

# Housing, Health And Adult Social Care Select Committee

## Agenda

Tuesday 21 January 2014

7.00 pm

Courtyard Room - Hammersmith Town Hall

### MEMBERSHIP

Administration:	Opposition	Co-optees
Councillor Lucy Ivimy (Chairman) Councillor Joe Carlebach Councillor Oliver Craig Councillor Peter Graham Councillor Peter Tobias Councillor Andrew Brown	Councillor Stephen Cowan Councillor Rory Vaughan Councillor Daryl Brown	Patrick McVeigh, HAFAD Bryan Naylor, Age UK

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Date Issued: 10 January 2014

# Housing, Health And Adult Social Care Select Committee Agenda

21 January 2014

<u>Item</u>	<u>Pages</u>
<b>1. MINUTES AND ACTIONS</b>	1 - 12
(a) To approve as an accurate record, and the Chairman to sign the minutes of the meeting of the Housing, Health & Adult Social Care Select Committee held on 13 November 2013 and 8 January 2014 (to follow).	
(b) To monitor the acceptance and implementation of recommendations as set out at Appendix 1.	
(c) To note the outstanding actions.	
<b>2. APOLOGIES FOR ABSENCE</b>	
<b>3. DECLARATIONS OF INTEREST</b>	
If a Councillor has a disclosable pecuniary interest in a particular item, whether or not it is entered in the Authority's register of interests, or any other significant interest which they consider should be declared in the public interest, they should declare the existence and, unless it is a sensitive interest as defined in the Member Code of Conduct, the nature of the interest at the commencement of the consideration of that 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 disclosable pecuniary interest or other significant 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.	
Where Members of the public are not allowed to be in attendance and speak, then the Councillor with a disclosable pecuniary interest should withdraw from the meeting whilst the matter is under consideration. Councillors who have declared other significant interests should also withdraw from the meeting if they consider their continued participation in the matter would not be reasonable in the circumstances and may give rise to a perception of a conflict of interest.	
Councillors are not obliged to withdraw from the meeting where a dispensation to that effect has been obtained from the Audit, Pensions and Standards Committee.	

<b>4.</b>	<b>REVENUE BUDGET 2014/2015</b>	13 - 41
	<p>Cabinet will present their revenue budget and council tax proposals to Budget Council on 26 February 2014. As part of the budget process savings targets have been set for departments and transformation programmes.</p> <p>This report provides an update on how the targets will be met for the services covered by this Select Committee. An update is also provided on budget growth proposals and proposed changes in fees and charges.</p>	
<b>5.</b>	<b>HOUSING REVENUE ACCOUNT FINANCIAL STRATEGY AND RENT INCREASE REPORT 2014/2015</b>	42 - 76
	<p>This report deals with:</p> <ul style="list-style-type: none"> <li>• management of the Housing Revenue Account (HRA) following the return of the housing stock to direct Council control in April 2011 and post HRA reform;</li> <li>• the HRA Financial Strategy, the HRA Medium Term Financial Strategy (MTFS) for the five years 2014/15 – 2018/19, and the HRA Revenue Budget for the year 2014/15;</li> <li>• the proposed increase in dwelling rents for 2014/15 having regard to national government guidance for council rents and the maintenance requirements of the housing stock owned by the borough, and the related fees and charges covering parking and garages, water rates and communal energy charges where levied.</li> </ul>	
<b>6.</b>	<b>HOUSING PERFORMANCE INDICATORS</b>	77 - 84
	<p>This report presents the performance of the Housing and Regeneration Department against target for the department's key performance indicators, for the period ending October 2013.</p> <p>The report details the areas where performance is behind target, the factors affecting performance and the management action being taken to remedy the under-performance.</p>	
<b>7.</b>	<b>ADULT SOCIAL CARE ANNUAL CUSTOMER FEEDBACK REPORT 2012/2013</b>	85 - 99
	<p>This report provides information about statutory complaints made between 1 April 2012 and 31 March 2013 under the Local Authority Social Services and NHS Complaints regulations, 2009.</p> <p>This report highlights how various services within Adult Social Care (ASC) Services have performed in line with key principles outlined in the complain regulations. Learning and service improvements that have been made as a result of responding to complaints are also discussed, as are plans for further service developments.</p>	
<b>8.</b>	<b>WORK PROGRAMME AND FORWARD PLAN 2013-2014</b>	100 - 119

The Committee is asked to give consideration to its work programme for this municipal year, 2013/2014 as set out in Appendix 1 of the report.

Details of the Key Decisions which are due to be taken by the Cabinet at its next meeting are provided in Appendix 2 in order to enable the Committee to identify those items where it may wish to request reports.

## **9. DATES OF NEXT MEETINGS**

The Committee is asked to note that the dates of the meetings scheduled for this municipal year are as follows:

19 February 2014

2 April 2014



London Borough of Hammersmith & Fulham

## **Housing, Health And Adult Social Care Select Committee Minutes**

**Wednesday 13 November 2013**

### **PRESENT**

**Committee members:** Councillors Lucy Ivimy (Chairman), Joe Carlebach, Stephen Cowan, Oliver Craig, Peter Graham, Rory Vaughan, Andrew Brown and Daryl Brown

**Co-opted members:** Patrick McVeigh (HAFAD) and Bryan Naylor (Age UK)

**Care Quality Commission:** Gale Stirling, Head of Regional Compliance

**H&F Clinical Commissioning Group:** Daniel Elkeles, Chief Officer and Dr Tim Spicer, Chair

**Imperial College Healthcare NHS Trust:** Professor Nick Cheshire, Chief Executive, Dr Chris Harrison, Medical Director Bill Shields, Chief Executive

**Officers:** Stella Baillie (Tri-borough Director, Provided Services, Mental Health Partnerships and Safeguarding for Adult Social Care), Liz Bruce (Tri-borough Executive Director of Adult Social Care), Craig Bowdery (Scrutiny Manager), Mike England (Director Housing Options, Skills and Economic Development), David Evans (Service Development Project Manager) and Sue Perrin (Committee Co-ordinator)

### **23. MINUTES AND ACTIONS**

#### **RESOLVED THAT:**

The minutes of the meeting held on 10 September 2013 be approved and signed as an accurate record of the proceedings.

### **24. APOLOGIES FOR ABSENCE**

Apologies were received from Councillor Peter Tobias.

### **25. DECLARATIONS OF INTEREST**

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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.

Councillor Joe Carlebach declared a personal interest in respect of 'Shaping a Healthier Future Proposals' in that he is a trustee of Arthritis Research UK.

## **26. CARE QUALITY COMMISSION**

Gale Stirling, Head of Regional Compliance, London provided a presentation on the role of the Care Quality Commission (CQC) and its revised direction.

All care homes, home care agencies and hospitals were inspected at least once a year. Inspections, which were mostly unannounced, focused on quality and safety as experienced by service users.

The presentation set out the key changes including the appointment of Chief Inspectors of Hospitals, Social Care and Primary Care and Community Care. Inspections were continuing as normal, alongside these developments.

There would be a new approach to inspecting social care services, with homes rated as: outstanding, good, requires improvement and inadequate. Larger and improved inspections teams would consider whether a service was: safe, effective, caring, responsive to people's needs and well-led.

The CQC worked closely with a number of agencies, including overview and scrutiny committees (OSCs). It was hoped that there would be regular contact between OSCs and the CQC and that they would be able to work together and share information. The CQC made available Information for councillors and scrutiny committees on its website and a two monthly bulletin was available by e-mail alert.

Councillor Lucy Ivimy stated that the committee did not have the capacity to monitor standards across the borough, and would welcome notification from the CQC of any services which were a cause of concern.

Ms Stirling responded to Councillor Stephen Cowan's queries in respect of performance management, training and skills set of inspectors and providers being able to mislead the CQC. All inspectors received two months induction training and ongoing training. In addition to performance appraisal, there was a quality monitoring system whereby line managers reviewed inspectors' judgements and evidence and feedback from providers. Initially inspectors were not allowed to undertake an inspection on their own, and only very small units were inspected by a single inspector.

Whilst most providers considered themselves ready for a CQC inspection, this was often lost because of the unannounced nature of visits. Inspectors were trained to ask probing questions, and were supported whilst on inspections. There were regular team meetings, which were followed by reflections sessions, to which they could bring issues for team discussion/learning.

Ms Stirling responded to Councillor Peter Graham that there was a variable standard of services in the borough. There had been an increase in the level

of adult social care non-compliance during the last eighteen months, resulting in a number of services being inspected several times. However, there were some excellent services, and over all the borough compared reasonably with other boroughs. There had not been significant changes in the inspection to bring about this increase, which could possibly be attributed to more experienced inspectors.

All services were inspected annually, with the exception of some dentists, who were on a two year programme. Inspection of GPs was a new responsibility and currently 20% of GPs had been inspected.

Ms Stirling responded to Councillor Rory Vaughan that a borough based report was available and a copy would be provided.

**Action: Gale Stirling**

In response to a query from Councillor Joe Carlebach, Ms Stirling stated that the CQC worked with Monitor by sharing information and advising of any concerns. In respect of care provided by different organisations, the patient pathway was reviewed, with patient experience as the primary focus.

Councillor Andrew Brown queried the CQC's work with patients and how it could ensure that there was not another 'Mid-Staffordshire'. Ms Stirling responded that the CQC worked with Healthwatch (and previously LINKs), local focus groups and organisations with direct access to patients, for example Age UK and also talked directly to patients and their families. The feedback was integrated into the inspection regime.

In respect of Mid-Staffordshire, the CQC had reviewed its whistle-blowing policies and talked to patients' groups. Sharing of information was now a key focus of inspections.

Councillor Oliver Craig queried CQC reporting to the public. Ms Stirling responded that information was available on the website and through newsletters and e-mail alerts. Ms Stirling was not aware of whether hits on the website were monitored, and would provide a written answer.

**Action: Gale Stirling**

Mr Naylor referred to older people dignity champions, who provided information in respect of their visits to hospitals and care homes to the CQC, and the lack of direct feedback. Ms Stirling responded that this information was very helpful and feedback was likely to be given through Healthwatch. In addition information was taken from 'experts by experience' who made themselves known to the team and the range of people who worked with them. Mr Naylor suggested that the CQC took a more proactive approach.

**Action: Gale Stirling**

Councillor Ivimy thanked Ms Stirling for attending the meeting and for her presentation.

**RESOLVED THAT:**

The report be noted.

**27. SHAPING A HEALTHIER FUTURE PROPOSALS**

*This item was taken after the Francis Report.*

Dr Tim Spicer and Daniel Elkeles outlined: the background to the Shaping a Healthier Future (SaHF) Proposals; the acceptance of the changes to NHS services in North West London by the Secretary of State; and the Urgent and Emergency Care Review report, which had been published earlier that day. A report of the key points from the review was tabled.

The proposals would be implemented over five years. Providers would continue to develop outline business cases and there would be stakeholder workshops and public drop-in sessions to identify the most appropriate range of services at Charing Cross and Ealing hospitals.

The presentation set out where the Programme Board should: continue as planned; respond to urgent priorities; and give further consideration as to how to proceed.

Mr Elkeles stated that the review supported the North West London direction of travel. There would be a system-wide transformation over the next three to five years, with a fundamental shift in the provision of urgent care away from hospitals. Broader emergency care networks would be developed, dissolving traditional boundaries between hospital and community-based services.

Urgent and Emergency care would be provided from:

- Emergency Centres capable of assessing and initiating treatment for all patients;
- Major Emergency Centres, larger units, capable of assessing and initiating treatment for all patients and providing a range of specialist services; and
- Urgent Care Centres with walk-in facilities, including GP out-of-hours care, and services for minor injuries and illnesses.

Charing Cross would be designated an Emergency Centre; St. Mary's and Chelsea and Westminster Major Emergency Centres; and Hammersmith an Urgent Care Centre.

The Shaping a Healthier Future and Imperial College Healthcare NHS Trust representatives then responded to Members' questions.

Approximately 70% of walk-in patients would be treated in the Charing Cross Emergency Centre. It was unlikely that ambulance patients would be taken there. Suspected heart attack patients would currently and in the future be taken to Hammersmith Hospital Heart Centre. Similarly, following a major car



accident, a patient would currently and in the future be taken to the major trauma centre at St. Mary's Hospital. The hyper-acute stroke unit would be located at St Mary's Hospital, as it had been agreed that it should be sited with the major trauma centre.

Professor Nick Cheshire responded to a query in respect of reduced in-patient beds, that elective surgery was becoming more efficient, with many patients requiring only an overnight stay and then progressing to rehabilitation.

Mr Elkeles responded to a query in respect of Charing Cross as a specialist hospital that there was an ambitious proposal for a substantial site, with a range of services and an Emergency Centre. The distinction between Charing Cross and St. Mary's was the model which, Professor Sir Bruce Keogh, the National Medical Director had proposed for the whole country.

There were three key differences between an Emergency Centre and an Urgent Care Centre: a 24/7 GP presence and emergency treatment for children; an enhanced range of diagnostic services; and beds for assessment and initiating treatment. Members commented on the deficiencies in GP training in respect of children.

Councillor Graham referred to the previous rationalisation of services, whereby the number of stroke units had been reduced from 32 to eight, and queried how many lives had been saved. Professor Cheshire responded that the outcome was not just in terms of survival but also reduced impairment. The number of lives saved was not known, but might be in the region of 400 across London.

Councillor Carlebach queried the resource for GP extended hours. Dr Spicer responded that proposals had been put forward, as seven day access to GP surgeries was essential to the reforms. A number of practices had already opted to open at weekends to cope with winter pressures. Collective access to services would be facilitated by GP networks. It was agreed that an update should be added to the work programme.

Mr Elkeles stated that three practices in Westminster were open all day on Saturdays and Sundays, and it was intended to extend across the tri-borough, by the end of winter. These practices had been advertised in local newspapers and on telephone kiosks, and patients ringing 111 were informed.

Councillor Rory Vaughan queried the definition of 'immediate access to specialist consultant opinion'. and the closure of Hammersmith A&E Department as soon as practical. Mr Elkeles responded that the emergency teams would work together, with support being provided by the Accident & Emergency (A&E) consultants at the major hospitals to Charing Cross and Ealing hospitals, in person or possibly by teleconference. Proposals in respect of Hammersmith Hospital A&E Department would be brought to a future meeting. The department was a medical unit, and not for blue light ambulances. It could not provide safe care to walk-in emergency patients. Mr

Elkeles confirmed that the heart attack and renal units would continue at Hammersmith Hospital.

Councillor Vaughan queried why GPs had not been balloted in respect of the proposals. Dr Spicer responded that the Clinical Commissioning Group (CCG) had followed the appropriate constitutional measures and had sought opinion through events in GP practices. The proposals had been a standing agenda item for the Governing Body for the previous eighteen months.

Professor Cheshire responded to Councillor Andrew Brown that Charing Cross would continue to provide a range of out-patient and diagnostic services, but it might be necessary for in-patient treatment to be provided at another hospital. Professor Cheshire confirmed that it was not possible to provide comprehensive state of the art services at all three hospitals. There needed to be appropriately trained staff, support services and technology. In addition, there was a relationship between volume of patients and outcome. Professor Cheshire provided examples of improved mortality rates and of the reduced length of stay in vascular and cardio-vascular surgery.

Councillor Cowan queried the services and buildings which would remain on the Charing Cross site. Mr Elkeles responded that the land sale would fund new developments at Charing Cross and St. Mary's. The scale of the services and buildings remaining at Charing Cross would be shared with the Joint Health Overview & Scrutiny Committee, at its December meeting.

Professor Cheshire stated that there would be consultants on site at Charing Cross, but not Accident & Emergency consultants. Charing Cross would be part of a bigger hospital system, with St. Mary's providing full emergency services. Patients with suspected heart attack and fractured neck of femur were already being taken to Hammersmith and St. Mary's hospital respectively. It would be necessary to educate patients to understand the limits of the new centres. The 30% of walk-in patients who would not be treated at Charing Cross would, for example have a heart attack, early stage stroke or abdominal pains. Those who called an ambulance would be taken to a Major Emergency Centre.

Councillor Cowan considered that as there had not been a ballot of GPs, their support was only an opinion. Dr Spicer responded that the CCG had acted within its constitution and consulted with its membership.

Mr Patrick McVeigh commented that short stays in hospital would need to be supported by district nurses, and gave free parking for district nurses as an example of how other boroughs were helping to support the process. The strategy needed to set out how out of hospital (OOH) care would work now and in the future and identify the number of people to be employed and any gaps. Mr Elkeles responded that, until other services were in place in the community, the changes could not be made.

Mr Bryan Naylor queried the Imperial College Healthcare NHS Foundation Trust status application being progressed when the Charing Cross options were unavailable. Mr Bill Shields responded that the business case would set

out the direction of travel, and would take into account the SaHF proposals and Professor Keogh's review.

The Chairman then opened the meeting to questions from members of the public.

Professor Cheshire confirmed that the UCC would be able to provide emergency treatment for diabetic and asthmatic patients.

Mr Andrew Slaughter queried the differences between UCCs and Emergency Centres and set out some of their similarities: both would be able to deal with broken bones; admit for rehabilitation and assessment; and provide 24/7 GP children's services. Whilst the UCCs would be GP led, there would be immediate access to A&E consultant opinion. Mr Elkeles responded that the Emergency Centres would have some beds. UCCs would have 24/7 GP care and would have a full range of diagnostic services.

Professor Cheshire responded to a query in respect of emergencies being dealt with at Hammersmith Hospital, that it was not suitable for 'unselected' emergency admissions, as this required an enormous range of diagnostic facilities and expertise to monitor 24/7. Mr Elkeles added that there would only be beds for specialist emergency admissions. In respect of the transfer of the UCC from Hammersmith Hospital to the White City Centre, a detailed proposal would be brought to a future meeting.

Mr Slaughter queried the impact of the dedicated elective centre at Central Middlesex on elective services at Charing Cross and the percentage of the Charing Cross site remaining in five years time. Mr Elkeles responded that proposals were currently being developed to maintain a range of services on the Charing Cross site.

Dr Spicer responded to Mr Slaughter's queries in respect of the budget cut of £29million that the borough had historically received over per capita funding on the basis of the national formula. The changed formula, if implemented, could bring about a reduction of £29 million funding over a number of years. NHS England required two year budgets to be prepared, although allocations would not be known until late December. Savings of 5% had already been made, and this was expected to continue.

A member of the public commented on the requirement for concrete evidence in respect of additional community and primary care.

***In accordance with paragraph 27 of the Overview and Scrutiny Procedure Rules, the Committee extended the meeting by 30 minutes.***

Dr Spicer responded to the concerns raised that services would not be closed until OOH services were working efficiently to safely care for patients. The proposals would be implemented over a five year transition period, during which providers would seek to use capacity differently, for example through better use of skill mix, telephone consultations, virtual wards and joint working with social care.

Councillor Carlebach stated that he had not been provided with a response to his questions at a previous meeting in respect of flu vaccinations for vulnerable people. Dr Harrison responded that he held this information and would provide a written answer.

**Action Dr Chris Harrison**

In conclusion, it was confirmed that there would be an Emergency Centre at Charing Cross Hospital.

## **28. FRANCIS REPORT**

Craig Bowdery presented the report, which reviewed the recommendations of the Francis Report regarding local authority scrutiny and their impact on health scrutiny in Hammersmith & Fulham.

The Mid Staffordshire NHS Foundation Trust Public Inquiry, chaired by Robert Francis QC, had been set up to examine the commissioning, supervisory and regulatory organisations in relation to their role monitoring the Mid Staffordshire Trust between January 2005 and March 2009, during which time, failings at the hospital are thought to have caused between 400 and 1,200 deaths.

In total, the Francis Report made 290 recommendations. Members considered the six recommendations which related directly to local authority health scrutiny committees.

### Recommendation 47

Engagement with the CQC had been covered in a previous item.

### Recommendation 119:

A presentation on the role of Healthwatch and a CCG annual health performance report would be added to the work programme.

Councillor Vaughan commented on the large remit of the committee and whether there were sufficient meetings, although the Joint Health Overview & Scrutiny Committee facilitated further scrutiny of the Shaping a Healthier Future proposals.

Members commented on the difficulty in pursuing complaints, with only fairly general answers being provided because of the requirements of the Data Protection Act.

## **RESOLVED THAT:**

The report be noted.

## **29. HEALTH & WELLBEING STRATEGY**

David Evans introduced the draft Health & Wellbeing Strategy between the Council and H&F CCG, produced by the Health & Wellbeing Board (HWB).

Councillor Andrew Brown commented that the strategy seemed to be describing the status quo, rather than the new joint working between local government and the NHS. Priority 1 of the vision was an overarching priority. Mr Evans responded that the primary aim of the HWB was to promote integration and partnership working between the NHS, social care, public health and other local services, rather than replicate work already being done by the Council. The HWB considered that it could have the greatest impact in developing integrated care, by identifying blockages to help organisations work more effectively to promote the agenda.

Councillor Ivimy considered that information sharing and security implications was a key blockage. Councillor Marcus Ginn responded that there were also legal, technical and cultural issues. New IT systems would enable the local authority and GP practices to share information securely. Lack of good information sharing was a key blockage preventing a seamless integrated network of care.

Councillor Cowan suggested that the strategy was similar to other documents and that there should be consultation with residents on how the vision could be aligned with service delivery. The strategy appeared to be an aspiration, did not have drivers to deliver and did not set out how the priorities would be achieved.

Councillor Ginn responded in respect of the drivers to deliver on these aspirations, which had been based on the key issues identified by the HWB. There were financial drivers in that SaHF would only be delivered if a large proportion of the acute budget was transferred to the community budget. The pressures on the CCG budget would be resolved by reducing waste from care pathways, joint commissioning with local authorities and improved outcomes. In addition, there were local authority budget pressure.

The strategy was a compromise between diverse organisations represented on the Board and therefore less specific in some aspects. The strategy would evolve and drill down to deliverables over the next few years.

Councillor Cowan did not consider that there had been a strong history of working together to build integrated health and social care (priority six), and suggested that it should be replaced with a priority to demonstrate openness and challenge of the status quo in order to improve outcomes.

Councillor Vaughan commented that the strategy did not focus on what was happening in practice, but did include some previous priorities such as the public health budget.

The guillotine fell at this point.

**30. SAFEGUARDING ADULTS IN HAMMERSMITH & FULHAM**

This item was deferred.

**31. WELFARE REFORM: UPDATE**

This item was deferred.

**32. WORK PROGRAMME AND FORWARD PLAN 2013-2014**

The work programme was received.

**33. DATES OF NEXT MEETINGS**

21 January 2014

Meeting started: 7.00 pm  
Meeting ended: 10.30 pm

Chairman .....

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## APPENDIX 1

### Recommendation and Action Tracking


The monitoring of progress with the acceptance and implementation of recommendations enables the Committee to ensure that desired actions are carried out and to assess the impact of its work on policy development and service provision. Where necessary it also provides an opportunity to recall items where a recommendation has been accepted but the Committee is not satisfied with the speed or manner of implementation, thus enhancing accountability. It also enables the number of formal update reports submitted to the Committee to be kept to a minimum, thereby freeing up Members time for other reviews.

The schedule below sets out progress in respect of those substantive recommendations and actions arising from the Housing, Health & Adult Social Care Select Committee

Minute No.	Item	Action/recommendation Lead Responsibility	Progress/Outcome	Status
7.	NHS Service Reconfiguration	Recommendation: There should be a ballot of all individual GPs in Hammersmith & Fulham as a matter of emergency.	Letter from Dr Spicer circulated.	Complete
9.	Adults Safeguarding Report	Discrepancies in the report data to be clarified.	Revised data circulated.	Complete
17.	Self-Directed Support: Progress Update	The cost of the DP review team to be circulated.	Information circulated.	Complete
18.	Imperial College Healthcare NHS Trust Update on Cancer Services	(i) A written answer to be provided in respect of the number of patients with system deficiencies who had received the flu vaccination; and (ii) Performance analysis for Hammersmith & Fulham patients only.	Information not available.  Information circulated.	Complete  Complete
19.	Imperial College Healthcare NHS	Attendance figures for A&E and UCCs, ICHT and Chelsea and Westminster to	Information circulated.	Complete

	Trust: Draft Business Plan	be provided.		
26.	Care Quality Commission	Information to be provided: (i) A borough based report; (ii) Website hits; and (iii) Professional qualifications required for inspectors.	Information circulated.	Complete
27.	Shaping a Healthier Future Proposals	Information in respect of flu vaccinations for vulnerable people.	Trust protocol circulated.	



 <p><b>h&amp;f</b> the low tax borough</p>	<p><b>London Borough of Hammersmith &amp; Fulham</b></p> <p><b>HOUSING, HEALTH AND ADULT SOCIAL CARE SELECT COMMITTEE</b></p> <p><b>21 January 2014</b></p>
<p><b>REVENUE BUDGET 2014/15</b></p>	
<p><b>Report of the Cabinet Member for Housing – Councillor Andrew Johnson; Cabinet Member for Community Care – Councillor Marcus Ginn</b></p>	
<p><b>Report Status:</b> Open</p>	
<p><b>Classification:</b> For Scrutiny Review &amp; Comment</p> <p><b>Key Decision:</b> No</p>	
<p><b>Wards Affected:</b> All</p>	
<p><b>Accountable Executive Director:</b> Liz Bruce, Tri Borough Executive Director for Adult Social Care (ASC) / Melbourne Barrett, Executive Director for Housing &amp; Regeneration (HRD)</p>	
<p><b>Report Author:</b> Jane West, Executive Director for Finance and Corporate Governance / Rachel Wigley - Tri-borough Director for ASC Finance / Kathleen Corbett - Director of Finance and Resources for HRD</p>	<p><b>Contact Details:</b> Tel: 0208 753 1900 E-mail: <a href="mailto:jane.west@lbhf.gov.uk">jane.west@lbhf.gov.uk</a> E-mail: <a href="mailto:rachel.wigley@lbhf.gov.uk">rachel.wigley@lbhf.gov.uk</a> E-mail: <a href="mailto:kathleen.corbett@lbhf.gov.uk">kathleen.corbett@lbhf.gov.uk</a></p>

## 1. EXECUTIVE SUMMARY

- 1.1. Cabinet will present their revenue budget and council tax proposals to Budget Council on 26 February 2014. As part of the budget process savings targets have been set for departments and transformation programmes.
- 1.2. This report provides an update on how the targets will be met for the services covered by this Select Committee. An update is also provided on budget growth proposals and proposed changes in fees and charges.

## 2. RECOMMENDATIONS

- 2.1. That the Select Committee considers the growth and savings proposals and makes recommendations to Cabinet as appropriate.

## 3. INTRODUCTION AND BACKGROUND

- 3.1. The 2014 Medium Term Financial Strategy (MTFS) process has been developed against a challenging financial background:
- Central government funding is expected to fall by £14m (10% in cash terms and 12.5% in real terms)<sup>1</sup> in 2014/15, as action is taken to tackle the national budget deficit. Provisional 2014/15 grant allocations were previously issued in December 2012. These were adjusted downwards following the Chancellor's June announcement of a further 1% fall in the Spending Round 2013.
  - The council continues to lose out, by more than £4m per annum, from the localised business rates retention scheme<sup>2</sup>. This loss arises from appeals against the rateable values set by the Valuation Office Agency (VOA). In particular the council is impacted by appeals relating to the Westfield Shopping Centre. These have resulted in an average reduction of 28% in rateable value for which estimated refunds in excess of £9m are still outstanding. The appeals process is outside of the council's control.
- 3.2. The budget proposals address the funding challenge whilst lowering the financial burden faced by local Council Tax payers. **A council tax reduction of 3% is proposed.** Front line services are protected with continued emphasis on value for money. A number of innovative cross-cutting transformational projects are being taken forward both within the Council and with our tri-borough partners.
- 3.3. The scale of the financial challenge facing the Council is summarised in Appendix 1. **Savings of £18.2m are required to balance the budget in 2014/15 ( 10% of the Base Budget).** This savings requirement increases cumulatively to £50.5m by 2016/17. A contribution of £1.105m to general balances is proposed. This recognises the significant financial risks faced by the council and the remaining budget gap for 2015/16 and 2016/17.
- 3.4. The budget forecast is underpinned by a number of assumptions. Namely:
- Inflation for contractors will be provided as set out in the agreements.
  - A general contingency for pay inflation has been held pending conclusion of the discussions with the trade unions.
  - Fees and charges will generally increase in line with the Retail Price Index (3.3% at August 2013) unless set by statute. Any exceptions, for the services covered by this committee, are set out in Appendix 3.
  - That central government funding made available to Hammersmith & Fulham will reduce by £14m (10%). This is a provisional estimate

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<sup>1</sup> This is made up of Revenue Support Grant, New Homes Bonus Grant and other unringfenced grants from government.

