



London Borough of Hammersmith & Fulham

# Cabinet

## Agenda

**MONDAY**  
**2 FEBRUARY 2015**  
**7.00 pm**

**COURTYARD ROOM**  
**HAMMERSMITH**  
**TOWN HALL**  
**KING STREET**  
**LONDON W6 9JU**

### Membership

Councillor Stephen Cowan, Leader of the Council  
Councillor Michael Cartwright, Deputy Leader  
Councillor Sue Macmillan, Cabinet Member for Children and Education  
Councillor Andrew Jones, Cabinet Member for Economic Development and Regeneration  
Councillor Max Schmid, Cabinet Member for Finance  
Councillor Vivienne Lukey, Cabinet Member for Health and Adult Social Care  
Councillor Lisa Homan, Cabinet Member for Housing  
Councillor Sue Fennimore, Cabinet Member for Social Inclusion  
Councillor Wesley Harcourt, Cabinet Member for Environment, Transport & Residents Services

**Date Issued**  
**23 January 2015**

If you require further information relating to this agenda please contact:  
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Reports on the open Cabinet agenda are available on the Council's website: [http://www.lbhf.gov.uk/Directory/Council\\_and\\_Democracy](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 and 16 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 **4-12** 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 28 January 2015.**

### COUNCILLORS' CALL-IN TO SCRUTINY COMMITTEES

A decision list regarding items on this agenda will be published by **Wednesday 4 February 2015**. Items on the agenda may be called in to the relevant Policy and Accountability Committee.

The deadline for receipt of call-in requests is: **Monday 9 February 2015 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 9 February 2015**.

# Cabinet Agenda

2 February 2015

<u>Item</u>		<u>Pages</u>
1.	<b>MINUTES OF THE CABINET MEETING HELD ON 5 JANUARY 2015</b>	1 - 13
2.	<b>APOLOGIES FOR ABSENCE</b>	
3.	<b>DECLARATION OF INTERESTS</b>	
	<p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p>	
4.	<b>REVENUE BUDGET AND COUNCIL TAX LEVELS 2015/16 REPORT</b>	14 - 138
5.	<b>TREASURY MANAGEMENT STRATEGY REPORT 2015/16</b>	139 - 161
6.	<b>CAPITAL PROGRAMME MONITOR &amp; BUDGET VARIATIONS, 2014/15 (THIRD QUARTER)</b>	162 - 177

<b>7.</b>	<b>FOUR YEAR CAPITAL PROGRAMME 2015/16 TO 2018/19</b>	<b>178 - 200</b>
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<b>9.</b>	<b>FRAMEWORK AGREEMENT FOR SEMI-INDEPENDENT LIVING SERVICES</b>	<b>211 - 231</b>
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<b>13.</b>	<b>KEY DECISIONS LIST</b>	<b>276 - 289</b>
<b>14.</b>	<b>EXCLUSION OF PRESS AND PUBLIC</b>	

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.

<b>15.</b>	<b>EXEMPT MINUTES OF THE CABINET MEETING HELD ON 5 JANUARY 2015 (E)</b>	
<b>16.</b>	<b>ADULT LEARNING &amp; SKILLS SERVICE - NEW CONTRACT FOR MANAGEMENT INFORMATION SERVICES (E)</b>	

London Borough of Hammersmith & Fulham



# Cabinet

## Minutes

Monday 5 January 2015

### **PRESENT**

Councillor Stephen Cowan, Leader of the Council  
Councillor Michael Cartwright, Deputy Leader  
Councillor Sue Macmillan, Cabinet Member for Children and Education  
Councillor Andrew Jones, Cabinet Member for Economic Development and Regeneration  
Councillor Max Schmid, Cabinet Member for Finance  
Councillor Vivienne Lukey, Cabinet Member for Health and Adult Social Care  
Councillor Lisa Homan, Cabinet Member for Housing  
Councillor Sue Fennimore, Cabinet Member for Social Inclusion  
Councillor Wesley Harcourt, Cabinet Member for Environment, Transport & Residents Services

### **114. MINUTES OF THE CABINET MEETING HELD ON 1 DECEMBER 2014**

#### **RESOLVED:**

That the minutes of the meeting of the Cabinet held on 1 December 2014 be confirmed and signed as an accurate record of the proceedings, and that the outstanding actions be noted.

### **115. APOLOGIES FOR ABSENCE**

There were no apologies for absence.

### **116. DECLARATION OF INTERESTS**

#### **• Subscriptions/affiliations for External Organisations 2015/16**

Councillor Wesley Harcourt declared a pecuniary interest as his full time job was funded by a London Councils grant. He left the room during the discussions and did not take part in the vote.

- **Delivering the Schools Capital Programme**

Councillors Wesley Harcourt and Sue Fennimore declared a significant other interest as Governors of Phoenix School. They took part in the discussions and voted on the matter.

- **Award of the framework agreements and call off agreements for Advocacy Services**

Councillor Vivienne Lukey declared a significant other interest as a Trustee of H&F Mind. She took part in the discussions and voted on the matter.

- **Exiting three Community Admission Bodies from the Local Government Pension Scheme**

Councillor Wesley Harcourt declared a significant other interest as the Chair of Old Oak Housing Association which is a subsidiary of Family Mosaic Housing Association. Councillor Vivienne Lukey also declared a significant other interest as a Trustee of H&F Mind.

They took part in the discussions and voted on the matter.

#### **117. LOCALISED COUNCIL TAX SUPPORT SCHEME 2015/16**

**RESOLVED:**

That the Council continues to award a council tax discount as though the Council Tax Benefit regulations were still in place, meaning that no one currently in receipt of council tax support will be worse off.

**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.

#### **118. COUNCIL TAX EMPTY HOMES PREMIUM**

**RESOLVED:**

That the following recommendation be made to Council for the financial year 2015/16 and subsequent years until revoked:

Determine that the council tax on dwellings that have been empty (unoccupied and unfurnished) for more than two years be 150% of the normal council tax charge.

