objectives are set out in the schedule to this document.

##### **i) Credit and counterparty risk management**

This council regards a key objective of its treasury management activities to be the security of the principal sums it invests. Accordingly, it will ensure that its counterparty lists and limits reflect a prudent attitude towards organisations with whom funds may be deposited, and will limit its investment activities to the instruments, method and techniques referred to in TMP 4 Approved instruments methods and techniques and listed in the schedule to this document. It also recognises the need to have, and will therefore maintain, a formal counterparty policy in respect of those organisations from which it may borrow, or with whom it may enter into other financial arrangements.

##### **ii) Liquidity risk management**

This council will ensure it has adequate though not excessive cash resources, borrowing arrangements, overdraft or standby facilities to enable it at all times to have the level of funds available to it which are necessary for the achievement of its business/service objectives.

This council will only borrow in advance of need where there is a clear business case for doing so and will only do so for the current capital programme or to finance future debt maturities.

##### **iii) Interest rate risk management**

This council will manage its exposure to fluctuations in interest rates with a view to containing its interest costs, or securing its interest revenues, in accordance with the amounts provided in its budgetary arrangements as amended in accordance with TMP 6 Reporting requirement and management information arrangements.

It will achieve this by the prudent use of its approved financing and investment instruments, methods and techniques, primarily to create stability and certainty of costs and revenues, but at the same time retaining a sufficient degree of flexibility to take advantage of unexpected, potentially advantageous changes in the level or structure

of interest rates. This should be subject to the consideration and, if required, approval of any policy or budgetary implications.

*It will ensure that any hedging tools such as derivatives are only used for the management of risk and the prudent management of financial affairs and that the policy for the use of derivatives is clearly detailed in the annual strategy.*

**iv) Exchange rate risk management**

It will manage its exposure to fluctuations in exchange rates so as to minimise any detrimental impact on its budgeted income/expenditure levels.

**v) Refinancing risk management**

This council will ensure that its borrowing, private financing and partnership arrangements are negotiated, structured and documented, and the maturity profile of the monies so raised are managed, with a view to obtaining offer terms for renewal or refinancing, if required, which are competitive and as favourable to the council as can reasonably be achieved in the light of market conditions prevailing at the time.

It will actively manage its relationships with its counterparties in these transactions in such a manner as to secure this objective, and will avoid over-reliance on any one source of funding if this might jeopardise achievement of the above.

**vi) Legal and regulatory risk management**

This council will ensure that all its treasury management activities comply with its statutory powers and regulatory requirements. It will demonstrate such compliance, if required to do so, to all parties with whom it deals in such activities. In framing its credit and counterparty policy under TMP 1 (i) Credit and counterparty risk management, it will ensure that there is evidence of counterparties' powers, authority and compliance in respect of the transactions they may effect with the council, particularly with regard to duty of care and fees charged.

*This council recognises that future legislative or regulatory changes may impact on its treasury management activities and, so far as it is reasonably able to do so, will seek to minimise the risk of these impacting adversely on the organisation.*

**vii) Fraud, error and corruption, and contingency management**

This council will ensure that it has identified the circumstances which may expose it to the risk of loss through fraud, error, corruption or other eventualities in its treasury management dealings. Accordingly, it will employ suitable systems and procedures, and will maintain effective contingency management arrangements, to these ends.

**viii) Market risk management**

This council will seek to ensure that its stated treasury management policies and objectives will not be compromised by adverse market fluctuations in the value of the principal sums it invests, and will accordingly seek to protect itself from the effects of such fluctuations.

## **TMP 2 Performance measurement**

This council is committed to the pursuit of value for money in its treasury management activities, and to the use of performance methodology in support of that aim, within the framework set out in its treasury management policy statement.

Accordingly, the treasury management function will be the subject of ongoing analysis of the value it adds in support of the council's stated business or service objectives. It will be the subject of regular examination of alternative methods of service delivery, of the availability of fiscal or other grant or subsidy incentives, and of the scope for other potential improvements. The performance of the treasury management function will be measured using the criteria set out in the schedule to this document.

## **TMP 3 Decision-making and analysis**

This council will maintain full records of its treasury management decisions, and of the processes and practices applied in reaching those decisions, both for the purposes of learning from the past, and for demonstrating that reasonable steps were taken to ensure that all issues relevant to those decisions were taken into account at that time. The issues to be addressed and processes and practices to be pursued in reaching decisions are detailed in the schedule to this document.

## **TMP 4 Approved Instruments, method and techniques**

This council will undertake its treasury management activities by employing only those instruments, methods and techniques detailed in the schedule to this document, and within the limits and parameters defined in TMP1 Risk management.

*Where this council intends to use derivative instruments for the management of risks, these will be limited to those set out in its annual strategy. The organisation will seek proper advice and will consider that advice when entering into arrangements to use such products to ensure that it fully understands those products.*

## **TMP 5 Organisation, clarity and segregation of responsibilities, and dealing arrangements**

This council considers it essential, for the purposes of the effective control and monitoring of its treasury management activities, for the reduction of the risk of fraud or error, and for the pursuit of optimum performance, that these activities are structured and managed in a fully integrated manner, and that there is at all times a clarity of treasury management responsibilities.

The principal on which this will be based is a clear distinction between those charged with setting treasury management policies and those charged with implementing and controlling these policies, particularly with regard to the execution and transmission of funds, the recording and administering of treasury management decisions, and the audit and review of the treasury management function.

If and when this council intends, as a result of lack of resources or other circumstances, to depart from these principles, the responsible officer will ensure that the reasons are properly reported in accordance with TMP 6

Reporting requirements and management information arrangements, and the implications properly considered and evaluated.

The responsible officer will ensure that there are clear written statements of the responsibilities for each post engaged in treasury management, and the arrangements for absence cover. The responsible officer will also ensure that at all times those engaged in treasury management will follow the policies and procedures set out. The present arrangements are detailed in the schedule to this document.

The responsible officer will ensure there is proper documentation for all deals and transactions, and that procedures exist for the effective transmission of funds. The present arrangements are detailed in the schedule to this document.

The delegations to the responsible officer in respect of treasury management are set out in the schedule to this document. The responsible officer will fulfil all such responsibilities in accordance with the council's policy statement and TMPs and, if a CIPFA member, the Standard of Professional Practice on Treasury Management.

## **TMP 6 Reporting requirements and management information arrangements**

This council will ensure that regular reports are prepared and considered on the implementation of its treasury management policies; on the effect of decisions taken and transactions executed in pursuit of those policies; on the implications of changes, particularly budgetary, resulting from regulatory, economic, market or other factors affecting its treasury management activities; and on the performance of the treasury management function.

As a minimum:

The council will receive:

- An annual report on the strategy and plan to be pursued in the coming year.
- A mid-year review.
- An annual report on the performance of the treasury management function, on the effects of the decisions taken and the transactions executed in the past year, and on any circumstances of non-compliance with the council's treasury management policy statement and TMPs.

The Cabinet will receive regular monitoring reports on treasury management activities and risks.

The body responsible for scrutiny, such as audit or scrutiny committee, will have responsibility for the scrutiny of treasury management policies and practices.

The Council will report the treasury management indicators as detailed in the sector specific guidance notes.

The present arrangements and the form of these reports are detailed in the schedule to this document.

## **TMP 7 Budgeting, accounting and audit arrangements**

The responsible officer will prepare, and this council will approve and, if necessary, from time to time will amend, an annual budget for treasury management, which will bring together all of the costs involved in running the treasury management function, together with associated income. The matters to be included in the budget will at minimum be those required by statute or regulation, together with such information as will demonstrate compliance with TMP1 Risk Management, TMP 2 Performance measurement, and TMP 4 Approved instruments, methods and techniques. The responsible officer will exercise effective controls over this budget, and will report upon and recommend any changes required in accordance with TMP 6 Reporting requirements and management information arrangements.

This council will account for its treasury management activities, for decisions made and transactions executed, in accordance with appropriate accounting practices and standards, and with statutory and regulatory requirements in force for the time being.

## **TMP 8 Cash and cash flow management**

Unless statutory or regulatory requirements demand otherwise, all monies in the hands of this council will be under the control of the responsible officer, and will be aggregated for cash flow and investment management purposes. Cash flow projections will be prepared on a regular and timely basis, and the responsible officer will ensure that these are adequate for the purposes of monitoring compliance with TMP 1 Liquidity risk management. The present arrangements for preparing cash flow projections, and their form, are set out in the schedule to this document.

## **TMP 9 Money laundering**

This council is alert to the possibility that it may become the subject of an attempt to involve it in a transaction involving the laundering of money. Accordingly, it will maintain procedures for verifying and recording the identity of counterparties and reporting suspicions, and will ensure that staff involved in this are properly trained. The present arrangements, including the name of the officer to whom reports should be made, are detailed in the schedule to this document.

## **TMP10 Training and qualifications**

This council recognises that the importance of ensuring that all staff involved in the treasury management functions are fully equipped to undertake the duties and responsibilities allocated to them. It will therefore seek to appoint individuals who are both capable and experienced and will provide training for staff to enable them to acquire and maintain an appropriate level of expertise, knowledge and skills. The responsible officer will recommend and implement the necessary arrangements.

The responsible officer will ensure that Council members tasked with treasury management responsibilities, including those responsible for scrutiny, have access to training relevant to their needs and responsibilities.

Those charged with governance recognise their individual responsibility to ensure that they have the necessary skills to complete their role effectively.

The present arrangements are detailed in the schedule to this document.

### **TMP11 Use of external providers**

This council recognises that responsibility for treasury management decisions remains with the council at all times. It recognises that there may be potential value in employing external providers of treasury management services, in order to acquire access to specialist skills and resources. When it employs such services providers, it will ensure it does so for reasons which have been submitted to a full evaluation of the costs and benefits. It will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented, and subject to regular review. And it will ensure, where feasible and necessary, that a spread of service providers, is used, to avoid over reliance on one or a small number of companies. Where services are subject to formal tender or re-tender arrangements, legislative requirements will always be observed. The monitoring of such arrangements rest with the responsible officer, and details of the current arrangements are set out in the schedule to this document.

### **TMP12 Corporate governance**

This council is committed to the pursuit of proper corporate governance throughout its businesses and services, and to establishing the principles and practices by which this can be achieved. Accordingly, the treasury management function and its activities will be undertaken with openness and transparency, honesty, integrity and accountability.

This council has adopted and has implemented the key principles of the Code. This together with the other arrangements detailed in the schedule to this document, are considered vital to the achievement of proper corporate governance in treasury management, and the responsible officer will monitor and, if and when necessary, report upon the effectiveness of these arrangements.

