

Overview & Scrutiny Board

Agenda

Tuesday 8 April 2014

7.00 pm

Courtyard Room - Hammersmith Town Hall

MEMBERSHIP

Administration:	Opposition
Councillor Alex Karmel (Chairman) Councillor Rachel Ford Councillor Donald Johnson Councillor Steve Hamilton Councillor Lucy Ivimy Councillor Harry Phibbs	Councillor Andrew Jones Councillor PJ Murphy Councillor Max Schmid

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Date Issued: 28 March 2014

Overview & Scrutiny Board Agenda

8 April 2014

<u>Item</u>		<u>Pages</u>
1. MINUTES		1 - 5
	To approve as an accurate record, and the Chairman to sign the minutes of the meeting held on 4 th March 2014	
2. APOLOGIES FOR ABSENCE		
3. DECLARATIONS OF INTEREST		
	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.	
4. UPDATE ON THE TRI-BOROUGH ICT PROGRAMME		6 - 18
	To receive a report from the Tri-Borough Chief Information Officer updating the Board on the progress implementing the tri-borough ICT programme	

- 5. HIGH LEVEL REVENUE BUDGET MONITORING QUARTER 3 REPORT 2013-14** 19 - 40
- To receive a report from the Executive Director of Finance and Corporate Governance presenting the revenue monitoring position at the end of quarter three.
- 6. HIGH LEVEL CAPITAL BUDGET MONITORING REPORT, 2013/14 QUARTER 3** 41 - 52
- To receive a report from the Executive Director of Finance and Corporate Governance presenting the capital monitoring position at the end of quarter three.
- 7. THE BUSINESS RATES SCRUTINY TASK GROUP: FINAL REPORT** 53 - 80
- To receive the Final Report of the Business Rates Scrutiny Task Group
- 8. SELECT COMMITTEE REPORTS**
- To consider the reports from the Select Committees (to follow):
- (a) Education and Children's Services
 - (b) Transport, Environment and Residents Services
 - (c) Housing, Health and Adult Social Care
- 9. OVERVIEW & SCRUTINY BOARD WORK PROGRAMME AND THE KEY DECISION LIST** 81 - 95
- This is the last scheduled meeting of the year. A report from the Scrutiny Manager inviting the Board to consider agenda items to be included on the Work Programme for the 2014/15 municipal year is attached.

Agenda Item 1



London Borough of Hammersmith & Fulham

Overview & Scrutiny Board Minutes

Tuesday 4 March 2014

PRESENT

Committee members: Councillors Alex Karmel (Chairman), Rachel Ford, Donald Johnson, Steve Hamilton, Andrew Jones and PJ Murphy

Other Councillors: Councillors Nicholas Botterill and Mark Loveday

Officers: Craig Bowdery (Scrutiny Manager), Hitesh Jolapara (Bi-Borough Director of Finance), Peter Smith (Head of Policy and Strategy) and Jane West (Executive Director of Finance and Corporate Governance).

111. MINUTES AND ACTIONS

RESOLVED –

- i) That the minutes of the meeting held on 28th January 2014 be confirmed and signed as a correct record
- ii) That the implementation of actions presented in appendix 1 be noted.

112. APOLOGIES FOR ABSENCE

Apologies for absence were received from Cllrs Ivimy and Schmid and Nicholas Holgate, Chief Executive.

113. DECLARATIONS OF INTEREST

There were no declarations of interest.

114. RESULTS FROM THE ANNUAL RESIDENTS SURVEY

The Board received a report from the Head of Policy & Strategy outlining the headline findings of the most recent Annual Residents Survey. Members noted that the results were largely positive with increasing levels of resident satisfaction for most services, with the exception of sport and leisure facilities which had experienced a spike in satisfaction in 2012 and were now returning to 2011 levels.

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.

Members of the Board observed that the figures presented were to some extent open to interpretation, citing discrepancies where responses to the same questions indicating satisfaction and dissatisfaction levels had both decreased. It was asked whether there was any way to analyse the results to gain a better understanding of ongoing trends. Officers explained that a fuller report (which would be available on the Council's website) assessing the results of the survey would be available in April which would be able to present a more detailed commentary. Noting the decreasing satisfaction in sport and leisure facilities, Cllr Loveday explained that the Cabinet was also concerned by this and had been informed that this was a trend across London where satisfaction levels had experienced a boost by the positivity created by the 2012 Olympics, but were now reverting to pre-Olympic levels. It was therefore not necessarily a reflection on Council services but of the national mood.

The Board also discussed the methodology used to conduct the survey and the issuing of 4,000 postal surveys, and asked whether online methods might attract a higher response rate. Officers explained that the methodology used was the same as that used in 2008 by Ipsos-Mori for the last Place Survey. In order to identify reliable baseline data and trends the Council had continued to use the same methods since. For the preceding two years the survey had also been replicated online, but the results were kept separate from the rest of the responses. They were still analysed and reported, but because it was harder to achieve a representative demography and to verify that responses came from inside the borough, it was felt that including them with the postal responses could skew the results. The response rate to the postal surveys had remained steady in recent years, with around 1,100 responses to the 4,000 surveys posted.

The Board asked how issues identified in the survey would be followed-up. Officers explained that 'Listen and Learn' reports would be prepared on the basis of comments received from respondents and fed back to departments to assess whether further action or an alternative approach was required. Some members suggested that the results of the Annual Residents Survey could be linked in some way to the bonuses of senior officers.

RESOLVED –

That the results of the Annual Residents Survey 2013 be noted.

115. UPDATE ON THE TRI-BOROUGH MANAGED SERVICES FRAMEWORK AGREEMENT

The Board received a presentation from the Bi-Borough Director of Finance updating members on the Managed Services project. Officers reported that the project would now not be going live on 1st April 2014 as originally intended. It had been agreed in December 2013 that the project would be delayed to start either on 1st September or 1st October as there were a number of systems that were not functioning properly.

Members asked for details of the cost implications and who would be responsible for them. Officers explained that the six month delay would halve the savings anticipated for 2014/15 to £200,000 for the Finance & Corporate Services department. The savings had been found elsewhere in the department's budget so there were no additional costs for the year. It was also reported that the Council and BT would likely share the costs as both parties contributed to the reasons for delay. Officers described how when testing was conducted the system had a high failure rate and crashed. Members therefore questioned how the delay was not the responsibility of BT and officers explained that there was an issue of clarity regarding the Council's initial requirements. It was also acknowledged that the Council did not have sufficient project management in place in the early stages of the project. The Board noted that the FCS department had made a realistic budget allocation for the project team that made a contingency for delays. The only costs not budgeted for were therefore the reduced savings, but these had been found elsewhere. Officers also highlighted that similar IT projects, such as the adoption of Oracle software by a number of London Boroughs, were also experiencing delays due to the complexity of the systems involved.

The Board asked how officers could be confident that the identified problems could now be resolved to prevent further delays. It was explained that the project now had a much more complete project plan with clear milestones that would allow both parties to know exactly how the project was progressing. Officers acknowledged that they did not have absolute confidence that the project would not experience further delays, but they were confident the project plan was sufficiently robust.

Members questioned why there was ongoing uncertainty regarding the practicalities of the new systems and why it was that the day-to-day operation was not addressed during the procurement and tendering process. Officers explained that the competition process was judged on the high-level outputs of each submitted tender, rather than the day-to-day systems. The Council went out for tender for a basic, vanilla system that could then be sold to other authorities, which would then amend the system for their local needs.

The Board noted the intention for Strategic HR to be retained in-house, with other HR functions being commissioned to external providers. Members asked for clarity on what was meant by Strategic HR functions. Officers undertook to investigate the issue and provide full details.

Action: Bi-Borough Director of Finance

The Board thanked officers for their presentation and agreed that a further update would be required at the July meeting.

RESOLVED –

That the report be noted.

116. PERFORMANCE MONITORING

The Board received a report from the Executive Director of Finance and Corporate Governance updating members on the agreed performance indicators.

Noting the percent of calls answered in the target time for H&F Direct, the Board asked for further information on why the Assessments calls scored so low. Officers explained that the target was to answer calls within 25 seconds, but that this was not always possible as the team dealt with very complex queries that took up a lot of officers' time. Members noted that the targets were to be revised for 2014/15 so that the target answer time would be five minutes. Actions to speed up response times were also being taken, such as a same-day call back service and webchats. The Board agreed that the current performance indicator did not accurately measure the quality of the service and that the customer experience needed to be captured. Members suggested that customers were more concerned with how long it took for a query to be resolved, rather than the length of time it took for a phone call to be answered.

RESOLVED –

That the report be noted.

117. SELECT COMMITTEE REPORTS

The Board received reports from the Chairmen of the three Select Committees updating on recent meetings. It was highlighted that the Transport, Environment and Resident Services Select Committee had discussed traditional pubs in the borough and recommended that the Council adopt a pub protection policy. The Board welcomed and fully supported the recommendation.

RESOLVED –

That the Select Committee reports be noted.

118. OVERVIEW AND SCRUTINY BOARD WORK PROGRAMME AND THE FORWARD PLAN OF KEY DECISIONS

RESOLVED –

That the Work Programme for the remainder of 2013/14 be approved.

119. DATES OF NEXT MEETINGS


The date of the next meeting was agreed as:

- 8th April 2014

Meeting started: 7.00 pm
Meeting ended: 8.05 pm

Chairman

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 <p>h&f the low tax borough</p>	<p>London Borough of Hammersmith & Fulham</p> <p>OVERVIEW AND SCRUTINY BOARD 8th April 2014</p>
<p>UPDATE ON THE TRI-BOROUGH IT PROGRAMME</p>	
<p>Report of the Tri-Borough Chief Information Officer</p>	
<p>Open Report</p>	
<p>Classification: For Scrutiny Review & Comment</p> <p>Key Decision: No</p>	
<p>Wards Affected: All</p>	
<p>Accountable Executive Director: Jane West, Executive Director of Finance & Corporate Governance</p>	
<p>Report Author: Jackie Hudson, Director for Procurement and IT strategy</p>	<p>Contact Details: Tel: 020 8753 2946, Email: jackie.hudson@lbhf.gov.uk</p>

1 EXECUTIVE SUMMARY

- 1.1 The purpose of this report is to update the Overview and Scrutiny Board on the progress of the Tri-borough Information Technology (IT) programme

2 RECOMMENDATIONS

- 2.1 That the Overview & Scrutiny Board note the progress made delivering a tri-borough IT programme.

3 BACKGROUND TO THE TRI-BOROUGH IT PROGRAMME

- 3.1 See Appendix 1 for a summary of the Tri-Borough IT Programme and Appendix 2 for a list of projects delivered to August 2013.

4 CAPABILITY DELIVERED IN THE LAST SIX MONTHS

4.1 The table below summarises key areas of delivery in the last six months.

Delivery Date	New capability
Oct 2013	Successfully co-locating shared service teams. Enabling staff to work effectively from a single location, with access back to their home networks and systems, through a tactical solution involving three network cables. Recent moves have included the Education move to KTH and the Multi agency safeguarding hub to WCC.
Nov 2013	Implemented enhanced network capacity which has improved network performance when working between boroughs e.g. speedier access to Sharepoint documents for the Fostering & Adoption teams
Dec 2013	A series of pan-London IT framework contracts have been successfully procured by the councils for service desk and service management from Agilisys and desktop services and data centres from BT. The procurement was carried out on time and below budget. Early engagement with the suppliers is going well and significant interest has been shown by other London Boroughs with a planned event to promote these innovative contracts in the next few months.
Jan 2014	Staff can now easily access Tri-borough corporate Wi-Fi from key locations in all three boroughs. This new Wi-Fi gives staff direct access to their corporate network without having to use any additional remote access logon process or token. They are now able to print to the networked printer in the office they are working in at the time. The same desktop experience staff have in their home borough is now available to them when working in any of the other boroughs.
Jan 2014	ASC Frameworki systems integration A new Frameworki service has previously been rolled out to Adult Services at WCC, RBKC and now this year to H&F. This will provide a sound basis for aligning social work processes.
Jan 2014	PeopleFirst portals are now live for WCC and RBKC, providing a self-service capability to residents with regards to finding suitable provision to meet their needs.
Feb 2014	Single legal case management system implemented and supporting Bi-borough working.
Mar 2014	Staff at Kensington Town Hall with a Vodafone service can now use their phones for calls, email and internet access. IT services worked hard with Vodafone to negotiate a deal and then install new equipment in KTH to boost the signal for users from all three boroughs.

5 SUMMARY OF PROGRAMME WORK PLAN

The table below shows the projects within the Tri-borough IT Programme Work plan with a summary of progress and key timescales.

	Project	Summary of scope	Benefits	Progress/Timescales
3.1	Strategy and delivery			
3.1.1	Tri-borough IT Target Operating Model	To develop and recruit to the Target Operating Model (the organisational structure and principles of service delivery) for the new tri-borough IT Service.	A streamlined and consolidated IT Service able to manage delivery of and develop the IT service consistently across tri-borough.	A Tri-borough IT Leadership Team is in place. Strategic Relationship Managers and a Problem Manager have been seconded into temporary posts. The new Tri-borough CIO is in place. The CIO is carrying out a review of IT structures and TOM, aligned with the Corporate Services review. The CIO will report to the Corporate Services Portfolio Board at the end of May 2014, then at the Cabinets in July 2014, before staff consultation and implementation in October 2014.
3.1.2	IT provision options appraisal and procurement	An options appraisal will be undertaken to determine the strategy to follow in relation to telephony/network, applications development, support and integration, Business analysis, Strategic relationship management and project management services.	To align services which are delivered differently today across the three boroughs and to eradicate the three town hall nature of service delivery to tri-borough services.	Options appraisal June 2014. Once scope is decided then Publish PIN Concept viability workshop Publish OJEU and PQQ Supplier day held Tender clarification Final ITT Preferred bidders Award contracts Transition to new services June

				2016
3.1.3	Print services	Procurement of a single print service tri-borough for both static and dynamic printing	Seamless user experience, reduced costs.	Procurement complete October 2014, implementation at WCC April 2015, then across the rest of tri-borough 2016.
3.1.4	IT Enterprise Architecture	To develop a technical blueprint with a delivery roadmap for consolidation of the three council's architectures over the next 3-5 years.	Sets a clear technical direction and roadmap for convergence. This work will also include flexible and mobile working requirements.	First phase completed in the first quarter of 2013. IT services has now committed to a tri-borough EA review and re-baseline with a view to having it ready in time for the next major procurement likely to start summer 2014. The mobile working scope of this piece has been set up with a working group and various pilots underway.
3.2	Enabling			
3.2.1	Access to applications	To provide access to business applications for tri-borough teams via a tri-borough portal.	Enables tri-borough team working sharing business applications.	On-going work as services continue to prioritise the applications most needed.
3.2.2	Tri-borough team co-location moves	Delivering the IT to support the co-location of Tri-borough teams.	Defined for each move - support Tri-borough working.	The next set of moves involve the legal teams moving to KTH and the TTS/ELRS teams moving locations, including to Pembroke Rd and Holland Park.

3.2.3	Mobile working	This covers remote working, Bring Your Own Device (BYOD), Choose your own device (CYOD), development of a strategy for a common tri-borough policy and implementation of different solutions for the business to meet different needs.	Supports the Working from Anywhere programme and enables different areas of the services to work in a mobile way, whichever is most suitable to their business process.	Solutions to be available in 2014
3.2.4	Collaboration	Consider how to achieve information sharing, user directory, who knows what etc. and procure and implement	Better information sharing, more professional processes	April 2015
3.3 Service Desk and Desktop				
3.3.1	Service management and integration	Development of a unified service desk for tri-borough conforming to ITIL best practice Single service desk for WCC and H&F. RBKC to unify but expected to deliver an in-house service (subject to business case).	Better and consistent customer service across the service desks. Consistent processes, common SLA's and comprehensive performance reporting.	The Problem Manager is working to ensure the Service Desks processes are better aligned and complex problems are addressed effectively as well as establishing good communications a consistent user experience across TFM, MSP and IT. In the next stage of work, KPI's, SLA's and performance reporting will be aligned. The final stage, a unified service desk, will be in place in 2016.
3.3.2	Desktop as a service catalogue and work styles	Development of a common look and feel Windows 7 desktop across the three boroughs, including delivery to thin/thick/BYOD devices. Develop aligned	Common Tri-Borough user experience - where ever working with whatever device. Simplified support. Flexibility for users, savings in ensuring the best fit device	Once the IT working from anywhere project completes (the single wire solution) this supports converged single desktop for tri-borough.

		service catalogues of devices and services to meet user requirements and work styles.		
3.3.3	Integrated directories (including starters, movers, leavers)	A single tri-borough process delivered by the new Managed Services holding individuals' basic details.	Supports system and building access, asset management and access to user details for support desks.	After the MSP go-live.
3.4 Telephony and Networks				
3.4.1	Telephony	To provide a common telephony service across tri-borough including a single directory and a common contact centre.	Consistent user experience.	Options appraisal commissioned due to be approved at the IT Strategy Board in April 2014. This will provide input to the IT provision procurement.
3.4.2	Data Networks (Working from Anywhere)	To provide a common network across tri-borough with Wi-Fi access also available in key sites. Creating a common network has involved controlled change of network addresses to ensure there are no address 'clashes'	Staff will be able to work from more locations across tri-borough as the project will simplify Tri-Borough needs and remove the need for the temporary '3 wire' solution where desks were wired with a wire for each councils network It will underpin further work to give a consistent user experience. Wi-Fi access provides additional flexible access to the networks at key sites	Estimated completion of the final single wire solution April 2014
3.5 Data centres				

3.5.1	Data centres	Transition from individual physical environments to shared virtualised service (aka Cloud).	Potential savings from combining data centre locations and virtualised service.	Part of the transition for WCC from Serco/Cap to BT in 2014. Then tri-borough with a latest date of 2016 for H&F, and end of life of current assets for RBKC.
3.6 Information management and security				
3.6.1	Information security – alignment	Align all security policies; agree a risk assessment approach for Tri-Borough. Implement common controls including single PSN strategy.	Clarity and consistent approach, lower cost to implement.	Work underway.
3.6.2	Tri-borough information management strategy	To be defined across Tri-borough.	Single approach to support Tri-borough working.	Project starting in April 2014
3.7 Projects led by the business, supported by IT				
3.7.1	Children's System Integration	Framework to be implemented across the three councils.	Single system to support Tri-borough working.	Framework has been rolled out to Children's Services at WCC. Next phase of implementation in H&F and RBKC.
3.7.2	TTS/ELRS Systems Integration	Service reviews are complete and are generating requirements for co-location and IT.		Bi-borough parking procurement is underway for approval.
3.7.3	Libraries Systems Integration	Single library system to be procured and implemented.	Single system to support Tri-borough working.	Contract award expected October 2013. Implementation target date April 2014.