**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.

**119. COUNCIL TAX BASE AND COLLECTION RATE 2015/16**

**RESOLVED:**

That approval be given to the following recommendations for the financial year 2015/16:

- (i) That the estimated numbers of properties for each Valuation Band as set out in this report, be approved.
- (ii) That an estimated Collection rate of 97.5%, be approved.
- (iii) That the Council Tax Base of 71,983 Band "D" equivalent properties, 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.

**120. CORPORATE REVENUE MONITOR 2014/15 MONTH 7**

**RESOLVED:**

- 1.1. That the General Fund and HRA month 7 revenue outturn forecast be noted.

- 1.2. That the proposed use of the HFBP 2014/15 IT systems refund to cover in year H&F Direct spending pressures and transfer the balance to the Housing Benefit Reserve 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.

**121. SUBSCRIPTIONS/AFFILIATIONS FOR EXTERNAL ORGANISATIONS 2015/16**

**RESOLVED:**

- 1.1. That the subscription to the Local Government Association for 2015/16 of £26,577, be approved.
- 1.2. That the 2015/16 contribution of £191,078 to the London Boroughs Grant Scheme, be approved.
- 1.3. That the subscription of £167,473 (£142,473 net of one off rebate) for 2015/16 to London Councils, be approved.

Councillor Wesley Harcourt declared a pecuniary interest as his full time job was funded by a London Councils grant. He left the room during the discussions and did not take part in the vote.

**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.



## **122. TRI-BOROUGH PROCUREMENT OF INFORMATION TECHNOLOGY AND COMMUNICATIONS SERVICES**

### **RESOLVED:**

- 1.1 That the approach for the procurement of information technology and communication services as set out in section 5 of the report, be endorsed.
- 1.2 That funding of £330,000 to support the procurement process, apportioned equally across each Council (H&F funding of £110,000 will be met from the Efficiency Projects Reserve, the RBKC funding will be met from the Transformation Reserve, and the WCC funding will be met from WCC Reserves), be approved.
- 1.3 That the Royal Borough of Kensington and Chelsea be nominated as the contracting authority for the framework agreement as the authority who will award the framework contract.
- 1.4 That approval be given for delegate authority to award any call-off contract to the appropriate Cabinet Member within each authority.
- 1.5 To note that similar recommendations have been submitted to the Royal Borough of Kensington and Chelsea and Westminster City Council for approval.

### **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.

## **123. DELIVERING THE SCHOOLS CAPITAL PROGRAMME**

### **RESOLVED:**

That approval be given to the procurement decisions, capital allocations, and appropriate delegations where required to develop the priority schemes at the following schools:

#### **a) Burlington Danes Primary**

To appoint Lakehouse Contracts Ltd as the Main contractor for the contract sum of £5,073,342.00 (+ £142,951 Construction Contingency) following a competitive tender exercise as set out in the body of the report. .

**b) Phoenix High School**

To allocate the sum of £185,000 to Phoenix High School (PHS) to allow for the completion of an evaluation study on the feasibility of the redevelopment of the existing PHS site for education purposes by 3BM and to include partial disposal, development of new accommodation and potential inclusion of additional community facilities.

Councillors Wesley Harcourt and Sue Fennimore declared a significant other interest as Governors of Phoenix School. They took part in the discussions and voted on the matter.

**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.

**124. FINANCIAL PLAN FOR COUNCIL HOMES: THE HOUSING REVENUE ACCOUNT FINANCIAL STRATEGY, 2015/16 HOUSING REVENUE ACCOUNT BUDGET AND 2015/16 RENT INCREASE**

**RESOLVED:**

- 1.1. That the Long Term 40 Year Financial Plan for Council Homes as set out in section 8 of this report, be endorsed.
- 1.2. That the Housing Revenue Account 2015/16 budget for Council Homes as set out in Appendix 1, be approved.
- 1.3. That the proposed new Council Homes Rent Policy for increases from 2015/16 onwards of Consumer Price Index (CPI) 1+1% plus an additional £1 per week for tenants not yet paying target / formula rent, be endorsed.
- 1.4. That the proposed new policy to increase tenant service charges by CPI<sup>2</sup> only for 2015/16 onwards in line with the increases in the majority of associated contracts, be endorsed.

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<sup>1</sup> The rate used is that for September in the previous year, for example for the April 2015 rent increase, September 2014 CPI of 1.2% would be used

<sup>2</sup> The rate used is that for September in the previous year, for example for the April 2015 rent increase, September 2014 CPI of 1.2% would be used

- 1.5. That an average rent and service charge increase for 2015/16 for Council Tenants based on application of the new Council Homes Rent Policy and new service charge increase policy of 2.89% as set out in section 10 of this report, be approved.
- 1.6. That an average rent and service charge increase of 2.74% based on application of the Government's rent restructuring formulae for properties under licence and hostels as referred to in paragraph 10.9, be approved.
- 1.7. That the HRA Medium Term Financial Strategy which plans to deliver further on-going annual revenue savings of £2.2million per annum by 2015/16, rising to £4.8million per annum by 2021/22, with savings coming principally from back office costs, be endorsed.
- 1.8. That £13.0m of Housing debt is due to mature in 2015/16 and to approve the refinancing of £11.5m of this debt during 2015/16, in order to both meet the investment in repairs and improvements to Council Homes, and to balance the gap in the financial plan that is a result of stopping selling empty Council Homes, be noted.
- 1.9. To note that the water regulator OFWAT is not due to confirm the increase in tenants' water charges until January 2015, and therefore to delegate authority to the Executive Director of Housing and Regeneration to agree the average increase in water charges as set out in section 14.
- 1.10. That approval be given to freeze the communal heating charge at 2014/15 rates as set out in section 14 of the report.
- 1.11. That a freeze in parking charges as set out in section 14 of the report, be approved.
- 1.12. That approval be given to freeze in garage charges as set out in section 14 of the report.
- 1.13. That the risks outlined in section 11 of this report, be noted..