CREDIT RATING LIST

Subjective Oversight																		
Counterparty	Fitch rating				Moody's rating				Suggest Duration (Watch/Outlook Adjusted)	CDS Data				Suggested Duration (CDS Adjusted)				
	Fitch L Term Status	Fitch S Term	Fitch S Term Viability Support	Moody's L Term Status	Moody's S Term	Moody's S Term Status	FSR	S & P rating		03/02/12	Week % Change	3 Month % Change	6 Month % Change		CDS Status			
								S & P L Term Status								S & P S Term Status		
Australia - Sovereign	SB	AAA		SB	Aaa			SB	AAA		Not Applicable	73.6	-2.5%	-7.2%	26.1%	In Range	Not Applicable	
Australia & New Zealand Banking Group Ltd	NW	AA-	1	SB	Aa2	P-1	B-	SB	AA-	A-1+	Orange = 12 mths	153.1	-5.3%	-11.9%	13.6%	In Range	Green = 3 mths	
Commonwealth Bank of Australia	NW	AA	1	SB	Aa2	P-1	B-	SB	AA-	A-1+	Purple = 24 mths	153.1	-5.3%	-10.8%	13.9%	In Range	Green = 3 mths	
National Australia Bank Ltd	NW	AA	1	SB	Aa2	P-1	B-	SB	AA-	A-1+	Purple = 12 mths	153.1	-5.3%	-8.1%	14.0%	In Range	Green = 3 mths	
Westpac Bank Corporation	NW	AA	1	SB	Aa2	P-1	B-	SB	AA-	A-1+	Purple = 6 mths	153.1	-5.3%	-11.8%	16.8%	In Range	Green = 3 mths	
Moody's rating											CDS Data							
Counterparty	Fitch rating				Moody's rating				Suggest Duration (Watch/Outlook Adjusted)	CDS Data				Suggested Duration (CDS Adjusted)				
	Fitch L Term Status	Fitch S Term	Fitch S Term Viability Support	Moody's L Term Status	Moody's S Term	Moody's FRS Status	FSR	S & P rating		03/02/12	Week % Change	3 Month % Change	6 Month % Change		CDS Status			
								S & P L Term Status								S & P S Term Status		
Canada - Sovereign	SB	AAA		SB	Aaa			SB	AAA		Not Applicable						Not Applicable	
Bank of Montreal	SB	AA-	1	SB	Aa2	P-1	B-	SB	A+	A-1	Orange = 12 mths						Green = 3 mths	
Bank of Nova Scotia	SB	AA-	1	SB	Aa1	P-1	B	SB	AA-	A-1+	Purple = 24 mths						Green = 3 mths	
Canadian Imperial Bank of Commerce	SB	AA-	1	SB	Aa2	P-1	B-	SB	A+	A-1	Orange = 12 mths						Green = 3 mths	
National Bank of Canada	SB	A+	1	SB	Aa2	P-1	B-	SB	A	A-1	Red = 6 mths						Green = 3 mths	
Royal Bank of Canada	SB	AA	1	SB	Aa1	P-1	B	SB	AA-	A-1+	Purple = 24 mths						Green = 3 mths	
Toronto Dominion Bank	SB	AA-	1	NO	Aaa	P-1	B-	SB	AA-	A-1+	Purple = 24 mths						Green = 3 mths	
Moody's rating											CDS Data							
Counterparty	Fitch rating				Moody's rating				Suggest Duration (Watch/Outlook Adjusted)	CDS Data				Suggested Duration (CDS Adjusted)				
	Fitch L Term Status	Fitch S Term	Fitch S Term Viability Support	Moody's L Term Status	Moody's S Term	Moody's FRS Status	FSR	S & P rating		03/02/12	Week % Change	3 Month % Change	6 Month % Change		CDS Status			
								S & P L Term Status								S & P S Term Status		
Denmark - Sovereign	SB	AAA		SB	Aaa			SB	AAA		Not Applicable	118.2	-1.3%	-12.0%	21.5%	In Range	Not Applicable	
Danske Bank AS	NO	A	1	NO	A2	P-1	C	NO	A	A-1	Green = 3 mths	216.5	-9.5%	-21.6%	-11.7%	15.8%	Monitoring	N/C - 0 mths
Moody's rating											CDS Data							
Counterparty	Fitch rating				Moody's rating				Suggest Duration (Watch/Outlook Adjusted)	CDS Data				Suggested Duration (CDS Adjusted)				
	Fitch L Term Status	Fitch S Term	Fitch S Term Viability Support	Moody's L Term Status	Moody's S Term	Moody's FRS Status	FSR	S & P rating		03/02/12	Week % Change	3 Month % Change	6 Month % Change		CDS Status			
								S & P L Term Status								S & P S Term Status		
Finland - Sovereign	SB	AAA		SB	Aaa			NO	AAA		Not Applicable	61.8	-4.7%	-19.3%	6.5%	In Range	Not Applicable	
Nordea Bank Finland Plc	SB	AA-	1	SB	Aa2	P-1	C-	SB	AA-	A-1+	Orange = 12 mths	131.7%	-3.6%	-25.5%	-14.3%	20.8%	In Range	Green = 3 mths

Counterparty	Fitch rating				Moody's rating				S & P rating	Duration	Suggested Duration (Watch/Outlook Adjusted)	CDS Data				Suggested Duration (CDS Adjusted)									
	Fitch L Term Status	Fitch S Term Status	Fitch Viability Support	Fitch L Term Status	Fitch S Term Status	Fitch FRS Status	Fitch L Term Status	Fitch S Term Status				Fitch FRS Status	S & P L Term Status	S & P S Term Status	Week % Change		1 Month % Change	3 Month % Change	6 Month % Change						
																				Moody's L Term Status	Moody's S Term Status	Moody's FRS Status	Moody's L Term Status	Moody's S Term Status	Moody's FRS Status
France - Sovereign	NO	AAA	1	SB	Aaa	NO	Aa3	P-1	NO	C	NO	AA+	NO	AA-	A-1+	Not Applicable	Not Applicable	165.3	-0.3%	-24.2%	-4.7%	17.5%	In Range	Not Applicable	
BNP Paribas	SB	A+	FI+	a+	1	NO	Aa3	P-1	NO	C	NO	AA-	Orange	-12 mths	Red - 6 mths	A-1+	Not Applicable	194.2	-0.5%	-21.5%	-19.1%	14.5%	In Range	Green - 3 mths	
Germany - Sovereign	SB	AAA	1	SB	Aaa	NO	Aa3	P-1	SB	C-	NO	AA+	NO	AA-	A-1	Not Applicable	Not Applicable	84.8	-0.9%	-16.6%	-3.3%	23.7%	In Range	Not Applicable	
Deutsche Bank AG	SB	A+	FI+	a	1	SB	Aa3	P-1	SB	C-	NO	AA+	Red - 6 mths	Red - 6 mths	A-1	Not Applicable	Not Applicable	134.7	-3.5%	-27.9%	-30.8%	12.5%	In Range	Green - 3 mths	
Hong Kong	SB	AA+	1	SB	Po	Aa1	Aa1	P-1	SB	B-	SB	AAA	Not Applicable	Purple	-24 mths	A-1+	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
Hong Kong and Shanghai Banking Corporation Ltd	SB	AA	FI+	aa	1	SB	Aa1	P-1	SB	B-	SB	AAA	Not Applicable	Purple	-24 mths	A-1+	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
Netherlands - Sovereign	SB	AAA	1	SB	Aaa	NO	Aa3	P-1	NO	C+	NO	AA+	NO	AA-	A-1	Not Applicable	Not Applicable	98.0	-3.6%	-18.7%	1.3%	54.8%	In Range	Not Applicable	
Bank Nederlandse Gemeenten	SB	AAA	1	SB	Aaa	NO	Aa3	P-1	SB	A	NO	AA+	Not Applicable	Purple	-24 mths	A-1+	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
Co-operative Centrale Raiffeisen - Boerenleenbank/BA	SB	AA	FI+	1	NO	Aaa	Aaa	P-1	NO	B+	NO	AA	Not Applicable	Purple	-24 mths	A-1+	Not Applicable	Not Applicable	107.9	-4.5%	-10.1%	-2.7%	33.7%	In Range	Green - 3 mths
ING Bank NV	SB	A+	FI+	a	1	SB	Aa3	P-1	NO	C+	NO	AA+	Red - 6 mths	Red - 6 mths	A-1	Not Applicable	Not Applicable	130.1	-8.0%	-40.0%	-30.9%	-12.6%	In Range	Green - 3 mths	
Norway - Sovereign	SB	AAA	1	SB	Aaa	NO	Aa3	P-1	SB	C	NO	AA+	Not Applicable	Red - 6 mths	Red - 6 mths	A-1	Not Applicable	Not Applicable	33.2	-3.8%	-25.8%	-14.3%	-9.2%	In Range	Not Applicable
DnB NOR Bank	SB	A+	FI	a+	1	SB	Aa3	P-1	SB	C	NO	AA+	Red - 6 mths	Red - 6 mths	A-1	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable



Counterparty	Fitch rating				Moody's rating				S & P rating	Duration	Suggested Duration (Watch/Outlook Adjusted)	CDS Data				Suggested Duration (CDS Adjusted)		
	Fitch L Term Status	Fitch S Term Status	Fitch Viability Support	Fitch L Term S Term	Moody's L Term Status	Moody's S Term Status	Moody's FRS Status	Moody's FSR				S & P L Term Status	S & P S Term Status	Week % Change	1 Month % Change		3 Month % Change	6 Month % Change
Singapore - Sovereign	SB	AAA			SB	AAA			AAA						Not Applicable			
DBS Ltd	SB	AA-	1	SB	Aa1	P-1	B	SB	AA-	A-1+					Green = 3 mths			
Oversea Chinese Banking Corp Ltd.	SB	AA-	1	SB	Aa1	P-1	B	SB	AA-	A-1+					Green = 3 mths			
United Overseas Bank Ltd.	SB	AA-	1	SB	Aa1	P-1	B	SB	AA-	A-1+					Green = 3 mths			
CDS Data																		
Counterparty	Fitch rating				Moody's rating				S & P rating		Duration	Suggested Duration (Watch/Outlook Adjusted)	Week % Change	1 Month % Change	3 Month % Change	6 Month % Change	Suggested Duration (CDS Adjusted)	
Sweden - Sovereign	SB	AAA			SB	Aaa			AAA		Not Applicable	Not Applicable	54.6	-8.2%	10.1%	4.7%	Not Applicable	
Nordea Bank AB	SB	AA-	1	SB	Aa2	P-1	C+	SB	AA-	A-1+	Orange = 12 mths	Orange = 12 mths	131.7	-3.6%	-14.3%	20.6%	Green = 3 mths	
Svenska Handelsbanken AB	SB	AA-	1	SB	Aa2	P-1	C-	SB	AA-	A-1+	Orange = 12 mths	Orange = 12 mths	118.3	0.4%	-16.0%	54.3%	Green = 3 mths	
CDS Data																		
Counterparty	Fitch rating				Moody's rating				S & P rating		Duration	Suggested Duration (Watch/Outlook Adjusted)	Week % Change	1 Month % Change	3 Month % Change	6 Month % Change	Suggested Duration (CDS Adjusted)	
Switzerland - Sovereign	SB	AAA			SB	Aaa			AAA		Not Applicable	Not Applicable					Not Applicable	
Credit Suisse	SB	A	1	RD	Aa1	P-1	B	NO	A+	A-1	Orange = 12 mths	Red = 6 mths	126.5	-0.2%	-12.0%	19.3%	Green = 3 mths	
CDS Data																		
Counterparty	Fitch rating				Moody's rating				S & P rating		Duration	Suggested Duration (Watch/Outlook Adjusted)	Week % Change	1 Month % Change	3 Month % Change	6 Month % Change	Suggested Duration (CDS Adjusted)	
UK - Sovereign	SB	AAA			SB	Aaa			AAA		Not Applicable	Not Applicable	74.6	-4.0%	-15.9%	-2.1%	Not Applicable	
Barclays Bank plc	SB	A	1	NO	Aa3	P-1	C	SB	A+	A-1	Red = 6 mths	Red = 6 mths	148.4	-2.5%	-28.3%	0.7%	Green = 3 mths	
HSBC Bank plc	SB	AA	1	NO	Aa2	P-1	C+	SB	AA-	A-1+	Orange = 12 mths	Orange = 12 mths	110.3	-6.4%	-20.8%	29.2%	Green = 3 mths	
Standard Chartered Bank	SB	AA-	1	SB	A1	P-1	B-	SB	AA-	A-1+	Orange = 12 mths	Orange = 12 mths	147.9	-4.1%	-18.0%	34.2%	Green = 3 mths	
Suntama Mitsu Banking Corporation Europe Ltd.	SB	A	1	SB	Aa3	P-1	C	NO	A+	A-1	Green = 3 mths	Green = 3 mths	143.8	-0.8%	-17.5%	28.6%	Green = 3 mths	

Counterparty	Fitch rating				Moody's rating				S & P rating				CDS Data									
	Fitch L Term Status	Fitch S Term Status	Fitch S Term Viability Support	Fitch S Term Status	Moody's L Term Status	Moody's S Term Status	Moody's FRS Status	Moody's FRS Status	S & P L Term Status	S & P S Term Status	S & P L Term Status	S & P S Term Status	Duration	Suggested Duration (Watch/Outlook Adjusted)	03/02/12	Week % Change	1 Month % Change	3 Month % Change	6 Month % Change	CDS Status	Suggested Duration (CDS Adjusted)	
	NO	AAA		NO	NO	Aaa		NO	AA+	AA+	NO	AA+	Not Applicable	Not Applicable	41.5	-5.4%	-19.6%	-10.3%	-25.1%	In Range	Not Applicable	
US - Sovereign																						
Bank of New York Mellon	SB	AA-	F1+	at- 1	RD	Aaa	P-1	RD	NO	AA-	A-1+	NO	Purple =24 mths	Purple =24 mths								Green = 3 mths
HSBC Bank USA	SB	AA	F1+	at- 1	NO	Aa3	P-1	NO	NO	AA-	A-1+	NO	Orange = 12 mths	Red = 6 mths								Green = 3 mths
J.P. Morgan Chase Bank NA	SB	AA-	F1+	at- 1	NO	Aa1	P-1	NO	NO	AA-	A-1	NO	Orange = 12 mths	Orange = 12 mths	119.6	-3.1%	-16.6%	-14.8%	17.6%	In Range		Green = 3 mths
State Street Bank and Trust Company	SB	A+	F1+	at- 1	NO	Aa2	P-1	NO	NO	AA-	A-1+	NO	Orange = 12 mths	Orange = 12 mths								Green = 3 mths

Counterparty	Fitch rating				Moody's rating				S & P rating				CDS Data									
	Fitch L Term Status	Fitch S Term Status	Fitch S Term Viability Support	Fitch S Term Status	Moody's L Term Status	Moody's S Term Status	Moody's FRS Status	Moody's FRS Status	S & P L Term Status	S & P S Term Status	S & P L Term Status	S & P S Term Status	Duration	Suggested Duration (Watch/Outlook Adjusted)	03/02/12	Week % Change	1 Month % Change	3 Month % Change	6 Month % Change	CDS Status	Suggested Duration (CDS Adjusted)	
	SB	A	F1	1	RD	A1	P-1	SB	D+	SB	A	A-1	Blue = 12 mths	Blue = 12 mths								Not Applicable
UK Nationalised and Part nationalised Banks																						
Bank of Scotland Plc	SB	A	F1	1	RD	A1	P-1	SB	D+	SB	A	A-1	Blue = 12 mths	Blue = 12 mths								Not Applicable
Lloyds TSB Bank plc	SB	A	F1	bbb 1	RD	A1	P-1	RD	C-	SB	A	A-1	Blue = 12 mths	Blue = 12 mths	220.8	-6.5%	-34.4%	-24.0%	-3.2%		Not Applicable	
National Westminster Bank plc	SB	A	F1	1	NO	A2	P-1	SB	C-	SB	A	A-1	Blue = 12 mths	Blue = 12 mths								Not Applicable
Royal Bank of Scotland plc	SB	A	F1	bbb 1	NO	A2	P-1	SB	C-	SB	A	A-1	Blue = 12 mths	Blue = 12 mths	234.7	-4.4%	-31.0%	-24.1%	3.1%		Not Applicable	

**Group Limits**

- The following banks operate under their own name but are part of the same banking group
- 1) Lloyds Bank Group plc - Bank of Scotland/Lloyds TSB plc, Halifax plc, HBOS Treasury Services
  - 2) Royal Bank of Scotland Group plc - ABN AMRO Bank NV, Nat West, RBS plc, Ulster Bank Ltd
  - 3) Dexia Bank (in Belgium), Dexia BL (in Luxembourg), Dexia Credit Local (in France)
  - 4) Credit Agricole, Credit Agricole Indosuez, Celyon (French)
  - 5) HSBC plc, HSBC Bank USA, Hong Kong and Shanghai Banking Corp (Hong Kong)
  - 6) Bank of Ireland and Bristol and West
  - 7) Nordea Banks - Denmark, Finland, Norge ASA, Sweden
  - 8) Banco Santander - Banco Santander UK plc (old Abbey National) Alliance and Leicester, Bradford and Bingley
  - 9) Nationwide Building Society, Derbyshire, Cheshire and Dunfermline Building Society
  - 10) Barclays, Woolwich

The limits for the Groups will be £25 Million or as per the Lending limit for the individual Bank except for the UK which would be unlimited.

03/02/12

**The Council minimum rating requirement is as follows**

Sovereign Rating	AA+
Fitch	Long Term A- Short Term F2 Individual bbb- Support 2
Moody's	Long Term A3 Short Term P-2 Financial Strength C
S & P	A- A-3



# Report to Council

29 FEBRUARY 2012

**LEADER**

*Councillor Stephen Greenhalgh*

**COUNCILLORS' ALLOWANCES SCHEME:  
ANNUAL REVIEW AND REVISION**

**WARDS  
All**

**SYNOPSIS**

This report performs the statutory annual review of Councillors' allowances for the 2012/13 financial year and contains a revision to the 2011/12 Councillors' Allowance Scheme. The annual review takes into account the recommendations made in the Independent Remunerator's report to London Councils (May 2010).

**CONTRIBUTORS**

EDFCG  
ADLDS

**RECOMMENDATION:**

**That the revision to the Councillors' Allowance Scheme for 2011/12 as set out in paragraph 1.3 of the report and Appendix 1 be approved.**

**That the Councillors' Allowances Scheme 2012 – 13 as set out in the report, be adopted.**

## **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.

### **Revision to the Allowance Scheme**

- 1.2 The appointment of six Cabinet Assistant posts was approved by Council on 23 February 2011. Cabinet Assistants to the Cabinet Members do not have a Cabinet vote, nor act as deputies or substitutes for Cabinet Members, nor are they able to take executive decisions on behalf of the Cabinet Member. Each Cabinet Assistant appointed has a specific area of strategic policy input into the Administration's priority area:-

- Councillor Frances Stainton (Parks) (NB Member has agreed to forego their SRA in relation to this appointment)
- Councillor Michael Adam (Asset Management) (NB Member has agreed to forego their SRA in relation to this appointment)
- Councillor Adronie Alford (Housing)
- Councillor Georgie Cooney (Education)
- Councillor Belinda Donovan (Crime)
- Councillor Jane Law (Street Scene)

- 1.3 Due to the strategic importance of Housing in the Administration's policy agenda, Council is asked to create a Lead Member for Resident Involvement (Housing) SRA entitled post. This role will assist the Cabinet Member for Housing in the following areas:-

### **Lead Member for Resident Involvement (Housing)**

- Responsibility for chairing the Borough Forum and setting the Forum's agenda in consultation with the Cabinet Member for Housing.
- Responsibility for overseeing the review of the structure of the Area Forums and lead liaison between the Housing and Regeneration Department and the Forums in conjunction with the Cabinet Member for Housing.
- Responsibility for leading the Council's engagement, in its role as a social landlord, with registered Tenants' and Residents' Associations and associated organisations to drive forward resident satisfaction and improve service delivery.
- Responsibility for leading on the liaison between the Housing and Regeneration Department and leaseholders in Hammersmith & Fulham-owned property, including overseeing the function of the Leaseholder Forums and the Leaseholder Conference, in conjunction with the Cabinet Member for Housing.
- Responsibility for ensuring the effective delivery of the Council's new Resident Involvement Strategy and oversight of the Resident's Involvement Panel and the Repairs Working Group.
- To lead on engagement with other Registered Providers of social housing within Hammersmith and Fulham in respect of resident involvement, and

to assist the Cabinet Member for Housing in the discharge of functions relating to the social regulation aspects of the Localism Act 2011.