3.7.4	Content management system or service	Procurement and implementation of a new CMS	Single service to maintain and support, reduced costs	April 2015 tri-borough
3.7.5	Business intelligence	Setup of new service tri-borough based upon existing WCC provision and using technical support from RBKC	Better analytics and decision-making	April 2015

4. NEXT TO BE DELIVERED

4.1 The table below lists the key deliverables in the next six months.

April 2014	Telephony options appraisal for Tri-borough began in September. This will make recommendations on a strategic approach to telephony and unified communications and will look to ensure a consistent user experience in areas such as a single directory, collaboration and conference call facilities, together with support for cross-boundary team working including hunt groups and call distribution.
October 2014	Tri-borough IT target operating model developments. The CIO is co-designing this, aligned to the wider Corporate Services review. The new IT structure is due to go live in October 2014. Until then the tri-borough transition team will support the contract change from Serco/Cap to Agilisys and BT and will continue to act as client for the new contracts until the new structure is in place.
April 2014	Customer Satisfaction - work has started on preparing an IT customer satisfaction survey to be done Tri-borough in April in time to set an improvement plan for 2014/15.
May 2014	The IT ' Working from Anywhere ' project will be completed. Staff will be able to work from more locations across tri-borough as the project will simplify Tri-Borough needs and remove the need for the temporary '3 wire' solution where desks were provided with a wire for each council's network. It will underpin further work to give a consistent user experience.

4.2 In addition to delivering this, work will be done to complete scoping of projects in development, to develop business cases, identify resources for delivery and move to implementation. These projects are part of the transition from the initial phase of work that put solutions in place to **connect** staff and enable tri-borough working to a phase that **consolidates** and converges in a more robust way. The programme is now moving to focus on the **combine** stage of the IT strategy which is to say on transformation and innovation rather than getting the basics right.

5. CURRENT CHALLENGES

5.1 **Pace of Change** – as organisational changes are implemented, there is an expectation that IT will respond and provide the enablers to the new service offerings. This is not always a straightforward exercise, as the requirements themselves can change quickly over time leading to the need to redesign IT solutions. Since the last progress report, service engagement has increased and improved with the secondment of Strategic Relationship Managers

(SRMs), who act across the three boroughs as a critical liaison point between the service and IT. Also seconded is a Problem Manager responsible for oversight of all major incidents which affect IT services in a serious way. The SRMs are providing an integrated, holistic view of the IT required to support tri-borough working strategically and to an extent at an operational level. This mitigates to an extent the risk previously highlighted related to the pace of change, as the SRMs can embed themselves in their appointed business area and really understand the targets, priorities and deadlines of the departments concerned. This makes it easier for IT to plan and deliver to requirement.

To ensure the finite IT resource is concentrating on the business priorities for uni-borough, bi-borough and tri-borough initiatives, a review is underway of all IT programmes and projects. Its aim is to identify those activities that provide the greatest value and return, against the effort and risk involved in delivery. This portfolio review is a joint exercise between the service areas and IT services.

- 5.2 ICF transition team** – it is critical that there be an effective transition to the new IT suppliers and that all boroughs are engaged in it. Continuity and ownership of decisions made during the process forms an important part of this. Work is underway to address resourcing issues in the transition team, with efforts being made to secure expert external support as well as resources from across tri-borough. The team that support the transition will need to function as the client for the new framework contracts until the new IT TOM and structure is in place.

6. CONCLUSION

- 5.1 IT staff and suppliers have worked collaboratively to deliver to meet the tri-borough service transformations and overcome the significant technical and organisational challenges to deliver consistently high quality IT services.
- 5.2 Core IT services have been delivered to tri-borough teams to facilitate continued service operation. Although this has involved some workarounds which have caused a level of frustration, more strategic integration approaches, with longer term streamlined solutions and benefits are now in place or in development.
- 5.3 Service convergence and the consolidation of applications is the next key focus for both service improvement and savings.
- 5.4 There are still significant challenges ahead but the three councils can have confidence that the IT service can meet them.

Background Papers used in the Preparation of this Report: None unless already mentioned.

Appendix 1. TRI-BOROUGH IT PROGRAMME - SUMMARY

The Tri-borough IT programme has been designed to:

- develop IT of a strategic nature to respond to the evolving needs of the business
- deliver the savings required by the Corporate Services programme;
- jointly procure the IT services required by the three authorities in time for the expiry of the WCC Serco contract;
- streamline and consolidate the three IT service organisations into one;
- while maintaining a high quality level of IT service throughout.

The Tri-borough IT Strategy agreed in 2012 proposed that restructuring and aligning the three councils' IT delivery would be carried out over three overlapping phases:

- **Connect** – an initial phase that links existing infrastructure and line of business and other applications (e.g. finance and HR), where cost effective, to support combined service teams and enable secure access to applications and information from anywhere;
- **Consolidate** – delivering a consolidated infrastructure that brings networks and applications together to enable information sharing and access from anywhere supporting the Tri-borough business model;
- **Combine** – provide single combined service applications and information management and technology that supports transformation in the business, supported by a combined IT Support Service.

Appendix 2 - Collaborative infrastructure projects delivered to August 2013


A range of collaborative infrastructure work was established within the IT programme to provide the IT services required by staff in the initial phases of Tri-borough working.

The table below lists projects completed to August 2013.

Delivery Date	New capability
Feb 2012	Joined up IT networks between the three boroughs.
Started Feb 2012	Co-location of teams including Treasury and Pensions, Fostering and Adoption, Adult social care, allowing teams to work together from a single location and staff access back to their employing borough, through a tactical solution involving three cables.
Mar 2012	Staff can email securely across the three councils' networks.
Apr 2012	Calendar visibility through the scheduler across the three boroughs
April 2012	Shared contacts and phone number information available on the global address list
Apr 2012	Wi-Fi access at all three boroughs in various locations, that allows staff to access their home networks.
Apr 2012	Information Sharing Agreements (ISA's) produced, Personal Commitment Statements updated, Privacy statements updated, register of ISA's in place.
Apr 2012	TriBnet launched, now has a repository for tri borough information such as the "How do I?", the tri-borough IT programme, shared applications and much more, plus regular "heartbeat" communications to key stakeholders
May 2012	Touchdown capability at all three town halls - WCC City Hall 14 th floor; RBKC KTH basement; H&F THX 4 th floor
Sep 2012	Access to legacy files in folders for those areas that need access to existing documents.
Oct 2012	Agreed, documented and communicated to all stakeholders, the tri-borough IT strategy.
Jun 2012	All three boroughs are in different stages of implementing Egress, with policy alignment happening now and deployment beyond RBKC to WCC and H&F autumn 2012.
Mar 2013	Secure email to external partners via Egress
Mar 2013	Shared distribution lists bi-borough, including councillors
Mar 2013	Tri-borough teams can share information in Collaboration spaces on over 150 SharePoint sites.
Jul 2013	Touchdown capability established at all three town halls to allow staff to work when temporarily located in all main buildings. RBKC expanded this capability by introducing a virtual touchdown approach. Staff are now able to print from all the touchdown areas.

Jul 2013	The initial tri-borough IT target operating model proposals were agreed; Management Team established, four Strategic Relationship Managers and a Problem Manager recruited on a secondment basis.

Agenda Item 5

	London Borough of Hammersmith & Fulham
	OVERVIEW AND SCRUTINY BOARD
8th April 2014	
HIGH LEVEL REVENUE BUDGET MONITORING QUARTER 3 REPORT 2013-14	
Report of the Executive Director of Finance & Corporate Governance	
Open Report.	
Classification - For Information Key Decision: N/A	
Wards Affected: All	
Accountable Executive Director: Jane West – Executive Director of Finance and Corporate Governance	
Report Author: Gary Ironmonger	Contact Details: Gary Ironmonger Tel: 020 (8753 2109) E-mail: gary.ironmonger@lbhf.gov.uk

1. EXECUTIVE SUMMARY

- 1.1. This report presents the Revenue Monitoring position at the end of month 10 (January 2014).
- 1.2. The General Fund outturn forecast is a favourable variance of £7.66m in 2013/14 which is 1.1% of the Gross Budget of £702m. The forecast underspend is before taking account of contingencies.
- 1.3. The HRA outturn forecast is a £0.373m underspend which will lead to a year end HRA General Reserve of £6.4m

2. RECOMMENDATIONS

- 2.1. To note the forecast General Fund underspend of £7.66m and the forecast HRA underspend of £0.373m.

3. REASONS FOR DECISION

- 3.1. Report for Information.

4. CORPORATE REVENUE MONITOR (CRM) 2013/14 GENERAL FUND OUTTURN FORECAST

Table 1: General Fund Projected Outturn – Month 10

Department	Revised Budget at Month 10 £000s	Forecast Year End Variance at Month 10 £000s	Forecast Year End Variance at Quarter 2 £000s
Adult Social Care	67,345	(1,901)	(1,111)
Children's Services	50,621	(245)	606
Unaccompanied Asylum Seeking Children	1,521	0	0
Environment, Leisure & Residents Services	31,669	(527)	(24)
Finance and Corporate Services	19,343	(513)	(30)
Housing & Regeneration	7,206	(630)	(304)
Library Services (Tri- Borough)	3,135	(30)	0
Public Health Services	311	(311)	0
Transport & Technical Services	17,311	(186)	0
Controlled Parking Account	(21,006)	(1,404)	(168)
Centrally Managed Budgets	30,894	(1,913)	(1,813)
Net Operating Expenditure*	208,350	(7,660)	(2,844)

*Figures in brackets represent underspends against budget.

- 4.1. A favourable variance of £7.66m is forecast for the General Fund, an improvement of £4.8m since last reported. Departmental variances are explained in Appendix 1.

5. CORPORATE REVENUE MONITOR 2013/14 HOUSING REVENUE ACCOUNT

Table 2: Housing Revenue Account Month 10 Projected Outturn 2013/14

Housing Revenue Account	£000s
Balance as at 31 March 2013	(4,263)
Add: Budgeted Contribution to Balances	(1,747)
Add: Forecast Underspend	(373)
Projected Balance as at 31st March 2014	(6,383)

- 5.1. The HRA is forecast to underspend by £0.373m in 2013/14 (appendix 2) which would give a HRA General Reserve balance of £6.383m at year end.

6. CONSULTATION

6.1. N/A.

7. EQUALITY IMPLICATIONS

7.1. Report for information only therefore an EIA is not required.

8. LEGAL IMPLICATIONS

8.1. N/A

9. FINANCIAL AND RESOURCES IMPLICATIONS

9.1. A favourable outturn variance of £7.66m is forecast for the General Fund.

9.2. The HRA is forecast to underspend by £0.373m in 2013/14 leading to a year end HRA General Reserve balance of £6.383m.

9.3. Implications completed by: Gary Ironmonger (Finance Manger – FCS).

10. RISK MANAGEMENT

10.1. The 2013/14 Budget Report identified financial risks and challenges facing the Council of £21.6m in 2013/14, rising to £37.09m in 2015/16. These risks will be monitored and actions to lessen their impacts will be taken in the relevant years to ensure that identified risks do not crystallise into overspends.

11. PROCUREMENT AND IT STRATEGY IMPLICATIONS

11.1. N/A

List of Appendices

Appendix 1	General Fund Quarter 3 Revenue Outturn Forecast 2013/14 by Department
Appendix 2	HRA Quarter 3 Revenue Outturn Forecast 2013/14

APPENDIX 1:

GENERAL FUND – PERIOD 10 REVENUE OUTTURN FORECAST 2013/14

ADULT SOCIAL CARE (ASC)

1. Variance by Departmental Division

Departmental Division	Revised Budget	Variance Month 10	Variance Quarter 2
	£000s	£000s	£000s
Operations	42,001	(596)	(348)
Provided Service and Mental Health Partnership	12,343	(390)	(159)
Commissioning	11,876	(875)	(560)
Procurement and Business Intelligence	280	(23)	(29)
Finance	409	(5)	(3)
Directorate	436	(12)	(12)
Total	67,345	(1,901)	(1,111)

2. Variance Analysis

Departmental Division	Variance £000s	Explanation & Action Plans
Operations	(596)	<p>The majority of the projected underspend (£820,000) is in the Placements budget as there is an on-going reduction in client numbers. Between April 2012 and December 2013 there was a net decrease of 39 clients. This has been a welcomed early achievement contributing towards the MTFS savings, assisting the Council in meeting future savings targets and has been factored into the financial plan with a reduction of £1,346,000 as proposed savings in 2014-15.</p> <p>In line with Tri-Borough ASC strategy to support clients at home, there are pressures on the Home Care Packages and Direct Payments budgets. For Older People and Physical Disabilities Services, there is a net projected overspend of £179,000 in these areas.</p> <p>Following the transfer of the Meals Service to the new service provider from the 1st of July 2013, there is a projected overspend of £180,000. There has been a delay in the start of the new contract (the initial start date was 8th April 2013) which accounts for £56,000 of the overspend, £10,000 relating to a net shortfall of income because of an 8% reduction of Meals</p>

Departmental Division	Variance £000s	Explanation & Action Plans
		<p>delivered and the remaining projection of £114,000 relates to implementation costs which will reduce over the lifetime of the contract in line with the Call Off Agreement. Over the life of the contract the savings anticipated are £1,214,000 which is revised to account for the delay in commencement of the contract (excluding the implementation costs).</p> <p>There is a continued Budget pressure relating to the PFI Homes following a further submission of costs by the contractor. This has been reviewed by the department and a response submitted to the Expert to determine. The department has been prudent and factored in the projected net overspend of £200,000 into the forecast outturn position.</p> <p>Within the Learning Disability (LD) Service, there is a net projected underspend of (£315,000).The main reasons for the underspend relate to lower activity levels in LD Placement budget of (£530,000) which is a reduction of 8 placements since April 2013 and the de-registration of an LD service, saving (£256,000) which is an early MTFS savings for 2014/15. The underspend is offset with continued pressures of £148,000 in Day Care and a pressures of £323,000 for LD clients supported at home.</p> <p>Within the Community Independence Service, there is an going income shortfall on Careline of £400,000 which the department can fund from the one off balance sheet reserves in the current year. The service is being reviewed.</p>
Mental Health and Provided Service	(390)	There is a projected underspend of (£228,000), with lower cost in Mental Health Placements which is in line with the Departmental strategy with a focus on recovery and Community Care Support. The other area of underspend is staff savings in the establishments which will assist in achieving MTFS proposed savings from 2014-15.
Commissioning	(875)	The main projected underspend is (£836,000) due to Supporting People savings on new contracts from the West London Framework agreement and variations on existing contracts. In total 24 contracts have been varied and there has been a reduction in subsidy

Departmental Division	Variance £000s	Explanation & Action Plans
		payments in one particular contract. The early achievement of these savings will contribute to the total savings target of £875,000 proposed for 2014-15.
Procurement & Business Intelligence	(23)	The workforce development training commitments have been reviewed leading to a net projected underspend of (£23,000).
Finance	(5)	Marginal underspend projected in Client Affairs team.
Directorate	(12)	Marginal underspend on supplies and services.
Total	(1.901)	

CHILDREN'S SERVICES

1. Variance by Departmental Division

Departmental Division	Revised Budget	Variance Month 10	Variance Quarter 2
	£000s	£000s	£000s
Tri Borough Education Service	5,998	(367)	(451)
Family Services	30,596	(215)	435
Children's Commissioning	6,465	163	194
Finance & Resources	7,522	174	428
Dedicated School Grant & Schools Funding	40	0	0
Total	50,621	(245)	606

2. Variance Analysis

Departmental Division	Variance £000s	Explanation & Action Plans
Finance & Resources	174	A £130K overspend relates to the Employee Led Mutual. In the establishment of the mutual it was acknowledged that they would require funding to procure support charges from alternative providers to the Council which would not be reflected by a reduction in the cost of central support services. The net impact of this was calculated to be £130,600. There are other pressures within the division contributing to this over spend, including the mobile phone & Filestore, which the department are working to reduce this year.
Children's Commissioning	163	The division is expecting a shortfall of at least £138k on Adult Schools Meals income in the current financial year. There are other small pressures within the division contributing to this overspend.
Family Services	(215)	Family Services had previously set aside reserves to accommodate known pressures and risks for this financial year. These have now been drawn down from the balance sheet specifically against the shortfall in funding for secure placements, fees associated with court directed assessments and external placements. The Underspend is attributable to unspent Adoption Reform Grant.

Departmental Division	Variance £000s	Explanation & Action Plans
Tri Borough Education Service	(367)	The division is forecasting a net underspend on salaries related to re-organisation and in year vacancies (£181k); Special Education Needs Transport is expected to under spend due to a reduction in the number of vehicles and better route planning - (£227k). There is a shortfall on Schools Buy back income of £46k.
DSG & School Funding	0	
Total	(245)	

UNACCOMPANIED ASYLUM SEEKING CHILDREN

1. Variance by Departmental Division

Departmental Division	Revised Budget	Variance Month 10	Variance Quarter 2
	£000s	£000s	£000s
Unaccompanied Asylum Seeking Children	1,521	0	0
Total	1,521	0	0

2. Variance Analysis

None to report.

