London Borough of Hammersmith & Fulham

Cabinet

Agenda

MONDAY
3 FEBRUARY 2014
6.00 pm

COURTYARD ROOM
HAMMERSMITH
TOWN HALL
KING STREET
LONDON W6 9JU

Membership

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

Date Issued
24 January 2014

If you require further information relating to this agenda please contact: David Viles, Committee Co-ordinator, Governance and Scrutiny, tel: 020 8753 2063 or email: David.Viles@lbhf.gov.uk

Reports on the open Cabinet agenda are available on the Council's website: http://www.lbhf.gov.uk/Directory/Council_and_Democracy

PUBLIC NOTICE

The Cabinet hereby gives notice of its intention to hold part of this meeting in private to consider items (15-17) which are exempt under paragraph 3 of Schedule 12A to the Local Government Act 1972, in that they relate to the financial or business affairs of any particular person, including the authority holding the information.

The Cabinet has received no representations as to why the relevant part of the meeting should not be held in private.

Members of the Public are welcome to attend.
A loop system for hearing impairment is provided, together with disabled access to the building

DEPUTATIONS

Members of the public may submit a request for a deputation to the Cabinet on non-exempt item numbers **4-13** on this agenda using the Council's Deputation Request Form. The completed Form, to be sent to David Viles at the above address, must be signed by at least ten registered electors of the Borough and will be subject to the Council's procedures on the receipt of deputations. **Deadline for receipt of deputation requests: Wednesday 29 January 2014.**

COUNCILLORS' CALL-IN TO SCRUTINY COMMITTEES

A decision list regarding items on this agenda will be published by **Wednesday 5 February 2014.** Items on the agenda may be called in to the relevant Scrutiny Committee.

The deadline for receipt of call-in requests is: **Monday 10 February 2014 at 3.00pm.** Decisions not called in by this date will then be deemed approved and may be implemented.

A confirmed decision list will be published after 3:00pm on **Monday 10 February 2014.**

London Borough of Hammersmith & Fulham

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Agenda

3 February 2014

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.

The Cabinet is invited to resolve, under Section 100A (4) of the Local Government Act 1972, that the public and press be excluded from the meeting during the consideration of the following items of business, on the grounds that they contain the likely disclosure of exempt information, as defined in paragraph 3 of Schedule 12A of the said Act, and that the public interest in maintaining the exemption currently outweighs the public interest in disclosing the information.

London Borough of Hammersmith & Fulham Cabinet Minutes

Monday 20 January 2014

PRESENT

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

ALSO PRESENT

Councillor Stephen Cowan
Councillor Steve Hamilton
Councillor Lisa Homan
Councillor Caroline Needham

142. MINUTES OF THE CABINET MEETING HELD ON 6 JANUARY 2014

RESOLVED:

That the minutes of the meeting of the Cabinet held on 6 January 2014 be confirmed and signed as an accurate record of the proceedings, and that the outstanding actions be noted.

143. APOLOGIES FOR ABSENCE

There were no apologies for absence.

144. DECLARATION OF INTERESTS

There were no declarations of interest.

Councillor Cooney stated that the legal advice she had been given was that she does not have any interest to declare but in the interest of transparency she would like to mention that she knows a lot of people who are involved with schools some of whom are friends. For example, she knows Councillor Steve

Hamilton, who is a Governor at Sulivan School, whom she had worked with for four years. She has known Arabella Northey, who is a founding member of Fulham Boys School, for many years. The position of Fulham Boys School is not a material consideration for this decision. There is a long list of members of Governing bodies plus teachers whom she has trained whilst she had lectured on the OCR Level 5 – Teaching Understanding Learners with specific learning difficulties who she may still see occasionally.

None of these contacts have influenced her work with the proposals. She does not consider that she has any interest to declare under the Code of Conduct, as a significant interest. The legal advice received was that she does not have to withdraw from the decision being made.

Councillor Lisa Homan mentioned that she is an ex Governor and ex parent of Sulivan school.

145. PROPOSED AMALGAMATION OF NEW KING'S AND SULIVAN SCHOOLS ON THE NEW KING'S SITE

The Leader welcomed those present to the meeting and outlined the order of business. He assured the attendees that the meeting would be chaired fairly and in an even-handed and fair manner, providing an opportunity for people to speak and ask questions.

Councillor Binmore, Cabinet Member for Children's Services, gave a presentation setting out the reasons for the amalgamation of New Kings and Sulivan Schools, relating primarily to the issue of spare places. She noted that the amalgamation will offer real educational benefits to parents and provide parental choice. Part of the proposed £3.8 million investment in New Kings will secure a state of the art science laboratory. The rebuilt New Kings will have better facilities including a specialist science suite, multi-sensory facilities, and a wider curriculum for the children, with lower overall running costs. It would be able to deliver a broader specialist science curriculum with its new junior laboratory. The New Kings site was chosen because it is a solid Victorian building (purpose built) for 2 classes per year. The Sulivan School condition survey showed that it would require compete rebuilding costing around £6 million. This higher level of expenditure would deprive other schools of much needed investment. Therefore, taking into consideration all these factors, the amalgamation of New Kings and Sulivan Schools on the New Kings site make sense.

Councillor Cooney, Cabinet Member for Education, spoke about the proposed Special Needs provision for children at both schools. She noted that the permanent move to the New Kings School would be particularly positive for pupils with Special Educational Needs and Disabilities. The best practice was to speak to individual parents about meeting their child's needs. A comprehensive Equality Impact Assessment (EIA) had been carried out and a detailed action plan produced. The impact would be positive on the children once on the permanent New Kings site as additional resources would be provided, along with specialist intervention teachers. Economics of scale will release extra funding to invest in the children's education.

Andrew Christie, Executive Director for Children's Services, gave a presentation outlining the key reason for proposing to amalgamate New King's and Sulivan Schools. He informed the meeting of a minor amendment to the report on page 22 regarding the equalities implications. He clarified that the Council had sought Counsel's advice on the matter.

He outlined the key reasons as follows:-

- **Surplus Places**

There were currently spare places in almost every year group in both schools, which were within 10 minutes' walking distance of each other. Considering the residency of the pupils attending both schools in January 2013, it was demonstrated that almost all pupils live close by the two schools.

- **Spare Places In Fulham**

The last school census figures (October 2013) showed that classes across the year groups were not full in a number of Fulham's primary schools, including Sulivan and New King's. There were 500 spare places currently in the south of the borough, compared to 166 in the north and 289 in the centre of the borough.

- **Extra Places Provided**

In response to rising demand, the Council has provided a total of 616 extra places per year in popular and oversubscribed Fulham primary schools over the last four years. These extra places have proved extremely popular with parents; all have filled been across each year group, including the 88 extra reception places.

- **Parental preferences**

This is not an issue of standards as both Sulivan and New King's schools are rated Good by Ofsted, but parental preferences are low by comparison with other local schools at a time when overall demand is increasing. Provisional preference data for reception for 2014 currently shows a lower overall total number of preferences made for both schools compared to 2013, although this data is subject to change

- **Better Economies of Scale**

Moving to a single school model means that £400,000 per annum can be saved and reinvested in teaching and learning. This saving has been calculated by comparing the existing running cost of the two schools against a comparable 2 form entry school elsewhere in the Borough.

- **Improving school buildings and facilities**

Both schools need significant investment to maintain their buildings. No further Basic Need funding has been allocated to the Council for 2015-17. Therefore, resources must be used carefully. The cost of work to create a new school on New King's school site makes sense at £3.8 million compared to Sulivan School replacement cost of £6 million.

- **Future vision**

On 27 June 2013, New King's approached the Council with a plan to convert to academy status working with Thomas's London Day Schools. It was the view of officers that the new curriculum offer proposed by New Kings should also be made available to children currently at Sulivan and that the new educational offer in fully refurbished facilities at New King's will be popular with parents.

During the consultation period, Sulivan School submitted an application for academy status, with the London Diocesan Board for Schools Academy Trust. Officers have carried out an appraisal of both academy proposals and are of the view that the Sulivan proposal is not as substantial as New Kings School's academy conversion proposal working in partnership with Thomas's London Day Schools.

In conclusion, he recommended the proposal to amalgamate New King's and Sulivan Schools on the New Kings School site to Cabinet for the reasons outlined above.

Deputations

The Leader welcomed Ms Rosie Wait, Ms Wendy Aldridge and Mr Paul Kennedy to the meeting and invited them to present their deputations.

Ms Rosie Wait (Chair of Governors) and Ms Wendy Aldridge (Head Teacher) addressed the meeting. Ms Wait queried the justification for spending £5 million to address the surplus by only 15 primary places and commented that the reason for the proposal was to free up the Sulivan School site for the Fulham Boys Free school.

Ms Wendy Aldridge stated that Sulivan was one of the top 250 schools in the country. The school has a track record in raising the attainment of less able pupils using Pupil Premium. The school is providing the best opportunities for pupils. Since July, the Council had not offered the school an opportunity to discuss, collaborate or negotiate the best solution for Sulivan. The Council has dismissed the School's proposal for academy status. Spare capacity and better economies of scale are not justifiable reasons for amalgamating the schools as it will cost £330,000 per pupil to create 15 extra spaces at New Kings but £55,000 per pupil on the Sulivan School site. Sulivan will provide better value for money. Council officers have indicated that the Sulivan School site is the preferred site for the Fulham Boys School. Finally, she asked Cabinet not to ignore the wishes of the Sulivan children, families, teachers and community who support the preservation of Sulivan Primary School.

The Leader thanked Ms Wait and Ms Aldridge for the deputation. Members were invited to ask the deputees questions. Questions were asked on the following issues:-

- Nursery places – It was explained that this year only 21 pupils who had reached the appropriate age could transfer from the nursery to primary school.
- Future of the School – The parents' anxiety and nervousness about the future of the school had affected parental preferences for reception for 2014.
- Alternative Funding – There has been no dialogue with the Council over the cost of refurbishing Sulivan School at £55,000 per pupil against the Council's proposal of £330,000 for the extra 15 places.
- Fulham Boys School – Officers noted that the Council was being open and transparent in its consultation document. It would be the Department for Education and the Education Funding Agency, not the Council, which would undertake a feasibility study for a free school.
- Consultation – No groups were ignored. All consultation responses were included in the published documents and all the views were considered by Members. The consultation was about Sulivan and New Kings Schools and not Fulham Boys School.
- Plan for Surplus places – the school had planned to submit an innovative bid to address the surplus places.

The Leader invited Mr Paul Kennedy to present his deputation.

Paul Kennedy noted that residents living in or near the Fulham Court, Lancaster Court, Barclay Close and Pulton Place estates were concerned about the impact of closing a community school attended by children from disadvantaged families. He was of the view that Sulivan School is a Pupil Premium success story, and its continuing success is critical to breaking the link between poverty and education outcomes and improving social mobility in the Borough. The decision to close Sulivan School will deprive the areas of a top-performing community primary school. He requested the Council to allow Sulivan's academy application supported by the London Diocesan Board for Schools to be considered on its merits by the Department for Education. Furthermore, the Council should allow Sulivan School to build on its success as an independent academy run for the benefit of its children and the wider community, free of local authority control and secure in the knowledge that it will not be subject to arbitrary closure.

The Members asked Mr Kennedy some questions and made comments. The Leader noted that the decision making process was not arbitrary. Proper consideration of the key issues was being undertaken. It was reiterated that the Council proposed to invest £3.8 million of basic need grant for 15 places per year group. As both schools required significant investment, the best decision was to amalgamate the schools on a single site. The decision was not about the standard of education provided by either school.

The following responses were made to questions and comments from Members.

There are no detailed statutory regulations setting out how to conduct a consultation process, but the Government's guidance does recommend a minimum of 6 weeks. The Council allowed 12 weeks of consultation. Regarding other factors than demographics which could influence demand, officers acknowledged the impact of standards, particularly increasing attainment levels for pupils on pupil premium. Attainment at both schools is currently higher than the national average. It was noted that the new offer will be better than what is provided in the most popular schools in the Borough. The trend of percentage of Borough children who are educated in the Borough has increased in recent years. Overall the Council has seen an increase in the number of pupils taking up places in the Borough's schools. It was noted that, nationally, academies have a faster rate of improvement than maintained schools; locally Burlington Danes moved from special measures to outstanding following academy conversion. The New Kings School academy proposal was considered to be better than the Sulivan School proposal due to the robust details provided and the considerable benefits derived from the Thomas's offer and proposed new arrangements. Regarding the condition survey and building size comparison, it was noted that the nature of the construction of New Kings School - which was a purpose built two form entry building - will have a longer life span than Sulivan School. It would therefore be a better investment to put £3.8 million into New Kings than Sulivan.

Regarding the Health and Well Being of the children, an Opposition member noted that the children would be vulnerable to developing obesity on the smaller site and asked whether public health experts had been consulted on the proposal. Furthermore, Sulivan site was three times the size of New Kings with a large botanical garden. New Kings School was on a polluted site near a major road which could be detrimental to the health of the children. It was noted that a lot of activities were undertaken outside the school to ensure the health of the children, and that regular PE and after school provision were in place. Most inner London schools face the issue of pollution, which can be addressed by looking at the school's layout. An Equalities Impact Assessment had been undertaken and would be developed further once a decision had been made on the proposals. Most London schools have restricted spaces which are creatively used for multi-functional activities.

The Council commenced dialogue with Sulivan and New Kings Schools around four years ago to talk about federation proposals. These were not progressed by either Governing Body. The Council had only recently received notification of the academy conversion applications from Sulivan. In relation to a comment about officers announcing at the first meeting that the Council was closing their school, it was stated that the discussion was around the proposal to launch a consultation on the closure of Sulivan and the expansion of New Kings.

Regarding sites discussed by Members for the location of a Free School in Fulham, the Leader, and Councillors Binmore and Cooney noted that they had not had regular meetings with the sponsors of Fulham Boys to discuss how they could find an appropriate site for the school. Councillor Binmore stressed that she had not travelled around the borough looking for sites for the Fulham Boys School. It was emphasised that Fulham Boys School was not a material consideration to the decision. Discussion about surplus places in Fulham, particularly at New Kings and Sulivan School, had been ongoing for a long time. Invitations were made to all schools by Councillor Binmore in 2011 and 2012 to provide innovative solutions to secure capital investment.

On the consultation responses, as previous stated, a decision was made to include all the responses in the documentation. A consistent and correct procedure had been followed. The detailed building surveys were undertaken by EJ Hawkins on behalf of Sulivan and by EC Harris on behalf of the Council. Change Management was a key issue to avoid disruption to pupils and teachers alike. Support would be provided to ensure that there is no negative impact on the children's education. Council officers would also be working with the staff.

Continuity of education for children with familiar staff, strong leadership and support from Thomas's London Day Schools were part of the measures that would be put in place to ensure that the best from both schools was brought together. A formalised partnership with Thomas's London Day Schools would help increase attainment in the new school. The meeting was informed that discussions regarding surplus places in Fulham had commenced during the Building Schools for the Future programme around four years ago. The first firm proposal for academy status was received from New Kings School, then Sulivan's proposal during the consultation. Sulivan School was proposing to increase nursery provision as a means of filling places.

Officers agreed to circulate to members a note on capital expenditure on both schools over the last eight years and the condition surveys. On the risk of children developing obesity, a member commented that local parks are highly utilised by schools. The proposal would increase such usage. Councillor Cowan asked for the publication of all emails and correspondence between the Cabinet and the Fulham Boys School sponsors. The Leader said that this was not necessary or relevant to the proposals under discussion.

A question and answer session was then opened to the public. The following comments and answers were given in response to questions.

A parent noted that the children were getting upset because of the proposals. She was of the view that the teachers at Sulivan were brilliant and the school was welcoming and friendly. Another parent asked what support the Council would be providing to the 70% of the parents who would not be sending their children to the New Kings School. A teacher noted that a large proportion of the local head teachers condemned the proposals. It was suggested that if nursery places were increased, the children would move up the roll and the surplus spaces would be filled.

In response, it was noted that teachers recognise that the resources have to be used carefully and the schools with the local authority must ensure the best offer is provided to children. The projections set out in the report show that the demand for future school places can be met through current spare capacity and increased provision in the Borough. The Council has to take a strategic view and a decision on behalf of all parents in the Borough. The proposal would provide more choice for parents and spaces at a popular school. Support would be provided to parents as part of the change management process. If parents choose not to accept a place at New Kings, there would be a place available for all children at a School in the borough.

The meeting was informed that Sulivan Nursery has a huge waiting list. Parents do not choose Sulivan Primary once they have been turned down for a nursery place. Officers noted that there was no automatic progression from nursery to reception as schools have separate nursery and primary admission policies. Nursery places do not drive enough children into the reception places to solve the problem. In addition, the Council is not in a position to support the expansion of nursery places as the Government is currently revising its nursery funding which might be based on part-time places only. A resident suggested that the issue had been inflated by Fulham Boys School. Members reiterated that Fulham Boys School was not a relevant factor in the decision. Finally, officers explained certain stakeholders such as the Roman Catholic and Church of England diocesan and the affected Governing Body have the right to refer the Cabinet's decision to the Schools Adjudicator who will consider the proposals afresh in the event of such a referral.

The Leader thanked everyone for participating in the debate. He summarised the key issues and reasons for Cabinet to make a decision to amalgamate New Kings and Sulivan Schools. He noted that the paramount issue was the current surplus places at both New King's Primary School and Sulivan Primary School. Both schools were good schools. However, the proposal would combine what is the best of both schools to make a truly excellent school. He was of the view that the decision would ensure an improved education provision for the children, particularly if New King's entered into an agreement to convert to an academy in line with the information they have provided to the Council to date. It will also mean that the Borough did not continue to run two schools with ongoing surplus places and the associated costs attached to two sites. It would make better economic sense to have one site and reduce the running expense. Finally, making the case for change was a difficult one but a decision could not be deferred. The Cabinet should support the recommendations to amalgamate New Kings and Sulivan Schools as outlined in proposal (b) in paragraph 10.1 of the report.

<u>RESOLVED:</u>

1.1 That, following full consideration of all relevant matters, including in particular all of the consultation responses, all of the representations received during the statutory notice period, the factors set out in this report and the Equalities Impact Assessment, Cabinet agrees to implement the proposals for the discontinuance of Sulivan Primary School and the enlargement of New King's Primary School, subject to the following conditions being met by 1 August 2014: (1) planning permissions being granted for both the interim accommodation at the Sulivan site and the proposed extension and remodelling of the New King's Primary School buildings (see Appendix G); and (2) the making of any agreement under section 1 of the Academies Act 2010 for the establishment of a New King's Primary School as an academy; and authorises the Director of Schools Commissioning and Director of Law to undertake the necessary procedures to implement the proposals, including giving formal notification to the Department for Education.

1.2 These are related proposals so that either both or neither must be approved.

Reason for decision:
As set out in the report.

Alternative options considered and rejected:
As outlined in the report.

Record of any conflict of interest:
None.

Note of dispensation in respect of any declared conflict of interest:
None.

146. KEY DECISIONS LIST

RESOLVED:

The Forward Plan was noted.

Meeting started: 6.00 pm
Meeting ended: 8.39 pm

Chairman ....

Agenda Item 4

h&f the low tax borough	**London Borough of Hammersmith & Fulham** **CABINET** **3 FEBRUARY 2014**
REVENUE BUDGET AND COUNCIL TAX LEVELS 2014/15	
Report of the Leader of the Council – Councillor Nicholas Botterill	
Open Report.	
Classification - For Decision **Key Decision:** Yes	
Wards Affected: All	
Accountable Executive Director: Jane West - Executive Director of Finance and Corporate Governance	
Report Author: Andrew Lord- Head of Strategic Planning and Monitoring	**Contact Details:** Tel: 020 8753 2531 E-mail: andrew.lord@lbhf.gov.uk

1. EXECUTIVE SUMMARY

1.1. This report sets out the Council's 2014/15 revenue budget proposals which includes :

- Council tax levels
- Savings and growth proposals
- Changes to fees and charges
- An update on budget risks
- Equalities Impact Assessments

2. RECOMMENDATIONS

2.1 That approval be given to a 3% 2014/15 council tax reduction for the Hammersmith & Fulham element.

2.2 That the council tax be set for 2014/15 for each category of dwelling, as calculated in accordance with Sections 31A to 49B of the Localism Act 2011, as outlined below and in full in Appendix A:

(a) The element of council tax charged for Hammersmith & Fulham Council will be £735.16 per Band D property in 2014/15.
(b) The element of council tax charged by the Greater London Authority will be £299.00 per Band D property in 2014/14
(c) The overall Council Tax to be set at £1,034.16 per Band D property in 2014/15.

Category of Dwelling	**A**	**B**	**C**	**D**	**E**	**F**	**G**	**H**
Ratio	6/9 £	7/9 £	8/9 £	1 £	11/9 £	13/9 £	15/9 £	18/9 £
A) H&F	490.11	571.79	653.48	735.16	898.53	1,061.90	1,225.27	1,470.32
b) GLA	199.33	232.56	265.78	299.00	365.45	431.89	498.34	598.00
c) Total	**689.44**	**804.35**	**919.26**	**1,034.16**	**1,263.98**	**1,493.79**	**1,723.61**	**2,068.32**

2.3 That the Council's own total net expenditure budget for 2014/15 is set at £172.033m.

2.4 That fees and charges are approved as set out in paragraph 6.1

2.5 That the budget projections made by the Executive Director of Finance and Corporate Governance to 2016/17 be noted.

2.6 That the statement made by the Executive Director of Finance and Corporate Governance under Section 25 of the Local Government Act 2003 regarding the adequacy of reserves and robustness of estimates be noted (section 14).

2.7 That the Executive Director of Finance and Corporate Governance be authorised to collect and recover National Non-Domestic Rate and Council Tax in accordance with the Local Government Finance Act 1988 (as amended), the Local Government Finance Act 1992 and the Council Schemes of Delegation.

2.8 That all Executive Directors be required to report monthly on their projected financial position compared to their revenue estimates (as part of the Corporate Monitoring Report).

2.9 That all Executive Directors be authorised to implement their service spending plans for 2014/15 in accordance with the recommendations within this report and the Council's Standing Orders, Financial Regulations and relevant Schemes of Delegation.

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

3. REASONS FOR DECISION

3.1 The Council is obliged to set a balanced budget and council tax charge in accordance with the Local Government Finance Act 1992.

4. BUDGET OVERVIEW

4.1 **A 3% cut in the Hammersmith and Fulham element of council tax is recommended for 2014/15.** This will be the seventh cut in the last eight years. The 2014/15 Band D charge is £181.81 (20%) less than in 2006/07. The real terms cut is 39%.

4.2 The council tax cut has been delivered against a challenging financial background. Government grant funding[1] has fallen by £13m (9%) in 2014/15 whilst the Council continues to lose over £4m from the operation of the business rates retention scheme. Government funding is expected to continue falling until at least 2017/18 as action is taken to address the national fiscal deficit[2].

4.3 Savings of £17.9m are necessary to balance the 2014/15 budget. The budget focuses on key local priorities, protecting front-line services and value for money. Significant savings continue to be realised by reducing debt, sharing services with the Royal Borough of Kensington and Chelsea and Westminster City Council and reforming the way services are delivered. The Council believes that its future direction will be less as a direct provider of services and more of a commissioner of services.

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[1] This reduction is on a like for like basis and relates to grant that can be used for any purpose. The figures are detailed in Appendix E .

[2] Chancellor's Autumn Statement 2013

5. THE COUNCIL TAX REQUIREMENT

5.1 The Band D council tax charge is calculated by dividing the council tax requirement by the council tax base[3]. The 2014/15 council tax requirement is £51.369m and is summarised in Table 1. The medium-term forecast, to 2016/17, is set out in Appendix B.

Table 1: The Council Tax Requirement

	£'000s
Base budget rolled forward from 2013/14.	**189,899**
Plus:	
Inflation	2,800
Growth (section 6)	4,696
Contingency	900
Less:	
Savings and additional income (section 7)	(17,905)
Specific unringfenced grants (section 8)	(9,799)
Contribution to General Balances	1,442
Net Budget Requirement for 2014/15	**172,033**
Less :	
Revenue Support Grant (section 8)	(66,038)
Locally retained business rates (section 8)	(53,839)
One off Collection Fund Surplus	(787)
2014/15 Council Tax Requirement	**51,369**

5.2 The key elements that change the council tax requirement are:

- Inflation and growth
- Savings and income generation.

[3] The council tax requirement is the expenditure that is to be funded from council tax. The council tax base is the income that will be generated from a council tax charge of £1.

- External funding
- The business rates retention scheme

Sections 6 to 8 of this report consider each of these elements in more detail.

6. INFLATION AND GROWTH

Inflation

6.1 The following provision is made for inflation:

- **Price inflation** is provided for when there is a contract in place.
- A contingency equivalent to a 1% increase is held for any **2014/15 pay award.**
- **Fees and charges** have increased in line with the Retail Price Index (3.3% - August 2013). Any exceptions to this standard increase are reported in Appendix F

Growth

6.2 Growth is provided through the budget process as necessary. This is detailed in Appendix C and summarised in Table 2.

Table 2: 2014/15 Growth Proposals

	£'000s
Adult Social Care	205
Children's Services	470
Environment, Leisure and Residents Services	0
Finance & Corporate Services	540
Housing and Regeneration Department	1,545
Transport & Technical Services	536
Libraries	0
Public Health	0
Centrally Managed Budgets	1,400
Total Growth	**4,696**

6.3 The reasons why growth has been provided are set out in Table 3.

Table 3: Reasons for 2014/15 Budget Growth

	£'000s
Government related	2,085
Other public bodies	0
Increase in demand/demographic growth	675
Other	1,936
Total Growth	**4,696**

6.4 A contribution of £1.4m to general balances is also proposed. This recognises the significant financial risks faced by the council. This is detailed further in section 14 of the report.

7 SAVINGS AND INCOME GENERATION

7.1 Savings of £17.9m are required in 2014/15 to balance the budget. In bringing forward proposals to meet this challenge the Council has:

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

7.2 The saving proposals for the next three years are detailed in Appendix C with the 2014/15 position summarised in Table 4.

Table 5: 2014/15 Savings Proposals

	£000s
Adult Social Care	(4,664)
Children's Services	(2,780)
Environment, Leisure and Residents Services	(1,105)
Libraries	(100)
Finance & Corporate Services	(2,192)
Housing and Regeneration	(750)
Transport & Technical Services	(2,725)
Centrally Managed Budgets	(2,686)
Corporate Transformation Savings	(903)
Departmental Total	**(17,905)**

7.3 For 2015/16, on current projections, cumulative savings of £42.5m will need to be delivered rising to £52.6m by 2016/17.

7.4 A categorisation of the savings, according to their main element, is shown in Table 6. Redundancies are unavoidable but will be kept to a minimum by focusing on vacant posts, controlling recruitment, improving redeployment procedures and releasing agency staff.

Table 6: Analysis of the 2014/15 Savings

Type of Saving	**£'000s**
Commercialisation / Income	(1,975)
Commissioning	(3,247)
Debt Reduction Strategy	(1,336)
People Transformation Portfolio	(470)
Procurement/Market Testing	(745)

Reconfiguration/Rationalisation of Services	(3,099)
Staffing/Productivity	(1,980)
Transforming Business Portfolio	(893)
Tri Borough/Bi Borough	(4,160)
Total	**(17,905)**

8. EXTERNAL AND BUSINESS RATES FUNDING

8.1 A new business rates retention system was implemented in 2013/14. The key elements of the system, as they impact on Hammersmith and Fulham, are set out in Appendix H. Local authorities have to take account of both changes in government funding and the level of business rates collected.

8.2 The government funding receivable is detailed in Appendix E. On a like-for like-basis 2014/15 funding is £13m (9% in cash terms and 11.5% in real terms) less than in 2013/14. The funding includes council tax freeze grant of £0.609m (equivalent to 1% of the Band D charge) which will subsequently be built into the baseline for future years.

8.3 This authority is disadvantaged by the business rates retention scheme. Prior to 2013/14 all business rates income collected by a local authority was paid to government. Now 30% is retained locally whilst 50% is paid to the government and 20% to the Greater London Authority.

8.4 Under the new system Hammersmith and Fulham is budgeting to be £4.1m worse-off than under the previous formula grant system. This is because what is actually expected to be collected (the LBHF 30% share) is significantly lower than what is assumed within the system. Safety net arrangements cap the loss at £4.1m[4].

8.6 The main reason why Hammersmith and Fulham loses out from the business rates retention scheme is the very high levels of rating appeals. A schedule of outstanding appeals has been received from the Valuation Office Agency (VOA). This shows that nearly £140m of our overall rating list is subject to appeal. Of these £20m of appeals relate to Shepherds Bush Westfield, which are definitely proceeding. To date those appeals that have been settled at Westfield have seen rateable values reduce by 28%. Other appeals have typically led to a net reduction of 10%. There are even potential refunds (rateable value £21m) that go back as far as the 2005 rating list.

[4] The gross loss is not yet confirmed as the government have not yet issued final guidance on how the scheme will operate in 2014/15.

8.7 Appeals are outside the Council's control. The council does not know whether appeals will be considered and decided in the remaining months of this year or in later years. Nor does this authority know what the final impact will be on the business rate yield.

8.8 The lack of transparency around the appeals process makes it very difficult to produce any realistic assessment of the actual business rates income receivable in 2014/15. Given the sheer volume of appeals, and their potential high impact (as demonstrated at Westfield), the only prudent assumption that can be made is that the safety net arrangements will be triggered.

8.9 The current budget assumes a worst case scenario regarding the business rates retention scheme. Final figures for actual collection will not be known until the close of 2014/15. The in-year position will be monitored and updates provided as appropriate.

9. COUNCIL TAX BASE

9.1 Council on 29 January formally agreed a Tax Base of 69,875 equivalent Band D properties for 2014/15. Therefore the Council's element of the Council Tax can be calculated as follows:

$$\frac{\text{Total Council Tax Requirement}}{\text{Tax Base}} = \frac{£51.369m}{69,875} = £735.16$$

9.3 This represents a 3% cut in the LBHF element of the council tax charge.

10. PRECEPTOR'S COUNCIL TAX REQUIREMENTS

10.1 The Greater London Authority's precept of £20.893m is also funded from council tax. The following table analyses the total amount to be funded and the resulting overall Band D council tax level.

$$\frac{\text{Preceptors Budget Requirement}}{\text{Tax Base}} = \frac{£20.893m}{69,875} = £299.00$$

10.2 This represents a 1.3% cut from the 2013/14 level.

11 OVERALL COUNCIL TAX REQUIREMENTS 2014/15

11.1 It is proposed to reduce Hammersmith and Fulham's element of the council tax in 2014/15 by 3% in order to provide a balanced budget in year with £14m - £20m in current reserves (see section 14). The overall amount to be funded from the council tax is calculated as follows:

Table 7 – Overall 2014/15 Council Tax Requirement

	£000s
London Borough of Hammersmith & Fulham	51,369
Greater London Authority	20,893
Total Requirement for Council Tax	**72,262**

11.2 In accordance with the Local Government Finance Act 1992, the Council is required to calculate and approve a council tax requirement for its own budgetary purposes (section 9) and then add the separate council tax requirements for each of the preceptors (section 10). The requisite calculation is set out in Appendix A.

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

$$\frac{\text{Total Council Tax Requirement}}{\text{Tax Base}} = \frac{£\ 72.262\text{m}}{69{,}875} = £1{,}034.16$$

11.4 For 2015/16 planning purposes, the Executive Director of Finance and Corporate Governance has assumed no change to the 2014/15 council tax level.

11.5 The reduction of 3% is the seventh reduction in the past eight years. Table 8 sets out the changes in the Band D charge for the Hammersmith and Fulham element of council tax since 2002/03. The proposed Band D charge for 2014/15 is the lowest charge since that approved for 1999/2000.

Table 8 – Band D council tax for Hammersmith and Fulham from 2002/03

	Band D Hammersmith and Fulham Element	Change	Change
	£	£	%
1999/2000	706.83	+30.44	+4.50
2000/01	738.58	+31.75	+4.49
2001/02	772.41	+33.83	+4.58
2002/03	772.41	0	0
2003/04	848.49	+76.08	+9.85
2004/05	890.07	+41.58	+4.90
2005/06	903.42	+13.35	+1.50
2006/07	916.97	+13.55	+1.50
2007/08	889.45	-27.52	-3.00
2008/09	862.77	-26.68	-3.00
2009/10	836.89	-25.88	-3.00
2010/11	811.78	-25.11	-3.00
2011/12	811.78	0	0
2012/13	781.34	-30.45	-3.75
2013/14	757.90	-23.44	-3.00
2014/15 (proposed)	735.16	-22.74	-3.00
2015/16 (indicative)	735.16	0	0
2016/17 (indicative)	735.16	0	0

11.6 Council tax in Hammersmith & Fulham has reduced by 20% in cash terms (39% in real terms) from 2006/07 to 2014/15, compared to an estimated average London increase of 8% over the same period. This represents a £1,371 cash saving for Hammersmith & Fulham residents against the average Borough increase from 2006/07 to 2014/15.

12 CONSULTATION WITH NON DOMESTIC RATEPAYERS

12.1 In accordance with the Local Government Finance Act 1992, the Council is required to consult with Non Domestic Ratepayers on the budget proposals. The consultation can have no effect on the Business Rate, which is set by the Government.

12.2 As with previous years, we have discharged this responsibility by writing to the twenty largest payers and the local Chamber of Commerce together with a copy of this report.

13 COMMENTS OF THE SELECT COMMITTEES

13.1 As part of the Scrutiny process each department's estimates have been reviewed by a relevant Select Committee. A verbal update will be given if there are any formal comments.

14 COMMENTS OF THE EXECUTIVE DIRECTOR OF FINANCE AND CORPORATE GOVERNANCE.

The Robustness of the Budget Estimates

14.1 Under Section 25 of the Local Government Act 2003, the Executive Director of Finance and Corporate Governance is required to include, in the budget report, a statement of her view of the robustness of the 2014/15 estimates.

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

- The budget proposals have been developed following guidance from the Executive Director of Finance and Corporate Governance and have been through a robust process of development and challenge.
- Contract inflation is provided for.
- Adequate allowance has been made for pension costs.
- Service managers have made reasonable assumptions about growth pressures.
- Mechanisms are in place to monitor sensitive areas of expenditure and the delivery of savings.
- Key risks have been identified and considered.
- Prudent assumptions have been made about interest rates and the budget proposals are joined up with the requirements of the prudential code and Treasury Management Strategy.
- The revenue effects of the capital programme have been reflected in the budget.
- The recommended increases in fees and charges are in line with the assumptions in the budget.
- The provision for redundancy is reasonable to meet future restructuring and downsizing.
- The use of budget monitoring in 2013/14 in order to re-align budgets where required.
- A review via the Council Business Board of proposed savings and their achievability.

- A Member review and challenge of each department's proposals for the budget.
- The establishment of appropriate management and monitoring arrangements for the delivery of transformation programmes.
- A prudent approach has been adopted on the local share of income receivable through the business rates retention scheme.

Risk, Revenue Balances and Earmarked Reserves

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

General Fund Balances

14.4 The Council's general balance stood at £18m as at 1st April 2013 and it is currently projected that this will not reduce in the current financial year. This will leave general balances at 9%, as a minimum, of the current budget requirement.

14.5 The Council's budget requirement for 2014/15 is in the order of £172m. Within a budget of this magnitude there are inevitably areas of risk and uncertainty particularly within the current challenging financial environment. The key financial risks that currently face the Council have been identified and quantified. They are set out in Appendix D and amount to £17.2m. They are summarised in Table 9. The Council has in place rigorous budget monitoring arrangements and a policy of restoring balances once used.

Table 9: 2014/15 Budget Risks

	£'000s
Demand Pressures	6,160
Efficiency delivery	334
Income variation	7,560
Government Policy Impacts	3,100
Total	**17,154**

14.6 Given the on-going scale of change in local government funding, the Executive Director of Finance and Corporate Governance considers that a wider than normal range needs to be specified for the optimal level of balances. She is therefore recommending that reserves need to be maintained within the range £14m - £20m. This compares to a range of £8m-£9m in 2006/07. The optimal level of £14m-£20m is projected to be broadly met over the next 3 years and is, in the Executive Director of Finance and Corporate Governance's view, sufficient to allow for the risks identified and to support effective medium term financial planning. As set out in section 6 an additional contribution of £1.505m is proposed to general balances, in 2014/15, in recognition of the financial risks facing the Council.

Earmarked Reserves

14.7 The Council also holds a number of earmarked reserves to deal with anticipated risks and liabilities, and to allow for future investment in priority areas. Reviews are undertaken of the need for, and the adequacy of, each earmarked reserve as part of the budget process and again when the accounts are closed.

Council Tax Setting

14.8 As part of the Localism Act 2011, the Government replaced the power to cap excessive budgets and Council Tax increases with compulsory referenda on Council Tax increases above limits it sets. For 2014/15 local authorities "will be required to seek the approval of their local electorate in a referendum if, compared with 2013/14, they set an increase in the relevant basic amount of council tax that is more than a certain percentage (this has yet to be announced) ". This will not apply to the Council.

Prior Year Collection Fund Surplus

14.9 The Local Government and Finance Act 1988 requires that all council tax and non-domestic rates income is paid into a Collection Fund, along with payments out regarding the Greater London Authority precept, the business rates retention scheme and a contribution towards a Council's own General Fund. As at the close of 2012/13, due to the receipt of higher than expected income, the Collection Fund was in surplus by £1.094m. The Hammersmith and Fulham share of this surplus is £0.787m and this is included within the 2014/15 budget proposals. The balance of £0.307m is payable to the Greater London Authority.

15 LEGAL IMPLICATIONS

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

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

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

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

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

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

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

(1) A public authority must, in the exercise of its functions, have due regard to the need to:
(a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
(b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
(c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

(3) Having due regard to the need to advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to:
(a) remove or minimise disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic;
(b) take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it;
(c) encourage persons who share a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.

(4) The steps involved in meeting the needs of disabled persons that are different from the needs of persons who are not disabled include, in particular, steps to take account of disabled persons' disabilities.

(5) Having due regard to the need to foster good relations between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to—

(a) tackle prejudice, and

(b) promote understanding.

(6) Compliance with the duties in this section may involve treating some persons more favourably than others; but that is not to be taken as permitting conduct that would otherwise be prohibited by or under this Act.

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

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

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

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

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

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

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

(vii) The duty to have ‘due regard’ involves considering not only whether taking the particular decision would unlawfully discriminate against particular protected groups, but also whether the decision itself will be compatible with the equality duty, i.e. whether it will eliminate discrimination, promote equality of opportunity and foster good relations. Consideration must also be given to whether, if the decision is made to go ahead, it will be possible to mitigate any adverse impact on any particular protected group, or to take steps to promote equality of opportunity by, for e.g., treating a particular affected group more favourably.

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

15.10 To assist the Council in fulfilling its PSED, the Equality Impact Analysis (‘EIA’) that has been carried out in respect of the proposed budget, including the proposed council tax reduction, is attached to this report. This will need to be read and taken into account by the Council, together with the requirements of the PSED itself set out above, in reaching a decision on the recommendations in the report. In addition, the equality implications are summarised in section 16 below.

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

16. EQUALITY IMPLICATIONS

16.1 Published with this report is an Equality Impact Analysis (‘EIA’). The EIA assesses the impacts on equality of the main items in the budget proposed to Full Council as well as the decision to reduce council tax by 3%. The full EIA is attached, in Appendix G.

16.2 Those who will directly benefit from a decision to reduce council tax will be all those who pay full council tax and, to a proportionately lesser extent, those who receive partial Local Council Tax Support (LCTS). In addition, there will be a small indirect benefit to all residents through the reduction in cost to the public purse of LCTS payments by the state

16.3 All full council tax payers will benefit from the reduction in council tax. So, too, will those who pay Council Tax in a lower band than they otherwise would do because they benefit from the Council’s scheme for reducing council tax for disabled people who need extra room in their home on account of their disability. On average, this reduction will be £22.74 for those who are Band D council tax payers: this relates to the LBHF element of the calculation of council tax.

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

16.5 Those who are eligible for partial LCTS (which includes a proportion of pensioners that is over-represented as compared with the LBHF population at 39.1% as against 9%, as well as a high proportion of women) will also benefit from a reduction in council tax, but to a lesser extent because of the way partial LCTS is calculated. Based on data available for all LCTS claimants, this group is likely to include more women than men, as against the general population, and a higher proportion of black and minority ethnic (BME) groups.

16.6 There will be no benefit to those who are eligible for full LCTS or who are exempt from paying it. The effect on this group will be neutral. Based on data available for all LCTS claimants, this group is likely to include more women than men, as against the general population, as well as more pensioners than non-pensioners, as against the general population, and a higher proportion of BME groups.

16.7 Of 18, 283 claimants (i.e. full and partial LCTS), 54.72% (pensioner) and 54.7% (non-pensioner) are single female, with 31.42% (pensioner) and 29.36% (non-pensioner) being single male, and 13.82% (pensioner) and 15.94% (non-pensioner) being in a couple. These statistics are set out in more detail in Table 3 of the EIA (Appendix G). As most couples will be male/female, the total percentage of female LCTS claimants is therefore about 61.63% (pensioner) or 62.67% (non-pensioner), which is rather higher than the percentage of females in the H&F population as a whole which is 51.3% (see the most recent release of data from the 2011 Census at Table Seven in Annex Two of the accompanying EIA).

16.8 All residents may consider that there may be an indirect adverse impact to them because if council tax is reduced by 3%, H&F will forego income of £1.6m. This may be a particular concern for those in the lower income/savings bracket (even though they will, relative to their income, benefit the most from the reduction) because, broadly speaking, they are more likely to be in receipt of Council services (especially care services) than those who are better off. However, in the proposed budget the £1.6m income that H&F will forego is balanced against the Government Grant for freezing Council Tax of £0.6m, by figures such as budget savings of £3.8m from tri-borough/bi-borough working and £1.4m from the capital debt reduction programme. Although the proposed budget is based in part on various proposed changes to the ways in which services (in all areas) are provided to borough residents, it is not therefore possible to say that there is any direct link between the proposed council tax reduction and any particular proposed service change. The potential equality impact of the budget as a whole is assessed in Section D of the EIA.

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

16.10 Savings items that will directly support equality of opportunity, and encourage participation in public life include reducing admissions into residential and nursing homes through better support in the community through reablement, in Adult Social Care ('ASC'). This arises from low scale integration work, whereby a more planned discharge of clients back into their homes results in better outcomes and a lower number of clients because people are not having to be re-admitted to hospital so often. This will help to advance equality of opportunity for older and disabled people and to encourage participation in public life by helping them with their care after hospital. It is of high relevance to disabled adults, and to older people who have been admitted to hospital, with the focus being on managing the exit from hospital in a proactive and holistic way such that money is saved.

16.11 This line item also supports delivery of one of the Council's two Equality Objectives, as required by S153 of the Equality Act 2010, agreed by Cabinet in December 2011, and reported on in February 2013. The objective is:

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

16.12 Another ASC saving includes work on the customer journey for operational services, which will review social work practice and how services are delivered. This includes processes used to help residents and how these could be made easier to navigate to cost less but also to provide better services to older and disabled people. This saving is therefore of high relevance to older and disabled people and people with learning disabilities and the impact should be positive.

16.13 Growth items that will promote equality of opportunity include the growth in the areas of ASC and Housing and Regeneration Department ('HRD'). One of these in ASC deals with the increase in demand for learning disabled people placements and care packages, which will all be of high relevance to disabled people, and will support the participation of disabled people in public life, and help to advance equality of opportunity between disabled and non-disabled people. Overall, there will be a neutral impact as the increase in budgets will meet the needs of these groups.

16.14 Another of these items is the proposals for managing the homelessness impact of welfare reforms in HRD. Any equalities impacts will arise from changes in Government policy. To the extent that the growth is mitigation leading to the prevention of homelessness or of the use of bed and breakfast (B&B), the impact will be positive to BME groups and households headed by women, which tend to be over-represented amongst homeless households.