- 1.4 A special responsibility allowance of £6183 shall therefore be paid to the post. Councillors only receive an allowance for the period of their term of office in cases where it is less than the whole financial year. A Special Responsibility Allowance would cease where the SRA entitled post ceases to exist during the year. The nominated post holder for this new role currently acts as the Cabinet Assistant (Housing). The Cabinet Assistant role shall cease with effect from 1 March 2012 when the new Lead Member role shall take effect. The amended scheme is set out at **APPENDIX 1** to this report.

### **Annual Review**

- 1.5 The Council's proposed Scheme for the financial year 2012/13 remains the same as the revised scheme for 2011/12 with no additional Special Responsibility Allowance (SRA) being recommended. This will take effect from 1 April 2012. The Council has taken into account the independent remunerator's recommendation issued in May 2010 but has decided to retain its own basic rate allowance.
- 1.6 In 2009, due to the economic conditions, it was recommended that all allowances be frozen at the 2008/9 levels. In years prior to this decision being taken, an automatic uplift in line with the previous year's Local Government Pay Settlement was made. The pay award for 2011/12 was 0%. Due to the current economic conditions, it is recommended that all allowances continue to be frozen for a third year at the 2008/9 levels.

## **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. The Local Authorities (Members' Allowances) (England) Regulations 2003 authorises the establishment by London Councils of an Independent Remuneration Panel to make recommendations in respect of the members' allowances payable by London Boroughs. Such a Panel was established and has reported in 2001, 2003 and 2006. The Panel was re-constituted in 2009 comprising Sir Rodney Brooke CBE (Chair), Professor Drew Stevenson and Jo Valentine. The Panel findings were agreed by London Councils Leaders' Committee in May 2010. The report has 12 recommendations which are attached at **APPENDIX 2**.

2.3 Having considered the proposals contained within the report, the Council once again notes that the current scheme is broadly consistent with the independent remunerator's report and recommendations, with the following significant differences:-

- Allowances to be updated in line with local government pay awards;
- Role descriptions should be developed for councillors for all their areas of work;
- The role descriptions should be placed on council websites;
- Councils should consider the introduction of an appraisal system for members;
- Councillors who, without reasonable cause, fail to discharge their duties should not claim the basic allowance. The legislation requiring only an attendance at a council meeting every six months should be tightened.
- Only one SRA should be paid to a councillor in respect of duties with the same authority.
- Rationalisation in the tax treatment of expenses borne by councillors and recommend that the Local Government Association be asked to pursue that at the national level, or failing that, London Councils attempt to achieve rationalisation on behalf of London.

2.4 The Council has taken into account the independent remunerator's recommendation but has decided to retain its own basic rate allowance frozen at the 2008 – 09 level. The basic role of a councillor is enshrined in the constitution which is already published on the Internet. In particular there are detailed provisions in relation to the Mayor and Cabinet. The political parties rather than officers are in a better position to introduce and administer an appraisal system for members. This is a matter for the parties to undertake and administer at their discretion.

The Council agrees that Councillors who, without reasonable cause, fail to discharge their duties should not claim the basic allowance and that legislation requiring only an attendance at a Council meeting every six months should be tightened. The Council does not agree that only one SRA should be paid to a councillor in respect of duties with the same authority. Each local authority should be able to look at its own local circumstances due to the profile and size of its membership. The Council consists of 46 members with a high proportion of young councillors and people in active employment. The removal of the Cabinet, Mayor and Deputy Mayor from participating in committees reduces the number of people who would be available to sit on committees which meet with an exceptional frequency.

The Council also agrees that there should be a rationalisation in the tax treatment of expenses borne by councillors and support that the Local Government Association be asked to pursue this at the national level, or failing that, London Councils should attempt to achieve rationalisation on behalf of London.

2.5 Council is requested to adopt the Scheme set out at Appendix 1 effective from 1 April 2012 subject to any changes which might arise.

**3. COMMENTS OF THE ASSISTANT DIRECTOR (LEGAL AND DEMOCRATIC 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 EXECUTIVE DIRECTOR OF FINANCE AND CORPORATE GOVERNANCE**

4.1 The Executive Director of Finance and Corporate Governance can confirm that the proposed action is cost neutral and that sufficient provision in the existing budget to fund the costs as contained in this report.

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

<b>No.</b>	<b>Description of Background Papers</b>	<b>Name/Ext. of Holder of File/Copy</b>	<b>Department/ Location</b>
1.	The Remuneration of Councillors in London: 2010 Review (May 2010)	Kayode Adewumi, ext 2499	FCS, Room 133a, Hammersmith Town Hall
2.	Members' Allowance Scheme report 2011/12	Kayode Adewumi, ext 2499	FCS, Room 133a, Hammersmith Town Hall

## Members' Allowances Scheme 2011-12 (Revision) Members' Allowances Scheme 2012-13 (Annual Review)

[Revision effective from 1<sup>st</sup> March 2012]

This scheme is made in accordance with the Local Authorities (Members' Allowances) (England) Regulations 2003 ("the Regulations") for 2012 –2013 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 May 2010.

### 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 £9964 per annum to be paid in 12 monthly instalments on the 15<sup>th</sup> 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 frozen at the 2008 – 09 level.

The basic rate allowance for all LBHF Councillors will therefore be:

£8,940 - to be paid in 12 monthly instalments on the 15<sup>th</sup> 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 (SRAs), but in the interest of maintaining a low Council Tax and the current economic conditions, it has been decided to freeze the Council's own scheme of SRAs at the same level approved for 2008 - 9 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	£5,000
Chairmen of Overview & Scrutiny Committees/Select Committees (4)	£6,183



Leader of the Opposition	£17,874
Deputy Leader of the Opposition	£6,183
Opposition Whip	£6,183
Chairmen of Planning Applications Committee, Audit and Pensions Committee, Licensing Committee & councillor member on Adoption Panel, Lead Member for Resident Involvement (Housing)	£6,183
The Mayor	£11,922
Deputy Mayor	£6,183
Cabinet Assistants (6)	£3,000

Councillors only receive an allowance for the period of their term of office in cases where it is less than the whole financial year. A Special Responsibility Allowance would cease where the SRA entitled post ceases to exist during 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

45 pence per mile.

##### (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 continue 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 2012-13. All allowances have been frozen at the 2008 – 9 level.

**5) ELECTION TO FOREGO ALLOWANCES**

In accordance with the provisions of regulation 13, a Councillor may, by notice in writing to the Chief Executive, elect to forego 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 70<sup>th</sup> birthday. However, under new pensions regulations, the situation has changed, and the independent remunerator's report now recommends all Councillors under the age of 75 years be entitled to join the London Borough of Hammersmith & Fulham Pension Scheme, and have their basic allowance and special responsibility allowances treated as pensionable. This recommendation has accordingly been adopted.

**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 of £504.00 p.a. is payable by equal monthly instalments of £42.00 on the 15<sup>th</sup> 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 and Committee Members of a Standards Committee be paid an allowance of £256 and £127 per meeting respectively, 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 the postholders. This recommendation has not been adopted. The Council's own figure of £252.00 p.a. is payable by equal monthly instalments of £21.00 on the 15<sup>th</sup> of each month.

In all cases, the allowances given in this scheme shall not be uprated by the same percentage rate of increase as the previous years national Local Government Pay Settlement but frozen at the 2008 – 9 levels.

### INDEPENDENT REMUNERATION PANEL RECOMMENDATIONS

1. We believe that the scheme of allowances that the panel recommended in 2001, updated in line with local government pay awards, is still appropriate. We set out the five bands of responsibility with updated figures for the basic allowance and for the five bands.
2. We continue to believe that the roles identified in the 2006 report as attaching to the bands are still, in general terms, appropriate. Consultation has suggested other roles, but most are covered by the 2006 recommendations. We have added to the role descriptions in band one 'community leaders' and 'leaders of a specific major project'. We appreciate that such responsibilities can provide development opportunities for the leaders of the future and are analogous to other responsibilities within band one.

We also recommend the inclusion of 'acting as a member of a committee or sub-committee which meets with exceptional frequency or for exceptionally long periods' and 'acting as a member of an adoption panel where membership requires attendance with exceptional frequency or for exceptionally long periods'.

3. With changes in local government structure and organisation, we accept that some cabinet roles may be more demanding than others. Although it may be sensible for many councils to remunerate cabinet members at the same level, we believe that there is sufficient width in band three to permit councils to recognise different levels of responsibility within the cabinet where this is appropriate.
4. In return for the levels of remuneration which we propose, it is important that councillors account publicly for their activities. We believe that:
  - a. role descriptions should be developed for councillors for all their areas of work;
  - b. the role descriptions should be placed on council websites;
  - c. members should report publicly on their activity through a variety of channels as illustrated in the main report; and
  - d. councils should consider the introduction of an appraisal system for members.
5. Councillors who, without reasonable cause, fail to discharge their duties should not claim the basic allowance. We believe that the legislation requiring only an attendance at a council meeting every six months should be tightened.
6. We endorse the recommendations of the 2006 report in relation to the chair and members of the standards committee.
7. We reiterate our view that only one SRA should be paid to a councillor in respect of duties with the same authority.

8. Although councillors are not employees, we believe that it is reasonable that their special responsibility allowances should not cease in case of sickness, maternity and paternity leave in the same way that employees enjoy such entitlements. We continue to recommend that councils should be able to make arrangements in their schemes in appropriate circumstances to enable this to happen.
9. We continue to recommend that the allowances we recommend should be updated annually in accordance with the headline figure in the annual local government pay settlement. We appreciate that Regulation 10(1) of the Local Authorities (Members' Allowances) (England) Regulations 2003 appears to require re-adoption of the scheme at the start of each municipal year. However Regulation 10(4) provides that the scheme will not be deemed amended by virtue only of adjustment of the scheme through indexation. If there is no other change a re-adoption can be achieved by a simple resolution.
10. While we continue to believe that intra-borough travel should be part of the basic allowance, we recognise that there are circumstances where it may be appropriate for a scheme to provide payment for the cost of transport e.g. journeys home after late meetings and for people with disabilities. In the case of dispute, we believe that the standards committee could adjudicate.
11. We strongly believe that there is need for rationalisation in the tax treatment of expenses borne by councillors and recommend that the Local Government Association be asked to pursue that at the national level, or failing that, London Councils attempt to achieve rationalisation on behalf of London.
12. We have consistently recommended that eligible councillors should be eligible for admission to the local government pension scheme and we continue to urge that councils should give their members this opportunity.