ENVIRONMENT, LEISURE & RESIDENTS SERVICES

1. Variance by Departmental Division

Departmental Division	Revised Budget	Variance Month 10	Variance Quarter 2
	£000s	£000s	£000s
Cleaner, Greener & Cultural Services (CGCS)	21,204	(888)	(441)
Safer Neighbourhoods	9,057	441	408
Customer & Business Development	923	(93)	0
Director & Resources	484	13	9
Total	31,669	(527)	(24)

2. Variance Analysis

Departmental Division	Variance £000s	Explanation & Action Plans
Waste Disposal	(938)	An unexpected rebate of £776k has been received from the reduction in undeclared commercial waste at the civic amenity site, and reduced tonnage charges, hence the favourable movement since quarter 2. A new waste innovation group is looking at new initiatives for reducing waste tonnages. It is likely this work will result in invest to save funding being requested. In month 9 the tonnages were higher than forecast as was the contamination (actual 19.9%, forecast was 17.5%).
Cleaner Greener & Cultural Services - Other	50	Other Cleaner Greener & Cultural Services net overspends
Total Cleaner Greener & Cultural Services	(888)	
Transport	161	This pressure has been reported in previous months. A paper has been drafted that will request the budget to be permanently reset from 2014/15. Subject to that paper being presented to the Cabinet Member this report anticipates a virement of £90k from the Waste Disposal budget.

Departmental Division	Variance £000s	Explanation & Action Plans
CCTV	138	The pressure on this service area has been reported in previous months. Service reviews are still ongoing across ELRS and it is expected that the associated savings target can be reallocated within the department.
Leisure Management	70	£70k pressure due to delays in agreeing implementation of the Hammersmith All Weather Pitch.
Grounds and Parks Maintenance	100	This includes £60k unexpected utility bills, being investigated by the service and the Carbon Reduction Team in order to mitigate the impact and put processes in place to manage utility consumption in the future. There is a £30k pressure on internal income due to a reduction in maintained sites.
Safer Neighbourhoods Division - Other	(28)	Other Safer Neighbourhoods Division net underspends
Total Safer Neighbourhoods Division	441	
Customer & Business Development	(93)	
Director & Resources	13	
Total	(527)	

FINANCE AND CORPORATE SERVICES

1. Variance by Departmental Division

Departmental Division	Revised Budget	Variance Month 10	Variance Quarter 2
	£000s	£000s	£000s
H&F Direct	20,628	140	140
Innovation & Change Management	(248)	(175)	0
Legal Democratic Services	(1,490)	(125)	0
Third Sector, Strategy & Communications	2,412	40	40
Finance & Audit	(176)	(200)	(100)
Procurement & IT Strategy	(1,355)	127	140
Executive Services	(490)	(50)	0
Human Resources	142	(270)	(250)
Other	80	0	0
Total	19,343	(513)	(30)

2. Variance Analysis

Departmental Division	Variance £000s	Explanation & Action Plans
H&F Direct	140	The H&F Direct reorganisation will not achieve its full MTFS target in this financial year, largely due to slippage in its implementation date, but will over achieve its MTFS target from 2014/15. Reorganisation implemented in December (7 fte's). Will continue to drive efficiency prior to bi-borough service in 14/15
Innovation & Change Management	(175)	Delays in filling vacant posts
Human Resources	(270)	Underspend is due to some posts being held vacant pending future reorganisations for the Managed Services outsourcing programme
Executive Services	(50)	Recharging for Housing & Regeneration Department Staff
Legal Democratic Services	(125)	Vacant posts in Electoral Services have now been filled, but will still underspend against budget. Governance Services is underspent on subscriptions. The balance of the variation is a reflection on Legal Services trading position.
Finance & Audit	(200)	There are some posts being held vacant prior to a reorganisation for the Managed Services outsourcing programme.

Departmental Division	Variance £000s	Explanation & Action Plans
Procurement & IT Strategy	127	The variance represents a cash savings slippage which is being offset by greater than expected benefits in the form of cost avoidance. In on-going discussions with HFBP to find further savings.
Total	(513)	

HOUSING & REGENERATION DEPARTMENT

1. Variance by Departmental Division

Departmental Division	Revised Budget	Variance Month 10	Variance Quarter 2
	£000s	£000s	£000s
Housing Options, Skills & Economic Development	6,769	(633)	(314)
Housing Strategy & Regeneration	381	0	0
Housing Services	40	3	10
Finance & Resources	16	0	0
Total	7,206	(630)	(304)

2. Variance Analysis

Departmental Division	Variance £000s	Explanation & Action Plans
Housing Options, Skills & Economic Development	(633)	This relates mainly to lower than expected void rates (2.8% against the budgeted void rate of 4%) on private sector leased (PSL) properties (£334k), lower than expected rent loss and subsidy loss costs relating to the Housing Association Leasing Scheme (HALS) at Hamlet Gardens (£258k) and a reduction in net costs of Bed & Breakfast (B&B) accommodation of (£178k) due to a reduction in average client numbers from a budgeted average of 270 to a forecast of 132. This is offset by the impact of the overall benefit cap which has resulted in a need to increase the bad debt provision on B&B (from a budgeted figure of 4% to a forecast of 6%) and on PSL (from a budgeted figure of 2% to a forecast of 4%), resulting in an adverse variance of £179k. In addition, favourable variances on staffing vacancies (£193k), and the Locata choice-based lettings subscription fee (£62k) are offset by lower than budgeted occupancy rates at the business development units at Townmead Road of 67% and ongoing difficulties in securing leases at the BBC units resulting in a projected under-recovery of income of £59k and an increase in bad debts of £94k. Further, other minor variances of £60k are forecast.
Other	3	
Total	(630)	

LIBRARY SERVICES (Tri-Borough)

1. Variance by Departmental Division

Departmental Division	Revised Budget	Variance Month 10	Variance Quarter 2
	£000s	£000s	£000s
Libraries Services (Tri-Borough)	3,135	(30)	0
Total	3,135	(30)	0

2. Variance Analysis

Departmental Division	Variance £000s	Explanation & Action Plans
Tri-borough Libraries & Archives	(30)	Hammersmith Library refurbishment (opening April 2014) includes significant stock renewal. The timing is phased and S106 Contributions are supporting the refurbishment programme this year. Any additional investment in new stock is a key priority.
Total	(30)	

PUBLIC HEALTH SERVICES

1. Variance by Departmental Division

Departmental Division	Revised Budget	Variance Month 10	Variance Quarter 2
	£000s	£000s	£000s
Sexual Health	6,949	0	0
Substance Misuse	5,568	0	0
Behaviour Change	2,162	0	0
Intelligence and Social Determinants	0	0	0
Families and Children Services	2,484	0	0
Substance Misuse – Grant, Salaries and Overheads	(5,312)	0	0
Public Health – Grant, Salaries and Overheads	(11,540)	(311)	0
Total	311	(311)	0

2. Variance Analysis

Departmental Division	Variance £000s	Explanation & Action Plans
Public Health – Grant, Salaries and Overheads	(311)	The overall forecast underspend against the expenditure budget is £0.526m. Of this £0.215m relates to expenditure funded from ring-fenced Public Health grant. In line with the grant conditions this will be carried forward as Receipts in Advance for use in 2014/15. The remaining £0.311m of the underspend relates to Public Health funding from the LBHF general fund.
Total	(311)	

TRANSPORT AND TECHNICAL SERVICES

1. Variance by Departmental Division

Departmental Division	Revised Budget	Variance Month 10	Variance Quarter 2
	£000s	£000s	£000s
Building & Property Management (BPM)	(715)	(70)	(51)
Transport & Highways	12,697	(95)	(51)
Planning	2,447	(233)	(37)
Environmental Health	2,992	(48)	(19)
Support Services	(110)	260	158
Total	17,311	(186)	0

2. Variance Analysis

Departmental Division	Variance £000s	Explanation & Action Plans
Building Control	41	The adverse variance is mostly due to staffing costs of 4 staff members before redundancy as part of the implementation of the new structure in 2013/14.
Facilities Management	(68)	There were underspends in Civic Cleaning (£180k), Carbon Reduction (£120k), Smart FM (£56k) and Mail & Logistics (£24k). These underspends were offset mainly by overspends of £43k in Removals, £166k in the Amey contract and £103k in the EC Harris contract.
Architecture, Surveying, Engineering and Technical Support	249	The adverse variance relates to departmental overheads, which are no longer rechargeable to the HRA after the transfer of Building Technical Services into Housing. TTS is identifying savings elsewhere to address this problem and has made proposals to deliver that in the 2014/15 MTFS.
Advertising Hoardings, Works Contract, Civic Accommodation and sections within Building & Property management	(292)	The favourable position is mainly due to the projected (£305k) over achievement in income from Advertising Hoardings. Additional variances are (£122k) from BPM Business Support Team, (£58k) from Works contract and (£87k) from Technical Support, offset by an adverse variance in Civic Accommodation of £278k. The latter is due to a one-off overspend in Reactive repairs and Planned Maintenance, offset by an underspend in Utilities and additional rents received.
Total - BPM	(70)	
Transport and Highways	(95)	The underspend is mainly from the Transport Policy and Network Management Section of (£92k), due to receipts from Network Permits, the Gazetteer and an underspend in football traffic management.

Departmental Division	Variance £000s	Explanation & Action Plans
Planning	(233)	Recent increases in Planning applications have led to an over achievement of receipts compared to budget.
Environmental Health	(48)	The underspend is mainly from staffing costs and Bi Borough cost sharing.
Support Services	260	Pressures on this budget have resulted from in year movement of budgets from Support Services to Building Control and Environmental Health, required to realign unachievable targets for receipts in those areas. There are further pressures from inadequate funding being provided to meet the finance restructure (world-class financial management).
Total:	(186)	

CONTROLLED PARKING ACCOUNTS (CPA)

1. Variance by Activity Area

Activity Area	Revised Budget	Variance Month 10	Variance Quarter 2
	£000s	£000s	£000s
Pay & Display	(12,599)	497	606
Permits	(4,690)	139	99
Civil Enforcement Officer (CEO) Issued Penalty Charge Notice (PCN)	(6,814)	29	(99)
Bus Lane PCN	(915)	281	379
Parking CCTV PCNs	(616)	(700)	(600)
Moving Traffic PCN's	(5,814)	(523)	(28)
Parking Bay Suspensions	(1,530)	(662)	(70)
Towaways / Removals	(352)	(27)	(36)
Expenditure and Other Income	12,324	(438)	(419)
Total	(21,006)	(1,404)	(168)

2. Variance Analysis

Activity Area	Variance £000s	Explanation & Action Plans
Pay & Display	497	There has been a reduction of 2.8% in receipts compared to last year. In addition, the council will have to repay VAT on receipts from two off street car parks for the past 4 years, at an estimated cost of £50k. This has been reflected in the forecast. The roll out of Smart Visitor Permits has resulted in an increase in receipts.
Permits	139	There has been a 1% reduction in overall receipts from Permits compared to the previous year. This has resulted in a forecast that is lower than the budget.
CEO Issued PCN	29	Fewer PCNs were issued in the year to December than in the same period in the previous year. Therefore there is a reduction in forecast receipts.
Bus Lane PCN	281	The budget for Bus Lane PCNs was increased in 2012-13 to bring it in line with the activity. However, the activity level fell in the first 5 months of the current year, due to problems with one of the cameras used for enforcement, and roadworks requiring the bus lane to be used by traffic. This has now been resolved but the forecast receipts for the year remains under the budgeted level.
Parking CCTV PCNs	(700)	CCTV Parking PCN issue numbers have increased in the current financial year, staying above the level on which the budget was based.
Moving Traffic PCN's	(523)	There has been an increase in the number of contraventions detected in recent months, leading to an increase in the forecast receipts.

Activity Area	Variance £000s	Explanation & Action Plans
Parking Bay Suspensions	(662)	The parking bay suspensions receipts budget was increased by £263k in 2013-14 to reflect expected receipts from the introduction of a graduated charging structure. This was introduced from 1 September 2013. The forecast has increased this month due to additional suspension receipts in the last 5 months. This includes the receipts from three long term suspensions, extending to the end of the financial year.
Towaways	(27)	The monthly cost of the contract for towaways has reduced, resulting in an underspend against budget.
Expenditure and Other Receipts	(438)	There is an underspend in staffing, due to a number of vacant posts, which is partially offset by the use of Project Centre to cover additional notice processing activity.
Total	(1,404)	

CENTRALLY MANAGED BUDGETS

1. Variance by Departmental Division

Departmental Division	Revised Budget	Variance Month 10	Variance Quarter 2
	£000s	£000s	£000s
Corporate & Democratic Core	5,935	(50)	(50)
Housing and Council Tax Benefits	243	0	0
Levies	1,716	(163)	(163)
Net Cost of Borrowing	4,306	(1,000)	(1,000)
Other Corporate Items (Includes Contingencies, Insurance, Land Charges)	8,229	(700)	(600)
Pensions & Redundancy	10,465	0	0
Total	30,894	(1,913)	(1,813)

The above figures exclude forecast unspent contingency balances of 3m.

2. Variance Analysis

Departmental Division	Variance £000s	Explanation & Action Plans
Corporate & Democratic Core	(50)	This underspend is as a result of reduced Audit Fees.
Levies	(163)	Actual levy payments are forecast to be £163k below budget. Base budgets have been reviewed as part of the Medium Term Financial Strategy Process.
Net Cost of Borrowing	(1,000)	The forecast underspend relates to additional investment income (from higher than expected cash balances) and lower borrowing. The Capital Financing Requirement is £13m lower than budgeted due to additional debt repayment in 2012/13.
Other Corporate Items	(700)	Land Charge income is higher than budget (£600k) due to better than expected activity due to the upturn in the Housing market. In addition the central budget held for maternity costs is forecast to underspend (£100k) based on current spending levels.
Total	(1,913)	

APPENDIX 2

HOUSING REVENUE ACCOUNT – PERIOD 10 OUTTURN FORECAST 2013/14

1. Variance by Departmental Division


Departmental Division	Revised Budget	Variance Month 10	Variance Quarter 2
	£000s	£000s	£000s
Finance and Resources	12,403	(280)	(27)
Housing Services	10,645	(299)	(27)
Commissioning and Quality Assurance	2,621	(192)	(30)
Property Services	2,587	(213)	0
Housing Repairs	14,147	654	0
Housing Income	(73,327)	57	127
Housing Options	632	55	(172)
Adult Social Care	39	0	0
Regeneration	48	0	67
Safer Neighbourhoods	264	21	0
Housing Capital	575	0	(78)
(Contribution to)/ Appropriation From HRA General Reserve	27,619	(176)	(140)

2. Variance Analysis

Departmental Division	Variance £000s	Explanation & Action Plans
Finance and Resources	(280)	Underspends are forecast due to staffing vacancies (£65k), a reduction in Trade Union facility charges (£36k), a review of maternity costs (£35k), professional fees (£30k), recruitment and selection costs (£30k), and a reduction in IT storage and remote access charges (£94k) offset by other minor overspends of £10k.
Housing Services	(299)	This results from underspends on printing and postage costs (£70k), legal costs (£62k), staffing costs (£213k) and miscellaneous budgets of (£19k) offset by overspends of £42k on grounds maintenance and £23k on trade waste.
Commissioning and Quality Assurance	(192)	This variance is comprised of underspends on grants and audit / bookkeeping support to Residents Associations (£60k), salaries (£12k), decant costs (£53k), printing charges (£47k) and miscellaneous budgets (£20k).
Property Services	(213)	This results from a reduction in net staffing costs following a review of costs associated with the delay of the implementation of the new repairs contract.

Departmental Division	Variance £000s	Explanation & Action Plans
Housing Repairs	654	This relates to an additional forecast cost of £325k incurred as a result of the changeover between the old and new contracts, with the new contract implementation being delayed compared to the original MTFS assumptions. In addition, a review of repairs costs rechargeable to tenants is likely to produce a shortfall of £160k and a review of development voids costs is expected to result in an overspend of £150k. A further £19k of other minor variances are expected.
Housing Options	55	This relates mainly to a higher level of Temporary On License Scheme (TOLS) tenants than expected (153 tenants against a budget of 90) and lower than predicted furnishing costs, offset by the costs of 2 void business units at the Mitre Bridge business park, resulting in a net favourable variance of (£10k). In addition, staff costs are forecast to underspend by (£38K), there has been a reduction in the number of RTB valuations (£20k) and there are lower than expected void rates (3% against the budgeted void rate of 10%) on Hostels (£51K) and lower than expected utilities costs on Hostels (£26k). Further, it is proposed to set aside £200k to provide for the resolution of the Council's lease of unoccupied commercial properties at Mitre Bridge (see section 6).
Housing Capital	(176)	The income from interest achievable on the General Reserve, Major Repairs Reserve and Decent Neighbourhoods Fund has increased following a revision to the expected balance at year end on the latter, from £29.8m to £59.2m.
Other	78	
Total	(373)	

Agenda Item 6

	London Borough of Hammersmith & Fulham OVERVIEW & SCRUTINY BOARD 8th April 2014
HIGH LEVEL CAPITAL BUDGET MONITORING REPORT, 2013/14 QUARTER 3	
Report of the Corporate Director	
Open Report	
Classification: For Information	
Key Decision: No	
Wards Affected: ALL	
Accountable Executive Director: Jane West, Director of Finance & Corporate Governance	
Report Author: Jade Cheung - Finance Manager - Capital Corporate Accountancy and Capital Team	Contact Details: Tel: 0208 753 3374 Email: jade.cheung@lbhf.gov.uk

1. EXECUTIVE SUMMARY

- 1.1. **General Fund debt** - as measured by the Capital Financing Requirement (CFR¹) - is currently forecast to be **£77.3m** by the end of 2013/14. This represents a **decrease** of **£2.9m** compared with the quarter 2 CFR projection of £80.2m and an overall decrease of £1.1m from the 2013/14 opening CFR of £78.4m. The long-term CFR projection remains downwards and is currently forecast to be **£33.7m** by 2016/17.
- 1.2. The General Fund Capital programme for 2013/14 has been revised to **£56.6m** (from £89.3m approved at Quarter 2). This decrease of £32.7m results from re-profiling of capital budgets from 2013/14 into 2014/15 and future years. This change is primarily attributable to reprofiling of the Schools' Organisation Strategy (within Children's Services) into future years.
- 1.3. The **Decent Neighbourhoods capital programme** (including the Housing Revenue Account capital programme) forecast expenditure is **£43.8m** in total (from £57.7m expenditure forecast at Quarter 2). The forecast expenditure on the **Housing capital programme (HRA)** is **£28.1m** (from £35.1m forecast at Quarter 2). The **decrease** in the Decent Neighbourhoods programme of **£13.9m** is primarily due to slippage in expenditure on the original prudent cost forecasts for the HRA capital programme, Earls Court Buyback costs and Fulham Court. The surplus in resources for the Decent Neighbourhoods Programme is projected to be **£59.2m** by the end of 2013/14.