**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.

## **125. CEASING THE LIMITED ASSET BASED VOIDS DISPOSAL POLICY**

### **RESOLVED:**

- 1.1. That the Council no longer adopts the Asset Based Voids Disposal Policy and that all future disposals of Council Homes that are uneconomic to repair are considered by full Cabinet.
- 1.2. That any future disposal of Council Homes will only be considered if at least a one for one replacement home is provided as part of the disposal proposal.

### **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.

## **126. AWARD OF THE FRAMEWORK AGREEMENTS AND CALL OFF AGREEMENTS FOR ADVOCACY SERVICES**

### **RESOLVED:**

- 1.1 That the Leader of the Council, in conjunction with the Executive Director for Adult Social Care and Health, award:
  - The three Framework Agreements that will be accessed by Adult Social Care, which H&F and the successful Providers will be party to, and from which the three boroughs can call off; and
  - The three H&F Call Off Agreements that will be accessed by Adult Social Care and which will allow H&F to access the services and for which the contract period for is from 1st July 2015 to 30th June 2019.

Councillor Vivienne Lukey declared a significant other interest as a Trustee of H&F Mind. She took part in the discussions and voted on the matter.

### **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.

**127. ADULT SOCIAL CARE INFORMATION AND SIGNPOSTING WEBSITE - PEOPLE FIRST**

**RESOLVED:**

- 1.1. That approval be given to the inclusion of the London Borough of Hammersmith and Fulham on the People First Adult Social Care information and signposting website, the procurement of which will be managed under the contract with the Council's strategic IT partner.
- 1.2. That approval be given to amend the Adult Social Care pages of the LBHF corporate website to direct website users to People First where appropriate.

**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.

**128. FUTURE HIGHWAYS WORKS CONTRACTS 2015**

**RESOLVED:**

- 1.1 That Hammersmith & Fulham call off from the Westminster City Council framework contract which was awarded to F M Conway Ltd, commencing on 1 April 2015 for a period of 4 years and with a notional annual value of £9.4 million.
- 1.2 That approval be given to extend the arrangements for a 12 month period of both the Street Lighting and Tree Maintenance contracts to allow further tendering opportunities to be explored. (Both contractors have offered savings to extend the contracts).
- 1.3 To note that Westminster City Council will act as the Contracting Authority for the purposes of the Regulations and subsequently the employing borough for these Bi-borough contracts (subject to legal agreements between the boroughs for the management of the service).

**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.

**129. KEY DECISIONS LIST**

The Key Decision List was noted.

**130. EXCLUSION OF PRESS AND PUBLIC**

**RESOLVED:**

That under Section 100A (4) of the Local Government Act 1972, the public and press be excluded from the meeting during consideration of the remaining items of business on the grounds that they contain information relating to the financial or business affairs of a person (including the authority) as defined in paragraph 3 of Schedule 12A of the Act, and that the public interest in maintaining the exemption currently outweighs the public interest in disclosing the information.

The following is a public summary of the exempt information under S.100C (2) of the Local Government Act 1972. Exempt minutes exist as a separate document.

**131. EXEMPT MINUTES OF THE MEETING HELD ON 1 DECEMBER 2014 (E)**

**RESOLVED:**

That the exempt minutes of the meeting of the Cabinet held on 1<sup>st</sup> December 2014 be confirmed and signed as an accurate record of the proceedings, and that the outstanding actions be noted.

**132. RENEWAL OF THE CONTRACT FOR THE SUPPLY OF TEMPORARY AGENCY WORKERS (E)**

**RESOLVED:**

That the recommendations in the exempt report 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.

**133. EXITING THREE COMMUNITY ADMISSION BODIES FROM THE LOCAL GOVERNMENT PENSION SCHEME (E)**

**RESOLVED:**

That the recommendations in the exempt report be approved.

Councillor Wesley Harcourt declared a significant other interest as the Chair of Old Oak Housing Association which is a subsidiary of Family Mosaic Housing Association. Councillor Vivienne Lukey also declared a significant other interest as a Trustee of H&F Mind.

They both took part in the discussions and voted on the matter.

**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.

**134. INTERIM PROVISION OF HOME CARE SERVICES (E)**

**RESOLVED:**

That the recommendations in the exempt report 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.

**135. TRI-BOROUGH PROCUREMENT OF INFORMATION TECHNOLOGY AND COMMUNICATIONS SERVICES - EXEMPT ASPECTS (E)**

**RESOLVED:**

That the report be noted.

**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.

**136. DELIVERING THE SCHOOLS CAPITAL PROGRAMME : EXEMPT ASPECTS (E)**

**RESOLVED:**

That the Appendix attached to the report be noted.

**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.

**137. FUTURE HIGHWAYS WORKS CONTRACTS 2015 : EXEMPT ASPECTS (E)**

**RESOLVED:**

That the report be noted.



**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.

Meeting started: 7.00 pm

Meeting ended: 7.05 pm

Chair .....

# Agenda Item 4

	<b>London Borough of Hammersmith &amp; Fulham</b> <b>CABINET</b> <b>2 FEBRUARY 2015</b>
<b>REVENUE BUDGET AND COUNCIL TAX LEVELS 2015/16 REPORT</b>	
<b>Report of the Cabinet member for Finance – Councillor Max Schmid</b>	
<b>Classification - For Decision</b>	
<b>Key Decision: Yes</b>	
<b>Wards Affected: All</b>	
<b>Accountable Executive Director:</b> Jane West – Executive Director of Finance and Corporate Governance	
<b>Report Author:</b> Andrew Lord – Head of Strategic Planning and Monitoring	<b>Contact Details:</b> Tel: 020 8753 2531 E-mail: andrew.lord@lbhf.gov.uk

## 1. EXECUTIVE SUMMARY

- 1.1. Budget Council on 25 February will receive a report on the 2015/16 Revenue Budget and Council Tax levels. An updated version (Appendix 1) is put forward for comment.

## 2. RECOMMENDATION

- 2.1. To comment on the draft Revenue Budget and Council Tax levels 2015/16 report.

## 3. REASONS FOR DECISION

- 3.1. To inform the 2015 MTFS process.

## LOCAL GOVERNMENT ACT 2000

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

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

### **LIST OF APPENDICES:**

Appendix 1 – 2015/16 Revenue Budget and Council Tax Levels Report

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 2.4% increase.