<sup>2</sup> The localised business rates retention scheme was introduced in 2013/14. London Boroughs now get to keep 30% of business rates income subject to safety net arrangements for authorities that suffer a significant loss. The safety net caps the loss at £4.4m in 2014/15.

based on previous government consultation. A clearer position will emerge when the Local Government Finance Settlement is announced in late December. This was not available to inform the preparation of this report

- Unavoidable growth is provided. This mainly relates to external pressures, such as welfare reforms.

#### 4. GROWTH AND SAVINGS PROPOSALS

- 4.1. Scrutiny Select Committees are invited to consider and comment on the growth and savings proposals that fall within their remit. These are detailed in Appendix 2. An overview is set out below and comments by relevant Executive Directors provided in sections 6 and 7.

##### Growth

- 4.2. In the course of the budget process departments have identified areas where additional resources are required. These are summarised in Table 1 for 2014/15.

**Table 1 Growth Proposals**

	£'000s
Adult Social Care	205
Children's Services	470
Environment, Leisure and Residents' Services	0
Finance & Corporate Services	0
Housing and Regeneration Department	1,545
Transport & Technical Services	536
Libraries	0
Public Health	0
Centrally Managed Budgets	1,400
<b>Total Growth</b>	<b>4,156</b>

- 4.3. Table 2 summarises why budget growth is required for the Council.

**Table 2 – Reasons for Budget Growth**

	£'000s
--	--------

Government related	1,545
Other public bodies	130
Increase in demand/demographic growth	675
Other	1,806
<b>Total Growth</b>	<b>4,156</b>

### Savings

- 4.4. Departments and transformation programmes have been set savings targets of £18.2m for 2014/15. To meet this challenge savings have been developed that:
- Look to protect front-line services.
  - Continue to focus on asset rationalisation to reduce accommodation costs and deliver debt reduction savings.
  - Build on previous practice of seeking to deliver the best possible service at the lowest possible cost.
  - Consider thoroughly what benefits can be obtained from commercialisation and competition.
  - Continue a number of council wide transformation programmes to deliver cross-cutting savings. These include People and Transforming the Way We Do Business.
  - Take forward collaborative working arrangements with the City of Westminster Council and Royal Borough of Kensington and Chelsea. Other shared service solutions will be taken forward as and when appropriate.
  - Improve outcomes and reduce dependency amongst residents through better joint services with the NHS.
- 4.5. The savings proposals put forward regarding this Select Committee are detailed in Appendix 2 and the overall 2014/15 position is summarised in Table 3. A categorisation of the savings is shown in Table 4.

**Table 3 Savings Proposals**

	<b>£000s</b>
Adult Social Care	(4,664)
Children's Services	(2,780)

Environment, Leisure and Residents' Services	(1,143)
Libraries	(100)
Finance & Corporate Services	(2,406)
Housing & Regeneration	(750)
Transport & Technical Services	(2,725)
Centrally Managed Budgets	(2,686)
Corporate Transformation Savings	(903)
<b>Departmental Total</b>	<b>(18,157)</b>

**Table 4 - Analysis of the 2014/15 Savings**

<b>Type of Saving</b>	<b>£'000s</b>
Commercialisation / Income	(1,975)
Commissioning	(3,247)
Debt Reduction Strategy	(1,336)
People Transformation Portfolio	(470)
Procurement/Market Testing	(745)
Reconfiguration/Rationalisation of Services	(3,099)
Staffing/Productivity	(1,980)
Transforming Business Portfolio	(893)
Tri Borough/Bi Borough	(4,412)
<b>Total</b>	<b>(18,157)</b>

## 5. COUNCIL TAX CHANGES IN 2014/15

- 5.1 Cabinet propose to cut the Hammersmith and Fulham's element of 2014/15 Council Tax by 3%. This will provide a balanced budget for 2014/15, whilst reducing the burden on local taxpayers. By reducing council tax the Council will receive council tax freeze grant, estimated at £0.626m, in both 2014/15 and 2015/16.
- 5.2 The Mayor of London has announced his intention to reduce the Band D precept for the Greater London Authority to £299 in 2014/15. A draft budget is due to be presented to the London Assembly on 29 January, for final confirmation of precepts on the 14 February.
- 5.3 The impact on the Council's overall Council Tax is set out in Table 5.

**Table 5 – Council Tax Levels**

	<b>2013/14 Band D</b>	<b>2014/15 Band D</b>	<b>Change From 2013/14</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Hammersmith and Fulham	757.90	735.16	-22.74
Greater London Authority	303.00	299.00	-4.00
<b>Total</b>	<b>1,060.90</b>	<b>1,034.16</b>	<b>-26.74</b>

- 5.4 The robust forward financial plans set out in the Council's MTFS has enabled an indicative Council Tax figure to be provided for 2015/16 and 2016/17. At present, for planning purposes, it is anticipated that there will be a freeze for both years in Council Tax levels.
- 5.5 The current Band D Council Tax charge is the 3rd lowest in London. The reduction of 3% is the 7th reduction in the past 8 years, with a freeze in the other year. The Band D charge for Hammersmith and Fulham is the lowest since 1999/2000 (Table 6).
- 5.6 Since 2006/07 Council Tax in Hammersmith & Fulham will have reduced by 20% in cash terms (39% in real terms) compared to an estimated average London increase of 8%. The relative cash savings<sup>3</sup>, from 2006/07 to 2014/15, for Hammersmith and Fulham residents is £1,371.

<sup>3</sup> This is based on the Band D charge and is a cumulative figure from 2006/07 to 2014/15. It compares the Hammersmith and Fulham saving against the average London change.

**Table 6 – Band D Council tax for Hammersmith and Fulham from 1999/2000**

	<b>Band D Hammersmith and Fulham Element</b>	<b>Change</b>	<b>Change</b>
	£	£	%
1999/2000	706.83	+30.44	+4.50
2000/01	738.58	+31.75	+4.49
2001/02	772.41	+33.83	+4.58
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	-30.44	-3.75%
2013/14	757.90	-23.44	-3%
2014/15	735.16	-22.74	-3%
2015/16 (indicative)	735.16	0	0
2016/17 (indicative)	735.16	0	0

## **6 COMMENTS OF THE TRI BOROUGH EXECUTIVE DIRECTOR FOR ADULT SOCIAL CARE ON THE BUDGET PROPOSALS**

6.1 The Adult Social Care Services Tri-Borough model, presented to each Council's Cabinet in June 2011, has been designed to maximise the contribution to be made to meet savings targets, by:

- Reducing management, support service and overhead costs;
- Making more efficient use of shared resources;
- Procuring on a larger scale;
- Reducing duplication and costs through economies of scale; and
- Maintaining the ability for each Borough to specify its own service level.

6.2 This only represents a partial picture of the changes happening in Adult Social Care. There are other changes which will have a dramatic impact on the shape and size of the Adult Social Care budget:

- The number of people using our services continues to increase, bringing pressure to our budgets;
- The changes set out in the Care Bill will bring increased costs and reduced income, currently estimated at £0.4m in Year 1 (2016/17), rising to £0.83m-£1.48m in Year 4 (2019/2020). We await confirmation from government about how this will be funded;
- Commissioning services is moving from monolithic block contracts to commissioning services which can be tailored to individuals and allows the service user more choice;
- In-house provided services are being reviewed and tendered out or social enterprises are being explored;
- Adult Social Care is working on Whole Systems Integration with Health. The Whole System Integrated Care Programme was formally established to support local areas to deliver and enhance their local integration initiatives, including the delivery of Out of Hospital Strategies, whilst ensuring that the North West London Health and Social Care Community has a single voice to influence national policy and share best practice. The overall objective of the programme is to support improved outcomes for residents and carers through integration. On 1 November 2013, it was announced that North West London had been selected as one of only fourteen areas nationally to pioneer ambitious new plans to improve the health and social care services provided to local people. Pioneer status will increase Tri-borough influence on national thinking and decision making and give us an opportunity to share evaluation of the impact of local integration.
- The 2013 Spending Round announced a fund of £3.8bn nationally, to ensure closer integration of health and care services from 2015/16. This was referred to as the Integration Transformation Fund (ITF), now known as the Better Care Fund (BCF). The development of the plan is also an opportunity for Adult Social Care and the NHS to review thinking around the integration of operational services, encompassing community nursing, therapies and care management, which were previously part of the Tri-Borough programme. The BCF is not new money, but the re-utilisation of current funding streams. It includes the “Social Care to Benefit Health” funding which local authorities have received for the past three years and which is being used to maintain local social services.
- The first exemplar BCF draft has been written with agreement on the direction of travel by Cabinet members and CCG Chairs. We are looking to fundamentally transform the quality and experience of care across health and social care over the next five years. The proposal is to create new joined up support and care within communities. The BCF document asks for investment in the transformation in order to deliver much larger savings. We are looking to drive reductions in emergency admissions to hospital and the demand for residential and nursing



home care. Much more work is needed on the investment and savings proposals, but this is a work in progress.

### **Saving Proposals**

- 6.3 We need to ensure we maintain control over ASC's large and complex budgets during the changes set out above, whilst also reducing our cost base to meet each Council's budget target. The reduction in public sector expenditure as a result of the economic downturn has made the need to make further savings inevitable and deeper than previously experienced.
- 6.4 The efficiency and growth proposals for the Adult Social Care Department are detailed in Appendix 2. ASC savings total £4.664m for 2014/15 and account for 26% of the gross total savings. Growth of £0.2m is proposed in 2014/15 for ASC.
- 6.5 We are aiming to do this by a focus on better for less:
- Creating a portfolio of projects – with a focus on reviewing: the end to end journey of the customer and removing inefficiencies; Whole Systems Integration; and reviewing the joint commissioning structure. There are three main proposals within the Portfolio of projects, namely Reviewing the Customer Journey for Operational Services with savings of £0.185m; Reviewing high cost placements with support provided at home or through Direct Payments of £0.91m; and Integrated commissioning with health with savings of £0.2m.
  - Joint procurement across the Boroughs - reprocurring Supporting People contracts by negotiating with providers and decommissioning services, with savings proposed of £0.875m. Further savings include the review of Learning Disabilities supported living of £0.324m and other procurement contractual savings of £0.123m.
  - The department has benchmarked and reviewed a number of high unit cost services. These include the review of non-statutory advocacy support services, with proposed savings of £0.165m. Additional savings of £0.185m are expected from reviewing the Intensive support contract, Older People Commissioning Services and the Recruitment Budget. As part of the Travel Support Strategy we are currently piloting a Travel Assessment tool for care managers to use when doing overall assessments. It aims to understand better people's travel needs and explore all the options for achieving them, including use of taxi cards, Freedom Passes and other transport options, with savings proposed of £0.045m.
  - Pay restraint by managing prices in residential and nursing placements of £0.135m.
  - Remodelling and tendering out in-house services by reviewing services for employment and training of £0.111m, proposed savings of £0.183m are estimated from Mental Health social work costs as part of the West

London Mental Health Trust, and a review of Learning Disability Residential supported living of £0.108m. There are a range of other savings proposed of £0.177m, covering a review of Finance creating a Tri-Borough Client Affairs Team, training and community support services.

- Enabling residents to remain in their own homes for as long as possible through advice and information (including improving the web offer), prevention initiatives, intensive reablement and a new home care offer focusing on flexible support and outcomes, with proposed savings of £0.118m. A significant measure for ASC is jointly managing demand by reduced admissions into residential and nursing homes, through better support in the community, with estimated savings of £0.475m. Further savings include £0.103m NHS funding for social care protection of front line services.
- A further drive to streamline the approach to personalisation across the Tri-Borough, with changes in Direct Payments services to an outcome based operating model, saving £0.115m.
- The application of technology, with savings of £0.127m from the Frameworki social care system, as processes are streamlined with all Tri-Borough Partners.

## **Growth**

- 6.6 The department has reviewed its demographic requirements and estimates for 2014/15 and is allocating £0.205m for increased demand for learning disabled people placements and care packages. As part of the MTFs Cabinet challenge process, the growth has been reduced significantly from previous years, due to the success of reablement and other initiatives to maintain people at home rather than in more costly settings.

## **Fees and Charges**

- 6.7 It is proposed that there is no increase to the home care charge of £12.00 per hour between 2013/14 and 2014/15. This is because Cabinet approved that the rate of charge is limited to £12.40 based on the level of assessed needs and cost of service. The home care charge of £12.00 is compared with the average home care purchasing rate of £12.41. In 2014/15, a new home care offer focusing on flexible support and outcomes contracts is proposed and the charge will be reviewed at this particular point. Hammersmith & Fulham will still be amongst the London Boroughs with the lowest contribution towards home care. Unlike nearly all other London Boroughs, a person's savings and property are not taken into account when assessing that person's ability to make a contribution to the cost of home care.
- 6.8 In line with Council policy, the Meals service charge has increased over the last three years. The Meals service has been outsourced since July 2013. The Service User charge per meal was increased to £4.50 with effect from April 2013 with the cost of the Meal at £6.93, leaving a subsidy of £2.43. A review

of the arrangements will be undertaken for both the service model and charging for the delivered meals service. The data collection, benchmarking and best practice review will take place early in 2014 with a fuller consultation planned later in the year. Therefore, it is proposed not to increase charges in 2014/15, pending the outcome of the review.

## **7 COMMENTS OF THE EXECUTIVE DIRECTOR FOR HOUSING AND REGENERATION ON THE BUDGET PROPOSALS**

- 7.1 The Council's Housing Strategy identifies the need to both improve service quality and cost efficiency. The Housing and Regeneration Department (HRD) provides services funded by both the Housing Revenue Account (HRA) and by the General Fund. The Housing Options, Skills and Economic Development (HOSED) service is the most significant service component funded by the General Fund, and has directed its resources to focus on achieving the challenge of delivering MTFS savings proposals whilst ensuring front-line services are maintained and enhanced, focusing especially on enabling the service to respond to the changes brought about by the Government's programme of Welfare Reform.
- 7.2 In addition to the ongoing effects of the introduction of Local Housing Allowances from April 2011, the following major welfare reforms were implemented during 2013/14:
- The introduction of an overall cap on benefits (£500pw for families / £350pw for single people) from August 2013;
  - The introduction of Universal Credit, phased in from October 2013 and bringing with it direct payments to claimants;
  - Changes to the subsidy system for temporary accommodation from April 2013.
- 7.3 The Council supports the Government's programme of Welfare Reform, and has adopted a number of principles in managing the effect of the changes including supporting residents into work and providing mitigating action to protect vulnerable people and the Council's financial interest and reputation.
- 7.4 The MTFS process for 2014/15 has produced a General Fund budget increase for HRD of £1.441m. This movement is comprised of inflation of (£0.005m), efficiencies of (£0.75m), growth of £1.545m, net movements relating to the Council's direction of travel of (£0.116m), and an increase in the allocation of support costs and capital charges of £0.767m. The changes will leave a net general fund budget of £7.727m in 2014/15.

### **Efficiency Proposals**

- 7.5 HRD has achieved the planned efficiencies target of (£0.750m) as set out in Table 3 of this report (paragraph 4.5) via the following proposals:

- A review of income generation opportunities and cost reductions in the Adult Learning & Skills Service (£0.211m),
- Reducing costs and financial risks associated with a temporary accommodation (TA) contract at Hamlet Gardens (£0.150m),
- The cessation of a subscription to the Locata choice-based letting system (£0.07m),
- A reduction in the recharge to the General Fund from the Housing Revenue Account for amenities shared by the general community (£0.05m), passing on savings achieved in the Housing Revenue Account,
- A minor reorganisation of roles and responsibilities within Housing Options (£0.04m),
- Renegotiating the terms of Housing Association Direct Letting schemes thereby mitigating the Housing Benefit subsidy loss (£0.02m)
- A redistribution of the pension fund deficit for staff within the department to the HRA based on an actuarial valuation (£0.209m).

## **Growth & Risks**

7.6 It is proposed to manage the potential impact of the changes from the Government's programme of Welfare Reform via a growth bid and the proactive management of risks. The potential impacts of the changes are five-fold:

- The loss of tenancies in the private sector arising from welfare reform measures already fully in place leading to increased homelessness and the greater use of expensive temporary accommodation such as B&B;
- Changes in the temporary accommodation subsidy system leading to the loss of existing Council-managed temporary accommodation and increased B&B usage;
- Reduced viability for temporary accommodation currently managed by housing associations leading to loss of income for the associations and potential knock-on effects for the authority in the need to provide alternative temporary accommodation;
- Loss of tenancies in the private sector or direct loss of income in Council-managed temporary accommodation arising from the direct payment of benefits to claimants under Universal Credit and again, with the potential risk of increased homelessness and the use of B&B.
- Inflationary pressures on costs as a result of increased demand for B&B and other forms of temporary accommodation across London.

- 7.7 The potential financial impact can be distilled into three main areas:
- 7.8 Overall Benefit Cap: it is proposed that the total potential annual exposure of £0.74m is budgeted for 2014/15 through an MTFS growth bid. It is anticipated that the risk relating to the Overall Benefit Cap will be in the range £0.37m - £0.74m in 2015/16 and then diminish in 2016/17.
- 7.9 Direct Payments: the Council is one of the ten pathfinder areas for Universal Credit, the initial pilot implementation which commenced on 28 October 2013 was only for a limited number of claimants and excluded those who were previously in receipt of housing benefit. DWP announced on 5 December 2013 a plan to develop further functionality within the pathfinder areas for Universal Credit so that claims for Universal Credit from couples are rolled out from Summer 2014 and for families, from Autumn 2014. DWP currently expects Universal Credit will be fully rolled out during 2016, having closed down new claims to the legacy benefits it replaced, with the majority of the remaining legacy caseload moving to Universal Credit during 2016 and 2017. This means that in 2014/15 some new claimants will be entitled to benefit to cover their housing costs which may potentially impact on rent collection rates, estimated 2014/15 rental income from B&B and PSL is £15.848m . The full year effect of a 10% drop in the collection rate would be an increase in rent arrears of approximately £1.584m in the General Fund, resulting in a bad debt charge. Based on the phased implementation noted above a growth bid of £0.805m for 2014/15 and £1.675m for 2015/16 and 2016/17 has been submitted as part of the MTFS process.
- 7.10 Increased B&B costs: the budget assumption is that the number of households in B&B will reach 225 by March 2014. On the assumption that the number of households in B&B reaches 325 by March 2015, and rises to 425 by March 2016 and 525 by March 2017, the net cost will increase by £2.0m in 2014/15, £2.15m in 2015/16, and £2.3m in 2016/17. Additionally, there is a risk that current subsidy entitlements, which are calculated on the basis of the Local Housing Allowance (LHA) at January 2011, may be updated and there is a risk of inflationary pressures on costs as a result of increased demand for B&B and Temporary Accommodation across London. This risk is estimated to expose the General Fund to a further £1.7m in 2014/15, £1.8m in 2015/16, and £1.9m in 2016/17.
- 7.11 This represents a total overall exposure of £5.245m in 2014/15 (rising to £6.365m in 2015/16, and £6.005m in 2016/17). It is intended to manage this in 2014/15 through: a growth bid of £1.545m and utilising corporate reserves and a proactive programme of risk containment.

## **8 FINANCE AND RESOURCES IMPLICATIONS**

- 8.1 This report sets out the current savings and growth proposals for comment by the select committee. An update on the overall financial position will be presented to the committee following the publication of the local government finance settlement. This will include:
- An update on reserves, balances and risks

- The latest position on government funding.

8.2 The savings put forward of £18.2m are significant. They have been developed through a robust process of Cabinet and Business Board Challenge. Looking beyond 2014/15 the council will continue to face further funding reductions. The current forecast is that £50.5m of cumulative savings are likely to be required from 2014/15 to 2016/17.

8.3 The Executive Director of Finance and Corporate Governance is required 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. These issues have underpinned the current MTFS process and will be addressed in the budget report to Budget Council.

8.4 Implications verified/completed by: Jane West, Executive Director of Finance and Corporate Governance, telephone number; 0208 753 1900.

## **9 CONSULTATION WITH NON DOMESTIC RATE PAYERS**

9.1 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.

9.2 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. Any comments will be reported at Cabinet.

## **10 EQUALITY IMPLICATIONS**

10.1 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. An Equality Impact Assessment (EIA) is attached at Appendix 4.

## **11 LEGAL IMPLICATIONS**

11.1 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.

11.2 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.

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

11.4 Section 25 of the Local Government Act 2003, which came into force on 18 November 2003, requires the Executive Director of Finance and Corporate Governance 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.

11.5 Implications verified/completed by: Tasnim Shawkat, Bi Borough Director of Law, telephone number; 0208 753 2700.

**LOCAL GOVERNMENT ACT 2000**  
**LIST OF BACKGROUND PAPERS USED IN PREPARING THIS REPORT**

<b>No.</b>	<b>Description of Background Papers</b>	<b>Name/Ext of holder of file/copy</b>	<b>Department/ Location</b>
1.	None		

**LIST OF APPENDICES:**

Appendix 1 – MTFS Summary

Appendix 2 – Growth & Efficiency Schedules

Appendix 3 - Fees and Charges – exceptions to standard 3.3% increase.

Appendix 4 – Equality Impact Assessments

### Medium Term Budget Requirement

	Year 1 2014/15 £'000	Year 2 2015/16 £'000	Year 3 2016/17 £'000
<b>2013/14 Net General Fund Base Budget</b>	<b>189,640</b>	<b>189,640</b>	<b>189,640</b>
Non-domestic rates tariff payment to Government	2,913	2,986	3,046
One off budget adjustments from 2013/14	(1,903)	(1,903)	(1,903)
Drawdown from Efficiency Delivery Reserve	(752)	0	0
<b>2014/15 Net General Fund Base Budget</b>	<b>189,899</b>	<b>190,724</b>	<b>190,783</b>
Contract and Income Inflation	2,800	5,600	8,400
Growth	4,156	5,515	5,515
Efficiency Savings <sup>1</sup>	(18,157)	(40,751)	(50,515)
General Contingency (pay)	900	1,800	4,050
<b>Gross Budget Requirements</b>	<b>179,597</b>	<b>162,888</b>	<b>158,233</b>
<b>Less</b>			
New Homes Bonus Grant	(3,773)	(3,065)	(3,672)
Other unringfenced specific grants	(4,534)	(4,442)	(4,442)
Council Tax Freeze Grant	(626)	(1,252)	(1,252)
Contribution to General Balances	1,105	0	0
<b>Revenue Grants</b>	<b>(7,828)</b>	<b>(8,759)</b>	<b>(9,366)</b>
<b>Net Budget Requirement</b>	<b>171,769</b>	<b>154,129</b>	<b>148,867</b>
<b>Funded By</b>			
Revenue Support Grant	65,300	46,572	39,874
Localised Element of Non Domestic Rates	54,313	55,838	56,924
Council Tax (3% Reduction in Year 1 then a freeze for planning purposes)	51,369	51,369	51,369
Increase in Council Tax Base	0	350	700
One off collection fund surplus	787	0	0
<b>Gross Resources</b>	<b>171,769</b>	<b>154,129</b>	<b>148,867</b>
<b>Adjusted Net Budget Gap</b>	<b>0</b>	<b>0</b>	<b>0</b>

#### Notes

1) In addition, an efficiency of £150k has been built in to the Council Tax Base, relating to Single Person Discount savings. These savings are planned to be achieved through the Business Intelligence programme.



**Adult Social Care Budget Proposals**

Service	Description	2014-15 Budget Change (£,000's)			2015-16 Budget Change Cumulative (£,000's)			2016-17 Budget Change Cumulative (£,000's)		
Tri Borough	Commissioning, Finance and In-house Services	(48)	(480)	(480)	(48)	(480)	(480)	(48)	(480)	(480)
Tri Borough	Overheads (Training, Project Management)	(65)	(252)	(252)	(65)	(252)	(252)	(65)	(252)	(252)
Tri Borough	Tri-borough initiative to manage prices in residential & nursing placements.	(135)	(135)	(135)	(135)	(135)	(135)	(135)	(135)	(135)
Tri Borough	Reduced admissions into residential and nursing homes through better support in the community	(475)	(475)	(475)	(475)	(475)	(475)	(475)	(475)	(475)
Operations	Customer Journey for Operational Services	(185)	(335)	(335)	(185)	(335)	(335)	(185)	(335)	(335)
Procurement and Business Intelligence	Extension of Framework I contract inline with Tri Borough Partners	(127)	(127)	(127)	(127)	(127)	(127)	(127)	(127)	(127)
Joint Commissioning with Health	Whole Systems Integration with Health (Community Budgets)	0	0	0	0	0	0	0	0	(200)
Operations & Provided Services	Review of high cost placements, supported at home packages & Direct Payments.	(910)	(910)	(910)	(910)	(910)	(910)	(910)	(910)	(910)
Operations & Provided Services	Efficiencies to be achieved from the home care procurement exercise and new operating model.	(118)	(235)	(235)	(118)	(235)	(235)	(118)	(235)	(235)
Operations & Provided Services	Personalisation - Changing the approach to an outcome based on the new operating model for Direct Payment Clients.	(115)	(230)	(230)	(115)	(230)	(230)	(115)	(230)	(230)
Provided Services & Mental Health	Review Intensive support contract	(50)	(50)	(50)	(50)	(50)	(50)	(50)	(50)	(50)

Service	Description	2014-15 Budget Change (£,000's)			2015-16 Budget Change Cumulative (£,000's)			2016-17 Budget Change Cumulative (£,000's)		
Tri Borough	Increase capacity in extra care and sheltered accommodation by 50 units (including LD accommodation strategy)	0	(400)	(400)	(400)	(400)	(400)	(400)	(400)	(400)
Provided Services & Mental Health	Review of Older People Day-Care Services	(35)	(35)	(35)	(35)	(35)	(35)	(35)	(35)	(35)
Operations	Decommissioning of Learning Disabilities Day Services and closure of in-house day provision, allowing people to use direct payments in order to meet their needs.	0	(253)	(253)	(253)	(253)	(253)	(253)	(253)	(253)
Provided Services & Mental Health	Review of Community Access Team	(22)	(22)	(22)	(22)	(22)	(22)	(22)	(22)	(22)
Commissioning	Review of third sector payments within the Older People Commissioning sector.	(38)	(38)	(38)	(38)	(38)	(38)	(38)	(38)	(38)
Commissioning	Review of the arrangements for both the service model and charging for the delivered meals service	0	(108)	(108)	(108)	(108)	(108)	(108)	(108)	(108)
Provided Services & Mental Health	Review of Learning Disability: Residential supported living	(108)	(145)	(145)	(145)	(145)	(145)	(145)	(145)	(145)
Provided Services & Mental Health	Learning Disabilities supported living review (Community Support Service).	(43)	(43)	(43)	(43)	(43)	(43)	(43)	(43)	(43)
Commissioning	Procurement of Learning Disabilities supported living contract (Yarrow).	(324)	(324)	(324)	(324)	(324)	(324)	(324)	(324)	(324)
Operations	Protect community transport provision by encouraging the use of travel methods such as taxi cards, blue badges and freedom passes through the Travel Support Strategy plan.	(45)	(45)	(45)	(45)	(45)	(45)	(45)	(45)	(45)
Commissioning	Provide statutory advocacy services and withdraw non-statutory advocacy support and funding.	(165)	(165)	(165)	(165)	(165)	(165)	(165)	(165)	(165)
Commissioning	Reprovide all funding for employment and training services and review of Learning Disabilities Development fund	(111)	(111)	(111)	(111)	(111)	(111)	(111)	(111)	(111)
Commissioning	Review of Mental Health commissioned services.	(22)	(22)	(22)	(22)	(22)	(22)	(22)	(22)	(22)