¹ Refer to appendix 5 for a definition of the CFR

2. INTRODUCTION AND BACKGROUND

- 2.1. This report sets out the latest 2013/14 – 2016/17 capital monitoring position for the Council's debt reduction programme, the General Fund, Decent Neighbourhoods and the Housing capital programmes.
- 2.2. A table summarising the Council capital programme at quarter 3 is in Appendix 1.

3. GENERAL FUND – DEBT REDUCTION AND CAPITAL PROGRAMME

- 3.1. **General Fund debt** - as measured by the Capital Financing Requirement (CFR) - is currently forecast to be **£77.3m** by the end of 2013/14. This represents a **decrease** of **£2.9m** compared with the quarter 2 CFR projection of £80.2m and an overall decrease of £1.1m from the 2013/14 opening CFR of £78.4m. The long-term CFR projection remains downwards and is currently forecast to be **£33.7m** by 2016/17.

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

	2013/14	2014/15	2015/16	2016/17
	£m	£m	£m	£m
Opening Capital Financing Requirement (CFR)	78.4	77.3	66.5	46.3
Revenue Repayment of Debt (MRP)	(1.4)	(1.3)	(0.9)	(0.1)
Annual (Surplus) in the Capital Programme	0.4	(9.5)	(19.3)	(12.5)
Closing CFR	77.3	66.5	46.3	33.7
<i>Net Movement from opening CFR 2013/14</i>	<i>(1.1)</i>	<i>(11.9)</i>	<i>(32.1)</i>	<i>(44.7)</i>

- 3.2. The current expenditure and resources forecast is summarised in table 2 below, with details in appendices 2a to 2f and 3.

Table 2 - General Fund Capital Programme

General Fund	2013/14	2014/15	2015/16	2016/17	Appendix Ref
	£m	£m	£m	£m	
Expenditure:					
Children's Services	35.3	38.3	4.8	0.1	2a
Adult Social Care	1.9	2.0	0.5	0.5	2b
Transport & Technical Services	14.9	7.2	7.2	7.2	2c
Finance and Corporate Services	0.9	1.1	0.8	0.8	2d
Environment, Leisure & Residents Services	2.6	0.7	0.7	0.5	2e
Libraries	0.9	0	0	0	2f
Total	56.6	49.3	13.8	9.0	
Resources:					
Use of capital receipts	11.6	13.2	6.5	6.2	2
Specific	45.0	36.1	7.3	2.8	2
Total	56.6	49.3	13.8	9.0	2
Resources:					
General Fund Receipts	11.2	22.7	25.8	18.7	3
Net capital receipts	11.2	22.7	25.8	18.7	
Specific or other funding	45.0	36.1	7.3	2.8	
Total	56.2	58.7	33.1	21.5	
Annual (surplus)/deficit	0.4	(9.5)	(19.3)	(12.5)	

- 3.3. The General Fund Capital programme for 2013/14 has been revised to **£56.6m** (from £89.3m approved at Quarter 2). This decrease of £32.7m results from re-profiling of capital budgets from 2013/14 into 2014/15 and future years. This change is primarily attributable to reprofiling of the Schools' Organisation Strategy (within Children's Services) into future years.
- 3.4. General Fund capital receipts for 2013/14 are currently forecast at **£11.2m**. There is no change compared with the previous Quarter 2 projection of £11.2m. Just under £1.5m of General Fund capital receipts have been realised at the end of Quarter 3. Full details of anticipated and realised receipts are provided in Appendix 3.
- 3.5. The forecast debt reduction (funded by surplus capital receipts) remains marginal for 2013/14. There remains a risk that if further receipts were deferred the in-year funding shortfall and the CFR would increase. Receipts funded projects will continue to be closely monitored and revised projections reported accordingly.
- 3.6. Overall, the four-year capital programme remains in surplus based on current information. Long-term projections for debt shown by the CFR figures in table 1 follow a downwards trend.

4. DECENT NEIGHBOURHOODS PROGRAMME (HOUSING AND REGENERATION)

- 4.1 At Quarter 3, the **Decent Neighbourhoods capital programme** (including the Housing Revenue Account capital programme) forecast expenditure budget has been revised to **£43.8m**, (from £57.7m expenditure forecast at Quarter 2), as summarised in Table 3a, 3b and Appendix 4. The forecast expenditure budget for the **Housing capital programme (HRA)** is **£28.1m** (from £35.1m forecast at Quarter 2). The **decrease** in the Decent Neighbourhoods programme budget of **£13.9m** is primarily due to slippages and reductions in expenditure in the original prudent cost forecasts for the HRA capital programme, Earls Court Buyback costs and Fulham Court. The surplus in resources for the Decent Neighbourhoods Programme is projected to be £59.2m by the end of 2013/14.
- 4.2 A key Council objective is the regeneration of housing estates and creation of sustainable communities. Certain housing capital receipts have been earmarked for this purpose and a number of initiatives are now in progress, following on from specific Cabinet Approvals.
- 4.3 The programme is forecast to be in surplus for the 4 years to 2016/17 by £11.7m based on the forecast expenditure and resources plan. The actual level and timing of sales underpinning this surplus in resources is subject to risks.
- 4.4 Investment from the Decent Neighbourhoods Programme is used to:
- invest in existing Council Housing to ensure homes are maintained at a decent standard, statutory and health and safety obligations are complied with, energy efficiency is improved and residual backlog works which were outside the scope of the decent homes programme are addressed including meeting resident priorities such as security and environmental improvements.
 - to deliver 100 additional low cost home ownership opportunities by direct development, in pursuance of the Councils Housing Strategy "Building a Housing Ladder of Opportunity" as set out in the Housing Development Programme business plan approved by Cabinet on 24 June 2013.
 - to deliver the regeneration of the West Kensington and Gibbs Green Estates (Earls Court) as set out in the report approved by Cabinet on 3rd September 2012, the principal potential cost allowed for in the forecast is the purchasing of any leasehold or freehold interests.
 - to repay debt as it becomes due in accordance with the HRA Financial Strategy.

Table 3a - Decent Neighbourhoods - Quarter 3 Summary

Decent Neighbourhoods Summary	2013/14	2014/15	2015/16	2016/17
	£m	£m	£m	£m
Expenditure:				
HRA Debt Repayment	9.6	2.4	13.0	5.9
HRA Capital Programme	28.1	48.4	43.6	43.5
Earls Court Buy Back Costs	0.0	21.7	23.4	0
Earls Court Project Team Costs	2.5	3.6	3.7	3.8
Housing Development Programme	1.4	12.0	13.2	1.0
Other Decent Neighbourhoods Projects	2.2	3.4	0.7	0
Total Expenditure	43.8	91.6	97.6	54.2
Resources:				
Property disposals - capital receipts	(54.4)	(40.0)	(35.0)	(20.0)
Sale of new build private & DMS homes	(1.3)	(1.8)	(10.9)	(18.4)
Property disposals in period	(55.7)	(41.8)	(45.9)	(38.4)
Major Repairs Allowance/Reserve	(20.1)	(17.9)	(16.8)	(17.4)
Revenue contributions	0.0	(0.1)	(0.8)	(0.6)
Leaseholder & other contributions & grants	(6.5)	(4.6)	(4.7)	(4.5)
GLA grant (£27K per DMS home)	(0.1)	(0.6)	(2.0)	0
Other resources in period	(26.7)	(23.2)	(24.2)	(22.4)
Total Resources	(82.4)	(65.0)	(70.1)	(60.8)
Cumulative total (surplus)/deficit	(38.6)	26.6	27.5	(6.7)
Capital receipts surplus brought forward	(20.5)	(59.2)	(32.5)	(5.0)
Capital receipts surplus carried forward	(59.2)	(32.5)	(5.0)	(11.7)

Table 3b - Decent Neighbourhoods Capital Receipts Reconciliation

Decent Neighbourhoods Capital Receipts Reconciliation	2013/14	2014/15	2015/16	2016/17
	£m	£m	£m	£m
Capital receipts surplus brought forward	(20.5)	(59.2)	(32.5)	(5.0)
Capital receipts surplus carried forward	(59.2)	(32.5)	(5.0)	(11.7)
Total variance in capital receipts	38.6	(26.6)	(27.5)	6.7
Property disposals in period	(55.7)	(41.8)	(45.9)	(38.4)
Total applied capital receipts	(17.1)	(68.5)	(73.5)	(31.7)

- 4.5 In accordance with the change in capital regulations for housing capital receipts, effective from 1 April 2013 Decent Neighbourhood capital receipts must be used for regeneration or housing purposes.

5. VAT RISKS AND IMPLICATIONS

- 5.1 As detailed in previous reports, the Council needs to give close consideration to its VAT partial exemption calculation and the risk of breaching the threshold. Capital projects represent the bulk of this risk. A breach that the HMRC did not authorise would cost the Council between £2 to 3 million pounds. A policy to manage this position – including ‘opting to tax’ properties where feasible – was approved by Cabinet on 9th December 2013.
- 5.2 As previously reported, the Council is forecast to breach the threshold in 2013/14. This one-off breach position has been provisionally authorised by

HMRC on the basis the Council's breach position does not materially worsen during the period of the breach.

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.	Capital Budget Monitoring Documents including Briefing to Cabinet Report – 4 Year Capital Programme 2014/15 to 2017/18	Jade Cheung ext. 3374	Finance Dept., 2 nd Floor, Hammersmith Town Hall Extension

LIST OF APPENDICES:

Appendix 1 - Council Capital Programme (General Fund & Decent Neighbourhoods)

Appendices 2a to 2f - General Fund Services

Appendix 2a - Children's Services

Appendix 2b - Adult Social Care

Appendix 2c - Transport & Technical Services

Appendix 2d - Finance and Corporate Governance

Appendix 2e - Environment, Leisure and Residents Services

Appendix 2f - Libraries

Appendix 3 - General Fund Capital Receipts

Appendix 4 - Decent Neighbourhoods Programme (Housing & Regeneration)

Appendix 5 - The Capital Financing Requirement (CFR)

Capital Budget Monitor Appendices – Quarter 3 At 31st December 2013

Appendix 1 Council Capital Programme (Decent Neighbourhoods, General Fund & HRA)

Capital Expenditure	Revised Budget 2013/14 Q2	Revised Budget 2013/14 Q3	Indicative Budget 2014/15	Indicative Budget 2015/16	Indicative Budget 2016/17
	£'000	£'000	£'000	£'000	£'000
Children's Services	66,189	35,311	38,316	4,772	100
Adult Social Care	2,977	1,873	1,971	450	450
Transport & Technical Services	15,670	14,944	7,236	7,155	7,231
Finance & Corporate Governance	900	900	1,058	750	750
Environment, Leisure & Residents Services	2,661	2,647	700	692	500
Libraries	912	912			
Sub-total	89,309	56,587	49,281	13,819	9,031
Housing Services (Housing Revenue Account only)	35,127	28,140	48,391	43,580	43,543
Decent Neighbourhoods projects	22,566	15,674	43,256	54,064	10,616
Total Capital Programme	147,002	100,401	140,928	111,463	63,190
Capital Financing					
Capital grants from central government departments (inc SCE(C))	59,893	29,599	29,166	4,306	100
Grants and contributions from private developers and from leaseholders, etc.	13,344	15,878	4,824	4,874	4,514
Grants and contributions from non-departmental public bodies	2,118	632	3,774	193	
Capital funding from GLA bodies	5,087	4,025	2,729	4,079	2,157
Use of capital receipts to finance capital expenditure	52,663	28,697	81,675	79,955	37,961
Capital expenditure financed from the Housing Revenue Account	-	-	113	761	553
Capital expenditure financed by the Major Repairs Reserve (MRR) / Major Repairs Allowance (MRA)	12,217	20,085	17,886	16,751	17,361
Capital expenditure financed from the General Fund Revenue Account	549	1,372	761	544	544
Use of LBHF reserves	1,131	113			
Total Capital Financing	147,002	100,401	140,928	111,463	63,190

Appendix 2a Children's Services

CHILDREN'S SERVICES CAPITAL PROGRAMME										
Schemes	Revised Budget 2013/14 (at Quarter 1)	Revised Budget 2013/14 (at Quarter 2)	Slippages from/(to) future years	Additions/ (Reductions) / Transfers	Transfers/ Virements	Revised Budget 2013/14 (at Quarter 3)	2013/14 Expenditure to date	2014/15 Budget	2015/16 Budget	2016/17 Budget
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Lyric Theatre Development	13,884	9,384	533			9,917	3,286	3,991	193	
Devolved Capital to Schools	11	711		1,065		1,776	1,780			
Other Capital Schemes	87	87		11		98	24			
Schools Organisational Strategy	56,007	56,007	(32,487)			23,520	7,585	34,325	4,579	100
Total	69,989	66,189	(31,954)	1,076	-	35,311	12,675	38,316	4,772	100
FINANCING SUMMARY										
Capital receipts	4,268	4,268	(2,159)			2,109		6,620	273	
Specific or other funding	65,721	61,921	(29,795)	1,076		33,202	12,675	31,696	4,499	100
Total	69,989	66,189	(31,954)	1,076	-	35,311	12,675	38,316	4,772	100

Appendix 2b Adult Social Care Services

ADULT SOCIAL CARE SERVICES CAPITAL PROGRAMME										
Schemes	Revised Budget 2013/14 (at Quarter 1)	Revised Budget 2013/14 (at Quarter 2)	Slippages from/(to) future years	Additions/ (Reductions) / Transfers	Transfers/ Virements	Revised Budget 2013/14 (at Quarter 3)	2013/14 Expenditure to date	2014/15 Budget	2015/16 Budget	2016/17 Budget
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Adult Social Care Grant	26	30				30	30			
Hostel Improvement Grant	90	90	(60)			30		60		
Supporting Your Choice - Social Care Reform (DoH)	87	87		(87)		0				
Wormwood Scrubs Prison	64	64				64				
Extra Care New Build project (Adults' Personal Social Services Grant)	1,451	957	(957)			0		957		
Community Capacity Grant		490				490	4	504		
Disabled Facilities Scheme	990	990				990	643	450	450	450
White City Collaborative Care project		269				269				
Total	2,708	2,977	(1,017)	(87)	-	1,873	677	1,971	450	450
FINANCING SUMMARY										
Capital receipts	616	616	(60)			556	179	510	450	450
Specific or other funding	2,092	2,361	(957)	(87)		1,317	498	1,461		
Total	2,708	2,977	(1,017)	(87)	-	1,873	677	1,971	450	450

Appendix 2c Transport & Technical Services

TRANSPORT & TECHNICAL SERVICES CAPITAL PROGRAMME										
Schemes	Revised Budget 2013/14 (at Quarter 1)	Revised Budget 2013/14 (at Quarter 2)	Slippages from/(to) future years	Additions/ (Reductions) / Transfers	Transfers/ Virements	Revised Budget 2013/14 (at Quarter 3)	2013/14 Expenditure to date	2014/15 Budget	2015/16 Budget	2016/17 Budget
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Footways and Carriageways	2,030	2,030				2,030	1,349	2,030	2,030	2,030
Planned Maintenance/DDA Programme	5,380	5,282	(610)			4,672	1,955	2,500	2,500	2,500
River Wall Repairs	40	40				40				
Transport For London Schemes	4,065	3,847		99		3,946	1,749	2,162	2,081	2,157
Parking Reserve/ Revenue Contributions	1,018	1,018		(221)		797	337	544	544	544
Developer Contribution Funded	2,368	2,801		71		2,872	1,238			
West London Grant	279	279				279	155			
Fulham Town Hall car park	98	98				98	98			
Other Capital Schemes	275	275		(15)		260	189			
Total	15,553	15,670	(610)	(66)	-	14,994	7,070	7,236	7,155	7,231
FINANCING SUMMARY										
Capital receipts	7,548	7,450	(610)			6,840	3,402	4,530	4,530	4,530
Specific or other funding	8,005	8,220		(66)		8,154	3,668	2,706	2,625	2,701
Total	15,553	15,670	(610)	(66)	-	14,994	7,070	7,236	7,155	7,231