Appendix G – Equalities Impact Assessment

Appendix H – The Business Rates Retention Scheme for Hammersmith and Fulham

	<p align="center"><b>London Borough of Hammersmith &amp; Fulham</b></p> <p align="center"><b>COUNCIL</b></p> <p align="center"><b>25 February 2015</b></p>
<p><b>REVENUE BUDGET AND COUNCIL TAX LEVELS 2015/16</b></p>	
<p><b>Report of the Leader of the Council: Councillor Stephen Cowan</b></p>	
<p><b>Open Report.</b></p>	
<p><b>Classification - For Decision</b></p> <p><b>Key Decision: Yes</b></p>	
<p><b>Wards Affected: All</b></p>	
<p><b>Accountable Executive Director:</b> Jane West, Executive Director of Finance and Corporate Governance</p>	
<p><b>Report Author:</b> Andrew Lord- Head of Strategic Planning and Monitoring</p>	<p><b>Contact Details:</b> Tel: 020 8753 2531 E-mail: andrew.lord@lbhf.gov.uk</p>

## 1. EXECUTIVE SUMMARY

1.1. The 2015/16 revenue budget proposals are set out regarding:

- Council tax levels
- Savings and growth proposals
- Changes to fees and charges
- Budget risks, reserves and balances
- Equalities Impact Assessments
- Implementing the retail business rates relief scheme as proposed by the Government.

## 2. RECOMMENDATIONS

2.1 A 1% cut in the Hammersmith & Fulham element of the council tax charge is approved.

2.2 Council tax be set for 2015/16 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 £727.81 per Band D property in 2015/16.*
- (b) *The element of council tax charged by the Greater London Authority will be £295.00 per Band D property in 2015/16*
- (c) *The overall Council Tax to be set at £1,022.81 per Band D property in 2015/16.*

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	485.21	566.07	646.94	727.81	889.55	1,051.28	1,213.02	1,455.62
b) GLA	196.66	229.44	262.22	295.00	360.55	426.11	491.67	590.00
<b>c) Total</b>	<b>681.87</b>	<b>795.51</b>	<b>909.16</b>	<b>1022.81</b>	<b>1,250.10</b>	<b>1,477.39</b>	<b>1,704.69</b>	<b>2,045.62</b>

2.3 The Council's own total net expenditure budget for 2015/16 is set at £159.451m.

2.4 Fees and charges are approved as set out in paragraph 6.1.

2.5 The budget projections, made by the Executive Director of Finance and Corporate Governance to 2018/19, be noted.

2.6 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 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 on their projected financial position compared to their revenue estimates in accordance with the Corporate Revenue Monitoring Report timetable.
- 2.9 Executive Directors be authorised to implement their service spending plans for 2015/16 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.
- 2.11 The Executive Director of Finance and Corporate Governance be authorised to implement the business rates retail relief scheme as proposed by the Government.

### 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 1% cut in the Hammersmith and Fulham element of council tax is recommended.** This will provide a balanced budget whilst reducing the burden on local taxpayers.
- 4.2 The council tax reduction has been delivered despite unprecedented government funding cuts. From 2010/11 to 2014/15 government funding has reduced by £46m. The 2015/16 funding reduction is £20.3m<sup>1</sup>. Funding is forecast to reduce by a further £30.1m from 2016/17 to 2019/20<sup>2</sup>. A fuller explanation of the funding forecast and spending power calculation is set out in Appendix I.
- 4.3 The budget focuses on protecting front-line services and value for money. Growth has been provided to meet statutory obligations, demographic and service pressures and key local priorities. These include abolishing home care charges and reducing charges for meals on wheels. Savings of **£23.8m** are put forward to balance the 2015/16 budget.

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<sup>1</sup> These figures are on a like for like basis and refer to general grant that can be used for any purpose. The detailed figures are set out in Appendix E.

<sup>2</sup> Chancellor's Autumn Statement 2014

## 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<sup>3</sup>. The 2015/16 council tax requirement is **£52.4m** and is summarised in Table 1. The medium-term forecast, to 2018/19 is set out in Appendix B.

**Table 1: The Council Tax Requirement**

	£'000s
Base budget rolled forward from 2014/15.	<b>181,481</b>
<b>Plus:</b>	
New Burdens	840
Inflation (section 6)	2,518
Growth (section 6)	4,033
Contingency	2,283
<b>Less:</b>	
Savings and additional income (section 7)	(23,816)
Specific unringfenced grants (section 8)	(9,220)
Contribution to Earmarked reserve	1,332
<b>Net Budget Requirement for 2015/16</b>	<b>159,451</b>
<b>Less :</b>	
Revenue Support Grant (section 8)	(47,429)
Locally retained business rates (section 8)	(57,802)
One off Collection Fund Surplus	(1,830)
<b>2015/16 Council Tax Requirement</b>	<b>52,390</b>

<sup>3</sup> 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.

## 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.
- **Pay inflation** is provided for in accordance with the agreed national settlement (2.2% from January 2015 at a full year cost of £2m).
- **Fees and charges** The budget strategy assumes that there will be no real terms increases in any fees and charges, unless set by outside Statute or Regulation. In line with previous council policy, this is calculated using the Retail Price Index (RPI) for inflation in the August of the year preceding the budget. The standard RPI increase (2.4%) has been applied to only 10% of the total fees and charges, as measured by their budgeted contribution to the Council. The remaining 90% of fees will see a real terms cut. Many fees and charges will be frozen in absolute terms, including charges for parking, school lunches and adult education. Some charges, such as Meals on Wheels, have been reduced. Other charges, most notably Home Care Charges, have been scrapped altogether. A listing of proposed savings that have seen a real terms cut or were charged by outside bodies are set out 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: 2015/16 Growth Proposals**

	£'000s
Adult Social Care	599
Children's Services	1,392
Environment, Leisure and Residents Services	687
Finance & Corporate Services	300
Housing and Regeneration Department	130
<b>Budget Growth</b>	<b>3,108</b>
Transport and Technical Services Growth offset against additional savings found within department	925
<b>Total Growth</b>	<b>4,033</b>