Service	Description	2014-15 Budget Change (£,000's)			2015-16 Budget Change Cumulative (£,000's)			2016-17 Budget Change Cumulative (£,000's)		
		2014-15 Budget Change (£,000's)	2015-16 Budget Change Cumulative (£,000's)	2016-17 Budget Change Cumulative (£,000's)	2014-15 Budget Change (£,000's)	2015-16 Budget Change Cumulative (£,000's)	2016-17 Budget Change Cumulative (£,000's)	2014-15 Budget Change (£,000's)	2015-16 Budget Change Cumulative (£,000's)	2016-17 Budget Change Cumulative (£,000's)
Commissioning	Supporting People - Reprocurring of contracts by negotiating with providers and decommissioning of services.	(875)	(875)	(875)	(875)	(875)	(875)	(875)	(875)	
Provided Services & Mental Health	Mental Health social work costs	(183)	(183)	(183)	(183)	(183)	(183)	(183)	(183)	
Commissioning	Integrated commissioning with health.	(200)	(200)	(200)	(200)	(200)	(200)	(200)	(200)	
Commissioning	Review of Elgin Resource centre contract	(25)	(25)	(25)	(25)	(25)	(25)	(25)	(25)	
Finance	Recruitment Budget	(40)	(40)	(40)	(40)	(40)	(40)	(40)	(40)	
Finance	Improve outcomes and reduce dependency amongst residents through better joint services with the NHS.	(103)	(103)	(103)	(103)	(103)	(103)	(103)	(103)	
Commissioning	Procurement savings from Olive House contract.	(28)	(28)	(28)	(28)	(28)	(28)	(28)	(28)	
Commissioning	Procurement savings from Elm Grove & Elgin Close contract.	(70)	(70)	(70)	(70)	(70)	(70)	(70)	(70)	
	<b>Total Efficiencies</b>	<b>(4,664)</b>	<b>(4,664)</b>	<b>(4,664)</b>	<b>(6,724)</b>	<b>(6,724)</b>	<b>(7,124)</b>	<b>(7,124)</b>	<b>(7,124)</b>	
Growth	Increase in demand for learning disabled people placements and care packages.	205	205	205	410	410	410	410	410	
	<b>Growth totalled</b>	<b>205</b>	<b>205</b>	<b>205</b>	<b>410</b>	<b>410</b>	<b>410</b>	<b>410</b>	<b>410</b>	

**Housing and Regeneration Department Budget Proposals**

Service	2014-15 Budget Change (£,000's)	2015-16 Budget Change Cumulative (£,000's)	2016-17 Budget Change Cumulative (£,000's)
Finance & Resources	(209)	(209)	(209)
Finance & Resources	(50)	(50)	(50)
Housing Options, Skills & Economic Development	(150)	(150)	(150)
Housing Options, Skills & Economic Development	(20)	(20)	(20)
Housing Options, Skills & Economic Development	(70)	(70)	(70)
Housing Options, Skills & Economic Development	(40)	(40)	(40)
Housing Options, Skills & Economic Development	(211)	(350)	(490)
<b>Total Efficiencies</b>	<b>(750)</b>	<b>(889)</b>	<b>(1,029)</b>
Growth	1,545	1,675	1,675
<b>Growth totalled</b>	<b>1,545</b>	<b>1,675</b>	<b>1,675</b>

## ASC Fees &amp; Charges (Exemptions) 2014/15

Adult Care Proposed Fees and Charges 2014/15						
Description of Service	2013/14 Charge (£)	Proposed % Increase in 2014/15	Proposed Charge in 2014/15 (£)	Total Estimated Income Stream for 2014/15 (£)	Reasons for exemptions 2014/15	
Meals Service	4.50	0.00%	4.50	140,100	In line with Council policy, the Meal's charge has increased over the last three years. The Meals service has been outsourced since July 2013. The Service User charge per meal was increased to £4.50 with effect from April 2013 with the cost of the Meal at £6.93, leaving a subsidy of £2.43. A review of the arrangements will be undertaken for both the service model and charging for the delivered meals service. The data collection, benchmarking and best practice review will take place early in 2014 with a fuller consultation planned later in the year. Therefore it is proposed not to increase charges in 2014/15, pending the outcome of the review.	
Home Care Charging	12.00	0.00%	12.00	441,000	It is proposed that there is no increase to the home care charge of £12.00 per hour between 2013/14 and 2014/15. This is because Cabinet approved that the rate of charge is limited to £12.40 based on the level of assessed needs and cost of service. The home care charge of £12.00 is compared with the average home care purchasing rate of £12.41. In 2014/15 a new home care offer focusing on flexible support and outcomes contracts is proposed and the charge will be reviewed at this particular point. Hammersmith & Fulham will still be amongst the London Boroughs with the lowest contribution towards home care. Unlike nearly all other London Boroughs, a person's savings and property are not taken into account when assessing that person's ability to make a contribution to the cost of home care.	

## Fees and Charges: Exemptions to 2% Uplift

## HRD Fees &amp; Charges (Exemptions) 2014/15

Regeneration & Housing					
Fee Description by division	2013/14 Charge (£)	2014/15 Charge (£)	Proposed Uplift (%)	Total Estimated Income Stream for 14/15, or 13/14 projected income.	Reason for uplift
<b>Private Sector Leasing</b>					
Private Sector Leasing Water Charges	Varies	Varies	Subject to water company increase, expected in January 2014	£54,000 for 2014/15; dependent on the number of client units	The charge is determined by the annual increase set by the water companies.
Private Sector Leasing Rent (average per week)	£299.40 as at 2nd April 2013	£301.09 as at 1st September 2013	Nil	£12.6m (2014/15 Estimates, based on 853 units with 4% void at the weekly rent of £301.09)	From April 2014, the PSL rent threshold is based on the January 2014 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 cap of £375 on other BRMAs.
<b>Bed &amp; Breakfast Temporary Accommodation</b>					
B & B Rent Single/Family (Average per week)	£212.18 as at 2nd April 2013	£215.56 as at 1st September 2013	Nil	£3.1m (2014/15 Estimates, based 275 tenants at the weekly rent of £215.56)	From April 2014, the B&B rent threshold is based on the January 2014 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>Adult Education &amp; Learning Skills Service</b>					
Adult Education Class Full Fee per hour Band B	2.20	(Fee from 1 Sep 2014)	2.27		
Adult Education Class Full Fee per hour Band C	3.35		3.46	3.3%	
Adult Education Class Full Fee per hour Band D	4.60		4.75	3.3%	
Adult Education Class Full Fee per hour Band E	5.75		5.94	3.3%	
Adult Education Class Full Fee per hour Band F	11.15		11.52	3.3%	
				£700,000 (2014/15 Estimates)	The fees uplift will be implemented at the beginning of the academic year which commences on 1st September 2014.

## Equality Impact Assessment (EIA)

### Adult Social Care (ASC)

#### Budget proposals for 2014/15.

#### 1. SAVINGS, EXISTING EFFICIENCIES, AND NEW EFFICIENCY SAVINGS

- 1.1 Some of the ASC line items are to do with back office change that affects staff and as such will not have an impact on frontline service users. As with all staff changes, EIAs are carried out to inform reorganisations. Other line items are to do with more efficient ways of delivering services to the public and those are included here.

#### **Reduced admissions into residential and nursing homes through better support in the community: £475K**

- 1.2 This saving follows on from last year's saving under the same heading, and arises from low scale integration work, whereby a more planned discharge of clients back into their homes results in better outcomes and a lower number of clients because people are not having to be re-admitted to hospital so often. This will help to advance equality of opportunity for older and disabled people and to encourage participation in public life by helping them with their care after hospital. It is of high relevance to disabled adults, and to older people who have been admitted to hospital, with the focus being on managing the exit from hospital in a proactive and holistic way such that money is saved.
- 1.3 This line item also supports delivery of one of the Council's two Equality Objectives, as required by S153 of the Equality Act 2010, agreed by Cabinet in December 2011, and reported on in February 2013. The objective is:

*Continuity of Care: Reduce unplanned admissions to hospitals and nursing care homes through early intervention by integrated health and social care services.*

#### **Tri-Borough initiative to manage prices in residential and nursing placements: £135K**

- 1.4 This line item refers to inflation-related requests made by providers of such services as care and residential nursing homes, making this of high relevance to older and disabled people. This is being managed by ASC and a standard system across the Tri-Borough area has been set up to ensure that recent case law and the views of stakeholders including care providers are assessed and taken into account when agreeing fees. Each case is judged on its own merits in line with emergent case law and the needs of providers to run a service that is fit for purpose. Therefore there should be no impact on older or disabled people, or on providers as a result of this approach.

**Customer Journey for Operational Services: £185K**

- 1.5 This saving arises from a review of social work practice and how services are delivered. This includes processes used to help residents and how these could be made easier to navigate to cost less but also to provide better services to older and disabled people. This saving is therefore of high relevance to older and disabled people and people with learning disabilities and the impact should be positive.

**Review of high cost placements, supported at home packages and Direct Payments: £910K**

- 1.6 This line item refers to a combination of: where residents get services from, more regular reviews of packages, and benchmarking cost against Tri-Borough partners' services. The combined work will reduce cost and will not impact adversely on residents as these measures will ensure that the service provided are the most appropriate and the best value for money.
- 1.7 There will be more timely and appropriate interventions in an integrated care co-ordinated approach which will provide appropriate levels of care.

**Efficiencies to be achieved from the homecare procurement exercise and new operating model: £118K; and  
Personalisation - Changing the approach to an outcome based on the new operating model for Direct Payment Clients: £115K**

- 1.8 Both of these items arise from a focus on reablement ethos which encourages independence and stability. This will also include more regular reviews to ensure that older and disabled residents are getting the right services.

**Review intensive support contract: £50K**

- 1.9 This arises from a new tendered contract. However, take-up of this service is lower and so the saving arises from this aspect.

**Review of third sector payments within the Older People Commissioning Sector: £38K**

- 1.10 This arises from an underspend in 2013/14, which is a saving for 2014/15.

**Review of Learning Disability(LD): Residential supported living: £108K**

- 1.11 This is part of the strategy for LD accommodation and support and this line item will affect a very small number of service users. A consultation on the future of the service is underway and a report will be presented to Cabinet in February 2014 which will fully consider equalities issues and actions to minimise these.



**Procurement of Learning Disabilities supported living contract (Yarrow):  
£324K**

- 1.12 This saving will arise from a contract renegotiated led by procurement of this service.

**Protect community transport provision by encouraging the use of travel methods such as taxi cards, blue badges and freedom passes through the Travel Support Strategy plan:£45K**

- 1.13 This line item is part of the Support Planning Model. As part of this, service users have a Travel Support Plan and this would help them to use other forms of transport with support.

**Provide statutory advocacy services and withdraw non-statutory advocacy support and funding: £165K**

- 1.14 This line item arises from a procurement exercise in which a unit costed model is proposed. The level of advocacy would be the same but the Council would only pay for the advocacy that is used by service users. As such there is no impact on service users as the level of service is not proposed to change.

**Reprovide all funding for employment and training services and review of Learning Disabilities Development fund: £111K**

- 1.15 This service will be carried out by the Housing and Regeneration Department within existing resources.

**Supporting People - Procuring of contracts by negotiating with providers and decommissioning of services: £875K**

- 1.16 This line item refers to negotiating with providers and decommissioning of services. Such decisions are subject to the usual decision making process which may include carrying out an Equality Impact Analysis at which stage the impact can be full assessed.

**Review of Elgin Resource centre contract: £25K**

- 1.17 This item refers to a contract variation and extension.

**Procurement savings from Olive House contract: £28K; and  
Procurement savings from Elm Grove & Elgin Close contract: £70K**

- 1.18 These line items refer to renegotiations of both contracts which result in savings in extra care sheltered housing. There is no impact on service users as a result.

**Improve outcomes and reduce dependency amongst residents through better joint services with the NHS: £103K**

- 1.19 This item refers to money being received by the Council from the NHS.
- 1.20 The following savings arise from a review of staffing arrangements and will not impact on the public sector equality duty:
- Commissioning, Finance and in-house services: £48K
  - Overheads (training, project management): £65K
  - Review of Older People Day Care Services: £35K
  - Review of Community Access team: £22K
  - Learning Disabilities Supported Living Review: £43K
  - Review of Mental Health Commissioned Services: £22K
  - Mental Health Social Work costs: £183K
  - Integrated commissioning with health: £200K
  - Recruitment budget: £40K

**Extension of Framework-i contract in line with Tri-Borough partners: £127K**

- 1.21 This saving arises from better use of IT and does not impact on frontline services or the public sector equality duty.

**2. GROWTH**

**Increase in demand for learning disabled people placements and care packages: £205K**

- 2.1 These line items relate to an increase in the demand for placements for people with needs arising from learning disabilities. These will all be of high relevance to disabled people, and will support the participation of disabled people in public life, and help to advance equality of opportunity between disabled and non-disabled people. These items will have a neutral impact as the increase in budgets will meet the needs of these groups and there will be no change to the service or to the eligibility for the service as a result.

**3. RISKS / CHALLENGES**

- 3.1 Identification of the risks and challenges in this section allows ASC to plan and prepare for associated increases in cost.

**Demographic changes, Ageing population: £450K**

- 3.2 Growth is expected to be one per cent per annum in LBHF. Presently, there is a reduction in client numbers which is expected to plateau and then to rise.

**Care transfers into social care: £750K**

- 3.3 This relates to increases due to continuing care transfers into social care and demographic pressures.

**Increase in demand for learning disabled people placements and care packages: £235K**

- 3.4 See growth section for comments.

**Equipment budgets: £200K**

- 3.5 Increased pressure on equipment budgets as a whole as the Health & Social Care community work together to deliver on admission avoidance & delaying the admission to Residential or Nursing Facilities.

**Maximising revenue from Careline: £400K**

- 3.6 The service is being reviewed with Commissioning to look at recommissioning a telephony / Monitoring service on a Bi or Tri-Borough basis. A local response service will be developed as part of the wider rapid Response Service developments.

#### **4. FEES AND CHARGES**

**Home care: No increase**

- 4.1 It is proposed that there is no increase to the home care charge of £12.00 per hour between 2013/14 and 2014/15. This is because Cabinet approved that the rate of charge is limited to £12.40 based on the level of assessed needs and cost of service. The home care charge of £12.00 is compared with the average home care purchasing rate of £12.41. In 2014/15 a new home care offer focusing on flexible support and outcomes contracts is proposed and the charge will be reviewed at this particular point.

- 4.2 Hammersmith & Fulham will still be amongst the London Boroughs with the lowest contribution towards home care. Unlike nearly all other London Boroughs, a person's savings and property are not taken into account when assessing that person's ability to make a contribution to the cost of home care.

**Meals on Wheels: No increase**

- 4.3 In line with Council policy, the Meal's charge has increased over the last three years. The Meals service has been outsourced since July 2013. The Service User charge per meal was increased to £4.50 with effect from April 2013 with the cost of the Meal at £6.93, leaving a subsidy of £2.43. A review of the arrangements will be undertaken for both the service model and charging for the delivered meals service. The data collection, benchmarking and best practice review will take place early in 2014 with a fuller consultation planned later in the year. Therefore it is proposed not to increase charges in 2014/15, pending the outcome of the review.

**Equality Impact Assessment (EIA)**  
**Housing and Regeneration Department (HRD)**  
**Budget Proposals 2014/15**

**1. SAVINGS, EXISTING EFFICIENCIES, AND NEW EFFICIENCY SAVINGS**

**Additional Pension Fund Service Deficit absorbed by the HRA based on actuarial calculations: £209K**

- 1.1 This efficiency relates to the additional contribution to the Council's pension fund deficit required from the Housing Revenue Account rather than the General Fund. This efficiency will not have any significant equalities impact.

**Reduction in amenity recharge from the HRA: £50K**

- 1.2 This efficiency relates to a reduction in charges to the General Fund from the Housing Revenue Account. The charges relate to the perceived benefit to the General Fund of the amenity provided to residents from the Council's housing land.

**Reduction in costs and risks associated with Hamlet Gardens: £150K**

- 1.3 This efficiency relates to the reduced procurement cost expected to result following the expiry of an expensive lease for temporary accommodation, and the Council procuring suitable alternative accommodation more cost effectively. This efficiency is not expected to have any significant equalities impact.

**Reduction in Housing Benefit Subsidy Loss on HALD portfolio: £20K**

- 1.4 Introduction of and changes to Local Housing Allowances (LHA) has restricted Housing Benefits paid to customers. In 2013/14, 546 tenancies where existing rents exceeded LHA rates were identified. A combination of negotiation with landlords to reduce rents charged and seeking suitable alternative accommodation where appropriate has been successful in mitigating this risk. This saving is a budgetary provision that is now no longer required.

**Cessation of subscription to Locata choice-based letting system: £70K**

- 1.5 The cessation of the use of Locata is consequent upon changes to the Council's Scheme of Allocation. The new "Assisted Choice" model of making accommodation offers provides a more tailored approach to the client's housing needs than did Locata and this change is not expected to have significant equalities implications.

**Minor reorganisation of roles and responsibilities with Housing Options: £40K**

- 1.6 This efficiency relates to a staffing reorganisation which has been designed to best meet the requirement to deliver the revised housing strategy. This reorganisation shows no adverse impacts on staff with protected characteristics.

**Review of income generation opportunities and cost reductions in Adult Learning & Skills Service: £211K**

- 1.7 This efficiency results from cost reductions arising from a review of the staffing structure and the identification of income generation opportunities associated with the delivery of learning and skills course provision. The review will have no adverse impacts on staff with protected characteristics.

**2 GROWTH**

**Potential Homelessness Impact of Welfare Reforms: £1,545k**

- 2.1 The Council will manage the potential homelessness impact arising from the Government's package of Welfare Reforms through a combination of pro-active mitigating action and through growth. The impact of the Overall Benefit Cap exposes the Council to loss of income in the form of bad debt charges of £740k in 2014/15 on the Temporary Accommodation portfolio. It is anticipated that this budgetary pressure will be managed as a risk (in the range £370k - £740k) in 2015/16 and that this risk will then diminish in 2016/17. Further, the estimated impact on bad debts as a result of the implementation of Direct Payments is £805k in 2014/15, rising to £1,675 for 2015/16 and 2016/17. Any equalities impacts will arise from changes in Government policy. To the extent that the proposed growth item is a financial recognition of a risk of increased homelessness or of the increased use of B&B, the impacts are neutral. To the extent that the growth is mitigation leading to the prevention of homelessness or of the use of B&B, the impact will be positive to BME groups and households headed by women, which tend to be over-represented amongst homeless households.

# Agenda Item 5



**London Borough of Hammersmith & Fulham**

**HOUSING, HEALTH AND ADULT SOCIAL CARE SELECT COMMITTEE**

**21st JANUARY 2014**

**HOUSING REVENUE ACCOUNT  
FINANCIAL STRATEGY AND RENT INCREASE 2014/15**

**Report of the Cabinet Member for Housing – Councillor Andrew Johnson**

**Open Report**

**Classification:** For Decision  
**Key Decision:** Yes

**Wards Affected:** All

**Accountable Executive Director:** Melbourne Barrett, Executive Director of Housing and Regeneration

**Report Author:** Kathleen Corbett, Director of Finance and Resources (HRD)

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## 1. EXECUTIVE SUMMARY

1.1. This report deals with:

- management of the Housing Revenue Account (HRA) following the return of the housing stock to direct Council control in April 2011 and post HRA reform;
- the HRA Financial Strategy, the HRA Medium Term Financial Strategy (MTFS) for the five years 2014/15 – 2018/19, and the HRA Revenue Budget for the year 2014/15;
- the proposed increase in dwelling rents for 2014/15 having regard to national government guidance for council rents and the maintenance requirements of the housing stock owned by the borough, and the related fees and charges covering parking and garages, water rates and communal energy charges where levied.

## **2. RECOMMENDATIONS**

- 2.1. To note that the targeted on-going annual revenue savings of £4 million per annum by 2014/15 identified in the HRA Transformation Programme approved by Cabinet on 21st May 2012 have been achieved, and that during the course of the 2013/14 Financial Year £9.582m of HRA debt was repaid.
- 2.2. That the HRA financial strategy as set out in section 8 of this report is endorsed.
- 2.3. That approval be given to the HRA 2014/15 budget as set out in Appendix 1.
- 2.4. That approval be given to a rent increase for 2014/15, based on application of the Government's rent restructuring formulae for dwellings up to 3 bedrooms of 5.69%, and the Council rent policy (introduced in 2013/14) for dwellings of 4 bedrooms and above, of 7.11%, which is equivalent to an average increase of 5.79%.
- 2.5. That approval be given to a rent increase of 5.29% based on application of the Government's rent restructuring formulae for properties under licence and hostels as referred to in paragraph 10.6.
- 2.6. That an increase in tenant service charges for 2014/15 of 3.7% as set out in section 11 of this report be approved.
- 2.7. That in order to recover the cost of water rates and metered water costs, approval be given to an average increase in water charges of 0.1%, equating to an average rise of less than one penny per week, noting that some households may see a reduction of £2.97 and other an increase of £2.23 per week, as set out in section 15 of this report.
- 2.8. That a freeze in the communal heating charge at 2013/14 rates as set out in section 15 of this report be approved.
- 2.9. That a freeze in garage and parking charges as set out in section 15 of this report be approved.
- 2.10. That in line with the strategic financial objective of repaying debt as it becomes due, £2.414 million of HRA debt is repaid in 2014/15.
- 2.11. That the risks outlined in section 12 and in Appendix 5 of this report be noted.
- 2.12. That incentive payments to under-occupying tenants downsizing be increased to £2,000 per room as set out in paragraph 10.11.

## **3. REASONS FOR DECISION**

- 3.1. Section 76 (1)-(4) of the Local Government & Housing Act 1989 requires that the Council formulates the annual budget for the Housing Revenue Account during the months of January and February immediately preceding the year the budget is for. This budget must not result in a debit balance on the Council's HRA.

#### **4. INTRODUCTION AND BACKGROUND**

- 4.1 Between June 2004 and 31<sup>st</sup> March 2011 management of the borough's housing stock was in the hands of H&F Homes Ltd, a fourth round Arms Length Management Organisation (ALMO).
- 4.2 The creation of the ALMO was a condition for accessing debt funding for the previous government's Decent Homes initiative. The ALMO undertook an ambitious £215 million programme of works under this initiative. This programme was largely funded by an increase in borrowing of £201 million which took total HRA debt to £415 million immediately prior to HRA reform.
- 4.3 The management of the borough's housing stock returned to the Council from the ALMO on 1<sup>st</sup> April 2011 with the aim of improving cost efficiency and service quality.
- 4.4 On 28<sup>th</sup> March 2012, HRA reform was implemented which did away with the complex system of annual transfer payments between central and local government to be replaced by a system of "self financing" where local authorities have to manage their housing assets to ensure their HRA stock can be supported and maintained from their HRA income. Under HRA reform the Council received a debt repayment of £197.4m resulting in a reduction in annual interest costs of £10.2m. In exchange, the Council gave up its entitlement to Housing Subsidy from Government. This income stream was worth £10.4m in 2011/12.
- 4.5 This left the Council with an on-going interest cost of £12.2m in 2012/13, which needed to be funded from the gross rent roll (which for 2012/13 was £60.8m) before any other costs are funded. Following the adoption in 2012/13 of the strategic financial objective to repay the HRA debt as it becomes due, £9.7 million of debt will have been repaid by 31<sup>st</sup> March 2014 and the annual interest cost in 2014/15 will have reduced to £11.2m.
- 4.6 There are a number of other financial pressures on the HRA. Historically the Council, both prior to the establishment of and under the ALMO, under-invested in periodic and regular maintenance of the Council's housing stock. The Decent Homes programme brought welcome "catch up" investment in repairs and improvements. However, this only covered certain property elements and significantly did not cover lifts or public realm. Therefore there remains much work to do; £48m of investment in stock via capital maintenance programme is planned for 2014/15 alone.
- 4.7 Revenue from rents does not cover the combined costs of management, repairs and effective maintenance of the stock. LBHF rents are considerably lower than those of Tri-Borough partners and Wandsworth (2013/14 LBHF average rent is £99.48 per week compared to £111.45 - £123.71 per week in other central West London boroughs, see Appendix 7).
- 4.8 There are also a number of key financial risks to the HRA. These include:
  - the impact of welfare reform on income and bad debts, specifically the removal of the spare bedroom subsidy for under-occupancy, benefit caps and direct payments to tenants when they move to Universal Credit;



- the impact of the pledge made on 26th June 2013 as part of the Spending Round 2013 that social rents will increase by a maximum of the Consumer Prices Index (CPI) plus 1% a year from 2015-16 to 2024-25;
- the impact of higher void rates in future years on income, maintenance, and management as a result of fixed term tenancies turning over;
- a general property market risk both in regard to the Asset Based Limited Voids Disposals programme which currently partially funds capital works and on the HRA balances where accounting rules for impairment and revaluation losses / gains mean that any adverse movements may result in a charge to the HRA if there are insufficient revaluation reserves held;
- additional Health and Safety requirements;
- a general market risk on re-procurement and recruitment that contract prices might come in higher than expected, this risk is higher in better economic conditions;

4.9 These risks have to be viewed in the context of the level of HRA general reserves held. During the period of the ALMO's management, HRA reserves had fallen to £3.1m as at 31<sup>st</sup> March 2011, having been £6.4m at 31<sup>st</sup> March 2004<sup>1</sup> prior to peaking at £10m. HRA reserves as at 31<sup>st</sup> March 2014 are predicted to have doubled to £6.0m since the return of management to the Council, however they will only be equivalent to 7.7% of turnover, compared with the Royal Borough of Kensington & Chelsea (RBKC) at 31%, Westminster City Council at 85% and the London Borough of Wandsworth at 78%. This level of reserves provides insufficient cover against unanticipated events such as those that might arise from the risks noted above.

4.10 These pressures have led to a reliance on sales under the Asset Based Limited Voids Disposals policy to contribute to the necessary expenditure on stock maintenance and other related activity.<sup>2</sup>

4.11 It is therefore clear that over time revenues need to be increased and the cost base contained to build a more secure financial base, in order to move to a position where repairs and maintenance are wholly funded from rents and service charges without recourse to asset sales and to manage the risk of running an unlawful deficit on HRA reserves.

4.12 The 2012/13 HRA financial strategy agreed a target increase in the HRA reserves balance to protect against future shocks or unanticipated events to circa £35 million<sup>3</sup> by 2022. This report reaffirms this target, together with the need to partially fund the capital programme using sales under the Asset Based Limited Voids Disposals policy to enable both the reserves balance to build and the elements of the capital programme not covered by decent homes to be addressed. Once the target reserves balance has been achieved then the report

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<sup>1</sup> At their peak HRA reserves were £10 million during the period of ALMO management. They declined swiftly after this point to £3.1m at the end of the ALMO's managerial period.

<sup>2</sup> Borrowing to finance the capital programme would result in the reserves balance not being built up and there would be no protection against unexpected financial shocks.

<sup>3</sup> The profile for the initial years is shown in Appendix 2, reserves do not build up evenly, the level at which they build increases over time. £35m would at 2022 predicted prices be equivalent to circa 37% of turnover

proposes that the reserves target is indexed annually by RPI which will leave a balance of funds available for investment.

- 4.13 Investment was made in 2012/13 and 2013/14 to drive forward an extensive programme of service improvements and savings, with a target to achieve on-going annual efficiencies in the three years to 31<sup>st</sup> March 2015 of £4m, this has been achieved, efficiencies have also been delivered in other areas. The actual cumulative on-going annual efficiencies delivered by this budget in the three years to 31<sup>st</sup> March 2015 are £5.7m (see paragraphs 8.15 to 8.22). This exceeds the target and has enabled some revenue investment in capital projects (see Appendix 3 and 4).
- 4.14 More still remains to be done. Savings alone are not enough to fund repairs and maintenance without recourse to asset sales, rents will need to continue to increase as a minimum in line with the Council's rent policy and the use of the assets within the HRA business plan needs to be maximised.

## **5. STATUTORY CONTEXT**

- 5.1 The HRA was established by statute to ensure that council tax payers can not subsidise council rents and nor can council rents subsidise council tax. Failure to adhere to this statutory guidance can render the council's annual report and accounts subject to challenge and/ or qualification by the District Auditor.
- 5.2 The HRA ring-fence was introduced in Part IV of the Local Government and Housing Act 1989, and was designed to ensure that rents paid by local authority tenants accurately reflect the cost of associated services. This act specifies that expenditure and income relating to property listed in section 74 of the Local Government and Housing Act 1989 (that is houses and buildings provided for the provision of accommodation including the land on which they sit, excluding leases taken out for less than 10 years to provide temporary accommodation) must be accounted for in the HRA. Schedule 4 of the Act (as amended by section 127 of the Leasehold Reform, Housing and Urban Development Act 1993) specifies the allowable debits and credits. The Housing (Welfare Services) Order 1994 further specifies more detail on the welfare services which must be accounted for outside the HRA.
- 5.3 The Local Government and Housing Act 1989 also specified that it is unlawful to approve a budget which will result in a debit position on HRA reserves.