Appendix 2d Finance and Corporate Governance

FINANCE & CORPORATE GOVERNANCE CAPITAL PROGRAMME										
Schemes	Revised Budget 2013/14 (at Quarter 1)	Revised Budget 2013/14 (at Quarter 2)	Slippages from/(to) future years	Additions/ (Reductions) / Transfers	Transfers/ Virements	Revised Budget 2013/14 (at Quarter 3)	2013/14 Expenditure to date	2014/15 Budget	2015/16 Budget	2016/17 Budget
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Contribution to Invest to Save Fund	750	750				750		750	750	750
Edward Woods Community Centre	150	150				150		308		
Total	900	900	-	-	-	900	-	1,058	750	750
FINANCING SUMMARY										
Capital receipts	900	900				900		1,058	750	750
Total	900	900	-	-	-	900	-	1,058	750	750

Appendix 2e Environment, Leisure and Residents Services

ELRS CAPITAL PROGRAMME										
Schemes	Revised Budget 2013/14 (at Quarter 1)	Revised Budget 2013/14 (at Quarter 2)	Slippages from/(to) future years	Additions/ (Reductions) / Transfers	Transfers/ Virements	Revised Budget 2013/14 (at Quarter 3)	2013/14 Expenditure to date	2014/15 Budget	2015/16 Budget	2016/17 Budget
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Parks Expenditure	985	958	(5)	(59)		894	161	500	500	500
Bishops Park	156	156				156	60			
Shepherds Bush Common Improvements	62	545				545	214			
Recycling	22	22				22				
CCTV	200	200				200	85	200	192	
Fulham Palace Trust	618	618				618	617			
Porta Cabin Facility				50		50				
Linford Christie Stadium Refurbishment	162	162				162	15			
Total	2,205	2,661	(5)	(9)	-	2,647	1,152	700	692	500
FINANCING SUMMARY										
Capital receipts	1,161	1,161	(5)	50		1,206	716	500	500	500
Specific or other funding	1,044	1,500		(59)		1,441	436	200	192	
Total	2,205	2,661	(5)	(9)	-	2,647	1,152	700	692	500

Appendix 2f Libraries Services

LIBRARIES CAPITAL PROGRAMME										
Schemes	Revised Budget 2013/14 (at Quarter 1)	Revised Budget 2013/14 (at Quarter 2)	Slippages from/(to) future years	Additions/ (Reductions) / Transfers	Transfers/ Virements	Revised Budget 2013/14 (at Quarter 3)	2013/14 Expenditure to date	2014/15 Budget	2015/16 Budget	2016/17 Budget
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Hammersmith Library Refurbishment	912	912				912	103			
Total	912	912	-	-	-	912	103	-	-	-
FINANCING SUMMARY										
Capital receipts										
Specific or other funding	912	912				912	103			
Total	912	912	-	-	-	912	103	-	-	-

Appendix 3 General Fund Capital Receipts

Year	Forecast capital receipts
	£'000
2013/14	
Total 2013/14	11,238
2014/15	
Total 2014/15	22,676
2015/16	
Total 2015/16	25,819
2016/17	
Total 2016/17	18,699
Total All Years	78,433

Appendix 4 Decent Neighbourhoods (Housing & Regeneration)

Decent Neighbourhoods Summary	Revised Budget 2013/14 (at Quarter 2)	Slippages from/(to) future years	Additions/ (Reductions) / Transfers	Revised Budget 2013/14 (at Quarter 3)	2014/15 Budget	2015/16 Budget	2016/17 Budget
	£m	£m	£m	£m	£m	£m	£m
Expenditure:							
HRA Debt Repayment	9.6			9.6	2.4	13.0	5.9
HRA Capital Programme	35.1	(7.0)		28.1	48.4	43.6	43.5
Earls Court Buy Back Costs	5.0	(4.7)	(0.3)		21.7	23.4	
Earls Court Project Team Costs	2.5			2.5	3.6	3.7	3.8
Housing Development Programme	1.9		(0.5)	1.4	12.0	13.2	1.0
Other Decent Neighbourhoods Projects	3.6	(0.9)	(0.5)	2.2	3.4	0.7	
Total Expenditure	57.7	(12.6)	(1.3)	43.8	91.6	97.6	54.2
Resources:							
Property disposals - capital receipts	(54.2)		(0.2)	(54.4)	(40.0)	(35.0)	(20.0)
Sale of new build private & DMS homes	(0.7)		(0.6)	(1.3)	(1.8)	(10.9)	(18.4)
Property disposals in period	(54.9)	0.0	(0.8)	(55.7)	(41.8)	(45.9)	(38.4)
Major Repairs Allowance/Reserve	(12.2)	(7.9)		(20.1)	(17.9)	(16.8)	(17.4)
Revenue contributions					(0.1)	(0.8)	(0.6)
Leaseholder & other contributions & grants	(7.2)	0.7		(6.5)	(4.6)	(4.7)	(4.5)
GLA grant (£27K per DMS home)			(0.1)	(0.1)	(0.6)	(2.0)	
Other resources in period	(19.4)	(7.2)	(0.1)	(26.7)	(23.2)	(24.2)	(22.4)
Total Resources	(74.3)	(7.2)	(0.9)	(82.4)	(65.0)	(70.1)	(60.8)
Cumulative total (surplus)/deficit	(16.6)	(19.8)	(2.2)	(38.6)	26.6	27.5	(6.7)
Capital receipts surplus brought forward	(20.5)			(20.5)	(59.2)	(32.5)	(5.0)
Capital receipts surplus carried forward	(37.1)	(19.8)	(2.2)	(59.2)	(32.5)	(5.0)	(11.7)
Decent Neighbourhoods Capital Receipts Reconciliation	2013/14 at Q2	Slippages from/(to) future years	Additions/ (Reductions) / Transfers	2013/14 at Q3	2014/15	2015/16	2016/17
	£m			£m	£m	£m	£m
Capital receipts surplus brought forward	(20.5)			(20.5)	(59.2)	(32.5)	(5.0)
Capital receipts surplus carried forward	(37.1)	(19.8)	(2.2)	(59.2)	(32.5)	(5.0)	(11.7)
Total variance in capital receipts	16.6	19.8	2.2	38.6	(26.6)	(27.5)	6.7
Property disposals in period	(54.9)	0.0	(0.8)	(55.7)	(41.8)	(45.9)	(38.4)
Total applied capital receipts	(38.3)	19.8	1.4	(17.1)	(68.5)	(73.5)	(31.7)

Appendix 5 The Capital Financing Requirement (CFR)

The CFR measures an authority's underlying need to borrow for a capital purpose. It is considered by the Chartered Institute of Public Finance Accountancy (CIPFA) as the best measure of Council debt as it reflects both external and internal borrowing.

It was introduced by the Government in 2004 and replaced the 'credit ceiling' as the Council's measure of debt.

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

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

The government requires the authority to set-aside annually an amount equal to 4% of CFR. This is known as the Minimum Revenue Provision (MRP).

The Council's headline CFR excludes technical adjustments relating to finance leases, PFI, historic MRP commutation, and deferred costs given these items do not give rise to a financing or MRP cost.

Agenda Item 7

 <p>h&f the low tax borough</p>	<p>London Borough of Hammersmith & Fulham</p> <p>OVERVIEW AND SCRUTINY BOARD 8th April 2014</p>
THE BUSINESS RATES SCRUTINY TASK GROUP: FINAL REPORT	
Report of the Director of Law	
Open Report	
Classification: For Scrutiny Review & Comment	
Key Decision: No	
Wards Affected: All	
Accountable Executive Director: Jane West, Executive Director of Finance & Corporate Governance	
Report Author: Craig Bowdery, Scrutiny Manager	Contact Details: Tel: 020 8753 2278 E-mail: craig.bowdery@lbhf.gov.uk

1. EXECUTIVE SUMMARY

- 1.1. The Overview & Scrutiny Board established the Business Rates Scrutiny Task Group in July 2013 to investigate the impact of recent reforms to the business rates system and how the Council could help to foster healthy and successful high streets in the borough.
- 1.2. The Board is therefore invited to comment on the Final Report of the Task Group and to agree the recommendations within it.

2. RECOMMENDATIONS

- 2.1. That the Business Rates Scrutiny Task Group Final Report be noted and approved, and forwarded to the relevant decision-making bodies.
- 2.2. That the Board receive a report at the earliest opportunity outlining the decision-makers' responses to the recommendations, and then a further report six months later on the progress made implementing the recommendations.

3. REASONS FOR DECISION

- 3.1. The Board's approval of the Final Report is required prior to consideration of the report by Cabinet.

4. BACKGROUND

- 4.1 The Business Rates Scrutiny Task Group was established by the Board in response to the reform of the business rates system that took effect in April 2013. Under the new system councils would retain part of the income they collected through business rates as an incentive to promote local economic growth. However the reforms also resulted in a substantial loss of funding for the London Borough of Hammersmith & Fulham. The financial uncertainty caused by this funding gap was added to by the significant number of appeals that were outstanding. The Task Group was therefore commissioned to explore the impact of the reforms, the performance of the Valuation Office Agency who handled the appeals and the wider issue of town centre support.
- 4.2 The Task Group has interviewed a number of key witnesses and considered documentary evidence before reaching the conclusions presented in its Final Report, which is appended as **Appendix A**. In accordance with the Hammersmith & Fulham Constitution, the Task Group's findings are now submitted to the Board for consideration. The Overview & Scrutiny Board may publish the Final Report and make recommendations to the Cabinet, external statutory partners and any other relevant decision makers.
- 4.3 The Task Group has made a number of recommendations to the Council, Government and the Valuation Office Agency. It is anticipated that the report and recommendations will be submitted to the Cabinet and /or Cabinet Member to consider those recommendations made to the Council. The recommendations made to Government and the Valuation Office Agency will also be submitted for a response. It is suggested that the Board receive a report outlining the decision-makers' responses to the recommendations at the earliest possibility, and then a further report six months later updating members on the progress made implementing the recommendations.
- 4.4 The Task Group has made eighteen recommendations in total. These are presented at paragraph 6.1 of the Final Report (Appendix A).

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.	Notes of Task Group meetings	Craig Bowdery, ext 2278	Governance & Scrutiny, HTH

The Business Rates Scrutiny Task Group

Final Report

**A Scrutiny Task Group commissioned by the
Overview & Scrutiny Board**

March 2014

Contents

Executive Summary	2
Introduction	3
Terms of Reference and membership	5
Methodology	6
Findings and Conclusions	
<i>The impact of business rates reform</i>	7
<i>The impact of ongoing appeals</i>	8
<i>The business rates system and the valuation methodology</i>	11
<i>Supporting our high streets</i>	14
<i>Planning reform</i>	19
Final conclusions	22
Full list of recommendations	24

Executive Summary

The Business Rates Task Group was established following the reform of the business rates system that took effect in April 2013. The changes to the system were intended to give local authorities a direct stake in local economic development by allowing Councils to retain a portion of the rates they collected. The Task Group therefore also reviewed the work being undertaken by the Council to support the borough's high streets and town centres.

This report presents the findings of the Task Group and argues that the business rate system is no longer fit for purpose as it is based upon a valuation methodology that is capricious and disincentivises high street investment. In the view of this Task Group, the current system creates too many anomalies and distorts a level playing field for retailers. This is because the tax is too heavily linked to individual premises and the rents that particular tenants can negotiate. The Task Group would advocate a locally-consistent banding system that could promote rather than hinder town centre vibrancy. Such a system would also potentially remove the need for the large number of appeals that are still outstanding in Hammersmith & Fulham. The Task Group found that the Council has significant difficulty making financial forecasts when so much of the business rate income it is collecting is still subject to appeal. More needs to be done by the Valuation Office Agency and Government to address this backlog and restore certainty for the Council and local businesses.

Whilst the Task Group believes that reforming the current business rates system is of paramount importance, members also identified a number of actions that Government and the Council can take to help high streets. A significant issue is the increasing clustering of betting and pay day loan shops. As well as having worrying public health implications, betting shops detract investment and harm the perception of an area. Members of the Task Group reached the conclusion therefore that Government should revise the planning legislation to put betting and pay day loan shops into a separate Use Class, and the Council should consider removing the new permitted development rights and developing planning policy to limit shops becoming betting or pay day loan shops. The Task Group also explored the work the Council is currently undertaking to support local businesses. It recommends a bolder approach to empty shops that includes applying a vinyl-wrapping to shops that are vacant for extended periods, even if the owner cannot be identified.

THE BUSINESS RATES SCRUTINY TASK GROUP

Final Report

“I believe that our high streets have reached a crisis point. I believe that unless urgent action is taken much of Britain will lose, irretrievably, something that is fundamental to our society.”

Mary Portas, *The Portas Review*, 2011

“Governments of all stripes have failed to get to grips with the big issues facing our high streets for years. And now in a period of deep decline there is an arms race for new ideas...none of these initiatives are making much impact and there is a frustrating sense of policy being conducted in the margins. The need to grasp the nettle is bigger than ever.”

Bill Grimsey, *The Grimsey Review*, 2013

1. Introduction

- 1.1 On 1st April 2013, changes came into effect that altered how councils collect business rates. London Boroughs now retain 30% of the funds collected through business rates, replacing funding that had previously been received as a Government grant. The intention of the reform was to give local authorities a direct financial incentive to promote economic development. However the reforms also resulted in a significant funding gap for many councils, including Hammersmith & Fulham.
- 1.2 Whilst local authorities are responsible for the collection of business rates, the rates themselves are calculated by the Valuation Office, which is a Government agency. With the funds collected through business rates being a significant portion of the Council's income, it is therefore important that the rates set by the Valuation Office are correct and fair to minimise the potential for appeals by businesses, and any subsequent delays and underpayments.
- 1.3 The issue of the country's high streets has been prominent in recent years, with a number of household retail names such as Woolworths, Jessops, Blockbuster and HMV all going into administration. Alongside the larger retailers, smaller firms are also finding it difficult to survive in a world of changing shopping habits and increasing costs. As a result, the sight of empty shops has become increasingly common in Hammersmith & Fulham and nationally. In September 2013, the Local Data Company reported that in Britain's top 650 shopping destinations, there were 22,339 vacant shops – an overall vacancy rate of 14.1%¹. The UK recession started in 2008 and its effects have been felt since. However London has fared better than many

¹ 'Has planning helped the high street?' in *Planning*, 1st November 2013

parts of the country, which is reflected in the capital's vacancy rate of 7.1% in January 2013, although this still means that there were 3,400 vacant units, which is an estimated 5.4% increase since the beginning of 2010². In Hammersmith & Fulham the overall vacancy rate for high streets is 8.7%, with variances of 12% for Fulham and under 5% for Shepherd's Bush.³

- 1.4 It was in this context that a number of reviews and investigations were instigated, the highest profile being that of the TV personality Mary Portas commissioned by the Government. Portas' recommendations were welcomed but not fully implemented by the Government, and some commentators dismissed them as little more than publicity for a television series. Among those criticising was former retailer Bill Grimsey, who led a small group of industry experts to make alternative proposals. Whilst the diagnoses of the causes and the advocated cures for high street decline varied, it is almost universally recognised that high streets and town centres play a fundamental role in local communities. As highlighted by London Councils, the high street is more than a collection of shops:

*"While nostalgia might form some of the argument for the support and retention of our high streets, there are bigger issues at stake. As generators of employment, a cluster for businesses to trade and a site for different groups in society to meet and mix, high streets are geographically, economically and socially important"*⁴

- 1.5 Many of the recommendations of reviews such as Portas and Grimsey addressed national issues beyond the scope of local authorities. However they also identified ways in which councils could help promote successful town centres. The Overview & Scrutiny Board was concerned that reforms in the business rates and planning rules were not helping local high streets to thrive. The Council had not previously explored the methodology of the business rates system so on 15th July 2013 the Board commissioned the Business Rates Scrutiny Task Group to investigate these issues and to investigate how the Council can help foster healthy and successful high streets in the borough.

² *Open for Business: Empty shops on London's high streets*, London Assembly, March 2013

³ LBHF Performance and Information Group from Local Data Company June 2013

⁴ *Streets Ahead? Putting high streets at the heart of local economic growth*, London Councils, July 2013

2. Terms of Reference and membership

- 2.1 The Task Group set out to investigate how the Council has been affected by the recent reforms to business rates, the performance of the Valuation Office Agency and to explore the Council's powers to promote local economic development and healthy high streets across the Borough. As market traders do not pay business rates, the performance of the Borough's markets was not included in the Task Group's investigations or this report
- 2.2 The Task Group's aims and objectives were as follows:
- i) To understand how the reform of business rates has impacted upon the Council's income;
 - ii) To understand the extent of the impact on the Council's income caused by offices becoming residential properties;
 - iii) To review the performance of the Valuation Office Agency in Hammersmith & Fulham;
 - iv) To consider what initiatives could be implemented to help reduce the number of empty shops in Hammersmith & Fulham;
 - v) To understand the views and experiences of local business owners and retailers; and
 - vi) To contribute to a Council policy to promote vibrant and successful town centres across the Borough.
- 2.3 The membership of the Task Group was:
- Cllr Lucy Ivimy (chair)
 - Cllr Robert Iggulden
 - Cllr Max Schmid

3. Methodology

3.1 The Task Group's work was member-led and it conducted its investigations by inviting a number of witnesses to attend meetings and engage in discussions on the topics detailed in the Terms of Reference. Witnesses included officers from the Council's Finance & Corporate Services, Housing & Regeneration and Transport & Technical Services departments, the Valuation Office Agency (VOA), the Department of Communities & Local Government (DCLG), a development and infrastructure consultancy and the local Business Improvement District (BID).

3.2 The topics discussed at Task Group meetings were as follows:

Meeting one:

- introduction to business rates reform
- an overview of the Council's existing activity to support town centres
- planning policy
- approval of the Task Group's project plan

Meeting two:

- different approaches to high street management
- permitted development and the use of Article 4 directions

Meeting three:

- The Valuation Office Agency
- The Portas Review and The Grimsey Review

Meeting four:

- targeting resources and establishing a hierarchy
- how shopping areas are classified and prioritised by the planning system
- the key issues for the different shopping areas in Hammersmith & Fulham
- case studies of successful high street interventions in Hammersmith & Fulham

Meeting five:

- The DCLG and business rates
- The Hammersmith London Business Improvement District

3.3 Members also received and considered a range of written documentation and research, including the Government-commissioned *The Portas Review*, responses such as *The Grimsey Review*, a study conducted by the Royal Borough of Kensington & Chelsea in 2007 and publications such as the British Retail Consortium's report *Business Rates: The Case for Reform*.