# Agenda Item 6.5



## Report to Council

29 FEBRUARY 2012

**LEADER**

*Councillor Stephen  
Greenhalgh*

**PAY POLICY OF THE LONDON BOROUGH OF  
HAMMERSMITH & FULHAM**

**Wards**

**All**

**CONTRIBUTORS**

EDFCG  
ADLDS

**RECOMMENDATIONS:**

**Council is asked to :**

- 1. Approve the Pay Policy attached at Appendix 1 and endorse the pay schemes attached at Appendices 2, 3 and 4. The Council's Pensions Policy is attached for information at Appendix 5.**
- 2. The Councillors' Allowances Report has been submitted to this Council Meeting as a separate item (agenda item 6.4). Once approved, it will constitute Appendix 6 of this report.**

## **1. BACKGROUND**

- 1.1 Under Section 38(1) of the Localism Act 2011, the Council is required to prepare a pay policy statement, which must be prepared each financial year beginning in 2012/13. This pay statement must be approved by the full Council. The provisions of the Act do not apply to local authority schools.
- 1.2 Approved pay policy statements must be published on the Council's website as soon as reasonably practicable after being approved. The Act also requires that the Council include in its pay policy statement, its approach to the publication and access to information relating to the remuneration of chief officers. Remuneration includes salary or payment for a contract for services, expenses, bonuses, and performance related pay as well as severance payments. The definition of chief officers includes the Head of Paid Service, statutory chief officers, non-statutory chief officers and those who report to them.
- 1.3 Section 38(1) of the Act also requires the Council to set out its policy on remuneration for its highest paid staff alongside its policies towards its lowest paid employees. In particular, it requires the Council to explain what it thinks the relationship should be between the remuneration of its chief officers and other employees and to set out policy on the lowest paid (outlined in the paragraph on 'Definitions' within the Pay Policy). The Council must include its current policy towards maintaining or reaching a specific pay multiple, within its broader policy on how pay and reward should be fairly dispersed across its workforce.
- 1.4 So far as other elements of senior remuneration are concerned, including bonuses, performance related pay (PRP), severance payments and the payment of fees for election duties, the Council must also make it clear what approach it takes to the setting and publishing of these.
- 1.5 The pay policy must also deal with a number of aspects of re-employment of staff. The Council must explain its policy in relation to the payment of salary and pension to the same individual. It must also set out its policy in relation to the re-employment of chief officers who have retired and may be re-employed on a contract for services.
- 1.6 The attached sets out the proposed policy for H&F.
- 1.7 The Council must, in setting pay policy statements have regard to any guidance issued by the Secretary of State. In September 2011, The Department for Communities and Local Government (DCLG) published The Code of Recommended Practice for Local Authorities on Data Transparency setting out as a minimum the public data that should be released. In addition in November 2011 when the Act became law, the DCLG published further guidance under section 40 of the Localism Act which requires relevant authorities to prepare pay policy statements. Due regard has been had to the guidance in the preparation of this policy.

1.8 The policy statement must be approved by a resolution of full Council before it comes into force. Once in force it must be complied with, although it may be amended by full Council during the financial year. It must always be published on the Council's website as soon as reasonably practicable after approval or amendment.

**2. COMMENTS OF THE EXECUTIVE DIRECTOR OF FINANCE AND CORPORATE GOVERNANCE**

2.1 This report sets out the status quo on pay within the Council, therefore there are no financial implications arising from the report.

**3. COMMENTS OF THE ASSISTANT DIRECTOR (LEGAL AND DEMOCRATIC SERVICES)**

3.1 The statutory requirement created by Chapter 8 of Part 1 of the Localism Act 2011 (Sections 38-43) are summarised in the report and the Policy. The Policy complies with the statutory obligations.

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

<b>No.</b>	<b>Description of Background Papers</b>	<b>Name/Ext. of Holder of File/Copy</b>	<b>Department/ Location</b>
1.	Localism Act 2011	Debbie Morris Assistant Director - HR Finance & Corporate Services Tel:- 020 8753 3068	Hammersmith Town Hall



## **APPENDIX 1**

### **PAY POLICY STATEMENT**

#### **London Borough of Hammersmith and Fulham (H & F)**

##### **Introduction**

H & F is committed to paying its staff on a fair basis to reflect the work that they do. At the same time, it recognises that there is public interest in both the remuneration of its staff and the way in which that remuneration is set. It is therefore publishing this statement to ensure transparency and fulfil its obligations under section 38 (1) of the Localism Act 2011.

##### **Background**

As well as the Council's vision for its services, it has developed a set of values for its staff and a portfolio of key behaviours. In addition, managers have a document which sets out the behaviour which the Council requires employees to demonstrate.

The vision, values, key behaviours and guide to good management are used during the recruitment to vacant posts, discussions on learning and development needs, performance appraisal and the determination of performance related pay (PRP).

The Council recognises that as an organisation which expects high standards and quality from its staff, it should reward them accordingly, both to recruit the best and to continue to motivate them.

##### **Pay Design**

Most of the Council's staff have salaries which are set by national pay bargaining. Progression through the range is by increments and is related to satisfactory service. All staff have an annual performance appraisal.

In addition, more senior staff have separate, locally determined salary ranges which include an element of PRP. Each year, subject to satisfactory performance and target achievement, these staff can move through their pay range and receive a performance related consolidated increase (subject to not having reached the maximum of their pay range) and an unconsolidated payment linked to achievement of targets. The nationally negotiated pay ranges and the senior management pay schemes are set out in the attached Appendices 2, 3 and 4

There are a number of additional performance related pay schemes for certain other groups of staff that pay up to 10% of salary. These are:

Civil Enforcement Officers' Scheme  
Resident Services Sales Incentive Scheme  
Corporate Anti-Fraud Service Scheme  
Development Management Performance Supplement Scheme  
Pest Control Officers Scheme  
Commercial Services Officers' Scheme

Details of these schemes are available on request.

The pay ranges for all posts in the Council are determined through job evaluation to ensure fairness and equality. In respect of nationally negotiated ranges, this is done through the Greater London Provincial Council Job Evaluation Scheme developed some years ago for all councils in London. In relation to the senior pay ranges, the scheme devised by Hay management consultants is used.

In addition to these annual salaries, the Council can choose to pay extra sums to staff to recognise market pressures or additional work undertaken. These may be pay supplements, acting-up allowances or honoraria. These are most likely to apply to staff below senior management level.

Starting salaries within pay ranges are determined by reference to market rates and an individual's existing salary.

Those officers who have statutory positions in relation to elections i.e. Returning Officer/ Acting Returning Officer and Deputies also receive a fee in recognition of these roles. This fee reflects the advisory fee set for each election by the Ministry of Justice. There are also fees paid to staff who carry out the annual canvass of the electoral register and who undertake additional work at the time of the election – poll staff, inspectors, count staff, etc.

The Council has a number of shared senior management posts and where these are in place, the remuneration is shared between the parties to the shared service agreement.

## **Other Rewards**

The Council tries to reflect best practice and market forces when determining additional benefits for its staff. In addition, it acknowledges that benefits are an important part of a recruitment package. All staff are therefore entitled to receive a range of benefits which the Council either provides or has negotiated.. These range from interest free travel loans, childcare and bike to work salary sacrifice schemes, training support and outplacement support, including career counselling for staff made redundant

## **Pension and severance payments**

A week's pay for the purpose of calculating a statutory redundancy payment is calculated in accordance with section 220 to 229 of the Employment Rights Act and the Council exercises discretion to waive the statutory weekly pay limit. Under the provisions of the Local Government (Early Termination of Employment) Discretionary Compensation (England and Wales) Regulations 2006, the actual amount of a week's pay is used. A week's pay is the amount of pay that the employee is entitled to for

working their normal contractual hours and any variable items of pay are averaged over the last 12 weeks ending on the calculation date.

Calculation of a full-time week's pay is subject to a locally agreed minimum, currently £518.62. This is approximately equal to 1.5 x H&F Minimum Earnings Guarantee, a local policy which ensures that no employee earns less than £331.56 per week.

The number of weeks redundancy is based on age and length of service at leaving and is subject to a statutory limit of 30 weeks' pay.

Staff are entitled to join the Local Government Pension Scheme (LGPS) and will receive their pension at their normal retirement age. Pension payments will be released early in certain circumstances including redundancy and ill health retirements provided the appropriate criteria of the local pension policy are met. There is a separate policy on pension payments which is attached as Appendix 5.

Under the LGPS, certain staff may request flexible retirement whereby they can retire early and continue to work on a part-time basis or on a reduced salary. The Council retains the discretion to agree such arrangements as they are not a right.

The fact that an individual is already receiving a pension under the LGPS regulations does not prevent the Council from appointing them. However if an employee is in receipt of a pension from a previous employer that is a member of the LGPS and they are recruited by the Council, they must notify their pension provider of re-employment, even if they elect not to join the pension scheme here. It is the pension provider's responsibility to review their pension and if necessary make any reduction due to the level of earnings.

Where an employee of the Council is in receipt of a pension from the Teachers Pension Scheme and is re-engaged by a school, their pension may be subject to reduction or suspension. Individuals would need to check their specific circumstances with Teachers Pensions. If an employee is in receipt of a pension from the LGPS the rules of that scheme will apply and their pension may be subject to reduction or suspension in accordance with the policy of the authority that is paying the pension.

### **Publication and Access to Remuneration of Chief Officers and Other Senior Staff**

The Council publishes details of remuneration of chief officers in the Annual Statement of Accounts and on the Council's Internet site. The Council also publishes information about the level of remuneration of other senior staff on its internet site. From April 2012, the intention is to publish this information for all staff earning more than £58,200 p.a.

### **Definitions**

The pay ranges for senior staff reflect both market forces and the need to recruit and retain good staff. Annual increases for these staff have tended to reflect the nationally agreed salary increases.

The Localism Act requires the Council to define its lowest paid employee. As set out in Appendix 2, this is an employee paid on salary point 2 of the national salary range. However, this is now paid by the Council at a full-time equivalent hourly rate of £9.21,

which represents our lowest paid employee (National Minimum Wage is currently £6.08 per hour and the London Living Wage is £8.30 per hour). The Council will keep its policy with regard to its lowest paid under review.

In addition, the Council is required to publish the pay multiple between the highest paid employee and the median salary of the workforce. The current multiple is 6.6. At present, the Authority deems this multiple to be appropriate and within an acceptable ratio of 1:10. The policy with regard to the pay multiple will be kept under review.

### **Remuneration Committee**

The Council does not yet have a remuneration committee to advise on pay policy including the setting of senior salaries and the level of Members' allowances. However, it is intended to introduce a committee to include advice on the setting of local senior salaries.