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

**Table 3: Reasons for 2015/16 Budget Growth**

	£'000s
Government related	900
Other public bodies	375
Increase in demand/demographic growth	489
Council Priority	511
Existing budget pressures	1,758
<b>Total Growth</b>	<b>4,033</b>

## 7. SAVINGS AND INCOME GENERATION

7.1 Savings of **£23.8m** are required to balance the 2015/16 budget. In bringing forward proposals to meet this challenge the Council has:

- Protected front-line services. The focus is on back office cuts, such as from the council's public relations and senior management budgets.
- Better negotiation from developers, suppliers and partners to get maximum value for the Council.
- Focus on asset rationalisation to reduce accommodation costs and deliver debt reduction savings.
- Sought to deliver the best possible service at the lowest possible cost. Effective budget management is essential.
- Advancing commercialisation and increasing market share for those services (such as business waste) where the Council is operating in competition with other suppliers.
- Recognised that more cross-cutting action is necessary. A number of council-wide transformation portfolios have continued to deliver savings, such as Business Intelligence..
- Taken forward working collaboratively with others. Shared solutions will be taken forward as and when appropriate.
- Made best use of the NHS funding for social care and public health.
- Given consideration to the public sector equality duty ('PSED')

7.2 The saving proposals are detailed in Appendix C with the 2015/16 position summarised in Table 4.

**Table 4: 2015/16 Savings Proposals**

<b>Department</b>	<b>Savings £'000s</b>
Adult Social Care	(6,514)
Children's Services	(4,071)
Environment, Leisure and Residents' Services	(1,395)
Libraries and Archives	(162)
Finance and Corporate Services	(2,762)
Housing and Regeneration	(982)
Transport and Technical Services	(4,307)
Public Health	(350)
<b>Total Departmental Savings</b>	<b>(20,543)</b>
Corporate Savings	(3,273)
<b>Total All savings</b>	<b>(23,816)</b>

- 7.3 For 2016/17, on current projections, cumulative savings of £40.9m will need to be delivered rising to £69.7m by 2018/19. Redundancies are unavoidable but will be kept to a minimum by focusing on vacant posts, controlling recruitment, improving redeployment procedures and releasing agency staff.

## **8. EXTERNAL AND BUSINESS RATES FUNDING**

- 8.1 The Government funding receivable is detailed in Appendix E. On a like-for like-basis 2015/16 funding is £20.3m (27% in cash terms) less than in 2014/15. The funding includes council tax freeze grant of £0.618m (equivalent to 1% of the Band D charge). This will be built into the baseline for future years
- 8.2 Prior to 2013/14 all business rates income collected by a local authority was paid to the Government. Now 30% is retained locally whilst 50% is paid to the Government and 20% to the Greater London Authority. The key elements of the business rates retention system, for Hammersmith and Fulham, are set out in Appendix H. These figures are provisional. The information is pulled together into a government return (NDR1) which was not issued in time for this Report. Any variation to the budget estimate will be reported to Budget Council.
- 8.3 Hammersmith and Fulham is disadvantaged by the business rates retention scheme. This authority is budgeted to be £2m worse-off than under the previous formula grant system. This is because what is actually expected to be collected (the LBHF 30% share) is lower than what was previously assumed.

- 8.4 The main reason why Hammersmith and Fulham has lost from the business rates retention scheme is that the rating list has been subject to significant appeals. Appeals are outside the Council's control.

Retail relief

- 8.5 As part of the Autumn Statement changes to business rates the Government announced that all occupied shops, restaurants, cafes and drinking establishments, with a rateable value of £50,000 or less, will receive a reduction of £1,500 off their net rates payable for 2015/16. This is an increase of £500 on the reduction offered in 2014/15. Where the net rates payable are less than £1,500 the business will receive relief up to the value of their bill. This relief is known as "Retail Relief"

- 8.6 The Government have confirmed that they will reimburse the full cost of any relief granted for this change under the rates retention system. An initial estimate of the likely cost for 2015/16 is £1.5m.. The respective shares under rates retention system are:

	£m
H&F	0.45
GLA	0.30
Government	0.75
<b>Total</b>	<b>1.5</b>

- 8.7 The Government do not consider that banks, building societies, payday lenders, betting shops, pawn brokers, estate agents, letting agents, dentists, doctors, solicitors, accountants, insurance agents and post offices qualify for this relief and in addition businesses will need to confirm that they do not exceed certain state aid limits to qualify. This will be implemented in the same way as in 2014/15.
- 8.8 As this is a measure for 2 years only the Government do not propose changing legislation. Instead the Government expect authorities to use its powers under the Localism Act and adopt a local scheme to enable the granting of this relief. It is recommended that the Executive Director of Finance and Corporate Governance be authorised to implement the business rates retail relief scheme as proposed by the Government.

## 9. HAMMERMITH AND FULHAM'S COUNCIL TAX REQUIREMENT

- 9.1 Council on 28 January formally agreed a Tax Base of 71,983 equivalent Band D properties for 2015/16. Therefore the Council's element of the Council Tax can be calculated as follows:

<u>Total Council Tax Requirement</u>	= <u>£52.390m</u>	= £727.81
Tax Base	71,983	

- 9.2 This represents a 1% cut in the LBHF element of the council tax charge.

## 10. PRECEPTOR'S COUNCIL TAX REQUIREMENTS (SUBJECT TO CONFIRMATION)

- 10.1 The Greater London Authority's precept of £21.235m 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.

<u>Preceptors Budget Requirement</u>	= <u>£21.235m</u>	= £295.00
Tax Base	71,983	

- 10.2 This represents a 1.3% cut from the 2014/15 level.