4. Findings and conclusions

The impact of business rates reform

- 4.1 Prior to 2013/14 all business rates income collected by local authorities was paid to Government, which then gave councils grant funding. However since 1st April 2013, London Boroughs now retain 30% of the business rates collected. For 2013/14, the London Borough of Hammersmith & Fulham forecasts that it will collect £164.2million of business rates. Of this, 50% is payable to the Government and 20% to the Greater London Authority (GLA), leaving £49.26million to be retained by the Council. In order to ensure that authorities with a high business rates tax base did not benefit from the new system, a tariff was also introduced. The tariff for Hammersmith & Fulham, payable to the Government, is £2.83million in 2013/14. The net sum to be retained by the Council is thus £46.43m. Under the previous system, the Council could have anticipated receiving £54.03m.
- 4.2 The Government, recognising that the reforms could reduce councils' income, has also introduced a 'safety net' level, which is 92.5% of previous funding levels. For Hammersmith & Fulham the safety net for 2013/14 was set at £49.98m. This means the Council received a safety net payment of £3.55m to protect its income at that level. Under the new system the Government assumes a level of collection for Hammersmith & Fulham that exceeds what is actually expected to be collected, with a gross loss to the Council of £7.60m, for 2013/14, reduced to £4.05m after the income is topped-up to the safety net level.
- 4.3 The Task Group welcomes the reforms allowing councils to retain an element of business rates, however members were concerned and disappointed at the significant loss of income. Despite the safety net payment, in 2013/14 Hammersmith & Fulham was over £4million worse off as a result of the reforms: a very significant sum representing 8% of the Council Tax collected by the authority. This reduction in income has meant that there has had to be reductions in Council spending. The intention of the reform was to give councils a financial incentive to help promote local economic development. However with such a significantly reduced income the capacity of the authority to do so has been restricted. Moreover, Hammersmith & Fulham are so far below the safety net level that it will be some time before any increased business activity would represent higher income for the Council. The resourcing of the Economic Development, Learners & Skills department is discussed elsewhere in this report, but it would appear to the Task Group that funding reductions introduced in 2013 have the potential to undermine the aspirations of the reform.

Recommendations:

- Government should revisit the rate collection estimate that was made for 2013/14 that led to a £4million loss for Hammersmith & Fulham to ensure collection assumptions more closely reflect actual collection rates

4.4 The Secretary of State for Communities and Local Government, Eric Pickles, has during the course of the Task Group's investigations announced packages of support for small businesses. These include a £1,000 discount in business rates in 2014/15 and 2015/16, to be funded by central Government, for retail premises with a rateable value up to £50,000. Under the powers granted by the Localism Act 2011, councils have the power to also introduce discretionary relief schemes, however the costs of discretionary schemes must be funded entirely by the local authority. The Task Group considered whether discretionary relief schemes might be appropriate for Hammersmith & Fulham, but given the £4m loss in income it felt that these could not be delivered without having a detrimental effect on council services elsewhere. Furthermore, relief schemes such as those launched in Brighton & Hove which gave discounts to businesses moving into properties that had been vacant for six months or more, were not judged to be appropriate. The Task Group was of the view that such schemes were unfair to steady businesses and could give an unintended advantage to firms that were more mobile and easier to regularly relocate as they moved from one long-term vacant property to another. Such relief schemes were therefore unlikely to deliver the aim of economic growth and failed to address the systemic issues. The Task Group noted that only around 5% of councils nationally had adopted discretionary relief schemes.

The impact of ongoing appeals

4.5 The Council's loss of income after the business rates reform was further exacerbated by the uncertainty caused by the number of ongoing appeals in the borough. For the business rates scheme to function efficiently, it is imperative to ensure that the rates businesses pay are accurate and up to date. If a business owner is of the view that their rates are not accurate, they can appeal to the Valuation Office Agency (VOA), which investigates the circumstances of the valuation and if agreement cannot be reached with the business, the issue is referred to the Valuation Tribunal. Throughout this process, the business continues to pay its rates at the level originally set by the VOA. If the Tribunal then decides that the rates paid were too high, the business is then entitled to a refund of rates paid, backdated to the valuation date prior to the appeal being submitted (either 1st April 2010 or 1st April 2005). The local authority is therefore required to pay successful appellants sometimes significant amounts of money – for inaccurate valuations it did not make.

4.6 The Task Group noted that the speed and clarity of the appeals process was particularly important for Hammersmith & Fulham. When members met with the VOA, they were informed that as of 31st March 2013 there were still 1,280 outstanding appeals from the 2010 ratings list, with 2,660 appeals resolved. There was also 100 appeals still outstanding from the 2005 list. The VOA could not confirm the value of the outstanding appeals when they attended the Task Group meeting, but Council data as of 31st December 2012 valued the outstanding 2010 appeals as having a total rateable value of £175million, with a further £24million for the 2005 appeals. The Task Group noted that in

some instances, the Council had been required to refund a business up to 30% of the rates it had paid since 2008. On top of the one-off impact on the Council's budget, the appeals could permanently reduce the Council's underlying business rate base and its future income. Long term financial planning is therefore extremely difficult as the Council does not know what appeals will be heard in the forthcoming year. The Bi-Borough Director of Finance noted that in the 2013/14 Budget, the Council anticipated collecting approximately £200million in business rates, but £50million of this was subject to appeal.

- 4.7 The VOA met with Task Group members and explained to them the appeal process and the target timescales for resolution. Once a ratepayer had formally challenged their rateable value, the issue was placed in a holding programme before then being placed in a live programme. The appeal then entered into a four to six week discussion and evidence gathering period. If the ratepayer and the VOA could not reach an agreement at the end of this process, the matter was then referred to the Valuation Tribunal and was no longer under the control of the VOA. The Tribunal's procedures then have a target of reaching an outcome within ten weeks. The VOA acknowledged however that for complex cases resolution was often only reached in nine to ten months, rather than the ten week target. The Task Group noted that prior to the 2013 reform, councils were only informed of appeals once they had been resolved. Members therefore welcomed efforts by the VOA to improve transparency and keep local authorities informed by publishing quarterly lists of new and ongoing appeals. However, it remained a significant concern that the appeals process took so long and that there was such a large number of outstanding appeals, with no apparent penalties for public organisations failing to meet their own targets. Members were also concerned at an apparent lack of clarity with many appeals being settled outside of the Tribunal.

Recommendations:

- The VOA should commit resources and work with the Valuation Tribunal to reduce the time appeals take to resolve in order to give greater clarity to local authorities and ratepayers
- The DCLG should explore whether to introduce a system of financial penalties to compensate ratepayers and local authorities in instances when the VOA and the Valuation Tribunal fail to meet their target timescales for resolving appeals

- 4.8 The Task Group heard that one of the main reasons why there were so many appeals in Hammersmith & Fulham was because of the Westfield shopping centre. Westfield opened in October 2008 and the VOA were required to calculate what a reasonable rent for each store would have been at the previous antecedent valuation date of 1st April 2003 (the antecedent valuation date for the entire 2005 valuation list). Valuation officers therefore based their valuation on evidence such as rents at comparable locations and the building plans. The VOA felt that it did not receive a level of cooperation that it would have expected from the shopping centre's management, with Westfield

appearing reluctant to engage in dialogue or to provide the necessary information. Members of the Task Group also noted that the witnesses from the VOA acknowledged that the VOA did not have a good enough relationship at the time with the Council in its role as local planning authority. Therefore, based on the limited information available, the VOA formed an opinion of the market value of the units at Westfield. Since the valuations were made however, more evidence has become available and it had become apparent that the valuations were not accurate.

- 4.9 As a consequence of the initial valuations at Westfield being inaccurate, the Council had had to refund significant sums of money to the businesses that had been paying more than they should have been for a number of years. Members therefore welcomed the VOA's assertion that the mistakes made had not been repeated when Westfield Stratford was built and that all sides had worked together more openly to allow a more accurate assessment of each unit. However the Task Group remain concerned that the Council and businesses are still experiencing a legacy of uncertainty with so many appeals still outstanding. Of particular concern is the forthcoming extension to Westfield which will include a John Lewis and many other new retail units. The Task Group therefore recommends that the local authority seeks to actively engage with Westfield and the VOA to ensure all necessary information is shared.

Recommendations:

- Council officers should meet with the VOA and Westfield as soon as possible to discuss the ways in which the three partners can work together to share information to ensure the valuations of the new retail units in the Westfield extension are as accurate as possible

- 4.10 The Task Group also discussed the ways in which the Council and the VOA shared information. It heard that the VOA was working on providing as much information as possible to help local authorities forecast their business rate income. However the VOA is restricted by legislation which limits the information it can publish. Section 18 of the Commissioners of Revenue and Customs Act 2005 states that "*Revenue and Customs officials [ie Valuation Officers] may not disclose information which is held by the Revenue and Customs in connection with a function of the Revenue and Customs.*" This means that the VOA is not able to share with local authorities occupier names and other information that could assist the council in billing and rates collection. Valuation Officers are also restricted in what they can share in relation to an appeal when a ratepayer submits additional information. The Task Group can see no justification for this and recommends that Government amends legislation to allow information to be shared which would enable councils to make more accurate business rate collection forecasts. Members also noted and supported the request of the VOA that the Council should share the rent schedules for all properties where it was the landlord. This information would help the VOA make a more accurate assessment of a property's rateable value, and would therefore benefit the ratepayer.

Recommendations:

- The Government should amend legislation to enable the VOA to share all relevant information with local authorities
- The Council should ensure that it shares with the VOA the rent schedules for all properties where it is the landlord

The business rates system and the valuation methodology

- 4.11 Members of the Task Group heard how the current business rates system operates, and noted that retailers often cited the amount they paid as among their biggest challenges. The VOA described how their valuation of a property's rateable value is based on the real-world rents, and not whether these rents were considered 'fair' or not. In this sense, the VOA follow the market rather than drive it. Their approach to valuing properties is outlined in the Local Government Finance Act 1988 (specifically schedule 6). Case law also determines what evidence the VOA used to calculate RV, and which evidence should carry the most weight. For example upward only rent reviews are considered, but only as secondary evidence behind new lettings on or near the antecedent date. With rates being so inextricably linked to an individual premises and a tenant's bargaining power with regard to rent, the Task Group feels that the current business rates system is overly capricious and in breach of the principle of fair taxation that it should be apply equally to all those who pay it.
- 4.12 The witnesses explained that surveyors use the zoning method to determine the value of a property, and that the VOA use it accordingly. Zoning is based on the assumption that the front (ie closest to the street) 20' (6.1m) of a shop is the most valuable (and termed Zone A), with each subsequent 20' being of progressively lower value (Zones B, C etc). The theory is that because Zone A of a shop is closest to the potential customer on the street, it has the potential to generate more income. Therefore once the per square metre value of a shop's Zone A was calculated, this value is halved for the area of the shop in Zone B, halved again for Zone C and so on until any remainder of the shop is calculated as having a value that is 12.5% of Zone A. The values of the Zones was aggregated to create a rateable value for the whole shop. Due to this method, smaller shops that might have their entirety in Zone A paid a higher per square metre rate than larger shops, with more of their floor-space falling into the cheaper Zones. The zoning method is not used for larger shops with a floor-space over 20,000 square feet. The representatives from the VOA therefore asserted that comparing the rateable value per square metre of two premises, even if they were neighbours, was not appropriate.
- 4.13 The Task Group believes however that shop owners are far more likely to compare the rates they pay per total square metre rather than the price per square metre of the shop-floor that is within an arbitrary proximity to the street. In light of changing customer habits, the Task Group also challenges

the assumption that the front 20' of a shop is actually the most valuable. Customer shopping behaviour has evolved and retailers have adopted far more developed methods to encourage spending, such as special offers and promotional signage, than simply placing stock nearer the street. This is evident in most supermarkets where it is low cost fruit and vegetables that first welcome customers, not higher cost alcohol, as research has led to greater understanding of customer habits and preferences. The Task Group recognise that the VOA use the zoning method of valuation because it is the preferred method of surveyors, but its use now seems archaic. In this sense the Task Group agrees with the view expressed by the British Retail Consortium (BRC), which identifies that the business rates system has failed to keep up with the changing trading patterns, particularly ecommerce. With the tax being based on property, the BRC explain

“the system for business rates is no longer fit for purpose because it disincentivises expansion and investment in property and creates an upwardly spiralling burden of costs for those in physical premises.”⁵

The system therefore encourages more businesses to invest in internet-based activity, to the detriment of our high streets.

- 4.14 It is the view of the Task Group that the zoning method and the direct linking of business rates to rents is not only out-dated, but is also unfair and punitive to small businesses, aggravating the competitive advantages held by larger retailers. The VOA's valuations are based upon assumptions made regarding the rent that a property could reasonably expect to attract at a given time. Therefore two neighbouring properties of different sizes are unlikely to be paying the same amount. For example the VOA would assess the likely rent to be paid by a small shop on King Street in Hammersmith by considering the local rental market and what rent the shop could expect to attract. For a shop of this size, there might be many potential tenants, which would mean that a landlord could demand a higher rent, which would in turn mean that the shop's rateable value was higher. However a much larger shop next door might have a much lower number of potential tenants as there were only a few retailers that could expect to fill such a large space. As a result, the larger shop pays a lower rent per square metre, and so has lower business rates per square metre. This trend is further driven by the offer of very low rents per square metre to large brands that act as 'anchor tenants' on high streets and in retail developments. The Task Group believes therefore that the system of linking commercial taxation to rents in this way replicates and amplifies the advantage that larger business already have over smaller ones.
- 4.15 The system creates too many anomalies where neighbouring businesses pay such differing levels of business rates, and these are detrimental to the high street. By linking business rates to rental levels, the system also creates anomalies whereby profitable and successful businesses pay less rates than some less successful ones, just because they pay less rent. Members note for example the Centrica power plant in Peterborough that at a 2011 Tribunal hearing had its business rates slashed to just £1 dating back to 2005. Whilst

⁵ *Business Rates: The Road to Reform*, British Retail Consortium, February 2014

this case is being appealed by the VOA, it illustrates the outdated notion of rent-based valuations. The variation in rates paid by businesses in the same locality is illustrated in the table below, which presents the business rates paid by a number of retailers in the Kings Mall and Kings Street in Hammersmith. By making the smaller shops pay more per square metre, the system fails to offer them the support they need to develop and help drive local economic growth. Relief schemes such as those announced by the Chancellor in the Autumn Budget Statement offer welcome but relatively very minor support to small businesses, and this Task Group has reached the conclusion that a more substantial reform of the business rates system is required if they are to be truly supported.

Retailer	Business Rates valuation per square metre
Primark, Kings Mall	£46
Sainsbury's, Kings Mall	£200
Carphone Warehouse, Kings Mall	£1,100
Clinton Cards, Kings Mall	£1,100
River Island, Kings Mall	£1,250
TK Maxx, King Street	£62

- 4.16 It is the view of the Task Group that the valuation methodology used by the business rates system needs significant reform. Commercial taxation should help promote economic growth not limit it, and there needs to be a level playing field that does not disadvantage small businesses. The Task Group suggests that a more suitable form of taxation should be based on a system of local banding where instead of every property being individually valued, properties should be categorised with all properties within the same locality and category paying the same price per square metre. The business rates payable would therefore be calculated by a set price per square metre, multiplied according to the level set by the local banding system (eg major town centre or satellite parade) and then by the category of shop (eg food or hardware retailer). This system would still retain the broader link between overall rents and rates to recognise significant regional disparities in the value of retail space. However, unlike the existing system, under such a new system two neighbouring or nearby shops could expect to pay a comparable amount per square metre and the anomalies noted above would be significantly reduced. Members also believe that such a system would help to remove the uncertainty created by the current appeals system as the tax would be far more transparent and less contestable. A simpler band-based system would be easier and quicker to administer, and therefore cheaper, as well as having the potential to have significantly fewer appeals. The Task Group notes that such a proposal conforms with the BRC's fourth option as described in its publication *Business Rates: The Road to Reform* and recommends that Government explore this issue further. On 13th February 2014, the

Government announced the terms of reference for its review of business rates administration. This Task Group is of the view that the review should focus not just on administration of the system, but on the system in its entirety as it is not currently fit for purpose.

Recommendations:

- Present valuation methods are capricious and breach the principles of fair taxation, therefore the Government's business rates administration review should expand its terms of reference to consider the basis of the business rates system rather than just its administration
- Government should explore with the British Retail Consortium the feasibility of adopting a business rates system based on a local banding system with a view to removing current anomalies that harm small businesses

Supporting our high streets

4.17 The 2013 reform of business rates was designed to give local authorities an incentive to support local economic growth by allowing them to retain a portion of the income collected from businesses. The Task Group welcomes this reform but remains concerned at the funding shortfall this has created. Despite the Council now receiving £4million less, members were pleased to note the wide range of work currently being undertaken to help support local businesses. The Council's Economic Development, Learning & Skills department currently has a small Business Investment team of three officers who support borough-wide business engagement. Recent key achievements include:

- Delivery of a number of small business-facing initiatives, such as the H&F Business Desk (a one-stop portal for support); H&F Enterprise Club (a monthly entrepreneurs event); Business Connects (a quarterly e-newsletter); H&F Means Business (an annual networking exposition)
- 1,085 SMEs positively advised and supported through Business Desk
- 800 SMEs registered for two major networking events
- 60 SMEs prepared for intensive procurement coaching under a new supply-chain initiative
- 28 large businesses buying advertising in the Business Directory, making the publication free to SMEs

The Task Group supports the work currently undertaken by the Business Investment team, but believes that the Council should take steps to make businesses more aware of what it is spending the income from business rates on despite the reduced funding levels. Suggestions for Council activity should also be sought to ensure resources are directed to where businesses want them. Having recognised the significant stresses faced by small retailers, in part due to the anomalies in the business rates system, the Task Group recommends that these businesses are prioritised by the Council in the support it gives.