16.15 There are no fees and charges increases that are relevant to equality.

16.16 The identification of risk items in ASC will indirectly support the participation of disabled people in public life, and help to advance equality of opportunity between disabled and non-disabled people. These items will help to anticipate the demand for services for older and disabled people and ensure that these demands can be met, avoiding potentially negative impacts.

16.17 Items that may have a negative impact include the Children's Services (CHS) respite item, which informs a new model for delivering overnight care. However, a full EIA will be developed (as given in the CHS section in the accompanying EIA).

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

16.19 Ultimately if, on further analysis, it is decided that any particular proposed policy would have an unreasonable detrimental impact on any protected group, H&F could, if it is considered appropriate, use reserves or virements to subsidise those services in 2014/15.

LOCAL GOVERNMENT ACT 2000
LIST OF BACKGROUND PAPERS

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

LIST OF APPENDICES:

Appendix A – The Requisite Council Tax Calculations for Hammersmith and Fulham

Appendix B – Medium Term Financial Forecast

Appendix C – Growth and Savings Proposals

Appendix D - Budget Risks

Appendix E – Government Grant Funding

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

Appendix G – Equalities Impact Assessment

Appendix H – The Business Rates Retention Scheme for Hammersmith and Fulham (to follow after agreement of the Business Rates Tax Base)

APPENDIX A

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

		£'s
(a)	Being the aggregate of the amounts which the Council estimates for the items set out in section 31A (2) (a) to (f) of the Act.	676,096,000
(b)	Being the aggregate of the amounts which the Council estimates for the items set out in Section 31A (3) (a) to (d) of the Act.	(603,834,000)
(c)	Being the aggregate difference of (a) and (c) above calculated by the Council in accordance with Section 31A (4) of the Act, as its council tax requirement for the year.	72,262,000
(d)	Being the amount calculated by the council as the council tax base for 2014/15 and formerly agreed by council on the 30th January.	69,875
(e)	Being the amount at (c) divided by the amount at (d) above, calculated by the Council in accordance with Section 31B of the Act as the Basic amount of council tax (Band D) for the year.	1,034.16
(f)	Hammersmith and Fulham proportion of the Basic amount of its Council Tax (Band D)	735.16

(g) Valuation Bands – Hammersmith & Fulham Council:			
Band A	**Band B**	**Band C**	**Band D**
490.11	571.79	653.48	735.16
Band E	**Band F**	**Band G**	**Band H**
898.53	1,061.90	1,225.27	1,470.32

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

(h) Valuation Bands – Greater London Authority			
That it be noted that for the year 2014/15 the following amounts in precepts issued to the Council in respect of the Greater London Authority, its functional and predecessor bodies, in accordance with Section 40 of the Local Government Finance Act 1992, for each of the categories of dwellings shown below:			
Band A	**Band B**	**Band C**	**Band D**
199.33	232.56	265.78	299.00
Band E	**Band F**	**Band G**	**Band H**
365.45	431.89	498.34	598.00

(i) That having calculated the aggregate in each case of the amounts at (g) and (h) above, the Council, in accordance with Section 30 (2) of the Local Government Finance Act 1992, hereby sets the following amounts of Council Tax for the year 2014/15 for each of the categories of dwellings shown below:			
Band A	**Band B**	**Band C**	**Band D**
689.44	804.35	919.26	1,034.16
Band E	**Band F**	**Band G**	**Band H**
1,263.98	1,493.79	1,723.61	2,068.32

Medium Term Budget Requirement

	Year 1 2014/15 £'000	Year 2 2015/16 £'000	Year 3 2016/17 £'000
2013/14 Net General Fund Base Budget	**189,640**	**189,640**	**189,640**
Non-domestic rates tariff payment to Government	2,913	2,986	3,046
One off budget adjustments	(2,655)	(1,903)	(1,903)
2014/15 Net General Fund Base Budget	**189,899**	**190,724**	**190,783**
Contract and Income Inflation	2,800	5,600	8,400
Growth	4,696	6,455	6,855
Efficiency Savings[1]	(17,905)	(42,458)	(52,622)
General Contingency (pay)	900	1,800	4,050
Gross Budget Requirements	**180,389**	**162,121**	**157,466**
Less			
New Homes Bonus Grant	(4,638)	(3,665)	(4,272)
Other unringfenced specific grants	(4,551)	(3,606)	(3,606)
Council Tax Freeze Grant	(609)	(1,219)	(1,219)
Contribution to General Balances	1,442	0	0
Revenue Grants	**(8,356)**	**(8,490)**	**(9,097)**
Net Budget Requirement	**172,033**	**153,631**	**148,369**
Funded By			
Revenue Support Grant	66,038	46,591	39,893
Localised Element of Non Domestic Rates	53,839	55,321	56,407
Council Tax (3% Reduction in Year 1 then a freeze for planning purposes)	51,369	51,369	51,369
Increase in Council Tax Base	0	350	700
One off collection fund surplus	787	0	0
Gross Resources	**172,033**	**153,631**	**148,369**
Adjusted Net Budget Gap	**0**	**(0)**	**0**

Notes

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

Adult Social Care Budget Proposals

Service	Description	2014-15 Budget Change (£,000's)	2015-16 Budget Change Cumulative (£,000's)	2016-17 Budget Change Cumulative (£,000's)
Tri Borough	Commissioning, Finance and In-house Services	(48)	(480)	(480)
Tri Borough	Overheads (Training, Project Management)	(65)	(252)	(252)
Tri Borough	Tri-borough initiative to manage prices in residential & nursing placements.	(135)	(135)	(135)
Tri Borough	Reduced admissions into residential and nursing homes through better support in the community	(475)	(475)	(475)
Operations	Customer Journey for Operational Services	(185)	(335)	(535)
Procurement and Business Intelligence	Extension of Framework I contract inline with Tri Borough Partners	(127)	(127)	(127)
Joint Commissioning with Health	Whole Systems Integration with Health (Community Budgets)	0	0	(200)
Operations & Provided Services	Review of high cost placements, supported at home packages & Direct Payments.	(910)	(910)	(910)
Operations & Provided Services	Efficiencies to be achieved from the home care procurement exercise and new operating model.	(118)	(235)	(235)
Operations & Provided Services	Personalisation - Changing the approach to an outcome based on the new operating model for Direct Payment Clients.	(115)	(230)	(230)
Provided Services & Mental Health	Review Intensive support contract	(50)	(50)	(50)
Tri Borough	Increase capacity in extra care and sheltered accommodation by 50 units (including LD accommodation strategy)	0	(400)	(400)
Provided Services & Mental Health	Review of Older People Day-Care Services	(35)	(35)	(35)

Service	Description	2014-15 Budget Change (£,000's)	2015-16 Budget Change Cumulative (£,000's)	2016-17 Budget Change Cumulative (£,000's)
Operations	Decommissioning of Learning Disabilities Day Services and closure of in-house day provision, allowing people to use direct payments in order to meet their needs.	0	(253)	(253)
Provided Services & Mental Health	Review of Community Access Team	(22)	(22)	(22)
Commissioning	Review of third sector payments within the Older People Commissioning sector.	(38)	(38)	(38)
Commissioning	Review of the arrangements for both the service model and charging for the delivered meals service	0	(108)	(108)
Provided Services & Mental Health	Review of Learning Disability: Residential supported living	(108)	(145)	(145)
Provided Services & Mental Health	Learning Disabilities supported living review (Community Support Service).	(43)	(43)	(43)
Commissioning	Procurement of Learning Disabilities supported living contract (Yarrow).	(324)	(324)	(324)
Operations	Protect community transport provision by encouraging the use of travel methods such as taxi cards, blue badges and freedom passes through the Travel Support Strategy plan.	(45)	(45)	(45)
Commissioning	Provide statutory advocacy services and withdraw non-statutory advocacy support and funding.	(165)	(165)	(165)
Commissioning	Reprovide all funding for employment and training services and review of Learning Disabilities Development fund	(111)	(111)	(111)
Commissioning	Review of Mental Health commissioned services.	(22)	(22)	(22)
Commissioning	Supporting People - Reprocuring of contracts by negotiating with providers and decommissioning of services.	(875)	(875)	(875)
Provided Services & Mental Health	Mental Health social work costs	(183)	(183)	(183)

Service	Description	2014-15 Budget Change (£,000's)	2015-16 Budget Change Cumulative (£,000's)	2016-17 Budget Change Cumulative (£,000's)
Commissioning	Integrated commissioning with health.	(200)	(460)	(460)
Commissioning	Review of Elgin Resource centre contract	(25)	(25)	(25)
Finance	Recruitment Budget	(40)	(40)	(40)
Finance	Improve outcomes and reduce dependency amongst residents through better joint services with the NHS.	(103)	(103)	(103)
Commissioning	Procurement savings from Olive House contract.	(28)	(28)	(28)
Commissioning	Procurement savings from Elm Grove & Elgin Close contract.	(70)	(70)	(70)
	Total Efficiencies	**(4,664)**	**(6,724)**	**(7,124)**
Growth	Increase in demand for learning disabled people placements and care packages.	205	410	410
	Growth totalled	**205**	**410**	**410**

Children's Services Budget Proposals

Service	Description	Budget Change		
		2014-15 Budget Change (£,000's)	2015-16 Budget Change Cumulative (£,000's)	2016-17 Budget Change Cumulative (£,000's)
Tri Borough	Sharing of education services with WCC / RBKC with a potential to review and revise the statutory delivery component to more efficient ways, and better use of joint commissioning and sharing of overhead, management and support costs	(370)	(370)	(370)
Tri Borough	Finance Staff. Integrated finance team to support 1 integrated Children's Service executive team and services.	0	(250)	(250)
Children With Disabilities	Review of Children with Disabilities Service: Rationalising service structures across the three boroughs, Improved commissioning and procurement	(204)	(357)	(357)
Looked After Children	Looked After Children (LAC) Rationalising service structures across the three boroughs and combined LAC and leaving care model	(752)	(1,131)	(1,505)
Family Services	Reduction in cost from care proceedings pilot	(120)	(228)	(325)
Family Services	Reduced use of secure welfare & residential placements	(70)	(136)	(198)
Family Services	Restructure and service reviews	(610)	(810)	(1,010)
Family Services	Leaving Care - Improvements in timescales in moving to independent accommodation	(215)	(215)	(215)
Family Services	Rationalisation of service delivery and location costs	(55)	(55)	(55)
Family Services	Disabled children support package review	(50)	(50)	(50)
Family Services	Early help and intensive intervention with parents to reduce YP entering care by 5 per year	(160)	(320)	(480)
Commissioning	Passenger Transport	(125)	(273)	(273)
Commissioning	Savings delivered through the renegotiation of current contracts on a tri borough or single borough basis	(49)	(49)	(49)
	Total Efficiencies	**(2,780)**	**(4,244)**	**(5,137)**

Service	Description	2014-15 Budget Change (£,000's)	2015-16 Budget Change Cumulative (£,000's)	2016-17 Budget Change Cumulative (£,000's)
Looked After Children	Budget pressures relating to Section 20 Assessments (Southwark Judgement)	225	225	225
Children With Disabilities	Increased demand for services	245	245	245
	Growth totalled	**470**	**470**	**470**

Environment, Leisure & Residents' Services Budget Proposals

Service	Description of Budget Change	Budget Change		
		2014-15 Budget Change (£,000's)	2015-16 Budget Change Cumulative (£,000's)	2016-17 Budget Change Cumulative (£,000's)
ELRS Cross Cutting	Implement joint ELRS Finance Team across LBHF and RBKC	(38)	(76)	(76)
Cleaner, Greener & Cultural Services	Rationalise Recycling Bring Bank Sites	(25)	(25)	(25)
Cleaner, Greener & Cultural Services	Street Scene Enforcement / Graffiti Service Review	(25)	(25)	(25)
Cleaner, Greener & Cultural Services	Increased hall hire income at Hammersmith Town Hall (HTH) - dependent on Wi-Fi installation as part of HTH refurbishment	(15)	(15)	(15)
Cleaner, Greener & Cultural Services	Review major events with a focus on increased income generation (Boat Race)	(22)	(22)	(22)
Cleaner, Greener & Cultural Services	Review commercial hires to focus on increased income	(20)	(20)	(20)
Cleaner, Greener & Cultural Services	Filming Service Review - Phase 3	(5)	(5)	(5)
Safer Neighbourhoods	Review Grounds Maintenance Contract (depends on outcome of service review and potential Bi-Borough contract alignment, in terms of specification)	(200)	(200)	(200)
Safer Neighbourhoods	Alternative Funding for Enhanced Policing Contract	(440)	(440)	(440)
Safer Neighbourhoods	Fleet Transport Service Review	(35)	(35)	(35)
Customer & Business Development	Commercial Waste Income Generation	(50)	(50)	(50)
Customer & Business Development	Review of Business Improvement Team	(40)	(40)	(40)
Customer & Business Development	Review of Registrars Deficit	(50)	(50)	(50)

Service	Description of Budget Change	Budget Change		
		2014-15 Budget Change (£,000's)	2015-16 Budget Change Cumulative (£,000's)	2016-17 Budget Change Cumulative (£,000's)
Customer & Business Development	Cross Cutting ELRS Income Growth	(140)	(140)	(140)
	Total Efficiencies	**(1,105)**	**(1,143)**	**(1,143)**
Growth	Western Riverside Waste Authority Growth	0	374	374
Growth	Retender of the Waste & Street Cleansing Service	0	650	650
	Growth totalled	**0**	**1,024**	**1,024**

Libraries Budget Proposals

Service	Description of Budget Change	Budget Change		
		2014-15 Budget Change (£,000's)	2015-16 Budget Change Cumulative (£,000's)	2016-17 Budget Change Cumulative (£,000's)
Triborough Libraries	Libraries Efficiencies and Contract savings	(100)	(100)	(100)
	Total Efficiencies	**(100)**	**(100)**	**(100)**
	Growth totalled	**0**	**0**	**0**

Finance & Corporate Services Budget Proposals

Service	Description of Budget Change	Budget Change		
		2014-15 Budget Change (£,000's)	2015-16 Budget Change Cumulative (£,000's)	2016-17 Budget Change Cumulative (£,000's)
Tri Borough	Finance & Corporate Services Tri Borough Savings	(190)	(1,279)	(1,279)
H&F Direct	Deletion of Housing Benefits Appeals officer post	(20)	(20)	(20)
H&F Direct	Re-tender debit / credit card transaction contract	(15)	(15)	(15)
Finance	Reduction in contribution to Insurance fund	(200)	(200)	(200)
Finance	Reduction in Internal Audit supplies & services budget	(10)	(10)	(10)
Finance	Additional savings from the Managed Services programme	(25)	(50)	(50)
Finance	Potential savings from another borough joining Managed Services	0	(150)	(150)
Finance	Investment Income - stretch target, increase of 0.2%	(250)	(250)	(250)
Communications, Policy & Performance	Hammerprint Xerox contract	(50)	(50)	(50)
IT & Procurement	E-sourcing via new system	(15)	(15)	(15)
IT & Procurement	Reduction in Electronic Data Management System (EDMS) consultancy budget	(48)	(48)	(48)
IT & Procurement	Reduction in subscription budget	(25)	(25)	(25)
HR	Workforce reduction – proportionate saving in maternity budgets	(25)	(50)	(75)
HR	Movement to a Bi-Borough structure	(200)	(200)	(200)

Service	Description of Budget Change	Budget Change		
		2014-15 Budget Change (£,000's)	2015-16 Budget Change Cumulative (£,000's)	2016-17 Budget Change Cumulative (£,000's)
Innovation & Change	Review of divisional structure	(110)	(110)	(110)
Innovation & Change	Income from Westminster	(100)	(100)	(100)
Communications, Policy & Performance	Reduction in Voluntary Sector Grants expenditure	(2)	(142)	(142)
Communications, Policy & Performance	Alternative funding for the 3rd Sector	0	(50)	(50)
H&F Direct	Bi-borough Council Tax Management Structure - 6 senior management post into 3	(75)	(120)	(120)
Executive Services	Reduction of two posts	0	(70)	(70)
Legal & Democratic Services	Review of Democratic and Electoral Services - look at structure and expenditure	0	(50)	(50)
Executive Services	Reduction in Chief Executive's salary	(25)	(25)	(25)
Finance	Reduction in Pension Fund contributions following actuarial reviews	(357)	(357)	(357)
Transforming Business	Business Intelligence (Freedom Passes) [1]	(450)	(450)	(450)
Finance	Additional New Homes Bonus Grant from reduction in reported empty properties	0	(539)	(539)
	Total Efficiencies	**(2,192)**	**(4,375)**	**(4,400)**
H&F Direct	Concessionary Fares Settlement	540	940	1,340
	Growth totalled	**540**	**940**	**1,340**

Notes

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

Housing and Regeneration Department Budget Proposals

Service		2014-15 Budget Change (£,000's)	2015-16 Budget Change Cumulative (£,000's)	2016-17 Budget Change Cumulative (£,000's)
Finance & Resources	Additional Pension Fund Service Deficit absorbed by the Housing Revenue Account (HRA), based on actuarial calculations	(209)	(209)	(209)
Finance & Resources	Reduction in amenity recharge from the HRA	(50)	(50)	(50)
Housing Options, Skills & Economic Development	Reduction in costs and risks associated with Hamlet Gardens	(150)	(150)	(150)
Housing Options, Skills & Economic Development	Reduction in Housing Benefit Subsidy Loss on Housing Association Leasing Direct (HALD) portfolio	(20)	(20)	(20)
Housing Options, Skills & Economic Development	Cessation of subscription to Locata choice-based letting system	(70)	(70)	(70)
Housing Options, Skills & Economic Development	Minor reorganisation of roles and responsibilities within Housing Options	(40)	(40)	(40)
Housing Options, Skills & Economic Development	Review of income generation opportunities and cost reductions in Adult Learning & Skills Service	(211)	(350)	(490)
	Total Efficiencies	**(750)**	**(889)**	**(1,029)**
Growth	Potential Homelessness Impact of Welfare Reforms	1,545	1,675	1,675
	Growth totalled	**1,545**	**1,675**	**1,675**

Transport & Technical Services Budget Proposals

Service	Description of Budget Change	Budget Change		
		2014-15 Budget Change (£,000's)	2015-16 Budget Change Cumulative (£,000's)	2016-17 Budget Change Cumulative (£,000's)
Building & Property Management	Total Facilities Management (TFM) savings	(334)	(650)	(650)
Building & Property Management	Increased cost recovery from discretionary planning charges	(149)	0	0
Building & Property Management	TTS One off use of reserves	(167)	0	0
Building & Property Management	Accommodation Savings	(460)	(1,549)	(1,549)
Tri Borough	Bi Borough review of Transport & Technical Services (TTS)	(341)	(416)	(416)
Building and Property Management	Advertising hoardings in streets	(50)	(50)	(50)
Transport and Highways	Street lighting contract savings	(50)	(50)	(50)
Parking	Parking office savings, above the £100k in each borough already assumed for 13/14	(172)	(215)	(416)
Transport and Highways	Advertising on pavements	(250)	(250)	(250)
Transport and Highways	Sponsorship of Christmas lights	(12)	(12)	(12)
Parking	Parking initiatives	(74)	(74)	(74)
Various	Put Uniform system into Managed Services	(21)	(21)	(21)
Various	Use of S106 Monies	(360)	(360)	(360)
Environmental Health	Statutory Licensing fee increase	(30)	(30)	(30)
Building and Property Management	Technical Support service reviews	(79)	(79)	(79)

Service	Description of Budget Change	Budget Change		
		2014-15 Budget Change (£,000's)	2015-16 Budget Change Cumulative (£,000's)	2016-17 Budget Change Cumulative (£,000's)
Building and Property Management	Carbon Reduction Commitment (CRC) allowances	(64)	(64)	(64)
Building and Property Management	Systems saving as a result of Total Facilities Management	(62)	(62)	(62)
Planning	Pre Application Fee	(50)	(50)	(50)
	Total Efficiency Savings	**(2,725)**	**(3,932)**	**(4,133)**
Growth	Internal TTS Issues to address - Departmental overheads no longer rechargeable on BTS	249	249	249
Growth	Building Control gap in income target post reorganisation	287	287	287
	Growth totalled	**536**	**536**	**536**

Centrally Managed Budgets Budget Proposals

Service	Description of Budget Change	Budget Change		
		2014-15 Budget Change (£,000's)	2015-16 Budget Change Cumulative (£,000's)	2016-17 Budget Change Cumulative (£,000's)
Capital Debt Reduction	Debt Reduction Strategy (assumes 25% slippage in forecast receipts)	(1,336)	(1,636)	(1,936)
Centrally Managed Budgets	Redundancy Efficiency	(1,000)	(1,000)	(1,000)
Centrally Managed Budgets	Land Charges Income	(350)	(350)	(350)
Centrally Managed Budgets	Further productivity and other efficiencies from outsourcing and new ways of working	0	(16,722)	(24,927)
	Total Efficiency Savings	**(2,686)**	**(19,708)**	**(28,213)**
Growth	Re-alignment of overheads re the HRA and other transformation programmes.	700	700	700
Growth	Impact of 2014.15 Budget Pressures	700	700	700
	Growth Total	**1,400**	**1,400**	**1,400**

New Transformational Savings

Portfolio	Service	Description of Budget Change	Budget Change		
			2014-15 Budget Change (£,000's)	2015-16 Budget Change Cumulative (£,000's)	2016-17 Budget Change Cumulative (£,000's)
People Portfolio	Council Wide	Changing working patterns	(66)	(171)	(171)
People Portfolio	Council Wide	Internships	(294)	(529)	(529)
People Portfolio	Council Wide	Pay Strategy	(100)	(200)	(200)
People Portfolio	Council Wide	Salary Sacrifice	(10)	(10)	(10)
Transforming Business	I.T.	Reduced IT spend through transforming contract management and IT management within departments.	(100)	(100)	(100)
Transforming Business	Council Wide	Enhanced Revenue Collection	(333)	(333)	(333)
		Total Efficiency Savings	**(903)**	**(1,343)**	**(1,343)**

Departmental Risk/Challenges

Division	Short Description of Risk	Risk 2014/15 Value £000k	Risk 2015/16 Value £000k	Risk 2016/17 Value £000k	Comment
Environment, Leisure and Residents Services					
Safer Neighbourhoods	Reduction in fleet numbers impacting on financial viability of transport function	180	180	180	
Customer & Business Development	Income risks - cross cutting initiatives	140	140	140	
Safer Neighbourhoods	All weather pitch income at risk from delays	70	70	70	
Cleaner Greener & Cultural Services	Waste Disposal - risk of rolling 12 month agreement with Cory for reduced recycling charges being terminated	-	730	730	
Environment, Leisure and Residents Services Total		**390**	**1,120**	**1,120**	
Transport and Technical Services					
Parking	CCTV Parking Penalty Charge Notices	616	616	616	The government has released a statement suggesting CCTV will not be allowed to be used for Parking Enforcement
Parking	Moving Traffic Offences	5,814	5,814	5,814	Value is indicative and based on the current level of enforcement and current driver behaviours
Building & Property Management	Total Facilities Management	334	334	334	Risk should reduce as benefits are recognised in the budgeting process.
Planning	Increasing incidence of exceptional costs of dealing with legal challenges, public inquiries etc	500	500	500	
Planning	Localism Act - supporting neighbourhood planning	500	500	500	
Building & Property Management	Advertising on street panels and pavements	250	250	250	
Transport and Technical Services Total		**8,014**	**8,014**	**8,014**	
Housing & Regeneration					

Departmental Risk/Challenges

Division	Short Description of Risk	Risk 2014/15 Value £000k	Risk 2015/16 Value £000k	Risk 2016/17 Value £000k	Comment
Temporary Accommodation	Impact of the benefit cap on bad debt charges	0	740	130	
Temporary Accommodation	Welfare reform - potential impact on B&B costs	2,000	2,150	2,300	
Temporary Accommodation	Welfare reform: potential impact of changes to Local Housing Allowances on bad debt charges	600	700	800	
Temporary Accommodation	Increased inflationary pressure on B&B costs based on experience of recent placements	1,100	1,100	1,100	
Housing & Regeneration Total		**3,700**	**4,690**	**4,330**	
Children's' Services					
Social Care	Troubled Families	120	240	240	
Schools	Academy funding.	TBC	TBC	TBC	
Schools	Academies	TBC	TBC	TBC	
Social Care	Youth Offending Service, children on remand becoming looked after. Impact on looked after and leaving care service provision	100	200	200	
Social Care	Southwark Judgement budget pressures	225	225	225	
Children's' Services Total		**445**	**440**	**440**	
Adult Social Care					
Operations	There is an aging population, in London Borough of Hammersmith & Fulham growth is expected to be 1% per annum. At some stage the reduction in client numbers that we are currently experiencing will plateau and should actually start to rise.	450	900	1,350	
Operations and Integration and Provided Services and MH Partnerships	Increases due to continuing care transfers into social care and demographic pressures.	750	750	750	

Departmental Risk/Challenges

Division	Short Description of Risk	Risk 2014/15 Value £000k	Risk 2015/16 Value £000k	Risk 2016/17 Value £000k	Comment
Operations and Integration	Increase in demand for Learning disabled people placements and care packages.	235	470	705	
Operations and Integration	Increased pressure on equipment budgets as a whole as the Health & Social Care community work together to deliver on admission avoidance & delaying the admission to Residential or Nursing Facilities	200	200	200	
Operations and Integration	Maximising revenue from Careline.	400	400	400	The service is being reviewed with Commissioning to look at recommissioning a telephony /Monitoring service on a Bi or Tri borough basis. A local response service will be developed as part of the wider rapid Response Service developments.
Commissioning	NHS Funding for social care ending in 2015/16 and assumed to be on going in the MTFS model.	0	0	3,287	Funding priorities unknown from 2016/17 as part of the Integrated Transformation Fund(ITF).
Operations & Provided Services	Funding of care and support (Care Bill)	0	0	400	The changes that set out in the Care Bill will bring increased costs and reduced income. Based on early financial modelling, these are currently estimated at £400k in Year 1 (2016/17), rising to £830k-£1,480k in Year 4 (2019/2020). We await confirmation from government about how this will be resourced.
Adult Social Care Total		**2,035**	**2,720**	**7,092**	
Centrally Managed Budgets					
Corporate	Localised Council Tax Support Scheme Caseload	500	500	500	Risk of potential increase (5%) in the caseload , due to demographic and other changes.
Corporate	Asset Disposal Programme - delay	270	330	390	

Departmental Risk/Challenges

Division	Short Description of Risk	Risk 2014/15 Value £000k	Risk 2015/16 Value £000k	Risk 2016/17 Value £000k	Comment
Corporate	Contract Inflation -Above expectation	900	1,800	2,700	Risk that contract inflation is more (1%) than allowed for.
Corporate	Pay inflation - Above expectation	900	1,800	4,050	1% pay award currently assumed in 14/15 and 15/16. 2.5% assumed in 16/17.
		2,570	4,430	7,640	
	Total	17,154	21,414	28,636	

Grant Funding - Figures as per the local Government Finance Settlement

Start Up Funding Assessment	2013/14 £'000	2014/15 £'000	2015/16 £'000	Notes
Revenue Support Grant (RSG)	81,225			
13/14 Council Tax Freeze Grant Rolled in RSG from 14/15				
Revenue Support Grant	**81,225**	**66,038**	**46,591**	
Localised Element of Domestic Rates	49,261			Split not yet confirmed for 2014/15 onwards
Safety Net Grant	3,549			
	52,810	**53,839**	**55,321**	
RSG/Baseline Business Rates Funding	**134,035**	**119,877**	**101,912**	
New Homes Bonus Grant	2,963	4,638	3,665	Reduces in 15/16 for 35% LEP topslice
Other Unringfenced Grants				
Section 31 Grant to compensate for capping Business rates Multiplier	0	585	585	New
Council Tax Localisation transitional Grant	290			One-off
Flood Defence Grant	172	172	115	
Housing Benefit & Council Tax Administration Grant	1,989	1,989	?	15/16 Figure not yet confirmed
Social Fund Admin Grant	124			
Social Fund Programme Fund	589	703	0	Rolled in RSG 16/17 onwards
Community Right to Challenge	17	17		

Local Reform & Community Voices	161	166	166	
Council Tax Support New Budens Grant	135	130	?	
Children on Remand				
Reallocated New Homes Bonus Grant	458	189	481	
Total Other Unringfenced Grants	**3,935**	**3,951**	**1,347**	
Council tax Freeze Grant				
2013/14 Council Tax Freeze Grant	628			Rolled in RSG from 14/15
2014/15 Council Tax Freeze Grant		609	609	Rolled in RSG in future years
2015/16 Council Tax Freeze Grant			610	Rolled in RSG in future years
Council Tax Freeze Grant	**628**	**609**	**1,219**	
All Government Funding	**141,561**	**129,075**	**108,143**	
Not Yet announced (Estimated)				
Education Support Grant	1,000	600	400	Reduces as acadamys set-up
Council Tax Support New Budens Grant			130	Estimated
Housing Benefit and Council Tax Administration Grant			1,729	
Total	**142,561**	**129,675**	**110,402**	

ASC Fees & Charges (Exemptions) 2014/15

Description of Service	2013/14 Charge (£)	Proposed % Increase in 2014/15	Proposed Charge in 2014/15 (£)	Total Estimated Income Stream for 2014/15 (£)	Reasons for exemptions 2014/15
Meals Service	4.50	0.0%	4.50	140,100	In line with Council policy, the Meal's charge has increased over the last three years. The Meals service has been outsourced since July 2013. The Service User charge per meal was increased to £4.50 with effect from April 2013 with the cost of the Meal at £6.93, leaving a subsidy of £2.43. A review of the arrangements will be undertaken for both the service model and charging for the delivered meals service. The data collection, benchmarking and best practice review will take place early in 2014 with a fuller consultation planned later in the year. Therefore it is proposed not to increase charges in 2014/15, pending the outcome of the review.
Home Care Charging	12.00	0.00%	12.00	441,000	It is proposed that there is no increase to the home care charge of £12.00 per hour between 2013/14 and 2014/15. This is because Cabinet approved that the rate of charge is limited to £12.40 based on the level of assessed needs and cost of service. The home care charge of £12.00 is compared with the average home care purchasing rate of £12.41. In 2014/15 a new home care offer focusing on flexible support and outcomes contracts is proposed and the charge will be reviewed at this particular point. Hammersmith & Fulham will still be amongst the London Boroughs with the lowest contribution towards home care. Unlike nearly all other London Boroughs, a person's savings and property are not taken into account when assessing that person's ability to make a contribution to the cost of home care.

HRD Fees & Charges (Exemptions) 2014/15

Fee Description by division	2013/14 Charge	2014/15 Charge (£)	Proposed Uplift (%)	Total Estimated Income Stream for 14/15, or 13/14 projected income.	Reason for uplift
Private Sector Leasing					
Private Sector Leasing Water Charges	Varies	Varies	Subject to water company increase, expected in January 2014	£54,000 for 2014/15; dependent on the number of client units	The charge is determined by the annual increase set by the water companies.
Private Sector Leasing Rent (average per week)	£299.40 as at 2nd April 2013	£301.09 as at 1st September 2013	Nil	£12.6m (2014/15 Estimates, based on 853 units with 4% void at the weekly rent of £301.09)	From April 2014, the PSL rent threshold is based on the January 2014 Local Housing Allowance (LHA). The LHA varies according to changes in market rents, the location of the property and its bedroom size. The threshold formula is 90% of LHA plus £40 and subject to a cap of £500 on Inner London and Outer South West London Broad Rental Market Areas (BRMA) and a cap of £375 on other BRMAs.
Bed & Breakfast Temporary Accommodation					
B & B Rent Single/Family (Average per week)	£212.18 as at 2nd April 2013	£215.56 as at 1st September 2013	Nil	£3.1m (2014/15 Estimates, based 275 tenants at the weekly rent of £215.56)	From April 2014, the B&B rent threshold is based on the January 2014 Local Housing Allowance (LHA). The LHA varies according to changes in market rents, the location of the property and its bedroom size. This fee is the LHA threshold for one bedroom.
Adult Education & Learning Skills Service	**(Fee from 1 Sep 2013)**	**(Fee from 1 Sep 2014)**			
Adult Education Class Full Fee per hour Band B	2.20	2.27	3.3%	£700,000 (2014/15 Estimates)	The fees uplift will be implemented at the beginning of the academic year which commences on 1st September 2014.
Adult Education Class Full Fee per hour Band C	3.35	3.46	3.3%		
Adult Education Class Full Fee per hour Band D	4.60	4.75	3.3%		
Adult Education Class Full Fee per hour Band E	5.75	5.94	3.3%		
Adult Education Class Full Fee per hour Band F	11.15	11.52	3.3%		

Transport & Technical Services Fees & Charges Exceptions 14/15

Division/Service	Fee Description	2013/14 Charge (£)	2014/15 Charge (£)	Proposed Uplift (%)	Total Estimated Income Stream for 14/15	Reason for uplift
Building Control	Schedule A	Various, depending on size and type of work	Various, depending on size and type of work	0%	£946,000	The building control market is now a fully mature market with aggressive marketing being done by our competitors including pricing. With increasing market penetration into our domestic market, the price is increasingly seen as the differentiator. For these reasons we believe in order to maintain our current market share fees should not be increased.
Building Control	Schedule B	Various, depending on size and type of work	Various, depending on size and type of work	0%		
Building Control	Exempt Building Works Consent	100	100	0%		
Building Control	Retrieval of archived Files and Records, & Investigation and Retrieval of Microfiche data	100	100	0%		
Building Control	Resurrection of 'old' jobs where no completion inspection had been requested or carried out, and for subsequent issuing of completion letters	200	200	0%		
Building Control	Fast-track Completion Certificate - Resurrection of 'old' jobs where no completion inspection had been requested or carried out – for carrying out of site inspection & issuing of completion certificate within 48 hours	300	300	0%		
Valuation Services	Third Party fees charged for valuation services	510	530	3.9%	£18,100	Rounded up to £530. The price was not increased in 2013-14.
Parking Pay & Display	Per hour	2.2	2.2	0%	£12,598,900	

Division/Service	Fee Description	2013/14 Charge (£)	2014/15 Charge (£)	Proposed Uplift (%)	Total Estimated Income Stream for 14/15	Reason for uplift
Parking Permits	Residents First Permit (6 months)	71	71	0%	£3,853,500	The Resident first permit charge has been frozen until 2014/15, as per the cabinet report in October 2010.
Parking Permits	Residents First Permit (12 months)	119	119	0%		
Parking Permits	Residents Second Permit (6 months)	260	260	0%		Having compared fees with other boroughs, it is proposed to not increase these.
Parking Permits	Residents Second Permit (12 months)	497	497	0%		
Parking Permits	Discounted permit charges (Green vehicles)	60	60	0%		The discounted green vehicle permit charges should remain as £60, since it should always be calculated as 50% discount (rounded up) off the full first residents' permit price (£119).
Parking Permits	Business first permit (6mths)	464	464	0%		Having compared fees with other boroughs, it is proposed to not increase these.
Parking Permits	Business second permit (6mths)	735	735	0%		
Parking Permits	Business first permit (Yearly)	791	791	0%		
Parking Permits	Business second permit (Yearly)	1310	1310	0%		
Environmental Health	Miscellaneous late payment charge		25	New Fee		
Environmental Health - Public Entertainment	Annual Licence New grant (Sex Shop/Cinema)	16668	4947	-70%	£11,124	In recalculating fees for sex shops/cinemas/entertainment venues officers have taken into account officer costs to administer licence applications, dealing with objectors to licence applications, preparing committee reports, legal costs, room booking, officer costs for attending licence hearings, and the costs of inspecting licensed premises. In calculating these fees the cost of dealing with a sex shop/cinema are the same. However, the costs incurred when dealing with a sex entertainment venue are higher and, therefore, a separate fee schedule has been created for these applications. There are currently 2 licences in the borough. A new licence has not been issued for a number of years
Environmental Health - Public Entertainment	Renewal (Sex Shop/Cinema)	5562	1770	-68%		
Environmental Health - Public Entertainment	Variation (in combination with renewal) (Sex Shop/Cinema)		306	New Fee		
Environmental Health - Public Entertainment	Variation (mid term) (Sex Shop/Cinema)	1500	1643	10%		
Environmental Health - Public Entertainment	Transfer (Sex Shop/Cinema)	800	763	-5%		
Environmental Health - Public Entertainment	Annual Licence New grant (Sex Entertainment Venue)	16668	6983	-58%		
Environmental Health - Public Entertainment	Renewal (Sex Entertainment Venue)	5562	3780	-32%		
Environmental Health - Public Entertainment	Variation (in combination with renewal) (Sex Entertainment Venue)		1612	New Fee		
Environmental Health - Public Entertainment	Variation (mid term) (Sex Entertainment Venue)	1500	4416	194%		

Division/Service	Fee Description	2013/14 Charge (£)	2014/15 Charge (£)	Proposed Uplift (%)	Total Estimated Income Stream for 14/15	Reason for uplift
Environmental Health - Public Entertainment	Transfer (Sex Entertainment Venue)	800	1061	33%		licence has not been issued for a number of years.
Environmental Health - Private Housing & Health Charges	New HMO Licence Fee (Standard 5 year licence) or renewal where there is a material change	1116	1134.39	1.6%		
Environmental Health - Private Housing & Health Charges	New HMO Licence Fee (Standard 5 year licence) or renewal where there is a material change with accredited landlord discount	995	1134.39	12.3%		
Environmental Health - Private Housing & Health Charges	New HMO Licence Fee (Reduced 2 year licence) or renewal where there is a material change	810	1134.39	28.6%		Aligning our fees structure with other Boroughs. For this purpose, a new method of calculating the fee has been devised that takes into account the time that that officers spend in producing a licence and incorporates officers hourly rates.
Environmental Health - Private Housing & Health Charges	Renewal of HMO Licence fee (Standard 5 year licence) where no material change		1095.77		£34,800	
Environmental Health - Private Housing & Health Charges	Renewal of HMO Licence fee (Standard 5 year licence) where no material change with accredited landlord discount		1095.77			
Environmental Health - Private Housing & Health Charges	Renewal of HMO Licence fee (Reduced 2 year licence) with no material change		1095.77			
Environmental Health - Private Housing & Health Charges	Enforcement Notices under Housing Act 2004	413	427	3.3%		
Planning - Pre-Application Charging Scheme	**Extensions and Alterations to Homes, and small Scale Proposals**					
Planning - Pre-Application Charging Scheme	Extensions and alterations to houses and flats not including Basements		150 - 400	New structure		
Planning - Pre-Application Charging Scheme	Extensions and alterations to houses and flats including Basements		400 - 700	New structure		
Planning - Pre-Application Charging Scheme	Local Community Groups		200 - 300	New structure		
Planning - Pre-Application Charging Scheme	Advertisements		350 - 400	New structure		
Planning - Pre-Application Charging Scheme	Telecommunications		350 - 400	New structure		
Planning - Pre-Application Charging Scheme	Details Required by Condition		250 - 400	New structure		
Planning - Pre-Application Charging Scheme	Internal Alterations to listed buildings where planning permission is not required		300 - 400	New structure		

Division/Service	Fee Description	2013/14 Charge (£)	2014/15 Charge (£)	Proposed Uplift (%)	Total Estimated Income Stream for 14/15	Reason for uplift
Planning - Pre-Application Charging Scheme	**Residential Schemes (Including Change of Use, Care Homes etc)**				£50,000	The charges associated with this service have been increased annually in line with inflation, and not in line with the true cost of delivering this service. The proposed revision addresses this issue. Providing pre-application advice and other project management services are incidental powers of the Planning authority and as such the Council is entitled to charge for the provision of the services to recover those costs. Increasing the prices to reflect the actual cost of the provision will remove any cost being passed to the taxpayer whilst also enabling the Council to improve on its current performance.
Planning - Pre-Application Charging Scheme	1 - 4 Units		300 - 400	New structure		
Planning - Pre-Application Charging Scheme	5 -9 Units		1800 - 2000	New structure		
Planning - Pre-Application Charging Scheme	10 - 49 Units		2500 - 3000	New structure		
Planning - Pre-Application Charging Scheme	50 - 199 Units		4000 - 5000	New structure		
Planning - Pre-Application Charging Scheme	Over 200 Units		7000 - 8000	New structure		
Planning - Pre-Application Charging Scheme	**Non – Residential Schemes (Including Changes of use, officers, hotels, industry, retail etc.)**					
Planning - Pre-Application Charging Scheme	No New Floorspace – 100m²		450 - 700	New structure		
Planning - Pre-Application Charging Scheme	100 - 499m² Floorspace		700 - 800	New structure		
Planning - Pre-Application Charging Scheme	500 - 999m² Floorspace		2000 - 2200	New structure		
Planning - Pre-Application Charging Scheme	1000 - 4999m² Floorspace		2500 - 3000	New structure		
Planning - Pre-Application Charging Scheme	5000 - 9999m² Floorspace		4000 - 5000	New structure		
Planning - Pre-Application Charging Scheme	over 10000m² Floorspace		7000 - 8500	New structure		
Planning - Fixed Price PPA	Fixed Price Planning Performance Agreements		25000	New fee	£149,000	
Planning - Pre App	Householder Planning Package		500	New fee		

All Fees & Charges Inclusive of VAT @ 20% unless stated otherwise

Description	2013/14 Charge (£)	2014/15 Charge (£)	Proposed Uplift (%)	Reason for uplift
CLEANER GREENER & CULTURAL SERVICES				
WASTE MANAGEMENT & STREET CLEANSING (20% Discount Applied for Charities)				
Household Bulky Collections - VAT Zero rated				
Up to 10 items of unwanted household furniture, electrical items/appliances or similar items	£25.00	£27.60	10%	In line with London average and WRWA Re-use charge and to cover cost of service. New all inclusive charge to cover all bulky waste groups
Household Derived Builders Rubble - VAT Zero rated				
Minimum charge for up to 10 sacks of household derived builders rubble	£30.00	£30.00	0%	
Further items charged at £3.00 per additional sack	£3.00	£3.00	0%	
Bathroom Suites (items include bath, toilet, hand basin & shower stand)				
First item	£30.00	£30.00	0%	
Further items charged at £5.75 per additional item	£5.75	£5.75	0%	
Household Fencing Waste				
First 5 panels	£35.00	£35.00	0%	
Additional Panels	£5.75	£5.75	0%	
Broken down sheds	£60.00	£60.00	0%	
STREET SCENE ENFORCEMENT (ZERO VAT)				
Fixed Penalty Notices	£80.00	£40-£300		Defra guidance and statute control the amount of these notices
HALL, PARKS & OPEN SPACES HIRE - Zero Rated VAT (Hourly Rates)				
TOWN HALL LETTINGS				
HTH ASSEMBLY HALL				
Set Up / Break down Hourly rate is half that of the main event rate as follows:				
Weekday daytime (Mon-Fri, 9am-7pm, 4 hour minimum charge)	£200.00	£210.00	5%	Relative to market and demand
Weekday evenings (Mon-Thurs, 5pm-midnight, 4 hour minimum charge)	N/A	£270.00	New Charge	New tiered pricing
Weekday evenings (Mon-Thurs, after midnight)	N/A	£335.00	New Charge	
Promoted ticketed events (Mon-Sun all day to midnight, 5 hour minimum charge)	£450.00	£475.00	6%	
Promoted ticketed events (Mon-Sun after midnight)	£515.00	£505.00	-2%	Price reduced due to new minimum hire duration and to encourage demand
Bank Holiday Mondays, New Years Eve Supplement	N/A	Charge + 15%		Relative to market and demand
New Years Eve falling on a Sunday	N/A	Charge + 15%		
HTH SMALL HALL				
Weekday (Mon-Fri, 9am-7pm, 4 hour minimum charge)	£85.00	£80.00	-6%	Price reduced due to new minimum hire duration