### **Council Role**

The Council will agree all proposed salary ranges, including performance related pay and fees, in excess of £100,000

**APPENDIX 2**

**SMG PAY RANGES**

Senior Management Grade	Pay Range Minimum	Pay Range Maximum
SMG3 (Heads of Service)	54,129	71,193
SMG2 - Zone 1 (Director)	78,795	98,870
SMG2 - Zone 2 (Director)	85,748	104,803
SMG1 (Executive Director)	117,729	158,620

**NJC SALARY SCALES**

Grade	Spine Point	Basic Salary P.A. 01/04/2009
*Scale 1A	2	14,805
<b>NOT USED</b>	3	14,913
<b>AT H&amp;F</b>	4	15,036
*Scale 1B	5	15,306
<b>NOT USED</b>	6	15,714
<b>AT H&amp;F</b>	7	16,104
*Scale 1C	8	16,503
<b>NOT USED</b>	9	16,896
<b>AT H&amp;F</b>	10	17,181
Scale 2	11	18,030
	12	18,342
	13	18,732
Scale 3	14	19,032
	15	19,353
	16	19,731
	17	20,127
Scale 4	18	20,460
	19	21,102
	20	21,750
	21	22,422
Scale 5	22	22,920
	23	23,496
	24	24,156
	25	24,819
Scale 6	26	25,515
	27	26,259
	28	27,009
SO1	29	27,945
	30	28,770
	31	29,571
SO2	32	30,345
	33	31,152
	34	31,935

**SMG PAY RANGES**

**NJC SALARY SCALES**

PO1	33	31,152
	34	31,935
	35	32,532
	36	33,306
PO2	35	32,532
	36	33,306
	37	34,152
	38	35,055
PO3	38	35,055
	39	36,096
	40	36,960
	41	37,851
PO4	41	37,851
	42	38,733
	43	39,621
	44	40,506
PO5	44	40,506
	45	41,340
	46	42,258
	47	43,152
PO6	46	42,258
	47	43,152
	48	44,043
	49	44,910
PO7	49	44,910
	50	45,807
	51	46,701
	52	47,592
PO8	51	46,701
	52	47,592
	53	48,501
	54	49,452
PO9	54	49,452
	55	50,418
	56	51,381
	57	52,335
PO10	56	51,381
	57	52,335
	58	53,286
	59	54,240

## Appendix 3



### SENIOR MANAGER PERFORMANCE SCHEME (SMG3)

The Senior Manager Appraisal Performance Scheme provides SMG3 managers with clear objectives, regular feedback and opportunities for development and allows us to create a working environment that encourages and supports our people.

The scheme has been designed around four principles:

- Clear communication and feed back between you and your manager
- Supporting you within appropriate development opportunities
- Simplicity
- Effective Rewards.

The scheme will:

- Ensure that everyone knows what they are required to do and how this helps us to achieve the organisation's objectives and deliver the community strategy, as well as how their performance will be assessed.
- Ensure that a fair and objective assessment is made of performance, especially where it affects salary progression.
- Provide a means by which individual development of relevant competencies and the consequent training and personal development needs can be discussed, assessed and met.
- Provide a mechanism for managers to discuss job performance, providing constructive feedback from which individuals can benefit.

Performance is assessed in two ways:

- Part 1 - there is the potential to earn a non-consolidated Performance Related Pay (PRP) of up to 5% of base pay which rewards **achievement against specific objectives**, usually five main target areas. There is also the potential for a further discretionary 5% PRP subject to recommendation by your Director.
- Part 2 - the **behavioural competencies** required to improve Hammersmith and Fulham, i.e. how the H & F manager performs against the Council's values as well as core leadership competencies. Incremental progression through the grade will be determined according to performance assessed against these competencies.

So:

Pay Based on Performance	How Pay is determined
Pay progression	Competency-based assessment; no automatic increments for time in grade
Bonus payment (non-pensionable)	1% of base pay for each target fully achieved up to five targets/5%. chief executive has some discretion for work

	over and above targets and for mitigating factors outside individual control at recommendation of director
--	------------------------------------------------------------------------------------------------------------

Your competencies will be assessed on a four point rating scale as follows:

Competency Rating Scale	
<b>1</b>	<b>Below standard</b> demonstrates the required competency very inconsistently or not at all; significant development required
<b>2</b>	<b>Inconsistent</b> demonstrates the require competency on some occasions but there is scope for improvement. Effective in some areas but not all.
<b>3</b>	<b>Consistent and effective</b> demonstrates the required competency consistently over time in most situations; ie generally effective performance
<b>4</b>	<b>Exceptional</b> demonstrates consistently the competency over time and in a variety of situations even in the most challenging circumstances; is a role model and should be used to coach and develop others

The final score for the competency assessment will be the average of the sum of the individual scores for each element and determined as follows:

$$1 - 1.9 = 1$$

$$2 - 2.9 = 2$$

$$3 - 3.9 = 3$$

If an individual scores six '4's' plus two '3's' this will count as a 4. If they score six '4's' and any '2's', this will count as a '3'.

**If senior managers do not have completed appraisals for all staff in their organisation by the set timelines, their performance management competency scoring automatically reverts to "1." A '1' lowers their overall competency score with no possibility of achieving an overall score of 4.**

The intention of these progression matrices is as follows:

- poor performers receive no progression
- basic/inconsistent performers will receive minimum uplift
- good and excellent performers will be rewarded.

#### For 2010/11 the SMG3 salary progression table

Rating based on competency	Incremental progression, including cost of living (COL)	PRP (depending on achievement of targets)
4	2 x increment	Up to 10%
3	1 x increment	Up to 10%
2	0.5 x increment	Up to 10%
1	0 x increment (COL only)	Not payable



**SMG3 staff with a score of '1' overall will not be eligible for a PRP payment.**

## **Eligibility**

### **Managers appointed during the reporting year**

New appointments will normally at a low spinal column point within the SMG3 payscale. Permanent staff become eligible for the appraisal scheme immediately they commence employment in a senior management post. An appraisal meeting should normally take place within four weeks of commencement of employment to align with the first probationary meeting. The key objectives and competency development set should be set as normal however the assessment and eligibility to receive base salary increase and PRP payment will not take place until the full appraisal period has taken place. (i.e. if an individual starts in October 2010, they would not receive any pay progression until April 2012 (18 month period). There is however, an opportunity to receive up to 10% PRP of salary earned in the period (non-consolidated cash bonus) in exceptional circumstances subject to performance in the initial stage.

Individuals must be in post at the end of review year and when pay is awarded in order to be eligible to receive an overall salary progression and PRP.

### **Managers who leave H&F**

Managers who leave before the end of a review period will not receive any PRP payment.

### **Managers who are unwell during the reporting period**

An assessment of overall contribution and performance against annual targets will be conducted as normal. However, awards will be based on actual pay received during the assessment period. Therefore, if an officers pay has reduced in line with H&F sick pay scheme any awards will be proportionate.

### **Managers who are absent on maternity leave during the reporting year.**

When it is known that a manager will be absent on maternity leave, their overall contribution and performance targets should be reviewed and amended. Assessments for base pay increases and PRP payments should be based on the available information from the current reporting year, in conjunction with the previous years assessment. If the officer is new to H&F and an assessment cannot be based on achievements in the present review year, base salary increase should be based on level 2 and a PRP rating be discretionary.

## **Calculation of PRP Pay**

The actual amount of the PRP or bonus payment is calculated as a percentage of total base salary actually paid to the employee during the year. Hence for those who work part-time, the PRP amount is calculated against actual pay not a notional full-time salary. For those who changed grade during the year, HR will advise how the payment is made.





## Moderation of PRP Pay

For SMG grades there is a moderation process to ensure consistency and fairness in the performance scoring as this affects both base and bonus pay.

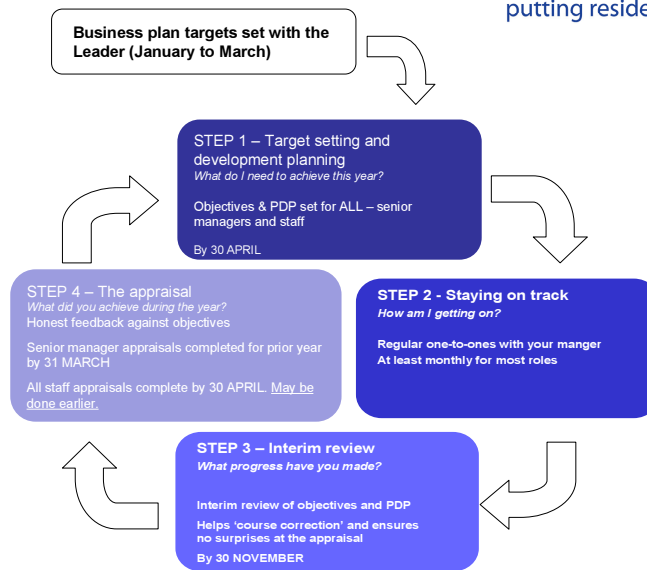
- For SMG3 this is done by Department Management Teams (DMT) and at FSB (Financial Services Board/AD Resources).
- For SMG2 it is done by the Executive Management Team (EMT).

## The H&F Individual Performance Management cycle

The Individual Performance Management cycle comprises a 4-STEP process.

 <p><b>STEP 1</b></p>	<p><b>STEP 1 – Objective setting and development planning</b> STEP 1 helps you to consider what you need to achieve. During this step you will set <b>5</b> clear objectives to work on throughout the year. You will also create a Personal Development Plan (PDP) to ensure that you have all the knowledge, skills and support you need to succeed. <u>From 2010, 30 April for ALL.</u></p>
 <p><b>STEP 2</b></p>	<p><b>STEP 2 – Staying on track</b> STEP 2 is a reminder that you need to have regular 1:1s with your manager in order to consider your progress and help you stay on track. <u>These meetings should take place at least once a month for most roles.</u></p>
 <p><b>STEP 3</b></p>	<p><b>STEP 3 – Interim review</b> The purpose of the interim review is to help you consider your overall progress in preparation for your appraisal (STEP 4) and to gain actionable feedback to help you succeed. It is also an ideal opportunity to consider how you are doing against your job competencies. <u>The interim review meeting normally takes place in November.</u></p>
 <p><b>STEP 4</b></p>	<p><b>STEP 4 – The appraisal</b> This is an end-of-year review which helps you take stock of what you've achieved and determine how well you've done. It is an opportunity to learn from your successes as well as those things that haven't gone so well – and to incorporate that learning into your work going forward. STEPS 2 and 3 help ensure that there are no surprises at this stage. <u>By 31 March for senior managers and by 30 April for ALL.</u></p>

# Performance Management



## H&F competency model

Our core competency model provides staff and managers with clear examples of behaviours required at different levels in the organisation. It consists of 8 core competencies which are arranged in 3 clusters: direction, performance and people.