## **6.0 ASSET MANAGEMENT**

- 6.1 HRA reform sought to achieve the management of housing stock being supported by the income produced by that stock rather than annual transfers between central and local government. It therefore has provided the opportunity for the Council to adopt a pro-active asset management approach to creating a 30 year investment plan, including allowing for future investment needs, remodelling, rationalising and reinvestment of assets. This is in contrast to HRA business plans under Decent Homes that typically considered the programming and sequencing of building component replacement such as kitchens, windows and bathrooms but did not consider the wider opportunity for estate renewal and replacement as part of a strategic approach.

- 6.2 A new HRA Asset Management Plan, which included an update of the stock condition survey, was endorsed by Cabinet on 8<sup>th</sup> April 2013, this has formed the basis of the HRA business plan included in this report.
- 6.3 HRA reform has also brought with it more local accountability for determining rent levels and the maintenance of stock as councils are no longer able to refer to funding decisions made by central government in the event of local dissatisfaction with rent levels or the maintenance of stock.
- 6.4 The inherited legacy of housing management at the London Borough of Hammersmith and Fulham (LBHF) is mixed. The Decent Homes programme has been completed. However in the context of a “business” managing 18,000 properties with an existing use value of circa £1 billion and an unrestricted open market value in excess of £3.5 billion there is an entirely inadequate level of reserves of £6 million (predicted as at 1<sup>st</sup> April 2014), equivalent to less than 5 weeks rent.
- 6.5 This not only provides insufficient cover against unanticipated events as noted in paragraph 4.9 but also encourages short term decision making rather than well planned and pro-active asset management. A further period of time will be required to rebuild the balances held from the currently predicted figure of circa £6 million as at 1<sup>st</sup> April 2014 to a level which can provide a secure basis for sustained and effective planned investment in the stock that should lead to higher levels of customer satisfaction.
- 6.6 In order to achieve a sustainable HRA ideally the costs of managing and maintaining the housing stock should be funded from rents and service charges, with disposals used to fund strategic initiatives and to reduce debt, thereby reducing the interest burden on the HRA, rather than routine maintenance expenditure.
- 6.7 Rents currently charged by LBHF are significantly below rents charged in RBKC, Westminster and Wandsworth, as shown in Appendix 7. Current revenues, including rents, do not adequately cover the combined costs of management, repairs and maintenance and this has led historically to under investment in the stock, increased borrowing under Decent Homes to fund “catch up” repairs and improvements and a reliance on the disposal of expensive voids to fund current expenditure. It is therefore clear that over time revenues need to be increased and costs contained to build a more secure financial base, in order to move to a position where repairs and maintenance are wholly funded from rents and service charges without recourse to asset sales.

## **7. BUDGET SETTING CONTEXT**

- 7.1 A detailed analysis and review of the budgets has again been conducted and a zero-based approach taken to setting all budgets for 2014/15.

## **8. FINANCIAL STRATEGY**

- 8.1 The overall strategic financial objectives for the HRA are to:

- finance both the annual interest and repayments of the principal debt (£207.7m as at 1<sup>st</sup> April 2014) as it becomes due<sup>4</sup>;
- achieve a viable on-going maintenance programme that maintains the stock in good repair, working towards reducing the reliance on asset sales to fund the maintenance of existing stock;
- increase the HRA reserves balance to protect against future shocks or unanticipated events to about £35 million<sup>5</sup> by 2022, with the target thereafter increasing in line with RPI;
- free resources for investment in new initiatives including new housing supply whilst improving service standards.

8.2 A 30 year business plan has been produced based on existing data, this gives an indication of the likely levels of the reserves balance dependent on how the Council's approach to rent policy may be restricted following the pledge made regarding future rent increases as part of the 2013 spending review. The 26<sup>th</sup> June 2013 Spending Round included a pledge that social rents will increase by the Consumer Prices Index (CPI) plus 1% per annum from 2015/16 to 2024/25. The Department for Communities and Local Government is currently concluding a consultation exercise on this pledge.

8.3 Three scenarios have therefore been modelled to demonstrate the potential impact on the Housing Revenue Account of the proposed change to the calculation of rents:

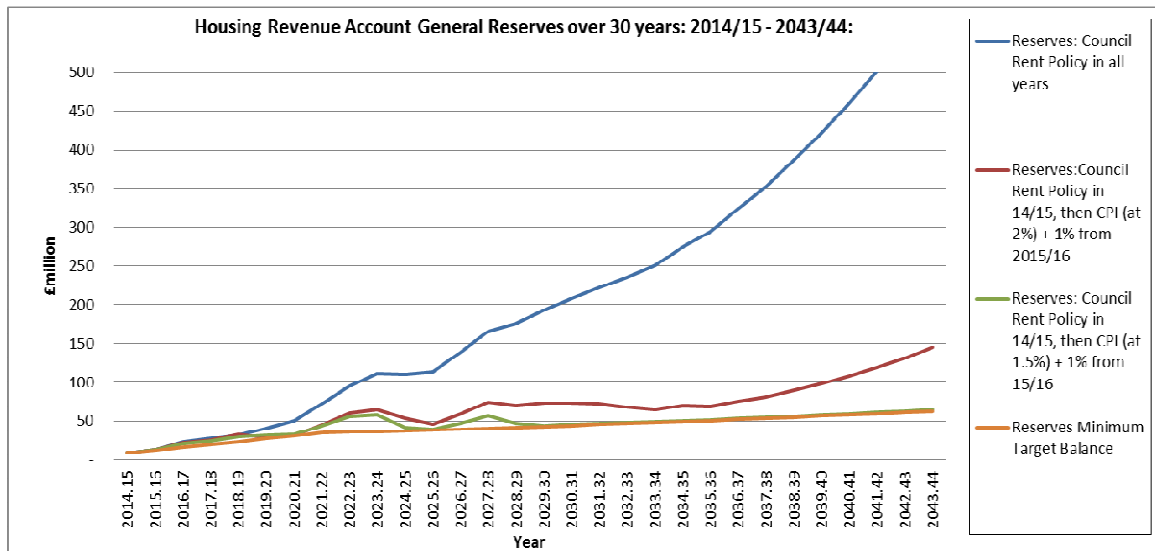
1. applying the Council rent policy for each of the 30 years of the business plan based on RPI of 3.2% for 2014/15 (in accordance with September's RPI) followed by an RPI assumption of 2.8% for the remaining term of the business plan;
2. applying the new Council Rent policy for 2014/15 followed by an increase to each dwelling rent of CPI + 1% for 2015/16 onward. This is based on a CPI assumption of 2%, i.e. a differential between CPI and RPI of 0.8% which is based on the lower end of the Office for Budget Responsibility's (OBR) currently predicted long term divergence between RPI and CPI the range for which is 0.8% to 1.3%. It should be noted that this is a best case assumption and that a differential of 1.3% would result in a lower reserves level, as shown by option 3 below;
3. applying the new Council Rent policy for 2014/15 followed by an increase to each dwelling rent of CPI + 1% for 2015/16 onward. This is based on a CPI assumption of 1.5%, i.e. a differential between CPI and RPI of 1.3% which is based on the higher end of the Office for Budget Responsibility's (OBR) currently predicted long term divergence between RPI and CPI;

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<sup>4</sup> All loans are from the Public Works Loan Board. It should be noted that early repayment of debt results in a substantial penalty charge at a punitive rate. Unless the debt is repaid as part of a debt restructuring exercise where it would generally be replaced by other loans this results in a substantial charge to revenue which the HRA cannot support. For example the penalty charge for repaying all the current debt would be approximately £49million, equivalent to 24% of the debt repaid.

<sup>5</sup> The profile for the initial years is shown in Appendix 2, reserves do not build up evenly, the level at which they build increases over time.

8.4 This is illustrated in the following graph, where the difference between the reserves target and each line shows the amount available for additional investment under each scenario.



8.5 The key assumptions have not changed since the plan was presented as part of last year's HRA Financial Strategy & Rent Increase (2013/14) approved by Cabinet on 11<sup>th</sup> February 2013 save for:

- investment in existing stock has been updated to reflect the stock condition survey information which underpins the new HRA Asset Management Plan and amended business plan as approved by Cabinet on 8th April 2013. These numbers will continue to be reviewed on an on-going basis to ensure the plan remains up to date and that where possible peaks in the demand for funds are smoothed;
- the backlog of works identified during the stock condition survey validation is assumed to be caught up by the end of 2017/18;
- the income from and costs associated with the Housing Development Programme Business Plan 2013-2017 have been allowed for as is the impact of the Earls Court Regeneration Programme;
- rents are increased in line with the rent restructuring formula for properties containing up to and including 3 bedrooms. For properties with 4 or more bedrooms, it has been assumed that rents increase in line with the rent formula as set out in the Housing Revenue Account Financial Strategy and Rent Increase (2013/14) report which went to Cabinet on 11<sup>th</sup> February 2013. Should all rents be increased in line with rent restructuring only (i.e. the additional increase is not applied to 4 bed and larger properties) the loss to the business plan under scenario 1 over 30 years would be £142m.
- Scenarios 2 and 3 have been modelled showing the potential impact of the 2013 spending review pledge on Social Housing rent increases if no compensatory action is taken.

- 370 expensive void sales were required to fund the maintenance of the existing stock and repay debt as it falls due in the February 2013 business plan. The core version of the revised plan (scenario 1) now requires 295 sales to cover the net effect of the above changes. As with the previous plan, the bulk of the void sales occur in the early years, and these are phased as shown below:

<b>No. of Expensive Void sales assumed</b>			
<b>Year</b>	<b>Scenario 1: New Council rent policy for each year of the business plan</b>	<b>Scenario 2: New Council rent policy for 2014/15 followed by an increase of CPI (at 2%) + 1%</b>	<b>Scenario 3: New Council rent policy for 2014/15 followed by an increase of CPI (at 1.5%) + 1%</b>
2014/15	91	91	91
2015/16	106	106	106
2016/17	56	56	56
2017/18	42	42	43
Later years		1	212
<b>Total</b>	<b>295</b>	<b>296</b>	<b>508</b>

- 8.6 If instead of selling void properties, the money required to maintain the stock was raised by additional rent increases, rents would theoretically need to be more than doubled to enable the backlog of works identified by the stock condition survey to be caught up by 2017/18 even if borrowing is not repaid as it becomes due.
- 8.7 In summary, all of the options modelled above result in the Council's overall reserves target being met. However, it is unlikely that the level of void sales required under scenario 3 could be achieved due to the Council's low level of dwelling stock turnover, even allowing for increased turnover as fixed term tenancies expire. This would potentially result in both additional borrowing, curtail the ability to build up reserves and severely impact on LBHF's ability to maintain the Council Housing stock in a lettable condition. Ultimately this loss of funds would potentially result in LBHF's Council housing stock falling into disrepair and the Council would then be at risk of not being able to effectively fulfil its obligations as a local housing authority.
- 8.8 Scenario 1 is therefore the recommended approach, although regard will have to be had in future years to Government Guidance which may emerge on rent increases. Should options 2 or 3 emerge as fact then further consideration will need to be given to income and debt policies.

### **Asset-based Limited HRA Voids Disposal Policy**

- 8.9 The business plan confirms the need to dispose of 295 expensive voids in order to maintain adequate levels of investment in the Council's housing stock, consistent with the Council's HRA Asset Management Plan adopted by Cabinet on 8<sup>th</sup> April 2013. Officers have reviewed the Council's asset-based limited HRA voids disposal policy. It is considered that given the business plan's requirements as set out above and in section 9 below, that the policy is still required.

- 8.10 However, the capital receipt thresholds above which a vacant property is considered for disposal requires review and a piece of work is currently being commissioned to undertake this.

### **Debt repayment and funding**

- 8.11 The potential for repayment of debt is limited in the initial years despite contributions from asset sales, with debt only being repaid as it becomes due (see Appendix 9 for a list of the debt which is due for repayment in the next ten years). The reasons for this are set out below:
- All loans are from the Public Works Loan Board, early repayment of debt results in a substantial penalty charge at a punitive rate. Unless the debt is repaid as part of a debt restructuring exercise where it would generally be replaced by other loans this results in a substantial charge to revenue which the HRA cannot support. For example the penalty charge for repaying all the current debt would be approximately £49million, equivalent to 24% of the debt repaid.
  - the Housing Capital Maintenance Programme requiring an investment of an average of £21million per annum in addition to major repair allowances (funded by revenue via depreciation) and leaseholder contributions to ensure that the backlog of works identified by the stock condition survey validation is caught up by the end of 2017/18;
- 8.12 Debt continues to repay quickly after the cessation of the void sales programme. This is primarily because over time inflation erodes the value of the debt and enables rent to fully fund the maintenance programme.

### **Income and Expenditure Account and Reserves**

- 8.13 The 5 year Income and Expenditure account presented in Appendix 2 currently assumes that capital receipts are used to partially fund the Housing Capital Programme. The level of reserves held could theoretically be reduced by increasing the charge made to the income and expenditure account for capital repairs, however, in practice the additional cash generated by the asset sales would still be required to prevent additional borrowing.
- 8.14 The approach used in Appendix 2 is recommended as general HRA reserves can be used for any HRA purpose. As noted previously, it is important to build the level of general reserves held by the HRA to enable a sufficient cushion to be held against emerging risks especially those associated with Health and Safety regulation, central government changes to rent policy as proposed in the 2013 Spending Review, and welfare reform.

### **The HRA MTFs savings programme**

- 8.15 Following £6 million of savings in management costs within the HRA achieved between 2008 and 2010, the HRA MTFs Transformation Programme was approved by Cabinet on 21<sup>st</sup> May 2012. The programme included a target of producing ongoing annual revenue savings of £4 million per annum from 2014/15 onwards and provided for the re-procurement of repairs and maintenance contracts as well as the market testing of a range of housing management functions.

- 8.16 As part of this savings programme on 8<sup>th</sup> April 2013 Cabinet delegated authority to the Cabinet Member for Housing in conjunction with the Executive Director of Housing and Regeneration to award a borough wide sole supply contract for Housing Repairs and Maintenance to MITIE Property Service (UK) Ltd), to Pinnacle Housing Ltd for borough wide Estate Services and to Pinnacle Housing Services Ltd for Housing Management Service for the south of the borough.
- 8.17 The table below sets out the level of savings achieved by this programme. The savings for 2012/13 and 2013/14 have been reported in previous HRA Financial Strategy and Rent Increase annual reports:

<b>HRA MTFS Transformation Programme - Cumulative Efficiencies</b>				
<b>Division</b>	<b>Description</b>	<b>2012/13 £000s</b>	<b>2013/14 £000s</b>	<b>2014/15 £000s</b>
Property Services	New Repairs Contract	29	535	1,583
Housing Management	Estate Services Contract	143	464	948
Estate Services	Housing Management Contract	511	1,361	1,538
<b>Total Revenue Efficiencies</b>		<b>683</b>	<b>2,360</b>	<b>4,069</b>
Property Services	New Repairs Contract	0	365	877
<b>Capital Efficiencies</b>		<b>0</b>	<b>365</b>	<b>877</b>
<b>Total Efficiencies</b>		<b>683</b>	<b>2,725</b>	<b>4,946</b>

- 8.18 Headcount<sup>7</sup> within the HRA has also reduced as shown below:

	<b>1st April 2011 Budgeted</b>	<b>1st April 2012 Budgeted</b>	<b>31st March 2013 Budgeted</b>	<b>31st March 2014 Budgeted</b>	<b>31st March 2015 Forecast</b>
<b>Full Time Equivalent Staff numbers</b>	432	416	354	195	193

- 8.19 Further efficiencies of £1,590k, additional to the HRA MTFS Transformation Programme will be delivered in 2014/15 and these, together with the MTFS Transformation Programme efficiencies for 2014/15 totalling £3.3m are set out in Appendix 3.
- 8.20 The total of efficiencies made for 2014/15 equate to a 5.8% saving on controllable budgets including corporate recharges and bring the cumulative on-going annual level of efficiencies delivered in the three years to 31<sup>st</sup> March 2015 to £5,659k.
- 8.21 These are offset by £1.1m of revenue investment to enable capital projects and £0.9m of growth, consisting of:

<sup>6</sup> Note Appendix 3 shows in year efficiencies only

<sup>7</sup> All numbers are full time equivalents



- £370k of permanent growth, primarily due to proposed increased incentive payments (£250k) to encourage under occupying tenants to downsize (see paragraph 10.10) and;
- £533k of temporary growth to enable the planned review of the parking on Housing Estates and the next phase of MTFs savings.

8.22 These items are itemised in full in Appendices 3 and 4, Appendix 3 also summarises the main movements in income including those on the bad debt charge. Appendix 2 summarises the on-going HRA MTFs savings programme, with the primary focus over the next three years being on service improvement.

## 9. COUNCIL RENT POLICY

9.1 The Government's rent restructuring regime was designed to achieve a coherent structure nationally for social rents and was adopted by local government in 2001. Accordingly, LBHF HRA dwelling rent increases have generally been calculated in line with rent restructuring<sup>8</sup> since this date. However, there is no statutory requirement to adhere to rent restructuring and a number of councils operate a different approach to setting rents.

9.2 Given the historic low rent level charged in Hammersmith & Fulham, the need to build revenues to achieve a sustainable HRA, and the fact that current rent levels disadvantage tenants who live in smaller properties, Cabinet approved (via the HRA Financial Strategy and Rent Increase 2013/14 report on 11<sup>th</sup> February 2013) the implementation of a new Council rent policy from 1<sup>st</sup> April 2013.

9.3 This policy uses the rent restructuring formula to increase the rents for properties with 3 or fewer bedrooms. For those properties of 4 bedrooms and more, rents increase by bringing the ratio of rental values between dwellings of different bedroom size towards those in existence in the private rented market for similar properties. The rationale for the Council's current rent policy is set out in the following paragraphs.

9.4 In arriving at the debt settlement figure under HRA reform, Government made a number of assumptions, one of the most significant of which is the level of investment required to maintain HRA properties. Although major repairs allowances have been uplifted when calculating the settlement, the uplift<sup>9</sup> is insufficient to fund the ongoing housing capital programme required to adequately maintain the Council's HRA housing stock to the level required to ensure the Council can both fulfil its obligations as a Local Housing Authority and to ensure the stock continues to generate an income stream to fund the debt as part of maintaining a viable HRA.

9.5 The Housing Capital Programme looks to build on the achievements of the Decent Homes programme, maintaining the standard whilst addressing the residual backlog of works that were not covered by that programme. The projects and works proposed in this programme have been the subject of a rigorous prioritisation exercise and represent broadly the minimum level of

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<sup>8</sup> The rent restructuring formula increases the rent by the lower of RPI + ½% + £2 (known as the "upper limit"), the rent cap, and the difference between the (formula rent and current rent) / number of years to 2016. The formula rent for a property is calculated based on a number of variables including the 1999 property valuation. LBHF historic rents were so low that the majority of our properties do not achieve rent convergence until 2025.

<sup>9</sup> LBHF's major repairs allowance was uplifted by £2.5m per annum as at 2012/13 when HRA reform was implemented

investment required to fulfil statutory obligations, to protect the health, safety and wellbeing of residents and to preserve the integrity of the housing stock. This programme identified an investment requirement for the stock of £48m for 2014/15 with an on-going annual investment requirement of circa £40m over the following 4 years.

- 9.6 Therefore the Housing Capital Programme requires an investment of circa £21 million per annum in addition to major repair allowances (funded by revenue via depreciation) and leaseholder contributions. This can only be funded by further reducing expenditure either on maintenance or other services or by increasing income.
- 9.7 The current business plan requires sales under the Asset Based Limited Voids Disposals policy of 91 units in the first year and an average of 68 units per year for the following four years of the plan in order to fund maintenance investment required within the existing stock without additional borrowing and to repay debt as it becomes due. This is based on assuming rents are increased in line with the rent policy implemented on 1<sup>st</sup> April 2013. As noted in paragraph 8.6, if no void sales were made and borrowing was not repaid but held static, then rents would need to be more than doubled to enable the backlog of works identified by the stock condition survey to be caught up by 2017/18.
- 9.8 Therefore, from a cash flow perspective it will be necessary in the first four years of the plan to continue to partially fund routine maintenance investment required in the stock using sales under the Asset Based Limited Voids Disposals policy. At the same time income must be maximised to ensure that the HRA ultimately moves to a position in five years' time where the maintenance programme is fully funded by rental income as well as ensuring that the number of sales required to fund maintenance in the intervening years is minimised.
- 9.9 The results of benchmarking current Council rents against those charged in other neighbouring boroughs also demonstrate that the Council's rents remain considerably lower than our neighbours:
- the average 2013/14 weekly rent for other central West London boroughs is between £111.45 and £123.71 per week (see Appendix 7); significantly higher than the average for the Council of £99.48,
  - the lowest average rent among the other central West London boroughs in 2013/14 is Kensington and Chelsea's which is £111.45 per week,
  - Kensington and Chelsea have indicated that they are expecting to raise rents for 2014/15 by 5.9%, therefore LBHF's proposed 5.79% increase would still result in rents considerably below all the other central West London boroughs.
- 9.10 Implementation of the Council's rent policy will result in an average increase for all dwellings of 5.79%, which means an average increase of £5.73 to £105.21 per week. The table below shows how this increase is applied between properties of three bedrooms or less, which are subject to rent restructuring alone; and those properties of four bedrooms or more, which are subject to an increase above the increase that would have applied under rent restructuring but based on comparable differentials in the private rental market for similar properties.

Property Size	Average Weekly Rent 2013/14	Average of Weekly Rent Increase	Average of Weekly Rent Increase	Average Weekly Rent 2014/15	Number of Dwellings
	£	£	%	£	
Dwellings of 4 bedrooms or more	134.13	9.49	7.11%	143.63	879
Dwellings of 3 bedrooms or less	96.85	5.44	5.69%	102.29	11,576
<b>All Dwellings</b>	<b>99.48</b>	<b>5.73</b>	<b>5.79%</b>	<b>105.21</b>	<b>12,455</b>

- 9.11 As noted previously in this report, should all rents be increased in line with rent restructuring only (i.e. the additional increase is not applied to 4 bed and larger properties) the loss to the business plan under scenario 1 over 30 years would be £142m. This loss would have to be made up from either an increased number of void sales and/or reduced debt repayments / increased borrowing.
- 9.12 The Housing Benefit Limit Rent acts as a constraint on the level of rents Councils can charge. This limit is lower than that used for Housing Benefit payments for the private sector. If that level is breached the Council would have to fund the difference between this limit and our actual rents for tenants on housing benefit.
- 9.13 For example based on an assumption that 60%<sup>10</sup> of the Council's tenants are claiming Housing Benefit, a £1 increase in average actual rents above the Housing Benefit limit rent would be likely to result in a requirement to reimburse Central Government with the additional rent of circa £348k per annum derived from tenants claiming Housing Benefit. However, there would be a net gain to the HRA due to additional net income of circa £193k derived from those tenants not claiming Housing Benefit. The impact on the HRA would depend on the percentage of tenants claiming Housing Benefit and the balance between those tenants in receipt of full Housing Benefit and those on partial Housing Benefit. Currently 35% of our tenants receive full Housing Benefit and 24% receive partial Housing Benefit.
- 9.14 For 2014/15 the Housing Benefit Limit Rent for the Council is £115.26 per week, therefore the proposed rent increase will not breach the benefit cap.

## 10. RENTAL INCOME

### Rents

- 10.1 The draft HRA budget for 2014/15 shown in Appendix 1 assumes tenant rents increase in line with the rent policy agreed by Cabinet on 11<sup>th</sup> February 2013. This incorporates the Government's rent restructuring system for all dwellings of 3 bedrooms or less, with a freeze on the Sheltered element of the charge for properties designated as Sheltered Housing, and applies a higher rate of increase for all dwellings of 4 bedrooms or more. The application of the Council's revised rent policy in Hammersmith and Fulham for 2014/15 leads to an average rental increase of 5.79%, consisting of an average increase of 5.69% for properties with three bedrooms or fewer and an average of 7.11% for properties with four or more bedrooms.

<sup>10</sup> Assumes all tenants who receive Housing Benefit are impacted, currently circa 35% of HRA tenants are on full Housing Benefit and 24% on partial Housing Benefit

- 10.2 The recommended rental increase of 5.79%, in line with the Council's revised rent policy, will increase rental income in the HRA by £3.331m in 2014/15. The changes are shown in the following table:

**Table 3: Summary of Rent Budget Movements**

Description	With a 5.79% increase
	<b>£000s</b>
Original Net Rent Budget 2013/14	(63,237)
Rent Increase	(3,828)
Adjustment for disposals	404
Adjustment for voids	93
<b>Net Rent Budget 2014/15</b>	<b>(66,568)</b>

- 10.3 Negative adjustments to the net rental budget are made for an assumed loss of rent on properties disposed of, and rent irrecoverable during the year.
- 10.4 A 5.79% average increase in rents equates to an average weekly rental increase for tenants of £5.73, consisting of an average increase of £5.44 per week for dwellings with three bedrooms or fewer and an average increase of £9.49 per week for dwellings with four bedrooms or more. An analysis of the weekly increase across all tenants is shown in the following table:

Rent Increase per week (£)	Number
Less than £3	9
Between £3 and £5	2,781
Between £5.01 and £7	8,758
Between £7.01 and £9	363
Between £9.01 and £12.70	544
<b>Total</b>	<b>12,455</b>

- 10.5 Under the new rents policy 93% of tenants will see an increase of less than £7.01, and no tenant will see an increase greater than £12.70 per week.
- 10.6 The rent and service charges for properties under licence and hostels are also subject to rent restructuring, the net average increase in these charges is 5.29%. This is marginally lower than the average for tenants as the rent level for some of these properties previously exceeded the level applicable under the rent restructuring system.

### **Bad Debts, Voids and Welfare Reform**

#### Voids

- 10.7 In line with 2013/14, voids have been budgeted for in 2014/15 at 2% of the gross rent roll (£1.358m) as the impact of the new fixed term tenancies is not anticipated to have an effect on void rates until 2015/16.

#### Welfare Reform

10.8 The response of individual households to the Government's programme of Welfare Reform may impact on the Council's ability to collect rental income and will therefore result in increased bad debt charges in the HRA. The three strands which will ultimately affect the HRA are:

- the removal of the spare bedroom subsidy - reductions in housing benefit for under-occupying Council tenants from April 2013;
- the effect of the overall benefit cap - restricts the total value of packages of benefits to tenants and which may affect their ability to pay rents;
- direct payments of benefits to social housing tenants as part of Universal Credit which may result in an increase in rent arrears.

#### The Spare Room Subsidy – Reduction in Housing Benefit in the event of Under Occupation

10.9 As a result of welfare reform, tenants of properties which are under occupied by one bedroom have received a 14% reduction in Housing Benefit and properties which are under occupied by 2 or more bedrooms have received a 25% reduction in housing benefit from April 2013. The reductions impact on tenants who are on partial as well as those on full housing benefit. Tenants who are over 60 are exempt from these reductions.

10.10 The Council's records currently show the size criteria are affecting approximately 712 HRA properties. These properties have an annual rent roll of £4.6m, approximately £780k per annum of which is at risk. A provision of 60% of the income at risk (£467k) has been included within the 14/15 budget as the loss of income is being mitigated by 2 officers (covering the financial years 2013/14 and 2014/15), dealing specifically with under-occupation.

10.11 This has and is expected to continue to result in some tenants choosing to downsize and in some tenants making up the difference from other income. Since 1<sup>st</sup> April 2013, 173 requests for downsizing have been received by the Council and of these; moves to more appropriately sized accommodation have been enabled for 37 tenancies.<sup>11</sup> The Council currently provides incentive payments of £500 per room given up to under-occupiers who downsize. A benchmarking exercise (see Appendix 10) shows that this is now well below the level provided by neighbouring social landlords. Given the overall financial benefit to the Council of securing larger accommodation, it is proposed to increase the payments to £2,000 per room given up. This would be available whether or not a tenant was subject to reductions in the spare bedroom subsidy.

10.12 The level of bad debt provision has been made in line with and following consultation with tri-borough officers. The remaining 40% of the rent at risk is included as a risk in section 12 below.