All Fees & Charges Inclusive of VAT @ 20% unless stated otherwise

Description	2013/14 Charge (£)	2014/15 Charge (£)	Proposed Uplift (%)	Reason for uplift
Set Up / Break down Hourly rate is half that of the main event rate as follows:				
Weekday evening (Mon-Thurs, 5pm-midnight, 4 hour minimum charge)	£105.00	£110.00	5%	Relative to market and demand
Weekday evenings (Mon-Thurs, after midnight)	N/A	£165.00	New Charge	New tiered pricing
Weekend (Friday from 5pm & all day to midnight Saturdays/Sundays, 4 hour minimum charge)	£130.00	£130.00	0%	Relative to market and demand
Weekend (Fri-Sun after midnight)	N/A	£195.00	New Charge	New tiered pricing
HTH COMMITTEE ROOM 1 / COURTYARD ROOM				
Set Up / Break down Hourly rate is half that of the main event rate as follows:				
Weekday (Mon-Thurs, 7am-midnight, 4 hour minimum charge)	£70.00	£55.00	-21%	
Weekday evenings (Mon-Thurs, after midnight)	£90.00	£82.50	-8%	Price reduced due to new minimum hire duration and to encourage demand
Weekday (Fri-Sun, 7am-midnight, 4 hour minimum charge)	£110.00	£75.00	-32%	
Weekend (Fri-Sun after midnight)	£115.00	£115.00	0%	
HTH COMMITTEE ROOMS 2/3/4				
Set Up / Break down Hourly rate is half that of the main event rate as follows:				
Weekday (Mon-Thurs, 7am-midnight, 4 hour minimum charge)	£70.00	£40.00	-43%	
Weekday (Mon-Thurs after midnight)	N/A	£60.00	New Charge	Price reduced due to new minimum hire duration and to encourage demand
Weekend (Fri-Sun, 7am-midnight, 4 hour minimum charge)	£90.00	£55.00	-39%	
Weekend (Fri-Sun, after midnight)	£110.00	£80.00	-27%	
HIRE OF PARKS & OPEN SPACES FOR EVENTS - CHARGES PER DAY (based on 8 hours)				
Community Events	POA	POA	N/A	
Non Ticketed / Non Sponsored Events	£610.00	£835.00	37%	
Ticketed / Sponsored Events	POA	POA	N/A	
Promotional activity - roaming	£135.00	£315.00	133%	
Promotional activity - fixed per space	POA	£1,250.00	N/A	Full market testing undertaken to see what the market can bear
Fairground - Autumn/Winter rate		£330.00	New Charge	
Fairground - Summer/Spring rate	POA	£1,250.00	N/A	
Sports event e.g. Race for Life (per head)	£1.60	£2.60	63%	
Damage deposit (reinstatement costs)	POA % based on risk	POA % based on risk	N/A	
ADD ON SUPPLEMENTS				
Supplement for Sale of Alcohol - per Event	£210.00	£300.00	43%	

All Fees & Charges Inclusive of VAT @ 20% unless stated otherwise

Description	2013/14 Charge (£)	2014/15 Charge (£)	Proposed Uplift (%)	Reason for uplift
Supplement for Marquee - per Marquee	N/A	£300.00	New Charge	in line with market and demand
Supplement for small structures (e.g. gazebo, porta loo) - per structure	£110.00	£220.00	100%	
Supplement for other structures and provisions	£220.00	£220.00	0%	
FILMING/PHOTOGRAPHY				
FILMING/PHOTOGRAPHY IN PARKS				
Full scale features all park locations (approval needed from Ward Councillors)	£2,000.00	£2,000.00	0%	in line with market and demand
Other filming and set up time - per hour or part of any hour - includes video and stills photography and excludes extra staff and car parking fees.				
Flagship Sites	£150.00	£150.00	0%	
All other parks	£125.00	£125.00	0%	
Filming Per Hour 50% concession for:				
- Stills photography where not more than 2 people involved				in line with market and demand
- Registered charity				
- Educational documentary, not for cinema or television distribution.				
- Voluntary organisations meeting criteria.				
FILMING/PHOTOGRAPHY ON STREET				
Notice of no objection	£100.00	£100.00	0%	in line with market and demand
OTHER EVENTS /FILMING FEES				
Admin charge for all paying jobs	£75.00	£75.00	0%	
Minimum charge for first hour	£250.00	£250.00	0%	
Security per hour	£21.17	£21.17	0%	
Electricians per hour	£37.00	£37.00	0%	
Unit Base (per day)				
Small	£750.00	£750.00	0%	
Medium	£1,000.00	£1,000.00	0%	
Location Fee				
Linford Christie Stadium	£150.00	£150.00	0%	
Mortuary	£250 plus £50 staff overtime	£250 plus £50 staff overtime	0%	in line with market and demand
Town Halls	£250 plus £35 per hour overtime	£250 plus £35 per hour overtime	0%	

All Fees & Charges Inclusive of VAT @ 20% unless stated otherwise

Description	2013/14 Charge (£)	2014/15 Charge (£)	Proposed Uplift (%)	Reason for uplift
Schools	25% passing on fee	25% passing on fee	0%	
Fulham Palace	25% passing on fee	25% passing on fee	0%	
Housing Estates	£150.00	£150.00	0%	
Other buildings (e.g. Suberry Day Centre, Ujima First Base etc.)	£125.00	£125.00	0%	
Community Centres	25% passing on fee	25% passing on fee	0%	
Libraries	£125.00	£125.00	0%	
CUSTOMER & BUSINESS DEVELOPMENT				
REGISTRATION OF BIRTHS, DEATHS & MARRIAGES				
Civil Marriage/Civil Partnership/Naming Ceremonies/Vow Renewals (including rehearsals)				
NB: Prices for Naming Ceremonies/Vow Renewals range between £175 - £550 by quotation				
Register Office, Hammersmith Town Hall				
Monday Only	£49.00	£49.00	0%	Statutory fee set by the General Register Office
Mayor's Parlour, Hammersmith Town Hall (Register Office)				
Friday	£231.50	£235.00	2%	
Saturday	£334.50	£340.00	2%	
Riverside Room, Hammersmith Town Hall				
Fri - Sat	£200.50	£204.00	2%	
Approved Venues				
Mon - Thur	£334.00	£340.00	2%	
Fri - Sat	£417.00	£424.00	2%	
Sun/Bank Holidays	£520.00	£550.00	6%	
Copy Certificates				
Copy certificate at time of registration		£4.00		Statutory fee set by the General Register Office
Copy certificate in current register		£7.00		
Copy certificate from historical records		£10.00		
Same day service for copy certificates	£4.00	£5.00	25%	
Cancellation or Booking Changes				
Single applicant cancellation fee for notices	N/A	£35.00	New Charge	
Couples cancellation fee for notices	N/A	£70.00	New Charge	
Cancellation of ceremony fee	N/A	£35.00	New Charge	
Rebooking fee: Mon-Thur Register office and Riverside Room	N/A	£35.00	New Charge	
Rebooking fee: Fri and Sat Riverside Room	N/A	£45.00	New Charge	
Approved premise cancellation & rebooking fee	N/A	£70.00	New Charge	In line with other local Register Offices prices, but still remain

All Fees & Charges Inclusive of VAT @ 20% unless stated otherwise

Description	2013/14 Charge (£)	2014/15 Charge (£)	Proposed Uplift (%)	Reason for uplift
Ceremony Consultation Fee (per 30 minute appointment)	N/A	£35.00	New Charge	in line with other local Register Offices prices, but still remain competitively priced.
Registrars attending rehearsal at approved premise	N/A	£140.00	New Charge	
NCS Fees				
Adult	£46.50	£46.50	0%	
Child	£25.80	£25.80	0%	
When child is the only applicant	£46.50	£46.50	0%	
Citizenship Ceremony fees				
Individual citizenship ceremony - Mon - Fri	N/A	£100.00	New Charge	
Individual citizenship ceremony - Saturday	N/A	£160.00	New Charge	
STREET TRADING CHARGES				
CERTIFICATE OF REGISTRATION				
Permanent Trader	£55.00	£55.00	0%	
Temporary Trader	£55.00	£55.00	0%	
Annual Renewal	£55.00	£55.00	0%	
ADMINISTRATION CHARGES				
Licence replacement	£55.00	£55.00	0%	
LBHF STREET & MARKET TRADERS - Weekly charges				
1 day per week (Standard)	£20.40	£20.40	0%	
1 day per week (Extended)	£29.58	£29.58	0%	
2 days per week (Standard)	£27.54	£27.54	0%	
2 days per week (Extended)	£41.82	£41.82	0%	
3 days per week (Standard)	£42.84	£42.84	0%	
3 days per week (Extended)	£61.20	£61.20	0%	
4 days per week (Standard)	£54.06	£54.06	0%	
4 days per week (Extended)	£80.58	£80.58	0%	All Street Trading Activities are part of a wider compliance review - charges will be considered at that juncture and fee increases proposed to the Executive Director & Cabinet Member using Delegated Authority
5 days per week (Standard)	£68.34	£68.34	0%	
5 days per week (Extended)	£99.96	£99.96	0%	
6 days per week (Standard)	£83.64	£83.64	0%	
6 days per week (Extended)	£120.36	£120.36	0%	
An additional charge of £10 per day will be payable for trading on Friday and/or Saturday				
News Vendors				
Annual Charges	£3,053.00	£3,053.00	0%	
Daily charges:				
Temporary Licences for casual traders at street markets (per day)				
Mon-Thurs (Standard)	£20.40	£20.40	0%	
Mon-Thurs (Extended)	£29.58	£29.58	0%	
Fri/Sat (Standard)	£30.60	£30.60	0%	
Fri/Sat (Extended)	£39.78	£39.78	0%	

All Fees & Charges Inclusive of VAT @ 20% unless stated otherwise

Description	2013/14 Charge (£)	2014/15 Charge (£)	Proposed Uplift (%)	Reason for uplift
** An additional charge of £10 will be payable for trading on Friday and/or Saturday*				
Charges for Traders outside football grounds and other Traders				
Annual Charge per square metre	£395.00	£395.00	0%	
Minimum charge of 1.5 sq m and maximum charge of 12 sq m				
DISTRIBUTION OF FREE LITERATURE LICENCES (Zero VAT)				
Standard Application Fee for each Site for 1 Distributor (A Site is a Street) for up to 1 Month	N/A	£186.00	New Charge	To cover the cost of compliance checks and processing
Short Notice Application Fee for each Site for 1 Distributor (A Site is a Street) for up to 1 Month	N/A	£226.00	New Charge	
Additional Fee for applications over 1 Month (£ per month)	N/A	£10.00	New Charge	
Each Additional Distributor at each Site	N/A	£26.25	New Charge	
Administration charge for alterations to licenses which have already been issued	N/A	£40.00	New Charge	
COMMERCIAL WASTE (20% Discount Applied for Charities)				
BAGGED WASTE & RECYCLING				
General Waste Sacks - cost per sack	£1.83	£1.96	7%	To cover increased costs of waste disposal
Pay As You Throw General Waste Sacks - cost per sack	£1.83	£1.96	7%	Same as contract price
Recycling Sacks - cost per sack	£1.40	£1.48	6%	
Pay As You Throw Recycling Sacks - cost per sack	£1.40	£1.48	6%	
WHEELIE BIN WASTE & RECYCLING				
360 Ltr Wheelie Bins - General Waste - cost per empty	£8.83	£9.36	6%	Relative to market and demand
360 Ltr Wheelie Bins - Recycling - cost per empty	£5.20	£7.79	6%	
660 Ltr Wheelie Bins - General Waste - cost per empty	£11.58	£12.27	6%	
660 Ltr Wheelie Bins - Recycling - cost per empty	£7.35	£7.79	6%	
PALADINS / CHAMBERLAINS				
940 Ltr Paladins & Chamberlains - General Waste Only	£15.00	£16.50	10%	
940 Ltr Paladins & Chamberlains - General Waste Only - at 25%	£3.75	£4.12	10%	
EURO BIN WASTE & RECYCLING				
1100 Ltr Euro Bins - General Waste - cost per empty	£15.00	£16.50	10%	
1280 Ltr Euro Bins - General Waste - cost per empty	£15.00	£16.50	10%	
1280 Ltr Euro Bins - Recycling - cost per empty	£10.91	£11.67	7%	
1280 Ltr Euro Bins - Recycling - cost per empty - at 25%	£2.73	£2.92	7%	
DOMESTIC BIN HIRE				
360 Ltr Euro Bins - Domestic Bin Hire - cost per bin per week	£1.05	£1.12	7%	
1100 Ltr Euro Bins - Domestic Bin Hire - cost per bin per week	£2.09	£2.23	7%	
1280 Ltr Euro Bins - Domestic Bin Hire - cost per bin per week	£2.09	£2.23	7%	
Chamberlain Bins - Domestic Bin Hire - cost per bin per week	£1.61	£1.72	7%	
Palladin Bins - Domestic Bin Hire - cost per bin per week	£1.61	£1.72	7%	

All Fees & Charges Inclusive of VAT @ 20% unless stated otherwise

Description	2013/14 Charge (£)	2014/15 Charge (£)	Proposed Uplift (%)	Reason for uplift
CONTAINER REPLACEMENT				
1280 Litre replacement	£352.63	£352.63	0%	
Paladin replacement	£283.18	£283.18	0%	
Chamberlain 940 Litre replacement	£283.18	£283.18	0%	
1100 Litre replacement	£278.87	£278.87	0%	Cost + 15%
660 Litre replacement	£269.20	£269.20	0%	
360 Litre replacement - waste	£101.20	£101.20	0%	
360 Litre replacement - recycling	£295.59	£295.59	0%	
COMMERCIAL BULKY COLLECTIONS				
Bulky Waste Collection (e.g. Fridge / Freezer Collection)	POA	POA	N/A	
Two fridges / freezers	POA	POA	N/A	
Three fridges / freezers	POA	POA	N/A	
Minimum Charge	£25.00	£25.00	0%	
SKIPS & COMPACTORS				To cover collection and disposal costs
Domestic Compactors - Internal - All Sizes	£141.12	£141.12	0%	
Domestic Compactors - External - All Sizes	£141.12	£141.12	0%	
Commercial Compactors - All Sizes	£385.00	£400.40	4%	
Skips	£220.00	£230.00	5%	
DUTY OF CARE CERTIFICATES				
Annual Duty of Care Certificate for casual Pay As You Throw customers	£30.00	£30.00	0%	
Annual Duty of Care Certificate for contract customers	£30.00	£30.00	0%	To cover processing costs
Revisions to Duty of Care Certificates	£25.00	£25.00	0%	
COMMERCIAL RECYCLING CONTAMINATION CHARGE				
Orange Sack - Customer not removing contamination - 1 contaminated container	£25.50	£25.50	0%	
Orange Sack - Customer not removing contamination - additional containers	£25.50	£25.50	0%	
360 Ltr Euro Bins - Customer not removing contamination - 1 contaminated container	£25.50	£25.50	0%	
360 Ltr Euro Bins - Customer not removing contamination - additional containers	£25.50	£25.50	0%	
360 Ltr Euro Bins - Customer removes contamination and requires additional collection - 1 contaminated container	£25.50	£25.50	0%	
360 Ltr Euro Bins - Customer removes contamination and requires additional collection - additional containers	£25.50	£25.50	0%	
660 Ltr Euro Bins - Customer not removing contamination - 1 contaminated container	£25.50	£25.50	0%	
660 Ltr Euro Bins - Customer not removing contamination - additional containers	£25.50	£25.50	0%	
660 Ltr Euro Bins - Customer removes contamination and requires additional collection - 1 contaminated container	£25.50	£25.50	0%	
660 Ltr Euro Bins - Customer removes contamination and requires additional collection - additional containers	£25.50	£25.50	0%	To cover increased waste collection and disposal costs and administration costs
1100 Ltr Euro Bins - Customer not removing contamination - 1 contaminated container	£25.50	£25.50	0%	
1100 Ltr Euro Bins - Customer not removing contamination - additional containers	£25.50	£25.50	0%	
1100 Ltr Euro Bins - Customer removes contamination and requires additional collection - 1 contaminated container	£25.50	£25.50	0%	

All Fees & Charges Inclusive of VAT @ 20% unless stated otherwise

Description	2013/14 Charge (£)	2014/15 Charge (£)	Proposed Uplift (%)	Reason for uplift
1100 Ltr Euro Bins - Customer removes contamination and requires additional collection - additional containers	£25.50	£25.50	0%	
1280 Ltr Euro Bins - Customer not removing contamination - 1 contaminated container	£25.50	£25.50	0%	
1280 Ltr Euro Bins - Customer not removing contamination - additional containers	£25.50	£25.50	0%	
1280 Ltr Euro Bins - Customer removes contamination and requires additional collection - 1 contaminated container	£25.50	£25.50	0%	
1280 Ltr Euro Bins - Customer removes contamination and requires additional collection - additional containers	£25.50	£25.50	0%	
SAFER NEIGHBOURHOODS DIRECTORATE				
COMMUNITY SAFETY				
Motorcycle recovery	£30.00	£30.00	0%	Limited requirement for these services
Return of Stray Dogs to Owners	£75.00	£75.00	0%	
ANTI SOCIAL BEHAVIOUR				
Anti Social Behaviour investigations (charge per hour)	£100.00	£100.00	0%	in line with market and demand
MORTUARY SERVICES				
TRANSPORT				
Parts	Cost + 10.5%	Cost + 10.5%	0%	In line with competition whilst remaining competitive
Fuel - Diesel / Petrol / LPG	Cost + 10.5%	Cost + 10.5%	0%	
Ad Hoc Vehicle Hire	Cost + 10.5%	Cost + 10.5%	0%	
Management and Administration Charge	Total Cost (excluding Fuel and NSEs) + 10.5%	Total Cost (excluding Fuel and NSEs) + 10.5%	0%	
Workshop Labour Rate per hour	£45.00	£45 to £60	up to 33%	
LEISURE				
WINTER PITCH BOOKINGS				
FOOTBALL (GRASS PITCHES)				
Inclusive of Changing Rooms & Nets/Flags				
Full-Size Pitch Per Game	£80.00	£85.00	6%	
Full-Size Pitch Per Day	£320.00	£340.00	6%	
Junior-Size Pitch Per Game	£50.00	£52.00	4%	
7-A-Side Size Pitch Per Game	£40.00	£42.00	5%	
5-side pitch per hour	N/A	£35.00	New Charge	
Per Pitch Per Hour - In Borough State Schools	£38.00	£40.00	5%	

All Fees & Charges Inclusive of VAT @ 20% unless stated otherwise

Description	2013/14 Charge (£)	2014/15 Charge (£)	Proposed Uplift (%)	Reason for uplift
Per Pitch Per Hour - Out of Borough & Private Schools	£45.60	£50.00	10%	
11-A-SIDE ALL-WEATHER PITCHES (11AWP)				
Inclusive of Pitch Hire Only				
Per Pitch Per Hour	£80.00	£85.00	6%	
Per Pitch Per Hour - In Borough State Schools	£38.00	£40.00	5%	in line with market and demand
Per Pitch Per Hour - Out of Borough & Private Schools	£45.60	£50.00	10%	
5-A-SIDE ALL-WEATHER PITCHES (5AWP)				
Inclusive of Pitch Hire Only				
Per Pitch Per Hour	£40.00	£42.00	5%	
Per Pitch Per Hour - Chelsea FC (Eel Brook Common Only)	£20.00	£25.00	25%	
Per Pitch Per Hour - In Borough State Schools	£22.00	£25.00	14%	
Per Pitch Per Hour - Out of Borough & Private Schools	£26.40	£32.00	21%	
Contact Price for QPR / Chelsea FC / Chiswick Hockey				
Per Pitch Per Hour - Contract Adult	£25.00	£28.00	12%	
Per Pitch Per Hour - Contract Junior	£22.00	£25.00	14%	
Pay & Play (Unbooked) Cash Rate				
Per Pitch Per Hour	£55.00	£60.00	9%	New rate to encourage pre-booking
Inclusive of Changing Rooms if Desired				
Off-Peak Hours 09:00-18:00 Mon-Fri. Peak Hours 18:00-22:00 Mon-Fri & Weekends				
Per Pitch Per Hour - Adult / Club (Peak)	£40.00	£42.00	5%	
Per Pitch Per Hour - Adult / Club (Off Peak)	£25.00	£28.00	12%	
Per Pitch Per Hour - In Borough State Schools	£22.00	£25.00	14%	
Per Pitch Per Hour - Out of Borough & Private Schools	£26.40	£32.00	21%	in line with market and demand
RUGBY/GAELIC FOOTBALL/LACROSSE/HOCKEY/AUSTRALIAN RULES				
Inclusive of Changing Rooms				
Per Pitch Per game - In Borough State Schools	£80.00	£85.00	6%	
Per Pitch Per Hour - In Borough State Schools	£38.00	£40.00	5%	
Per Pitch Per Hour - Out of Borough & Private Schools	£45.60	£50.00	10%	
SUMMER PITCH BOOKINGS				
CRICKET (PITCH)				
Inclusive of Changing Rooms. No Stumps, Equipment, Etc Provided				
Per Pitch Per Game - Weekend	£105.00	£115.00	10%	
Per Pitch Per Game - Weekend (Inclusive of Nets)	£115.00	£125.00	9%	
Per Pitch Per Game - Weekday	£90.00	£95.00	6%	

All Fees & Charges Inclusive of VAT @ 20% unless stated otherwise

Description	2013/14 Charge (£)	2014/15 Charge (£)	Proposed Uplift (%)	Reason for uplift
Per Pitch Per Game - Weekday (Inclusive of Nets)	£100.00	£105.00	5%	
Per Pitch Per Game - Bank Holiday	£115.00	£120.00	4%	
Per Pitch Per Game - Bank Holiday (Inclusive of Nets)	£125.00	£130.00	4%	
Per Pitch Per Hour - In Borough State Schools	£38.00	£40.00	5%	New facility. Price set to encourage demand
Per Pitch Per Hour - Out of Borough & Private Schools	£45.60	£50.00	10%	
CRICKET (NETS)				
Inclusive of Net Hire only, where requested without a pitch.				
Per Pair Per Hour	£15.00	£15.00	0%	
Per Pair Per Hour - In-Borough State Schools	£12.00	£12.00	0%	
Per Pair Per Hour - Out of Borough and Private Schools	£14.40	£14.40	0%	
ROUNDERS/BASEBALL				
Inclusive of Changing Rooms.				
Per Pitch Per Game	£80.00	£85.00	6%	
Per Pitch Per Hour - In Borough State Schools	£38.00	£40.00	5%	
Per Pitch Per Hour - Out of Borough & Private Schools	£45.60	£50.00	10%	
MINI BASEBALL				
Inclusive of Pitch Hire Only				
Per Pitch Per Game	£55.00	£60.00	9%	
SOFTBALL				
Inclusive of Pitch Hire Only				
Per Pitch Per Game	£80.00	£85.00	6%	
Per Pitch Per Hour - In Borough State Schools	£38.00	£40.00	5%	
Per Pitch Per Hour - Out of Borough & Private Schools	£45.60	£50.00	10%	
BICYCLE POLO				
Inclusive of Pitch Hire Only				
Per Pitch Per Game - Weekend	£80.00	£85.00	6%	
Per Pitch Per Game - Weekday	£70.00	£75.00	7%	
TOUCH/TAG RUGBY				in line with market and demand
Inclusive of Pitch Hire Only				
Per Pitch Per Game	£40.00	£45.00	13%	
Per Pitch Per Hour - In Borough State Schools	£38.00	£40.00	5%	
Per Pitch Per Hour - Out of Borough & Private Schools	£45.60	£50.00	10%	
ATHLETICS & SPORTS DAYS - HURLINGHAM PARK & SOUTH PARK				
Inclusive of Line Markings (100m Track) & Changing Rooms				

All Fees & Charges Inclusive of VAT @ 20% unless stated otherwise

Description	2013/14 Charge (£)	2014/15 Charge (£)	Proposed Uplift (%)	Reason for uplift
Per Space Per Hour	£55.00	£60.00	9%	
Per Space Per Hour - In Borough State Schools	£38.00	£40.00	5%	
Per Space Per Hour - Out of Borough & Private Schools	£45.60	£50.00	10%	
Inclusive of Pitch Hire Only				
Per Space Per Hour	£45.00	£50.00	11%	
ATHLETICS & SPORTS DAYS - RAVENSCOURT PARK, BROOK GREEN, BISHOPS PARK & LILLIE ROAD REC				
Inclusive of Pitch Hire Only				
Per Space Per Hour	£25.00	£28.00	12%	
Per Space Per Hour - In Borough State Schools	£22.00	£25.00	14%	
Per Space Per Hour - Out of Borough & Private Schools	£26.40	£32.00	21%	
TENNIS				
Daytime Pay & Play				
Pay & Play Per Hour	£9.00	£9.50	6%	
Pre Booked Per Hour (Minimum 5 bookings)	£7.00	£7.00	0%	
Pay & Play Per Hour - Youth (U18)	£3.50	£3.50	0%	
Pre-Booked Per Hour - School	£3.50	£3.50	0%	
Pay & Play Per Hour (Adult)	£11.00	£11.00	0%	In line with market given court conditions
Pre Booked Per Hour (Charge for 5 minimum bookings)	£35.00	£35.00	0%	
Pre Booked Per Hour (Charge for 10 minimum bookings)	£70.00	£70.00	0%	
Pay & Play Per Hour - Youth (U16) - was U18	£5.50	£5.50	0%	
Pre-Booked Per Hour - School	£5.50	£5.50	0%	
COACHING LICENCE FEES				
Coaches Licence Fee (One payment)	£985.00	£1,104.00	12%	in line with market and demand
NETBALL				
Per Court Per Hour - Daytime	£18.00	£20.00	11%	
Per Court Per Hour - Floodlit	£28.00	£30.00	7%	New facility. Price set to encourage demand
Per Court Per Hour - In Borough State Schools	£15.00	£17.00	13%	
Per Court Per Hour - Out of Borough & Private Schools	£18.00	£22.00	22%	
COMMUNITY ROOM - Hurlingham Park				
Room Hire Only	£52.00	£55.00	6%	
Party Hire	£100.00	£105.00	5%	
LINE MARKINGS *(Where supplied as an extra)*				
Athletics Per Hour	£25.00	£28.00	12%	in line with market and demand
CHANGING ROOMS *(Where supplied as an extra)*				

All Fees & Charges Inclusive of VAT @ 20% unless stated otherwise

Description	2013/14 Charge (£)	2014/15 Charge (£)	Proposed Uplift (%)	Reason for uplift
Per Booking - In Borough State Schools	£20.00	£22.00	10%	
Per Booking - Out of Borough & Private Schools	£24.00	£28.00	17%	
BOWLS				
Operation of Bowling Greens is carried out by local Bowling Clubs				
Adult - per person per round	£2.00	£2.00	0%	
OAP/Youth - per person per round	£1.00	£1.00	0%	in line with market and demand (currently low uptake)
Adult season ticket	£44.00	£44.00	0%	
OAP/Youth season ticket	£22.00	£22.00	0%	
Locker rent	£10.00	£10.00	0%	
TRAINING AREAS				
HURLINGHAM PARK				
Inclusive of Changing Rooms & Floodlights				
Training Area Per Hour	£38.00	£40.00	5%	
Training Area Per Hour - In Borough State Schools	£38.00	£40.00	5%	
Training Area Per Hour - Out of Borough & Private Schools	£45.60	£50.00	10%	
FULHAM FOOTBALL CLUB - Grass pitch and Community Room				
Grass pitches, Com Room & Changing room -per day	£115.00	£125.00	9%	
LILLIE ROAD, BISHOPS PARK, SOUTH PARK & EEL BROOK COMMON				
Inclusive of Pitch Hire Only				
Training Area Per Hour	£38.00	£40.00	5%	in line with market and demand
Equipment Storage	£160.00	£170.00	6%	
Bishops Park - Grass pitch				
Fulham Football Club	£80.00	£85.00	6%	
PERSONAL TRAINER ANNUAL LICENCE FEE				
Group Training Instructor Annual Licence	£1,200.00	£1,200.00	0%	
DISCOUNT RATES - Discounts apply to all prices above except where stated otherwise.				
6+ Block Booking	£0.20	£0.20	0%	
10+ Block Booking (that meet criteria) VAT Exempt	£0.20	£0.20	0%	
Council Departments	£0.20	£0.20	0%	
Registered Charities	£0.10	£0.10	0%	
LINFORD CHRISTIES STADIUM				
Annual Inclusive Pass				
Adult (Member)	£90.00	£90.00	0%	
Adult (Non Member)	£140.00	£140.00	0%	

All Fees & Charges Inclusive of VAT @ 20% unless stated otherwise

Description	2013/14 Charge (£)	2014/15 Charge (£)	Proposed Uplift (%)	Reason for uplift
*Concessionary (12 months only) (member)	£40.00	£40.00	0%	
*Concessionary (12 months only) (Non Member)	£70.00	£70.00	0%	
Student 12 months	£70.00	£70.00	0%	
Adult 6 months (member)	£50.00	£50.00	0%	
Adult 6 months (non member)	£80.00	£80.00	0%	
Casual Use session Price				
Adult (Member)	£4.00	£4.00	0%	
Adult (Non Member)	£5.00	£5.00	0%	
*Concessionary (12 months only) (member)	£2.00	£2.00	0%	
*Concessionary (12 months only) (Non Member)	£3.00	£3.00	0%	in line with market and demand
Lifestyle Plus Member	£0.50	£0.50	0%	
Adult spectator/ entrance fee (events)	£2.00	£2.00	0%	
Use of shower facilities / changing facilities	£2.00	£2.00	0%	
Running Track Hire				
Training (LBHF School) facilities only	£27.00	£30.00	11%	
Training (non LBHF School) facilities only	£52.00	£55.00	6%	
Sports Day (LBHF School) up to 3 hrs - Facility only	£150.00	£160.00	7%	
Sports Day (non LBHF School) up to 3 hrs - Facility only	£180.00	£192.00	7%	
Sports Days Per Hour (LBHF School) in excess of 3 hrs	£60.00	£65.00	8%	
Sports Days Per Hour (non LBHF School) in excess of 3 hrs	£72.00	£78.00	8%	
TVH meetings	£50.00	£55.00	10%	
Additional miscellaneous fee - setting out and clearing up	£60.00	£65.00	8%	
PITCHES & ANCILLARY HIRE SERVICES				
11-A-SIDE ALL-WEATHER PITCH				
Inclusive of Changing Rooms if Desired				
Per Pitch Per Hour - Adult	£85.00	£90.00	6%	
Per Pitch Per Hour - FA-Recognised Club	£65.00	£70.00	8%	
Per Pitch Per Hour - In Borough State Schools	£45.00	£48.00	7%	in line with market and demand
Per Pitch Per Hour - Out of Borough & Private Schools	£54.00	£60.00	11%	
Contact Price for QPR / Chelsea FC / Chiswick Hockey				
Per Pitch Per Hour - Contract Adult	£48.00	£52.00	8%	
Per Pitch Per Hour - Contract Junior	£32.00	£35.00	9%	
Pay & Play (Unbooked) Cash Rate				
Per Pitch Per Hour	£100.00	£110.00	10%	To encourage pre-booking

All Fees & Charges Inclusive of VAT @ 20% unless stated otherwise

Description	2013/14 Charge (£)	2014/15 Charge (£)	Proposed Uplift (%)	Reason for uplift
GRASS CENTRE PITCH				
Inclusive of Changing Rooms if Desired				
Centre Pitch Per Game Without Floodlighting	£95.00	£105.00	11%	improved pitch and facilities quality following renovations
Centre Pitch Per Hour Without Floodlighting	£85.00	£90.00	6%	
Centre Pitch Per Hour Without Floodlighting - In-Borough State School	£60.00	£65.00	8%	
Centre Pitch Per Hour Without Floodlighting - Out-of-Borough & Private School	N/A	£78.00	New	
Centre Pitch Per Hour With Floodlighting	£105.00	£115.00	10%	
Centre Pitch Per Hour With Floodlighting - In-Borough State School	£70.00	£75.00	7%	
Centre Pitch Per Hour With Floodlighting - Out-of-Borough & Private School	N/A	£90.00	New	
Rugby Training Area - Top or Bottom	£35.00	£38.00	9%	
Rugby Training Area - Top or Bottom - In-Borough State School	N/A	£38.00	New	
Rugby Training Area - Top or Bottom - Out-of-Borough & Private School	N/A	£45.60	New	
ROOMS / STORAGE HIRE				
Community Room	£35.00	£25.00	-29%	price set to encourage demand
Announcer's Box	£35.00	£25.00	-29%	
Changing Room Per Team (when no pitch hire)	£35.00	£25.00	-29%	
Storage Container (Per Annum)	£1,850.00	£1,850.00	0%	
Community Room - School	£20.00	£20.00	0%	
Announcer's Box - School	£20.00	£20.00	0%	
Changing Room Per Team (when no pitch hire) - School	£20.00	£20.00	0%	
Storage Container (Per Annum) - School	£1,300.00	£1,300.00	0%	
CEMETERIES - Exempt for VAT				
GRAVE PURCHASE - HAMMERSMITH & FULHAM				Set in line with London benchmarked prices. Non-resident charges are twice that of resident charges
Grave Purchase & Grant - North Sheen / Mortlake - Non Resident	£4,095.00	£3,460.80	-15%	
Grave Purchase & Reserve - North Sheen / Mortlake - Non Resident	£4,358.00	£5,946.00	36%	
Grave Purchase & Grant - Fulham / Margravine - Resident	£10,500.00	£10,500.00	0%	Premium limited supply in-borough grave space
Grave Purchase & Reserve - Fulham / Margravine - Non Resident	£10,500.00	£10,500.00	0%	
INTERMENT & REOPENING OF GRAVES				
The interment cost for residents' children up to 16 years of age are waived				
Up to 2 interments / Reopenings (each) - Non Resident	£1,838.00	£2,596.00	41%	
Per extra interment (below 7ft) - Non Resident	£735.00	£542.00	-26%	
Casket (includes interment fee) - Non Resident	£2,363.00	£3,246.00	37%	
Additional Charge for Coffin over 6'8" Long and/or over 26" Wide - Non Resident	£1,943.00	£2,814.00	45%	
INTERMENT OF CREMATED REMAINS				

All Fees & Charges Inclusive of VAT @ 20% unless stated otherwise

Description	2013/14 Charge (£)	2014/15 Charge (£)	Proposed Uplift (%)	Reason for uplift
Grave Purchase & Reserve - Resident	N/A	£1,192.00	New Charge	
Grave Purchase & Reserve - Non Resident		£2,384.00		
Grave Purchase and Grant - Non Resident	£1,365.00	£1,192.00	-13%	
Interment - Non Resident	£420.00	£648.00	54%	
Scattering of Ashes - Non Resident	£79.00	£162.00	105%	
INTERMENTS - PRIVATE GRAVES				
(Includes grass matting)				
Still-born and infants up to 30 days				
- resident	N/A	£186.00	New Charge	
- non-resident	N/A	£372.00	New Charge	
Child up to 12 years				
- resident	N/A	£846.00	New Charge	
- non-resident	N/A	£1,692.00	New Charge	
Person exceeding 12 years				
- resident	N/A	£1,690.00	New Charge	
- non-resident	N/A	£3,380.00	New Charge	
Grave longer than 2.06m (6'9") and/or				
wider than 0.74m (2'5")				
- resident	N/A	£2,116.00	New Charge	
- non-resident	N/A	£4,232.00	New Charge	
Additional fee outside 10am to 4pm				
Monday to Friday	N/A	£239.00	New Charge	
24 hour burial notice	N/A	£478.00	New Charge	
NON PRIVATE GRAVES				
Grave Space Only - Non Resident	£1,838.00	£2,596.00	41%	
EXHUMATIONS (Includes VAT at 20%)				
Standard Charge (Coffin or Casket) - Non Resident	£1,968.00	£4,056.00	106%	
Disinterment of Cremated Remains - Non Resident	£158.00	£326.00	106%	Set in line with London benchmarked prices. Non-residnet charges are twice that of resident charges
Grave Diggers Allowance per Grave - Non Resident	£105.00	£216.00	106%	
MEMORIALS				
Headstone (including Tablet, Vase,etc) - Non Resident	£278.00	£486.00	75%	
Additional inscription - Non Resident	£173.00	£162.00	-6%	
REGISTER SEARCH FEE				
Per Search	£10.00	£28.00	180%	
Certified copy of entry	N/A	£19.00	New Charge	
CHANGE OF OWNERSHIP				
Registering change of ownership & new Deed	£90.00	£91.00	1%	

All Fees & Charges Inclusive of VAT @ 20% unless stated otherwise

Description	2013/14 Charge (£)	2014/15 Charge (£)	Proposed Uplift (%)	Reason for uplift
Replacement Deed of Grant only	N/A	£52.00	New Charge	
USE OF CHAPEL (Per Hour)				
Out of Hours (Weekdays After 4pm / Saturdays / Bank Holidays). 24 Hours Notice Required	£552.00	£371.00	-33%	
Officer attendance (Per hour at weekends)	Negotiable	Negotiable	N/A	
MAINTENANCE OF GRAVES & MEMORIALS				
A 10 year maintenance agreement may be entered into for the following services. The charge is 12 times that of the annual fee to cover inflation and administrative costs.				
Grave Planting and Maintenance (Per annum/per grave space)				
Memorials				
Washing - Standard/Small (per annum charge)	N/A	£80.00	New Charge	
Washing - Large/Double (per annum charge)	N/A	£123.00	New Charge	
REMOVAL AND REPLACEMENT OF GRAVESTONES AND MONUMENTS				
SMALL/STANDARD				
Headstone up to 0.76m - 1.07m(2' 6"- 3'6") high	N/A	£290.00	New Charge	
Full memorial up to 0.76m - 1.07m (2'6" - 3'6") high	N/A	£577.00	New Charge	
LARGE/DOUBLE				
Headstone up to 0.76m - 1.07m (2'6" - 3'6") high	N/A	£388.00	New Charge	
Full memorial up to 0.76m - 1.07m (2'6" - 3'6") high	N/A	£771.00	New Charge	
Any memorial on large/double grave	N/A	£309.00	New Charge	
Additions/alterations to existing masonry	N/A	£104.00	New Charge	
Inspection and staking of weak memorials	N/A	£22.00	New Charge	
Inspection and bonding of weak crosses	N/A	£75.00	New Charge	
DONATED BENCHES & TREES				
Donated Benches	N/A	£919.00	New Charge	
Donated Tree	N/A	£169.00	New Charge	
Or at cost plus admin. charge if larger than standard size				

Cleaner Greener & Cultural Services Fees & Charges Proposals 2013/14

Division / Service	Description	2013/14 Charge (£)	2014/15 Charge (£)	Proposed Uplift (%)	Basis for Charge
LIBRARIES					
Adults 16-59. Concessions: Pensioners 60+, Lifestyle Plus cardholders.					
Book Overdue and Reservation Charges	Overdue Books - Per Day Age 0-59	£0.25	TBC	0%	Tri Borough review of fees and charges being undertaken with a view to align where possible
Book Overdue and Reservation Charges	Requests not in stock- British Library	£5.00	TBC	0%	
Book Overdue and Reservation Charges	Requests not in stock - SELMS partners	£2.00	N/A	0%	No longer part of SELMS from April 2014
Book Overdue and Reservation Charges	Requests- Age 0-59	£1.00	TBC	0%	Tri Borough review of fees and charges being undertaken with a view to align where possible
Book Overdue and Reservation Charges	Overdue Notifications Printed- all ages (No VAT Charged)	£0.40	TBC	0%	
Audio-Visual Loan and Overdue Charges	DVD Loans Feature Films 3 days Adult Age 16-59	£1.50	TBC	0%	
Audio-Visual Loan and Overdue Charges	Overdue DVDs- Age 0-59 Per Day Max £7.50	£0.75	TBC	0%	
Audio-Visual Loan and Overdue Charges	Language Courses/ Learning Packs-three weeks	£2.50	TBC	0%	
Audio-Visual Loan and Overdue Charges	Overdue CDs- Per Day Max £7.50 (No VAT Charged)	£0.25	TBC	0%	
Audio-Visual Loan and Overdue Charges	Box sets DVDs loans Age 0-59 (No VAT Charged)	£3.50	TBC	0%	
Audio-Visual Loan and Overdue Charges	Box sets DVDs Overdues to a maximum of £7.50 Age 0-59 (No VAT Charged)	£0.75	TBC	0%	
Audio-Visual Loan and Overdue Charges	Talking Book Loans	£1.00	TBC	0%	
Internet Charges	Access - After First Half Hour - Per Half Hour members	£0.50	TBC	0%	Tri Borough review of fees and charges being undertaken with a view to align where possible
Internet Charges	(H&F School Children Free)	£0.00	TBC	0%	
Internet Charges	A4 Print - black and white	£0.10	TBC	0%	
Internet Charges	Access- None members pay for every Half Hour	£0.50	TBC	0%	
Internet Charges	Access- Advance 3 hour booking	£2.00	TBC	0%	
Internet Charges	A4 Colour	£1.00	TBC	0%	

All Fees Charges Exclusive of VAT @ 20% unless stated otherwise.

Cleaner Greener & Cultural Services Fees & Charges Proposals 2013/14

Division / Service	Description	2013/14 Charge (£)	2014/15 Charge (£)	Proposed Uplift (%)	Basis for Charge
SMS Communications	Receive SMS reminder of items due (elective service)	N/A	£0.20	New Charge	Cost recovery
Fax Charges - Per Page	UK	£1.00	TBC	0%	Tri Borough review of fees and charges being undertaken with a view to align where possible
Fax Charges - Per Page	Europe	£1.50	TBC	0%	
Fax Charges - Per Page	North America	£2.00	TBC	0%	
Fax Charges - Per Page	Australia	£2.00	TBC	0%	
Fax Charges - Per Page	Elsewhere	£4.00	TBC	0%	
Fax Charges - Per Page	Incoming Material	£1.00	TBC	0%	
Photocopying - Per Page	A4 black and white - self service	£0.10	TBC	0%	
Photocopying - Per Page	A3 black and white - self service	£0.20	TBC	0%	
Photocopying - Per Page	A4 black and white - assisted service	£0.20	TBC	0%	
Photocopying - Per Page	A3 black and white - assisted service	£0.40	TBC	0%	
Photocopying - Per Page	A4 colour - self service	£1.00	TBC	0%	
Photocopying - Per Page	A3 colour - self service	£1.50	TBC	0%	
Photocopying - Per Page	A4 colour - assisted	£1.50	TBC	0%	
Photocopying - Per Page	A3 colour - assisted	£20.00	TBC	0%	
	Withdrawn Library Books				
Sale Items - guide prices - No VAT Charged	Adult Fiction and Children's books	£0.60	£0.60		For sale items, the guide price is based on full cost recovery
Sale Items - guide prices - No VAT Charged	Adult Non-Fiction	£1.00	£1.00		
Sale Items - guide prices - No VAT Charged	Paperbacks	£0.50	£0.50		
Sale Items - guide prices - No VAT Charged	Cassettes	£0.50	£0.50		
Sale Items - guide prices - No VAT Charged	CD's	£0.50	£0.50		

All Fees Charges Exclusive of VAT @ 20% unless stated otherwise.

Cleaner Greener & Cultural Services Fees & Charges Proposals 2013/14

Division / Service	Description	2013/14 Charge (£)	2014/15 Charge (£)	Proposed Uplift (%)	Basis for Charge
Sale Items - guide prices - No VAT Charged	Videos/DVDs	£0.50	£0.50		
	Miscellaneous Sale Items				
Sale Items - guide prices - No VAT Charged	ECO Bags	£1.00	£1.00		
Sale Items - guide prices - No VAT Charged	Memory Sticks	£9.00	£9.00		
	Voluntary groups in H&F, Registered charities and Residents Associations only				
Premises Hire - Per Hour	During Library Hours	£15.00	£17.50	15%	50% Discounted for Community Groups and applying uplift as per premises charges below
Premises Hire - Per Hour	Outside library Hours	£50.00	£55.00	10%	50% Discounted for Community Groups and applying uplift as per premises charges below
	Other				
Premises Hire - Per Hour	During Library Hours	£30.00	£35.00	15%	Cost recovery
Premises Hire - Per Hour	Outside library Hours	£100.00	£110.00	10%	Cost recovery
Exhibition Space - Per Day	Preparatory Day	£60.00	£70.00	15%	Cost recovery
Exhibition Space - Per Day	Exhibition Days	£120.00	£130.00	10%	Cost recovery

All Fees Charges Exclusive of VAT @ 20% unless stated otherwise.