Recommendations:

- The Council should make it clearer to businesses what it is and has been spending business rate income on and seek suggestions for further activity from businesses
- The Council should prioritise the support provided by the Economic Development, Learning and Skills Department to local businesses, particularly small retailers

- 4.18 An issue or particular concern for the Task Group was the number of vacant shops in the borough. Whilst it was noted that Hammersmith & Fulham has a lower vacancy rate than many other parts of London and the country, members felt that the Council could do more to reduce vacancy rates further, particularly in those areas such as North End Road with high and worsening levels of vacancies. The presence of an empty shop can have a wider impact on the surrounding area as it creates an image of decline and neglect, which is magnified when other shops nearby are also vacant. Those living and working in the area can therefore have a loss of pride, which creates a self-perpetuating spiral of further decline. The more empty units in a high street, the lower the customer footfall, which also makes it harder for other shops to survive. The Task Group heard how applying a vinyl-wrap to the front of the shop had proven effective in West Kensington and other parts of the country. The vinyl improved the image of the area by dispelling notions of neglect and also advertised the opportunity that the empty shop presented, creating an overall perception of a successful and vibrant area.
- 4.19 Members noted the efforts made by the Business Investment team to locate the landlords to obtain permission to apply the vinyl-wrapping, but were concerned at how time consuming and resource intensive the process was, particularly in light of the limited resources available. Many landlords and shop owners are almost impossible to identify as they often list their address only as being at that shop, and were content to keep the property vacant for a number of years. Some also fail to pay business rates. As a result the Council has a number of properties where it would like to apply vinyl-wrapping, but it has not been able to seek permission to do so. The Task Group therefore recommends that the Council adopts the approach taken by authorities such as Wandsworth, whereby shops that have been vacant for an extended period and the owner cannot be identified, are vinyl-wrapped without the owner's consent. Should the owner then make themselves known, a discussion could then take place as to whether the wrapping should be removed by the Council or left in place until a new tenant is identified.
- 4.20 Whilst having a clear benefit to the borough's high streets, adopting a policy of vinyl-wrapping vacant shops will also have a budgetary implication for the Council. The Task Group therefore discussed the concept of the vinyl-wrapping including an element of commercial advertising that could be sold to cover the costs of the scheme. Such adverts would also represent a commitment from businesses in the area that they supported the high street

and had a stake in its success. Officers have advised that, in accordance with national planning legislation, any vinyl with an element of advertising would require planning permission. If the council wished to remove the legal requirement for planning applications for such development, it could introduce Local Development Orders (LDOs) to 'automatically' grant planning permission for certain specified types of development in certain areas, although the costs and benefits of introducing such LDOs would have to be considered. Members also reached the conclusion that the Council should designate an Empty Shops Officer to be responsible for locating owners of vacant shops, arranging for the vinyl-wrapping and identifying opportunities for advertising to cover the costs.

Recommendations:

- The Council should adopt a policy of vinyl-wrapping shops that have been vacant for an extended period where the owner cannot be identified, without asking for consent from the owner, and undertake this in accordance with planning legislation
- The Council should designate an Empty Shops Officer to coordinate the efforts to fill vacant shops

4.21 The Task Group met with a local development and infrastructure consultant and noted his analysis that ultimately, town centres across the country had too much retail space due to macro-economic changes such as the growth of internet retail and the drift towards out-of-town centres. This view is prevalent in the publications reviewed by the members, such as the London Assembly's *Open for Business* report. The report notes that long-term trends of reductions in shop numbers have been exacerbated by recent economic conditions and that "there is a process of consolidation and shrinkage taking place in many high streets as a result of structural economic factors, and this is likely to continue"⁶.

4.22 Members also noted that constrained public sector funding and a fragmented ownership model that inhibited development or investment were significant obstacles for healthy town centres. The Task Group heard how an asset management rather than facilities management approach could be one way of overcoming this. If all of the building assets were under a single core control with investment actions plans and targeted interventions as part of a curatorial approach, there could be active management with a single cohesive strategy rather than passive investment by a multitude of investors with short-term aspirations. Such a model had proven to be successful in Regent Street, Covent Garden and Carnaby Street, and was to some extent also evident at shopping centres such as Westfield where the centre management is able to create a preferred offer of certain shops and restaurants. Town centre high streets however are not under single ownership and local authorities are unlikely to have the funding to purchase the majority of units that would allow

⁶ *Open for Business: Empty Shops on London's High Streets*, The London Assembly, March 2013

it to become the town's 'curator'. It is also an issue of debate as to whether it is a local authority's role to take such an active role in the market.

- 4.23 In light of the trend for declining shop numbers and the obstacles facing high streets, the Task Group recommends that the Council takes steps to ensure its limited resources are allocated as efficiently as possible. The Economic Development, Learners & Skills department does not have the resources to support all 29 of the borough's shopping areas, so the areas should be prioritised so that Council resources can have the maximum impact. The Task Group considered an initial assessment of the 29 shopping areas based on factors such as community and consumer demand, the importance to the local economy and the 'look and feel' of the area (ie issues relating to anti-social behaviour or graffiti). The potential for a curatorial approach on a smaller scale due to existing Council ownership was also considered. Using this assessment, members support a three-part classification of the centres for the purposes of prioritising EDLS interventions and actions:

- Top priority: North End Road
Bloemfontein Road
- Second priority: areas for additional small scale initiatives; e.g. tackling empty shops, small planning changes, encouragement of local trading associations
- Third priority: already prosperous and successful areas – monitoring success

- 4.24 North End Road and Bloemfontein Road should be the Council's top priority because they represent the areas where Council resources can yield the best results. North End Road currently has a high number of vacancies in an area of that provides an important offer of more specialist independent shops. Bloemfontein Road should be included as a priority area because it is wholly owned by the Council's Housing Revenue Account. Therefore the area offers the Council an opportunity to adopt a curatorial approach to improve the area and attract a better mix of tenants to the shopping parade. In its management of the area, the Council should ensure it consults with local residents on the White City Estate and other surrounding residential areas to establish community demand and then take active steps to deliver an environment that meets that demand. Should the approach prove successful, the Council should then consider how it could be applied to other areas and share its success with other authorities. Across shopping areas of all priorities, the Council should also continue its policy of installing 'stop and shop' short term parking bays where possible.

Recommendations:

- The Council should undertake an exercise to prioritise the borough's 29 shopping areas to ensure resources are utilised as effectively as possible
- The Council should adopt a curatorial approach to Bloemfontein Road to attract a suitable mix of tenants to the shopping parade that serve local demand on the White City Estate and other nearby residential areas

4.25 The Task Group also met with the HammersmithLondon Business Improvement District (BID) to discuss the perspective of the BID's members. Businesses in Hammersmith town centre pay a levy to the BID of an average of 1% of their business rates to fund a series of programmes and events, additional Police and street cleansing as well as initiatives such as Christmas decorations and lights. The majority of the BID's membership is drawn from the office sector, with employers keen to provide as pleasant an atmosphere as possible for its employees in order to attract and retain them. The Task Group noted the initial findings of the BID's mid-term review which canvassed the views of its members:

- 82% think that the street cleaning in the area is good or excellent
- 91% think that the hanging baskets are excellent
- 87% feel safe

It is clear to the Task Group therefore that the HammersmithLondon BID should be commended for its considerable success at promoting the area as a good environment to work in.

4.26 Members were particularly interested to learn from the BID that the office-based employers felt that it was in their interest for the high street and town centre to be as successful and vibrant as possible. By having a pleasant and attractive environment in which to go to work, employers are more likely to recruit the best staff and to retain them. The health of the borough's high streets are therefore not just important for the local retail economy, but also as a means of attracting and retaining wider investment in Hammersmith & Fulham. The Task Group is therefore conscious of other findings from the BID's mid-term review, namely:

- 45% think Hammersmith needs better shops
- 31% want more restaurants
- Whilst 87% feel safe, the majority of the 13% who do not work in in the leisure industry, suggesting an issue with evening safety

It is therefore the view of the Task Group that the Council should acknowledge the value of restaurants and leisure premises in Hammersmith and explore adopting a policy that, where possible, preference is given to vacant shops in major centres being converted into use class A3 (restaurants and cafes) if they are to cease to be A1 (shops). Recognising that encouraging an evening economy can have an impact on crime and disorder in the vicinity, the Task Group believes that the Council should assess evening safety in the town centres to ascertain whether increased provision is necessary.

Recommendations:

- The Council should adopt a policy that recognises the value of restaurants and the leisure offer in Hammersmith and encourage increased provision, and assess evening safety in the town centres

Planning reform

- 4.27 In May 2013, the GPDO Amendment 2013⁷ came into force. This had the effect of altering the established Use Classes Order by allowing certain premises of use classes A1 (Shops); A2 Financial and Professional Services; A3 (Restaurants and cafes); A4 (Drinking Establishments); A5 Hot Food Takeaways; B1 (Business); D1 (Non-Residential Institutions); or D2 (Assembly and Leisure) to convert into 'flexible' high street uses (A1; A2; A3; B1) for up to two years without a need to apply for planning permission from the local authority (although the authority would need to be notified of the change). This is significant because this allows change of use from the above use classes to A2 use class (which includes betting shops and payday loan shops) without requiring permission. A number of authorities lobbied against this amendment and sought instead to place betting and payday loan shops into a distinct category of their own, but the Government view was that councils had the power to issue an Article 4 directions. Article 4 of the Town and Country Planning (General Permitted Development) Order 1995 enables local planning authorities to restrict permitted development rights in its area or part of its area. Therefore if a planning authority issued an Article 4 direction, the provisions of the GPDO Amendment 2013 that allowed the use classes above to become betting or payday loan shops, would not apply.
- 4.28 The change in permitted development rights is of significant concern for the Task Group with a substantial increase in the number of betting shops in particular being clearly apparent in the borough's town centres. A reason for this is that betting shops are limited by law to no more than four Fixed Odds Betting Terminals (FOBTs) per branch, and that these terminals have extremely high profit margins. In order to circumvent the four FOBT limit, the company will open another branch in close proximity, such is the profitability of the FOBTs. There is some debate over whether or not a proliferation of betting shops is actually bad for the health of high streets. For example the chair of the Association of British Bookmakers highlighted that the average betting shop pays around £10,000 in business rates which councils cannot afford to turn away, and that ultimately bookmakers exist because there is a public demand for their services⁸. However, as Hammersmith & Fulham is four million pounds below the Business Rates safety net level, this argument does not apply to the borough.
- 4.29 There remains a prevailing opinion that a proliferation or clustering of betting shops is detrimental to the high street by negatively impacting upon the streetscene and people's perception of an area and by creating wider problems such as gambling addiction. Research by the Campaign for Fairer Gambling has also found that the FOBTs are the most addictive form of

⁷ The Town and Country Planning (General Permitted Development) (Amendment) (England) Order 2013

⁸ 'Betting shops are not the cause of high street problems, they are the solution' by Neil Goulden in *The Guardian*, 8th July 2013

gambling⁹ and that betting companies are clustering their shops in areas of high footfall to attract as much custom as possible. This is then contributing to higher rents as landlords seek the maximum return on their investment, but the rest of the high street suffers. As a result, the overall high street environment highlighted as critical by the Hammersmith London BID is not realised, and retailers suffer in surrounding shops. North End Road is an example of this, where large clusters of betting shops and payday lenders are surrounded by the borough's highest rates of vacancies. The Task Group is of the view therefore that whilst the Council might prefer a betting shop over an empty property, the wider negative effects of that betting shop outweigh the financial benefits.

- 4.30 It is clear to the Task Group that betting shops and payday loan shops should be in a Use Class of their own and that permitted development rights allowing shops or restaurants to convert without permission should be removed, and it calls on Government to amend the necessary legislation accordingly. The borough's retail and leisure offer cannot improve or revive if there are too many betting shops as they create a negative image of an area. The Task Group also notes from its investigations that many retailers considering moving to an area would decide not rent a shop if it were in the vicinity of a betting shop or payday lender. Members of the Task Group believe that as well as lobbying Government to amend the permitted development rights, the Council should also consider the use of an Article 4 direction and develop planning policy to restrict the concentration of betting and payday loan shops.

Recommendations:

- The Government should revise the necessary legislation to make betting shops and payday loan shops a separate and distinct Use Class and remove permitted development rights to that Use Class
- The Council should recognise the harmful effect of too many betting shops on the borough's high streets and look at the use of an Article 4 direction to remove permitted development rights and develop planning policy to restrict the concentration of betting and payday loan shops

- 4.31 The GPDO Amendment 2013 also changed the permitted development rights to allow change of use from Use Class B1(a) (office) to C3 (residential) and the more recent GPDO Amendment 2014¹⁰ allows permitted development from A1 (shops) and A2 (financial and professional services) to C3 (residential) without the need for planning permission (subject to a number of detailed caveats). Allowing office space and shops to convert into residential without planning permission makes it difficult for councils to plan effectively and to manage the transition. Local authorities generally receive less income from a property paying Council Tax than they would from the same property

⁹ *Betting shops are a growing problem, so let's work together to solve it* by the Campaign for Fairer Gambling, published by the LGiU 20th September 2013

¹⁰ The Town and Country Planning (General Permitted Development) (Amendment and Consequential Provisions) (England) Order 2014

paying business rates. However the Task Group acknowledges that there is an ongoing pattern of declining shop numbers and decreasing customer demand for physical retailers as discussed earlier in this report. The Council should foremost promote the interests of local businesses and work with them to make shopping areas attractive so that the decline in demand for retail space in Hammersmith & Fulham is less in relative terms than in other parts of the country. If there is a reduction in demand for retail space, the Council should develop planning policy to ensure any reduction in the number of shops in the borough occurs in a managed way that does not impair the retail space that remains. In a borough such as Hammersmith & Fulham where residential values are high, there is a clear motivation for landlords to get maximum profit by converting even viable office or shop space into residential use. However to allow this to happen without controls would undermine the vitality of the high streets: the less commercial an area becomes, the lower the footfall, making the remaining businesses less viable.

- 4.32 The Council's Development Management Local Plan approved in July 2013 details the percentage of retail frontage that should be preserved in the different town centres across the borough. However the Task Group believes that the Development Management Local Plan should recognise that the continuity of shopping parades needs to be preserved to retain identity and to avoid fragmentation. It therefore supports an approach similar to that adopted in Plymouth where retail area was only contracted from the edges inwards, reducing the number of shops but retaining the continuity¹¹. Therefore it is recommended that the Council explores adopting a policy that allows for a reduction in the number of shops only by shrinking the areas designated as retail centres, rather than allowing a set number of conversions dispersed throughout. Such an approach would allow for each shopping area to be considered individually with boundaries set with consideration to each area's social function as well as commercial. In this context, the Council should also no longer apply blanket percentages of retail area it is prepared to lose to residential uses in high streets and parades. It should instead prioritise areas according to their importance to the Borough economy and allow no or less shrinkage in those areas of greater importance. The Task Group is also of the view that the Council should ensure that there are no obstacles to retail premises being converted or used for workshops doing light industrial work.

Recommendations:

- The Council should consider adopting planning policy that allows retail to residential conversions in the borough's town centres by contracting the areas designated as protected retail frontages from the edges inwards, thus protecting the continuity of high streets and shopping parades. The amount of shrinkage permitted should be determined by the importance of the location to the local economy and should therefore vary by street and parade.

¹¹ 'Has planning helped the high street?' in *Planning*, 1st November 2013

5. Final conclusions

5.1 The Business Rates Scrutiny Task Group has investigated the impact of business rates reform and support for local high streets in depth. The overriding conclusion reached is that the current system of business rates is not fit for purpose. It disincentivises physical investment in our town centres and reinforces the disadvantages that smaller retailers experience when compared to larger chains. By linking business rates directly to market rents, there are too many anomalies created, such as the £1,250 per square metre valuation of River Island in Hammersmith and the £62 per square metre for TK Maxx across the road. There are a number of ways in which the current system could be improved, such as reform of the appeal system to remove the uncertainty and punitive effects caused by inaccurate valuations or relief schemes for small businesses, but such improvements would fail to address the in-built systemic problems. The Task Group is therefore disappointed that the Government's current review of business rates will only consider the administration of the system. By not conducting a far-reaching review of business rates in their entirety, the Government is missing an opportunity to help high streets and town centres across the country, and this Task Group urges it to reconsider the terms of reference of its review.