DIRECTION	PERFORMANCE	PEOPLE
<ul style="list-style-type: none"> <li>▪ Strategic thinking &amp; managing change</li> <li>▪ Self management</li> </ul>	<ul style="list-style-type: none"> <li>▪ Customer focus</li> <li>▪ Performance management</li> <li>▪ Planning &amp; use of resources</li> </ul>	<ul style="list-style-type: none"> <li>▪ Leadership</li> <li>▪ Team &amp; partnership working</li> <li>▪ Communication</li> </ul>

### Why we use it in Individual Performance Management

While your 5 job objectives form an important part of what's expected of you, they're not the only things that are important in assessing your overall performance. It is also critical to consider the behaviours that people have used in seeking to achieve their goals when making a judgement about their overall performance.

For example, if someone has achieved all their objectives, but has worked in a way which caused problems for customers or others in their team, we would not consider that person to have performed well overall.

### How we use it in Individual Performance Management

There is an opportunity to assess your performance against each competency twice during the year. This takes place at STEP 3 and STEP 4.

## Appendix 4

### SENIOR MANAGER PERFORMANCE SCHEME (SMG1 and 2)



The Senior Manager Appraisal Performance Scheme provides managers with clear objectives, regular feedback and opportunities for development and allows us to create a working environment that encourages and supports our people.

The scheme has been designed around four principles:

- Clear communication and feed back between you and your manager
- Supporting you within appropriate development opportunities
- Simplicity
- Effective Rewards.

The scheme will:

- Ensure that everyone knows what they are required to do and how this helps us to achieve the organisation's objectives and deliver the community strategy, as well as how their performance will be assessed.
- Ensure that a fair and objective assessment is made of performance, especially where it affects salary progression.
- Provide a means by which individual development of relevant competencies and the consequent training and personal development needs can be discussed, assessed and met.
- Provide a mechanism for managers to discuss job performance, providing constructive feedback from which individuals can benefit.

Performance is assessed in two ways:

- Part 1 - there is the potential to earn a non-consolidated Performance Related Pay (PRP) of up to 5% of base pay which rewards **achievement against specific objectives**, usually five main target areas. There is also the potential for a further discretionary 5% PRP subject to recommendation by your Director.
- Part 2- the **behavioural competencies** required to improve Hammersmith and Fulham, i.e. how the H & F manager performs against the Council's values as well as core leadership competencies. There is a matrix to determine the percentage increase through the salary band.

So:

Pay Based on Performance	How Pay is determined
Pay progression	Competency-based assessment; no automatic increments for time in grade
Bonus payment (non-pensionable)	1% of base pay for each target fully achieved up to five targets/5%.  chief executive has some discretion for work

	over and above targets and for mitigating factors outside individual control at recommendation of director
--	------------------------------------------------------------------------------------------------------------

Your competencies will be assessed on a four point rating scale as follows:

Competency Rating Scale	
1	<b>Below standard</b> demonstrates the required competency very inconsistently or not at all; significant development required
2	<b>Inconsistent</b> demonstrates the require competency on some occasions but there is scope for improvement. Effective in some areas but not all.
3	<b>Consistent and effective</b> demonstrates the required competency consistently over time in most situations; ie generally effective performance
4	<b>Exceptional</b> demonstrates consistently the competency over time and in a variety of situations even in the most challenging circumstances; is a role model and should be used to coach and develop others

The final score for the competency assessment will be the average of the sum of the individual scores for each element and determined as follows:

$$1 - 1.9 = 1$$

$$2 - 2.9 = 2$$

$$3 - 3.9 = 3$$

If an individual scores six '4's' plus two '3's' this will count as a 4. If they score six '4's' and any '2's', this will count as a '3'.

**If senior managers do not have completed appraisals for all staff in their organisation by the set timelines, their performance management competency scoring automatically reverts to "1." A '1' lowers their overall competency score with no possibility of achieving an overall score of 4.**

The intention of these progression matrices is as follows:

- poor performers receive no progression
- basic/inconsistent performers will receive minimum uplift
- good and excellent performers will be rewarded.

**For 2009/10 the SMG1 and 2 salary progression table**

Rating based on competency	Position in Pay Band			
	First quartile	Second quartile	Third quartile	Fourth quartile
4	5%	4%	3%	3%
3	4%	3%	2%	2%
2	1%	1%	1%	1%
1	0	0	0	0

**SMG1 and 2 scoring a 1 overall against the competencies will not receive cost of living increase or be eligible for a PRP award.**

The weighting on the scale is intended to ensure that individuals are rewarded, but we do not have significant pay drift. It will enable lower paid colleagues to progress while still rewarding those at the top of the pay range.

Once an individual is at the top of the pay range they will receive the percentage increase as above. If the increase takes them above the pay range (bearing in mind that the pay range itself is up-rated annually) then the payment above will be paid as a cash sum (i.e. bonus will not be consolidated into base pay).

## **Eligibility**

### **Managers appointed during the reporting year**

New appointments will normally be at the first quartile of the pay band. Permanent staff become eligible for the appraisal scheme immediately they commence employment in a senior management post. An appraisal meeting should normally take place within four weeks of commencement of employment to align with the first probationary meeting. The key objectives and competency development set should be set as normal however the assessment and eligibility to receive base salary increase and PRP payment will not take place until the full appraisal period has taken place. (i.e. if an individual starts in October 2010, they would not receive any pay progression until April 2012 (18 month period). There is however, an opportunity to receive up to 10% PRP of salary earned in the period (non-consolidated cash bonus) in exceptional circumstances subject to performance in the initial stage.

Individuals must be in post at the end of review year and when pay is awarded in order to be eligible to receive an overall salary progression and PRP.

### **Managers who leave H&F**

Managers who leave before the end of a review period will not receive any PRP payment.

### **Managers who are unwell during the reporting period**

An assessment of overall contribution and performance against annual targets will be conducted as normal. However, awards will be based on actual pay received during the assessment period. Therefore, if an officers pay has reduced in line with H&F sick pay scheme any awards will be proportionate.

### **Managers who are absent on maternity leave during the reporting year.**

When it is known that a manager will be absent on maternity leave, their overall contribution and performance targets should be reviewed and amended. Assessments for base pay increases and PRP payments should be based on the available information from the current reporting year, in conjunction with the previous years assessment. If the officer is new to H&F and an assessment cannot be based on achievements in the present review year, base salary increase should be based on level 2 and a PRP rating be discretionary.

## Calculation of PRP Pay

The actual amount of the PRP or bonus payment is calculated as a percentage of salary actually paid to the employee during the year. Hence for those who work part-time, the PRP amount is calculated against actual pay not a notional full-time salary. For those who changed grade during the year, HR will advise how the payment is made.





## Moderation of PRP Pay

For SMG grades there is a moderation process to ensure consistency and fairness in the performance scoring as this affects both base and bonus pay.

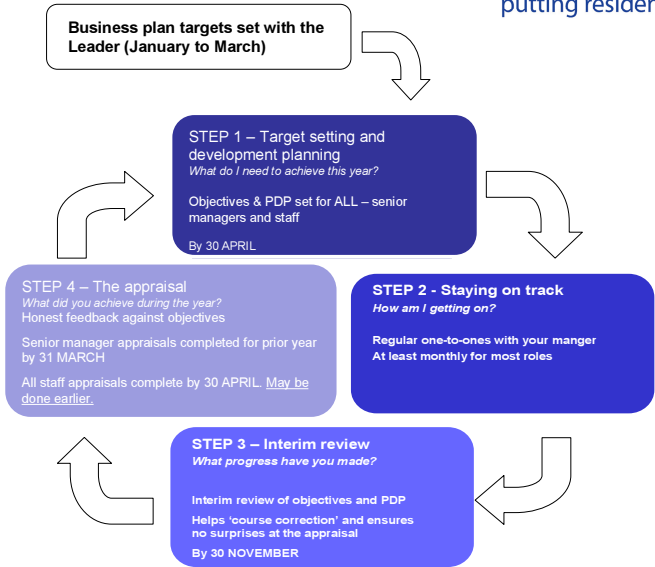
- For SMG3 this is done by Department Management Teams (DMT) and at FSB (Financial Services Board/AD Resources).
- For SMG2 it is done by the Executive Management Team (EMT).

## The H&F Individual Performance Management cycle

The Individual Performance Management cycle comprises a 4-STEP process.

 <p><b>STEP 1</b></p>	<p><b>STEP 1 – Objective setting and development planning</b>            STEP 1 helps you to consider what you need to achieve. During this step you will set <b>5</b> clear objectives to work on throughout the year. You will also create a Personal Development Plan (PDP) to ensure that you have all the knowledge, skills and support you need to succeed.  <u>From 2010, 30 April for ALL.</u></p>
 <p><b>STEP 2</b></p>	<p><b>STEP 2 – Staying on track</b>            STEP 2 is a reminder that you need to have regular 1:1s with your manager in order to consider your progress and help you stay on track. <u>These meetings should take place at least once a month for most roles.</u></p>
 <p><b>STEP 3</b></p>	<p><b>STEP 3 – Interim review</b>            The purpose of the interim review is to help you consider your overall progress in preparation for your appraisal (STEP 4) and to gain actionable feedback to help you succeed. It is also an ideal opportunity to consider how you are doing against your job competencies. <u>The interim review meeting normally takes place in November.</u></p>
 <p><b>STEP 4</b></p>	<p><b>STEP 4 – The appraisal</b>            This is an end-of-year review which helps you take stock of what you've achieved and determine how well you've done. It is an opportunity to learn from your successes as well as those things that haven't gone so well – and to incorporate that learning into your work going forward. STEPS 2 and 3 help ensure that there are no surprises at this stage.  <u>By 31 March for senior managers and by 30 April for ALL.</u></p>

# Performance Management



## H&F competency model

Our core competency model provides staff and managers with clear examples of behaviours required at different levels in the organisation. It consists of 8 core competencies which are arranged in 3 clusters: direction, performance and people.

DIRECTION	PERFORMANCE	PEOPLE
<ul style="list-style-type: none"> <li>▪ Strategic thinking &amp; managing change</li> <li>▪ Self management</li> </ul>	<ul style="list-style-type: none"> <li>▪ Customer focus</li> <li>▪ Performance management</li> <li>▪ Planning &amp; use of resources</li> </ul>	<ul style="list-style-type: none"> <li>▪ Leadership</li> <li>▪ Team &amp; partnership working</li> <li>▪ Communication</li> </ul>

### Why we use it in Individual Performance Management

While your 5 job objectives form an important part of what's expected of you, they're not the only things that are important in assessing your overall performance. It is also critical to consider the behaviours that people have used in seeking to achieve their goals when making a judgement about their overall performance.