Children's Services Fees & Charges Exceptions 14/15

Fee Description by Division	2013/14 Charge (£)	2014/15 Charge (£)	Proposed Uplift (%)	Comments
School Meal Fees				
School Meals- Primary (Pupils)	2.47	2.53	2.43%	charges increased in line with the contract
School Meals- Secondary (Pupils)	1.90	1.90	0.00%	
School Meals- Primary (Adults)	3.08	3.15	2.27%	
School Meals- Secondary (Adults)	3.08	3.15	2.27%	

Equality Impact Analysis (EIA) of main Budget proposals for 2014/15

(A) Overview and Summary
The Council is obliged to set a balanced budget and Council Tax charge in accordance with the Local Government Finance Act 1992. The purpose of this EIA is to assess the main items in the budget that is likely to be proposed to Full Council on 26 February 2014, following discussion of the proposed Budget at Overview and Scrutiny Board on 28 January 2014, as well as at Cabinet on 03 February 2014.

The revenue part of the budget and associated equality impacts was also discussed at:

- Transport, Environment and Residents' Services Select Committee: 13 January 2014;
- Education and Children's Services Select Committee: 20 January 2014; and
- Housing, Health and Adult Social Care Select Committee: 21 January 2014.

The revenue part of the budget is found at Section D of this EIA.

For 2014/2015, a balanced budget is proposed, based on various growth areas, efficiency savings, fees and reserves. On the basis of that budget, the Council proposes to reduce Council Tax by 3%. Further information is set out in the accompanying Report.

A public authority must, in the exercise of its functions, comply with the requirements of the Equality Act 2010 and in particular section 149 (the Public Sector Equality Duty). This EIA is intended to assist the Council in fulfilling its public sector equality duty ("PSED"). It assesses, so far as is possible on the information currently available, the equality impact of the budget, including the proposal to reduce Council Tax. The requirements of the PSED and case law principles are explained in Legal Implications section of the report to Full Council. The Equality Implications section of that report is informed by this analysis.

(B) Methodology
The analysis looks, first, at the impact of reducing Council Tax and, secondly, at the budget on which that decision is based. It is not, however, feasible or appropriate to carry out detailed EIAs of all the individual proposed policy decisions on which the budget is based at this stage. Detailed EIAs will be carried out of policy decisions that have particular relevance to the protected groups prior to any final decision being taken to implement those policy decisions. This will happen throughout 2014/15 as part of the Council's decision-making process, and changes will be made where appropriate.

The aim in this document is to identify the elements of the budget that may have a particular adverse or a particular positive impact on any protected group so that these can be taken into account by the Council when taking a final decision on the budget and the level of Council Tax. Generally, it is not possible at this stage, and prior to any detailed EIA, to identify measures that will mitigate the adverse effects of any particular policy decision, although where this is possible mitigating measures are identified at the appropriate point in this document.

(C) Analysis of impact of reducing Council tax by 3%
The impact of the proposal to reduce Council Tax by 3% is assessed in three categories:

(i) those who pay Council Tax in full;

(ii) those who do not pay any Council Tax because they receive full Local Council Tax Support ('LCTS') or are exempt from payment; and

(iii) those who pay partial Council Tax because they receive partial LCTS.

Local Council Tax Support (LCTS) came into effect on 01 April 2013, and replaced Council Tax Benefit which was abolished as part of the Government's Welfare Reforms (which include the introduction of Universal Credit). H&F decided for 2013/14 and 2014/15 to absorb the cost of the changes, which means that people receive the same or very similar help to pay their council tax as they did under council tax benefit. The relevant regulations that apply, are therefore those set by government[1]. In order to assess the impact of the main budget proposals upon which the decision to reduce council tax by 3% is based, relevant borough profile and other data is used to assess which group(s) might be impacted by each proposal and an assessment of that impact is made by reference to the three tenets of the PSED.

<u>(i) Assessment of impact of reducing Council Tax by 3% on those who pay the full Council Tax</u>

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

(a) those eligible for full or partial LCTS, i.e. those receiving this benefit as identified in Annex One;

(b) those exempt from Council Tax on any of the grounds set out in Annex Three; and,

(c) those who do not have responsibility for payment of Council Tax because they are not responsible for a property, nor required to pay or contribute towards Council Tax by their landlord or similar. The number of people in this latter category is unknown.

In addition, there are households which are eligible for a reduction in Council Tax (but not LCTS) where there is a disabled adult or child in the household and because of that person's disability they require an extra bathroom or kitchen, extra space for a wheelchair (if they need to use a wheelchair inside) or a room that is mainly used to meet their needs as a disabled person. If a resident is entitled to this reduction, the bill is worked out using the band below the current band of that person's property. For example, if the home is in Band D, the bill is worked out using Band C. For Band A properties, H&F reduces the council tax by one ninth of the Band D amount[2].

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

[1] http://www.lbhf.gov.uk/Directory/Advice_and_Benefits/Council_tax/Who_has_to_pay/174433_Council_Tax_Support_Scheme.asp

[2] Full details are available on the Council's website: http://www.lbhf.gov.uk/Directory/Advice_and_Benefits/Council_tax/Disabled_persons_reduction/35753_Council_Tax_Reductions_for_residents_with_disabilities.asp

The average reduction for people who pay full Council Tax will be £22.74 per Council Tax bill (Band D). This is the reduction that relates to the LBHF element of the calculation.

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

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

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

However, it is likely that those whose financial circumstances place them only just above the threshold for LCTS eligibility will also have low levels of income/savings, relative to the rest of the population.

H&F does not hold diversity data for those with low income/savings levels. Nor does H&F hold full diversity data for those who are eligible for LCTS or partial LCTS but there is some data which could be used to inform an assessment of the likely percentage of people in this group being of a particular protected characteristic such as age, gender, disability.

However, we do have some data sets on those who claim full and partial LCTS (see Annex One) which provide some assistance for this assessment.

Of 18, 283 claimants, 54.72% (pensioner) and 54.7% (non-pensioner) are single female, with 31.42% (pensioner) and 29.36% (non-pensioner) being single male, and 13.82% (pensioner) and 15.94% (non-pensioner) being in a couple. As most couples will be male/female, the total percentage of female LCTS claimants is therefore about 61.63% (pensioner) or 62.67% (non-pensioner), which is rather higher than the percentage of females in the H&F population as a whole which is 51.3% (see the most recent release of data from the 2011 Census at Table Seven in Annex Two).

In terms of disability, about 11.02% of claimants receive the LCTS disability premium (Annex One, Table Three), which is a slightly lower percentage of people with a disability than there are in the H&F population as a whole (which was 12.6% as at the 2011 census[3]).

Among those whose income/savings are low enough that they qualify for LCTS, the only group that is (on the basis of the information available) disproportionately represented are pensioners and, to a lesser extent, women. However, it can probably be assumed that, in general, those with lower income/savings relative to the rest of the population (but nevertheless above the LCTS eligibility threshold) will include greater proportions of pensioners, disabled people, ethnic minority groups, women on maternity leave, single parents (who are normally women) and families with young children than are present in the borough population as a whole.

[3] http://www.lbhf.gov.uk/Images/2011%20Census%20report_LBHF%20briefing_tcm21-177945.pdf

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

Residents who are not eligible for LCTS may consider that there may be an indirect adverse impact to them because if Council Tax is reduced by 3%, H&F will forego income of £1.6M. This may be a particular concern for those in the lower income/savings bracket (even though they will, relative to their income, benefit the most from the reduction) because, broadly speaking, they are more likely to be in receipt of Council services (especially care services) than those who are better off. However, in the proposed budget the £1.6M income that H&F will forego is balanced against the Government Grant for freezing Council Tax of £0.6M, by figures such as budget savings of £3.8M from tri-borough/bi-borough working and £1.4M from the capital debt reduction programme. Although the proposed budget is based in part on various proposed changes to the ways in which services (in all areas) are provided to borough residents, it is not therefore possible to say that there is any direct link between the proposed Council Tax reduction and any particular proposed service change. The potential equality impact of the budget as a whole is assessed in Section D below.

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

(ii) Assessment of impact of reducing Council Tax by 3% on those who do not pay any Council Tax as they are eligible for full rebate, or are exempt from payment

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

As stated above, full diversity data for those eligible for LCTS are not held by H&F. However, we do have some diversity data sets on those who claim full and partial LCTS (see Annex One) which provide some assistance for this assessment. Pensioners make up 33.09% of all claimants (Table One, Annex One). According to Census 2011 information, those aged 65 and over make up 9% of the borough (Table Four, Annex One), therefore, pensioners are over-represented in the group that claims LCTS.

Of 18, 283 , 54.72% (pensioner) and 54.7% (non-pensioner) are single female, with 31.42% (pensioner) and 29.36% (non-pensioner) being single male, and 13.82% (pensioner) and 15.94% (non-pensioner) being in a couple. As most couples will be male/female, the total percentage of female LCTS claimants is therefore about 61.63% (pensioner) or 62.67% (non-pensioner), which is rather higher than the percentage of females in the H&F population as a whole which is 51.3% (see the most recent release of data from the 2011 Census at Table Seven in Annex Two).

In terms of disability, about 11.02% of claimants receive the LCTS disability premium (Annex One, Table Three), which is a slightly lower percentage of people with a disability than there are in the H&F population as a whole (which was 12.6% as at the 2011 census[4]).

[4] http://www.lbhf.gov.uk/Images/2011%20Census%20report_LBHF%20briefing_tcm21-177945.pdf

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

- full time students (men and women, people of different age groups, people of all race groups, disabled people);
- severely mentally impaired people (disabled people);
- foreign diplomats (all groups);
- children aged under 18 (male and female, people of all race groups, disabled people (the prohibition on age discrimination in services and public functions does not apply to those under 18 years of age)); and
- elderly or disabled relatives of a family who live in the main property, in certain annexes and self-contained accommodation (older people, disabled people).

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

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

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

A small indirect benefit to this group may arise as the reduction in Council Tax will mean that there is a corresponding reduction in the amount of LCTS that is paid out by the state and therefore a general benefit to the public purse.

Because the profile of this group is such that members of the group are more likely to be in receipt of Council services (in particular care services), residents who do not pay Council Tax may consider that there may be an indirect adverse impact to them because if Council Tax is reduced by 3%, H&F will forego income of £1.6M. This may be a particular concern for those in the lower income/savings bracket (even though they will, relative to their income, benefit the most from the reduction) because, broadly speaking, they are more likely to be in receipt of Council services (especially care services) than those who are better off. However, in the proposed budget the £1.6M income that H&F will forego is balanced against the Government Grant for freezing Council Tax of £0.6M, by figures such as budget savings of £3.8M from tri-borough/bi-borough working and £1.4M from the capital debt reduction programme. Although the proposed budget is based in part on various proposed changes to the ways in which services (in all areas) are provided to borough residents, it is not therefore possible to say that there is any direct link between the proposed Council Tax reduction and any particular proposed service change. The potential equality impact of the budget as a whole is assessed in Section D below.

<u>(iii) Assessment of impact of reducing Council Tax by 3% on those who pay partial Council Tax</u>

Some people who are not eligible for full LCTS are nonetheless eligible for partial LCTS, dependent on means. Partial LCTS operates on a 20% taper[5], which means that LCTS is calculated in the following way:

Assessment of income and capital
The calculation of how much support a claimant will receive is carried out in the same way as it was for council tax benefit. We use the applicable amounts (the minimum amount that the government say that a claimant can live on) provided by the Department for Work and Pensions ('DWP') for the relevant year.

As the calculation is the same, this means we:

- use the same taper of 20% when the income is higher than the applicable amount
- use the same income disregards, disregards for child care and for any payments made to a company pension.

Capital is also treated in the same way as previously under council tax benefit. We ignore the first £6,000 in capital and then add a £1 tariff for income that a claimant would have per £500 above the £6,000 threshold.

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

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

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

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

Using the 20% taper, their maximum LCTS is reduced by £10.00 x 20% = £2.00. Their LCTS entitlement is £18.00 per week.

Any reduction in Council Tax will therefore have a correspondingly smaller impact on those who are eligible for partial LCTS in comparison to those who are not eligible for LCTS at all. These people will experience some benefit from any reduction in Council Tax, but not as much as those who pay full Council Tax.

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5 http://www.lbhf.gov.uk/Directory/Advice_and_Benefits/Council_tax/Who_has_to_pay/174433_Council_Tax_Support_Scheme.asp

As stated above, full diversity data for those eligible for LCTS are not held by H&F. However, we do have some diversity data sets on those who claim full and partial LCTS (see Annex One) which provide some assistance for this assessment. Table One of Annex One gives the recent data.

Pensioners make up 33.09% of all claimants, and 39.1% of those that claim partial LCTS are pensioners (Table One, Annex One). According to Census 2011 information, those aged 65 and over make up 9% of the borough (Table Four, Annex One), therefore, pensioners are over-represented in the groups that claim LCTS and partial LCTS. Data on partial LCTS claimants is not available by gender or other diversity dataset.

Of 18, 283 claimants (i.e. full and partial LCTS), 54.72% (pensioner) and 54.7% (non-pensioner) are single female, with 31.42% (pensioner) and 29.36% (non-pensioner) being single male, and 13.82% (pensioner) and 15.94% (non-pensioner) being in a couple. As most couples will be male/female, the total percentage of female LCTS claimants is therefore about 61.63% (pensioner) or 62.67% (non-pensioner), which is rather higher than the percentage of females in the H&F population as a whole which is 51.3% (see the most recent release of data from the 2011 Census at Table Seven in Annex Two).

In terms of disability, about 11.02% of claimants receive the LCTS disability premium (Annex One, Table Three), which is a slightly lower percentage of people with a disability than there are in the H&F population as a whole (which was 12.6% as at the 2011 census[6]). This is not broken down further into full and partial LCTS.

A small indirect benefit to this group may arise as the reduction in Council Tax will mean that there is a corresponding reduction in the amount of LCTS that is paid out by the state and therefore a general benefit to the public purse.

Because the profile of this group is such that members of the group are more likely to be in receipt of Council services (in particular care services), residents who are eligible for partial LCTS may consider that there may be an indirect adverse impact to them because if Council Tax is reduced by 3%, H&F will forego income of £1.6M. This may be a particular concern for those in the lower income/savings bracket (even though they will, relative to their income, benefit the most from the reduction) because, broadly speaking, they are more likely to be in receipt of Council services (especially care services) than those who are better off. However, in the proposed budget the £1.6M income that H&F will forego is balanced against the Government Grant for freezing Council Tax of £0.6M, by figures such as budget savings of £3.8M from tri-borough/bi-borough working and £1.4M from the capital debt reduction programme. Although the proposed budget is based in part on various proposed changes to the ways in which services (in all areas) are provided to borough residents, it is not therefore possible to say that there is any direct link between the proposed Council Tax reduction and any particular proposed service change. The potential equality impact of the budget as a whole is assessed in Section D below.

<u>Summary of Assessment of impact of reducing Council Tax by 3% considering all in sub-sections (i), (ii), and (iii) above</u>

Those who will directly benefit from a decision to reduce Council Tax will be all those who pay full Council Tax and, to a proportionately lesser extent, those who receive partial LCTS. In

[6] http://www.lbhf.gov.uk/Images/2011%20Census%20report_LBHF%20briefing_tcm21-177945.pdf

addition, there will be a small indirect benefit to all residents through the reduction in cost to the public purse of LCTS payments by the state.

All full Council Tax payers will benefit from the reduction in Council Tax. So, too, will those who pay Council Tax in a lower band than they otherwise would do because they benefit from the Council's scheme for reducing Council Tax for disabled people who need extra room in their home on account of their disability. On average, this reduction will be £22.74 for those who are Band D Council Tax payers: this relates to the LBHF element of the calculation of Council Tax.

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

Those who are eligible for partial LCTS (which includes a proportion of pensioners that is over-represented as compared with the LBHF population at 39.1% as against 9%, as well as a high proportion of women) will also benefit from a reduction in Council Tax, but to a lesser extent because of the way partial LCTS is calculated. Based on data available for all LCTS claimants, this group is likely to include more women than men, as against the general population.

There will be no benefit to those who are eligible for full LCTS or who are exempt from paying it. The effect on this group will be neutral. Based on data available for all LCTS claimants, this group is likely to include more women than men, as against the general population, as well as more pensioners than non-pensioners, as against the general population, and a higher proportion of BME groups.

Of 18, 283 claimants (i.e. full and partial LCTS), 54.72% (pensioner) and 54.7% (non-pensioner) are single female, with 31.42% (pensioner) and 29.36% (non-pensioner) being single male, and 13.82% (pensioner) and 15.94% (non-pensioner) being in a couple. As most couples will be male/female, the total percentage of female LCTS claimants is therefore about 61.63% (pensioner) or 62.67% (non-pensioner), which is rather higher than the percentage of females in the H&F population as a whole which is 51.3% (see the most recent release of data from the 2011 Census at Table Seven in Annex Two).

All residents may consider that there may be an indirect adverse impact to them because if Council Tax is reduced by 3%, H&F will forego income of £1.6M. This may be a particular concern for those in the lower income/savings bracket (even though they will, relative to their income, benefit the most from the reduction) because, broadly speaking, they are more likely to be in receipt of Council services (especially care services) than those who are better off. However, in the proposed budget the £1.6M income that H&F will forego is balanced against the Government Grant for freezing Council Tax of £0.6M, by figures such as budget savings of £3.8M from tri-borough/bi-borough working and £1.4M from the capital debt reduction programme. Although the proposed budget is based in part on various proposed changes to the ways in which services (in all areas) are provided to borough residents, it is not therefore possible to say that there is any direct link between the proposed Council Tax reduction and any particular proposed service change. The potential equality impact of the budget as a whole is assessed in Section D below.

(D) Analysis of overall impact of the proposed Budget

Public Health and the overall Budget
There are no significant services funding changes to be made as part of the 2014/15 budget setting to the public health budget.

SAVINGS, EXISTING EFFICIENCIES, AND NEW EFFICIENCY SAVINGS

Adult Social Care (ASC)
Some of the ASC line items are to do with back office change that affects staff and as such will not have an impact on frontline service users. Because these will not have an equality impact on the borough population, they are not analysed further here. As with all staff changes, EIAs are carried out to inform reorganisations. Other line items are to do with more efficient ways of delivering services to the public and those are included here.

Reduced admissions into residential and nursing homes through better support in the community: £475K
This saving follows on from last year’s saving under the same heading, and arises from low scale integration work, whereby a more planned discharge of clients back into their homes results in better outcomes and a lower number of clients because people are not having to be re-admitted to hospital so often. This will help to advance equality of opportunity for older and disabled people and to encourage participation in public life by helping them with their care after hospital. It is of high relevance to disabled adults, and to older people who have been admitted to hospital, with the focus being on managing the exit from hospital in a proactive and holistic way such that money is saved.

This line item also supports delivery of one of the Council’s two Equality Objectives, as required by S153 of the Equality Act 2010, agreed by Cabinet in December 2011, and reported on in February 2013. The objective is:

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

Tri-Borough initiative to manage prices in residential and nursing placements: £135K
This line item refers to inflation-related requests made by providers of such services as care and residential nursing homes, making this of high relevance to older and disabled people. This is being managed by ASC and a standard system across the Tri-Borough area has been set up to ensure that recent case law and the views of stakeholders including care providers are assessed and taken into account when agreeing fees. Each case is judged on its own merits in line with emergent case law and the needs of providers to run a service that is fit for purpose. Therefore there should be no impact on older or disabled people, or on providers as a result of this approach.

Customer Journey for Operational Services: £185K
This saving arises from a review of social work practice and how services are delivered. This includes processes used to help residents and how these could be made easier to navigate to cost less but also to provide better services to older and disabled people. This saving is therefore of high relevance to older and disabled people and people with learning disabilities and the impact should be positive.

Review of high cost placements, supported at home packages and direct payments: £910K
This line item refers to a combination of: where residents get services from, more regular reviews of packages, and benchmarking cost against Tri-Borough partners' services. The combined work will reduce cost and will not impact adversely on residents as these measures will ensure that the service provided are the most appropriate and the best value for money.

There will be more timely and appropriate interventions in an integrated care co-ordinated approach which will provide appropriate levels of care.

Efficiencies to be achieved from the homecare procurement exercise and new operating model: £118K; and
Personalisation - Changing the approach to an outcome based on the new operating model for Direct Payment Clients: £115K
Both of these items arise from a focus on reablement ethos which encourages independence and stability. This will also include more regular reviews to ensure that older and disabled residents are getting the right services.

Review intensive support contract: £50K
This arises from a new tendered contract. However, take-up of this service is lower and so the saving arises from this aspect.

Review of third sector payments within the Older People Commissioning Sector: £38K
This arises from an underspend in 2013/14, which is a saving for 2014/15.

Review of Learning Disability (LD): residential supported living £108K
This is part of the strategy for LD accommodation and support and this line item will affect a very small number of service users. A consultation on the future of the service is underway and a report will be presented to Cabinet in February 2014 which will fully consider equalities issues and actions to minimise these.

Procurement of Learning Disabilities supported living contract (Yarrow): £324K
This saving will arise from a contract renegotiated led by procurement of this service.

Protect community transport provision by encouraging the use of travel methods such as taxi cards, blue badges and freedom passes through the Travel Support Strategy plan: £45K
This line item is part of the Support Planning Model. As part of this, service users have a Travel Support Plan and this would help them to use other forms of transport with support.

Provide statutory advocacy services and withdraw non-statutory advocacy support and funding: £165K
This line item arises from a procurement exercise in which a unit costed model is proposed. The level of advocacy would be the same but the Council would only pay for the advocacy that is used by service users. As such there is no impact on service users as the level of service is not proposed to change.

Reprovide all funding for employment and training services and review of Learning Disabilities Development fund: £111K
This service will be carried out by the Housing and Regeneration Department within existing resources.

Supporting People - Procuring of contracts by negotiating with providers and decommissioning of services: £875K
This line item refers to negotiating with providers and decommissioning of services. Such decisions are subject to the usual decision making process which may include carrying out an Equality Impact Analysis at which stage the impact can be fully assessed.

Review of Elgin Resource centre contract: £25K
This item refers to a contract variation and extension.

Procurement savings from Olive House contract: £28K; and
Procurement savings from Elm Grove & Elgin Close contract: £70K
These line items refer to renegotiations of both contracts which result in savings in extra care sheltered housing. There is no impact on service users as a result.

Improve outcomes and reduce dependency amongst residents through better joint services with the NHS: £103K
This item refers to money being received by the Council from the NHS.

The following savings arise from a review of staffing arrangements and will not impact on the public sector equality duty:

- Review of Support Planning: £39K
- Commissioning, Finance and in-house services: £48K
- Overheads (training, project management): £65K
- Review of Older People Day Care Services: £35K
- Review of Community Access team: £22K
- Learning Disabilities Supported Living Review: £43K
- Review of Mental Health Commissioned Services: £22K
- Mental Health Social Work costs: £183K
- Integrated commissioning with health: £200K
- Recruitment budget: £40K

Extension of Framework-i contract in line with Tri-Borough partners: £127K
This saving arises from better use of IT and does not impact on frontline services or the public sector equality duty.

<u>Children's Services (CHS)</u>
Some Children's Services savings for 2014/15 are with respect to staffing changes to the back office and as such do not have an impact on front line service provision. In such cases equalities impacts are considered as part of staffing establishment reorganisations. Other savings items relate to the efficient means to deliver services to the public and are detailed below.

Children with Disability Project (Tri-b): £204k
New model for delivering overnight Respite care: There is the potential for a negative equalities impact as the delivery of the proposals to increase the day care offer could result in a reduction in the provision of overnight respite for some users. A full EIA will be developed as proposals progress and impact will be reviewed and monitored throughout, including extensive engagement with service users.

Direct Payments implemented and used for all Care Packages across the three boroughs: This proposal will result in a positive impact as service users who opt to use Direct Payments will have more control over the provision that they receive. Any potential for negative impact will be managed via consultation with stakeholders and ensuring sufficient mechanisms are in place for families who need support with accessing a direct payment.

Procurement - Short Breaks Services: There will be a positive impact for service users of short breaks by providing more choice in provision, which is a requirement of the legislation. However, a full EIA will be developed when the procurement activity commences.

Parent Partnerships: As Parent Partnerships is a relatively small commissioning exercise, no equality impact is expected although a full EIA will be completed in conjunction with business case.

Tri-borough Staffing Structures - Creating a Tri-Borough Head of Disabled Children Post and Rationalising service structures across the three boroughs: No equalities impact is envisaged at this stage. However any potential impact will be monitored via the development of detailed EIAs for any consultations that affect a significant number of staff or impact front line services.

Looked After Children and Leaving Care Project (Tri-b): £752k
IFA review - 10 less IFAs per year: Improved quality and stability of placements is expected via increasing in-house placements provision.

10 more relative placements: Where appropriate kinship arrangements can have a positive impact by keeping children in an extended family environment and out of local authority care.

Increase speed and number of children moving to permanence/ Special Guardianship Orders: Positive impact for children through quicker outcomes and moves to permanent placements

Social Care Legal Services: The same quality standards will be implemented across the Tri-borough

Adoption & Fostering trading (trading of adopters to the market): A possible positive impact may be realised if there becomes a wider pool of adopters and foster carers

Revised contact service configuration: Potential for a positive impact on quality, particularly that contact can take place more local to the child's placement

Reduce number of older young people not using placements effectively or claiming benefits: A positive impact is expected as the initiative enables young people to make transition to independent living

Children Residential Care: No negative impact expected but this will be kept under review through continuing evaluation of outcomes

Revised commissioning of semi-independent accommodation: This activity aims to achieve a positive equality impact for care leavers in terms of improving the quality of service provision. A full EIA will be completed in conjunction with the commissioning plan and business case

Complex parenting assessments: A positive impact is expected from the procurement of a fully fit for purpose service contract and EIA will be finalised in conjunction with finalisation of business case

Passenger Transport Procurement: £125k
Passenger Transport Procurement: The passenger transport procurement covers home to school transport for SEN children; home to day care centres and other transport for vulnerable adults and transport for looked after children. Eligibility criteria for this transport is not part of the scope of this work. Parents of SEN service users and day care centre managers were consulted at the beginning of the process to ascertain what was important to them and their clients in the delivery of this service. Tender specifications have been drawn up and tenders evaluated to ensure that current levels of service quality and safeguarding are met by any new provider. An equality impact assessment has been undertaken. The project team acknowledges that transition to new operators, drivers and escorts may have an impact for some disabled service users in the short term while adjustments to new personnel are made. This is not expected to have any greater impact on service users than changes to personnel within the existing operations. An in house transport management team is being put in place. This team will work with schools, day care centres, service users and their parents and carers as well as with service providers to proactively manage the transition from current to new provision.

Further Commissioning and Procurement Savings: £132k
Information, Advice and Guidance (IAG): With respect to young people with learning difficulties with Destination Tracking; NEET returns/brokerage and Section 139 Assessments, no equalities impact is envisaged. The savings reflect changes to LA statutory duties in this area. An equivalent duty to provide IAG now rests with secondary schools and is monitored by governing bodies.

LBHF Youth Services: The saving reflects a school which has discontinued its after-school youth club. No alternative provider has been found at this stage. The school will continue to provide a wide range of school-based activities for pupils.

Tri Borough School Meals Service (saving against Dedicated Schools Grant funding): A consultation with schools is expected to ensure that the requirements of all pupils are met. Eligibility policies are not part of the scope of this work. There is not expected to be any negative impact on service users but the impact will continue to be reviewed through contract monitoring arrangements.

Family Services Restructure and Service Review Savings: £610k
The following items reflect planned changes to staffing establishments and structures. No equality impacts are envisaged at this time although detailed equality impact assessments are to be completed as proposals are finalised. Changes around Family Support and Child Protection reduction from 4 teams to 3; Tri-borough Head of LAC; Localities to 2 teams; Structure review and reduction of agency staffing; Improved quality and continuity of service through retention and permanent staff and reducing turnover; Business Support Officer reduction in Contact and Assessment and reduction of 1 LAC Social Worker post.

Safeguarding & Quality Assurance: A reduced number of looked after children will mean less statutory reviews

Combined Assessment Services: Improved quality is expected through combining services and procuring a multi-disciplinary assessment rather than our current single agency service.

Tri-borough Southwark/UASC: Service to the same population will be provided by specialist tri borough service – this should increase quality through specialisation.

Savings resulting from targeted actions with respect to placements: £70k
Secure Welfare placements: Reducing use of secure welfare by the provision of alternative community placements

Reduce residential use: Improved quality and stability of placements via reduced use of residential homes and increased use of fostering placements

Leaving Care: £215k
Improvements in timescales in moving to independent accommodation leading to positive impact for Young People leaving care through moves to permanent accommodation and independence.

Other Family Services Savings
Reduction in cost from care proceedings pilot: £120k
No equality impact envisaged as the pilot does not change who is taken through care proceedings but simply shortens the length

Rationalisation of Service Delivery and Location Costs: £55k
Cobbs Hall relocation/other premises: No equality impact envisaged as current security post not needed in the new location as already provided in that setting

E-readers for panel papers: No equality impact envisaged as the same information will be provided to panel members but in electronic form

Early help and intensive intervention with parents to reduce young people entering care by 5 per year: £160k
Targets repeat removals resulting in a positive impact for families at risk of repeat removals and providing intensive interventions to reduce children being removed

Disabled children support package review: £50k
Support will be provided at appropriate levels according to need.

<u>Environment, Leisure and Residents' Services (ELRS)</u>
A number of the ELRS line items are to do with back office change that affects staff and as such will not have an impact on frontline service users. As with all staff changes, EIAs are carried out to inform reorganisations.

Alternative funding for enhanced policing contract: £440K
This line item refers to other ways of funding the £440K, which includes potentially using S106 money to do this. As such, this item will have no impact on residents or service users as the service will not change.

<u>Finance and Corporate Services (FCS)</u>
Many of the FCS line items are to do with back office change that affects staff and as such will not have an impact on frontline service users. As with all staff changes, EIAs are carried out to

inform reorganisations. However, some of the line items are to do with more efficient ways of delivering services to the public and these are dealt with below.

Reduction in Voluntary Sector Grants expenditure of 10% and London Boroughs Grant Levy – Shortfall of funding from 2014/15: £2K

The Council grants expenditure is proposed to reduce by 10%. In particular this is likely to include: women's groups, BME groups, and groups for disabled people. A reduction is likely to have a negative impact because there will be less money to allocate as grant funding. The criteria for allocation of funding has not changed.

The specifications on which the grant funding is allocated have been reviewed for the next funding round. Specifications ensure that the grants are allocated to organisations that are financially sound and are in a position to deliver quality services developing projects that are preventative and complimentary to the statutory services and which consider council priorities and strategies.

No final decision will be made until all applications for grant funding are received and analysed, then recommendations made for funding are proposed to Cabinet. When that happens, further consideration to impact(s) on equality groups will be given. Recent past experience indicates that although the Council receives a large number of applications, not all of these meet the criteria for funding e.g. because the application does not answer all of the points that are required to be answered in demonstrating how the potential project will measure how it will improve the well-being of local residents.

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

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

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

Calculation of borough contributions is on a "per head of population" basis, as required by the governing statute (LGA 1985, S48). London Councils is required to use the population figures as determined by the Secretary of State.

Deletion of HB Appeals Officer post £20K

This is one of two posts; the other post remains. Part of the £20K saving will be used to fund support as and when is required on Housing Benefit (HB) appeals. HB Appeals will die out as HB moves to Universal Credit. As such, there should be no impact on service users.

Workforce reduction – proportionate saving in maternity budgets £25K
This is a reduction due to reducing numbers of Council staff. There is no change in maternity policy, and there will be no impact on service users.

Other Savings, total £944k
There are a number of potential reorganisations in FCS, and these are informed by EIAs as and when they occur. These are listed below:

- Re-tender credit/debit card transaction contract £15K
- Reduction in contribution to Insurance fund £200K
- Reduction in Internal Audit supplies and services budget £10K
- Investment income stretch target (increase of 0.2%) £250K
- Hammerprint Xerox contract £50K
- E-sourcing via new system £15K
- Reduction in subscription budget £25K

The savings given above are unlikely to have an impact on residents or service users, and represent better ways of providing services to frontline departments while ensuring that resources are allocated where they need to be.

Housing and Regeneration Department (HRD)

Additional Pension Fund Service Deficit absorbed by the HRA based on actuarial calculations: £209K
This efficiency relates to the additional contribution to the Council's pension fund deficit required from the Housing Revenue Account rather than the General Fund. This efficiency will not have any significant equalities impact.

Reduction in amenity recharge from the HRA: £50K
This efficiency relates to a reduction in charges to the General Fund from the Housing Revenue Account. The charges relate to the perceived benefit to the General Fund of the amenity provided to residents from the Council's housing land.

Reduction in costs and risks associated with Hamlet Gardens: £150K
This efficiency relates to the reduced procurement cost expected to result following the expiry of an expensive lease for temporary accommodation, and the Council procuring suitable alternative accommodation more cost effectively. This efficiency is not expected to have any significant equalities impact.

Reduction in Housing Benefit Subsidy Loss on HALD portfolio: £20K
Introduction of and changes to Local Housing Allowances (LHA) has restricted Housing Benefits paid to customers. In 2013/14, 546 tenancies where existing rents exceeded LHA rates were identified. A combination of negotiation with landlords to reduce rents charged and seeking suitable alternative accommodation where appropriate has been successful in mitigating this risk. This saving is a budgetary provision that is now no longer required.

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

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

Minor reorganisation of roles and responsibilities with Housing Options: £40K
This efficiency relates to a staffing reorganisation which has been designed to best meet the requirement to deliver the revised housing strategy. This reorganisation shows no adverse equality impacts on staff with protected characteristics.

Review of income generation opportunities and cost reductions in Adult Learning & Skills Service: £211K
This efficiency results from cost reductions arising from a review of the staffing structure and the identification of income generation opportunities associated with the delivery of learning and skills course provision. The review will have no adverse equality impacts on staff with protected characteristics.

Transport & Technical Services (TTS)
The majority of savings are concerned with back office staff, accommodation, advertising income, IT, and changes to charges. As such they are unlikely to have any equalities implications for any particular groups with protected characteristics. Where there are staff changes leading to savings, EIAs are carried out.

Libraries
There are £100K total savings identified in the Libraries budget:

Fulham Library: £81K
This is a historical item and relates to the “more than a library” project. There are no impacts on any groups arising from this item.

Home Library Service: £10K
This line item relates to the deletion of 0.5FTE post. An EIA was carried out for this item, which deleted this post and created a new dedicated team to deliver the service. There were no adverse impacts on customers.

Libraries Management System savings: £9K
This line item relates to a back office saving on a new contract. There are no impacts on any groups arising from this item.

GROWTH
ASC
Increase in demand for learning disabled people placements and care packages; £205K
These line items relate to an increase in the demand for placements for people with needs arising from learning disabilities. These will all be of high relevance to disabled people, and will support the participation of disabled people in public life, and help to advance equality of opportunity between disabled and non-disabled people. The increase in the budget will match the increased number of people requiring the service. These items will have a neutral impact as the increase in budgets will meet the needs of these groups and there will be no change to the service or to the eligibility for the service as a result.

FCS

Concessionary Fares settlement; £540k
This growth item relates to the budget for concessionary fares. The Concessionary Fares Settlement & Apportionment published by London Councils in late December 2013 proposed an increase in the amount that London Boroughs have to pay to fund this scheme. There will be no impact on older and disabled people, as the eligibility criteria will not change and they will still be able to access this scheme.

ELRS, CHS, Libraries
No growth items.

TTS
There are no growth items that are relevant to equality.

Public Health
There are no significant services funding changes to be made as part of the 2014/15 budget setting.

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

FEES AND CHARGES
Libraries
There is one new charge, which is for an SMS communications service (at 20p per text). This is an elective service to remind customers that the item borrowed is due back. There is a cost-free email service. Additionally, customers would know when the item was due back from the time that the item was borrowed. Therefore, there are no impacts on any particular group as a result of this elective service.

ASC
Home care: no increase
It is proposed that there is no increase to the home care charge of £12.00 per hour between 2013/14 and 2014/15. This is because Cabinet approved that the rate of charge is limited to £12.40 based on the level of assessed needs and cost of service. The home care charge of £12.00 is compared with the average home care purchasing rate of £12.41. In 2014/15 a new home care offer focusing on flexible support and outcomes contracts is proposed and the charge will be reviewed at this particular point. Hammersmith & Fulham will still be amongst the London Boroughs with the lowest contribution towards home care. Unlike nearly all other London Boroughs, a person's savings and property are not taken into account when assessing that person's ability to make a contribution to the cost of home care.

Meals on Wheels: no increase
In line with Council policy, the Meal's charge has increased over the last three years. The Meals service has been outsourced since July 2013. The Service User charge per meal was increased to £4.50 with effect from April 2013 with the cost of the Meal at £6.93, leaving a subsidy of £2.43. A review of the arrangements will be undertaken for both the service model and charging for the delivered meals service. The data collection, benchmarking and best practice review will take place early in 2014 with a fuller consultation planned later in the year. Therefore it is proposed not to increase charges in 2014/15, pending the outcome of the review.

ALL OTHER DEPARTMENTS
There are no fees and charges relevant to equality.

RISKS AND CHALLENGES

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

Demographic changes, Ageing population: £450K
Growth is expected to be one per cent per annum in LBHF. Presently, there is a reduction in client numbers which is expected to plateau and then to rise.

Care transfers into social care; £750K
This relates to increases due to continuing care transfers into social care and demographic pressures.

Increase in demand for learning disabled people placements and care packages; £235K
See growth section for comments.

Equipment budgets; £200K
Increased pressure on equipment budgets as a whole as the Health & Social Care community work together to deliver on admission avoidance & delaying the admission to Residential or Nursing Facilities.

Maximising revenue from Careline; £400K
The service is being reviewed with Commissioning to look at recomissioning a telephony / Monitoring service on a Bi or Tri-Borough basis. A local response service will be developed as part of the wider rapid Response Service developments.

ALL OTHER DEPARTMENTS
There are no risk items relevant to equality.

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

Savings items that will directly support equality of opportunity, and encourage participation in public life include reducing admissions into residential and nursing homes through better support in the community through reablement, in ASC. This arises from low scale integration work, whereby a more planned discharge of clients back into their homes results in better outcomes and a lower number of clients because people are not having to be re-admitted to hospital so often. This will help to advance equality of opportunity for older and disabled people and to encourage participation in public life by helping them with their care after hospital. It is of high relevance to disabled adults, and to older people who have been admitted to hospital, with the focus being on managing the exit from hospital in a proactive and holistic way such that money is saved.

This line item also supports delivery of one of the Council's two Equality Objectives, as required by S153 of the Equality Act 2010, agreed by Cabinet in December 2011, and reported on in February 2013. The objective is:

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

Another ASC saving includes work on the customer journey for operational services, which will review social work practice and how services are delivered. This includes processes used to help residents and how these could be made easier to navigate to cost less but also to provide better services to older and disabled people. This saving is therefore of high relevance to older and disabled people and people with learning disabilities and the impact should be positive.

Growth items that will promote equality of opportunity include the growth in the areas of ASC and HRD. One of these in ASC deals with the increase in demand for learning disabled people placements and care packages, which will all be of high relevance to disabled people, and will support the participation of disabled people in public life, and help to advance equality of opportunity between disabled and non-disabled people. Overall, there will be a neutral impact as the increase in budgets will meet the needs of these groups.

Another of these items is the proposals for managing the homelessness impact of welfare reforms in HRD. Any equalities impacts will arise from changes in Government policy. To the extent that the growth is mitigation leading to the prevention of homelessness or of the use of B&B, the impact will be positive to BME groups and households headed by women, which tend to be over-represented amongst homeless households.

There are no fees and charges increases that are relevant to equality.

The identification of risk items in ASC will indirectly support the participation of disabled people in public life, and help to advance equality of opportunity between disabled and non-disabled people. These items will help to anticipate the demand for services for older and disabled people and ensure that these demands can be met, avoiding potentially negative impacts.

Items that may have a negative impact include the CHS respite item, which informs a new model for delivering overnight care. However, a full EIA will be developed (as given in the CHS section above).

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

Ultimately if, on further analysis, it is decided that any particular proposed policy would have an unreasonable detrimental impact on any protected group, H&F could, if it is considered appropriate, use reserves or virements to subsidise those services in 2014/15.

Annex One: LCTS Claimant Data

Table 1: Composition of LCTS claimants in LBHF

	Households			Weekly Payment		
	Full	Partial	Total	Full	Partial	Total
Pensioners	4,317	1,735	6,052	70,755.54	21,137.62	91,893.16
	71%	29%	100%			
Non Pensioners	9,530	2,702	12,232	152,602.80	29,871.78	182,474.58
	78%	22%	100%			
Households with Children	3,621	1,372	4,993	63,333.40	15598.5	78,931.90
	73%	27%	100%			
Households with Disabled Adult	1,879	244	2,123	30,470.40	3006.13	33,476.53
	89%	11%	100%			
Households with Children & Disabled Adult	379	47	426	7,258.23	669.49	7,927.72
	89%	11%	100%			
Households without Children & Disabled Adult	4,164	1,069	5,233	61,931.63	11274.64	73,206.27
	80%	20%	100%			
Overall Totals	**13,847**	**4,437**	**18,284**	**223,358.34**	**51,009.40**	**274,367.74**

Table 2: Council Tax bands of LCTS claimants

	A	B	C	D	E	F	G	H	Totals
Pensioners	315	853	1648	1681	897	406	250	2	6052
Working Age	963	1554	3095	3879	1864	647	224	6	12232
	1278	2407	4743	5560	2761	1053	474	8	18284
	6.99%	13.16%	25.94%	30.41%	15.10%	5.76%	2.59%	0.04%	

Table 3: the composition of LCTS claimants by pensioner and non-pensioner claims where households have a disabled adult and the disability premium has been awarded, by male and female only, and by couple.

Total number of claims	18283			
Total number of pensioner claims (includes households with a disabled adult where the disability premium has been	6282	Number of female only claimants = 3438 or **54.72%**	Number of male only claimants = 1974 or **31.42%**	Number of claiming couples = 868 or **13.82%**

awarded				
Total number of non-pensioner claims (includes households with a disabled adult where the disability premium has been awarded)	12001	Number of female only claimants = 6565 or **54.7%**	Number of male only claimants = 3523 or **29.36%**	Number of claiming couples = 1913 or **15.94%**
Households with a disabled adult (where the disability premium has been awarded) as a standalone group of the total number of claims	2015	Number of female only claimants = 966 or **47.94%**	Number of male only claimants = 908 or **45.06%**	Number of claiming couples = 141 or **6.99%**

Annex Two: Population Data
The data in this Annex is from the Borough Profile 2010, from the Census 2001, from the Census 2011 First Release, or, where information for H&F is not available, from other sources which are given below. The most up to date is given in each case and used in the analysis above.