5.2 The Task Group began its investigations with six aims and objectives, and its findings are as follows:

i) To understand how the reform of business rates has impacted upon the Council's income

The business rates reform introduced in April 2013 has resulted in the Council losing £7.6million in income. The Government also introduced a top-up payment to a safety-net level, but the Council has still experienced a £4.05million reduction in income as a consequence of the reform. Despite the intention to give councils an incentive to promote local economic development, the reforms have restricted the capacity of local authorities to do so by reducing funding by so much.

ii) To understand the extent of the impact on the Council's income caused by offices becoming residential properties

The Council receives less income from a property paying Council Tax than it would the same property paying business rates. The Task Group believes that how the transition from commercial to residential is managed is more significant than the impact on Council income.

iii) To review the performance of the Valuation Office Agency in Hammersmith & Fulham

The Task Group is concerned at the large number of outstanding appeals and the time it is taking for the appeals to be resolved. It recognises that the Valuation Tribunal is now responsible for many of these appeals, but feels that more needs to be done to expedite the process. Members welcome the recent efforts made by the VOA to be more open in their work and to share more information with the Council. However the Task Group also believes that

the performance of the VOA is hindered by the requirement that it use an out-dated and inefficient valuation methodology.

iv) To consider what initiatives could be implemented to help reduce the number of empty shops in Hammersmith & Fulham

Regardless of the extent to which the business rates system can be reformed, it is also apparent that the Council can take actions that will help the borough's high streets. Hammersmith & Fulham might be in a more robust economic position than many areas nationally and across London, but more can be done. The Council has a proven track record of supporting local businesses but it should be bolder in its action by vinyl-wrapping long-term vacant shops rather than be preoccupied with the low chances of legal action from absent landlords.

v) To understand the views and experiences of local business owners and retailers

It is clear to the Task Group that local business owners have a number of concerns, with the costs of rent and business rates being significant ones. Members share these concerns, particularly regarding the unequal costs per square metre of rates paid. The Task Group welcomes the positive impact of the Hammersmith London Business Improvement District and groups such as Love West Ken and recognises the importance of the wider perception of an area for continual success and vitality.

vi) To contribute to a Council policy to promote vibrant and successful town centres across the Borough

Hammersmith & Fulham has town centres and high streets that its residents can be proud of, but they need to be protected. The Task Group therefore believes that policies should be adopted that limit the increase and concentration of shops such as betting and payday loan shops that are at odds with the image of an area of success and vibrancy.

6. Full list of recommendations

6.1 The Task Group makes the following recommendations to **the Council**:

- i) Council officers should meet with the VOA and Westfield as soon as possible to discuss the ways in which the three partners can work together to share information to ensure the valuations of the new retail units in the Westfield extension are as accurate as possible
- ii) The Council should ensure that it shares with the VOA the rent schedules for all properties where it is the landlord
- iii) The Council should make it clearer to businesses what it is and has been spending business rate income on and seek suggestions for further activity from businesses
- iv) The Council should prioritise the support provided by the Economic Development, Learning and Skills Department to local businesses, particularly small retailers
- v) The Council should adopt a policy of vinyl-wrapping shops that have been vacant for an extended period where the owner cannot be identified, without asking for consent from the owner, and undertake this in accordance with planning legislation
- vi) The Council should designate an Empty Shops Officer to coordinate the efforts to fill vacant shops
- vii) The Council should undertake an exercise to prioritise the borough's 29 shopping areas to ensure resources are utilised as effectively as possible
- viii) The Council should adopt a curatorial approach to Bloemfontein Road to attract a suitable mix of tenants to the shopping parade that serve local demand on the White City Estate and other nearby residential areas
- ix) The Council should adopt a policy that recognises the value of restaurants and the leisure offer in Hammersmith and encourage increased provision, and assess evening safety in the town centres
- x) The Council should recognise the harmful effect of too many betting shops on the borough's high streets and look at the use of an Article 4 direction to remove permitted development rights and develop planning policy to restrict the concentration of betting and payday loan shops
- xi) The Council should consider adopting planning policy that allows retail to residential conversions in the borough's town centres by contracting the areas designated as protected retail frontages from the edges inwards, thus protecting the continuity of high streets and shopping parades. The amount of shrinkage permitted should be determined by the importance of the location to the local economy and should therefore vary by street and parade

6.2 The Task Group makes the following recommendations to **Government**:

- xii) Government should revisit the rate collection estimate that was made for 2013/14 that led to a £4million loss for Hammersmith & Fulham to ensure collection assumptions more closely reflect actual collection rates
- xiii) The DCLG should explore whether to introduce a system of financial penalties to compensate ratepayers and local authorities in instances when the VOA and the Valuation Tribunal fail to meet their target timescales for resolving appeals
- xiv) The Government should amend legislation to enable the VOA to share all relevant information with local authorities
- xv) Present valuation methods are capricious and breach the principles of fair taxation, therefore the Government's business rates administration review should expand its terms of reference to consider the basis of the business rates system rather than just its administration
- xvi) Government should explore with the British Retail Consortium the feasibility of adopting a business rates system based on a local banding system with a view to removing current anomalies that harm small businesses
- xvii) The Government should revise the necessary legislation to make betting shops and payday loan shops a separate and distinct Use Class and remove permitted development rights to that Use Class


6.3 The Task Group makes the following recommendations to the **Valuation Office Agency**:

- xviii) The VOA should commit resources and work with the Valuation Tribunal to reduce the time appeals take to resolve in order to give greater clarity to local authorities and ratepayers

Recommendation i) is also made to the VOA:

- i) Council officers should meet with the VOA and Westfield as soon as possible to discuss the ways in which the three partners can work together to share information to ensure the valuations of the new retail units in the Westfield extension are as accurate as possible

Agenda Item 9

	London Borough of Hammersmith & Fulham OVERVIEW AND SCRUTINY BOARD 8th April 2014
WORK PROGRAMME	
Report of the Scrutiny Manager	
Report Status; Open	
For Scrutiny Review & Comment Key Decision: No	
Wards Affected: All	
Accountable Executive Director: Jane West, Executive Director of Finance and Corporate Services	
Report Author: Craig Bowdery, Scrutiny Manager	Contact Details: Tel: 0208 753 2278 E-mail: craig.bowdery@lbhf.gov.uk

1. Executive Summary

- 1.1 The Board is asked to review its work for the current municipal year and to consider items to be placed on the Work Programme for 2014/15. Details of forthcoming Key Decisions which are due to be taken by the Cabinet are provided in order to enable the Board to identify those items where it may wish to request reports.

2. Recommendation

- 2.1 That the Board reviews its work and considers items for inclusion on the 2014/15 Work Programme and topics for Task Groups.

3. Work Programme

- 3.1 The Board's work programme for the current municipal year is set out at Appendix 1. The list of items was drawn up in consultation with the Chairman, having regard to previous decisions of this Committee, relevant items within the Key Decisions List (previously entitled the Forward Plan) and actions and suggestions arising from previous meetings.
- 3.2 The Board is requested to consider which items were effectively scrutinised in the past year, and whether any of these items require

further scrutiny in 2014/15. Members are also asked to suggest possible items to be considered as time limited Task Groups.

3.3 The Centre for Public Scrutiny (CfPS) has identified four key principles that underpin effective scrutiny, which members might wish to consider when suggesting items for the Work Programme and topics for Task Groups:

- i) Effective Scrutiny should be a ‘critical friend’ to executives, external authorities and agencies. It should challenge policy development and decision making in a robust, constructive and purposeful way while developing a partnership with external agencies and authorities.
- ii) Effective Scrutiny should reflect the voice and concerns of the public and its communities. It should ensure an ongoing dialogue with the public and diverse communities where the public voice is heard and responded to. It should have open and transparent processes with public access to information.
- iii) Effective Scrutiny should take the lead and own the Scrutiny process on behalf of the public. It should be independent from the executive, legitimated by the Council and should have adequate public representation and political balance that is representative of the current political groups involved.
- iv) Effective Scrutiny should make an impact on the delivery of public services. It should promote community well-being and improve the quality of life, providing co-ordinated and strategic reviews of policy and performance in line with strategic objectives.

4. Future Key Decisions

4.1 Attached at Appendix 2 to this report is the Key Decision List showing the decisions to be taken by the Executive at the Cabinet, including Key Decisions within the relevant Cabinet Members portfolio areas which will be open to scrutiny by the Board should Members wish to include them within the work programme.

LOCAL GOVERNMENT ACT 2000 LIST OF BACKGROUND PAPERS

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

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. 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 7 APRIL 2014 AND AT FUTURE CABINET MEETINGS UNTIL JULY 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 (i.e. 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*

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) 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

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

Key Decisions List No. 18 (published 7 March 2014)

KEY DECISIONS LIST - CABINET ON 7 APRIL 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>
7 April				
Cabinet	7 Apr 2014	<p>Disposal of 17-31 and 5 Carnwath Road to Thames Water</p> <p>To seek Cabinet approval to enter into a conditional contract to dispose to Carnwath Road Industrial Estate to Thames Water only on the condition that Thames Water secures a Development Consent order (DCO) for the Super Sewer and is granted powers to acquire the site under CPO. This does not affect the Council's right to object to the Thames Water application, but supports the Council's fiduciary duty in obtaining best consideration for the land.</p> <p>PART OPEN</p> <p>PART PRIVATE 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): Sands End	

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Cabinet	7 Apr 2014	Schools Organisation and Investment Strategy 2014 To approve the updated Schools Organisation Strategy.	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): All Wards	
	Contact officer: Ian Heggs Tel: 020 7745 6458 ian.heggs@lbhf.gov.uk			
Cabinet	7 Apr 2014	Special Guardianship Allowance Policy To agree a revised policy for allowances to carers.	Cabinet Member for Children's 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	
	Contact officer: Andrew Christie Tel: 020 7361 2300 andrew.christie@lbhf.gov.uk			
Cabinet	7 Apr 2014	Depot welfare facilities - Hammersmith Park : refurbishment of the existing Quadron welfare block for occupation by the Quadron and Serco grounds maintenance teams Refurbishment of the existing Quadron Welfare Block for occupation by the Quadron and Serco Grounds Maintenance Teams. PART OPEN PART PRIVATE 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	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): Shepherds Bush Green	
	Contact officer: Mike Cosgrave Tel: 020 8753 4849 mike.cosgrave@lbhf.gov.uk			

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		of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.		
Cabinet	7 Apr 2014	Approval of the 2014/15 Highways Maintenance Work Programme	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	Report on carriageway and footway maintenance programme for 2014/2015.	Ward(s): All Wards	
Contact officer: Ian Hawthorn Tel: 020 8753 3058 ian.hawthorn@lbhf.gov.uk				
Cabinet	7 Apr 2014	Business Intelligence Business case setting out the recommended option to establish a Tri-borough business intelligence service.	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	PART OPEN PART PRIVATE 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.	Ward(s): All Wards	
Contact officer: Jane West Tel: 0208 753 1900 jane.west@lbhf.gov.uk				
Cabinet	7 Apr 2014	Corporate Revenue budget 2013/14 - month 10 amendments	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
	Reason: Affects 2 or more wards	Report on the projected outturn for both the General Fund and the Housing Revenue Account for 2013_14.	Ward(s): All Wards	

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			Contact officer: Jane West Tel: 0208 753 1900 jane.west@lbhf.gov.uk	documentation and / or background papers to be considered.
Cabinet	7 Apr 2014 Reason: Expenditure more than £100,000	Permission to tender for a bi-borough Parking Management Information System Seeking authority to go out to tender under OJEU rules for a shared Parking Management Information System between RBKC and H&F. PART OPEN PART PRIVATE 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 Ward(s): All Wards Contact officer: Matt Caswell Tel: 020 8753 2708 Matt.Caswell@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	7 Apr 2014 Reason: Affects 2 or more wards	HRA Housing Capital Programme 2014/15 to 2016/17 This report provides specific details of the proposed 2014/15 housing capital programme and proposes budget envelopes for the following two years	Cabinet Member for Housing Ward(s): All Wards Contact officer: Stephen Kirrage Tel: 020 8753 6374 stephen.kirrage@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	7 Apr 2014	Contract for Cash in Transit and Cash Processing Services Contract for cash and valuables in	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

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)
	Reason: Expenditure more than £100,000	<p>transit services for specified sites within and outside of the borough. The Contractor will also be required to process and deposit the cash collected and act as a transit service between the Council and their bankers for the deposit of cheques and postal orders.</p> <p>PART OPEN</p> <p>PART PRIVATE 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>Ward(s): All Wards</p> <p>Contact officer: Sue Evans Tel: 020 8753 1852 Sue.Evans@lbhf.gov.uk</p>	the meeting and will include details of any supporting documentation and / or background papers to be considered.
Cabinet	7 Apr 2014 Reason: Expenditure more than £100,000	<p>Better Care Fund 2014-2016 Final Plan Submission</p> <p>The Council is required to submit to the Department of Health a plan for the use of Better Care Funding for integration of health and social care for the period 2014 - 2016.</p>	<p>Cabinet Member for Community Care</p> <p>Ward(s): All Wards</p> <p>Contact officer: Cath Attlee, David Evans Cath.Attlee@inwl.nhs.uk, david.evans@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	7 Apr 2014 Reason: Expenditure more than £100,000	<p>Developing Tri-borough Corporate Services</p> <p>A proposal and business case for a re-organisation of Tri-borough Corporate Services to drive efficiency savings and simplify corporate support arrangements for Tri, Bi and Single Borough services.</p>	<p>Leader of the Council (+Regeneration, Asset Management and IT)</p> <p>Ward(s): All Wards</p> <p>Contact officer: Jane West, Andrew Richards Tel: 0208 753 1900, Tel:</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

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>)
			020 8753 5989 jane.west@lbhf.gov.uk, andrew.richards@lbhf.gov.uk	considered.
Cabinet	7 Apr 2014 Reason: Affects 2 or more wards	Participation of Pension Fund in London Councils Collective Investment Vehicle London Councils are in the process of setting up a collective investment vehicle in which all London boroughs will be able to invest a portion of their pension fund assets in order to reduce costs. Cabinet is asked to approve LBHF's participation in this collective investment vehicle.	Leader of the Council (+Regeneration, Asset Management and IT) Ward(s): All Wards Contact officer: Halfield Jackman Halfield.Jackman@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	7 Apr 2014 Reason: Expenditure more than £100,000	Request for approval of a rollover of underspend from the Team White City programme budget into 2014/15 Request for approval of a rollover of underspend from the Team White City programme budget into 2014/15.	Cabinet Member for Community Care Ward(s): Shepherds Bush Green; Wormholt and White City Contact officer: Mel Barrett, Peter Smith Tel: 020 8753 Melbourne.Barrett@lbhf.gov.uk, peter.smith@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	7 Apr 2014 Reason: Expenditure more than £100,000	Delivering the Schools Capital Programme Phase 3 of Allocations to support the Council's Schools of Choice Agenda. PART OPEN PART PRIVATE 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	Cabinet Member for Education Ward(s): All Wards Contact officer: David McNamara David.Mcnamara@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.

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		disclosing the information.		
Cabinet	7 Apr 2014 Reason: Expenditure more than £100,000	<p>Electronic document management system contract extension</p> <p>The council's current electronic document management system (EDMS) contract expires July 2014. An extension is needed to cover the time required to maintain EDMS support during the implementation of Universal Credit and the scoping for a new shared service for Revenues and Benefits, including the procurement of a new Tri-borough system for both corporate and H&F Direct use.</p> <p>PART OPEN</p> <p>PART PRIVATE 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): All Wards</p> <p>Contact officer: Jackie Hudson Tel: 020 8753 2946 Jackie.Hudson@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.
28 April				
Cabinet	28 Apr 2014 Reason: Expenditure more than £100,000	<p>Proposed Outsourcing of Commercial Property Management Function</p> <p>Lot 1 of New Property Contract.</p> <p>PART OPEN</p> <p>PART PRIVATE Part of this report is exempt from disclosure on the grounds that it contains information relating to the financial or business affairs of a</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.

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		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	28 Apr 2014 Reason: Expenditure more than £100,000	Street Lighting Policy Programme Seeking approval for the 2014/15 planned capital street light column replacement programme, and maintenance work on highway assets	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	28 Apr 2014 Reason: Expenditure more than £100,000	Procurement of a Contractor for the Springvale New Build Scheme Procurement of a building contractor through a competitive tendering exercise to deliver the new build housing scheme on the Springvale estate.	Cabinet Member for Housing Ward(s): Avonmore and Brook Green Contact officer: Matin Miah Tel: 0208753 3480 matin.miah@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	28 Apr 2014 Reason: Affects 2 or more wards	Housing Asbestos Surveys Re-tender of contract for Housing Asbestos Surveys, Sampling & Monitoring. PART OPEN PART PRIVATE 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	Cabinet Member for Housing Ward(s): All Wards Contact officer: Stephen Kirrage Tel: 020 8753 6374 stephen.kirrage@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.

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		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	28 Apr 2014 Reason: Expenditure more than £100,000	<p>Procurement of Home Care Services</p> <p>The Procurement of a Home Care Service for Eligible Adults in Adult Social Care Across the Tri-Borough of London Borough of Hammersmith and Fulham (LBHF); Royal Borough of Kensington and Chelsea (RBKC) and Westminster City Council (WCC).</p> <p>PART OPEN</p> <p>PART PRIVATE</p> <p>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>Cabinet Member for Community Care</p> <hr/> <p>Ward(s): All Wards</p> <hr/> <p>Contact officer: Martin Waddington, Tim Lothian Tel: 020 8753 6235, Tel: 020 8753 5377 martin.waddington@lbhf.gov.uk, tim.lothian@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	28 Apr 2014 Reason: Expenditure more than £100,000	<p>Bi-borough Customer Access Programme - Resourcing Request</p> <p>To agree funding to establish a programme team to design and implement a bi-borough customer access programme which includes creating a bi-borough customer services function (part of the Tri-borough Corporate Services portfolio) and to drive digital service delivery. The development of digital services and efforts to drive channel shift and digital</p>	<p>Deputy Leader (+ Residents Services)</p> <hr/> <p>Ward(s): All Wards</p> <hr/> <p>Contact officer: Jane West Tel: 0208 753 1900 jane.west@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.

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		adoption will underpin how we will continue to deliver high quality services whilst reducing costs.		
July (date to be confirmed)				
Cabinet	21 Jul 2014	Economic Development priorities 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	21 Jul 2014	Future of Coverdale Road Residential Care Home 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. PART OPEN PART PRIVATE 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 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	

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Cabinet	21 Jul 2014	<p>ASC Information and Signposting Website - People First</p> <p>Discussions and decision around rolling out the People First ASC information and signposting website to LBHF. Currently operational in RBKC and WCC.</p> <p>PART OPEN</p> <p>PART PRIVATE 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 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	