## 11. OVERALL COUNCIL TAX REQUIREMENTS 2015/16

- 11.1 It is proposed to reduce Hammersmith and Fulham's element of the Council Tax in 2015/16 by 1% 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 5 – Overall 2015/16 Council Tax Requirement**

London Borough of Hammersmith & Fulham	<b>£000s</b> 52,390
Greater London Authority	21,235
<b>Total Requirement for Council Tax</b>	<b>73,625</b>

- 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:

<u>Total Council Tax Requirement</u>	=	<u>£ 73.625m</u>	=	£1022.81
Tax Base		71,983		

## 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 POLICY AND ACCOUNTABILITY (PAC) COMMITTEES

- 13.1 As part of the consultation process each department's estimates have been reviewed by a relevant PAC. 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 2015/16 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 2014/15 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 £19m as at 1 April 2014 and it is currently projected that this will not reduce in the current financial year. This will leave general balances at just over 10% of the 2014/15 budget requirement.
- 14.5 The Council's budget requirement for 2015/16 is in the order of £159.4m. 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 **£11.9m**. They are summarised in Table 6. The Council has in place rigorous budget monitoring arrangements and a policy of restoring balances once used.

**Table 6: 2015/16 Budget Risks**

	£'000s
Demand Pressures	4,583
Income variation	1,145
Government Policy Impacts	4,013
Other	2,155
<b>Total</b>	<b>11,896</b>

- 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. The optimal level is projected to be broadly met over the next 3 years and is, in the Executive Director of Finance and Corporate Governance's view, sufficient to allow for the risks identified and to support effective medium term financial planning.

### **Earmarked Reserves**

- 14.7 The Council also holds a number of one-off 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.
- 14.8 A new contribution of £1.332m is proposed in 2015/16 to an earmarked reserve for government related social care pressures. This reflects the risks facing the Council.
- 14.9 There is a risk that H&F Direct budgets are underfunded in order to deliver the service efficiently, without producing demand failure that results in adverse effects on customers and failure demand elsewhere in the Council. Pending a full review of the budgets and the ongoing work approved by Cabinet to eliminate a significant backlog of cases, any funding shortfall will be met from a dedicated reserve.

### **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 2015/16 local authorities "will be required to seek the approval of their local electorate in a referendum if, compared with 2014/15, they set an increase in the relevant basic amount of council tax that is 2% or higher". 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 2013/14, due to the receipt of higher than expected income, the Collection Fund was in surplus by £2.562m. The Hammersmith and Fulham share of this surplus is £1.830m and this is included within the 2015/16 budget proposals. The balance of £0.732m is payable to the Greater London Authority.
- 14.10 Due to the impact of rating appeals a deficit of £20.069m was also carried forward at the close of 2013/14 regarding business rates. The Hammersmith and Fulham share of the deficit was £6.021m and this will be charged to the revenue account in 2014/15 and 2015/16 in accordance with the requirements of the localised business rates scheme. The net impact on the revenue budget will be nil as the deficit will be matched by a drawdown from an earmarked reserve (funded from government grant).



14.11 Implications verified by: Jane West, Executive Director of Finance and Corporate Governance, Tel: 020 8753 1900

## **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 in Appendix G. 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.
- 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.
- 15.12 Implications verified by: Kevin Beale, Head of Social Care and Litigation, BI Borough Legal Services, telephone number 0208 753 2704

**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 1%. The full EIA is attached, in Appendix G.

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

<b>No.</b>	<b>Description of Background Papers</b>	<b>Name/Ext of holder of file/copy</b>	<b>Department/ Location</b>
1.	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 2.4% increase.

Appendix G – Equalities Impact Assessment

Appendix H – The Business Rates Retention Scheme for Hammersmith and Fulham

Appendix I – Reduction in Spending Power

**APPENDIX A**

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

		<u>£'s</u>
(a)	Being the aggregate of the amounts which the Council estimates for the items set out in section 31A (2) (a) to (f) of the Act.	TBC
(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.	
(c)	Being the aggregate difference of (a) and (b) above calculated by the Council in accordance with Section 31A (4) of the Act, as its council tax requirement for the year.	73,625,000
(d)	Being the amount calculated by the council as the council tax base for 2015/16 and formerly agreed by council on the 28 <sup>th</sup> January 2015.	71,983
(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.	1,022.81
(f)	Hammersmith and Fulham proportion of the Basic amount of its Council Tax (Band D)	727.81

(g) Valuation Bands – Hammersmith & Fulham Council:

<b>Band A</b>	<b>Band B</b>	<b>Band C</b>	<b>Band D</b>
485.21	566.07	646.94	727.81
<b>Band E</b>	<b>Band F</b>	<b>Band G</b>	<b>Band H</b>
889.55	1,051.28	1,213.02	1,455.62

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 2015/16 the following amounts in precepts issued to the Council in respect of the Greater London Authority, its functional and predecessor bodies, in accordance with Section 40 of the Local Government Finance Act 1992, for each of the categories of dwellings shown below:

<b>Band A</b>	<b>Band B</b>	<b>Band C</b>	<b>Band D</b>
196.66	229.44	262.22	295.00
<b>Band E</b>	<b>Band F</b>	<b>Band G</b>	<b>Band H</b>
360.55	426.11	491.67	590.00

(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 2015/16 for each of the categories of dwellings shown below:

<b>Band A</b>	<b>Band B</b>	<b>Band C</b>	<b>Band D</b>
681.87	795.51	909.16	1022.81
<b>Band E</b>	<b>Band F</b>	<b>Band G</b>	<b>Band H</b>
1,250.10	1,477.39	1,704.69	2,045.62

	<p align="center"><b>London Borough of Hammersmith &amp; Fulham</b></p> <p align="center"><b>COUNCIL</b></p> <p align="center"><b>25 February 2015</b></p>
<p><b>REVENUE BUDGET AND COUNCIL TAX LEVELS 2015/16</b></p>	
<p><b>Report of the Leader of the Council: Councillor Stephen Cowan</b></p>	
<p><b>Open Report.</b></p>	
<p><b>Classification - For Decision</b></p> <p><b>Key Decision: Yes</b></p>	
<p><b>Wards Affected: All</b></p>	
<p><b>Accountable Executive Director: Jane West, Executive Director of Finance and Corporate Governance</b></p>	
<p><b>Report Author:</b> Andrew Lord- Head of Strategic Planning and Monitoring</p>	<p><b>Contact Details:</b> Tel: 020 8753 2531 E-mail: andrew.lord@lbhf.gov.uk</p>

## 1. EXECUTIVE SUMMARY

1.1. The 2015/16 revenue budget proposals are set out regarding:

- Council tax levels
- Savings and growth proposals
- Changes to fees and charges
- Budget risks, reserves and balances
- Equalities Impact Assessments
- Implementing the retail business rates relief scheme as proposed by the Government.