Data
- Tables of data from the Office of National Statistics (ONS) Crown Copyright Reserved [from Nomis on 6 December 2013]
- Live Births by Usual Area of Residence: ONS 2012 (e.g. for pregnancy and maternity) Crown Copyright Reserved [from Nomis on 6 December 2013]
- H&F Framework-i
- Kairos in Soho, *London's LGBT Voluntary Sector Infrastructure Project*,2007

Table 4: Age
(QS103EW, ONS)

Age	#	%
0-4	11,900	6.5
5-10	10,172	5.6
11-16	9,019	4.9
17-24	22,184	12.2
25-39	65,211	35.7
40-49	25,083	13.7
50-64	22,511	12.3
65-74	9,102	5.0
75+	7,311	4.0

Table 5: Age and disability
Adults not in employment and dependent children and persons with long-term health problems or disability for all (KS106EW, ONS)

Household Composition	**2011**	
	number	**%**
count of Household; All households	80,590	100.0
No adults in employment in household	21,192	26.3
No adults in employment in household: With dependent children	3,897	4.8
No adults in employment in household: No dependent children	17,295	21.5
Dependent children in household: All ages	18,479	22.9
Dependent children in household: Age 0 to 4	9,083	11.3
One person in household with a long-term health problem or disability	15,999	19.9
One person in household with a long-term health problem or disability: With dependent children	2,809	3.5
One person in household with a long-term health problem or disability: No dependent children	13,190	16.4

Table 6: Disability (Framework-i)

Rate of physical disability registrations for H&F:	38.7 registrations per 1000 people
Rate of physical disability registrations for Wormholt & White City:	56.6 registrations per 1000 people (the highest)
Rate of blind/visual impairment registrations for H&F:	6.2 registrations per 1000 people
Rate of blind/visual impairment registrations for Ravenscourt Park:	14.1 registrations per 1000 people (the highest)
Rate of deaf/hard of hearing registrations for H&F:	2.0 registrations per 1000 people
Rate of deaf/hard of hearing registrations for Shepherds Bush Green:	4.0 registrations per 1000 people (the highest)

Table 7: Sex
Usual resident population (KS101EW, ONS)

Variable	**2011**	
	number	**%**
All usual residents	182,493	100.0
Males	88,914	48.7
Females	93,579	51.3

Table 8: Race
Ethnic group (KS201EW, ONS)

Ethnic Group	**2011**	
	number	**%**
All usual residents	182,493	100.0
White	124,222	68.1
White: English/Welsh/Scottish/Northern Irish/British	81,989	44.9
White: Irish	6,321	3.5
White: Gypsy or Irish Traveller	217	0.1
White: Other White	35,695	19.6
Mixed/multiple ethnic groups	10,044	5.5
Mixed/multiple ethnic groups: White and Black Caribbean	2,769	1.5
Mixed/multiple ethnic groups: White and Black African	1,495	0.8
Mixed/multiple ethnic groups: White and Asian	2,649	1.5
Mixed/multiple ethnic groups: Other Mixed	3,131	1.7
Asian/Asian British	16,635	9.1
Asian/Asian British: Indian	3,451	1.9
Asian/Asian British: Pakistani	1,612	0.9
Asian/Asian British: Bangladeshi	1,056	0.6
Asian/Asian British: Chinese	3,140	1.7
Asian/Asian British: Other Asian	7,376	4.0
Black/African/Caribbean/Black British	21,505	11.8
Black/African/Caribbean/Black British: African	10,552	5.8
Black/African/Caribbean/Black British: Caribbean	7,111	3.9
Black/African/Caribbean/Black British: Other Black	3,842	2.1
Other ethnic group	10,087	5.5

Other ethnic group: Arab	5,228	2.9
Other ethnic group: Any other ethnic group	4,859	2.7

Table 9: Religion and Belief (including non-belief)
Religion (KS209EW, ONS)

Religion	**2011**	
	number	**%**
All categories: Religion	182,493	100.0
Has religion	123,667	67.8
Christian	98,808	54.1
Buddhist	2,060	1.1
Hindu	2,097	1.1
Jewish	1,161	0.6
Muslim	18,242	10.0
Sikh	442	0.2
Other religion	857	0.5
No religion	43,487	23.8
Religion not stated	15,339	8.4

Table 10: Pregnancy and maternity
Live births (numbers and rates): age of mother and administrative area of usual residence, England and Wales, 2012 (ONS 2012)

Age of mother at birth								
All ages	Under 18	Under 20	20-24	25-29	30-34	35-39	40-44	45+
2,646	15	45	238	491	970	689	200	13

Age of mother at birth								
All Ages	Under 18	Under 20	20-24	25-29	30-34	35-39	40-44	45+
52.5	6.7	12.3	31.1	37.6	88.6	84.1	29.0	2.2

Table 11: Marriage and Civil Partnership
Marital and civil partnership status (KS103EW, ONS)

Marital Status	**2011**	
	number	**%**
All usual residents aged 16+	152,863	100.0
Single (never married or never registered a same-sex civil partnership)	85,433	55.9
Married	45,248	29.6
In a registered same-sex civil partnership	743	0.5
Separated (but still legally married or still legally in a same-sex civil partnership)	4,425	2.9
Divorced or formerly in a same-sex civil partnership which is now legally dissolved	11,386	7.4
Widowed or surviving partner from a same-sex civil partnership	5,628	3.7

Table 12: Living arrangements (QS108EW, ONS)

Living Arrangement	2011	
All categories: Living arrangements	151,028	
Living in a couple: Total	60,569	40.1
Living in a couple: Married	40,917	27.1
Living in a couple: Cohabiting (opposite-sex)	17,046	11.3
Living in a couple: In a registered same-sex civil partnership or cohabiting (same-sex)	2,606	1.7
Not living in a couple: Total	90,459	59.9
Not living in a couple: Single (never married or never registered a same-sex civil partnership)	68,170	45.1
Not living in a couple: Married or in a registered same-sex civil partnership	3,820	2.5
Not living in a couple: Separated (but still legally married or still legally in a same-sex civil partnership)	3,698	2.4
Not living in a couple: Divorced or formerly in a same-sex civil partnership which is now legally dissolved	9,517	6.3
Not living in a couple: Widowed or surviving partner from a same-sex civil partnership	5,254	3.5

Information set 13: Gender Reassignment and Lesbian, Gay, Bisexual and Heterosexual People

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

The 2011 census recorded 17,046 people (or 11.3% of couples), aged 16 and over, living as same sex couples in Hammersmith and Fulham. The same census recorded 2,606 (or 1.7% of couples) as a registered same-sex civil partnership or cohabiting (same-sex) . Data on heterosexuality as such is also not collated although given the estimated numbers of LBGT people, it appears that the majority of the population is heterosexual. Data on transgendered or transitioning people was not available.

Annex Three: Council Tax Exemptions (that apply and that do not apply)
Further information can be found on our website and a summary of exemptions is given here:

Council tax - exemptions
Exemptions and empty property discounts
Some properties are exempt from council tax. The different classes of exemption are listed below.

Properties occupied by:
- full time students (they must complete an application form and return it to us with a council tax certificate from their place of study);
- severely mentally impaired people;
- a foreign diplomat who would normally have to pay council tax;
- people who are under 18;
- members of a visiting force who would normally have to pay council tax; or
- elderly or disabled relatives of a family who live in the main property, in certain annexes and self-contained accommodation.

Unoccupied properties that:
- are owned by a charity, are exempt for up to six months;
- are left empty by someone who has moved to receive care in a hospital or home elsewhere;
- are left empty by someone who has gone into prison;
- are left empty by someone who has moved so they can care for someone else;
- are waiting for probate to be granted, and for six months after probate is granted;
- have been repossessed;
- are the responsibility of a bankrupt's trustee;
- are waiting for a minister of religion to move in;
- are left empty by a student whose term-time address is elsewhere;
- are empty because it is against the law to live there, including from 1st April 2007 where a planning condition prevents occupation;
- form part of another property and may not be let separately.

A pitch or mooring that doesn't have a caravan or boat on it is also exempt.

Note: Those who feel they are entitled to an exemption are encouraged to contact the Council and information on how to do that is in the following link:
http://www.lbhf.gov.uk/Directory/Advice_and_Benefits/Council_tax/Exemptions/35774_Council_Tax_Exemptions.asp?LGNTF=13

Council tax discounts and exemptions that no longer apply from 1st April 2013
Some discounts / exemptions no longer apply
From 1st April 2013 the following discounts and exemptions previously granted under statutory regulations will no longer apply to properties in Hammersmith & Fulham:
- **Class A exemption** (previously for 12 months), for empty property requiring or undergoing major structural repair works or alterations to make them habitable
- **Class C exemption** (previously for 6 months), for empty unfurnished property
- **10% discount** - (previously for an unlimited period), for second homes or long term empty property.

Information can be found here:
http://www.lbhf.gov.uk/Directory/Advice_and_Benefits/Council_tax/Exemptions/179569_Council_tax_discounts_and_exemptions_that_no_longer_apply_from_1st_April_2013.asp

h&f the low tax borough	**London Borough of Hammersmith & Fulham** **CABINET** **3 FEBRUARY 2014**
FOUR YEAR CAPITAL PROGRAMME 2014/15 TO 2017/18	
Report of the Leader of the Council - Councillor Nicholas Botterill	
Open report	
Classification - For Decision **Key Decision:** Yes	
Wards Affected: All	
Accountable Executive Director: Jane West, Executive Director of Finance and Corporate Governance	
Report Author: Jade Cheung, Finance Manager (Corporate Accountancy & Capital)	**Contact Details:** Tel: 0208 753 3374 E-mail: jade.cheung@lbhf.gov.uk

1. EXECUTIVE SUMMARY

1.1. This report outlines the latest 4 year Capital Programme and estimates for the Council's debt reduction programme as measured by the Capital Financing Requirement (CFR).

1.2. This report presents proposals in respect of the Council's capital programme for 2014/15 to 2017/18 totalling £378.2m, incorporating the information arising from the Local Government Finance Settlement. The gross capital programme totals £140.9m for 2014/15. This comprises the Decent Neighbourhoods capital programme (£91.6m - inclusive of the HRA capital programme £48.4m) and the General Fund Programme (£49.3m - inclusive of the School's Organisation Strategy of £34.3m).

1.3. The forecast closing CFR for 2014/15 is £66.5m, subject to a projected surplus in capital receipts of £9.5m being applied to reducing CFR.

1.4. The report sets out the Council's Minimum Revenue Provision (MRP) policy and the Prudential Indicators.

2. RECOMMENDATIONS

2.1. To approve the General Fund Capital Programme budget at £49.3m for 2014/15 (Table 4).

2.2. To note the continuation of the reduction in CFR which based on current forecasts will reduce to £66.5m by 31st March 2015.

2.3. In respect of capital receipts for 2014/15 to:

- Approve the application of £9.5m capital receipts to the reduction of CFR (Table 2).

- Approve the continuation of the rolling programme schemes funded from capital receipts amounting to £6.23m set out in Table 5.

- Approve capital receipts funded schemes within Decent Neighbourhoods Programme (Housing and Regeneration) for 2014/15 as follows:

  - Housing Revenue Account projects £25.8m;
  - Decent Neighbourhoods projects £42.7m.

  This totals £68.5m per Table 6b.

- Note existing capital receipts funded schemes (approved in 2013/14) but now scheduled for 2014/15 are as follows:

  - The Schools Capital Programme £6.6m;
  - Grants to Social Landlords (Hostel Improvement) £60K;
  - Relocation of HAFAD[1] to Edward Woods Community Centre and Related Refurbishment Requirements £308K.

2.4. To approve the Decent Neighbourhoods Programme for 2014/15 as set out in Table 6a (section 7), including the indicative capital expenditure budget 2014/15 of £91.6m funded from capital receipts of £68.5m with the remainder of £23.1m funded from other sources (also included within the programme is the budget envelope of £48.4m for 2014/15 for investment in existing Council Homes via the HRA Capital Programme).

2.5. To approve the annual Minimum Revenue Provision policy statement for 2014/15 in Appendix 5.

2.6. To approve the CIPFA[2] Prudential Indicators as set out in Appendix 6 to the report.

[1] Hammersmith & Fulham Action for Disability
[2] Chartered Institute of Public Finance & Accountancy (CIPFA)

3. REASONS FOR DECISION

3.1. The reason for the recommendations is to comply with the Council's Financial Regulations which form part of the Council's Constitution. It is also necessary to comply with statutory accounting requirements.

4. INTRODUCTION AND BACKGROUND

4.1. This report sets out an updated 4 year resource forecast and a capital programme for 2014/15 to 2017/18 (Table 1). General Fund CFR reduction remains a key Council objective for 2014/15, and the projected levels of debt are illustrated in section 5. It should be noted that the debt repayment strategy may need to be reconsidered by Council in light of the 2016/17 CFR reduction forecast which takes the CFR below a level at which it incurs a revenue cost.

Table 1 - Capital Programme 2014/15 to 2017/18

Capital Expenditure	Original Budget 2014/15	Indicative Budget 2015/16	Indicative Budget 2016/17	Indicative Budget 2017/18	Total
	£m	£m	£m	£m	£m
Children's Services	38.3	4.8	0.1	-	43.2
Adult Social Care	2.0	0.5	0.5	0.5	3.3
Transport & Technical Services	7.2	7.2	7.2	7.2	28.9
Finance & Corporate Governance	1.1	0.8	0.8	0.8	3.3
Environment, Leisure & Residents Services	0.7	0.7	0.5	0.5	2.4
Libraries	-	-	-	-	-
Sub-total	**49.3**	**13.8**	**9.0**	**8.9**	**81.1**
Decent Neighbourhoods (Housing & Regeneration)	91.6	97.6	54.2	53.7	297.2
Total Capital Programme	**140.9**	**111.5**	**63.2**	**62.7**	**378.2**

4.2. Since 2006/07, the Council has put in place a CFR reduction strategy which has enabled £90m[3] of CFR to be repaid by the end of 2012/13, delivering a revenue saving – through reduced minimum revenue payments - of £3.6m per annum. The capital programme now put forward seeks to build on these savings whilst funding essential new investment and key Council priorities.

4.3. The LBHF minimum revenue provision statement and CIPFA Prudential Indicators have been updated to meet statutory requirements for 2014/15.

4.4. The Council remains committed to a number of major projects such as the regeneration of King Street and the Earls Court area, together with a range of Decent Neighbourhood

[3] Closing CFR 2006/07 was £168m, and for 2012/13 was £78.4m

schemes. A brief update on these projects is set out in section 8 of this report. Consideration has been taken of known specific funded schemes. Other funding allocations will be addressed when such funding is confirmed.

5. GENERAL FUND DEBT REDUCTION

5.1 The forecast closing CFR is £66.5m as shown in table 2 below. A surplus of £9.5m in capital receipts is projected for 2014/15 which is proposed to be used for debt reduction purposes.

Table 2 - Forecast Movement in the Capital Financing Requirement (CFR)

	2014/15	2015/16	2016/17	2017/18
	£m	£m	£m	£m
Opening Capital Financing Requirement (CFR)	77.3	66.5	46.3	33.7
Revenue Repayment of Debt (MRP)	(1.3)	(0.9)	(0.1)	0
Annual (Surplus) in the Capital Programme (Table 4)	(9.5)	(19.3)	(12.5)	(0.1)
Closing CFR	**66.5**	**46.3**	**33.7**	**33.6**
Net Movement from opening CFR 2014/15	*(10.8)*	*(31.0)*	*(43.6)*	*(43.7)*

2014/15 opening CFR forecast as at December 2013.

5.2 It should be noted that the 2014/15 debt reduction target of £10.8m is based on an assumption of General Fund forecast receipts of £22.7m (net of costs of disposal) being realised. These are summarised in Appendix 3. The actual level, and timing, of sales is subject to certain risks – most notably a dependence on the wider property market, appropriate consultation and planning considerations. The Council continues to review its asset holdings to identify potential further disposals, although having obtained significant capital receipts in the past 3 years the General Fund asset portfolio is being significantly rationalised in the period to 2017/18. The target for forecast sales is ambitious and a risk is identified within the Medium Term Financial Strategy that sales may slip or not be achieved. An additional risk is that significant cost of disposals of assets may be incurred, which can be difficult to predict in some cases.

6. GENERAL FUND FORECAST EXPENDITURE AND RESOURCES

6.1 The latest General Fund expenditure and resource forecast is set out in Table 3. Surplus resources of £9.5m are forecast for 2014/15.

Table 3 - General Fund Capital Programme Summary

	2014/15 £m	2015/16 £m	2016/17 £m	2017/18 £m
Forecast Expenditure (see Table 4)	49.3	13.8	9.0	8.9
Forecast Resources (see Table 4)	(58.7)	(33.1)	(21.5)	(9.0)
In-Year (Surplus)/Deficit	**(9.5)**	**(19.3)**	**(12.5)**	**(0.1)**

6.2 The current proposed General Fund capital expenditure programme for 2014/15 is set out in Appendix 1 and is summarised in Table 4. Table 5 illustrates the capital receipts funded capital expenditure budgets. This comprises the completion of existing schemes and the continuation of future rolling programmes.

Table 4 - General Fund Capital Programme – Expenditure & Resources Forecast

	2014/15 £m	**2015/16 £m**	**2016/17 £m**	**2017/18 £m**	**Total £m**
Expenditure:					
Children's Services	38.3	4.8	0.1	0	**43.2**
Adult Social Care	2.0	0.5	0.5	0.5	**3.3**
Transport & Technical Services	7.2	7.2	7.2	7.2	**28.9**
Finance and Corporate Services	1.1	0.8	0.8	0.8	**3.3**
Environment, Leisure & Residents Services	0.7	0.7	0.5	0.5	**2.4**
Total	**49.3**	**13.8**	**9.0**	**8.9**	**81.1**
Resources:					
General Fund receipts	(22.7)	(25.8)	(18.7)	(6.3)	**(73.5)**
Net capital receipts	**(22.7)**	**(25.8)**	**(18.7)**	**(6.3)**	**(73.5)**
Specific or other funding	(36.1)	(7.3)	(2.8)	(2.7)	**(48.9)**
Total	**(58.7)**	**(33.1)**	**(21.5)**	**(9.0)**	**(122.3)**
Annual (surplus)/deficit*	**(9.5)**	**(19.3)**	**(12.5)**	**(0.1)**	**(41.3)**
Use of receipts (memorandum)					
Net capital receipts (Appendix 3)	(22.7)	(25.8)	(18.7)	(6.3)	**(73.5)**
Used to fund Capital Expenditure (Table 5)	13.2	6.5	6.2	6.2	32.2
Annual (surplus)/deficit*	**(9.5)**	**(19.3)**	**(12.5)**	**(0.1)**	**(41.3)**

*It is anticipated that any surpluses will be used for debt reduction in accordance with the Council's debt reduction strategy

Table 5 - General Fund – Capital Receipts Funded Expenditure Forecast

	2014/15 £m	2015/16 £m	2016/17 £m	2017/18 £m
Continuation of Existing Schemes:				
- Schools Capital Programme	6.620	0.273	0	0
- Grants To Social Landlords (Hostel Improvement)	0.060	0	0	0
- Relocation of HAFAD to Edward Woods Community Centre and Related Refurbishment Requirements	0.308	0	0	0
Sub-total	**6.988**	**0.273**	**0**	**0**
Continuation of Rolling Programmes :				
- Carriageways Planned Maintenance	1.280	1.280	1.280	1.280
- Footways Planned Maintenance	0.750	0.750	0.750	0.750
- Corporate Planned Maintenance	2.500	2.500	2.500	2.500
- Disabled Facilities	0.450	0.450	0.450	0.450
- Parks Improvements Capital Programme	0.500	0.500	0.500	0.500
- Contribution to Invest to Save	0.750	0.750	0.750	0.750
Sub-total	**6.230**	**6.230**	**6.230**	**6.230**
Total	**13.218**	**6.503**	**6.230**	**6.230**

6.3 The General Fund resources forecast is shown in Table 4 (detailed in Appendix 3). In line with the CFR reduction strategy the core mainstream capital programme continues to be funded from capital receipts as shown in Table 5 with no provision for new borrowing. The specific resource forecast is based on known allocations and includes the updated position for schools capital funding (as at November 2013). For 2014/15 it has been confirmed that the Transport for London Local Implementation Plan has funding of £2.7m (capital £2.2m, revenue £0.5m). The resource forecast will be updated over the forthcoming months in accordance with relevant government, and other public and private, spending announcements. In addition the capital receipts figures will be updated as they become known.

7. DECENT NEIGHBOURHOODS PROGRAMME

7.1 A key Council objective is the regeneration of housing estates and creation of sustainable communities. Certain housing capital receipts have been earmarked for this purpose and a number of initiatives are now in progress, following on from specific Cabinet Approvals. A summary of programme is set out in Table 6a and further details are provided in appendices 1 and 2.

7.2 The programme is forecast to be in surplus for the 4 years to 2017/18 by £2.6m based on the forecast expenditure and resources plan. The actual level and timing, of sales underpinning this surplus in resources is subject to the same risks cited in para 5.2.

7.3 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 6a - Decent Neighbourhoods - Expenditure and Resource Forecast

Decent Neighbourhoods Summary	**2014/15**	**2015/16**	**2016/17**	**2017/18**
	£m	**£m**	**£m**	**£m**
Expenditure:				
HRA Debt Repayment	2.4	13.0	5.9	6.2
HRA Capital Programme	48.4	43.6	43.5	43.7
Earls Court Buy Back Costs	21.7	23.4	0	0
Earls Court Project Team Costs	3.6	3.7	3.8	3.9
Housing Development Programme	12.0	13.2	1.0	0
Other Decent Neighbourhoods Projects	3.4	0.7	0	0
Total Expenditure	**91.6**	**97.6**	**54.2**	**53.7**
Resources:				
Property disposals - capital receipts	(40.0)	(35.0)	(20.0)	(20.0)
Sale of new build private & DMS homes	(1.8)	(10.9)	(18.4)	0
Property disposals in period	**(41.8)**	**(45.9)**	**(38.4)**	**(20.0)**
Major Repairs Allowance/Reserve	(17.9)	(16.8)	(17.4)	(17.8)
Revenue contributions	(0.1)	(0.8)	(0.6)	(2.8)
Leaseholder & other contributions & grants	(4.6)	(4.7)	(4.5)	(4.0)
GLA grant (£27K per DMS home)	(0.6)	(2.0)	0	0
Other resources in period	**(23.2)**	**(24.2)**	**(22.4)**	**(24.6)**
Total Resources	**(65.0)**	**(70.1)**	**(60.8)**	**(44.6)**
Cumulative total (surplus)/deficit	**26.6**	**27.5**	**(6.7)**	**9.1**
Capital receipts surplus brought forward	**(59.2)**	**(32.5)**	**(5.0)**	**(11.7)**
Capital receipts surplus carried forward	**(32.5)**	**(5.0)**	**(11.7)**	**(2.6)**

Table 6b - Decent Neighbourhoods Capital Receipts Reconciliation

Decent Neighbourhoods Capital Receipts Reconciliation	**2014/15**	**2015/16**	**2016/17**	**2017/18**
	£m	**£m**	**£m**	**£m**
Capital receipts surplus brought forward	(59.2)	(32.5)	(5.0)	(11.7)
Capital receipts surplus carried forward	(32.5)	(5.0)	(11.7)	(2.6)
Total variance in capital receipts	**(26.6)**	**(27.5)**	**6.7**	**(9.1)**
Property disposals in period	**(41.8)**	**(45.9)**	**(38.4)**	**(20.0)**
Total applied capital receipts	**(68.5)**	**(73.5)**	**(31.7)**	**(29.1)**

7.4 In accordance with the change in capital regulations for housing capital receipts, effective from 1 April 2013 decent neighbourhood receipts must be used for regeneration or housing purposes.

8. HORIZON SCANNING - PROJECTS AND RESOURCES

8.1 The Council is currently progressing a number of major projects that are likely to impact on the capital programme over the next four years. An update is provided in this section on current progress. As these projects are progressed, appropriate amendments will be made to capital and revenue estimates subject to member approval.

8.2 **King Street Regeneration**
Hammersmith & Fulham (LBHF) Council's planning applications committee gave the green light for the £150million regeneration scheme, from King Street Developments Hammersmith Ltd (KSD) - a joint venture between Helical Bar plc and Grainger plc, at a meeting on 12th November 2013. Subject to imminent finalisation of the S106 Agreement and then verification by the Mayor of London the planning approval now paves the way for KSD to regenerate the area around and including the town hall extension. The package of improvements includes: 196 high quality new homes; a three-screen community cinema, to be operated by Curzon; new retail, restaurant and cafe space; replacement offices for the Council and a new town square.

The Grade-II listed town hall will have its former ceremonial stone steps reinstated to link up with the new public piazza while the replacement Council offices will be built to the west of Nigel Playfair Avenue. KSD will also provide £5.25 million towards a regeneration fund to boost the surrounding area and refurbish the Grade-II listed town hall, which was built in 1938.

It is anticipated that the strategy can be delivered at net nil cost to the Council (i.e. the town hall refurbishment works will only draw on existing maintenance budgets with all other costs being met by the developers) but this will need to be kept under review.

8.3 **Earl's Court**
LBHF entered into a Conditional Land Sale agreement, (CLSA) on 23rd January 2013, with the developer Capital & Counties Properties Plc (CapCo), to include Council owned

land including the West Kensington and Gibbs Green Estates in a comprehensive re-development programme. As part of the re-development programme, CapCo will provide LBHF with 760 replacement homes, while other benefits to the wider community include further 740 intermediate affordable homes, jobs, and open spaces. Full details can be found in the 3 September 2012 Cabinet Report. The trigger notice for the CLSA was served in November 2013; this means that the agreement is now unconditional, and CapCo have made a commitment to pay LBHF 5 annual instalments of £15m from December 2015.

8.4 **Housing Development Programme**

On 24 June 2013, the Cabinet approved the Business Plan 2013-2017 to deliver 100 Discounted Market Sales and 33 Private Sales homes at a total cost of £30.3 million via a local housing company.

The capital element of this is funded from the Decent Neighbourhoods Fund (DNF) by sale of expensive dwelling voids, complimented by new homes sales receipts and £2.7 million of GLA grant funding from Mayor's Housing covenant.

8.5 **Schools' Capital Programme**

Cabinet on 23rd March 2013 approved a Schools Organisation Strategy to deliver the Council's key educational priorities:

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

In the Autumn Statement, the Chancellor reaffirmed a commitment to investing in schools. Children's Services will be submitting a Schools Organisation Strategy 2014/15 to Cabinet which will address the current projections for demand for school places based on known funding streams.

The Secretary of State announced capital funding grants on 19 December 2013. These are as follows (and have not been built into the budgets yet):

- universal infant free school meals capital for financial year 2014 to 2015 (£194,893); and
- basic need for financial years 2015 to 2017. This extends the previous allocations, meaning that basic need funding has now been confirmed for financial years 2014 to 2017 (£4,245,993).

8.6 **Park Royal City International and Old Oak Common Opportunity Area**

As part of developing the business case for a High Speed 2 / Crossrail interchange at Old Oak Common and to maximise regeneration benefits in the area, discussions have been held with the Department for Transport, High Speed 2 (HS2) Ltd. TfL and Network Rail to promote oversite development at the planned Old Oak Common station and to promote inclusion of connections with existing overground rail services. The Council and the GLA have published a joint vision for the area subject to recent consultation and amendments are now being planned to both the London Plan and the Council's LDF/Local Plan to encourage appropriate development. The Mayor of London is proposing that a Mayoral Development Corporation be established with wide-ranging powers yet to be agreed.

8.7 **Community Infrastructure Levy (CIL)**

With regard to resources, a major potential development in the coming years will be the introduction of the **Community Infrastructure Levy (CIL)**. This is a new levy that local authorities can choose to charge on new (principally residential) developments in their area based on increased floorspace (subject to maintaining development viability). The money raised can be used to support development by funding enabling infrastructure that the Council, local community and neighbourhoods want. The CIL is designed to complement and in part replace the funding currently delivered through Section 106 payments on some major schemes. The Mayor of London has introduced a London-wide CIL to contribute to the funding for Crossrail and the Council is currently going through the statutory processes to introduce its own CIL. When the Council introduces its CIL, expected towards the end of 2014, this will give rise to a stream of funding which will need to be deployed for infrastructure development and improvement in order to support further regeneration and development.

9. EQUALITY IMPLICATIONS

9.1 The private sector disabled facilities scheme which comprises a Council funded contribution of £450K is unchanged from previous years and is forecast to remain unchanged in future years. This funding helps to facilitate disabled people's participation in public life. In addition to Council funding, a grant allocation is expected from government in support of this scheme for 2014/15.

9.2 It should be noted that there are some major projects, for example those discussed in section 8 (Earl's Court etc.), which are subject to other decision making processes where due regard to the PSED (public sector equality duty) has been, and continues to be given (because it is a continuing duty) in order to determine the relevance to equality groups and any mitigating measures that are possible. This does not seek to change those decisions.

10. LEGAL IMPLICATIONS

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

10.2 Implications verified/completed by: David Walker, Head of Commercial (Bi-Borough) 020 7361 2211.

11. FINANCIAL AND RESOURCES IMPLICATIONS

11.1 This report is of a wholly financial nature and financial and resource implications are considered throughout, however the following supplementary comments should also be noted:

11.2 The Council's mainstream capital programme is largely restricted to core rolling programmes but it is looking to regenerate a number of priority areas through a number of initiatives. These may have a major impact, both in terms of expenditure and resources, on the capital forecast over the next 4 years. Amendments will be made in line with Member approval.

11.3 In accordance with the requirements of the Prudential Code for Capital Finance local authorities are required to maintain a number of prudential indicators. These are set out in Appendix 6. The indicator used to reflect the underlying need of an authority to borrow for a capital purpose is the Capital Financing Requirement (CFR). The General Fund CFR is estimated to be £77.3m at the start of 2014/15. The proposals set out in this report are estimated to reduce it to £33.6m by the end of 2017/18. This net reduction has been taken account of within the Council's Treasury Management Strategy.

11.4 Each year local authorities are required to set aside some of their revenues as provision for debt repayment. This is commonly termed the minimum revenue provision (MRP). Before the start of each financial year full Council is required to approve a statement of its policy on making MRP in respect of that financial year. Appendix 5 sets out the LBHF MRP Statement for 2014/15.

11.5 **VAT implications**

With regard to all major capital schemes and disposals, the Council will need to give close consideration to its VAT partial exemption threshold. Ordinarily, entities cannot reclaim VAT incurred in the provision of VAT exempt activities, however special provision for Local Authorities means that Council can reclaim such costs, providing these do not exceed 5% of the Council's overall VAT liability in any one year. If this threshold is breached without HMRC mitigation, then all VAT incurred in support of exempt activities, in that year, can no longer be reclaimed from HM Revenue and Customs (HMRC) and becomes payable by the Council. This would represent a cost of approximately £2m to £3m per year of breach.

Capital transactions represent a significant portion of the Council's VAT-exempt activity and accordingly pose the biggest risk to the partial exemption threshold. The Council monitors the partial exemption position closely; however unanticipated receipts, expense or slippages can frustrate this process.

The Council has forecast a breach in 2013/14 and has liaised with HMRC to gain one-off mitigation for the breach. The conditions of the mitigation include a requirement for the Council to manage its position under the 5% threshold over a seven-year average. The average looks forward to future years as well as back, which means that there is limited exemption “head-room” up to 2016/17. The Council adopted the following VAT policy in 2013/14 to aid the management of the Partial Exemption position:

• Projects should be 'opted-to-tax' where this option is available and is of no financial disadvantage to the Council.
• If an option-to tax is unavailable it is advised that any avoidable, new projects in 13/14 incurring exempt VAT are deferred for the present time.
• In addition there is only limited room in the 14/15 (and future years) partial exemption forecasts. Therefore, new or re-profiled projects for 14/15 incurring exempt VAT will need to be agreed with the Corporate VAT team.
• In all cases the VAT team should be consulted in advance in order that the forecasts can be updated and re-checked against limits.

11.6 Implications verified/completed by: Christopher Harris, Head of Corporate Accountancy and Capital, telephone 0208 753 6440.

12. RISK MANAGEMENT

12.1 The report content presents a balanced and measured profile of the main aspects, risks and issues relating to the Capital Programme and its deliverables. The exposure to property market conditions, consultation requirements, potential delays due to legal challenge, gaining planning consent, protracted negotiations or exchange of contracts with potential purchasers are known risks and these are outlined in the report. Each may affect the likelihood or timeliness of meeting projected receipts. Mitigation is undertaken on a case by case basis and it is the responsibility of departments to capture risks that may affect the successful delivery of capital projects contained in their programme in their departmental registers. A number of significant opportunity risks to regenerate areas of the borough have previously been considered on the Council’s Enterprise Wide risk and assurance register which has been reviewed by the Council’s Business Board. These are covered in Section 8 of the report. Exposure to risks such as the potential for Fraud and Bribery in relation to its property and asset dealings are covered through the Councils existing Anti-Fraud and Bribery policies.

12.2 Implications verified/completed by: Michael Sloniowski, BiBorough Risk Manager, telephone 0208 753 2587.

13. PROCUREMENT AND IT STRATEGY IMPLICATIONS

13.1 There are no direct procurement and IT implications in relation to this report.

13.2 Implications verified/completed by: Alan Parry, Procurement Consultant, telephone 0208 753 2581.

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.	Monitoring documents	Jade Cheung ext 3374	Finance Department, 2nd Floor, HTH Extension

LIST OF APPENDICES:

Capital Budget Monitoring and Financing Information:

Appendix 1 - Council Capital Programme (General Fund & Decent Neighbourhoods)
Appendix 2 - Council Capital Programme by Service Area
Appendix 3 - General Fund Anticipated Capital Receipts
Appendix 4 - The Capital Financing Requirement (CFR)
Appendix 5 - Minimum Revenue Provision (MRP) Statement 2014/15
Appendix 6 - CIPFA Treasury Prudential Indicators 2014/15

APPENDICES

APPENDIX 1 - COUNCIL CAPITAL PROGRAMME (GENERAL FUND & DECENT NEIGHBOURHOODS)

Capital Expenditure	Original Budget 2014/15	Indicative Budget 2015/16	Indicative Budget 2016/17	Indicative Budget 2017/18	Total
	£'000	£'000	£'000	£'000	£'000
Children's Services	**38,316**	**4,772**	**100**	**-**	**43,188**
Adult Social Care	**1,971**	**450**	**450**	**450**	**3,321**
Transport & Technical Services	**7,236**	**7,155**	**7,231**	**7,231**	**28,853**
Finance & Corporate Governance	**1,058**	**750**	**750**	**750**	**3,308**
Environment, Leisure & Residents Services	**700**	**692**	**500**	**500**	**2,392**
Libraries	**-**	**-**	**-**	**-**	**-**
Sub-total	**49,281**	**13,819**	**9,031**	**8,931**	**81,062**
Decent Neighbourhoods (Housing & Regeneration)	**91,647**	**97,644**	**54,159**	**53,720**	**297,170**
Total Capital Programme	**140,928**	**111,463**	**63,190**	**62,651**	**378,232**
Capital Financing					
Capital grants from central government departments (inc SCE(C))	**29,166**	**4,306**	**100**	**-**	**33,572**
Grants and contributions from private developers and from leaseholders, etc.	**4,824**	**4,874**	**4,514**	**4,000**	**18,212**
Grants and contributions from non-departmental public bodies	**3,774**	**193**	**-**	**-**	**3,967**
Capital funding from GLA bodies	**2,729**	**4,079**	**2,157**	**2,157**	**11,122**
Use of capital receipts to finance capital expenditure	**81,675**	**79,955**	**37,961**	**35,342**	**234,933**
Capital expenditure financed from the Housing Revenue Account	**113**	**761**	**553**	**2,773**	**4,200**
Capital expenditure financed by the Major Repairs Reserve (MRR) / Major Repairs Allowance (MRA)	**17,886**	**16,751**	**17,361**	**17,835**	**69,833**
Capital expenditure financed from the General Fund Revenue Account	**761**	**544**	**544**	**544**	**2,393**
Total Capital Financing	**140,928**	**111,463**	**63,190**	**62,651**	**378,232**

APPENDIX 2 - COUNCIL CAPITAL PROGRAMME BY SERVICE AREA

Name of Capital Scheme	Original Budget 2014/15	Indicative Original Budget 2015/16	Indicative Original Budget 2016/17	Indicative Original Budget 2017/18	Total
	£'000	£'000	£'000	£'000	£'000
Children's Services					
Lyric Theatre Development	3,991	193	-	-	**4,184**
Schools Capital Programme (Organisation Strategy)	34,325	4,579	100	-	**39,004**
Total Children's Services	**38,316**	**4,772**	**100**	**-**	**43,188**
Adult Social Care					
Extra Care New Build project (Adults' Personal Social Services Grant)	957	-	-	-	**957**
Grants To Social Landlords (Hostel Improvement)	60	-	-	-	**60**
Community Capacity Grant	504	-	-	-	**504**
Disabled Facilities	450	450	450	450	**1,800**
Total Adult Social Care	**1,971**	**450**	**450**	**450**	**3,321**
Transport & Technical Services					
Corporate Buildings Planned Maintenance	2,500	2,500	2,500	2,500	**10,000**
Footways & Carriageways	2,030	2,030	2,030	2,030	**8,120**
Transport For London Schemes	2,162	2,081	2,157	2,157	**8,557**
Controlled Parking Zones	275	275	275	275	**1,100**
Column Replacement	269	269	269	269	**1,076**
Total Transport & Technical Services	**7,236**	**7,155**	**7,231**	**7,231**	**28,853**
Finance & Corporate Governance					
Contribution to Invest to Save Fund	750	750	750	750	**3,000**
Relocation of HAFAD to Edward Woods Community Centre and Related Refurbishment Requirements	308	-	-	-	**308**
Total Finance & Corporate Governance	**1,058**	**750**	**750**	**750**	**3,308**
Environment, Leisure & Residents Services					
Parks Improvements Capital Programme	500	500	500	500	**2,000**
Public CCTV	200	192	-	-	**392**
Total Environment, Leisure & Residents Services	**700**	**692**	**500**	**500**	**2,392**
Decent Neighbourhoods (Housing and Regeneration)					
Housing Revenue Account					
Supply (Major voids/hostels)	1,521	1,499	1,001	1,000	**5,021**
Energy Schemes	2,213	4,392	4,408	4,429	**15,442**
Lift Schemes	5,977	5,669	5,512	5,000	**22,158**
Internal Modernisation	2,610	2,551	2,601	2,500	**10,262**
Major Refurb	6,206	1,500	18,028	22,901	**48,635**
Planned Maint. Framework	19,848	20,006	4,499	-	**44,353**
Minor Programmes	8,966	6,913	6,444	6,790	**29,113**
ASC/ELRS Managed	1,050	1,050	1,050	1,050	**4,200**
Sub-total	**48,391**	**43,580**	**43,543**	**43,670**	**179,184**
Decent Neighbourhoods					
HRA Debt Repayment	2,414	13,020	5,866	6,150	**27,450**
Earl's Court buy back cost	21,743	23,374	-	-	**45,117**
Earl's Court project team cost	3,639	3,718	3,799	3,900	**15,056**
Housing Development Programme	12,041	13,237	951	-	**26,229**
Other DNF projects	3,419	715	-	-	**4,134**
Sub-total	**43,256**	**54,064**	**10,616**	**10,050**	**117,986**
Total Decent Neighbourhoods (Housing and Regeneration)	**91,647**	**97,644**	**54,159**	**53,720**	**297,170**
Total Capital Programme	**140,928**	**111,463**	**63,190**	**62,651**	**378,232**

APPENDIX 3 - GENERAL FUND ANTICIPATED CAPITAL RECEIPTS

Year	Forecast capital receipts
	£'000
2014/15	
Total 2014/15	22,676
2015/16	
Total 2015/16	25,819
2016/17	
Total 2016/17	18,699
2017/18	
Total 2017/18	6,259
Total All Years	73,454

APPENDIX 4 - THE CAPITAL FINANCING REQUIREMENT (CFR) AND POOLING

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**.

Pooling and Types of Receipt

The Council is required to hand-over a proportion of housing-related capital receipts to the Government.

1. Right to Buy (RTB) - 75% of capital receipts arising from the disposal of a dwelling through Right to Buy are paid over to the Government (pooled). This applies to disposals and to the principal element of repayments on loans (usually mortgages) granted by the authority for Right To Buy or other purchases of HRA properties. A change in regulations now enables Councils to retain an RTB receipt where it is recycled into new social or affordable housing (known as the 1-4-1 scheme), once certain baselines have been met.

2. Non-RTB Disposals - these include non-dwellings (such as shops or bare land), non-RTB dwellings (for example vacant property) and other receipts, such as disposal of mortgage portfolios. These items do not need to be pooled but must be used for housing business purposes.

A recent change in regulations now also allows Councils to retain non-RTB receipts if they are directed to the reduction of Housing debt.

APPENDIX 5 - MINIMUM REVENUE PROVISION (MRP) STATEMENT 2014/15

1. This statement covers the minimum revenue provision (MRP) that Hammersmith and Fulham Council will set-aside from revenue to reduce borrowing and credit liabilities arising from capital expenditure.

2. Regulations 27 and 28 in the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 [SI 3146, as amended] require local authorities to make a prudent amount of minimum revenue provision (MRP). The Secretary of State (Department for Communities and Local Government) issued statutory guidance on determining the "prudent" level of MRP, to which this Council is required to have regard, in February 2012.

3. The 2014/15 annual MRP statement has been updated in accordance with the statutory guidance. No MRP is required in respect of the Housing Revenue Account (HRA).

Annual MRP Statement – frequency of update and approval

4. The Secretary of State recommends that before the start of each financial year, H & F prepares a statement of its policy on making MRP in respect of that financial year and submits it to the full Council. The statement should indicate how it is proposed to discharge the duty to make prudent MRP in the financial year. If it is ever proposed to vary the terms of the original statement during the year, a revised statement should be put to the Council at that time.

Meaning of "Prudent Provision"

5. The broad aim of prudent provision is to ensure that debt is repaid over a period that is either reasonably commensurate with that over which the capital expenditure provides benefits, or, in the case of borrowing supported by Government Revenue Support Grant, reasonably commensurate with the period implicit in the determination of that grant.

Supported Capital Expenditure or Capital Expenditure incurred before 1 April 2008:

6. For capital expenditure incurred before 1 April 2008, the policy is based on Capital Financing Requirement method (Option 2[4]) – this is a continuation of current practice.

From 1 April 2008 for all unsupported borrowing (which does not form part of Supported Capital Expenditure):

7. Where capital expenditure is incurred from 1 April 2008 and on an asset financed wholly or partly by self-funded borrowing, the MRP is to be made in instalments over the life of the asset in accordance with Option 3 Asset Life Method – this method

[4] Options as given in the CLG statutory guidance

spreads the cost over the estimated life of an asset. Under this method LBHF may in any year make additional voluntary revenue provision, in which case they may make an appropriate reduction in later years' levels of MRP.

8. The guidance states for all capitalised expenditure incurred on or after 1 April 2008, which is (a) financed by borrowing or credit arrangements; and (b) treated as capital expenditure by virtue of either a direction under section 16(2)(b) of the 2003 Act or regulation 25(1) of the 2003 Regulations, the authority should make MRP in accordance with Option 3 Asset Life Method.

9. Asset life for MRP purposes shall be determined in the year that MRP commences and not be subsequently revised by the Executive Director of Finance and Corporate Governance.

10. The determination as to which scheme is funded from borrowing and which from other sources shall be made by the Executive Director of Finance and Corporate Governance. Where an asset is only temporarily funded from borrowing in any one financial year and it is intended that its funding be replaced with other sources by the following year, no MRP shall apply.

11. MRP commencement: When borrowing to provide an asset, the authority may treat the asset life as commencing in the year in which the asset first becomes operational. H&F's policy is to postpone beginning to make MRP until the financial year following the one in which the asset becomes operational. "Operational" here has its standard accounting definition. Investment properties should be regarded as becoming operational when they begin to generate revenues.

12. For any deferred costs of disposal debited to the Capital Adjustment Account, no MRP shall apply.

13. Capital Financing Requirement: Where the CFR was nil or negative on the last day of the preceding financial year, LBHF need not make any MRP in the current financial year.

14. Finance leases and PFI: In the case of finance leases and on-balance sheet PFI contracts, the MRP requirement would be regarded as met by a charge equal to the element of the rent/charge that goes to write down the balance sheet liability. Where a lease (or part of a lease) or PFI contract is brought onto the balance sheet, having previously been accounted for off-balance sheet, the MRP requirement would be regarded as having been met by the inclusion in the charge, for the year in which the restatement occurs, of an amount equal to the write-down for that year plus retrospective writing down of the balance sheet liability that arises from the restatement.