#### The Household Benefit Cap

10.13 The household benefit cap places a limit on the total benefits any one working-age household can receive. The limits are currently £500 per week for couples and lone parents and of £350 per week for single people without children. Until

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<sup>11</sup> figures correct as at 6<sup>th</sup> December 2013

Universal Credit is fully rolled out, the deductions to the level of the cap will be taken from Housing Benefit directly. Therefore, in cases where the current benefits package exceeds the new cap there is a significant risk that part of the rent will not be paid.

- 10.14 Current data indicates that 27 households in the HRA are at risk of not being able to pay some or all of their rent following on from the implementation of the benefit cap. The total annual rent due from these 27 tenancies is approximately £187k per annum, of which £69k is expected to be deducted from housing benefit. A provision of 100% of the income at risk is proposed to be included within the 2014/15 budget.

### Direct Payments

- 10.15 Direct Payments will be implemented when tenants move on to Universal Credit. The Council is one of the ten pathfinder areas for Universal Credit, the initial pilot implementation which commenced on 28<sup>th</sup> October 2013 was only for a limited number of claimants and excluded those who were previously in receipt of housing benefit.
- 10.16 DWP announced on 5th December 2013 a plan to develop further functionality within the pathfinder areas for Universal Credit so that claims for Universal Credit for couples are rolled out from Summer 2014 and for families, from Autumn 2014. DWP currently expects Universal Credit will be fully rolled out during 2016, having closed down new claims to the legacy benefits it replaced, with the majority of the remaining legacy caseload moving to Universal Credit during 2016 and 2017. This means that in 2014/15 some new claimants will be entitled to benefit to cover their housing costs which may potentially impact on rent collection rates.
- 10.17 It is difficult to quantify the final potential impact; however, both an allowance for an additional bad debt provision and a risk is included in the 2014/15 budget. A bad debt charge of £303K has been included in 2014/15. There is a risk that the migration of tenants to Universal Credit moves at a faster pace than initially expected – this risk for 2014/15 has been included in the HRA key financial risks set out in Appendix 5.

## **11. SERVICE CHARGES**

- 11.1 Fixed service charges were implemented and de-pooled from rents in April 2012. This approach has the advantage of giving tenants a high level of transparency regarding the service they can expect whilst minimising the administrative burden and resultant costs that would be generated by moving directly to a variable service charge. The adoption of fixed service charges rather than variable also ensures that tenants do not receive any unexpected bills making it easier for them to budget. This charge is then inflated as part of the annual rent setting process.
- 11.2 The draft HRA budget for 2014/15 shown in Appendix 1 currently assumes tenant service charges will be increased to allow for predicted inflation at 3.7%. This increase is in accordance with the Cabinet report introducing de-pooling of service charges and previously approved on 5<sup>th</sup> September 2011. It should be

noted that the savings delivered by the current MTFS programme were allowed for when calculating the service charge de-pooling in April 2012.

- 11.3 Only those services which Housing Benefit will contribute to in addition to rent are levied. Tenants will receive notification of their service charges as part of their rent increase letter in February 2014.

## 12 RISKS

- 12.1 Appendix 5 summarises the risks to the HRA, the key risks are discussed below. All significant risks are included on the Housing and Regeneration Department risk register. The following risks can be specifically quantified and a judgement has been made when determining the numbers used in the HRA budget.

### 12.2 Welfare Reform

As explained in section 10, an increase has been made in the bad debt provision to provide for the potential impact on rent collection rates as a result of how individual households may respond to the various strands of the Government's Welfare Reform programme. However, there remains some risk because:

- 40% of rents not paid by Housing Benefit as a result of the removal of the spare room subsidy have not been provided for on the basis that management action will mitigate the remaining potential loss of income;
- the impact of the household benefit cap has been budgeted for, however the cap levels are only provisional and it is likely that in future years benefits will rise by less than rents which would bring more people inside the cap;
- it is very difficult to quantify the level of risk for direct payments but it appears inevitable arrears will increase as a result. Given that the households involved are on very low income levels it is likely that the majority of this increase in arrears would be uncollectable and the annual exposure is estimated in the region of between £605k and £2m per annum for 2014/15, assuming mitigating actions are in place. The maximum level of exposure is far higher; the total annual rent paid directly to the Council for HRA properties by Housing Benefit is approximately £42.8m. In terms of mitigation the Council is actively promoting payment by direct debit/standing order to tenants as part of a detailed rent collection strategy;

### 12.3 Government Social Rent Policy

The impact of the pledge made on the 26th June 2013 as part of the Spending Round 2013 that social rents will increase by the Consumer Prices Index (CPI) plus 1% a year from 2015-16 to 2024-25 has been modelled within the HRA business plan. Although the exact implications of the pledge are unknown at this stage, two scenarios have been modelled with the following implications:

- a) Rent restructuring ceases to apply and rent increases for all tenancies are constrained to CPI+1% from April 2015 onwards

This is set out in section 8. The scenario incorporates a CPI assumption of 1.5%, i.e. a differential between CPI and RPI of 1.3% which is based on the higher end of the Office for Budget Responsibility's (OBR) currently predicted

long term divergence between RPI and CPI which is in the range 0.8% to 1.3%.

This would result in a loss of income over the 30 years of the business plan of £575m and result in an additional 213 void sales being required to fund the capital maintenance programme. It is unlikely that this level of void sales could be achieved due to the relatively low level of stock turnover, even allowing for increased turnover as fixed term tenancies expire.

Failure to achieve the required level of void sales would potentially result in additional borrowing, curtail the ability to build up reserves and severely impact on LBHF's ability to maintain the Council Housing stock in a lettable condition. Ultimately this loss of funds would potentially result in LBHF's Council housing stock falling into disrepair and the Council would then be at risk of not being able to effectively fulfil its obligations as a local housing authority.

Regard will have to be had to Government Guidance on rent increases, the Council's Housing Strategy and Local Lettings plans, however one possible mitigation measure maybe for a proportion of relets to be at affordable rents.

- The CPI+1% increase is applied only to the Housing Benefit limit rent, allowing the retention of an element of flexibility across the LBHF portfolio

This would result in no loss of income over the 30 years of the business plan and result in no additional void sales being required to fund the capital maintenance programme due to the gap between the limit rent and the actual average rent.

#### Other risks

12.4 There are also a number of risks, some of which apply more to future years. Again, these are detailed in Appendix 5, with a brief summary below:

- the impact of higher void rates in future years on income, maintenance, and management as a result of fixed term tenancies turning over;
- a general property market risk both in regard to sales under the Asset Based Limited Voids Disposals policy which currently partially fund capital works and, on the HRA balances where accounting rules for impairment and revaluation losses / gains mean that any adverse movements may result in a charge to the HRA if there are insufficient revaluation reserves held;
- additional Health and Safety requirements and the impact of failing to comply on insurance cover;
- other maintenance risks including the risk of a large uninsured incident;
- a general market risk on re-procurement and recruitment, that prices might come in higher than expected, the risk of which is higher in better economic conditions. This includes corporate contracts which are recharged to the HRA via service level agreements;
- reopening the HRA reform settlement, the legislation allows this to be done;
- The Council has received a challenge from Wilmot Dixon Partnerships to a procurement process. In September 2013, the stay which had prevented the Council from signing the proposed new Repairs and Maintenance contract with MITIE was lifted and this contract is now signed, securing the MTFS



savings included in Appendix 3. However, the challenge to the procurement process remains, and should this continue to court the outcome is not expected to be decided sooner than July 2014.

- short term loss of income due to increased levels of Right To Buys, in the longer term it is possible to adjust costs but there is a short term impact;

### **13 CAPITAL CHARGES**

- 13.1 The two main components of capital charges are the cost to the HRA of borrowing that has taken place to fund the capital programme, including the Decent Homes Programme, and the cost to the HRA of depreciation charges.
- 13.2 Following the adoption in 2012/13 of the strategic financial objective to finance repayments of HRA debt as it becomes due, the annual interest cost in 2014/15 will have reduced to £11.2m.
- 13.3 As referred to in section 4, HRA debt was reduced by £197.4 million to £217.4 million on 28<sup>th</sup> March 2012 following a payment from Government under HRA reform. In line with the Council's strategic financial objective for the HRA to repay housing debt as it matures, the level of debt on which interest was payable following the settlement will have been reduced from £217.4m to £207.7m by 31<sup>st</sup> March 2014, following the repayment of £9.7m of debt during 2012/13 and 2013/14. A further £2.4m of debt will be repaid during 2014/15, bringing the total value of HRA debt repaid since HRA reform was implemented to £12.1m. As a result, debt levels will fall to £205.3m and debt-servicing payments are expected to reduce from £12.0m in 2013/14 to £11.2m in 2014/15.
- 13.4 The Council's policy has been to use the Major Repairs Allowance (MRA) as a proxy for depreciation in the HRA for housing properties and this practice will not change for 2014/15. CLG's Settlement Payments Determination includes a five-year transitional period during which time Councils may use the uplifted MRA. The Council has subscribed to the transitional period and 2014/15 will be the third year of operation. The increase in the depreciation charge for dwellings for 2014/15 is £0.5million taking the budget required to £16.2 million.
- 13.5 The transitional arrangements exclude non-dwellings depreciation which under previous accounting rules had no net effect on the HRA bottom line. This was accounted for as a real charge of £385k as a growth item in last year's budget process. For 2014/15, this charge is budgeted as £389k.
- 13.6 The transitional arrangements also exclude protection from a change in accounting regulations which means that impairment and revaluation losses on non-dwellings hit the bottom line if not contained within the revaluation reserve. This has been included in the risks schedule and is further elaborated on in section 12 above and in Appendix 5.

### **14 INFLATION**

- 14.1 All inflationary pressures have been accommodated within the existing envelope of resources.

### **15. FEES, CHARGES, AND OTHER INCOME**

#### **Heating Charges**

- 15.1 Tenants and leaseholders who receive communal heating (around 2,025 properties in total) pay a weekly charge towards the energy costs of the scheme. The Council meets the costs of heating in the year, and recharges tenants and leaseholders based on an estimated cost and usage.
- 15.2 The Council is part of the LASER energy procurement group, which purchases energy on behalf of 48 local authorities. A system of flexible procurement is used which should ensure that LASER tenders for new energy contracts on a rolling basis, so that it can purchase when rates are low.
- 15.3 As the new energy contract rates are not expected to be received until January 2014, an estimate has been prepared in consultation with the Council's Estate Services function who have provided an indication of the new contract rate the Council can expect to achieve. Based on this estimate, combined with the need to balance the heating account for the year, no increase in charges is proposed for 2014/15.

### **Garage and Parking Space Rents**

- 15.4 A new charging policy for garages was approved by Cabinet on 24<sup>th</sup> June 2013. Garages are currently let on a monthly basis at a flat rate of £100 for a garage and £75 for a motorcycle garage. Each 1% increase in charges would raise £7.6k. No increase in charges is proposed for 2014/15.
- 15.5 These charges remain below those of other neighbouring London boroughs and those in the private sector. For example, Kensington and Chelsea Tenant Management Organisation charge between £30-£60 for a garage per week (£130 to £260 per month) and in Wandsworth charges are zoned but in key locations garages are advertised commercially at up to £60 a week. Prices for garages rented privately in the area vary from £1,800 to £2,500 per annum.
- 15.6 Parking charges vary depending on whether the parking space is located in a high or low demand area and on whether the licensee / tenant is a Council tenant, a Right to Buy leaseholder or a non-Right to Buy leaseholder. The current average weekly rent for a parking space let to a Council tenant is £2.72.
- 15.7 The introduction of new ticketing arrangements for parking on HRA Housing Estates was originally planned for May 2013 in response to a change in legislation which limited the Council's contractors' ability to enforce parking controls on housing estates. However this was delayed pending a detailed review. As a result budgeted income from parking permit sales for spaces has fallen.
- 15.8 On 6<sup>th</sup> January 2014, Cabinet are recommended to approve the commissioning of a consultant to conduct a detailed review and design for parking enforcement on the Council's 91 housing estates with parking facilities together with the procurement of interim enforcement arrangements. The interim enforcement arrangements are expected to commence in June 2014. Following on from the consultation, the findings and recommendations of the review will be presented to Cabinet during 2014 and any changes to charges will be agreed as part of that report. Pending the outcome of this review, no change in parking charges is being recommended as part of this report.

## **Water Charges**

- 15.9 The Council collects income from and pays charges on behalf of tenants and leaseholders. The Council has reviewed the approach to calculating the price at which water and sewerage services are resold to tenants to ensure that the amounts billed to tenants and leaseholders are in accordance with OFWAT's (the Water Services Regulation Authority) guidelines. In summary, OFWAT requires that "anybody reselling water or sewerage services should charge no more than the amount they are charged by the company", the guidelines allow an administration charge to be added.
- 15.10 The review has resulted in the recalculation of water charges for all 12,495 properties receiving a water charge. However, further work is needed to investigate the billing at 2,643 properties for which the water bills appear incommensurate with expected usage based on recent meter readings. In order to protect tenants and leaseholders from incorrect changes to their water charges pending the results of further investigations, the recalculated water charges for these accounts have been capped. The Council is committed to ensuring that tenants and leaseholders are being charged in accordance with regulatory guidelines, and these further investigations will be completed prior to April 2014.
- 15.11 OFWAT have stated that they expect any increase by Thames Water for 2014/15 to be limited to RPI (November 2013 + 1.4%). Based on the latest published data (the September 2013 RPI was 3.2%), this equates to an increase of 4.6%. However, the actual average increase for tenants and leaseholders for 2014/15 is only 0.1%. This is due to the combined effect of OFWAT's published increase and the recalculations made by the Council.
- 15.12 Therefore, in order to ensure that the Council fulfils its legal obligation to recover the water charges in full, it is recommended that water charges are increased on average by 0.1%. This equates to an average increase in the water charge for each tenant and leaseholder of less than a penny per week.
- 15.13 12,495 tenants and leaseholders will be impacted by this with changes to charges ranging from a reduction of £2.97 per week to an increase of £2.23 per week.
- 15.14 1,461 tenants are affected by both heating and water charges, the net impact on this group will be a reduction of 2.8% or 45 pence per week. Within this, the changes to charges range from a reduction of £2.72 per week to an increase of 48 pence per week.
- 15.15 It should be noted that Thames Water are challenging the limit on the increase stated by OFWAT and have indicated they wish to increase water rates by RPI + 8.0% in 2014/15. This challenge relates in part to the increased costs associated with the "super sewer". It is likely that a final decision on the increase in charges will be made in January 2014.

## **Advertising Income**

- 15.16 The Council currently generates income from advertising hoardings located on HRA land, and an additional potential net income stream of £97k has been budgeted for 2014/15 following the identification of three new hoardings sites in

the previous year. Legal and accounting advice has confirmed that the income and expenditure associated with advertising hoardings on HRA land should be accounted for within the HRA. This is also in line with the treatment applied to this type of income by the Council's Tri-borough partners.

## **Rents on Shops**

15.17 The budget for commercial property rents for 2014/15 has been reduced by £186k to £1.322m. This is explained by an increase of £55k in respect of the likely level of lettings achievable in the current climate in accordance with the terms of the associated leases and informed assumptions from Valuation & Property Services. Offsetting this increase is a reduction in the budget of £241k in respect of anticipated disposals during 2014/15. The budget set for HRA commercial property incorporates a forecast void rate of 8.2%, based on the valuers views, to allow for economic conditions. Additionally, the budgeted bad debt provision has been increased by £50k to £0.3m for 2014/15 again in order to prudently allow for economic conditions.

## **16. CONSULTATION**

16.1 This report is being presented to the Housing, Health and Adult Social Care Select Committee on 21<sup>st</sup> January 2014 in order that the committee can comment on the budget proposals in advance of any formal decision being taken by Cabinet.

## **17 EQUALITY IMPLICATIONS**

17.1 The Equalities Impact Assessment (EIA) shows that rent increase and other increases in charges may impact disproportionately on groups who have a lower income level especially those who may be disproportionately represented in council stock. However, these do not unlawfully discriminate and the council considers the reduction of debt and the need to increase its reserves to be a legitimate aim. As part of reaching this aim, the council considers that increasing the rent for larger properties, which are proportionately far less expensive than smaller properties, is a legitimate way of helping to reaching this aim.

17.2 It is not possible for the council to mitigate the effects by subsidising the extra amount payable where there is a disproportionate impact as the council needs to reduce its debt and build its reserves (as at set out in the report). However, the Council will have two dedicated housing officers on hand to help tenants and their households, there is access to Discretionary Housing Payments for cases which are particularly impacted by the rent increase and as part of this report the Council has substantially increased the incentive payments it makes to tenants who chose to down size.

## **18 LEGAL IMPLICATIONS**

18.1 The principal statutory provision governing the fixing of rent for Council property is contained in Section 24 of the Housing Act 1985. Sub-section (1) provides that authorities may "...make such reasonable charges.... as they may determine". However, this section has to be considered in the light of Section 76 of the Local Government and Housing Act 1989 which imposed a duty on local housing authorities to prevent a debit balance arising in their Housing Revenue Account ("HRA") and which also imposes "ring-fencing" arrangements in respect

of such account. It is not possible for a local housing authority to subsidise rents from its General Fund.

- 18.2 As set out in section 7.1 of the report, there is no statutory requirement for the Council to set rents in line with the rent restructuring regime. The Government's rental policy statements have the status of non-statutory guidance and the Council has the flexibility to set rents at another level, or using another basis, if that appears more appropriate to local circumstances.
- 18.3 There is no legal barrier to there being differentials in the rent increase between different types of property. In setting rents, Members should consider all relevant matters including:
- the cost to the Council of providing accommodation and the cost of its management;-the effect of inflation; and
  - the extent and numbers of tenants qualifying for Housing Benefit.
- 18.4 Implications verified/completed by: Janette Mullins, Head of Litigation, Finance & Corporate Services,

## 19 FINANCIAL AND RESOURCES IMPLICATIONS

- 19.1 Comments are contained within the body of the report.
- 19.2 Implications verified/completed by: Kathleen Corbett, Director of Finance & Resources, Housing & Regeneration, 020 8753 3031

## 20. RISK MANAGEMENT

- 20.1 The principal risks are detailed in section 12 of this report, these are included in the departmental risk register
- 20.3 Implications verified/completed by: Kathleen Corbett, Director of Finance & Resources, Housing & Regeneration, 020 8753 3031

### LOCAL GOVERNMENT ACT 2000 LIST OF BACKGROUND PAPERS USED IN PREPARING THIS REPORT

No.	Description of Background Papers	Name/Ext of holder of file/copy	Department/ Location
1.	HRD Business Plan	Kathleen Corbett Ext 3031	Housing and Regeneration Department, 3 <sup>rd</sup> Floor Town Hall Extension, King Street, W6 9JU

## Appendix 1

### Appendix 1: 2014/15 Draft Housing Revenue Account Budget

Division	2013/14 Budget	2013/14 Forecast Outturn	2014/15 Proposed Budget
	£000s	£000s	£000s
Housing Income	(73,605)	(73,407)	(75,698)
Housing Services	10,557	10,485	9,945
Commissioning & Quality Assurance	2,564	2,437	3,237
Safer Neighbourhoods	575	575	578
Adult Social Care	48	48	48
Housing Repairs	14,147	14,472	13,359
Property Services	2,587	2,635	2,058
Regeneration	264	264	331
Housing Options	632	460	402
Finance & Resources	6,708	6,560	9,633
Corporate Service Level Agreement Charges	6,117	6,117	5,321
Capital Charges	27,659	27,597	27,864
<b>(Contribution to)/ Appropriation from HRA General Reserve</b>	<b>(1,747)</b>	<b>(1,757)</b>	<b>(2,922)</b>
<b>Opening Balance on HRA General Reserve</b>	<b>(4,263)</b>	<b>(4,263)</b>	<b>(6,020)</b>
<b>Closing Balance on HRA General Reserve</b>	<b>(6,010)</b>	<b>(6,020)</b>	<b>(8,942)</b>

## Appendix 2: 5 Year Business Plan for Housing Revenue Account 2014/15 - 2018/19

HRA revenue projections	2014/15 Proposed Budget £'000	2015/16 Projection £'000	2016/17 Projection £'000	2017/18 Projection £'000	2018/19 Projection £'000
Income	(75,698)	(78,273)	(83,087)	(86,677)	(90,182)
Expenditure before savings and growth	73,974	76,345	82,139	83,597	83,077
<b>Base HRA surplus for the year</b>	<b>(1,724)</b>	<b>(1,928)</b>	<b>(948)</b>	<b>(3,080)</b>	<b>(7,105)</b>
Target savings from market testing / efficiencies	(3,319)	(5,065)	(5,782)	(5,929)	(6,093)
Growth	355	368	381	393	405
Invest to save	533	552	572	590	608
Contribution to capital projects	1,120	1,157	1,194	1,228	1,262
<b>Surplus before additional capital programme contribution</b>	<b>(3,035)</b>	<b>(4,916)</b>	<b>(4,583)</b>	<b>(6,798)</b>	<b>(10,923)</b>
Available for Revenue Contribution to Capital Outlay or growth	113	761	553	2,773	6,697
<b>Surplus for the year after additional capital programme contribution</b>	<b>(2,922)</b>	<b>(4,155)</b>	<b>(4,030)</b>	<b>(4,025)</b>	<b>(4,226)</b>
<b>HRA balance at year end</b>	<b>(8,942)</b>	<b>(13,097)</b>	<b>(17,127)</b>	<b>(21,152)</b>	<b>(25,378)</b>

## Appendix 3: Efficiencies & Income Movements

### Efficiencies

Division	Description	Amount £000s
Housing Repairs	New Repairs Contract	1,048
		<b>1,048</b>
Housing Services	Estate Services Contract	484
Housing Services	Housing Management Contract	177
Housing Services	Estate Services Client Team restructure	50
		<b>748</b>
Housing Services	Neighbourhood Services - minor reorganisation	37
Finance & Resources	Early achievement of reduction in cost of Corporate Service Level Agreements (target for 14/15 £250k)	776
Finance & Resources	Reduced interest payable following debt reduction	727
		<b>1,503</b>
<b>Total</b>		<b>3,299</b>

Item	Housing Income £
2013/14 Base Budget	<b>(73,602,900)</b>
<b>Other Adjustments</b>	
Increase in commercial income due to likely level of lettings	<b>(55,500)</b>
Increase in Hoardings income	<b>(97,100)</b>
Reduction in parking space rents forecast	352,600
Increase in bad debt provision and allowance for Welfare Reform	854,100
Reduction in Leaseholder Service Charges	99,700
Increase in net dwelling rental income	<b>(3,331,000)</b>
Increase in net tenants service charge income	<b>(169,300)</b>
Decrease in commercial income due to predicted sales of shops	241,318
Other minor adjustments	10,200
<b>2014/15 Base Budget</b>	<b>(75,697,882)</b>



**Appendix 4: Growth including Revenue Contributions to Capital Projects and non capitalisable costs relating to capital projects**

<b>Revenue Growth</b>		
<b>Division</b>	<b>Description</b>	<b>Amount £000s</b>
Housing Services	Incentive Payments for tenants who downsize	250
Housing Services	Parking Review	176
Housing Services	Financial Accounting Training for Residents' Associations	40
Housing Services	Audit of Residents' Associations	30
Housing Services	Residents' Satisfaction Survey	35
		<b>531</b>
Finance & Resources	Reversal of temporary growth for Northgate contract	(593)
Finance & Resources	Temporary growth for MITIE contract	500
Finance & Resources	Temporary one year growth: project resource for the next phase of Medium Term Financial Strategy Savings	250
Finance & Resources	Changes to Leasehold Management Systems	200
Finance & Resources	Leaseholders' Satisfaction Survey	15
		<b>372</b>
<b>Total Growth</b>		<b>903</b>

**Contribution to capital projects / Allowance for revenue elements of capital projects**

EU Life Plus contribution	192
Earls Court Regeneration	113
Strategic Regeneration & Housing Development	300
Housing Development Programme, non Capitalisable pre planning costs	500
<b>Total Other Growth</b>	<b>1,105</b>

Appendix 5: Key Risks 2014/15	Lower Limit	Upper Limit	Worst Case	Future Risk
	£000s	£000s	£000s	£000s
<b>Quantifiable Risks</b>				
<b>Welfare Reform</b> - an increase has been made in the bad debt provision to provide some protection against the potential impact on rent collection rates as a result of the three main strands of the Government's Welfare Reform programme. However, there remains some risk as follows:				
- a bad debt provision for the impact of the removal of the spare room subsidy has been budgeted for at the rate of 60% of the total rent at risk, on the assumption that management action will be sufficient to mitigate the remaining potential loss of income. The risks relating to the resolution of under-occupation are primarily in 14/15;	0	311	311	311
- it is not possible at this stage to quantify the exact level of risk for direct payments as this depends on the rate of migration to the new system.	0	605	42,800	2,000
<b>Welfare Reform &amp; CPI</b> - in future under universal credit, benefits will be inflated by CPI which does not include housing costs therefore rents will get increasingly out of synchrony with the benefit cap. Both rent restructuring and the Governments Spending review announcement would both mean that more people will get caught by the cap each year and will increase our risk as the years go by.	0	195	390	410+
<b>Right to Buy Disposals</b> - a level of Right to Buy disposals (20 per annum) has been assumed within the budget. However given that the impact of the increased level of discount on RTB disposal levels is not yet completely clear, there is a risk that unbudgeted levels beyond the Council's control could impact on the net income due to the HRA. The upper limit and worst case risks set out here are based on an assumption that the level of applications currently projected (300) all progress to RTB sales. The future risk assumes that there are 60 or more RTB sales each year.	0	1,500	1,500	200

<b>Pension opt-in</b> - this relates to the risk of all staff opting to join the local government employer pension scheme.	0	20	20	20
<b>Total Quantifiable Risks</b>	<b>0</b>	<b>2,631</b>	<b>45,021</b>	<b>2,531</b>
<b>Unquantifiable Risks</b>				
<b>Government pledge on limiting Social Rent Increases to CPI plus 1%</b> - the impact of the pledge made on the 26th June 2013 as part of the Spending Round 2013 that social rents will increase by the Consumer Prices Index (CPI) plus 1% a year from 2015-16 to 2024-25. It is not yet clear if this increase for local authorities will be applied solely to the Housing Benefit limit rent or if it will apply to each individual tenancy. If the increase is applied to each individual tenancy then this would potentially result in a loss of income over the 30 years of the business plan of £575m and result in an additional 213 void sales being required to fund the capital maintenance programme. This risk is further expanded upon in Section 13.				
<b>Limit Rent</b> - this determines the maximum average actual rent level at which housing benefit would continue to be paid. The current 13/14 average rent is below the limit rent, and the proposed rent for 14/15 is more than £10 per week lower than the limit rent in 14/15 based on the modelling carried out. However, the limit rent mechanism is being re-examined under Welfare Reform and therefore, there is a risk that a proportion of the rent roll will no longer be funded by Housing Benefit. The Government's plans are awaited.				
<b>Housing Repairs Ending of Current Contractual Arrangements</b> – provision has been made within the existing budgets to cover potential additional costs associated with the winding up of the old contracts, though there is a risk that costs may exceed this provision and that costs may emerge at a later date.				
<b>Accounting for impairment and revaluation losses / gains</b> - changes in accounting rules following self-financing regarding impairment and revaluation losses / gains mean that any adverse movements that cannot be funded by revaluation reserves will be an actual charge to the HRA bottom line. The current level of revaluation reserves of £72m represents 7.6% of the current stock valuation of £948m, so an impairment / revaluation loss of 7.6% would have to be suffered before the HRA would be affected.				
<b>Stock Investment</b> - the business plan is exposed to the risk arising from a downturn in the property market and the resultant slowing down or cessation of expensive voids sales causing a lack of funds available for investment in the housing stock. This is mitigated through careful monitoring of likely receipts to be realised before entering into significant capital expenditure commitments, and through the longer term plan to reduce reliance on sales to maintain the stock.				

**Housing Repairs** - unpredicted events may result in some additional expenditure (for example, following new health and safety directives, legislation, potential insurance claims from storm damage) on housing repairs, and financial provision has been made to mitigate against this risk.

**Market Risk on Re-Procurement and Recruitment** - There is a risk especially under better economic conditions that it will become harder to reprocure contracts or recruit staff at the predicted rates

**Challenge from Wilmot Dixon Partnerships to a procurement process.** In September 2013, the stay which had prevented the Council from signing the proposed new Repairs and Maintenance contract with MITIE was lifted and this contract is now signed, securing the MTFS savings included in Appendix 3. However, the challenge to the procurement process remains, and should this continue to court the outcome is not expected to be decided sooner than July 2014.