## 2. RECOMMENDATIONS

2.1 A 1% cut in the Hammersmith & Fulham element of the council tax charge is approved.

2.2 Council tax be set for 2015/16 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 £727.81 per Band D property in 2015/16.*
- (b) *The element of council tax charged by the Greater London Authority will be £295.00 per Band D property in 2015/16*
- (c) *The overall Council Tax to be set at £1,022.81 per Band D property in 2015/16.*

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	485.21	566.07	646.94	727.81	889.55	1,051.28	1,213.02	1,455.62
b) GLA	196.66	229.44	262.22	295.00	360.55	426.11	491.67	590.00
<b>c) Total</b>	<b>681.87</b>	<b>795.51</b>	<b>909.16</b>	<b>1022.81</b>	<b>1,250.10</b>	<b>1,477.39</b>	<b>1,704.69</b>	<b>2,045.62</b>

2.3 The Council's own total net expenditure budget for 2015/16 is set at £159.451m.

2.4 Fees and charges are approved as set out in paragraph 6.1

2.5 The budget projections, made by the Executive Director of Finance and Corporate Governance to 2018/19, be noted.

2.6 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 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 on their projected financial position compared to their revenue estimates in accordance with the Corporate Revenue Monitoring Report timetable.
- 2.9 Executive Directors be authorised to implement their service spending plans for 2015/16 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.
- 2.11 The Executive Director of Finance and Corporate Governance be authorised to implement the business rates retail relief scheme as proposed by the Government.

### 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 1% cut in the Hammersmith and Fulham element of council tax is recommended.** This will provide a balanced budget whilst reducing the burden on local taxpayers.
- 4.2 The council tax reduction has been delivered despite unprecedented government funding cuts. From 2010/11 to 2014/15 government funding has reduced by £46m. The 2015/16 funding reduction is £20.3m<sup>1</sup>. Funding is forecast to reduce by a further £30.1m from 2016/17 to 2019/20<sup>2</sup>. A fuller explanation of the funding forecast and spending power calculation is set out in Appendix I.
- 4.3 The budget focuses on protecting front-line services and value for money. Growth has been provided to meet statutory obligations, demographic and service pressures and key local priorities. These include abolishing home care charges and reducing charges for meals on wheels. Savings of **£23.8m** are put forward to balance the 2015/16 budget.

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<sup>1</sup> These figures are on a like for like basis and refer to general grant that can be used for any purpose. The detailed figures are set out in Appendix E.

<sup>2</sup> Chancellor's Autumn Statement 2014

## 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<sup>3</sup>. The 2015/16 council tax requirement is **£52.4m** and is summarised in Table 1. The medium-term forecast, to 2018/19 is set out in Appendix B.

**Table 1: The Council Tax Requirement**

	£'000s
Base budget rolled forward from 2014/15.	<b>181,481</b>
<b>Plus:</b>	
New Burdens	840
Inflation (section 6)	2,518
Growth (section 6)	4,033
Contingency	2,283
<b>Less:</b>	
Savings and additional income (section 7)	(23,816)
Specific unringfenced grants (section 8)	(9,220)
Contribution to Earmarked reserve	1,332
<b>Net Budget Requirement for 2015/16</b>	<b>159,451</b>
<b>Less :</b>	
Revenue Support Grant (section 8)	(47,429)
Locally retained business rates (section 8)	(57,802)
One off Collection Fund Surplus	(1,830)
<b>2015/16 Council Tax Requirement</b>	<b>52,390</b>

<sup>3</sup> 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.

## 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.
- **Pay inflation** is provided for in accordance with the agreed national settlement (2.2% from January 2015 at a full year cost of £2m).
- **Fees and charges** The budget strategy assumes that there will be no real terms increases in any fees and charges, unless set by outside Statute or Regulation In line with previous council policy, this is calculated using the Retail Price Index (RPI) for inflation in the August of the year preceding the budget. The standard RPI increase (2.4%) has been applied to £7m base budget, which makes up 10% of the total fees and charges. Many fees and charges will be frozen in absolute terms, including charges for parking, school lunches and adult education. Some charges, such as Meals on Wheels, have been reduced. Other charges, most notably Home Care Charges, have been scrapped altogether. A listing of proposed savings that have seen a real terms cut or were charged by outside bodies are set out 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: 2015/16 Growth Proposals**

	£'000s
Adult Social Care	599
Children's Services	1,392
Environment, Leisure and Residents Services	687
Finance & Corporate Services	300
Housing and Regeneration Department	130
<b>Budget Growth</b>	<b>3,108</b>
Transport and Technical Services Growth offset against additional savings found within department	925
<b>Total Growth</b>	<b>4,033</b>

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

**Table 3: Reasons for 2015/16 Budget Growth**

	<b>£'000s</b>
Government related	900
Other public bodies	375
Increase in demand/demographic growth	489
Council Priority	511
Existing budget pressures	1,758
<b>Total Growth</b>	<b>4,033</b>

## **7. SAVINGS AND INCOME GENERATION**

7.1 Savings of **£23.8m** are required to balance the 2015/16 budget. In bringing forward proposals to meet this challenge the Council has:

- Protected front-line services. The focus is on back office cuts, such as from the council's public relations and administration budgets.
- Focus on asset rationalisation to reduce accommodation costs and deliver debt reduction savings.
- Sought to deliver the best possible service at the lowest possible cost. Effective budget management is essential.
- Considered if 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 and the Peoples Portfolio.
- Taken forward working collaboratively with others. Shared solutions will be taken forward as and when appropriate.
- Made best use of the NHS funding for social care and public health.
- Given consideration to the public sector equality duty ('PSED')