15. Housing assets: the duty to make MRP does not extend to cover borrowing or credit arrangements used to finance capital expenditure on housing assets.

16. The Executive Director of Finance and Corporate Governance is responsible for implementing the Annual Minimum Revenue Provision Statement and has managerial, operational and financial discretion necessary to ensure that MRP is calculated in accordance with regulatory and financial requirements and resolve any practical interpretation issues. The Executive Director of Finance and Corporate Governance may also make additional revenue provisions, over and above those set out in the statement, or set aside capital receipts to reduce debt liabilities should it be prudent for financial management of the HRA or the General Fund.

APPENDIX 6 - PRUDENTIAL INDICATORS

CAPITAL EXPENDITURE

Estimate of total capital expenditure to be incurred in the current financial year and the forthcoming financial years built upon the assumed level of resources is as follows:

	Actual 2012/13 £'000	Revised 2013/14 £'000	Estimate 2014/15 £'000	Estimate 2015/16 £'000	Estimate 2016/17 £'000
General Fund	28,692	56,587	49,281	13,819	9,031
Housing Revenue Account	24,722	28,140	48,391	43,580	43,543
Decent Neighbourhoods	3,979	15,674	43,256	54,064	10,616
TOTAL	**57,393**	**100,401**	**140,928**	**111,463**	**63,190**

CAPITAL FINANCING REQUIREMENT (CFR)

The estimate of capital financing requirement at the end of each year will relate to all capital expenditure – i.e. it includes relevant capital expenditure incurred in previous years. The capital financing requirement will reflect the authority's underlying need to finance capital expenditure by borrowing or other long-term liability arrangements.

In order to make these estimates, all of the financing options available are considered and estimated. The estimates will not commit the local authority to particular methods of financing. The Executive Director of Finance and Corporate Governance will determine the actual financing of capital expenditure incurred once a year, after the end of the financial year.

	Actual 2012/13 £'000	Revised 2013/14 £'000	Estimate 2014/15 £'000	Estimate 2015/16 £'000	Estimate 2016/17 £'000
General Fund	78,382	77,347	66,522	46,272	33,679
Housing Revenue Account	217,299	207,717	205,302	192,282	186,416
TOTAL	**295,681**	**285,064**	**271,824**	**238,554**	**220,095**

The General Fund CFR does not include any requirement for prudential borrowing within the capital programme.

NET DEBT AND THE CAPITAL FINANCING REQUIREMENT

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

	Actual 2012/13 £'000	**Revised 2013/14 £'000**	**Estimate 2014/15 £'000**	**Estimate 2015/16 £'000**	**Estimate 2016/17 £'000**
Net Borrowing	55,899	(49,489)	(2,401)	(8,103)	(15,177)
Capital Financing Requirement (CFR)	295,681	285,064	271,824	238,554	220,095
Net Borrowing Less than CFR	**(239,782)**	**(334,553)**	**(274,225)**	**(246,657)**	**(235,272)**

*Net borrowing = Actual borrowing as at 31st March less total investments as at 31st March

RATIO OF FINANCING COSTS TO THE NET REVENUE STREAM

The Council has estimated the ratio of financing costs to net revenue stream. This prudential indicator is expressed in the following manner: Estimate of financing costs ÷ estimate of net revenue stream x 100% for years 1, 2 and 3.

	Actual 2012/13 %	**Revised 2013/14 %**	**Estimate 2014/15 %**	**Estimate 2015/16 %**	**Estimate 2016/17 %**
General Fund	1.2%	1.4%	1.3%	1.4%	1.3%
Housing Revenue Account	15.2%	15.7%	13.4%	11.5%	11.5%

INCREMENTAL IMPACT OF CAPITAL INVESTMENT DECISIONS ON COUNCIL TAX

The Council has forecast the debt reduction savings for the General Fund resulting from the proposed capital programme for 2014/15 to 2016/17. The estimated reduction to Council tax due to debt reduction savings has been calculated at a per dwelling level. The impact on the Housing Revenue Account is shown as nil. It is anticipated that all the new HRA investment will be fully funded without the need for borrowing.

This indicator is represented as: (Debt Reduction & debt restructuring savings) ÷ Taxbase (number of dwellings).

	Estimate 2014/15 £	Estimate 2015/16 £	Estimate 2016/17 £
General Fund - Council Tax £ per Band D home per annum	-52.78	-52.78	-52.78
Housing Revenue Account - rent £ per household per week	0	0	0

BORROWING – AUTHORISED LIMIT & OPERATIONAL BOUNDARY

The prudential indicators concerning the authorised limit and operational boundary for borrowing, and other treasury management activities, are set out in the Treasury Management Strategy report (presented separately from this report).

Agenda Item 6

h&f the low tax borough	**London Borough of Hammersmith & Fulham** **CABINET** **3 FEBRUARY 2014**
TREASURY MANAGEMENT STRATEGY REPORT 2014/15	
Report of the Leader of the Council – Councillor Nicholas Botterill	
Open Report	
Classification - For Decision **Key Decision:** Yes	
Wards Affected: All	
Accountable Executive Director: Jane West, Executive Director of Finance and Corporate Governance	
Report Author: Halfield Jackman (Tri-Borough Treasury Manager, LBHF)	**Contact Details:** Tel: 0207 641 4354 E-mail: hjackman@westminster.gov.uk

1. EXECUTIVE SUMMARY

1.1 The report sets out the Council's Treasury Management Strategy for 2014/15. It seeks approval for the Executive Director of Finance and Corporate Governance to arrange the Treasury Management Strategy in 2014/15 as set out in this report.

2. RECOMMENDATIONS

2.1 That approval be given to the future borrowing and investment strategies as outlined in this report and that the Executive Director of Finance and Corporate Governance be authorised to arrange the Council's cashflow, borrowing and investments in 2014/15.

2.2 In relation to the Council's overall borrowing for the financial year, to note the comments and the Prudential Indicators as set out in this report.

2.3 That approval be given to pay the HRA investment income on unapplied HRA receipts and other HRA cash balances calculated at the average rate of interest earned on temporary investments with effect from 1 April 2014.

3. BACKGROUND

3.1 Treasury Management is defined by the CIPFA[1] Code of Practice as 'The management of the local authority's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.'

3.2 The Council is required to receive and approve, as a minimum, three main reports each year: a Treasury Strategy Report (this report), Mid-year report and an Outturn report. These reports are required to be adequately scrutinised before being recommended to the Council by the Cabinet. This role is undertaken by the Audit, Pensions and Standards Committee and the Overview and Scrutiny Board.

3.3 The Treasury Management Strategy is set out in section 6 of this report, and the remainder of the report cover the following list. These elements cover the requirements of the Local Government Act 2003, the CIPFA Prudential Code, the CIPFA Treasury Management Code and CLG Investment Guidance.

- prospects for interest rates;
- the current treasury position;
- the proposed investment strategy;
- the borrowing strategy;
- prudential indicators; and,
- approach to debt rescheduling.

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

3.5 Under regulations set out by the (now called) Department for Communities and Local Government (CLG) in 2003, a Council's investment policy needs to cover so-called "specified investments" and "non-specified investments". A specified investment is defined as an investment which is denominated in sterling, is less than one year, is made with a body or scheme of high credit quality, UK Government or UK local authority and does not involve the acquisition of share capital or loan capital in any body corporate. Non-specified investments are those that do not meet these criteria.

3.6 Section 6 of this report sets out the investment approach, and takes account of the specified and non-specified approach. The Council is likely only to consider non-specified investments where an investment is made for longer than one year.

3.7 The CIPFA recommendations contained in the Code of Practice and Cross-Sectoral Guidance Notes issued as a revised version in 2011 for Treasury Management in the Public Services require that each Local Authority has a Treasury Management Policy Statement that is approved by the Full Council. This is set out in Appendix A of this report.

[1] Chartered Institute of Public Finance and Accountancy

4. PROSPECTS FOR INTEREST RATES

4.1 There has been a general improvement in the overall condition of the global economy in 2013. The sovereign debt crisis has eased over the course of the year.

4.2 In the UK, the slow economic recovery gained pace in 2013(Q1 +0.3%, Q2 +0.7% and Q3 +0.8%), surpassing all expectations with strong upturns in all three main sectors services, manufacturing and construction. A rebalancing of the economy towards exports has started but as 40% of UK exports go to the Eurozone where growth is likely to remain weak and so will dampen UK growth. However, the Eurozone finally escaped from seven quarters of recession in Q2 of 2013 and growth rose by a modest 0.1% in Q3.

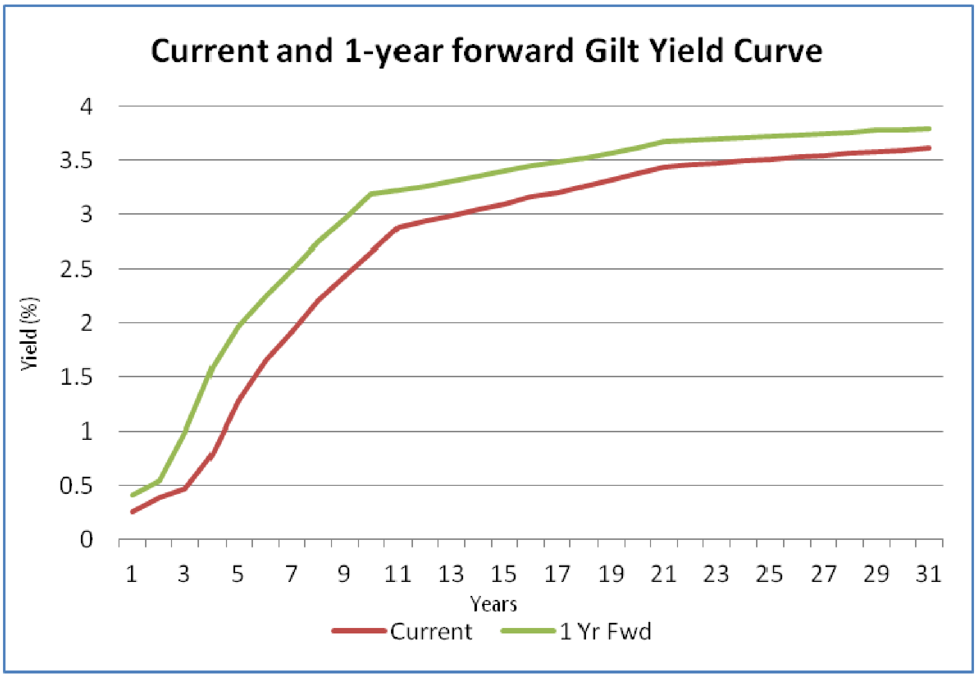
4.3 The United States has managed to return to solid growth in spite of the fiscal cliff induced cuts in federal expenditure and increases in taxation that are due in March 14.

4.4 Economic forecasts remain difficult with so many external influences weighing on the UK. Major volatility in bonds yields is likely to endure as investor fears and confidence ebb and flow between favouring more risky assets for example equities, and safer bonds.

4.5 Gilt yields could be volatile over the next year as financial markets await the long expected start of tapering of assets purchases by the US Federal Reserve. The timing and degree of tapering could have a significant effect on both Treasury and gilt yields.

4.6 The longer trend is that gilt yields and PWLB rates will rise, due to the high volume of gilt issuance in the UK, and of bond issuance in other major western countries. Increasing investor confidence in economic recovery is also likely to compound this effect as a continuation of recovery will encourage investors to switch back from bonds to equities.

4.7 The graph below shows the current UK Gilt Curve together with the one-year forward Gilt curve (i.e. current market expectations for the Gilt rate in 12 months' time).



Source: Bloomberg

4.8 The low interest rate has a disproportionate effect on the Council, as the Council has no expectation of borrowing in the near future (so cannot benefit from the low borrowing rates), it is impacted to a greater extent by the cost of carrying debt.

5. CURRENT TREASURY POSITION

5.1 As at the 31 December 2013, the Council had £284 million cash investments. The cash is made up of the Council's usable reserves, capital receipts and unspent government grants. Although the level of cash has increased by £78 million to date this year it is anticipated further increases in cash levels will slow for the remainder of the year to approximately £300 million (Business Rate/Council Tax cycle limited collection during January to March).

5.2 The Council has for a number of years maintained a policy of debt reduction in order to deliver savings to the General Fund through reduced debt service payments. No new borrowing has been undertaken since November 2009 and where borrowings have fallen due for repayment, they have not been replaced. This has been the policy for both the General Fund and HRA. Officers periodically review the possibility of the early redemption of external debt.

5.3 The forecast closing General Fund debt as measured by the Capital Financing Requirement (CFR) for 2014/15 is £66.5m and is subject to a projected surplus in General Fund capital receipts of £9.5m being applied to reducing the CFR. It should be noted that the 2014/15 debt reduction target of £10.8m is based on an assumption of General Fund forecast receipts of £22.7m (net of costs of disposal) being realised. These are summarised in the Capital Programme Report. The actual level, and timing, of sales is subject to certain risks – most notably a dependence on the wider property market, appropriate consultation and planning considerations. The Council continues to review its asset holdings to identify potential further disposals, although having obtained significant capital receipts in the past 3 years the General Fund asset portfolio is being significantly rationalised in the period to 2017/18. The target for forecast sales is ambitious and a risk is identified within the Medium Term Financial Strategy that sales may slip or not be achieved. An additional risk is that significant cost of disposals of assets may be incurred, which can be difficult to predict in some cases.

5.4 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.

5.5 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') 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.

5.6 There are 5 Prudential Indicators for 2014/15 relating to capital stated in the Capital Programme 2014/15 to 2017/18 report to Budget Council on 26th February 2014, (to meet CIPFA's Prudential Code requirements).

5.7 The Council's borrowing and Capital Financing Requirement (CFR) positions are summarised in the tables below.

Current Portfolio Position

(£ 000)	2012/13 Actual	2013/14 Estimate	2014/15	2015/16	2016/17
Borrowing at 1 April	262,166	262,067	250,511	247,599	231,897
Expected change in borrowing during the year	(99)	(11,556)	(2,912)	(15,703)	(7,074)
Actual Borrowing at 31 March	**262,067**	**250,511**	**247,599**	**231,897**	**224,823**
Total investments at 31 March	(206,168)	(300,000)	(250,000)	(240,000)	(240,000)
Net borrowing/(investment)	**55,899**	**(49,489)**	**(2,401)**	**(8,103)**	**(15,177)**

Borrowing at Year-end: Split between the Housing Revenue Account and General Fund

(£ 000)	2012/13 Actual	2013/14	2014/15	2015/16	2016/17
Housing Revenue Account	217,299	207,717	205,302	192,283	186,417
General Fund	44,768	42,794	42,297	39,614	38,406
Total	**262,067**	**250,511**	**247,599**	**231,897**	**224,823**

CFR: General Fund and HRA.

(£ 000)	2012/13 Actual	2013/14	2014/15	2015/16	2016/17
General Fund	78,382	77,347	66,522	46,272	33,679
HRA	217,299	207,717	205,302	192,282	186,416
Total	**295,681**	**285,064**	**271,824**	**238,554**	**220,095**

6. ANNUAL INVESTMENT STRATEGY

6.1 The Council must have regard to the Guidance on Local Government Investments issued by CLG and the 2011 revised CIPFA's Treasury Management in Public Services of Practice and Cross Sectoral Guidance Notes ("the CIPFA TM Code").

6.2 This section sets out the Council's annual investment strategy for 2014/15 and any proposed changes from the 2013/14 Treasury Management Strategy, the table below summarises the maximum amounts and tenors of investments that the Council can hold. The table also shows the maximum proposed limits that Officers can work within. In reality, neither the amounts nor tenors of the proposed investments are likely to be at the maximum level proposed.

Institution Type	Minimum Credit Rating Required (S&P / Moodys / Fitch)	Maximum Individual Counterparty Investment limit (£m)	Maximum tenor of deposit / investment	Treasury Management Strategy 2013/14
DMO Deposits	UK Government Rating	Unlimited	6 months	No change

Institution Type	Minimum Credit Rating Required (S&P / Moodys / Fitch)	Maximum Individual Counterparty Investment limit (£m)	Maximum tenor of deposit / investment	Treasury Management Strategy 2013/14
UK Government (Gilts / T-Bills / Repos)	UK Government Rating	Unlimited	Unlimited	No change
Supra–national Banks	AA+ / Aa1 / AA+	£30m	3 years	£10m / 1 year
European Agencies	AA+ / Aa1 / AA+	£10m	1 year	No change
Network Rail	UK Government Rating	Unlimited	Oct 2052	£25m / 1 year
TFL	AA- / Aa3 / AA-	£30m	3 years	New for 14/15 Previously part of LA £25m/ 1 year
GLA	NA	£30m	3 years	New for 14/15 Previously part of LA £25m/ 1 year
UK Local Authorities	NA	£10m per Local Authority, £50m in aggregate	6 months	£25m/ 1year
Commercial Paper issued by UK corporate	A-1 / P-1 / F-1	£15m per name, £75m in aggregate	Six months	£10m per name, £50m in aggregate
Money Market Funds MMF	AAA / Aaa / AAA be AAA by at least two of the main credit agencies	£15m per fund manager, £90m in aggregate	Three day notice	£10m per fund manager, £60m in aggregate / One month
Enhanced Money Funds	AAA / Aaa / AAA by at least one of the main credit agencies	£10m per fund manager, £30m in aggregate	Up to seven day notice	£5m per fund manager, £10m in aggregate / One month
UK Bank	AA- / Aa3 / AA- and above (or UK Government ownership of greater than 25%), subject to minimum ST ratings	£70m	3 years	£35m and 35% Government ownership/ £25m/ 1 year/
UK Bank	A- / A3 / A- and above, subject to minimum ST ratings	£30m	Six months	£25m / Three months
Non-UK Bank[2]	AA- / Aa2 / AA- and above, subject to minimum ST ratings	£30m	1 year	£25m / Six months
Non-UK Bank	A / A2 / A and above, subject to minimum ST ratings	£15m	Six months	£10m / Three months

[2] Any investments in Non-UK Banks is subject to the Leader of the Council approval.

6.3 The remainder of this section six covers the following in further detail:

- Current investment types
- Changes for the 2014/15 Treasury Management Strategy
  - Greater London Authority counterparty limit
  - Transport for London counterparty limit
  - Network Rail Infrastructure
  - Changes to Money Market Funds and Enhanced Money Fund
  - Floating Rate Notes as a new assets class
- Proposed changes to investment limits and tenors
- Non-specified investments
- Local authority investments
- Creditworthiness criteria
- Country limits.

Current Investment Types[3]

6.4 As per the 13/14 Treasury Management Strategy, it is proposed that for 14/15 the Council can continue to invest in financial institutions, external funds and certain capital market instruments as set out below. All investments would be in Sterling. The investment types listed below are as per the current TMS.

(i) Investment with the Debt Management Office with no financial limit (UK government guaranteed)

(ii) Investment in financial institutions of a minimum credit rating, with the parent company domiciled only in certain jurisdictions;

(iii) Investment in UK Treasury Bills (T-Bills) and Gilts (conventional or indexed-linked) with no financial limit (UK government guaranteed)

(iv) Investments in UK Government repurchase agreements ("Repos" and "Reverse Repos");

(v) Lending to certain public authorities (Unitary Authorities, Local Authorities, Borough and District Councils, Met Police, Fire and Police Authorities)

(vi) Investment in close to maturity AAA-rated corporate bonds and commercial paper backed by UK Government guarantees;

(vii) Investment in supra-national AAA-rated issuer bonds and commercial paper;

(viii) Investment in AAA-rated Sterling Money Market Funds and longer term funds;

(ix) Investment in commercial paper (CP) of UK domiciled entities with minimum short term credit rating of A1/P-1/F-1.

6.5 In determining whether to place deposits with any institution or fund, the Tri–borough Director for Treasury and Pensions will remain within the limits set out above, but take into account the following when deciding how much to invest within the limit set out above:

(i) the financial position and jurisdiction of the institution;

(ii) the market pricing of credit default swaps for the institution;

[3] Appendix B provides more detail on the various asset classes.

(iii) any implicit or explicit Government support for the institution;

(iv) Standard & Poor's, Moody's and Fitch's short and long term credit ratings;

(v) Core Tier 1 capital ratios; and

(vi) other external views as necessary.

Changes for the 2014/15 Treasury Management Strategy

6.6 Officers are proposing various changes to the 14/15 Treasury Strategy, in part to reduce reliance on the Debt Management Office and to provide some flexibility for better investment returns, within the structure of a cautious investment outlook. Officers remain concerned that the DMO may seek to reduce its rates further from 0.25% as at present, if a low interest rate environment continues.[4]

6.7 While building on the Treasury Management Strategy for 13/14, the proposals for 2014/15 make a recommendation for the creation of individual investment limits for the Greater London Authority (GLA) and Transport for London (TfL), change the existing Network Rail Infrastructure counterparty limit, adjustments to the current money market fund limits, the use of floating rate notes (FRNs) as a new asset class and an increase in the maximum tenor and maximum investment limit overall.

Greater London Authority (GLA) counterparty limit

6.8 Due to the nature and significance of this body a £30 million standalone limit with a maximum maturity of three years is proposed and remove the GLA from the local authority counterparty group. The GLA is classed as a local authority by legislation, and thus all borrowings by the GLA are secured[5] on a pari passu basis against all its revenues (net expenditure[6] in 2012/13 was £1.8 billion). Lending to the GLA would most likely be through a bi-lateral loan (either directly or via a broker).

Transport for London (TfL) counterparty limit

6.9 Under the 2013/14 TMS, the Council can invest in TfL (mainly via its Commercial Paper programme) for up to £10m and a six-month maximum. For 2014/15, it is proposed for TfL to have their own standalone limit of £30 million for up to three years, in line with the GLA, given the significance of TfL and implied support from the UK Government. TfL is also considered a Local Authority for financial regulation all its borrowing is secured on all its revenues on a pari passu basis. In 2012/13, its revenues were £9.96 billion. Lending to TfL would continue via Commercial Paper (rarely issued for more than six months) and would enable purchase of any near to maturity bonds.

Network Rail Infrastructure

6.10 All borrowing by Network Rail is directly and explicitly guaranteed by the UK government to October 2052. Given this explicit support by the UK Government, and that Network Rail bonds (when available) offer a better rate than Gilts, it is proposed that the 2014/15 limit for Network Rail is made unlimited with the maximum maturity of five years.

[4] As an example, on 31 December 2013, the DMO offered an overnight deposit rate of 0.0% due to illiquidity in the market.

[5] Section 13, Local Government Act 2003

[6] By legislation, all Local Authorities (including TfL) must prepare a balanced budget, taking into account all its revenues and expenditure.

Changes to Money Market Funds (MMFs) and Enhanced Money Fund (EMFs):

6.11 Appendix D sets out the difference between MMFs and EMFs in more detail. However, the 2013/14 TMS limit for both MMFs and EMFs was £60m in aggregate with a maximum £10m per fund. As the funds are different it is recommended that the existing limits should be split and treated separately for both types of funds.

6.12 The new limit for MMFs is set with reference to a panel of eight fund managers with a maximum aggregate investment of £90 million in total with a maximum individual limit of £15 million per fund. All MMFs must offer three day access or better.

6.13 EMFs seek to outperform the MMFs by investing in longer dated investments. As such they are not used to provide same day liquidity but should be used to invest cash for a minimum of three months. The proposed limits for EMFs are a maximum aggregate investment of £30m with a maximum individual limit of £10m per fund (subject to fund size). A maximum period of seven days' notice will apply.

Floating Rate Notes (FRNs) as a new assets class

6.14 FRNs are debt instruments that pay a floating rate of interest that resets at an agreed interval (3 or 6 monthly) with reference to a published rate such as UK LIBOR. While FRNs would be a new asset class for the Council, the counterparties with whom the Council could place its funds will remain the same as per the current Treasury Management Strategy. Issuers of FRNs include banks, supranational banks and European agencies.

Proposed changes to investment limits and tenors

6.15 The Council's investment counterparty limits have been unchanged over the last two years, despite average council cash balances increasing (due in part to capital receipts). Given the more stable economic environment, together with the strict counterparty criteria used by Officers, it is proposed that limits and tenors of investment are extended for certain investments.

6.16 The 2013/14 MMFs limit (contains both MMFs and EMFs) is £60 million in aggregate and it is proposed that it is raised to £90 million for MMFs with a separate limit for EMFs of £30 million in aggregate.

6.17 The Council places investments / deposits with only four UK banks – Barclays, HSBC, Lloyds and RBS (Nat West). For UK banks with Government ownership (and given the increased relative stability over the last 2-3 years), it is proposed that the minimum percentage of UK Government ownership (to qualify within this strategy for such criteria) is reduced from 35% to 25%. RBS and Lloyds would fall into this category, and this change in minimum ownership criteria allows Lloyds to remain a counterparty of the Council. Given the implied Government support, it is also proposed that the maximum limit for each institution is raised from £35 million to £70 million.

6.18 For UK banks with a minimum credit rating of AA-/Aa3/AAA and above it is proposed that the maximum individual investment limit is increased from £25m to £70m and the maximum tenor of investment is changed from one to three years.

6.19 UK banks with a minimum credit rating of A-/A3/A- and above it is proposed that the maximum individual investment limit is increased from £25m to £30m and the maximum tenor of investment is changed from three to six months.

6.20 Non-UK banks with a minimum credit rating of AA-/Aa2/AA- and above, it is recommended that the maximum individual investment limit is increased from £25m to £30m and that the maximum tenor of investment is changed from six months to one year.

6.21 Non-UK banks with a minimum credit rating of A/A2/A and above, it is recommended that the maximum individual investment limit is increased from £10m to £15m and that the maximum tenor of investment is changed from three to six months.

6.22 In summary, the bank investment limits are shown in the table below.

Institution Type	Minimum Credit Rating Required (S&P / Moodys / Fitch)	Maximum Individual Counterparty Investment limit (£m)	Maximum tenor of deposit / investment
UK Bank	With UK Government ownership of greater than 25%.	70	Three years
UK Bank	AA- / Aa3 / AA- and above subject to minimum ST ratings	70	Three years
UK Bank	A- / A3 / A- and above, subject to minimum ST ratings	30	Six months
Non-UK Bank	AA- / Aa2 / AA- and above, subject to minimum ST ratings	30	One year
Non-UK Bank	A / A2 / A and above, subject to minimum ST ratings	15	Six months

Non-specified investments

6.23 Under section 15(1) of the Local Government Act 2003, restrictions are placed on Local Authorities around the use of so-called specified and non-specified investments. A specified investment is defined as an investment which satisfies all of the conditions below:

(i) The investment and any associated cash flows are denominated in sterling ;

(ii) The investment has a maximum maturity of one year;

(iii) The investment is not defined as capital expenditure; and

(iv) The investment is made with a body or in an investment scheme of high credit quality; or with the UK Government, a UK Local Authority or parish/community council.

6.24 A non-specified investment is any investment that does not meet all the conditions above. The only likely non-specified investment that the Council may make is for any investment greater than one year. For such an investment, a proposal will be made to the Executive Director of Finance and Corporate Governance and Leader of the Council on the recommendation from the Tri Borough Director of Treasury and Pensions after taking into account cash flow requirements, the outlook for short to medium term interest rates and the proposed investment counterparty.

6.25 Long term investments (for periods over 364 days) will be limited to no more than £70 million.

Local Authority investments

6.26 It is recommended that the maximum tenor of investments to local authorities (other than TfL or the GLA) is reduced to six months, and the maximum individual limit is reduced from £25 million to £10 million with an aggregate of £50 million for the investment class as a whole.

Creditworthiness Criteria

6.27 As has been the case for 2013/14, the Council's investment priorities continue to be the security of capital and the liquidity of its investments. The Council will also aim to achieve the optimum return on its investments commensurate with proper levels of security and liquidity. The risk appetite of this Council is low in order to give priority to security of its investments.

6.28 In accordance with this, and in order to minimise the risk to investments, the Council has set the minimum acceptable credit quality of counterparties for inclusion on the lending list. As at present, if a downgrade results in the counterparty / investment scheme no longer meeting the Council's minimum criteria, its further use as a new investment will be withdrawn immediately and any existing investment will be matured at the earliest possible convenience.

6.29 For the financial institution sector, the Council will invest in entities with a minimum credit as set out above (A-/A3/A- for a UK bank, and A/A2/A for a non-UK bank as appropriate), as long as that entity has a short term rating F2/P-2/A-3 or better. Where a split rating applies the lowest rating will be used. This methodology excludes banks with UK Government ownership. Banks would need to be rated by at least two of the three main credit rating agencies and where there was a split rating the lower rating would be used.

6.30 The limits can change if there are rating changes, however the maximum limit would never be more than £70 million. Officers are likely to work well within these limits to ensure headroom for short term liquidity.

Country Limits

6.31 The Council has determined that it will only use approved counterparties from countries with a minimum sovereign credit rating of AA+ / Aa1 / AA+ from S&P / Moodys / Fitch (respectively). This criteria applies to countries other than the UK.

7. BORROWING STRATEGY

7.1 The Council has a debt strategy of no new borrowing and where borrowing has fallen due for repayment it has not been replaced. This means that the capital borrowing need (the Capital Financing Requirement), has not been fully funded with borrowing, as cash balances and cash flow has been used as a temporary measure instead. This strategy is prudent as investment returns are low and counterparty risk is high.

7.2 Under the regulatory requirement, there are three borrowing related treasury activity limits. The purpose of these are to monitor and control the activity of the treasury function within certain limits, thereby managing risk and reducing the impact of any adverse movement in interest rates. However, if these are set to be too restrictive they will impair the opportunities to reduce costs/improve performance. The indicators are:

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

7.3 The tables below sets out these treasury indicators and limits. The Council is currently compliant with all these indicators. The Council's existing level of fixed interest rate exposure is 100.0% and variable rate exposure is 0.0%.

Interest Rate Exposure for borrowing

£m / %	2014/15		2015/16		2016/17	
Upper Gross Borrowing Limits on fixed interest rates	320	100%	320	100%	320	100%
Upper Gross Borrowing Limits on variable interest rates	64	20%	64	20%	64	20%

Structure limits for debt maturity

Maturity structure of fixed rate borrowing during 2014/15	Upper Limit	Lower Limit	Actual Limits as at 31 March 2013
Under 12 months	15%	0%	4.4%
12 months and within 24 months	15%	0%	1.1%
24 months and within 5 years	60%	0%	11.5%
5 years and within 10 years	75%	0%	9.8%
10 years and above	100%	0%	73.2%

8. POLICY ON BORROWING IN ADVANCE OF NEED

8.1 Under CIPFA's Prudential Code, any decision to borrow in advance of need has to be:

- Within forward approved Capital Financing Requirement (CFR) estimates.
- Would have to be considered carefully to ensure that value for money can be demonstrated;
- And that the Council can ensure the security of such funds.

9. PRUDENTIAL INDICATORS FOR TO BORROWING ACTIVITY

9.1 The Prudential Code requires that the Council set certain limits on the level and type of borrowing before the start of the financial year together with a number of Prudential indicators, for the next three years ensuring the capital investment plans are affordable, prudent and sustainable.

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

Authorised Limit

£m	2012/13 Actual	2013/14	2014/15	2015/16	2016/17
Borrowing	325	325	325	325	325
Other long term liabilities	20	20	20	20	20
Total	**345**	**345**	**335**	**335**	**335**

9.3 The Operational Boundary. Is the focus of day to day treasury management activity within the authority and is set at £55m below authorised limit for borrowing. It is a means by which the Council manages its external debt to ensure that it remains within the self-imposed Authorised Limit. Sustained breaches of the Operational Boundary would give an indication that the Authority may be in danger of stepping beyond the Prudential Indicators it set itself.

Operational Boundary

£m	2012/13 Actual	2013/14	2014/15	2015/16	2016/17
Borrowing	275	275	275	275	275
Other long term liabilities	13	15	15	15	15
Total	**288**	**290**	**290**	**290**	**290**

9.4 Separately, the Council is also limited to a maximum HRA CFR through the HRA self-financing regime, as set by CLG. This is set out in the table above, and declines due to the repayment of the current borrowing as and when it falls due.

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

10. DEBT RESCHEDULING

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

10.2 However, these savings will need to be considered in the light of the current treasury position and premia incurred in prematurely repaying debt. Given the current approach, Officers monitor the situation continually for an opportunity to repay voluntary any debt. The reasons for any rescheduling to take place will include:

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

11. HOUSING REVENUE ACCOUNT

11.1 There are to be no changes to the current arrangements regarding debt and the HRA. The separate HRA and General Fund debt pool established from 1 April 2012 will continue to operate. The HRA shall continue to receive investment income on unapplied HRA receipts and other HRA cash balances calculated at the average rate of interest earned on temporary investments.

12. INVESTMENT TRAINING

12.1 The Council is a member of the CIPFA treasury management network which provides a forum for the exchange of views of treasury management staff independent of the treasury management consultants.

12.2 Officers attend the CIPFA network and other providers meetings on a regular basis throughout the year to ensure that they are up to date at all times on developments in treasury management and continue to develop their expertise in this area.

13. GOVERNANCE

13.1 The revised CIPFA Treasury Management Code (2011) requires the Council to outline a scheme of delegation thereby delegating the role of scrutiny of treasury management strategy and policy to a specific named body. In this way treasury management performance and policy setting will be subject to proper scrutiny. The Code also requires that members are provided adequate skills and training to effectively discharge this function.

13.2 The role of the Section 151 officer is delegated to the Executive Director of Finance and Corporate Governance (the S151 Officer), pursuant to Section 101 of the Local Government Act 1972 and by the Executive under Section 15 of the Local Government Act 2000.

13.3 The S151 Officer may authorise officers to exercise on their behalf, functions delegated to them. Any decisions taken under this authority shall remain the responsibility of the S151 Officer and must be taken within the guidelines of the Treasury Management Strategy.

13.4 The S151 Officers has full delegated powers from the Council and is responsible for the following activities:

- Investment management arrangements and strategy;
- Borrowing and debt strategy;
- Monitoring investment activity and performance;
- Overseeing administrative activities;
- Ensuring compliance with relevant laws and regulations;
- Provision of guidance to officers and members in exercising delegated powers.

Monitoring and Reporting

13.5 The Treasury Management activities during the year will be included in the monitoring reports to the Audit, Pensions and Standards Committee.

13.6 The Council's Treasury Management Strategy will be approved annually by full Council and there will also be a mid-year report. The aim of these reporting arrangements is to ensure that those with the responsibility for treasury management policies and activities and those implementing policies and executing transactions have properly fulfilled their responsibilities with regard to delegation and reporting. The Council will adopt the following reporting arrangements in accordance with the requirements of the revised code:

Area of Responsibility	**Council / Committee / Officer**	**Frequency**
Treasury Management Strategy	Full Council	Annually, at meeting before the start of the financial year.
Scrutiny of Treasury Management Strategy	Audit, Pensions and Standards Committee	Annually
Treasury Management Strategy: Mid-year report	Audit, Pensions and Standards Committee	Annually, after the first half of the financial year
Treasury Management Strategy: Updates / revisions at other times	1. Audit, Pensions and Standards Committee 2. Full Council	As and when required
Treasury Out-turn Report	1. Audit, Pensions and Standards Committee 2. Full Council	Annually, after year-end
Treasury Management Monitoring Reports	Executive Director of Finance and Corporate Governance	Monthly

14. FINANCIAL AND RESOURCE IMPLICATIONS

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

15. LEGAL IMPLICATIONS

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

16. COMMENTS OF THE AUDIT, PENSIONS AND STANDARDS COMMITTEE

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

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.	Financial monitoring documents & Capital Programme 2014/18 report	Jade Cheung ext 3374	Finance Department, 2nd Floor, HTH Extension
2.	Treasury Management Strategy 2012/13 (Approved by Full Council February 2013)	Halfield Jackman Tel: 0207 641 4354	Tri-Borough Treasury and Pensions, WCC City Hall

APPENDIX A

THE TREASURY MANAGEMENT POLICY STATEMENT

The CIPFA recommendations contained in the Code of Practice and Cross-Sectoral Guidance Notes issued as a revised version in 2009 and 2011 for Treasury Management in the Public Services require that each Local Authority has a Treasury Management Policy Statement that is approved by the Full Council.

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

This Council defines its Treasury Management activities as:

- The management of the Council's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.

- This Council regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of Treasury Management activities will focus on their risk implications for the organisation, and any financial instruments entered into to manage these risks.

This Council acknowledges that effective Treasury Management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving value for money in treasury management, and to employing suitable comprehensive performance.

APPENDIX B

UK T-Bills: UK Government Treasury Bills (T-Bills) are short term promissory notes issued by the UK Government at a discount to par, for tenors of up to one year. T-Bills provide a greater yield than cash deposits with the DMO and can be bought at the primary sale (by market makers), or in the secondary market.

UK Gilts: UK Government Gilts provide a greater yield than cash deposits with the DMO. At present, there are a limited number of gilts that will mature in the next two years, and as the shorter dated gilts were issued in a higher interest rate environment than at present, the coupons on these gilts are higher than current interest rates.

UK Government repurchase agreements (Repos): UK Government repurchase agreements are the purchase of UK Government securities with an agreement to resell them back at a higher price at a specific future date. By their nature, repos are short term secured investments in UK Government bonds which provide a greater return than cash deposits with the DMO. Ownership of the UK Government bond is temporarily transferred to the Council, thereby providing security over the funds invested.

Commercial Paper (CP) is similar to a very short term bond issue (up to one year), issued to investors on a discounted basis, and with the interest rate based on prevailing rates at the time of pricing. The Council may invest in Commercial Paper issued by UK domiciled corporate subject to the minimum credit ratings for up to a maximum of six months with no more than £15 million per name, and £90 million in aggregate.

Supra-national institutions are those that sovereign backed or supported institutions that span more than one country, such as the European Investment Bank, the European Bank of Reconstruction and Development, the World Bank, etc.

Network Rail: All Network Rail infrastructure debt is directly and explicitly backed by a financial indemnity from the Secretary of State for Transport acting for and on behalf of the government of the United Kingdom of Great Britain. The financial indemnity is a direct UK sovereign obligation of the crown and cannot be cancelled for any reason (prior to its termination date in October 2052). Propose to change TMS limit to unlimited and set the maximum maturity to Oct 2052.

APPENDIX C

CREDIT RATING AGENCY NOMENCLATURE

Long term ratings	**Fitch**	**Moody's**	**S&P**
Investment Grade Focuses on liquidity and ability to meet payment obligations on time	AAA	Aaa	AAA
	AA+	Aa1	AA+
	AA	Aa2	AA
	AA-	Aa3	AA-
	A+	A1	A+
	A	A2	A
	A-	A3	A-
	BBB+	Baa1	BBB+
	BBB	Baa2	BBB
	BBB-	Baa3	BBB-
Non-investment grade (junk) Focus on recovery percentage in the event of partial or total default	BB+	Ba1	BB+
	BB	Ba2	BB
	BB-	Ba3	BB-
	B+	B1	B+
	B	B2	B
	B-	B3	B-
	CCC	Caa	CCC
	CC	Ca	CC
	C	C	C
	D		D

Short term ratings	**Fitch**	**Moody's**	**S&P**
Investment Grade	F1+	Prime-1	A-1+
	F1	Prime-2	A-1
	F2	Prime-3	A-2
	F3		A-3
Non-investment grade	B	Not Prime	B
	C		C
	D		D

APPENDIX D
Money Market Funds and Enhanced Money Funds

A Money Market Fund (MMF) is a pooled investment vehicle which is provides liquidity, stability of capital and typically offers a better yield than a traditional bank deposit. MMFs invest in a variety of high quality, short dated cash instruments (for example certificates of deposit, time deposits, call deposits, commercial paper).

An Enhanced Money Fund (EMF) is a pooled investment vehicle that invests in a wider variety of assets than an MMF. EMFs are permitted to hold longer dated assets and as a result they are not as liquid and are aim to attract a higher return than MMFs.

Both funds offer asset diversification and are managed by fund managers with specialist fund management skills.

Both funds can use two methods to value their assets; constant net asset value (CNAV) or variable net asset value (VNAV) or a combination of both. The principal difference is the accounting technique used to value the assets:

- Amortised cost accounting which values the asset at its purchase price, and then subtracts the premium / adds back the discount in a regular fashion (linearly) over the life of the asset. The asset will then be valued at par (100) at its maturity. This enables the funds to maintain a net asset value (NAV), or value of a share of the fund at £1. This is the CNAV approach typically adopted by MMFs funds.

- Mark-to-market accounting values the assets at market price. The NAV of a fund that uses this form of accounting will change due to the changing value of the assets or in the case of accumulating funds (where any interest is capitalised back into the fund instead of being paid out as an income) by the amount of interest earned. This is the VNAV approach usually adopted by EMFs which have a constantly varying share price. In practice the fund manager will aim to maintain the share price above £1 and ensure a smooth gradual increase in price on a daily basis.

MMFs tend to pay out monthly dividends to investors whereas the EMFs tend to reinvest dividends back into the fund.

MMFs funds are marketed as an instant access investment where funds can be invested and removed on a daily basis therefore forming part of the council operational cash pool.

EMFs tend to marketed as a longer term investment that offers an enhanced return over the MMFs. Investments should therefore only be invested as part of a longer term investment plan.

At present, the Council invests in several AAA-rated sterling MMFs. The Council will only invest in funds that comply with the criteria agreed by the Executive Director of Finance and Corporate Governance and the Leader of the Council.

Agenda Item 7

	London Borough of Hammersmith & Fulham CABINET 3 FEBRUARY 2014
EXTENSION OF CONTRACT FOR INTERNAL AUDIT SERVICES	
Report of the Leader – Councillor Nicholas Botterill	
Open Report	
Classification: For Decision **Key Decision:** Yes	
Wards Affected: All	
Accountable Executive Director: Jane West, Executive Director of Finance and Governance	
Report Author: Geoff Drake, Senior Audit Manager	**Contact Details:** Tel: 020 8753 2529 E-mail: Geoff.drake@lbhf.gov.uk

1. EXECUTIVE SUMMARY

1.1. The Council's Internal Audit Service has a contract with the London Borough of Croydon, through their Audit Service Framework contract, for the provision of an Internal audit service. The Framework utilises the services of Deloitte; runs to 2018 and is currently used by 14 other London Boroughs, including the Council's Bi-Borough Internal Audit service partner, Kensington and Chelsea.

1.2. The Council's contract with Croydon commenced on 1 April 2011 for a period of 3 years with an option for further extensions to the contract for up to 2 years. The budget for this provision is £291,000 for the 2013/14 year. The budget is currently expected to remain of that magnitude for 2014/15, uprated each year in line with inflation.

1.3. The Royal Borough of Kensington and Chelsea (RBKC) has a similar contract through the Framework Agreement with LB Croydon. The two Audit Services are now a Bi-Borough service with the same Deloitte team covering both Councils, providing a good level of continuity and consistency of service.

1.4. Under the Croydon Framework neither LBHF nor RBKC is contracted to procure any specific level of resources. This level of flexibility will allow the Councils to keep under review their joint working and resourcing options for internal audit services going forward.

2. RECOMMENDATIONS

2.1. That approval be given for a contract extension for the period from 1 April 2014 to 30 June 2015 at an expected cost of £364,000 to make this contract co-terminus with the RBKC contract.

2.2. That approval is given to delegate responsibility for any further extension on this contract to the Leader as cabinet member for finance up to the maximum contract limit of 31 March 2016.

3. REASONS FOR DECISION

3.1 The initial 3 year period for the Internal Audit contract expires on 31 March 2014. Deloitte have continued to provide an excellent level of performance through the Croydon Framework, which has proven to be to a high standard and well regarded by operational managers across the Council.

3.2 The proposed contract extension will ensure continuity and consistency in a period of significant change for Internal Audit, it will also enable the expiry of the LBHF contract for Internal Audit services to be aligned to be co-terminus with the RBKC contract which will support joint future procurement. The absence of any contractual minimum purchase provides complete procurement flexibility for the remainder of the contract. The option to extend further to 31 March 2016 allows for the potential to extend the alignment of contracts to include WCC.