For example, if someone has achieved all their objectives, but has worked in a way which caused problems for customers or others in their team, we would not consider that person to have performed well overall.



**How we use it in Individual Performance Management**

There is an opportunity to assess your performance against each competency twice during the year. This takes place at STEP 3 and STEP 4.

## **POLICY STATEMENT**

Effective April 2008

This policy gives reference to the new Local Government Pension Scheme regulations coming into force on the 1<sup>st</sup> April 2008

### **Local Government Pension Scheme and Discretionary Payments**

**Notification to all employees and councillors who are, or could be, contributing members of the Local Government Pension Scheme (LGPS) administered by the London Borough of Hammersmith and Fulham Council.**

The Local Government Pension Scheme Regulations require each local authority to publish and keep under review a written policy statement on how it will apply its discretionary powers in relation to certain provisions of the LGPS.

The Council also wishes to publish its policy in respect of various other discretionary powers concerning early termination of employment.

Discretionary powers in relation to members of the Teachers Pension Scheme where appropriate will be consistently operated by the council in its Local Education Authority employer role.

The Council's adjudicating panel is responsible for the exercise of discretionary powers in relation to the early payment of benefits. All other discretionary powers will be operated in accordance with the Council's scheme of delegation.

Nothing in this Policy Statement shall fetter the Council's discretion to exercise the powers conferred on it by statute.

Any queries regarding this notice should, in the first instance, be directed to the Pensions Section, Finance & Corporate Services Department, London Borough of Hammersmith and Fulham, Room 317 Hammersmith Town Hall, King Street, London, W6 9JU. Telephone 020 8753 1878

## **Voluntary Early Retirement from Age 55**

### **Applicable Legislation**

The LGPS Regulations (Benefits, Membership and Contributions) 2007  
Regulation 30

The Scheme Regulations allow scheme members over the age of 55 who voluntarily leave pensionable service to receive premature payment of their benefits, **subject to their employer's / council consent**. The benefits received may be subject to an actuarial reduction to allow for the early payment of benefits.

### **Policy Decision**

Applications for early payment of benefits will be considered on an individual basis in view of all relevant considerations, including the likely costs and benefits and taking into account any protection rights that may be held by individuals. Percentage reductions if applicable, will be made in line with the tables supplied by the Government Actuary. The Council may exercise its discretion not to apply reductions in exceptional circumstances.

## **Flexible Retirement from age 55**

### **Applicable Legislation**

The LGPS Regulations (Benefits, Membership and Contributions) 2007  
Regulation 18

The Scheme Regulations allow scheme members over the age of 55 **subject to their employer's/ council consent** to be paid retirement benefits before they have retired in relation to a reduction in the hours, or the grade in which they are employed. The benefits received may be subject to an actuarial reduction in the case of early payment.

### **Policy Decision**

Applications for flexible retirement will be considered on an individual basis in view of all relevant considerations including the likely costs and benefits. Percentage reductions if applicable will be made in line with the tables supplied by the Government Actuary. The Council may exercise its discretion not to apply reductions in exceptional circumstances.

## **Early Payment of Deferred Benefits**

### **Applicable Legislation**

The LGPS Regulations (Benefits, Membership and Contributions) 2007  
Regulation 30

### **Discretion**

Former members of the LGPS have the right to elect to receive payment of their deferred benefits between ages 55 to 59, **but only with the consent of their former employer**. The benefits received will be subject to an actuarial reduction to allow for the early payment of benefits.

### **Policy decision**

Applications for early payment of deferred benefits will be considered on an individual basis in view of all relevant considerations, including the likely costs and benefits and taking into account any protection rights that may be held by individuals. Early payment will be considered but is unlikely to be operated because of the cost implications and the fact that there is unlikely to be any benefit to the Council in these cases. The Council, should it decide to grant early payment, may exercise its discretion not to apply reductions in very exceptional circumstances.

## **Increase of Service for Active Members**

### **Applicable Legislation**

The LGPS Regulations (Benefits, Membership and Contributions) 2007  
Regulation 12

### **Discretion**

Employers may resolve to increase the total service of a Scheme member by up to 10 years

### **Policy decision**

The Council will consider any requests to exercise its discretion under this regulation in the light of all relevant considerations, including the likely costs and benefits. However an increase to total service to a Scheme member who voluntarily leaves employment will only be made in very exceptional circumstances.

## **Award of Additional Pension**

### **Applicable Legislation**

The LGPS Regulations (Benefits, Membership and Contributions) 2007  
Regulation 13

Employers may resolve to award to a Scheme member, an additional pension of up to £5000 per year payable from the same date as other pension payments fall due. The additional pension may be paid in addition to an increase of total membership as detailed above

### **Policy decision**

The Council will consider any requests to exercise its discretion under this regulation in the light of all relevant considerations, including the likely costs and benefits. However an award of an additional pension to a Scheme member who voluntarily leaves employment will only be made in very exceptional circumstances.

## **Shared Cost Additional Voluntary Contributions (SCAVCs)**

### **Applicable Legislation**

The LGPS Regulations (Benefits, Membership and Contributions) 2007  
Regulation 13

### **Discretion**

The Scheme makes a provision that enables employers, at their discretion, to establish and maintain a shared cost additional voluntary contribution (SCAVC) arrangement, whereby both the Scheme member and the employer contribute to increase the member's eventual pension entitlement.

### **Policy decision**

The Council will consider any request to exercise its discretion in the light of all relevant circumstances. However a SCAVC arrangement will not generally be operated because of the cost implications.

## **Re-employed Pensioners**

### **Applicable Legislation**

The LGPS Regulations (Administration) Regulations 2008  
Regulation 70

### **Discretion**

The Scheme requires the administering authority to formulate a policy on the extent to which a pension should be abated.

The policy applies to all pensioners who commence re-employment.

### **Policy decision**

The Council will abate pensions where a pensioner is re-employed by an employer who contributes to the LGPS, whether or not the pensioner chooses to recommence contributions to the LGPS.

## **Termination of employment on redundancy grounds or on efficiency of the service grounds.**

### **Applicable Legislation**

The Local Government (Discretionary Payments) Regulations

### **Discretion**

The Local Government (Discretionary Payments) Regulations allow the Council to provide payments in excess of the statutory minimum.

### **Policy decision**

Redundancy payments will not be calculated on the statutory minimum basis. The Council will utilise the greater of 1½ times the minimum earnings guarantee rate (pro rata for part time employees) or the actual weekly pay rate.

## **Buy back of lost membership benefits arising from periods where no pay is received (e.g. unpaid maternity leave, unpaid leave of absence and industrial disputes)**

### **Applicable Legislation**

The LGPS Regulations (Administration) Regulations 2008  
Regulation 70

### **Discretion**

An election to pay back contributions must be made within 30 days or such longer period as the employer may allow.

### **Policy decision**

Time limits for elections to pay back contributions will be set in relation to each individual case and as and when each situation arises.

Policy revised October 2008



# Report to Council

29 FEBRUARY 2012

**LEADER**

*Councillor Stephen Greenhalgh*

**INTERIM DIRECTOR OF LEGAL SERVICES**

**WARDS  
All**

**SYNOPSIS**

This report deals with the appointment of an Interim Monitoring Officer pursuant to Section 5 of the Local Government and Housing Act 1989.

**CONTRIBUTORS**

EDFCG  
ADLDS

**RECOMMENDATIONS:**

1. That Janette Mullins, Head of Litigation, be appointed Monitoring Officer from 1 April 2012 until the new Bi-Borough Director of Legal Services takes up their appointment.
2. That the interim management arrangements for Legal and Democratic Services be noted.

## 1. BACKGROUND

- 1.1 The Assistant Director (Legal and Democratic Services) will leave the authority on 31 March to take up the post of Comptroller and City Solicitor at the City of London Corporation. A recruitment exercise is underway and the Appointments Panel will meet as soon as practicable to consider the final shortlisted applicants. As a result there is likely to be a gap of several months before the successful candidate is able to take up their appointment. The interim arrangements for the management of the Bi-Borough Legal Services Team are set out in the Appendix. It is proposed that the Head of Litigation, Janette Mullins, be appointed as Monitoring Officer from 1 April until the new Director takes up his or her post.
- 1.2 It is necessary for the Council to appoint an officer to discharge the duties of Monitoring Officer pursuant to Section 5 of the Local Government and Housing Act 1989. The statutory role of the Monitoring Officer is to act as a “whistle-blower”, and prepare a report to Cabinet or Council as appropriate, where he or she considers that an act or proposed act of the authority is unlawful or where there is a finding of maladministration by the Ombudsman. The Monitoring Officer also discharges various statutory functions under the Standards regime.
- 1.3 The Monitoring Officer has the power to appoint a deputy where he or she is unavailable or unable to act. This is a power conferred on the Monitoring Officer and not the Authority.

## 2. COMMENTS OF THE ASSISTANT DIRECTOR (LEGAL AND DEMOCRATIC SERVICES)

- 2.1 These are contained in the body of the report.

## 3. COMMENTS OF THE EXECUTIVE DIRECTOR OF FINANCE AND CORPORATE GOVERNANCE

- 3.1 There are no direct financial implications.

### LOCAL GOVERNMENT ACT 2000 LIST OF BACKGROUND PAPERS

No.	Description of Background Papers	Name/Ext. of Holder of File/Copy	Department/ Location
	NONE		



# APPENDIX 1

## Director of Legal Services

### Interim Arrangements

His last day with the Council is 31 March 2012. Whilst recruitment is underway it is unlikely that his successor will take up their appointment until June. The following interim arrangements will therefore take effect from 1 April.

1. LeVerne Parker, Chief Solicitor (RBKC) will assume responsibility for the RBKC arm of the combined Legal Team and chairmanship of the Single Legal Management Team. Kevin Beale, Head of C&CS (H&F) and Janette Mullins, Head of Litigation (H&F), will report to her.
2. Janette Mullins will assume the role of Monitoring Officer for LBHF subject to confirmation by Full Council on 29 February. She will meet with Jane West once a month in this capacity.
3. Kevin Beale will assume management responsibility for Marcia French, Legal Practice Manager.
4. Kayode Adewumi, Head of Governance and Scrutiny, and Steve Miller, Electoral Services Manager, will report to Jane West.
5. Peter Large Head of Legal Services at WCC will assume the lead lawyer role for Tri-Borough.
6. His other on going matters will be allocated to appropriate officers and the client departments informed.