**Increase in void levels** – this is likely to result from the new policy of fixed term tenancies and from management action taken to reduce under-occupation. The risks attributable to fixed term tenancies will not crystallise until 2015/16 onwards.

**Service Level Agreements** - any mid-year review of corporate SLA costs may impact adversely on the HRA particularly if contracts are retained in house resulting in higher than expected FTE numbers. In particular, in future years there is a risk that the shared services procurement may not deliver savings and that legislative burdens could increase costs.

**Appendix 6: London Local Housing Authorities  
General Reserves as a % of Turnover**

<b>Local Housing Authority</b>	<b>Turnover 2012/13</b>	<b>General Reserve at 31st March 2013</b>	<b>General Reserve as a % of Turnover</b>
	£m	£m	%
<b>H&amp;F</b>	<b>80</b>	<b>4.2</b>	<b>5%</b>
<b>Neighbouring &amp; Partner London Housing Authorities</b>			
RBKC	51.9	16	31%
Westminster	109.7	93.1	85%
Wandsworth	133.5	103.6	78%
Ealing	68.4	6.1	9%
Hillingdon	60.9	20.9	34%
Harrow	29.2	3.2	11%
Hounslow	77.4	19.5	25%
<b>Other London Local Housing Authorities</b>			
Southwark	257.6	31.8	12%
Lambeth	172.5	10	6%
Islington	280.8	12.8	5%
Camden	160.8	47.1	29%
Hackney	131.7	10.2	8%
Lewisham	83.2	22.9	28%
Sutton	36.3	2.9	8%
Brent	70.6	2.6	4%
Barnet	61.6	16.1	26%
Waltham Forest	55.8	2.6	5%
Redbridge	26.6	3.9	15%
Barking and Dagenham	106.9	8.5	8%
Tower Hamlets	84.2	15.2	18%
Kingston Upon Thames	29.6	3.2	11%
Croydon	83.9	9.4	11%
Greenwich	115.9	19	16%
Newham	97.2	6.5	7%
Average of Neighbouring & Partner London LHAs as listed above			39%
Average of 24 London LHAs			20%
Average of RBKC, Westminster & Wandsworth			64%
Average of RBKC, Westminster, Wandsworth & LBHF			50%

## Appendix 7 - Rent Benchmarking 2013-14 rents: Inner London Local Housing Authorities<sup>12</sup>

	Budgeted	Bedsits	1 bed house and bungalows	1 bed flats and maisonettes	2 bed house and bungalows	2 bed flats and maisonettes	3 bed flats and maisonettes	3 bed house and bungalows	4 bed dwellings	5 bed dwellings	6 bed dwellings
Local Authority	Average Rent in 2013-14	Average Weekly:- Net Rent	Average Weekly:- Net Rent	Average Weekly:- Net Rent	Average Weekly:- Net Rent	Average Weekly:- Net Rent	Average Weekly:- Net Rent	Average Weekly:- Net Rent	Average Weekly:- Net Rent	Average Weekly:- Net Rent	Average Weekly:- Net Rent
	£ : p	£ : p	£ : p	£ : p	£ : p	£ : p	£ : p	£ : p	£ : p	£ : p	£ : p
<b>INNER LONDON</b>											
Camden	104.12	76.77	101.70	93.26	113.43	106.57	118.93	127.02	132.73	148.72	150.52
Greenwich											
Hackney											
<b>Hammersmith &amp; Fulham<sup>13</sup></b>	<b>99.48</b>	<b>76.37</b>	<b>103.48</b>	<b>92.14</b>	<b>114.32</b>	<b>95.31</b>	<b>106.98</b>	<b>127.48</b>	<b>132.79</b>	<b>146.00</b>	<b>147.11</b>
Islington	105.60	88.55	97.52	92.37	118.41	107.48	113.44	131.52	137.01	154.20	177.73
Kensington & Chelsea	111.45	83.66	112.47	99.58	130.67	117.68	128.70	131.52	143.81	158.66	0.00
Lewisham											
Tower Hamlets	103.55	79.11	98.33	91.85	123.51	103.60	114.86	TBC	131.63	146.47	153.80
Wandsworth	123.71										
Westminster	116.81	92.97	108.66		122.64		135.93		150.66	163.87	165.68

NB: For Wandsworth council, the only average rent figure is available under cabinet report.

<sup>12</sup> CIPFA Benchmarking Club – figures are provisional only.

<sup>13</sup> These figures have been updated to incorporate the merging of the Sheltered Accommodation charge into the basic rent. The aggregation of the Sheltered Accommodation charge with basic rents was approved as part of the Housing Revenue Account Financial Strategy and Rent Increase 2013/14.

**Appendix 8**  
**Rent Benchmarking**  
**2013-14 private sector rents in Hammersmith and Fulham at 23/10/2013**  
**(source: Rightmove.co.uk)**

Property size	Average rent per week	LBHF	%
Studio Flats	280	75.46	27%
1 Bed Flats	291	87.30	30%
2 Bed Flats	425	95.37	22%
3 Bed Flats	636	106.97	17%
4 Bed Flats	1,329	121.49	9%
5 Bed Flats	2,500	141.20	6%
6 Bed Flats	N/A	140.02	
1 Bed Houses	N/A	103.48	
2 Bed Houses	549	114.21	21%
3 Bed Houses	760	127.52	17%
4 Bed Houses	1,055	140.38	13%
5 Bed Houses	1,328	148.57	11%
6 Bed Houses	N/A	150.66	

**Rent Benchmarking: Registered Providers Rents extracted from the HCA**  
**Statistical Data Return 2013 showing rents as at 31<sup>st</sup> March 2013<sup>14</sup>**

	Average Rent per week	Target Rent
<b>Notting Hill</b>		
Bedsit	100.27	111.37
1 Bed	107.27	123.66
2 Bed	117.61	134.29
3 Bed	126.24	142.31
4 Bed	136.91	149.87
5Bed	143.52	157.57
All Bed Sizes	115.61	131.81
<b>Shepherds Bush</b>		
Bedsit	81.96	78.9
1 Bed	103.61	107.11
2 Bed	118.39	120.05
3 Bed	122.44	126.7
4 Bed	138.73	132.77
5Bed	132.57	139.97
All bed sizes	112.29	114.62

<sup>14</sup> Note the data does not distinguish between flats and houses

**Appendix 9**  
**HRA Debt due for repayment in the next ten years.**


<b>AMOUNT</b>	<b>% RATE</b>	<b>START DATE</b>	<b>END DATE</b>
329,776.03	9.00	24-Feb-89	24-Aug-14
192,369.35	9.25	31-Mar-89	30-Sep-14
1,892,244.40	9.125	27-Mar-86	28-Feb-15
720,214.87	9.75	31-Oct-89	30-Apr-15
4,730,611.00	9.375	25-Jul-89	25-Jun-15
4,730,611.00	9.375	25-Jul-89	25-Dec-15
2,838,366.60	9.125	1-Apr-86	31-Jan-16
2,365,305.50	7.75	15-Nov-93	30-Jun-16
1,371,877.19	7.875	28-Oct-93	30-Sep-16
2,128,774.95	9.00	6-Apr-86	30-Nov-16
3,784,488.80	8.875	13-Apr-86	30-Apr-17
2,365,305.50	10.625	30-Mar-92	30-Sep-17
3,784,488.80	8.875	11-Apr-86	28-Feb-19
3,311,427.70	3.95	20-Nov-09	21-Jan-20
4,730,611.00	9.00	30-Mar-95	20-Mar-20
9,461,222.00	4.04	20-Nov-09	21-Jan-21
3,547,958.25	6.625	9-Dec-97	09-Jun-23

**Appendix 10**  
**Benchmark of incentives for downsizing**

<b>Organisation</b>	<b>Incentive per Room (£)</b>	<b>Other Incentives</b>
Kensington & Chelsea	1500	Removals; disconnection
Westminster	3000	Removals; Decorations
Wandsworth	1500	N/A
Richmond	2500 (cap 7500)	Decoration
Ealing	1000	Removals
Brent	1000	N/A
Hounslow	1000	
Harrow	1000	Removals
Family Mosaic	500	Removals
NHHG	1000 (cap 2000)	Removals; disconnection
SBHA	Nil	N/A
Genesis	Nil	N/A
Network Stadium	2000	Removals; utility transfer



# Agenda Item 6

 <p><b>h&amp;f</b> the low tax borough</p>	<p>London Borough of Hammersmith &amp; Fulham</p> <p><b>HOUSING, HEALTH AND ADULT SOCIAL CARE SELECT COMMITTEE</b> <b>21 January 2014</b></p>
<p><b>Housing and Regeneration Department Key Performance Indicators</b></p>	
<p><b>Report of the Cabinet Member for Housing – Councillor Andrew Johnson;</b></p>	
<p><b>Report Status:</b> Open</p>	
<p><b>Classification:</b> For Scrutiny Review &amp; Comment</p>	
<p><b>Key Decision:</b> No</p>	
<p><b>Wards Affected:</b> All</p>	
<p><b>Accountable Executive Director:</b> Melbourne Barrett, Executive Director for Housing &amp; Regeneration (HRD)</p>	
<p><b>Report Author:</b> Kathleen Corbett - Director of Finance and Resources for HRD</p>	<p><b>Contact Details:</b></p> <p>E-mail: <a href="mailto:kathleen.corbett@lbhf.gov.uk">kathleen.corbett@lbhf.gov.uk</a></p>

## 1. EXECUTIVE SUMMARY

- 1.1 This report covers the period ending October 2013. Performance overall is good with 21 of the 28 targets (75%) being met or within tolerance.
- 1.2 Detailed remedial action plans are in place to address all indicators that are outside tolerance i.e. are Red.
- 1.3 A number of targets have been significantly over achieved in the month. Concentrated management action has reduce the average number of sickness days to 4.49 compared to 9.25 at the same time last year, 625 residents have been helped into sustainable employment and 3.62% more of the annual leaseholder service charges have been collected than at the same point last year.
- 1.4 The principal area of concern is Rent Collection which accounts for three of the targets which are rated as red and not improving. H&F Direct have been commissioned to collect housing rents from 1<sup>st</sup> July 2012 as part of the overall HRA Transformation Programme, to take advantage of synergies in relation to revenue collection. H&F Direct have put in place a project plan to rectify the situation with improvements being expected by 31<sup>st</sup> March 2014. The position is however being kept under close review.
- 1.4 It is also to be noted that the reporting period coincides with the ending of previous repairs and maintenance arrangements through Willmott Dixon, Kiers and others, prior to new arrangements coming into place with MITIE on 1<sup>st</sup> November 2013, and performance from the previous incumbents fell back slightly towards the end.

## 2. INTRODUCTION

- 2.1 The purpose of this report is to present the performance of the Housing and Regeneration Department against target for the department's key performance indicators.
- 2.2 The report details the areas where performance is behind target, the factors affecting performance and the management action being taken to remedy the under-performance.

## 3. PERFORMANCE

### Key

Green	Target met
Amber	Within tolerance
Red	Outside tolerance

- 3.1 Financial Management

### 3.1.1 Performance

Indicator	Target	YTD	2012/13	Trend
% of rent collected (excluding current arrears)	100%	<b>98.36%</b>	99.58%	Not improving
Current tenant rent arrears as a % of rent due (excluding voids)	3.5%	<b>4.46%</b>	3.66%	Not improving
Former tenant arrears as a % of rent due (excluding voids)	1.00%	<b>1.53%</b>	1.22%	Not improving
Rent loss due to voids as a % of rent due	2.01%	<b>1.55%</b>	2.08%	Improving
Service Charges collected as a % of service charges due	71.6%	<b>75.41%</b>	71.79%	Improving
Income from expensive void disposal (£m)	£22.127m	<b>£20.347m<sup>1</sup></b>	£17.169m	Improving
Ave number of working days lost due to sickness absence	8.5 days	<b>4.49 days</b>	9.25	Improving

### 3.1.2 Factors affecting performance

As part of the Housing Revenue Account Medium Term Financial Strategy, having considered Market Testing, on 1<sup>st</sup> July 2012 the Council's H&F Direct Service took over the collection of housing rent. Since 1<sup>st</sup> April 2013 rent arrears have increased by £821k.

- £335k of this increase is due to the removal of the spare room subsidy. The Council's records currently show that the removal of the spare room subsidy is affecting approximately 712 HRA properties and that tenants impacted are paying over 26% of the difference from their other income. All tenants impacted have been written to and a programme of visits is on-going. This has and is expected to continue to result in some tenants choosing to downsize and in additional tenants choosing to make up the difference from other income.

<sup>1</sup> On target for year-end based on sales pipeline

Since 1<sup>st</sup> April 2013, 173 requests for downsizing have been received by the Council and of these; moves to more appropriately sized accommodation have been enabled for 37 tenancies.<sup>2</sup> The Council currently provides incentive payments of £500 per room given up to under-occupiers who downsize. Following a benchmarking exercise an increase in incentive payments to £2,000 per room is being considered by Cabinet on 3<sup>rd</sup> February 2014 as part of the annual Housing Revenue Account Financial Strategy and Rent Increase 2014/15<sup>3</sup> which should enable further moves.

- £483k of the arrears has arisen during the implementation of the re-organisation of the Income Management Team within H&F Direct. This has now been restructured to change the way debts are allocated to staff. Instead of having fixed patches covering a specific area there are now two teams with one focusing on large debts (enforcement team) and the other on smaller debts (early intervention team). Targets have been set and performance is being monitored. Actions are beginning to take effect with 26 warrants for eviction being agreed for arrears totalling £111k in October. A project plan is in place to rectify the situation with improvements in the performance indicators being expected by 31<sup>st</sup> March 2014. The position is however being kept under close review.

A business case has been agreed for Agilisys to work on the Former Tenant Arrears debts which were being managed as well by the Council's H&F Direct Service. Agilisys have started analysing and segmenting the debt and will take appropriate action on a case by case basis.

## 3.2 Property Management

### 3.2.1 Performance

Indicator	Target	YTD	2012/13	Trend
% of all repairs completed on time	94.0%	<b>92.45%</b>	95.09%	Not Improving
% of properties with a valid gas certificate	100%	<b>99.76%</b>	99.64	Improving
% of units available for letting but vacant	0.20%	<b>0.08%</b>	0.37%	Improving
% of units unavailable for letting and vacant due to Regeneration	1.06%	<b>0.63%</b>	1.06%	Improving
% of units unavailable	0.85%	<b>0.87%</b>	0.87%	No change

<sup>2</sup> Figures correct as at 6<sup>th</sup> December 2013

<sup>3</sup> This report is also part of this Housing, Health and Adult Social Care Select Committee Agenda

Indicator	Target	YTD	2012/13	Trend
for letting and vacant due to other reasons e.g. held for disposal, management voids not ready for letting				
Number of days taken to re-let empty properties (General Needs)	26 days	<b>28.3</b>	27.4	Not Improving
Number of days taken to re-let empty properties(Sheltered)	25 days	<b>28.6</b>	32.5	Improving

### 3.2.2 Factors affecting performance

All indicators are on target or within tolerance. Repair performance has deteriorated marginally as the old repair contracts (Kier and Wilmot Dixon) came to an end, with the new MITIE repair contract starting on 1<sup>st</sup> November. Voids turnover has been affected primarily by a small number of voids where offers of accommodation were refused on a number of occasions; the principal reasons given for refusals were the location in the borough, dimensions of rooms and specific issues such as lack of lifts in a block.

## 3.3 Communities

### 3.3.1 Performance

Indicator	Target	YTD	2012/13	Trend
Number of homeless acceptances	175	<b>239</b>	173	Not improving
Number of homeless households in B&B	200	<b>96</b>	n/a	n/a
Families in B&B over 6 weeks	0	<b>8</b>	46	Improving
Right to Buy	24	<b>22<sup>4</sup></b>	4	Improving
Number of HomeBuy sales in new development	77	<b>36</b>	42	Not Improving
% of lettings to working households	25.0%	<b>32.1</b>	26.4	Improving
% of lettings to households making a community contribution	15.0%	<b>23.1</b>	n/a	n/a
No. of residents supported into sustainable	385	<b>625</b>	n/a	n/a

<sup>4</sup> Based on pipeline of sales expected to be on target at year-end

employment (over 6 months)				
% of rent collected for Private Sector Leased property (including arrears)	96.0%	<b>97.1%</b>	n/a	n/a
% of rent collected for B&B properties	95.0%	<b>93.6%</b>	n/a	n/a

### 3.3.2 Factors affecting performance

While the number of households in Bed & Breakfast has decreased sharply, the increase in the number of homeless acceptances reflects the on-going pressure on the service as the buoyancy of the housing market in the Borough makes access to the private sector more difficult for people on low or modest incomes. As a result the number of applicants from the Private Rented Sector has increased and it remains difficult to secure private rented accommodation as an alternative to the making of a homelessness application. In response to this we are carrying out the following:

- Negotiating with landlords at the first point of contact.
- Assisting applicants to remain in their existing accommodation e.g. through negotiation or via a DHP claim.
- Assisting applicants to find alternative accommodation utilising the rent deposit guarantee scheme.
- Increasing incentives to private sector landlords.
- Discharging our homelessness duty into the Private Rented Sector.
- Encouraging applicants threatened with parental eviction to apply via the Housing Register (where they qualify).

The number of HomeBuy sales thus far in the year reflects the revised phasing of handovers of properties due for completion during the year, 170 flats are being developed by Notting Hill Housing in “The Bloom” in Bloemfontein Road. The 1<sup>st</sup> and 2<sup>nd</sup> phases have now been launched and 98 nominations have already been made for HomeBuy properties in that development. However, completion of the development by Notting Hill has slipped from the original timetable and this is reflected in the number of sales to date.

B&B rent collection is down mainly due to issues with claiming Housing Benefit for what can be very short periods of time. As such, a number of improvements have been implemented including identifying a dedicated officer to collect documents and information from each claimant, meeting with Housing Benefit to ensure claims are fast tracked and escalating recovery actions against non-cooperating claimants. This should result in improved collection rates going forward.

### 3.4 Quality Assurance

### 3.4.1 Performance

Indicator	Target	YTD	2012/13	Trend
% very or fairly satisfied with repairs and maintenance	78.0%	<b>82.6%</b>	84.7%	Not Improving
% valid (in date) Fire Risk Assessments updated for agreed works on qualifying properties	100%	<b>65%</b>	n/a	n/a
% of Stage 1 complaints upheld	55.0%	<b>58.7%</b>	49.9%	Not Improving
% of calls answered within 20 secs	80.0%	<b>70.0%</b>	80.0%	Not Improving

### 3.4.2 Factors affecting performance

Stage 1 complaints upheld are broken down as follows:

- Property Services: 77.5%
- Housing Services: 14.2%
- Housing Options: 6.0%
- Finance & Resources: 2.3%

56.1% of all stage 1 complaints upheld were for responsive repairs followed by gas compliance at 9.0%, performance in this areas has deteriorated as the old repairs contracts came to an end, with the new MITIE repair contract starting on 1<sup>st</sup> November.

There are currently Fire Risk Assessments (FRA's) for all HRA properties and any works identified as part of these assessments have been factored into relevant planned annual programmes of work for completion. At the point of the completion of works the relevant FRA's will be updated. This approach has been discussed and agreed with the London Fire Brigade who continue to hold regular meeting with Officers to go review the on-going works programmes. The difference in the percentages reflects those FRA's that are to be updated once works are completed.

The speed of call answering by the Customer Service centre have deteriorated as the old repairs contracts came to an end, this teams forms part of the new maintenance contract and TUPE'd to MITIE on 1<sup>st</sup> November 2013.


## 4. RECOMMENDATIONS

- 4.1 The Select Committee are asked to note the contents of the 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.	Housing and Regeneration Department scorecard	Kathleen Corbett Ext 3031	Housing and Regeneration Department, 3 <sup>rd</sup> Floor Town Hall Extension, King Street



	<p align="center"><b>London Borough of Hammersmith &amp; Fulham</b>  <b>HOUSING, HEALTH AND ADULT SOCIAL CARE SELECT COMMITTEE</b>  <b>21 January 2014</b></p>
<p><b>Adult Social Care Annual Customer Feedback Report</b></p>	
<p><b>Cabinet Member for Community Care – Councillor Marcus Ginn</b></p>	
<p><b>Report Status:</b> Open</p>	
<p><b>Classification:</b> For Scrutiny Review &amp; Comment</p> <p><b>Key Decision:</b> No</p>	
<p><b>Wards Affected:</b> All</p>	
<p><b>Accountable Executive Director:</b> Liz Bruce, Tri Borough Executive Director for Adult Social Care (ASC)</p>	
<p><b>Report Author:</b> Nadia Husain, Senior Customer Feedback Officer</p>	<p><b>Contact Details:</b>          Tel: 020 7361 2552          E-mail: <a href="mailto:nadia.husain@rbkc.gov.uk">nadia.husain@rbkc.gov.uk</a></p>

## 1. EXECUTIVE SUMMARY

- 1.1 This report provides information about statutory complaints made between 1 April 2012 and 31 March 2013 under the Local Authority Social Services and NHS Complaints regulations, 2009.
- 1.2 This report highlights how various services within Adult Social Care (ASC) Services have performed in line with key principles outlined in the complain regulations. Learning and service improvements that have been made as a result of responding to complaints are also discussed, as are plans for further service developments.

## 2. RECOMMENDATIONS

- 2.1. That the Select Committee is asked to review and comment on the report.

### LOCAL GOVERNMENT ACT 2000

#### LIST OF BACKGROUND PAPERS USED IN PREPARING THIS REPORT

No.	Description of Background Papers	Name/Ext of holder of file/copy	Department/ Location
1.	None		

# London Borough of Hammersmith & Fulham

## Adult Social Care Annual Customer Feedback Report

1 April 2012 - 31 March 2013



## Introduction

This report provides information about statutory complaints made between 1 April 2012 and 31 March 2013 under the Local Authority Social Services and NHS Complaints regulations, 2009.

This report highlights how various services within Adult Social Care (ASC) Services have performed in line with key principles outlined in the complain regulations. Learning and service improvements that have been made as a result of responding to complaints are also discussed, as are plans for further service developments.

The Tri-Borough Customer Feedback Team is responsible for recording, managing and analysing all statutory complaints and feedback in ASC as well as comments and compliments.

## The Complaints Process

The Department of Health, defines a complaint as, “an expression of dissatisfaction or disquiet about the actions, decisions or apparent failings of a Local Authority’s adult social care provision which requires a response”. The Local Authority uses this definition.

Anyone can make a complaint where they receive a service from Adult Services or where they are affected, or likely to be affected, by the Department's actions. This includes a service provided by an external provider acting on behalf of the Local Authority. In such a case service users can either complain directly to the provider or to the Tri-Borough Customer Feedback Team.

Staff are encouraged to attempt to resolve problems at the first point of contact in line with good practice highlighted by the Local Government Ombudsman, but are equally advised to direct service users towards the Customer Feedback Team to access the procedure where an instant resolution is not possible or appropriate, or where the service user remains dissatisfied.

In accordance with procedures for handling complaints that came into effect on 1st April 2009, once a complaint is logged by the Customer Feedback Team, they will acknowledge the complaint in writing within 3 working days. A plan of how the complaint will be dealt with will be agreed with the complainant including the time-scales for providing a response. The Customer Feedback Team conducts a risk assessment for each complaint to determine how it should be handled. Complaints are graded into four categories: low risk, moderate risk, high risk and extreme risk. Complaints that fall between low and moderate risk are dealt with by the service manager concerned and the resolution method is usually through meeting with the complainant and a paper review or an internal investigation followed by a written response. Those that are deemed to be high or extreme risk are usually investigated by independent investigating officers who submit their findings to the local authority followed by a letter together with the report to the complainant from the Adjudicating Officer, usually a Director. Other such complaints may also need to be passed on to the Safeguarding Leads as appropriate and the complaints process may be suspended, if necessary, in order to allow the safeguarding process to be completed.

The Local Authority will always seek to resolve the complaint as soon as possible, and in the absence of a prescribed timescale it uses an internal timescale of 10 working days, in consultation with the complainant. However, if delays are expected the complainant is consulted and informed respectively. All responses, whether or not the timescale has been agreed with the complainant, must be made within 6 months of receiving the complaint. However, in exceptional circumstances, an investigation may take longer and this will be discussed with the complainant.

In cases of cross-organisational complaints, one organisation will act as the lead and a co-ordinated response will be provided so that the complainant receives one consolidated response to their complaints.

The Local Authority has one opportunity to provide a formal response to the complainant and this response must set out their right to approach the Local Government Ombudsman should they remain dissatisfied.

## Summary of activity and demand

The total number of people that received a service from the London Borough of Hammersmith during the year was 4,203 and 2% of these service users, or someone on their behalf raised a complaint about a service that they received. The table below highlights key ASC activity

**Table 1 – Breakdown in ASC activity**

Category	Number
New referrals	4,394
New assessments	1,468
Reviews	1,428
Service users	4,203

## Priorities

In 2012/13 the Adult Social Care Tri-Borough Service Customer Feedback Team has been busy handling complaints, compliments and enquiries from services users and/or their representatives. In doing so it has ensured that internal timescales are met and that the quality of the response has consistently improved. It has also contributed to ensuring that services make informed changes to the way they deliver improved services.

The Team will continue to fulfil this role and in addition it has set itself the following priorities for the rest of the year;

### PROMOTE

- Continue to promote the Tri-Borough Customer Feedback Team across the Tri-Borough services and single Borough Adult Social Care Operational Teams, ensuring that staff are familiar with the procedures and are fully equipped with effective complaints handling skills.
- Helping staff and stakeholders understand the importance of forwarding complaints, understanding what a complaint is, making it easier for people to complain about a service they receive.
- Further improve the process of seeking support and making a complaint through a new complaints form for the three Local Authorities and wider use of the free phone number for the Customer Feedback Team.
- Improve the identification, recording and responding to compliments and positive feedback from service users and/or their representatives.

## STAKEHOLDERS

- Strengthening links with corporate sections of all three Local Authorities and other partner agencies. Our aim is to build on existing working relationships with internal and external partners such as health, advocacy agencies and other important partners in the voluntary sector. Due to the upcoming integrated joint working arrangements between ASC and Central London Community Healthcare, the team will focus on agreeing robust working practices for the two organisations.
- The Team will arrange to meet with peers at Hammersmith and Fulham Advocacy Service and Healthwatch to understand their role and ensure that the two organisations work in a way that effectively supports the service user, in the event of a complaint.

## **QUALITY**

- Continuing to ensure that all statutory complaints and feedback from service users across the three Local Authorities is recorded and handled effectively and a good standard of quality is maintained.
- Ensure good quality data is continued to be presented to the Management Team, Lead Councillors and staff in the form of internal Tri-Borough Quarterly reports to show emerging trends and valuable learning from complaints throughout the year.
- Consider speedy action plans for high profile or particularly complicated complaints to ensure that an independent investigation route is chosen as soon as possible if that is the best possible way forward.
- Widening and increasing the range and expertise of our pool of external investigating officers, to create greater efficiencies and satisfaction for both complainants and members of staff involved in investigations.
- Conduct customer satisfaction interviews, to improve practice and check accessibility to ensure people that report feedback to us have a good experience.

## **DEMOGRAPHIC CAPTURE**

- Make arrangements for the recording of equality and diversity recording for all complaints and feedback. This will help us assess the demographics of those that engage with the Local Authority to complain and see if there are any issues around access for users and/or their representatives.

## **INTERNAL INFORMATION SHARING**

- Ensure that we record case reference numbers from the respective ASC databases, on the complaints database, so that there is a common link between the two databases and data can be used in a proactive way to review the quality/satisfaction of particular service groups or specific service provisions.

## **FOCUS ON HOMECARE**

- Continue to work with homecare agencies, The Procurement Team and The Safeguarding Team to monitor issues arising from complaints and ensuring that practice changes are made where appropriate.

- Provide the Homecare Board with essential information on complaints activity on a monthly basis so that any trends can be analysed and any problems in service delivery can be picked up and investigated with the agency. This is to ensure that services are being delivered effectively and in line with the provisions set out in the contract and the standards set by the Care Quality Commission.
- Continue to work on projects such as complainant satisfaction surveys, that can help capture information from service users to inform the decisions made by the Procurement and Commissioning Teams.