4. INTRODUCTION AND BACKGROUND

4.1. The Internal Audit Service is responsible for carrying out the Council's statutory internal audit functions. The objective of internal audit is to provide assurance on the proper administration of the Council's financial affairs under Section 151 of the 1972 Local Government Act. The Accounts and Audit Regulations 2011 specifically require that a "relevant body must undertake an adequate and effective internal audit of its accounting records and of its system of internal control in accordance with the proper practices in relation to internal control."

4.2 The Council's Internal Audit Service undertakes a range of audit reviews that examine and report on the adequacy and effectiveness of processes and controls. The service also provides advice and guidance in relation to governance, risk management and internal control. The LBHF Service has been provided through contracts with Deloitte since October 2004 with an intelligent client function provided in-house that includes the Head of Internal Audit role; the current contract with Croydon provides the services of Deloitte through their framework agreement. The Cabinet approved that contract re-tender in their meeting on 16 December 2010.

4.3 The Audit Service has been liaising with its Tri-Borough partner audit services since 2012/13 to ensure that audit resources are maximised by avoiding duplication and where appropriate undertaking single audits to cover all Tri or Bi- Borough services; there is now a bi-borough audit service between LBHF and RBKC, both of whom have similar contracts with LB Croydon to use the services of Deloitte to provide audit services. Therefore maintaining a similar contract for both councils that utilises the same Deloitte team offers additional benefits, making this contract co-terminus with RBKC helps forward planning for future contract re-tendering.

5. PROPOSAL AND ISSUES

5.1. The proposed contract extension would make the LBHF and RBKC contracts for audit services co-terminus. At that point it will be possible for the bi-borough audit service to tender a single contract for internal audit services. At this time the Croydon Framework remains the preferred option for London Boroughs outsourcing all or part of their audit services. 15 Councils currently use the Framework with others joining as their current arrangements expire.

5.2 There remains the potential for a combined audit services procurement that includes WCC. For this reason it would be advantageous to retain flexibility to extend the current contract as far as 31 March 2015.

6. OPTIONS AND ANALYSIS OF OPTIONS

6.1. **To agree to the award of the contract extension**

An appropriate high level of service will be maintained during a period of transition with consistency and continuity of service a priority. Client managers will experience a seamless transition to Bi or potentially Tri-Borough based audit services. Given the flexibility of the Croydon Framework contract alternative options can be monitored by audit management and should the opportunity arise to take advantage of better value offered elsewhere this can acted upon without penalty.

6.2. **To request alternative options or a new procurement process.**

A new contract would require a minimum 3 months lead time to set up. The procurement process would take up significant valuable management resources that would be better utilised focusing on the development of a highly professional Bi-Borough Audit service. It is considered unlikely a single Council procurement would attract better rates and quality levels than those currently offered by the Croydon Framework contract. This would also likely perpetuate the current arrangement of separate audit services contracts for each Council.

7. CONSULTATION

7.1. Discussions on procurement options have and will be continue to be had with key stakeholders such as other Audit services and the relevant s151 officers. This is a sovereign council procurement decision for Hammersmith & Fulham, it is however important that dialogue continues with these parties going forward to ensure all three audit services move forward with the same aims and goal to provide an exemplary service.

8. EQUALITY IMPLICATIONS

8.1. It is understood that the decision to issue the contract extension will not have an adverse impact on equalities.

9. LEGAL IMPLICATIONS

9.1. The current contract with LB Croydon for the provision of audit services includes an option to extend on an annual basis for a maximum of two years following the expiry of the initial term. The recommended extension is in accordance with the terms of the contract and would be the first of two permitted extensions.

9.2 Implications verified/completed by: Cath Irvine, Senior Solicitor (Contracts) ext 2774

10. FINANCIAL AND RESOURCES IMPLICATIONS

10.1. The annual contract value for the services procured is £291,000 and will be contained within the current budget provision.

10.2. Implications completed by Andrew lord, Head of Strategic Planning and Monitoring (Ext 2531).

11. RISK MANAGEMENT

11.1. The Bi-borough Internal Audit service provides independent and objective assurance to the Council, its Members, Hammersmith & Fulham Business Board and in particular to the Chief Financial Officer in support of discharging their responsibilities under S151 of the Local Government Act 1972, relating to the proper administration of the Council's financial affairs.

11.2 It is the Council's intention to continue to provide a best practice, cost efficient internal audit service. The proposal to extend the current contract meets this requirement. The contract extension provides management and Members with an independent, objective assurance and consulting activity designed to add value and improve the Council's operations. The provision of a Bi-borough Internal Audit service contributes positively to the Corporate Governance of the Council, facilitating the production of the Annual Governance Statement and is an independent assurance provider on all Bi-borough Enterprise Wide Risk Register entries.

11.2 Implications verified by: Michael Sloniowski, Bi-borough Risk Manager and 020 8753 2587.

12. PROCUREMENT AND IT STRATEGY IMPLICATIONS

12.1. It makes economic sense to extend this contract by one further year to make it co-terminus with the contract held by RBKC. In the first quarter a procurement exercise will begin to invite the market to bid for a either a Bi or Tri-borough service.

12.2 Mark Cottis, e-Procurement Consultant 020 8753 2757

12.3 There are no implications for the ICT Strategy. At an operational level, having a single internal audit across bi- or tri-borough councils results in greater efficiency in undertaking ICT audits, due to the increasingly integrated ICT service.

12.4 Howell Huws, Head of Business Technology 02087535025

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.	Previous reports to Cabinet to approve the original contract	Geoff Drake x2529	FCS

Agenda Item 8

h&f the low tax borough	**London Borough of Hammersmith & Fulham** **CABINET** **3 FEBRUARY 2014**
SUBSCRIPTIONS/AFFILIATIONS FOR EXTERNAL ORGANISATIONS 2014/15	
Report of the Leader – Councillor Nicholas Botterill	
Open Report	
Classification - For Decision **Key Decision:** Yes	
Wards Affected: All	
Accountable Executive Director: Jane West - Executive Director of Finance and Corporate Governance	
Report Author: **Gary Ironmonger –** Finance Manager Strategic Planning and Monitoring	**Contact Details:** Tel: 020 8753 2109 E-mail: gary.ironmonger@lbhf.gov.uk

1. EXECUTIVE SUMMARY

1.1. The base subscription to London Councils for 2014/15 is £172,427 the same as 2013/14. In 2014/15 there will be a one off reduction to this subscription of £10,000 funded from the London Councils accumulated Joint Committee reserve giving a total cost of £162,427.

1.2. The borough contribution to the London Boroughs Grant Scheme for 2014/15 is £194,822 (a reduction of £5,273 compared to 2013/14). In addition the borough will receive a rebate of £17,317 resulting in a net contribution of £177,505.

1.3. The subscription to the Local Government Association for 2014/15 has been frozen and remains £26,577. This fee includes 2.5% prompt payment discount and 2.5% loyalty discount for not being on notice of withdrawal.

2. RECOMMENDATIONS

2.1. That the subscription to the Local Government Association for 2014/15 of £26,577 be approved.

2.2. That the contribution of £194,822 (net £177,505 after a £17,317 rebate) to the London Boroughs Grant Scheme be approved.

2.3. That the subscription of £162,427 for 2014/15 to London Councils be approved.

3. REASONS FOR DECISION

3.1. A decision is required in order to continue membership of the London Councils and Local Government Association organisations in 2014/15 and contribute to the London Boroughs Grant scheme.

4. INTRODUCTION AND BACKGROUND

4.1. This report deals with the major corporate subscriptions/affiliations whose funding is included in the Finance and Corporate Services' estimates. Other departments carry out a similar exercise, reported separately to committee or dealt with under delegated authority in the case of small subscriptions.

5. PROPOSAL AND ISSUES

5.1. Approval is being sought for the renewal of the subscription to London Councils and the Local Government Association for 2014/15 and the London Boroughs Grant Scheme for 2014/15 as detailed in Appendix 1a & 1b.

5.2. The Local Government Association subscription for 2014/15 after discounts for prompt payment and a loyalty discount for not being on notice of withdrawal is £26,577. This subscription has been frozen at the 2013/14 level and has reduced by 45% since 2009/10 (Appendix 1a)

5.3. The 2014/15 base subscription for London Councils is £172,427. In 2014/15, there will be a one off reduction of £10,000 funded from London Council reserves reducing the payment due to £162,427 (Appendix 1a).

5.4. The total cost of the London Boroughs Grant Scheme has been held at £9m for 2014/15. In recognition of the current level of Grant Committee reserves £0.8m is being made available to return to boroughs as a rebate. The 2014/15 grants contribution from LBHF will be £194,822 (a reduction of £5,273 since 2013/14) with a rebate of £17,505 giving a net contribution of £177,505 (Appendix 1b)

5.5. The benefits of continuing membership of these organisations is contained in Appendix 2.

6. OPTIONS AND ANALYSIS OF OPTIONS

6.1. The rationale for continuing the subscriptions to London Councils and the Local Government Association are based on the benefits of continuing membership of these organisations as expanded on in Appendix 2.

7. LEGAL IMPLICATIONS

7.1. The Council has the necessary powers to subscribe to the organisations listed.

8. FINANCIAL AND RESOURCES IMPLICATIONS

8.1. There is sufficient provision within the proposed 2014/15 Corporate Budget to meet the cost of the proposed subscriptions and contributions to the London Boroughs Grant Scheme.

8.2. A contribution of £5,000 will be made from the Housing Revenue Account towards the London Councils subscription. This is to reflect the housing work undertaken by London Councils.

8.3. Implications completed by: Gary Ironmonger, tel. 0208753 2063..

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.	Correspondence from Local Government Association and London Councils in relation to subscription renewals	Gary Ironmonger (2109)	FCS, HTH

APPENDIX 1a

ORGANISATION		SUBSCRIPTIONS 2013/2014	SUBSCRIPTIONS 2014/2015
1	**London Councils** - for the joint committee core and associated functions.	£165,664	£166,664
2	**London Councils** - Central bodies (LGE Grant).	£3,763	£3,763
3	**London Councils** – 16-19 RPG Regional Activities.	£3,000	£2,000
	London Councils Base Subscription	**£172,427**	**£172,427**
4	London Councils – 2013/14 one off credit (funded from accumulated Joint Committee reserve.	£(25,000)	£(10,000)
	London Councils – Sub Total	**£147,427**	**£162,427**
5	Local Government Association *(including AMA rent credit - see appendix 2).*	£26,577	£26,577
	TOTAL	**£174,004**	**£189,004**

Appendix 1b

	2013/14 Contribution (£)	2014/15 Contribution (£)	2014/15 Rebate (£)	2014/15 Net Payment (£)
LBHF Contribution to the London Boroughs Grant Scheme	200,095	194,822	(17,317)	177,505

APPENDIX 2

DETAILS OF SUBSCRIPTION/AFFILIATION ORGANISATIONS

1. LONDON COUNCILS

London Councils is the local government association for London, bringing together representatives of the 32 London Boroughs and the Corporation of London. It develops policy, lobbies government and others, and runs a range of services including the Freedom Pass, the Taxicard Scheme, the London Lorry Control Scheme and the Parking and Traffic Appeals Service.

2. LONDON COUNCILS - LOCAL GOVERNMENT EMPLOYERS ORGANISATION (CENTRAL BODIES)

The Local Government Employers was created by the Local Government Association and works with local authorities, regional employers and other bodies to lead and create solutions on pay, pensions and the employment contract.

3. LOCAL GOVERNMENT ASSOCIATION

The Local Government Association (LGA) promotes the interests of English and Welsh local authorities.

The LGA exists to promote better local government and is a voluntary lobbying organisation.

In addition to representing various local government authorities it also represents fire authorities, police authorities, national park authorities and passenger transport authorities.

In the past 12 months the LGA has worked in to secure maximum funding for Local Government in a number of areas including Public Health, New Burdens and Troubled Families. The LGA also provides support to help councils and councillors develop and improve. In 2012/13 2 members and 1 officer of LBHF attended LGA events.

Explanation of the AMA rental/finance credit from the LGA - The annual LGA membership subscription of each former member of the Association of Metropolitan Authorities (AMA), which previously contributed to the purchase of the AMA's former offices at 35 Great Smith Street, is adjusted each year by a rental/finance credit. Before the LGA moved to Local Government House in Smith Square, it used the offices at 35 Great Smith Street and the rental credit represented an individual authority's share of the rent that was due to the AMA (Properties) Limited. The building was sold in 1999 and the proceeds of £6.2 million were invested in Local Government House in the form of a loan. Each (finance) credit (initially £6,000) now represents interest payable on the loan. The credit is reviewed every five years and adjusted with the Retail Price Index (RPI). The credit is now £7,965.

Agenda Item 9

h&f putting residents first	**London Borough of Hammersmith & Fulham** **CABINET** **3 FEBRUARY 2014**
REVENUE BUDGET 2013/14 MONTH 8 AMENDMENTS	
Report of the leader – Councillor Nicholas Botterill	
Open Report.	
Classification - For Decision **Key Decision:** Yes	
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 sets out proposed amendments to the Revenue Budget as at Month 8.

1.2. Virement requests of £0.178m for General Fund are recommended for approval.

1.3. Bad Debt write off of £0.126m is recommended for approval.

1.4. The Public Health team have concluded negotiations with Central London Community Healthcare in regard of contract costs relating to overheads. The LBHF share of these costs is approximately £0.92m. These costs will be fully funded from Public Health grant

2. RECOMMENDATIONS

2.1. That approval be given to the budget virements of £0.178m for the General Fund .

2.2. That approval be given to the write off of £0.126m of bad debt.

2.3. That payment to Central London Community Healthcare for the Public Health contract, as negotiated by the Public Health team, be approved.

3. REASONS FOR DECISION

3.1. To comply with Financial Regulations.

4. 2013/14 REVENUE BUDGET AMENDMENTS MONTH 8

4.1. Cabinet is required to approve all budget virements that exceed £0.1m.

4.2. Virements totalling £0.178m to the General Fund are requested. (details in Appendix 1).

4.3. It is requested that Transport & Technical Services debts of £0.126m are written off. These debts date back as far as 2008 and would be uneconomical to pursue.

4.4. The Public Health team have concluded negotiations with Central London Community Healthcare in regard of contract costs relating to overheads. It is recommended that payment is made based on the negotiated figure of £3.662m split across the three boroughs. The LBHF share of these costs is approximately £0.92m

5. CONSULTATION

5.1. Not applicable.

6. EQUALITY IMPLICATIONS

6.1. It is not considered that the adjustments to budgets will have an impact on one or more protected group so an EIA is not required.

7. LEGAL IMPLICATIONS

7.1. Not applicable.

8. FINANCIAL AND RESOURCES IMPLICATIONS

8.1. Virements totalling £0.178m are requested.

8.2. Write off of £0.126m of bad debt is requested.

8.3. The Public Health team have concluded negotiations with Central London Community Healthcare in regard of contract costs relating to overheads

The LBHF share of these costs is approximately £0.92m. These will be met from Public Health Grant.

8.4. Implications verified/completed by: Gary Ironmonger, 020 8753 2109.

9. RISK MANAGEMENT

9.1. Budget Risk will be managed and reported via Corporate Revenue Monitoring.

10. PROCUREMENT AND IT STRATEGY IMPLICATIONS

10.1. Not applicable.

List of Appendices

Appendix 1	Virement Request Form

APPENDIX 1 - VIREMENT REQUEST FORM

BUDGET REVENUE MONITORING REPORT – PERIOD 8

Details of Virement	**Amount (£000)**	**Department**
GENERAL FUND:		
Budget Adjustment needed to recover non General Fund benefits in relation to TFM contract to Amey.	148 (148)	TTS/CMB
Utilise Waste Disposal Rebate to fund known ELRS pressures Fulham Palace Head Lease Costs	(30) 30	ELRS ELRS
Total of Requested General Fund Virements (Debits)	**178**	

Departmental Name Abbreviations	
ELRS	Environment, Leisure & Residents' Services
CMB	Centrally Managed Budgets
TTS	Transport & Technical Services

h&f the low tax borough	**London Borough of Hammersmith & Fulham** **CABINET** **3 FEBRUARY 2014**
LETTING OF A CONCESSION TO MONETISE THE DUCTING ASSETS WITHIN COUNCIL OWNED CCTV NETWORK	
Report of the Deputy Leader and Cabinet Member for Environment, Leisure and Residents' Services, Councillor Greg Smith	
Open report A separate report on the exempt part of the Cabinet agenda provides exempt information regarding the outcome of the procurement process and recommends that a concession contract be awarded.	
Classification - For noting **Key Decision:** Yes	
Wards Affected: All	
Accountable Executive Director: Lyn Carpenter, Executive Director for Environment, Leisure and Residents' Services	
Report Author: Sharon Bayliss, Director for Customer and Business Development	**Contact Details:** Tel: 020 8753 3136 Email: sharon.bayliss@lbhf.gov.uk

1. EXECUTIVE SUMMARY

1.1. Since December 2012, LBHF has been pursuing the letting of a concession to monetise the ducting assets within the Council-owned underground CCTV network (and would be the first Council in [England/the UK] to achieve this).

1.2. The Council undertook a soft market testing exercise in December 2012 to assess the commercial value and potential opportunity within the market. Subsequent to that a supplier day was held on 4 July 2013 that was attended by numerous suppliers.

1.3. This report outlines the tender process and seeks approval to award the contract.

2. RECOMMENDATIONS

2.1. That the report be noted.

3. REASONS FOR DECISION

3.1. The bidder was fully compliant with the tender requirements. The tender evaluation scoring was set to include price, weighted at 80% of the total marks available and quality, weighted at 20% (the quality criteria had a secondary weighting grouped by operational, technical and commercial). A confidence factor was applied to the non-guaranteed estimated income levels.

4. INTRODUCTION AND BACKGROUND

4.1. Since February 2013, LBHF has been pursuing the letting of a concession to monetise the ducting assets within the council owned underground CCTV network.

This is an untapped market and LBHF are the only local authority to date who have realised their capital ducting assets value using this commercial approach. Several other local authorities have approached LBHF and are interested in this innovative concession.

4.2. There are a range of direct and indirect benefits associated with the award of the concession to let the duct assets network. These include:

- That LBHF Council will receive a guaranteed income revenue stream from this concession.

- The indirect benefits will be that the bidder will improve the broadband connectivity speed and coverage for residents in the borough (Fibre to the Home).

- Creation of new jobs by helping small business to thrive and also attract new businesses into the borough. Businesses will have easier access to the network and faster internet connectivity, (the improved fibre coverage of the utilisation of the duct asset will provide this).

  The bidder intends to sell to local business at affordable prices, to enable easy access and better connectivity.

- The bidder will also enable connectivity to multi dwelling units (MDUs). As LBHF have fibre to and running past many MDUs, the bidder will be able to easily provide fast internet connectivity to many people.

- Registered social landlords will also be able to offer broadband services to tenants as part of their accommodation package. The landlord will be able to include connectivity as part of the rental agreement. This would prove beneficial for example in student accommodation.

- The bidder will also work with the council on potential node location rollout (to get an understanding of the council's long term strategy for shared services, regeneration programmes and digital inclusion to maximise social policy agendas). The bidder will consult LBHF regarding where they would like to deploy and expand to, and take LBHF views on board in order to accommodate any new initiatives the council may have.

- The bidder understands the commercial drivers and the ideal methods to monetise this resource and are poised to execute a sales campaign that steadily builds revenues.

- The bidder offer monthly connectivity clinics to educate and support network users.

5 PROPOSAL AND ISSUES

5.1 LBHF went out to market with the objective of awarding a contract for a period of ten years. This term was set based on the commercial value of the contract which could be achieved over this timeframe. The contract is expected to commence in April 2014 following a ten day standstill period.

5.2 The deployment for the use of the ducting assets will be scheduled in phases. The deployment timetable will be agreed with the council once the standstill period has ended and the contract has commenced. The bidder will provide a highly detailed project plan in advance of the initial deployment date.

5.3. Monitoring of the contract will be carried out by the Environment, Leisure and Residents' Services Department (ELRS) to ensure that the concession is delivered at key milestones, at key delivery stages and against agreed targets. Quality checks will be carried out periodically to ensure all specifications are adhered to. All sub-contractors will be monitored by the bidder to ensure full compliance and adherence to health and safety. A risks and issues register will be maintained to manage and mitigate any risks or issues that occur.

5.4. The bidder will be responsible for addressing any public concerns, enquiries or issues as they occur to ensure that there is no disruption to the public or other council services. Key performance indicators will be developed and monitored at agreed project board meetings.

5.5. All of the bidder's operatives are qualified for the role in which they are employed and are provided with on-going training and continuous assessments.

6. PROCUREMENT ARRANGEMENTS, OPTIONS AND ANALYSIS OF OPTIONS

6.1. LBHF held an Information Day on 4th July 2013 in the Chelsea Football Club and this event attracted 13 suppliers. The information Day was the start of LBHF looking for an innovative partner or partners to work with the council to deliver a solution that would best realise the use of the duct assets and provide diverse income streams. The event was also designed to give suppliers an insight into what LBHF had to offer and to provide suppliers with an opportunity to ask questions on the day.

6.2. In accordance with the Council's procurement process, a Tender Appraisal Panel (TAP) was established to oversee the procurement process for the letting of a concession to monetise the ducting within council owned CCTV network, as set out in the Contract Notice placed on 5 July 2013 in the Official Journal of the European Union (OJEU) 2013/S 132-228872 by the London Borough of Hammersmith.

6.3. The procurement exercise was conducted by means of Competitive Dialogue (CD) which took place in three stages. LBHF Council used the online London Tender Portal for all communications with bidders and to manage the receipt and issue of tender documentation.

6.4. The financial standing, insurance, technical capability, quality and capacity of the accepted tender were assessed by members of the LBHF TAP. The submitted tenderer met the minimum standards set out in the tender documents and proceeded to the next stage of the procurement exercise.

6.5. The first stage of CD commenced week beginning 7 October 2013, the second stage commenced week beginning 23 October 2013 and the third stage took place on 1 November 2013. Closing date for receipt of final proposals (ITSFTs) from bidders was 29 November 2013.

6.6. The bidders' response to the proposal were then evaluated by the TAP on a basis of an 80:20 Price/Quality Model in accordance with the evaluation criteria set out in the Invitation to Submit Final Tenders (ITSFT).

6.7. Evaluation of quality and price was undertaken on 2 December 2013. The bidders underwent a qualitive assessment by the panel. Technical advice was provided by Transport and Technical Services (TTS) and Chromavision, (an organisation specialising in local authority installations of network equipment, who currently work with LBHF).

6.8. A confidence factor was applied to the non-guaranteed revenue offered by each bidder to ascertain the robustness of the business model and reflect the risk of non-delivery of the non-guaranteed revenue. This rating was determined using 4 confidence categories: maximising of revenue earning opportunities, proposed approach to guaranteed and shared revenue, confirmation that all the revenue is to be delivered from the concession (and not from back sell of other services to the council), and provisions for open book accounting and audit.

6.9. The results of the evaluation are set out in the exempt report.

7. CONSULTATION

7.1. Consultation has not been carried out with residents or members of the public as the concession was commercially sensitive.

8. EQUALITY IMPLICATIONS

8.1 This concession contract will generally have a positive impact on all groups as it will help everyone to access the network more easily. In particular disability groups and pregnant women who may have mobility problems.

9. LEGAL IMPLICATIONS

9.1. These are noted in the exempt report.

9.2. Implications verified/completed by: Cath Irvine, Senior Solicitor (Contracts) 020 8753 2774.

10. FINANCIAL AND RESOURCES IMPLICATIONS

10.1. The financial benefits expected to flow to the Council are set out in the exempt report.

10.2. Other financial and resources implications are set out in the exempt report.

10.3. Implications completed by: Kellie Gooch, Head of Finance (ELRS), 020 8753 2203.

11. RISK MANAGEMENT

11.1. This is noted in the exempt report.

12. PROCUREMENT AND IT STRATEGY IMPLICATIONS

12.1. These are noted in the exempt report.

12.2 Implications verified/completed by: Bob Hillman, Procurement Consultant, 020 8753 1538.

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.	CMD was taken on 8 April 2013	Sharon Bayliss 020 8753 1636	ELRS,77 Glenthorne Rd

Agenda Item 11

the low tax borough	London Borough of Hammersmith & Fulham **CABINET** **3 FEBRUARY 2014**

HOUSING REVENUE ACCOUNT - FINANCIAL STRATEGY AND RENT INCREASE 2014/15	
Report of the Cabinet Member for Housing – Councillor Andrew Johnson	
Open Report	
Classification: For Decision **Key Decision:** Yes	
Wards Affected: All	
Accountable Executive Director: Melbourne Barrett, Executive Director of Housing and Regeneration	
Report Author: Kathleen Corbett, Director of Finance and Resources (HRD)	**Contact Details:** Tel: 020 8753 3031 E-mail: kathleencorbett@lbhf.gov.uk

1. EXECUTIVE SUMMARY

1.1. This report deals with:

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

2. RECOMMENDATIONS

2.1. To note that the targeted on-going annual revenue savings of £4 million per annum by 2014/15 identified in the HRA Transformation Programme approved by Cabinet on 21st May 2012 have been achieved, and that during the course of the 2013/14 Financial Year £9.582m of HRA debt was repaid.

2.2. That the HRA financial strategy as set out in section 8 of this report be endorsed.

2.3. That approval be given to the HRA 2014/15 budget as set out in Appendix 1.

2.4. That approval be given to a rent increase for 2014/15, based on application of the Government's rent restructuring formulae for dwellings up to 3 bedrooms of 5.69%, and the Council rent policy (introduced in 2013/14) for dwellings of 4 bedrooms and above, of 7.11%, which is equivalent to an average increase of 5.79%.

2.5. That approval be given to a rent increase of 5.29% based on application of the Government's rent restructuring formulae for properties under licence and hostels as referred to in paragraph 10.6.

2.6. That an increase in tenant service charges for 2014/15 of 3.7% as set out in section 11 of this report be approved.

2.7. That in order to recover the cost of water rates and metered water costs, approval be given to an average increase in water charges of 0.1%, equating to an average rise of less than one penny per week, noting that some households may see a reduction of £2.97 and other an increase of £2.23 per week, as set out in section 15 of this report.

2.8. That a freeze in the communal heating charge at 2013/14 rates as set out in section 15 of this report be approved.

2.9. That a freeze in garage and parking charges as set out in section 15 of this report be approved.

2.10. That in line with the strategic financial objective of repaying debt as it becomes due, £2.414 million of HRA debt is repaid in 2014/15.

2.11. That the risks outlined in section 12 and in Appendix 5 of this report be noted.

2.12. That incentive payments to under-occupying tenants downsizing be increased to £2,000 per room as set out in paragraph 10.11.

3. REASONS FOR DECISION

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

4. INTRODUCTION AND BACKGROUND

4.1 Between June 2004 and 31st March 2011 management of the borough's housing stock was in the hands of H&F Homes Ltd, a fourth round Arms Length Management Organisation (ALMO).

4.2 The creation of the ALMO was a condition for accessing debt funding for the previous government's Decent Homes initiative. The ALMO undertook an ambitious £215 million programme of works under this initiative. This programme was largely funded by an increase in borrowing of £201 million which took total HRA debt to £415 million immediately prior to HRA reform.

4.3 The management of the borough's housing stock returned to the Council from the ALMO on 1st April 2011 with the aim of improving cost efficiency and service quality.

4.4 On 28th March 2012, HRA reform was implemented which did away with the complex system of annual transfer payments between central and local government to be replaced by a system of "self-financing" where local authorities have to manage their housing assets to ensure their HRA stock can be supported and maintained from their HRA income. Under HRA reform the Council received a debt repayment of £197.4m resulting in a reduction in annual interest costs of £10.2m. In exchange, the Council gave up its entitlement to Housing Subsidy from Government. This income stream was worth £10.4m in 2011/12.

4.5 This left the Council with an on-going interest cost of £12.2m in 2012/13, which needed to be funded from the gross rent roll (which for 2012/13 was £60.8m) before any other costs are funded. Following the adoption in 2012/13 of the strategic financial objective to repay the HRA debt as it becomes due, £9.7 million of debt will have been repaid by 31st March 2014 and the annual interest cost in 2014/15 will have reduced to £11.2m.

4.6 There are a number of other financial pressures on the HRA. Historically the Council, both prior to the establishment of and under the ALMO, under-invested in periodic and regular maintenance of the Council's housing stock. The Decent Homes programme brought welcome "catch up" investment in repairs and improvements. However, this only covered certain property elements and significantly did not cover lifts or public realm. Therefore there remains much work to do; £48m of investment in stock via capital maintenance programme is planned for 2014/15 alone.

4.7 Revenue from rents does not cover the combined costs of management, repairs and effective maintenance of the stock. LBHF rents are considerably lower than those of Tri-Borough partners and Wandsworth (2013/14 LBHF average rent is £99.48 per week compared to £111.45 - £123.71 per week in other central West London boroughs, see Appendix 7).

4.8 There are also a number of key financial risks to the HRA. These include:

- the impact of welfare reform on income and bad debts, specifically the removal of the spare bedroom subsidy for under-occupancy, benefit caps and direct payments to tenants when they move to Universal Credit;

- the impact of the pledge made on 26th June 2013 as part of the Spending Round 2013 that social rents will increase by a maximum of the Consumer Prices Index (CPI) plus 1% a year from 2015-16 to 2024-25;

- the impact of higher void rates in future years on income, maintenance, and management as a result of fixed term tenancies turning over;

- a general property market risk both in regard to the Asset Based Limited Voids Disposals programme which currently partially funds capital works and on the HRA balances where accounting rules for impairment and revaluation losses / gains mean that any adverse movements may result in a charge to the HRA if there are insufficient revaluation reserves held;

- additional Health and Safety requirements;

- a general market risk on re-procurement and recruitment that contract prices might come in higher than expected, this risk is higher in better economic conditions;

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

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

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

4.12 The 2012/13 HRA financial strategy agreed a target increase in the HRA reserves balance to protect against future shocks or unanticipated events to circa £35 million[3] by 2022. This report reaffirms this target, together with the need to partially fund the capital programme using sales under the Asset Based Limited Voids Disposals policy to enable both the reserves balance to build and the elements of the capital programme not covered by decent homes to be addressed. Once the target reserves balance has been achieved then the report proposes that the reserves target is indexed annually by RPI which will leave a balance of funds available for investment.

4.13 Investment was made in 2012/13 and 2013/14 to drive forward an extensive programme of service improvements and savings, with a target to achieve on-going annual efficiencies in the three years to 31st March 2015 of £4m, this has been achieved, efficiencies have also been delivered in other areas. The actual cumulative on-going annual efficiencies delivered by this budget in the three

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

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

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

years to 31st March 2015 are £5.7m (see paragraphs 8.15 to 8.22). This exceeds the target and has enabled some revenue investment in capital projects (see Appendix 3 and 4).

4.14 More still remains to be done. Savings alone are not enough to fund repairs and maintenance without recourse to asset sales, rents will need to continue to increase as a minimum in line with the Council's rent policy and the use of the assets within the HRA business plan needs to be maximised.

5. STATUTORY CONTEXT

5.1 The HRA was established by statute to ensure that council tax payers can not subsidise council rents and nor can council rents subsidise council tax. Failure to adhere to this statutory guidance can render the council's annual report and accounts subject to challenge and/ or qualification by the District Auditor.

5.2 The HRA ring-fence was introduced in Part IV of the Local Government and Housing Act 1989, and was designed to ensure that rents paid by local authority tenants accurately reflect the cost of associated services. This act specifies that expenditure and income relating to property listed in section 74 of the Local Government and Housing Act 1989 (that is houses and buildings provided for the provision of accommodation including the land on which they sit, excluding leases taken out for less than 10 years to provide temporary accommodation) must be accounted for in the HRA. Schedule 4 of the Act (as amended by section 127 of the Leasehold Reform, Housing and Urban Development Act 1993) specifies the allowable debits and credits. The Housing (Welfare Services) Order 1994 further specifies more detail on the welfare services which must be accounted for outside the HRA.

5.3 The Local Government and Housing Act 1989 also specified that it is unlawful to approve a budget which will result in a debit position on HRA reserves.

6. ASSET MANAGEMENT

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

6.2 A new HRA Asset Management Plan, which included an update of the stock condition survey, was endorsed by Cabinet on 8th April 2013, this has formed the basis of the HRA business plan included in this report.

6.3 HRA reform has also brought with it more local accountability for determining rent levels and the maintenance of stock as councils are no longer able to refer to funding decisions made by central government in the event of local dissatisfaction with rent levels or the maintenance of stock.

6.4 The inherited legacy of housing management at the London Borough of Hammersmith and Fulham (LBHF) is mixed. The Decent Homes programme has been completed. However in the context of a “business” managing 18,000 properties with an existing use value of circa £1 billion and an unrestricted open market value in excess of £3.5 billion there is an entirely inadequate level of reserves of £6 million (predicted as at 1st April 2014), equivalent to less than 5 weeks rent.

6.5 This not only provides insufficient cover against unanticipated events as noted in paragraph 4.9 but also encourages short term decision making rather than well planned and pro-active asset management. A further period of time will be required to rebuild the balances held from the currently predicted figure of circa £6 million as at 1st April 2014 to a level which can provide a secure basis for sustained and effective planned investment in the stock that should lead to higher levels of customer satisfaction.

6.6 In order to achieve a sustainable HRA ideally the costs of managing and maintaining the housing stock should be funded from rents and service charges, with disposals used to fund strategic initiatives and to reduce debt, thereby reducing the interest burden on the HRA, rather than routine maintenance expenditure.

6.7 Rents currently charged by LBHF are significantly below rents charged in RBKC, Westminster and Wandsworth, as shown in Appendix 7. Current revenues, including rents, do not adequately cover the combined costs of management, repairs and maintenance and this has led historically to under investment in the stock, increased borrowing under Decent Homes to fund “catch up” repairs and improvements and a reliance on the disposal of expensive voids to fund current expenditure. It is therefore clear that over time revenues need to be increased and costs contained to build a more secure financial base, in order to move to a position where repairs and maintenance are wholly funded from rents and service charges without recourse to asset sales.

7. BUDGET SETTING CONTEXT

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

8. FINANCIAL STRATEGY

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

- finance both the annual interest and repayments of the principal debt (£207.7m as at 1st April 2014) as it becomes due[4];

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

- achieve a viable on-going maintenance programme that maintains the stock in good repair, working towards reducing the reliance on asset sales to fund the maintenance of existing stock;

- increase the HRA reserves balance to protect against future shocks or unanticipated events to about £35 million[5] by 2022, with the target thereafter increasing in line with RPI;

- free resources for investment in new initiatives including new housing supply whilst improving service standards.

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

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

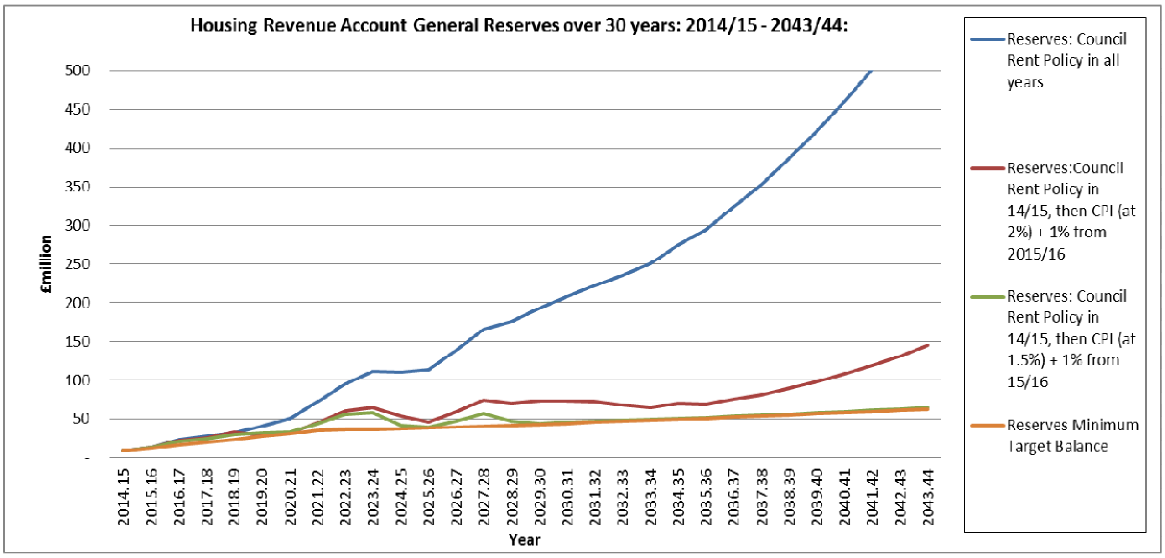
1. applying the Council rent policy for each of the 30 years of the business plan based on RPI of 3.2% for 2014/15 (in accordance with September's RPI) followed by an RPI assumption of 2.8% for the remaining term of the business plan;

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

3. applying the new Council Rent policy for 2014/15 followed by an increase to each dwelling rent of CPI + 1% for 2015/16 onward. This is based on a CPI assumption of 1.5%, i.e. a differential between CPI and RPI of 1.3% which is based on the higher end of the Office for Budget Responsibility's (OBR) currently predicted long term divergence between RPI and CPI;

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

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



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

- investment in existing stock has been updated to reflect the stock condition survey information which underpins the new HRA Asset Management Plan and amended business plan as approved by Cabinet on 8th April 2013. These numbers will continue to be reviewed on an on-going basis to ensure the plan remains up to date and that where possible peaks in the demand for funds are smoothed;

- the backlog of works identified during the stock condition survey validation is assumed to be caught up by the end of 2017/18;

- the income from and costs associated with the Housing Development Programme Business Plan 2013-2017 have been allowed for as is the impact of the Earls Court Regeneration Programme;

- rents are increased in line with the rent restructuring formula for properties containing up to and including 3 bedrooms. For properties with 4 or more bedrooms, it has been assumed that rents increase in line with the rent formula as set out in the Housing Revenue Account Financial Strategy and Rent Increase (2013/14) report which went to Cabinet on 11th February 2013. Should all rents be increased in line with rent restructuring only (i.e. the additional increase is not applied to 4 bed and larger properties) the loss to the business plan under scenario 1 over 30 years would be £142m.

- Scenarios 2 and 3 have been modelled showing the potential impact of the 2013 spending review pledge on Social Housing rent increases if no compensatory action is taken.

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

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

8.6 If instead of selling void properties, the money required to maintain the stock was raised by additional rent increases, rents would theoretically need to be more than doubled to enable the backlog of works identified by the stock condition survey to be caught up by 2017/18 even if borrowing is not repaid as it becomes due.

8.7 In summary, all of the options modelled above result in the Council's overall reserves target being met. However, it is unlikely that the level of void sales required under scenario 3 could be achieved due to the Council's low level of dwelling stock turnover, even allowing for increased turnover as fixed term tenancies expire. This would potentially result in both additional borrowing, curtail the ability to build up reserves and severely impact on LBHF's ability to maintain the Council Housing stock in a lettable condition. Ultimately this loss of funds would potentially result in LBHF's Council housing stock falling into disrepair and the Council would then be at risk of not being able to effectively fulfil its obligations as a local housing authority.

8.8 Scenario 1 is therefore the recommended approach, although regard will have to be had in future years to Government Guidance which may emerge on rent increases. Should options 2 or 3 emerge as fact then further consideration will need to be given to income and debt policies.

Asset-based Limited HRA Voids Disposal Policy

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

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

Debt repayment and funding

8.11 The potential for repayment of debt is limited in the initial years despite contributions from asset sales, with debt only being repaid as it becomes due (see Appendix 9 for a list of the debt which is due for repayment in the next ten years). The reasons for this are set out below::

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

- the Housing Capital Maintenance Programme requiring an investment of an average of £21million per annum in addition to major repair allowances (funded by revenue via depreciation) and leaseholder contributions to ensure that the backlog of works identified by the stock condition survey validation is caught up by the end of 2017/18;

8.12 Debt continues to repay quickly after the cessation of the void sales programme. This is primarily because over time inflation erodes the value of the debt and enables rent to fully fund the maintenance programme.

Income and Expenditure Account and Reserves

8.13 The 5 year Income and Expenditure account presented in Appendix 2 currently assumes that capital receipts are used to partially fund the Housing Capital Programme. The level of reserves held could theoretically be reduced by increasing the charge made to the income and expenditure account for capital repairs, however, in practice the additional cash generated by the asset sales would still be required to prevent additional borrowing.

8.14 The approach used in Appendix 2 is recommended as general HRA reserves can be used for any HRA purpose. As noted previously, it is important to build the level of general reserves held by the HRA to enable a sufficient cushion to be held against emerging risks especially those associated with Health and Safety regulation, central government changes to rent policy as proposed in the 2013 Spending Review, and welfare reform.

The HRA MTFS savings programme

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

8.16 As part of this savings programme on 8th April 2013 Cabinet delegated authority to the Cabinet Member for Housing in conjunction with the Executive Director of Housing and Regeneration to award a borough wide sole supply contract for

Housing Repairs and Maintenance to MITIE Property Service (UK) Ltd), to Pinnacle Housing Ltd for borough wide Estate Services and to Pinnacle Housing Services Ltd for Housing Management Service for the south of the borough.

8.17 The table below sets out the level of savings achieved by this programme. The savings for 2012/13 and 2013/14 have been reported in previous HRA Financial Strategy and Rent Increase annual reports:

HRA MTFS Transformation Programme - Cumulative Efficiencies				
Division	**Description**	**2012/13 £000s**	**2013/14 £000s**	**2014/15 [6]£000s**
Property Services	New Repairs Contract	29	535	1,583
Housing Management	Estate Services Contract	143	464	948
Estate Services	Housing Management Contract	511	1,361	1,538
Total Revenue Efficiencies		**683**	**2,360**	**4,069**
Property Services	New Repairs Contract	0	365	877
Capital Efficiencies		**0**	**365**	**877**
Total Efficiencies		**683**	**2,725**	**4,946**

8.18 Headcount[7] within the HRA has also reduced as shown below:

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

8.19 Further efficiencies of £1,590k, additional to the HRA MTFS Transformation Programme will be delivered in 2014/15 and these, together with the MTFS Transformation Programme efficiencies for 2014/15 totalling £3.3m are set out in Appendix 3.

8.20 The total of efficiencies made for 2014/15 equate to a 5.8% saving on controllable budgets including corporate recharges and bring the cumulative on-going annual level of efficiencies delivered in the three years to 31st March 2015 to £5,659k.

8.21 These are offset by £1.1m of revenue investment to enable capital projects and £0.9m of growth, consisting of:

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

[6] Note Appendix 3 shows in year efficiencies only
[7] All numbers are full time equivalents

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

9. COUNCIL RENT POLICY

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

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

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

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

9.5 The Housing Capital Programme looks to build on the achievements of the Decent Homes programme, maintaining the standard whilst addressing the residual backlog of works that were not covered by that programme. The projects and works proposed in this programme have been the subject of a rigorous prioritisation exercise and represent broadly the minimum level of investment required to fulfil statutory obligations, to protect the health, safety and wellbeing of residents and to preserve the integrity of the housing stock. This programme identified an investment requirement for the stock of £48m for

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

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

2014/15 with an on-going annual investment requirement of circa £40m over the following 4 years.

9.6 Therefore the Housing Capital Programme requires an investment of circa £21 million per annum in addition to major repair allowances (funded by revenue via depreciation) and leaseholder contributions. This can only be funded by further reducing expenditure either on maintenance or other services or by increasing income.

9.7 The current business plan requires sales under the Asset Based Limited Voids Disposals policy of 91 units in the first year and an average of 68 units per year for the following four years of the plan in order to fund maintenance investment required within the existing stock without additional borrowing and to repay debt as it becomes due. This is based on assuming rents are increased in line with the rent policy implemented on 1st April 2013. As noted in paragraph 8.6, if no void sales were made and borrowing was not repaid but held static, then rents would need to be more than doubled to enable the backlog of works identified by the stock condition survey to be caught up by 2017/18.

9.8 Therefore, from a cash flow perspective it will be necessary in the first four years of the plan to continue to partially fund routine maintenance investment required in the stock using sales under the Asset Based Limited Voids Disposals policy. At the same time income must be maximised to ensure that the HRA ultimately moves to a position in five years' time where the maintenance programme is fully funded by rental income as well as ensuring that the number of sales required to fund maintenance in the intervening years is minimised.

9.9 The results of benchmarking current Council rents against those charged in other neighbouring boroughs also demonstrate that the Council's rents remain considerably lower than our neighbours:

- the average 2013/14 weekly rent for other central West London boroughs is between £111.45 and £123.71 per week (see Appendix 7); significantly higher than the average for the Council of £99.48,
- the lowest average rent among the other central West London boroughs in 2013/14 is Kensington and Chelsea's which is £111.45 per week,
- Kensington and Chelsea are proposing to raise rents for 2014/15 by 6.26%, therefore LBHF's proposed 5.79% increase would still result in rents considerably below all the other central West London boroughs.

9.10 Implementation of the Council's rent policy will result in an average increase for all dwellings of 5.79%, which means an average increase of £5.73 to £105.21 per week. The table below shows how this increase is applied between properties of three bedrooms or less, which are subject to rent restructuring alone; and those properties of four bedrooms or more, which are subject to an increase above the increase that would have applied under rent restructuring but based on comparable differentials in the private rental market for similar properties.

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

9.11 As noted previously in this report, should all rents be increased in line with rent restructuring only (i.e. the additional increase is not applied to 4 bed and larger properties) the loss to the business plan under scenario 1 over 30 years would be £142m. This loss would have to be made up from either an increased number of void sales and/or reduced debt repayments / increased borrowing.

9.12 The Housing Benefit Limit Rent acts as a constraint on the level of rents Councils can charge. This limit is lower than that used for Housing Benefit payments for the private sector. If that level is breached the Council would have to fund the difference between this limit and our actual rents for tenants on housing benefit.

9.13 For example based on an assumption that 60%[10] of the Council's tenants are claiming Housing Benefit, a £1 increase in average actual rents above the Housing Benefit limit rent would be likely to result in a requirement to reimburse Central Government with the additional rent of circa £348k per annum derived from tenants claiming Housing Benefit. However, there would be a net gain to the HRA due to additional net income of circa.£193k derived from those tenants not claiming Housing Benefit. The impact on the HRA would depend on the percentage of tenants claiming Housing Benefit and the balance between those tenants in receipt of full Housing Benefit and those on partial Housing Benefit. Currently 35% of our tenants receive full Housing Benefit and 24% receive partial Housing Benefit.

9.14 For 2014/15 the Housing Benefit Limit Rent for the Council is £115.26 per week, therefore the proposed rent increase will not breach the benefit cap.

10. RENTAL INCOME

Rents

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

[10] Assumes all tenants who receive Housing Benefit are impacted, currently circa 35% of HRA tenants are on full Housing Benefit and 24% on partial Housing Benefit

5.69% for properties with three bedrooms or fewer and an average of 7.11% for properties with four or more bedrooms.

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

Table 3: Summary of Rent Budget Movements

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

10.3 Negative adjustments to the net rental budget are made for an assumed loss of rent on properties disposed of, and rent irrecoverable during the year.

10.4 A 5.79% average increase in rents equates to an average weekly rental increase for tenants of £5.73, consisting of an average increase of £5.44 per week for dwellings with three bedrooms or fewer and an average increase of £9.49 per week for dwellings with four bedrooms or more. An analysis of the weekly increase across all tenants is shown in the following table:

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

10.5 Under the new rents policy 93% of tenants will see an increase of less than £7.01, and no tenant will see an increase greater than £12.70 per week.

10.6 The rent and service charges for properties under licence and hostels are also subject to rent restructuring, the net average increase in these charges is 5.29%. This is marginally lower than the average for tenants as the rent level for some of these properties previously exceeded the level applicable under the rent restructuring system.

Bad Debts, Voids and Welfare Reform

<u>Voids</u>

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

Welfare Reform

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

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

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

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

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

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

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

[11] figures correct as at 6th December 2013

The Household Benefit Cap

10.13 The household benefit cap places a limit on the total benefits any one working-age household can receive. The limits are currently £500 per week for couples and lone parents and of £350 per week for single people without children. Until Universal Credit is fully rolled out, the deductions to the level of the cap will be taken from Housing Benefit directly. Therefore, in cases where the current benefits package exceeds the new cap there is a significant risk that part of the rent will not be paid.

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

Direct Payments

10.15 Direct Payments will be implemented when tenants move on to Universal Credit. The Council is one of the ten pathfinder areas for Universal Credit, the initial pilot implementation which commenced on 28th October 2013 was only for a limited number of claimants and excluded those who were previously in receipt of housing benefit.

10.16 DWP announced on 5th December 2013 a plan to develop further functionality within the pathfinder areas for Universal Credit so that claims for Universal Credit for couples are rolled out from Summer 2014 and for families, from Autumn 2014. DWP currently expects Universal Credit will be fully rolled out during 2016, having closed down new claims to the legacy benefits it replaced, with the majority of the remaining legacy caseload moving to Universal Credit during 2016 and 2017. This means that in 2014/15 some new claimants will be entitled to benefit to cover their housing costs which may potentially impact on rent collection rates.

10.17 It is difficult to quantify the final potential impact; however, both an allowance for an additional bad debt provision and a risk is included in the 2014/15 budget. A bad debt charge of £303K has been included in 2014/15. There is a risk that the migration of tenants to Universal Credit moves at a faster pace than initially expected – this risk for 2014/15 has been included in the HRA key financial risks set out in Appendix 5.

11. SERVICE CHARGES

11.1 Fixed service charges were implemented and de-pooled from rents in April 2012. This approach has the advantage of giving tenants a high level of transparency regarding the service they can expect whilst minimising the administrative burden and resultant costs that would be generated by moving directly to a variable service charge. The adoption of fixed service charges rather than variable also ensures that tenants do not receive any unexpected bills making it easier for them to budget. This charge is then inflated as part of the annual rent setting process.

11.2 The draft HRA budget for 2014/15 shown in Appendix 1 currently assumes tenant service charges will be increased to allow for predicted inflation at 3.7%. This increase is in accordance with the Cabinet report introducing de-pooling of service charges and previously approved on 5th September 2011. It should be noted that the savings delivered by the current MTFS programme were allowed for when calculating the service charge de-pooling in April 2012.

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

12 RISKS

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

12.2 Welfare Reform

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

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

12.3 Government Social Rent Policy

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

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

This is set out in section 8. The scenario incorporates a CPI assumption of 1.5%, i.e. a differential between CPI and RPI of 1.3% which is based on the higher end of the Office for Budget Responsibility's (OBR) currently predicted long term divergence between RPI and CPI which is in the range 0.8% to 1.3%.

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

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

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

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

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

Other risks

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

- the impact of higher void rates in future years on income, maintenance, and management as a result of fixed term tenancies turning over;
- a general property market risk both in regard to sales under the Asset Based Limited Voids Disposals policy which currently partially fund capital works and, on the HRA balances where accounting rules for impairment and revaluation losses / gains mean that any adverse movements may result in a charge to the HRA if there are insufficient revaluation reserves held;
- additional Health and Safety requirements and the impact of failing to comply on insurance cover;
- other maintenance risks including the risk of a large uninsured incident;
- a general market risk on re-procurement and recruitment, that prices might come in higher than expected, the risk of which is higher in better economic

conditions. This includes corporate contracts which are recharged to the HRA via service level agreements;

- reopening the HRA reform settlement, the legislation allows this to be done;
- The Council has received a challenge from Wilmot Dixon Partnerships to a procurement process. In September 2013, the stay which had prevented the Council from signing the proposed new Repairs and Maintenance contract with MITIE was lifted and this contract is now signed, securing the MTFS savings included in Appendix 3. However, the challenge to the procurement process remains, and should this continue to court the outcome is not expected to be decided sooner than July 2014.
- short term loss of income due to increased levels of Right To Buys, in the longer term it is possible to adjust costs but there is a short term impact;

13 CAPITAL CHARGES

13.1 The two main components of capital charges are the cost to the HRA of borrowing that has taken place to fund the capital programme, including the Decent Homes Programme, and the cost to the HRA of depreciation charges.

13.2 Following the adoption in 2012/13 of the strategic financial objective to finance repayments of HRA debt as it becomes due, the annual interest cost in 2014/15 will have reduced to £11.2m.

13.3 As referred to in section 4, HRA debt was reduced by £197.4 million to £217.4 million on 28th March 2012 following a payment from Government under HRA reform. In line with the Council's strategic financial objective for the HRA to repay housing debt as it matures, the level of debt on which interest was payable following the settlement will have been reduced from £217.4m to £207.7m by 31st March 2014, following the repayment of £9.7m of debt during 2012/13 and 2013/14. A further £2.4m of debt will be repaid during 2014/15, bringing the total value of HRA debt repaid since HRA reform was implemented to £12.1m. As a result, debt levels will fall to £205.3m and debt-servicing payments are expected to reduce from £12.0m in 2013/14 to £11.2m in 2014/15.

13.4 The Council's policy has been to use the Major Repairs Allowance (MRA) as a proxy for depreciation in the HRA for housing properties and this practice will not change for 2014/15. CLG's Settlement Payments Determination includes a five-year transitional period during which time Councils may use the uplifted MRA. The Council has subscribed to the transitional period and 2014/15 will be the third year of operation. The increase in the depreciation charge for dwellings for 2014/15 is £0.5million taking the budget required to £16.2 million.

13.5 The transitional arrangements exclude non-dwellings depreciation which under previous accounting rules had no net effect on the HRA bottom line. This was accounted for as a real charge of £385k as a growth item in last year's budget process. For 2014/15, this charge is budgeted as £389k.

13.6 The transitional arrangements also exclude protection from a change in accounting regulations which means that impairment and revaluation losses on non-dwellings hit the bottom line if not contained within the revaluation reserve. This has been included in the risks schedule and is further elaborated on in section 12 above and in Appendix 5.

14 INFLATION

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

15. FEES, CHARGES, AND OTHER INCOME

Heating Charges

15.1 Tenants and leaseholders who receive communal heating (around 2,025 properties in total) pay a weekly charge towards the energy costs of the scheme. The Council meets the costs of heating in the year, and recharges tenants and leaseholders based on an estimated cost and usage.

15.2 The Council is part of the LASER energy procurement group, which purchases energy on behalf of 48 local authorities. A system of flexible procurement is used which should ensure that LASER tenders for new energy contracts on a rolling basis, so that it can purchase when rates are low.

15.3 As the new energy contract rates are not expected to be received until January 2014, an estimate has been prepared in consultation with the Council's Estate Services function who have provided an indication of the new contract rate the Council can expect to achieve. Based on this estimate, combined with the need to balance the heating account for the year, no increase in charges is proposed for 2014/15.

Garage and Parking Space Rents

15.4 A new charging policy for garages was approved by Cabinet on 24th June 2013. Garages are currently let on a monthly basis at a flat rate of £100 for a garage and £75 for a motorcycle garage. Each 1% increase in charges would raise £7.6k. No increase in charges is proposed for 2014/15.

15.5 These charges remain below those of other neighbouring London boroughs and those in the private sector. For example, Kensington and Chelsea Tenant Management Organisation charge between £30-£60 for a garage per week (£130 to £260 per month) and in Wandsworth charges are zoned but in key locations garages are advertised commercially at up to £60 a week. Prices for garages rented privately in the area vary from £1,800 to £2,500 per annum.

15.6 Parking charges vary depending on whether the parking space is located in a high or low demand area and on whether the licensee / tenant is a Council tenant, a Right to Buy leaseholder or a non-Right to Buy leaseholder. The current average weekly rent for a parking space let to a Council tenant is £2.72.

15.7 The introduction of new ticketing arrangements for parking on HRA Housing Estates was originally planned for May 2013 in response to a change in legislation which limited the Council's contractors' ability to enforce parking controls on housing estates. However this was delayed pending a detailed review. As a result budgeted income from parking permit sales for spaces has fallen.

15.8 On 6th January 2014, Cabinet are recommended to approve the commissioning of a consultant to conduct a detailed review and design for parking enforcement on the Council's 91 housing estates with parking facilities together with the procurement of interim enforcement arrangements. The interim enforcement arrangements are expected to commence in June 2014. Following on from the consultation, the findings and recommendations of the review will be presented to Cabinet during 2014 and any changes to charges will be agreed as part of that report. Pending the outcome of this review, no change in parking charges is being recommended as part of this report.

Water Charges

15.9 The Council collects income from and pays charges on behalf of tenants and leaseholders. The Council has reviewed the approach to calculating the price at which water and sewerage services are resold to tenants to ensure that the amounts billed to tenants and leaseholders are in accordance with OFWAT's (the Water Services Regulation Authority) guidelines. In summary, OFWAT requires that "anybody reselling water or sewerage services should charge no more than the amount they are charged by the company", the guidelines allow an administration charge to be added.

15.10 The review has resulted in the recalculation of water charges for all 12,495 properties receiving a water charge. However, further work is needed to investigate the billing at 2,643 properties for which the water bills appear incommensurate with expected usage based on recent meter readings. In order to protect tenants and leaseholders from incorrect changes to their water charges pending the results of further investigations, the recalculated water charges for these accounts have been capped. The Council is committed to ensuring that tenants and leaseholders are being charged in accordance with regulatory guidelines, and these further investigations will be completed prior to April 2014.

15.11 OFWAT have stated that they expect any increase by Thames Water for 2014/15 to be limited to RPI (November 2013 + 1.4%). Based on the latest published data (the September 2013 RPI was 3.2%), this equates to an increase of 4.6%. However, the actual average increase for tenants and leaseholders for 2014/15 is only 0.1%. This is due to the combined effect of OFWAT's published increase and the recalculations made by the Council.

15.12 Therefore, in order to ensure that the Council fulfils its legal obligation to recover the water charges in full, it is recommended that water charges are increased on average by 0.1%. This equates to an average increase in the water charge for each tenant and leaseholder of less than a penny per week.

15.13 12,495 tenants and leaseholders will be impacted by this with changes to charges ranging from a reduction of £2.97 per week to an increase of £2.23 per week.

15.14 1,461 tenants are affected by both heating and water charges, the net impact on this group will be a reduction of 2.8% or 45 pence per week. Within this, the changes to charges range from a reduction of £2.72 per week to an increase of 48 pence per week.

15.15 It should be noted that Thames Water are challenging the limit on the increase stated by OFWAT and have indicated they wish to increase water rates by RPI + 8.0% in 2014/15. This challenge relates in part to the increased costs associated with the “super sewer”. It is likely that a final decision on the increase in charges will be made in January 2014.

Advertising Income

15.16 The Council currently generates income from advertising hoardings located on HRA land, and an additional potential net income stream of £97k has been budgeted for 2014/15 following the identification of three new hoardings sites in the previous year. Legal and accounting advice has confirmed that the income and expenditure associated with advertising hoardings on HRA land should be accounted for within the HRA. This is also in line with the treatment applied to this type of income by the Council’s Tri-borough partners.

Rents on Shops

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

16. CONSULTATION

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

17. EQUALITY IMPLICATIONS

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

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

18 LEGAL IMPLICATIONS

18.1 The principal statutory provision governing the fixing of rent for Council property is contained in Section 24 of the Housing Act 1985. Sub-section (1) provides that authorities may "…make such reasonable charges…. as they may determine". However, this section has to be considered in the light of Section 76 of the Local Government and Housing Act 1989 which imposed a duty on local housing authorities to prevent a debit balance arising in their Housing Revenue Account ("HRA") and which also imposes "ring-fencing" arrangements in respect of such account. It is not possible for a local housing authority to subsidise rents from its General Fund.

18.2 As set out in section 7.1 of the report, there is no statutory requirement for the Council to set rents in line with the rent restructuring regime. The Government's rental policy statements have the status of non-statutory guidance and the Council has the flexibility to set rents at another level, or using another basis, if that appears more appropriate to local circumstances.

18.3 There is no legal barrier to there being differentials in the rent increase between different types of property. In setting rents, Members should consider all relevant matters including:

-the cost to the Council of providing accommodation and the cost of its management;-the effect of inflation; and

-the extent and numbers of tenants qualifying for Housing Benefit.

18.4 Implications verified/completed by: Janette Mullins, Head of Litigation, Finance & Corporate Services,

19. FINANCIAL AND RESOURCES IMPLICATIONS

18.5 Comments are contained within the body of the report.

18.6 Implications verified/completed by: Kathleen Corbett, Director of Finance & Resources, Housing & Regeneration, 020 8753 3031

20. RISK MANAGEMENT

20.1 The principal risks are detailed in section 12 of this report, these are included in the departmental risk register

20.3 Implications verified/completed by: Kathleen Corbett, Director of Finance & Resources, Housing & Regeneration, 020 8753 3031

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

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

Appendix 1

Appendix 1: 2014/15 Draft Housing Revenue Account Budget

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

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

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

Appendix 3: Efficiencies & Income Movements

Efficiencies

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

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

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

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

Contribution to capital projects / Allowance for revenue elements of capital projects	
EU Life Plus contribution	192
Earls Court Regeneration	113
Strategic Regeneration & Housing Development	300
Housing Development Programme, non Capitalisable pre planning costs	500
Total Other Growth	**1,105**

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

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

Housing Repairs - unpredicted events may result in some additional expenditure (for example, following new health and safety directives, legislation, potential insurance claims from storm damage) on housing repairs, and financial provision has been made to mitigate against this risk.
Market Risk on Re-Procurement and Recruitment - There is a risk especially under better economic conditions that it will become harder to reprocure contracts or recruit staff at the predicted rates
Challenge from Wilmot Dixon Partnerships to a procurement process. In September 2013, the stay which had prevented the Council from signing the proposed new Repairs and Maintenance contract with MITIE was lifted and this contract is now signed, securing the MTFS savings included in Appendix 3. However, the challenge to the procurement process remains, and should this continue to court the outcome is not expected to be decided sooner than July 2014.
Increase in void levels – this is likely to result from the new policy of fixed term tenancies and from management action taken to reduce under-occupation. The risks attributable to fixed term tenancies will not crystallise until 2015/16 onwards.
Service Level Agreements - any mid-year review of corporate SLA costs may impact adversely on the HRA particularly if contracts are retained in house resulting in higher than expected FTE numbers. In particular, in future years there is a risk that the shared services procurement may not deliver savings and that legislative burdens could increase costs.

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

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

Average of Neighbouring & Partner London LHAs as listed above	39%
Average of 24 London LHAs	20%
Average of RBKC, Westminster & Wandsworth	64%
Average of RBKC, Westminster, Wandsworth & LBHF	50%

Appendix 7 - Rent Benchmarking 2013-14 rents: Inner London Local Housing Authorities[12]

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

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

[12] CIPFA Benchmarking Club – figures are provisional only.

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

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

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

Rent Benchmarking: Registered Providers Rents extracted from the HCA Statistical Data Return 2013 showing rents as at 31st March 2013[14]

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

[14] Note the data does not distinguish between flats and houses

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

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

Appendix 10
Benchmark of incentives for downsizing

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

Agenda Item 12

the low tax borough	London Borough of Hammersmith & Fulham CABINET 3 FEBRUARY 2014

PROCUREMENT OF A PRIVATE SECTOR PARTNER TO ESTABLISH A HOUSING AND REGENERATION JOINT VENTURE - FINAL CONTRACT AWARD	
Report of the Cabinet Member for Housing - Councillor Andrew Johnson	
Open report A separate report on the exempt part of the agenda provides exempt information and recommendations in connection with this project.	
Classification: For information **Key Decision:** Yes	
Wards Affected: All	
Accountable Executive Director: Melbourne Barrett MBA MRICS, Executive Director of Housing and Regeneration	
Report Author: Matin Miah, Head of Regeneration and Development	**Contact Details:** Tel: 020 8753 3480 E-mail: matin.miah@lbhf.gov.uk

1. SUMMARY

1.1 The establishment of a Housing and Regeneration Joint Venture is a key strand in the delivery of additional housing supply, and in particular additional low cost home ownership opportunities, in pursuance of the Council's adopted Housing Strategy, "Building a Ladder of Opportunity" approved by Cabinet on 15 October 2012. The approach is also endorsed in the adopted Housing Revenue Account (HRA) Asset Management Plan approved by Cabinet on 8th April 2013.

1.2 Cabinet on 12 November 2012 authorised the undertaking of a regulated procurement exercise to identify a Private Sector Partner ("PSP") who would enter into a Housing and Regeneration Joint Venture to bring forward development of land ownerships of the Council, so that the Council would be able to derive greater value from the disposal of surplus HRA land through the sharing of development profits, in addition to extracting land value. That report delegated authority to the Cabinet Member for Housing, in conjunction with the Executive Director of Housing and Regeneration and the Executive Director of Finance and Corporate Governance to progress the procurement process to Preferred Bidder Stage and to negotiate the terms for establishing the Joint Venture.

1.3 On 14 October 2013, a Cabinet Member Decision approved the appointment of Stanhope Plc as the Preferred Bidder and Berkeley Group Plc and Barratt London (BDW Trading Limited) as the two Reserve Bidders following the return and evaluation of the responses to the Invitation to Submit Final Tender ("ISFT").

1.4 On 15 October 2013, Stanhope Plc were invited to turn their ISFT tender submission into necessary contractual documents with the Council.

1.5 Following the completion of that process this report (open and exempt parts) seeks approval to appoint Stanhope Plc as the PSP. Subject to the observance, and satisfactory completion of the contractual documentation that have been agreed with Stanhope Plc ("Completion Documents") will be made on 25 February 2014, at the conclusion of the standstill period.

1.6 The Joint Venture will be a 50/50 Limited Liability Partnership ("LLP") formed between the Council and Stanhope Plc. The arrangement will be in place for 15 years with the option of an extension for a further 5 years. In recognition for sharing of development risk (in addition to receiving land value), the Council will receive a share of development profit.

1.7 The Joint Venture will adopt an agreed business plan – termed the "Strategic Plan" - on establishment which will set out in detail its aims and objectives and a strategy for achieving them.

1.8 The decision making levels within the Joint Venture will be the Board and the Executive Committee with delegated authority for day to day activities given to the Development Manager (i.e. Stanhope Plc).

1.9 In respect of each site being taken forward the Council and Stanhope Plc will agree a detailed Site Specific Development Plan ("SSDP") which will set out the scheme details, financing plan and anticipated returns. The SSDP will be adopted by the Joint Venture on agreement and govern the Joint Venture's activities in respect of that site until satisfactory planning permission is obtained and any other agreed conditions are satisfied at which point the site will be transferred to a Special Purpose Vehicle ("SPV") for the site to be developed in accordance with the SSDP.

1.10 Stanhope Plc submitted SSDPs for Watermeadow Court and Edith Summerskill House (termed "Opportunity Sites") in their ISFT. Those SSDPs (as updated or refined following Stanhope Plc's appointment as Preferred Bidder) will be adopted by the Joint Venture on its establishment.

1.11 The establishment of the Joint Venture will lead to the development of about 301 homes on the two Opportunity Sites, of which it is anticipated that 119 will be affordable (low cost home ownership) i.e. 40%. The construction works on the Opportunity Sites are expected to create approximately 350 jobs and 14 apprenticeships. It is intended that further sites will be taken forward by the Joint Venture leading to an increase in the supply of housing in the borough.

2. RECOMMENDATION

2.1 To note that the report on the exempt part of the agenda sets out recommendations in relation to selection of the Private Sector Partner; terms for establishment of the Joint Venture; update on site specific issues; and terms for sale of the first two Opportunity Sites to the Joint Venture.

3. REASONS FOR DECISION

3.1 The Cabinet Member Decision of 14 October 2013 approved the appointment of Stanhope Plc as the Preferred Bidder. The Council has now agreed the basis upon the relationship with Stanhope Plc the contacts will be entered into that will enable the Joint Venture to be established, subject to the approval of the Cabinet.

4. BACKGROUND

4.1 The Council is currently pursuing three strands of housing development using its own land, under its own leadership:

a. Hidden homes programme for small sites – generally less than 5 units per site
b. Innovative housing built using modern methods of construction for intermediate sites – generally between 5 – 50 units per site

c. Joint Venture to deliver on selected larger Council owned development sites – 50+ units per site

4.2 In order for the Council to deliver at scale on selected larger Council owned development sites the Cabinet in November 2012 considered it appropriate for the Council to partner (on a long-term basis) with a credible PSP, experienced in effectively managing large scale developments and delivering high quality residential accommodation fit for the intended occupants . This approach was also endorsed by the Health, Adult Social Care and Housing Select Committee on 22 January 2013. Adopting a joint venture approach affords the following key benefits:

- De-risks projects by partnering with a credible PSP experienced in successfully delivering in the medium to high end residential market
- Enables the Council to access the skills, resources and capacity of the private sector in bringing the selected sites forward for development
- Provides the Council with a structure within which it can retain control and influence in the delivery of the selected sites
- Enables the Council to access funding from the private sector to bring the selected sites forward for development
- Maximises financial return to the Council for reinvestment in further housing and regeneration projects or repaying debt, as appropriate

4.3 As part of the 12 November 2012 Cabinet report, initial financial modelling was carried out for Watermeadow Court and Edith Summerskill House (the first two "Opportunity Sites") to demonstrate the financial benefits of the Joint Venture approach against either straightforward disposal or direct development by the Council. The financial modelling demonstrated that the Joint Venture approach provided the greatest financial return and regeneration outcomes for the Council. .

4.4 The key advantage of the Joint Venture route, from a financial perspective in comparison with straight land disposal or development agreement, is that the Council would be sharing the development profits on an equal basis with the PSP, after the PSP has taken a priority return, in addition to a conventional land receipt.

4.5 In this instance the Council would not have to raise development finance and could simply put the land (with the possibility of potentially investing equity as well) into the Joint Venture. In comparison, under a typical disposal or development agreement, the developer would take all the development profits, with the Council only having the option of a share of any potential overage (if the developer is able to achieve a higher than projected level of return) and the land receipts.

Additional benefits include the Council's continued involvement in the development to secure its required regeneration outcomes. In particular, key non-financial benefits to entering into the Joint Venture include:

a. Increasing the supply of high quality new homes in line with the Mayor's Design Guide and local planning policies

b. Creating a housing ladder of opportunity through low cost home ownership initiatives that allow local residents and people working in the borough to get onto the housing ladder

c. Creation of sustainable employment, training opportunities and communities, to benefit residents of the borough and support economic growth

d. Delivering new infrastructure in areas of housing and economic growth.

4.6 The Cabinet report of 12 November 2012 proposed that the Opportunity Sites should be taken forward as the first two sites for delivery through the Joint Venture.

5. OPPORTUNITY SITES

Watermeadow Court

5.1 Watermeadow Court is arranged within two blocks of three and four storeys in height. The buildings are located around a central amenity and parking area. The properties, constructed in the 1980s are constructed of brick and have pitched tiled roofs.

5.2 The site is located within the Sands End Conservation Area which was designated in March 1991. A profile of the area noted that there are "no buildings or structures of merit on site."

5.3 The estate was built on contaminated land at nil cost to the Council by Bovis Homes under a planning gain agreement. A full study was carried out in 2002 which explored the benefits of conversion compared with demolition and new build. The study found that the poor space standards included inadequate food preparation areas, very inadequate circulation space and lack of storage. Room sizes compared significantly poorly to the UDP and housing association accommodation.

5.4 The Joint Venture proposals comprise the construction of about 147 residential units, including affordable housing (comprising 40% of the development on a unit basis). It is anticipated that a planning application for the redevelopment of the site will be submitted by the JV in August 2014

Vacant Possession

5.6 The Council has been successful in securing 18 of the individual leasehold interests at Watermeadow Court by private treaty.

5.7 Detailed negotiations have taken place with the one remaining leaseholder in Watermeadow Court in order to procure the leaseholder's relocation to another property in the Council's ownership. The detail of the proposed property exchange was set out in a Leader's Urgency report of 29 November 2013. Furthermore, as reported in a Cabinet Member Decision report of 6th January 2014, the Council is to undertake building works to the proposed relocation property. It is anticipated that these works will be complete in May 2014. It is hoped that a legal agreement will be concluded shortly so as to facilitate the relocation.

Demolition

5.8 The Cabinet report of 12 November 2012 gave approval subject to planning permission to demolish the buildings at Watermeadow Court. On 31st July 2013 the Planning Applications Committee ("PAC) gave Conservation Area Consent for demolition and planning permission for temporary landscaping on the site. As the site is owned by the Council, specific Secretary of State approval was needed in addition to the PAC approval. This further consent was granted on 8th August 2013.

5.9 A competitive tendering process was carried out for the demolition contract. A preferred bidder has been identified and subject to contract will be appointed shortly.

5.10 The 12 November 2012 Cabinet report stated that it was the Council's original intention to demolish these buildings in advance of the establishment of the Joint Venture. In discussion with the bidders formal appointment of the demolition contractor has been postponed and the subsequent start on site of the demolition will now be Summer 2014 (subject to securing vacant possession).

<u>Edith Summerskill House</u>

5.11 The site comprises an 18 storey tower block which currently provides 68 homes as part of a wider housing estate. These properties were vacated in 2011 to enable Decent Homes improvements to be made. Due to the anticipated cost and practicality of making these improvements the decision was made in 2011 to dispose of the site. The Council calculated in 2011 that works to Edith Summerskill House under the Decent Homes programme would cost an estimated £6m which equated to £88,235 per dwelling. The approximate site area is circa 0.1 ha which includes part of the land at the side and front elevations of the block.

5.12 The Joint Venture proposals comprise the demolition of the existing tower and the construction of about 154 residential units, with the total affordable provision comprising 40% of the development (on a unit basis). It is anticipated that a planning application for redevelopment of the site will be submitted by the JV in August 2014.

Vacant Possession

5.13 The Council has been successful in securing 4 of the individual leasehold interests at Edith Summerskill House by private treaty. There are two outstanding leasehold interests. Negotiations have been ongoing for some time and still continue.

Benefits

5.14 In summary, it is expected that the delivery of the redevelopment proposals for the two Opportunity Sites will secure social, economic and environmental well-being benefits for the Council's area, including the following:

a. Improvements to the quality and range of housing available in the area. In particular, the provision of good quality, intermediate housing which is a scarce resource in the borough.

b. Reduce the Council's HomeBuy waiting list which has 5,765 households waiting for intermediate housing. Over two thirds of the new affordable homes on both sites would be affordable to households with incomes up to £40,000 p.a.

c. The replacement of accommodation of sub-standard space standards in Watermeadow Court with new homes to be constructed to Lifetime Homes standards.

d. Much needed affordable housing which will, for example, assist first time buyers to get a foot on the property ladder.

e. Wheelchair accessible homes.

f. In the case of Watermeadow Court, the redevelopment of a poor quality building in a conservation area.

g. The remediation of a contaminated, brownfield site at Watermeadow Court.

h. It will tackle anti-social behaviour (Watermeadow Court in particular has been the subject to squatting in the past).

i. The provision of high quality design and enhancements to the public realm.

j. Consequential beneficial impacts for local shops and businesses close to the new developments.

k. Approximately 350 new construction jobs and 14 apprenticeships, with 15% of the construction workforce to be taken from local residents, and 10% of building contracts to be let to businesses in the borough.

l. Potential investment in infrastructure and public transport as part of the Section 106 agreement.

6. EQUALITY IMPLICATIONS

6.1 The equality implications of the appointment of the Private Sector Partner, the sale of land and the development of the Opportunity Sites has been assessed. Due to the procurement process that the Council has undertaken the appointment of the Private Sector Partner and the sale of land have no negative equality implications. The development of the Opportunity Sites has a series of positive implications as the properties are already substantially vacant and the new development will increase the supply of housing and improve the quality of the public realm in the area.

6.2 Implications completed by Neil Kirby, Interim Senior Regeneration Manager, HRD x 1722

7. LEGAL IMPLICATIONS

7.1 These are set out in the exempt report.

8. FINANCIAL AND RESOURCES IMPLICATIONS

8.1 These are set out in the exempt report.

9 RISK MANAGEMENT

9.1 These are set out in the exempt report.

10. PROCUREMENT AND IT STRATEGY IMPLICATIONS

10.1 These are set out in the exempt report.

<u>**LOCAL GOVERNMENT ACT 2000**</u>
<u>**LIST OF BACKGROUND PAPERS USED IN PREPARING THIS REPORT**</u>

No.	***Description of Background Papers***	**Name/Ext of holder of file/copy**	**Department/ Location**
	CMDs of 14 February 2013 and 29th April 2013 and 14th October 2013	Neil Kirby x 1722	HRD 3rd floor Town Hall Extension
22	ISFT submissions made by Stanhope Plc	Neil Kirby x 1722	HRD 3rd floor Town Hall Extension

h&f the low tax borough	**London Borough of Hammersmith & Fulham** **CABINET** **3 FEBRUARY 2014**
GREEN ESTATES – LOCAL DRAINAGE IMPROVEMENTS ON H&F ESTATES	
Report of the Cabinet Member for Housing – Councillor Andrew Johnson	
Open Report	
Classification - For Decision **Key Decision:** Yes	
Wards Affected: Hammersmith Broadway; North End; Parsons Green and Walham	
Accountable Executive Director: Melbourne Barrett, Executive Director of Housing and Regeneration	
Report Author: Sharon Schaaf, Head of Estate Services	**Contact Details:** Tel: 02087532570 sharon.schaaf@H&F.gov.uk

1. EXECUTIVE SUMMARY

1.1. This report outlines HRD's plan to develop green infrastructure and Sustainable Urban Drainage Schemes (SUDS) on housing estates in line with the recommendations made in LBHF's Water Management policy adopted by Cabinet on 11th November 2013.

1.2. HRD officers have worked with Groundwork London to identify third-party funding to complete the improvements proposed here as part of a programme partially funded through an EU grant – known as the EU Life+ Programme.

2. RECOMMENDATIONS

2.1. That approval be given to the Council entering into a partnership agreement with Groundwork London to progress environmental improvements on three housing estates using EU funding allocated through the EU Life+ programme.

2.2. That approval be given to HRA revenue expenditure of about £359,000 (noting possible variation due to currency fluctuation between pound sterling and the euro during the life of the project) phased over 3 years, which in turn will attract match funding of approximately £957,000 from Groundwork and EU Life+ grant.

3. REASONS FOR DECISION

3.1. There are a number of benefits to the council and to residents of the Council's housing stock which are outlined throughout the report. An additional significant benefit is that this project will enable the council to bring forward and complete capital works on the Maystar Estate estate that would otherwise remain on the forward capital programme.

3.2. Access to the EU Life+ funding programme will enable LBHF to deliver some innovative climate change adaptation measures on three housing estates.

3.3. The overall scope of the programme gives LBHF access to a wide support network of agencies and professional bodies keen to assist and ensure positive outcomes are achieved.

4. INTRODUCTION AND BACKGROUND

4.1. LBHF officers working with Groundwork submitted a funding bid to the European Union's EULife+ programme 'Climate Proofing Social Housing Landscapes' for a grant to deliver environmental improvements on housing estates within the borough.

4.2. LBHF have a longstanding partnership with Groundwork London, an environmental regeneration charity. Groundwork are engaged on an annual basis to deliver a resident-led improvement project fund, where LBHF allocate capital funding to the project and Groundwork bring third sector funding to the schemes to add value to the projects. In addition, Groundwork work with LBHF's ground maintenance contractor Quadron Services Limited to provide work placements for local residents, and also delivered LBHF's PlayBuilder funded projects for both Housing and the then Parks Department.

4.3. Our funding bid has been approved, and this report updates Cabinet with the programme aims, environmental improvements, key financial issues, and programme governance.

4.4. This bid followed on from HRD's recent installation of green roofs and rain gardens at Flora Gardens W6.

4.5. The three sites identified for environmental improvements are Queen Caroline Estate W12, Maystar Estate W14, and Cyril Thatcher/Richard Knight/Eric Macdonald Houses SW6.

4.6. These sites were chosen as they represent a range of construction styles where differing adaptations can be deployed, and include a high proportion of hard landscaping on Maystar Estate and the Cyril Thatcher group, with Queen Caroline Estate chosen due to its proximity to the river Thames.

4.7. The programme will be delivered over a three year period, concluding in March 2016.

5. PROPOSAL AND ISSUES

5.1. Programme Aims

5.1.1 The overall programme aims are to

- demonstrate the strategic opportunity for climate change adaptation of open spaces in a social housing environment
- increase the functional green infrastructure of LBHF
- improve local strategic flood risk interventions

5.1.2 To do this we will retrofit well-researched and tested infrastructure interventions as part of developing tailored climate change adaptation solutions for our estates such as the creation of permeable surfaces, Sustainable Urban Drainage Schemes (SUDS), and using drought-resilient, predominantly native plants to minimise the need for watering.

5.1.3 The measures will also contribute to turning currently neglected spaces into productive, multi-functional landscapes and offer social and health benefits e.g. by providing high-quality locations for social interaction, formal and informal outdoor exercise and environmental learning opportunities.

5.2. Environmental improvements

5.2.1 The improvements that will be delivered through the programme are:

- 2,500m^2 of enhanced green infrastructure
- 25% increase in permeable surfaces
- 20,000m^3 of water retention capacity
- 600 trees planted
- 600m^2 of green roofs
- 400m^2 of food growing capacity
- 10 rain water harvesting systems

5.2.2 In addition to the environmental improvements, the programme is targeted to achieve work placements, training opportunities, and create 12 jobs for local residents over the three year period. A long term objective is to engage with residents and establish 12 new Sustainability Champions – interested residents who will oversee HRD’s ongoing resident led improvement projects.

5.2.3 A detailed programme outlines the project aims and objectives, along with target delivery dates and each milestone. The key milestones for Groundwork and LBHF are:

Community Engagement report complete	31.03.14
Adaptation Plans prepared for each site	31.03.14
Tender specifications ready	30.06.14
Phased programme of climate change adaptation measures in place across the three estates	31.12.15

5.3. Programme Governance

5.3.1 The reporting protocols for the EU Life+ grant are rigorous and LBHF officers will work with Groundwork to ensure all key project milestones are achieved, and the reporting deadlines are met. Groundwork are accountable to the EU as the coordinating beneficiary of the grant, responsible for successful delivery of the project and are leading on project management of the programme. Groundwork have secured an EU auditor as a 'critical friend' to oversee the programme to ensure any areas of concern for the EU are promptly highlighted and addressed.

5.3.2 A project management structure has been agreed, chaired by the Groundwork London Project Director. Regular meetings will be programmed with the core project group. The strategic lead for LBHF will be the Head of Estate services. An LBHF Finance officer has been allocated to the project to monitor LBHF expenditure against budget, and assist with reclaiming costs incurred, and a dedicated LBHF project officer responsible for agreed actions.

5.3.3 LBHF officer time spent on the programme is 50% grant funded, and an audit and accounting process already tested on other grant funded projects will be applied to this programme to ensure the opportunity to reclaim costs is maximised.

5.3.4 LBHF will maintain accurate records of all expenditure related to the project and submit claims of 50% of these costs to Groundwork on a monthly basis. The process for reclaiming costs is clearly identified in the project documentation.

5.3.5 LBHF officers will work with Groundwork on the preparation of reports and information, the design and construction at 3 sites, development of a housing staff training programme, community engagement, and all aspects of project management.

5.3.6 The procurement strategy, arrangements regarding work placements and job creation are all defined in an underpinning strategy document progress against which will be reviewed by the core project group on a regular basis.

6. OPTIONS AND ANALYSIS OF OPTIONS

6.1. The EU Life+ grant will enable LBHF to quickly progress three projects that will assist us achieve a strategic objective by improving surface water management, thereby reducing rainwater reaching the sewer system.

6.2. As one of the few UK beneficiaries of the grant, this will enable LBHF to set a benchmark for future projects that involve climate change adaptations for social housing.

7. CONSULTATION

7.1. Consultation will take place with local residents and their representatives throughout the development stages of the programme. Officers from Property Services have been involved in identifying the initial sites included in the funding bid, having identified existing water management issues on some, and potential for improved water management on others.

7.2. The borough's Flood Risk Manager and the lead officer for bio diversity have been invited to contribute to the development of each of the three schemes as they progress.

8. EQUALITY IMPLICATIONS

8.1. There are no impacts on the public sector equality duty as a result of the recommendations in this report.

9. LEGAL IMPLICATIONS

9.1. Any contracts awarded by the Council under the Programme will need to be carried out in accordance with the Council's Contract Standing Orders and the Public Contracts Regulations 2006 (as amended), if applicable. The Council should ensure that any aid granted by the EU Commission is in the compliance of the TFEU.

9.2. Legal Services will be available to assist to finalise the Partnership Agreement with Groundwork.

9.3. Implications verified/completed by: Kar-Yee Chan (Solicitor) Contracts, 020 8753 2772

10. FINANCIAL AND RESOURCES IMPLICATIONS

10.1. The overall 3 year programme budget is €1,615,636. The Council has made provision within the Housing Revenue Account business plan to fund at current exchange rates a sum of €441k (£359k) from within the Housing Revenue Account over 3 years. Additionally, the Council will incur a further €316k (£257k) of expenditure and this will be met from the EU Life grant. Groundwork will contribute €367k (£299k) from its own resources and a further €492k (£401k) of expenditure will be funded from the EU Life grant. This equates to LBHF leveraging a total of circa £957k of external funding towards the proposed projects.

10.2. The categories of eligible spend in qualifying for the EU Life grant are set out in its Common Provisions 2013 document. The nature of the €757k[1] (£616k) spend to be incurred by the Council falls within the definition of eligible expenditure as set out in Article 24 of the Common Provisions 2013 document.

10.3. The existing revenue resource relates to available budget with the Estate Services function of the Housing Services division in HRD.

10.4. Under the Common Provisions of the EU Life grant process, Groundwork London are determined as the co-ordinating beneficiary, and the Council as the associated beneficiary of the grant.

10.5. The Council will shortly be entering into a partnership agreement with Groundwork and officers will review terms to ensure the Council is adequately protected from any financial or other risk.

10.6. Officers will also devise a grant monitoring and reporting regime to ensure that funds can be reclaimed in accordance with grant conditions. For example, it will be necessary to provide signed timesheets in demonstrating officer hours and costs incurred in administering the scheme.

10.7. It is noted that there is a risk to the Council in ensuring the funding is sufficient to match expenditure incurred due to fluctuations in the £/€ exchange rate over the 3 year period. This will be closely monitored throughout the duration of the scheme and expenditure levels adjusted to ensure full funding.

10.8 Implications verified/completed by: (Danny Rochford, Head of Finance, 020 8753 4023)

[1] Equal to the £359k funded from the HRA plus £257K funded by grant received directly by the Council, the balance of the investment is made directly by Groundwork, the co-ordinating beneficiary for the grant. Groundwork are responsible for ensuring that their own expenditure is eligible.

11. IMPLICATIONS FOR LEASEHOLDERS

11.1. The conditions of the grant mean that residents cannot be recharged for the works completed and costs will not be reclaimed from leaseholders.

12. RISK MANAGEMENT

12.1. The main risk is the EU auditors may not be satisfied with the outcomes of a project, or that the beneficiary of a grant may not fully comply with the conditions of the grant award. The risk is that the EU may seek to claw back some or all of the monies awarded from the coordinating beneficiary (Groundwork). To minimise this risk, Groundwork will review progress with the EU auditor allocated to oversee our programme.

12.2. A project plan and risk register will be maintained ensuring key tasks and milestones are complied with.

12.3. Implications verified by: (Michael Sloniowski, Bi-borough Risk Manager, 020 8753 2587

13. PROCUREMENT AND IT STRATEGY IMPLICATIONS

13.1. It is noted that the Council will shortly be entering into a partnership agreement with Groundwork and officers will review terms to ensure the Council is adequately protected from any financial or other risk.

13.2. The procurement of the works will be required to be conducted in accordance with the Council's Contract Standing Orders including the use of the Council's e-tendering system.

13.3. Implications verified/completed by: (Robert Hillman, Procurement Consultant x1538)

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.	N/A		