## LEARNING

- Continue to push forward a learning culture throughout the organisation. We will do this by ensuring learning is followed up by simple action plans with the Service Manager at the time the complaint is closed and this information is appropriately recorded on the complaints system.

## REVIEW

- The Team will also be reviewing the complaints handling database options to ensure that the best technical option is being utilised for this purpose.

## Compliments

Service users and their representatives are encouraged to tell the Local Authority if they are receiving an exceptionally good service. People can complete the compliments, comments and complaints form as well as contact the relevant social care team or the Customer Feedback Team to express their praise. Although this number is slightly lower than the previous two periods and we will be reminding staff and managers to make sure that all compliments are passed to the Customer Feedback Team so they can be recorded and acknowledged.

**Table 2 – Compliments over last three periods**

Year	No of compliments
2010/11	20
2011/12	22
2012/13	18

Some examples of the compliments received this year are;

“Thank you for all your help with assisting my mother with her assessment, grant applications and other things. The SW was absolutely great and helped my mother in such a wonderful way that she feels less isolated and more confident to ask for any help if she needs it”.

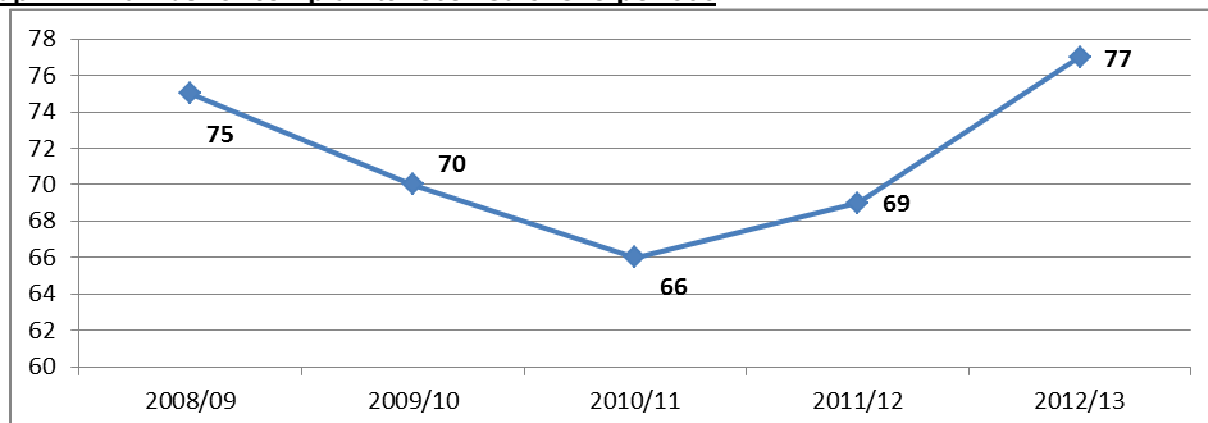
“I appreciated all your help & support very much, as it is very important for me to be as independent as possible, & to be able to remain in my own home for as long as possible. With your support I felt this is currently possible, and would like to say Thank You”

“Thank you for delivering the white stick on time, it has already made a big difference to my life”.

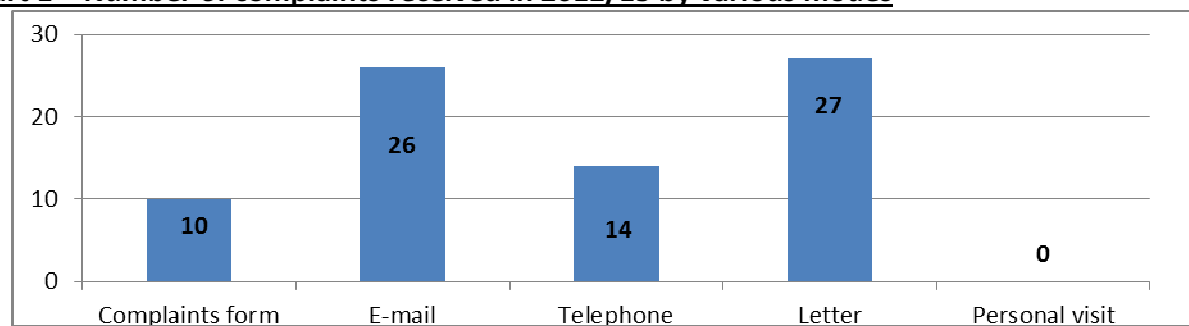
## Detailed complaints activity for 2012/13

The Customer Feedback Team recorded 77 formal complaints in 2012/13. This number shows a 12% increase on the previous year.

**Graph 1 – Number of complaints received over 5 periods**



**Chart 1 – Number of complaints received in 2012/13 by various modes**



The largest percentage is from people who wrote to the team by email or letter. Of these the more complex cases are contacted by phone by a Customer Feedback Officer for further clarification and/or offered a personal visit to discuss their concerns in detail.

Only 7% of complaints were received by way of complaints forms, this number is increasing, especially as the complaints forms have been revised and reprinted. They are very useful leaflets which contain important information about the process and contact details. Telephone complaints should also see a rise, as the team has been advertising its free phone number to improve access to the service.

### Nature of issue

Table 3 shows a breakdown of the complaint received by nature of issue. If you would like to see a detailed breakdown by team of this information, please see Appendix 1. As will be seen the majority of the complaints have been about the quality of the service or communication. Improvement in these areas is discussed in the learning from complaints chapter on page 11.

**Table 3 – Complaints by nature of issue for 2012/13**

Categories	No.
Charging/finance	2
Communication	17
Quality of service	22
Service failure	7
Service delay	9
Staff attitude/behaviour	11

Withdrawal, reduction or change	4
Object to eligibility or assessment decision	5
<b>TOTAL</b>	<b>77</b>

## Complaints activity by team

The table below shows a detailed look in the complaints activity by all the teams within the Adult Social Care Services.

The most complaints, 25% received were against the external homecare providers. Figures show that, 47% of total service users receive homecare, out of those only 1% raised a complaint with the Local Authority. The Authority and the agencies work in partnership to handle these complaints and ensure that corrective action is taken to ensure complete resolution of the complaint, improvement in service and prevention of recurrence of the issue.

**Table 4 – Complaints activity by team for 2012/13**

Teams	Complaints received	Outcome				Ongoing
		Upheld	Not upheld	Partially upheld	w/drawn	
Community social work service	16	1	6	7	1	0
Community & hospital assessment svc	12	2	4	6	-	-
Client Affairs	0	-	-	-	-	-
Learning Disabilities Service	7	2	2	3	-	-
Mental Health Service	4	1	2	1	-	-
Re-ablement Service	5	1	1	2	1	-
Occupational Therapy	8	1	4	3	-	-
Homecare	19	5	6	7	1	1
Care line	1	-	-	1	-	-
Finance	0	-	-	-	-	-
Commissioning (LD)	5	-	5	-	-	-
<b>TOTAL</b>	<b>77</b>	<b>13</b>	<b>30</b>	<b>30</b>	<b>3</b>	<b>1</b>

The other teams with high number of complaints are the two main Assessment and Social Work Teams. The Community Social Work Team has 21% of the complaints whereas the Community and Hospital Team has received 16% of the total complaints. These figures are consistent with last years. These two teams see the most number of service users, therefore this should be considered when looking at the percentage distribution.

## Outcomes

There are three main categories for classifying the outcome of a complaint;

“Upheld” – This is where the Local Authority have accepted responsibility for the matter arising. We would follow this up with a detailed letter of apology and clarification with reasons and remedies for the matter. It would also include actions to ensure such a complaint does not recur.

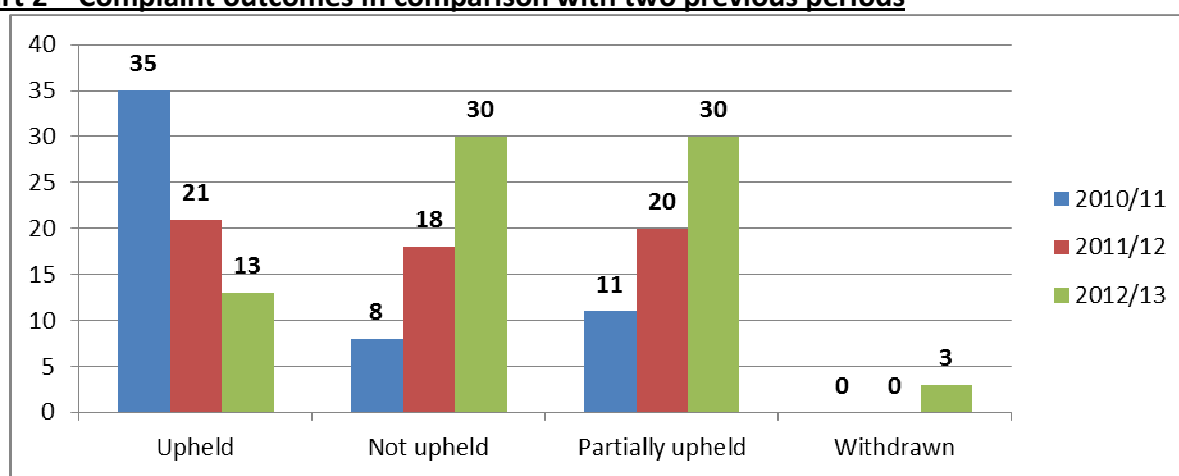


“Partially Upheld” – The LA accepts some responsibility for part of the complaint. A response outlining the part that is upheld is sent, stating reasons and proposed corrective measures.

“Not Upheld” – This normally means that the complaint was investigated but no fault was found. We would explain carefully and thoroughly our reasons for our conclusion.

Chart 2 below reflects the outcome of all complaints that were made to Adult Social Care, and comparisons with previous two years. The number of complaints that are fully upheld has decreased as a percentage compared to previous years. In 2012/13 only 17% complaints were fully upheld compared to 65% that were upheld in 2010/11. Majority of the complaints that were upheld in 2012/13 were about the quality of service. The teams ensure that whatever the outcome of a complaint may be, they learn from the complaint to ensure that the problem does not recur with other service users.

**Chart 2 – Complaint outcomes in comparison with two previous periods**



If complainants remain dissatisfied with our response, they are advised to contact the Customer Feedback Team, to seek clarification and discuss their dissatisfaction, to see if further clarification can resolve the matter. However, if they continue to remain dissatisfied with the efforts of the Local Authority they are advised of their right to progress their concerns to the Local Government Ombudsman.

**Local Government Ombudsman activity**

Table 5 shows the number and type of correspondence the London Borough of Hammersmith and Fulham received from the Local Government Ombudsman (LGO) in relation to the Adult Social Care services it provides.

**Table 5 – LGO investigations and outcome for 2012/13**

Type	No of complaints	Outcome		
		Upheld /Partial upheld	Not upheld	Still active
Premature complaints	1	n/a	n/a	n/a
Complaints investigated by the LGO	2	1	0	1
<b>TOTAL</b>	<b>3</b>	<b>1</b>	<b>0</b>	<b>1</b>

There was only one premature complaint. This is a complaint that the LGO receive from a service user but has not yet been put through the Local Authority's complaints process. This was successfully resolved under local complaints procedures.

The two complaints that were investigated by the LGO pertained to the Learning Disability (LD) Team. One was about integrated LD services with health, whereas the other was about a joint service delivered by LD Services and the residential care provider.

The outcome of one of these complaints is still being awaited, whereas the other has been closed. The outcome for this was to apologise for the delay in service provision and offer compensation for the time and trouble to be awarded by the health side of the service.

The number of complaints investigated by the LGO in 2012/13 has dropped compared to last year, where 7 cases were investigated. However, this is not a trend that can be analysed, as the number of complaints that are sent to a Local Authority may differ from year to year and are based on the LGO's discretion, as to whether or not they will be subject to a full investigation. All complainants continue to be referred to the LGO as per normal at the end of the Local Authority's complaints process.

### **Independent Investigations**

One case has been escalated to an independent investigation. This case pertains to the Learning Disability Service and the residential provider. This investigation is being carried out by an Independent Investigator and is still ongoing, with adjudication expected by early June.

### **Members Enquiries**

All member enquiries are managed and recorded by respective support staff. In 2012/13 the number of member enquiries for the London Borough of Hammersmith and Fulham was 46. The Customer Feedback Team continuously liaise with the Executive Support staff to ensure that if a Member enquiry raises concerns about an ongoing or new complaint the correct process can be applied and all parties are informed.

### **Corporate Complaints**

The Borough recorded one case in Adult Social Care issues under the corporate complaints procedures. This is one of the cases that was then referred to the Local Government ombudsman and is currently under investigation.

### **Financial Recompense**

No compensation payments were offered in this financial year.

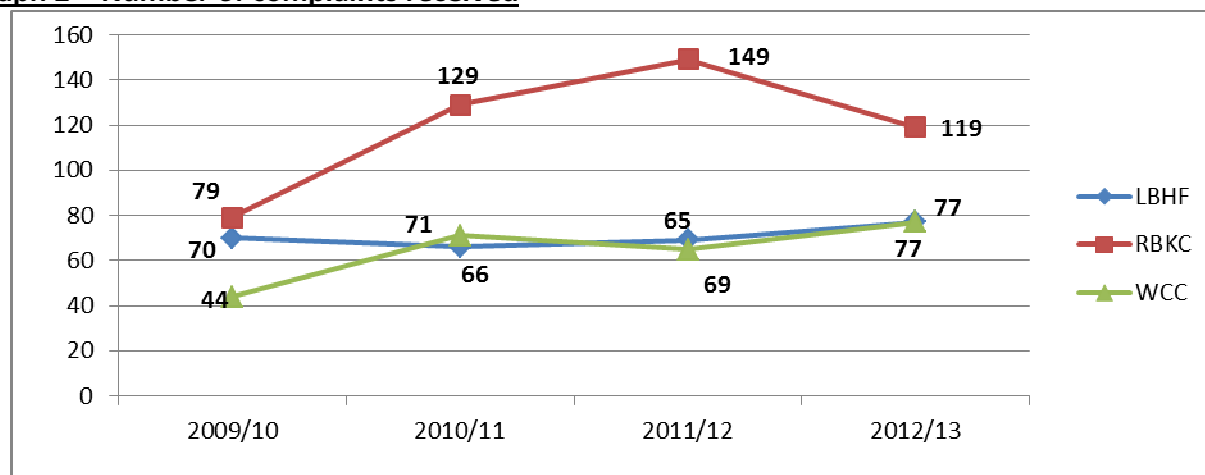
### **Tri-Borough Comparisons**

With the formation of the Tri-Borough Adult Social Care Service, data on complaints for all three Local Authorities has been compared and analysed to demonstrate any key similarities or differences in volume, outcome and response times and take learning from good practice.

Graph 2 shows the number of complaints received by all three local authorities over the past 4 years. In 2012/13, the Royal Borough received the highest number of complaints at 119, The

London Borough of Hammersmith received 77 and Westminster City Council received 77 complaints.

**Graph 2 – Number of complaints received**



As can be seen the Royal Borough of Kensington and Chelsea has in the recent years received and recorded the highest number of complaints. Whereas, Hammersmith and Fulham and Westminster City Council received lower numbers, this year has seen a small increase for both Local Authorities, however remaining more or less consistent with previous periods.

Table 6 shows a comparison of outcomes recorded by the three local authorities for 2012/13. Almost two-third (63%) complaints against the Westminster City Council were upheld (fully or partially) compared to 53% of the Royal Borough of Kensington and Chelsea and 56% of Hammersmith and Fulham complaints. There is a change in these figures compared to last year, where RBKC had the most upheld (fully or partially) complaints at 62% of total complaints received, LBHF 59% and WCC had the lowest at 37% complaints.

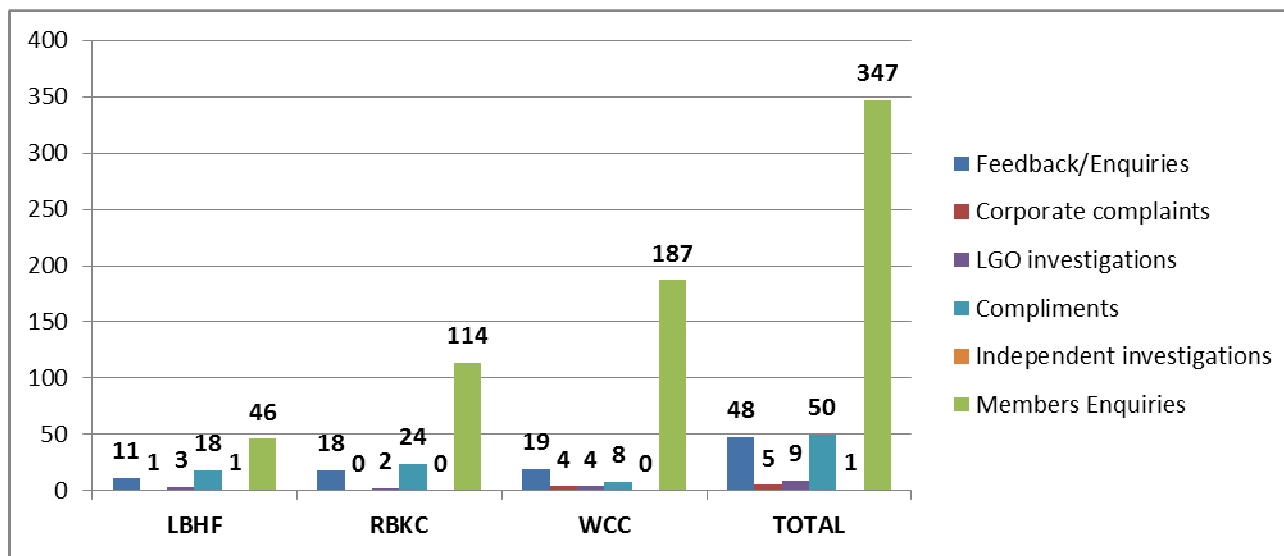
**Table 6 – Outcome of complaints by LA and percentage**

Local Authority	Upheld	Not upheld	Partially upheld	Withdrawn	Ongoing	Total
LBHF	13 (17%)	30 (39%)	30 (39%)	3 (4%)	1 (1%)	<b>77</b>
RBKC	32 (27%)	47 (39%)	31 (26%)	3 (2%)	6 (6%)	<b>119</b>
WCC	21 (27%)	24 (32%)	28 (36%)	3 (4%)	1 (1%)	<b>77</b>
<b>TOTAL</b>	<b>66 (24%)</b>	<b>101 (37%)</b>	<b>89 (33%)</b>	<b>9 (3%)</b>	<b>8 (3%)</b>	<b>273</b>

### Other feedback

The Tri-Borough Correspondence Policy was issued to all staff in November 2012, and since then the role of the Customer Feedback Team extends to recording compliments, general enquiries, correspondence sent to the Leadership Team with regards to care and services offered by any one of the three Local Authorities. The Team also handle any corporate complaints that relate to Adult Social Care, however, may be outside the parameters of the Adult Social Care regulations. The Chart below shows a breakdown of different types of feedback. It also includes a Tri-Borough comparison of Members Enquiries that are recorded and handled by support staff for each Local Authority.

**Chart 3 – Comparison of other types of feedback by LA**



## Learning from complaints

Complaints are an effective and essential tool for any business to identify and then learn from problems that are presented by users. They help an organisation improve the way they work and deliver services.

This chapter will demonstrate learning and service improvement, including changes to services that have been implemented. ‘Learning from complaints’ is an increasingly important part of the ethos within adult social care and managers responding to complaints/representations are encouraged to identify any shortcomings within the service and to inform the service user of any actions which will be taken to prevent a recurrence of the event which led to the complaint. The role of the Customer Feedback Team is to ensure that Service Managers transform learning from complaints into service improvements. Below are some examples of lessons that have been learnt and some service improvements that have been made as a result.

- A complaint in relation to case recording resulted in, the Service Manager sending a reminder to all staff to ensure the rules around record keeping were clear and well understood.
- In relation to a complaint a new corporate procedure for Subject Access Records was devised and is monitored by the Corporate Team. A new Tri-Borough recording guidance is also being devised to promote clear recording of decisions as well as guidance for printing SAR requests.
- Both the Community & Hospital Assessment Service and the Mental Health Team came together to jointly deal with a complaint and as a result of being required to work together developed an open dialogue in the form of monthly meetings focusing on areas of cross-over and agreeing case responsibility where there is unclarity. Also being developed is a transfer procedure which will identify service users ahead of time to be transferred in a planned manner between the service areas.

- With respect to a particular complaint, where a poorly worded letter was sent to a third party seeking information/intervention, the Service partially upheld this complaint and ensures that all letters addressed to a third party raising concerns about a person's welfare must be signed off by a senior manager. This message has been communicated to all staff via service meetings. The recording policy mentioned above will include further clear advice on this matter.
- As a result of a complaint about the Careline Service, the Manager will be reviewing the way the service is provided as well as the skill set of the staff answering calls and those that attend to home visits.
- There was further learning about customer care and communication standards which have been addressed by the Head of Service.
- As a result of a complaint investigation the Careline Service is making contact with all service users, their families if known to the service and where known to adult social care services allocated social care staff to ensure that they hold the most up to date health and care information for each of the 2,500 pendant alarm customers the service supports. It is hoped that updating this information will help improve the service delivery.

In addition to the learning identified by specific teams, the Customer Feedback Team also has some examples where it will be making changes to improve the quality of its work, especially when dealing with homecare complaints, as they constitute the majority of those received.

1. The Customer Feedback Team has been using Respond, as the designated database for recording Tri-Borough Complaints and Feedback. This has been working well and has successfully helped the service to produce the required data and analysis. The Team will continue to use this database for 2013/14 and will review the decision in December 2013.
2. Working closely with the Contracts Team and agencies to ensure that agencies deliver on complaints agenda and ensure good quality responses.
3. In recognition of a recent homecare survey carried out by the Customer Feedback Team, they will be working to produce better, clearer and simple information about the complaints process and procedure to be sent to the complainant if and when they make a complaint to the Authority or directly to a provider.
4. Look at current access routes for complainants and remind Social Workers to direct service users and their representatives to the Agency or the Customer Feedback Team if they wish to complain about the service they receive from an agency.
5. Ensure that complaints forms are supplied to service users when they are being assessed for services or sign up to receiving any services.
6. The Customer Feedback Team has written to all homecare agencies to remind them of the importance of good quality and thorough responses. A suggested template for responding has also been sent, as well as asking them to end all letters with a compulsory paragraph.
7. The Team will develop guidance on responding to complaints that are outside of timescale – i.e. what can be reasonably investigated.

## Appendix 1 – Breakdown of complaints issues by team

Teams	Complaints categories	Charging/finance	Communication	Quality of service	Service failure	Service delay	Staff attitude/behaviour	Withdrawal, reduction or change in service	Policy objection	Object to eligibility or assessment decision	TOTAL
Community social work service		1	3	4	1	2	1	1	-	3	16
Community and hospital assessment service		-	3	3	1	-	2	1	-	2	12
Client Affairs		-	-	-	-	-	-	-	-	-	0
Learning Disabilities Service		-	1	2	1	1	1	1	-	-	7
Mental Health Service		-	1	1	-	1	1	-	-	-	4
H&F Advice		-	-	-	-	-	-	-	-	-	0
Meals Service		-	-	-	-	-	-	-	-	-	0
Re-ablement Service		-	-	2	1	-	2	-	-	-	5
Occupational Therapy		-	3	2	1	2	-	-	-	-	8
Homecare		1	1	7	2	3	4	1	-	-	19
Care line		-	-	1	-	-	-	-	-	-	1
Finance		-	-	-	-	-	-	-	-	-	0
Commissioning (LD)		-	5	-	-	-	-	-	-	-	5
<b>TOTAL</b>		<b>2</b>	<b>17</b>	<b>22</b>	<b>7</b>	<b>9</b>	<b>11</b>	<b>4</b>	<b>0</b>	<b>5</b>	<b>77</b>



# Agenda Item 8

	<b>London Borough of Hammersmith &amp; Fulham</b>  <b>HOUSING HEALTH AND AND ADULT SOCIAL CARE SELECT COMMITTEE</b>  <b>21 January 2014</b>
<b>WORK PROGRAMME AND FORWARD PLAN 2013-2014</b>	
<b>Report of the Director of Law</b>	
<b>Open Report</b>	
<b>Classification - For Scrutiny Review &amp; Comment</b>	
<b>Key Decision: No</b>	
<b>Wards Affected: All</b>	
<b>Accountable Executive Director:</b> Jane West, Executive Director of Finance and Corporate Governance	
<b>Report Author:</b> Sue Perrin, Committee Co-ordinator	<b>Contact Details:</b> Tel: 020 8753 2094 E-mail: sue.perrin@lbhf.gov.uk

## 1. EXECUTIVE SUMMARY

- 1.1 The Committee is asked to give consideration to its work programme for this municipal year, as set out in Appendix 1 of the report.
- 1.2 Details of the Key Decisions which are due to be taken by the Cabinet at its next meeting are provided in Appendix 2 in order to enable the Committee to identify those items where it may wish to request reports.

## 2. RECOMMENDATIONS

- 2.1 The Committee is asked to consider and agree its proposed work programme, subject to update at subsequent meetings of the Committee.

## 3. INTRODUCTION AND BACKGROUND

- 3.1 The purpose of this report is to enable the Committee to determine its work programme for this municipal year 2013/14.



#### **4. PROPOSAL AND ISSUES**

- 4.1 A draft work programme is set out at Appendix 1. The list of items has been drawn up in consultation with the Chairman, having regard to relevant items within the Key Decision list and actions and suggestions arising from previous meetings of this select committee.
- 4.2 The Committee is requested to consider the items within the proposed work programme and suggest any amendments or additional topics to be included in the future, whether for a brief report to Committee or as the subject of a time limited Task Group review or single issue 'spotlight' meeting. Members might also like to consider whether it would be appropriate to invite residents, service users, partners or other relevant stakeholders to give evidence to the Committee in respect of any of the proposed reports.
- 4.3 Attached as Appendix 2 to this report is the list of Key Decisions to be taken by Cabinet at its next meeting, which includes decisions within the relevant Cabinet Members portfolio areas which will be open to scrutiny by this Committee should Members wish to include them within the work programme.

#### **5. OPTIONS AND ANALYSIS OF OPTIONS**

- 5.1. As set out above.

#### **6. CONSULTATION**

- 6.1. Not applicable.

#### **7. EQUALITY IMPLICATIONS**

- 7.1. Not applicable.

#### **8. LEGAL IMPLICATIONS**

- 8.1. Not applicable.

#### **9. FINANCIAL AND RESOURCES IMPLICATIONS**

- 9.1. Not applicable.

#### **10. RISK MANAGEMENT**

- 10.1. Not applicable.

#### **11. PROCUREMENT AND IT STRATEGY IMPLICATIONS**

- 11.1. Not applicable.

**LOCAL GOVERNMENT ACT 2000**  
**LIST OF BACKGROUND PAPERS USED IN PREPARING THIS REPORT**

<b>No.</b>	<b>Description of Background Papers</b>	<b>Name/Ext of holder of file/copy</b>	<b>Department/ Location</b>
1.	None		

**LIST OF APPENDICES:**

- Appendix 1 - List of work programme items
- Appendix 2 - Key Decision List

## Housing, Health &amp; Adult Social Care Select Committee

<b>Work Programme 2013/2014</b>
<b>19 June 2013</b>
Self Directed Support and HAFAD: Transfer of Services and Lessons Learnt Safeguarding Adults Transition from Children's to Adult Social Care
<b>10 September 2013</b>
Self Directed Support: Process Update Imperial College Healthcare: Update on Cancer Services Imperial College Healthcare: Business Plan H&F Clinical Commissioning Group
<b>13 November 2013</b>
Care Quality Commission Francis Report Health & Wellbeing Strategy Safeguarding Adults Shaping a Healthier Future Welfare Reform: Update
<b>8 January 2014</b>
Imperial College Healthcare: Update on Cancer Services Imperial College Healthcare: Business Plan Imperial College Healthcare: Foundation Trust Status
<b>21 January 2014</b>
Adult Social Care Annual Customer Feedback Report 2012/2013 Housing Performance Indicators HRA Financial Strategy and Rent Increase Report 2014/2015 Revenue Budget 2014/2015
<b>19 February 2014</b>
Care Bill: Progress and Update on Implications  Gas and Health and Safety Update  Housing Joint Venture Vehicle: Update  Housing Management Costs

Housing Performance Indicators

**02 April 2014**

Adult Social Care: Quality Assurance

CLCH Integration

Day Services: Update

*Out of Hospital Care: Working Together*  
Adult Social Care/CCG/CLCH/Housing

Public Health: Update to include Flu Vaccinations

Self Directed Support: Update

**2014/2015**

Adult Social Care: Contract Management

GP Networks and Enhanced Opening Hours

Healthwatch: Presentation on its Role

H&F CCG: Annual Health Performance Report

## NOTICE OF CONSIDERATION OF A KEY DECISION

In accordance with paragraph 9 of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012, the Cabinet hereby gives notice of Key Decisions which it intends to consider at its next meeting and at future meetings. The list may change between the date of publication of this list and the date of future Cabinet meetings.

## NOTICE OF THE INTENTION TO CONDUCT BUSINESS IN PRIVATE

The Cabinet also hereby gives notice in accordance with paragraph 5 of the above Regulations that it intends to meet in private after its public meeting to consider Key Decisions which may contain confidential or exempt information. The private meeting of the Cabinet is open only to Members of the Cabinet, other Councillors and Council officers.

Reports relating to key decisions which the Cabinet will take at its private meeting are indicated in the list of Key Decisions below, with the reasons for the decision being made in private. Any person is able to make representations to the Cabinet if he/she believes the decision should instead be made in the public Cabinet meeting. If you want to make such representations, please e-mail Katia Richardson on [katia.richardson@lbhf.gov.uk](mailto:katia.richardson@lbhf.gov.uk). You will then be sent a response in reply to your representations. Both your representations and the Executive's response will be published on the Council's website at least 5 working days before the Cabinet meeting.

## KEY DECISIONS PROPOSED TO BE MADE BY ADDITIONAL CABINET MEETING ON 20 JANUARY 2014

The following is a list of Key Decisions which the Authority proposes to take at the above Cabinet meeting. The list may change over the next few weeks. A further notice will be published no less than 5 working days before the date of the Cabinet meeting showing the final list of Key Decisions to be considered at that meeting.

**KEY DECISIONS** are those which are likely to result in one or more of the following:

- Any expenditure or savings which are significant (ie. in excess of £100,000) in relation to the Council's budget for the service function to which the decision relates;
- Anything affecting communities living or working in an area comprising two or more wards in the borough;
- Anything significantly affecting communities within one ward (where practicable);
- Anything affecting the budget and policy framework set by the Council.

The Key Decisions List will be updated and published on the Council's website on a monthly basis.

**NB: Key Decisions will generally be taken by the Executive at the Cabinet.**

*If you have any queries on this Key Decisions List, please contact  
Katia Richardson on 020 8753 2368 or by e-mail to [katia.richardson@lbhf.gov.uk](mailto:katia.richardson@lbhf.gov.uk)*

### **Access to Cabinet reports and other relevant documents**

Reports and documents relevant to matters to be considered at the Cabinet's public meeting will be available on the Council's website ([www.lbhf.org.uk](http://www.lbhf.org.uk)) a minimum of 5 working days before the meeting. Further information, and other relevant documents as they become available, can be obtained from the contact officer shown in column 4 of the list below.

### **Decisions**

All decisions taken by Cabinet may be implemented 5 working days after the relevant Cabinet meeting, unless called in by Councillors.

### **Making your Views Heard**

You can comment on any of the items in this list by contacting the officer shown in column 4. You can also submit a deputation to the Cabinet. Full details of how to do this (and the date by which a deputation must be submitted) will be shown in the Cabinet agenda.

#### **LONDON BOROUGH OF HAMMERSMITH & FULHAM: CABINET 2013/14**

<b>Leader (+ Regeneration, Asset Management and IT):</b>	<b>Councillor Nicholas Botterill</b>
<b>Deputy Leader (+ Residents Services):</b>	<b>Councillor Greg Smith</b>
<b>Cabinet Member for Children's Services:</b>	<b>Councillor Helen Binmore</b>
<b>Cabinet member for Communications:</b>	<b>Councillor Mark Loveday</b>
<b>Cabinet Member for Community Care:</b>	<b>Councillor Marcus Ginn</b>
<b>Cabinet Member for Housing:</b>	<b>Councillor Andrew Johnson</b>
<b>Cabinet Member for Transport and Technical Services:</b>	<b>Councillor Victoria Brocklebank-Fowler</b>
<b>Cabinet Member for Education:</b>	<b>Councillor Georgie Cooney</b>

*Key Decisions List No. 15a (published 23 December 2013)*

## KEY DECISIONS LIST – ADDITIONAL CABINET MEETING ON 20 JANUARY 2014

*Where column 3 shows a report as EXEMPT, the report for this proposed decision will be considered at the private Cabinet meeting. Anybody may make representations to the Cabinet to the effect that the report should be considered at the open Cabinet meeting (see above).*

\* All these decisions may be called in by Councillors; If a decision is called in, it will not be capable of implementation until a final decision is made.

Decision to be Made by (Cabinet or Council)	Date of Decision-Making Meeting and Reason	Proposed Key Decision  Most decisions are made in public unless indicated below, with the reasons for the decision being made in private.	Lead Executive Councillor(s), Wards Affected, and officer to contact for further information or relevant documents	Documents to be submitted to Cabinet ( <i>other relevant documents may be submitted</i> )
Cabinet	20 Jan 2014	<p><b>Proposed amalgamation of New King's and Sullivan schools on the New King's site</b></p> <p>Decision to be made on whether or not to proceed with the proposed amalgamation following a 12-week consultation and Cabinet Members' decision to proceed to publication of statutory notices inviting submission of further representations.</p> <p><b>PART OPEN</b></p> <p><b>PART PRIVATE</b> Part of this report is exempt from disclosure on the grounds that it contains information relating to the financial or business affairs of a particular person (including the authority holding that information) under paragraph 3 of Schedule 12A of the Local Government Act 1972, and in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.</p>	Cabinet Member for Education	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
	Reason: Affects 2 or more wards		Ward(s): Parsons Green and Walham; Sands End; Town	
Cabinet	20 Jan 2014	<p><b>Procurement of a Contractor for the Springvale New Build Scheme</b></p> <p>Procurement of a building contractor through a competitive tendering exercise to deliver the new build housing scheme on the Springvale estate.</p>	Cabinet Member for Housing	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
	Reason: Expenditure more than £100,000		Ward(s): Avonmore and Brook Green	

## NOTICE OF CONSIDERATION OF A KEY DECISION

In accordance with paragraph 9 of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012, the Cabinet hereby gives notice of Key Decisions which it intends to consider at its next meeting and at future meetings. The list may change between the date of publication of this list and the date of future Cabinet meetings.

## NOTICE OF THE INTENTION TO CONDUCT BUSINESS IN PRIVATE

The Cabinet also hereby gives notice in accordance with paragraph 5 of the above Regulations that it intends to meet in private after its public meeting to consider Key Decisions which may contain confidential or exempt information. The private meeting of the Cabinet is open only to Members of the Cabinet, other Councillors and Council officers.

Reports relating to key decisions which the Cabinet will take at its private meeting are indicated in the list of Key Decisions below, with the reasons for the decision being made in private. Any person is able to make representations to the Cabinet if he/she believes the decision should instead be made in the public Cabinet meeting. If you want to make such representations, please e-mail Katia Richardson on [katia.richardson@lbhf.gov.uk](mailto:katia.richardson@lbhf.gov.uk). You will then be sent a response in reply to your representations. Both your representations and the Executive's response will be published on the Council's website at least 5 working days before the Cabinet meeting.

## KEY DECISIONS PROPOSED TO BE MADE BY CABINET ON 3 FEBRUARY AND AT FUTURE CABINET MEETINGS UNTIL APRIL 2014

The following is a list of Key Decisions which the Authority proposes to take at the above Cabinet meeting and future meetings. The list may change over the next few weeks. A further notice will be published no less than 5 working days before the date of the Cabinet meeting showing the final list of Key Decisions to be considered at that meeting.

**KEY DECISIONS** are those which are likely to result in one or more of the following:

- Any expenditure or savings which are significant (ie. in excess of £100,000) in relation to the Council's budget for the service function to which the decision relates;
- Anything affecting communities living or working in an area comprising two or more wards in the borough;
- Anything significantly affecting communities within one ward (where practicable);
- Anything affecting the budget and policy framework set by the Council.

The Key Decisions List will be updated and published on the Council's website on a monthly basis.

**NB: Key Decisions will generally be taken by the Executive at the Cabinet.**

*If you have any queries on this Key Decisions List, please contact  
Katia Richardson on 020 8753 2368 or by e-mail to [katia.richardson@lbhf.gov.uk](mailto:katia.richardson@lbhf.gov.uk)*



### **Access to Cabinet reports and other relevant documents**

Reports and documents relevant to matters to be considered at the Cabinet's public meeting will be available on the Council's website ([www.lbhf.org.uk](http://www.lbhf.org.uk)) a minimum of 5 working days before the meeting. Further information, and other relevant documents as they become available, can be obtained from the contact officer shown in column 4 of the list below.

### **Decisions**

All decisions taken by Cabinet may be implemented 5 working days after the relevant Cabinet meeting, unless called in by Councillors.

### **Making your Views Heard**

You can comment on any of the items in this list by contacting the officer shown in column 4. You can also submit a deputation to the Cabinet. Full details of how to do this (and the date by which a deputation must be submitted) will be shown in the Cabinet agenda.

#### **LONDON BOROUGH OF HAMMERSMITH & FULHAM: CABINET 2013/14**

<b>Leader (+ Regeneration, Asset Management and IT):</b>	<b>Councillor Nicholas Botterill</b>
<b>Deputy Leader (+ Residents Services):</b>	<b>Councillor Greg Smith</b>
<b>Cabinet Member for Children's Services:</b>	<b>Councillor Helen Binmore</b>
<b>Cabinet member for Communications:</b>	<b>Councillor Mark Loveday</b>
<b>Cabinet Member for Community Care:</b>	<b>Councillor Marcus Ginn</b>
<b>Cabinet Member for Housing:</b>	<b>Councillor Andrew Johnson</b>
<b>Cabinet Member for Transport and Technical Services:</b>	<b>Councillor Victoria Brocklebank-Fowler</b>
<b>Cabinet Member for Education:</b>	<b>Councillor Georgie Cooney</b>

*Key Decisions List No. 16 (published 3 January 2014)*

## KEY DECISIONS LIST - CABINET ON 3 FEBRUARY 2014

**The list also includes decisions proposed to be made by future Cabinet meetings**

*Where column 3 shows a report as EXEMPT, the report for this proposed decision will be considered at the private Cabinet meeting. Anybody may make representations to the Cabinet to the effect that the report should be considered at the open Cabinet meeting (see above).*

\* All these decisions may be called in by Councillors; If a decision is called in, it will not be capable of implementation until a final decision is made.

Decision to be Made by (Cabinet or Council)	Date of Decision-Making Meeting and Reason	Proposed Key Decision  Most decisions are made in public unless indicated below, with the reasons for the decision being made in private.	Lead Executive Councillor(s), Wards Affected, and officer to contact for further information or relevant documents	Documents to be submitted to Cabinet <i>(other relevant documents may be submitted)</i>
<b>February</b>				
Cabinet	3 Feb 2014	<p><b>Climate Proofing Social Housing Landscapes – EU Life+ programme.</b></p> <p>This report outlines Housing &amp; Regeneration's plan to develop green infrastructure and sustainable drainage on housing estates in line with the recommendations made in LBHF's Water Management policy.</p>	Cabinet Member for Housing	<p>A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.</p>
	Reason: Affects 2 or more wards		Ward(s): Hammersmith Broadway; North End; Parsons Green and Walham	
		Contact officer: Sharon Schaaf Tel: 020 8753 2570 sharon.schaaf@hfhomes.org.uk		
Cabinet	3 Feb 2014	<p><b>Letting of a concession to monetise the ducting within the Council owned CCTV network</b></p> <p>Monetising LBHF CCTV network.</p> <p><b>PART OPEN</b></p> <p><b>PART PRIVATE</b> Part of this report is exempt from disclosure on the grounds that it contains information relating to the financial or business affairs of a particular person (including the authority holding that information) under paragraph 3 of Schedule 12A of the Local Government Act 1972, and in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.</p>	Deputy Leader (+ Residents Services)	<p>A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.</p>
	Reason: Affects 2 or more wards		Ward(s): All Wards	
		Contact officer: Sharon Bayliss Tel: 020 8753 1636 sharon.bayliss@lbhf.gov.uk		

Decision to be Made by (Cabinet or Council)	Date of Decision-Making Meeting and Reason	Proposed Key Decision  Most decisions are made in public unless indicated below, with the reasons for the decision being made in private.	Lead Executive Councillor(s), Wards Affected, and officer to contact for further information or relevant documents	Documents to be submitted to Cabinet (other relevant documents may be submitted)
Cabinet  Full Council	3 Feb 2014  26 Feb 2014	<p><b>Four Year Capital Programme 2014/15 to 2017/18</b></p> <p>Capital strategy 2014/15 to 2017/18.</p> <p><b>PART OPEN</b></p> <p><b>PART PRIVATE</b> Part of this report is exempt from disclosure on the grounds that it contains information relating to the financial or business affairs of a particular person (including the authority holding that information) under paragraph 3 of Schedule 12A of the Local Government Act 1972, and in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.</p>	Leader of the Council (+Regeneration, Asset Management and IT)	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
	Reason: Expenditure more than £100,000		Ward(s): All Wards	
Cabinet	3 Feb 2014	<p><b>Extension of contract for Internal Audit Services</b></p> <p>The current contract for IA services ends on 31 March 2014 but has the option to extend for up to 2 years. The recommendation is to extend the contract to 30 June 2015 to make it co-terminus with similar contracts at RBKC and Westminster City Council.</p> <p><b>PART OPEN</b></p> <p><b>PART PRIVATE</b> Part of this report is exempt from disclosure on the grounds that it contains information relating to the financial or business affairs of a particular person (including the authority holding that information) under paragraph 3 of Schedule 12A of the Local Government Act 1972, and in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.</p>	Leader of the Council (+Regeneration, Asset Management and IT)	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
	Reason: Expenditure more than £100,000		Ward(s): All Wards	

Decision to be Made by (Cabinet or Council)	Date of Decision-Making Meeting and Reason	Proposed Key Decision  Most decisions are made in public unless indicated below, with the reasons for the decision being made in private.	Lead Executive Councillor(s), Wards Affected, and officer to contact for further information or relevant documents	Documents to be submitted to Cabinet ( <i>other relevant documents may be submitted</i> )
Cabinet  Full Council	3 Feb 2014  26 Feb 2014  Reason: Affects 2 or more wards	<b>Treasury Management Strategy</b>  This report provides the outline of the Council's Treasury Management Strategy for 2014/15.	Leader of the Council (+Regeneration, Asset Management and IT)  Ward(s): All Wards  Contact officer: Jane West Tel: 0208 753 1900 jane.west@lbhf.gov.uk	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
Cabinet  Full Council	3 Feb 2014  26 Feb 2014  Reason: Budg/pol framework	<b>Revenue Budget and Council Tax levels</b>  Revenue Budget and Council Tax Setting Report for 2014/15.	Leader of the Council (+Regeneration, Asset Management and IT)  Ward(s): All Wards  Contact officer: Jane West Tel: 0208 753 1900 jane.west@lbhf.gov.uk	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
Cabinet	3 Feb 2014  Reason: Expenditure more than £100,000	<b>Housing Revenue Account financial strategy and rent increase 2014-15</b>  This report deals with:  - management of the Housing Revenue Account (HRA) post HRA reform; - the HRA Financial Strategy, the HRA MTFS for the five years 2014/15 – 2018/19, and the HRA Revenue Budget for the year 2014/15; - the proposed increase in dwelling rents for 2014/15 having regard to national government guidance for council rents and the maintenance requirements of the housing stock owned by the borough, and the related fees and charges covering parking and garages, water rates and communal energy charges where levied.	Cabinet Member for Housing  Ward(s): All Wards  Contact officer: Kathleen Corbett Tel: 020 8753 3031 Kathleen.Corbett@lbhf.gov.uk	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.

Decision to be Made by (Cabinet or Council)	Date of Decision-Making Meeting and Reason	Proposed Key Decision  Most decisions are made in public unless indicated below, with the reasons for the decision being made in private.	Lead Executive Councillor(s), Wards Affected, and officer to contact for further information or relevant documents	Documents to be submitted to Cabinet (other relevant documents may be submitted)
Cabinet	3 Feb 2014	<p><b>Housing and Regeneration joint venture - selection of preferred partner</b></p> <p>Following an OJEU procurement, final selection of a private sector partner to form a Joint Venture with the Council.</p> <p><b>PART OPEN</b></p> <p><b>PART PRIVATE</b> Part of this report is exempt from disclosure on the grounds that it contains information relating to the financial or business affairs of a particular person (including the authority holding that information) under paragraph 3 of Schedule 12A of the Local Government Act 1972, and in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.</p>	Cabinet Member for Housing	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
	Reason: Affects 2 or more wards		Ward(s): All Wards	
Cabinet	3 Feb 2014	<p><b>Corporate Planned Maintenance 2014/2015 Programme</b></p> <p>To provide proposals and gain approval for the 2014/2015 Corporate Planned Maintenance Programme.</p>	Leader of the Council (+Regeneration, Asset Management and IT)	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
	Reason: Expenditure more than £100,000		Ward(s): All Wards	
Cabinet	3 Feb 2014	<p><b>Corporate Revenue monitor 2013/14 - month 8</b></p> <p>Report on the projected outturn for both the General Fund and the Housing Revenue Account for 2013_14.</p>	Leader of the Council (+Regeneration, Asset Management and IT)	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
	Reason: Affects 2 or more wards		Ward(s): All Wards	

Decision to be Made by (Cabinet or Council)	Date of Decision-Making Meeting and Reason	Proposed Key Decision  Most decisions are made in public unless indicated below, with the reasons for the decision being made in private.	Lead Executive Councillor(s), Wards Affected, and officer to contact for further information or relevant documents	Documents to be submitted to Cabinet ( <i>other relevant documents may be submitted</i> )
Cabinet	3 Feb 2014  Reason: Affects 2 or more wards	<p><b>Settlement of Performance Bonds in Relation to Administration of Connaught Partnerships Ltd</b></p> <p>To accept settlement payment in relation to Performance Bonds.</p> <p><b>PRIVATE</b> This report is exempt from disclosure on the grounds that it contains information relating to the financial or business affairs of a particular person (including the authority holding that information) under paragraph 3 of Schedule 12A of the Local Government Act 1972, and in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.</p>	<p>Cabinet Member for Housing</p> <p>Ward(s): Addison; Askew; Shepherds Bush Green</p> <p>Contact officer: Roger Thompson Tel: 020 8753 3920 Roger.Thompson@lbhf.gov.uk</p>	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
<b>March 2014</b>				
Cabinet	3 Mar 2014  Reason: Expenditure more than £100,000	<p><b>Special Guardianship Allowance Policy</b></p> <p>To agree a revised policy for allowances to carers.</p>	<p>Cabinet Member for Children's Services</p> <p>Ward(s): All Wards</p> <p>Contact officer: Andrew Christie Tel: 020 7361 2300 andrew.christie@lbhf.gov.uk</p>	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
Cabinet	3 Mar 2014  Reason: Expenditure more than £100,000	<p><b>Proposed Outsourcing of Commercial Property Management Function</b></p> <p>Lot 1 of New Property Contract.</p> <p><b>PART OPEN</b></p> <p><b>PART PRIVATE</b> Part of this report is exempt from disclosure on the grounds that it contains information relating to the financial or business affairs of a particular person (including the authority holding that information)</p>	<p>Leader of the Council (+Regeneration, Asset Management and IT)</p> <p>Ward(s): All Wards</p> <p>Contact officer: Miles Hooton Tel: 020 8753 2835 Miles.Hooton@lbhf.gov.uk</p>	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.

Decision to be Made by (Cabinet or Council)	Date of Decision-Making Meeting and Reason	Proposed Key Decision  Most decisions are made in public unless indicated below, with the reasons for the decision being made in private.	Lead Executive Councillor(s), Wards Affected, and officer to contact for further information or relevant documents	Documents to be submitted to Cabinet ( <i>other relevant documents may be submitted</i> )
		under paragraph 3 of Schedule 12A of the Local Government Act 1972, and in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.		
Cabinet	3 Mar 2014	<b>Recommendations on future of Coverdale Road</b>  The report will make recommendations and share outcomes regarding the consultation on the future of Coverdale Road - which is an H&F run residential care home for people with learning disabilities in Shepherds Bush.	Cabinet Member for Community Care	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
	Reason: Expenditure more than £100,000		Ward(s): All Wards	
Cabinet	3 Mar 2014	<b>Economic Development priorities</b>  This report seeks Members' approval for future economic development priorities which respond to the borough's longer term economic growth and regeneration vision and makes recommendations on use of Section 106 funds to achieve key outcomes.	Leader of the Council (+Regeneration, Asset Management and IT)	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
	Reason: Expenditure more than £100,000		Ward(s): All Wards	
Cabinet	3 Mar 2014	<b>Dementia Day Services - contract award</b>  To approve the award of a contract for Dementia Day and Outreach services in LBHF.  <b>PART OPEN</b>  <b>PART PRIVATE</b> Part of this report is exempt from disclosure on the grounds that it contains information relating to the financial or business affairs of a particular person (including the authority holding that information) under paragraph 3 of Schedule 12A of the Local Government Act 1972, and in all the circumstances	Cabinet Member for Community Care	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
	Reason: Expenditure more than £100,000		Ward(s): All Wards	

Decision to be Made by (Cabinet or Council)	Date of Decision-Making Meeting and Reason	Proposed Key Decision  Most decisions are made in public unless indicated below, with the reasons for the decision being made in private.	Lead Executive Councillor(s), Wards Affected, and officer to contact for further information or relevant documents	Documents to be submitted to Cabinet ( <i>other relevant documents may be submitted</i> )
		of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.		
Cabinet	3 Mar 2014  Reason: Expenditure more than £100,000	<p><b>Hammersmith Park</b></p> <p>Refurbishment of the existing Quadron Welfare Block for occupation by the Quadron and Serco Grounds Maintenance Teams.</p> <p><b>PART OPEN</b></p> <p><b>PART PRIVATE</b> Part of this report is exempt from disclosure on the grounds that it contains information relating to the financial or business affairs of a particular person (including the authority holding that information) under paragraph 3 of Schedule 12A of the Local Government Act 1972, and in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.</p>	<p>Leader of the Council (+Regeneration, Asset Management and IT)</p> <p>Ward(s): Shepherds Bush Green</p> <p>Contact officer: Mike Cosgrave Tel: 020 8753 4849 mike.cosgrave@lbhf.gov.uk</p>	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
Cabinet	3 Mar 2014  Reason: Affects 2 or more wards	<p><b>Schools Organisation Strategy</b></p> <p>To approve the updated Schools Organisation Strategy.</p>	<p>Cabinet Member for Education</p> <p>Ward(s): All Wards</p> <p>Contact officer: Ian Heggs Tel: 020 7745 6458 ian.heggs@lbhf.gov.uk</p>	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
Cabinet	3 Mar 2014  Reason: Expenditure more than	<p><b>High Level Capital Budget Monitoring Report, 2013/14 Quarter 3</b></p> <p>Quarterly capital monitor.</p>	<p>Leader of the Council (+Regeneration, Asset Management and IT)</p> <p>Ward(s): All Wards</p>	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting



Decision to be Made by (Cabinet or Council)	Date of Decision-Making Meeting and Reason	Proposed Key Decision  Most decisions are made in public unless indicated below, with the reasons for the decision being made in private.	Lead Executive Councillor(s), Wards Affected, and officer to contact for further information or relevant documents	Documents to be submitted to Cabinet (other relevant documents may be submitted)
	£100,000	<p><b>PART OPEN</b></p> <p><b>PART PRIVATE</b> Part of this report is exempt from disclosure on the grounds that it contains information relating to the financial or business affairs of a particular person (including the authority holding that information) under paragraph 3 of Schedule 12A of the Local Government Act 1972, and in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.</p>	Contact officer: Jane West Tel: 0208 753 1900 jane.west@lbhf.gov.uk	documentation and / or background papers to be considered.
Cabinet	3 Mar 2014  Reason: Expenditure more than £100,000	<p><b>Highways Maintenance Programme 2014/15</b></p> <p>Report on carriageway and footway maintenance programme for 2014/2015.</p>	Cabinet Member for Transport and Technical Services  Ward(s): All Wards  Contact officer: Ian Hawthorn Tel: 020 8753 3058 ian.hawthorn@lbhf.gov.uk	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
Cabinet	3 Mar 2014  Reason: Affects 2 or more wards	<p><b>Revenue budget 2013/14 - month 8 amendments</b></p> <p>Report on the projected outturn for both the General Fund and the Housing Revenue Account for 2013_14.</p>	Leader of the Council (+Regeneration, Asset Management and IT)  Ward(s): All Wards  Contact officer: Gary Ironmonger Tel: 020 8753 2109 Gary.Ironmonger@lbhf.gov.uk	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
Cabinet	3 Mar 2014  Reason: Expenditure more than	<p><b>Tri-borough ICT strategy programme management</b></p> <p>Approval for funding of the continuation of the tri-borough ICT strategy programme management</p>	Leader of the Council (+Regeneration, Asset Management and IT)  Ward(s): All Wards	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting

Decision to be Made by (Cabinet or Council)	Date of Decision-Making Meeting and Reason	Proposed Key Decision  Most decisions are made in public unless indicated below, with the reasons for the decision being made in private.	Lead Executive Councillor(s), Wards Affected, and officer to contact for further information or relevant documents	Documents to be submitted to Cabinet ( <i>other relevant documents may be submitted</i> )
	£100,000		Contact officer: Jackie Hudson Tel: 020 8753 2946 Jackie.Hudson@lbhf.gov.uk	documentation and / or background papers to be considered.
Cabinet	3 Mar 2014	<b>Non Half Hourly Quarterly Electricity supplies (NHHQ)</b>  Procurement Via Framework  <b>PART OPEN</b>  <b>PART PRIVATE</b> Part of this report is exempt from disclosure on the grounds that it contains information relating to the financial or business affairs of a particular person (including the authority holding that information) under paragraph 3 of Schedule 12A of the Local Government Act 1972, and in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.	Cabinet Member for Transport and Technical Services	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
	Reason: Expenditure more than £100,000		Ward(s): All Wards	
<b>April 2014</b>				
Cabinet	7 Apr 2014	<b>Business Intelligence</b>  Business case setting out the recommended option to establish a Tri-borough business intelligence service.  <b>PART OPEN</b>  <b>PART PRIVATE</b> Part of this report is exempt from disclosure on the grounds that it contains information relating to the financial or business affairs of a particular person (including the authority holding that information) under paragraph 3 of Schedule 12A of the Local Government Act 1972, and in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.	Deputy Leader (+ Residents Services), Leader of the Council (+Regeneration, Asset Management and IT)	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
	Reason: Expenditure more than £100,000		Ward(s): All Wards	

Decision to be Made by (Cabinet or Council)	Date of Decision-Making Meeting and Reason	Proposed Key Decision  Most decisions are made in public unless indicated below, with the reasons for the decision being made in private.	Lead Executive Councillor(s), Wards Affected, and officer to contact for further information or relevant documents	Documents to be submitted to Cabinet <i>(other relevant documents may be submitted)</i>
Cabinet	7 Apr 2014	<b>Revenue budget 2013/14 - month 10 amendments</b>  Report on the projected outturn for both the General Fund and the Housing Revenue Account for 2013_14.	Leader of the Council (+Regeneration, Asset Management and IT)	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
	Reason: Affects 2 or more wards		Ward(s): All Wards	
Cabinet	7 Apr 2014	<b>Bi-Borough procurement of a parking management information system</b>  Seeking authority to go out to tender under OJEU rules for a shared Parking Management Information System between RBKC and H&F.  <b>PART OPEN</b>  <b>PART PRIVATE</b> Part of this report is exempt from disclosure on the grounds that it contains information relating to the financial or business affairs of a particular person (including the authority holding that information) under paragraph 3 of Schedule 12A of the Local Government Act 1972, and in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.	Cabinet Member for Transport and Technical Services	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
	Reason: Expenditure more than £100,000		Ward(s): All Wards	