7.2 The saving proposals are detailed in Appendix C with the 2015/16 position summarised in Table 4.

**Table 4: 2015/16 Savings Proposals**

<b>Department</b>	<b>Savings £'000s</b>
Adult Social Care	(6,514)
Children's Services	(4,071)
Environment, Leisure and Residents' Services	(1,395)
Libraries and Archives	(162)
Finance and Corporate Services	(2,762)
Housing and Regeneration	(982)
Transport and Technical Services	(4,307)
Public Health	(350)
<b>Total Departmental Savings</b>	<b>(20,543)</b>
Corporate Savings	(3,273)
<b>Total All savings</b>	<b>(23,816)</b>

- 7.3 For 2016/17, on current projections, cumulative savings of £40.9m will need to be delivered rising to £69.7m by 2018/19. Redundancies are unavoidable but will be kept to a minimum by focusing on vacant posts, controlling recruitment, improving redeployment procedures and releasing agency staff.

## **8. EXTERNAL AND BUSINESS RATES FUNDING**

- 8.1 The Government funding receivable is detailed in Appendix E. On a like-for like-basis 2015/16 funding is £20.3m (27% in cash terms) less than in 2014/15. The funding includes council tax freeze grant of £0.618m (equivalent to 1% of the Band D charge). This will be built into the baseline for future years
- 8.2 Prior to 2013/14 all business rates income collected by a local authority was paid to the Government. Now 30% is retained locally whilst 50% is paid to the Government and 20% to the Greater London Authority. The key elements of the business rates retention system, for Hammersmith and Fulham, are set out in Appendix H. These figures are provisional. The information is pulled together into a government return (NDR1) which was not issued in time for this Report. Any variation to the budget estimate will be reported to Budget Council.
- 8.3 Hammersmith and Fulham is disadvantaged by the business rates retention scheme. This authority is budgeted to be £2m worse-off than under the previous formula grant system. This is because what is actually expected to be collected (the LBHF 30% share) is lower than what is assumed within the system.

- 8.4 The main reason why Hammersmith and Fulham has lost from the business rates retention scheme is that the rating list has been subject to significant appeals. Appeals are outside the Council's control.

Retail relief

- 8.5 As part of the Autumn Statement changes to business rates the Government announced that all occupied shops, restaurants, cafes and drinking establishments, with a rateable value of £50,000 or less, will receive a reduction of £1,500 off their net rates payable for 2015/16. This is an increase of £500 on the reduction offered in 2014/15. Where the net rates payable are less than £1,500 the business will receive relief up to the value of their bill. This relief is known as "Retail Relief"

- 8.6 The Government have confirmed that they will reimburse the full cost of any relief granted for this change under the rates retention system. An initial estimate of the likely cost for 2015/16 is £1.5m.. The respective shares under rates retention system are:

	£m
H&F	0.45
GLA	0.30
Government	0.75
<b>Total</b>	<b>1.5</b>

- 8.7 The Government do not consider that banks, building societies, payday lenders, betting shops, pawn brokers, estate agents, letting agents, dentists, doctors, solicitors, accountants, insurance agents and post offices qualify for this relief and in addition businesses will need to confirm that they do not exceed certain state aid limits to qualify. This will be implemented in the same way as in 2014/15.
- 8.8 As this is a measure for 2 years only the Government do not propose changing legislation. Instead the Government expect authorities to use its powers under the Localism Act and adopt a local scheme to enable the granting of this relief. It is recommended that the Executive Director of Finance and Corporate Governance be authorised to implement the business rates retail relief scheme as proposed by the Government.

## 9. HAMMERMITH AND FULHAM'S COUNCIL TAX REQUIREMENT

- 9.1 Council on 28 January formally agreed a Tax Base of 71,983 equivalent Band D properties for 2015/16. Therefore the Council's element of the Council Tax can be calculated as follows:

<u>Total Council Tax Requirement</u>	= <u>£52.390m</u>	= £727.81
Tax Base	71,983	

- 9.2 This represents a 1% cut in the LBHF element of the council tax charge.

## 10. PRECEPTOR'S COUNCIL TAX REQUIREMENTS (SUBJECT TO CONFIRMATION)

- 10.1 The Greater London Authority's precept of £21.235m 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.

<u>Preceptors Budget Requirement</u>	= <u>£21.235m</u>	= £295.00
Tax Base	71,983	

- 10.2 This represents a 1.3% cut from the 2014/15 level.

## 11. OVERALL COUNCIL TAX REQUIREMENTS 2015/16

- 11.1 It is proposed to reduce Hammersmith and Fulham's element of the Council Tax in 2015/16 by 1% 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 5 – Overall 2015/16 Council Tax Requirement**

London Borough of Hammersmith & Fulham	<b>£000s</b> 52,390
Greater London Authority	21,235
<b>Total Requirement for Council Tax</b>	<b>73,625</b>



- 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:

<u>Total Council Tax Requirement</u>	=	<u>£ 73.625m</u>	=	£1022.81
Tax Base		71,983		

## 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 POLICY AND ACCOUNTABILITY (PAC) COMMITTEES

- 13.1 As part of the consultation process each department's estimates have been reviewed by a relevant PAC. 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 2015/16 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 2014/15 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 £19m as at 1 April 2014 and it is currently projected that this will not reduce in the current financial year. This will leave general balances at just over 10% of the 2014/15 budget requirement.
- 14.5 The Council's budget requirement for 2015/16 is in the order of £159.4m. 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 **£11.9m**. They are summarised in Table 6. The Council has in place rigorous budget monitoring arrangements and a policy of restoring balances once used.

**Table 6: 2015/16 Budget Risks**

	£'000s
Demand Pressures	4,583
Income variation	1,145
Government Policy Impacts	4,013
Other	2,155
<b>Total</b>	<b>11,896</b>

- 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. The optimal level is projected to be broadly met over the next 3 years and is, in the Executive Director of Finance and Corporate Governance's view, sufficient to allow for the risks identified and to support effective medium term financial planning.

### **Earmarked Reserves**

- 14.7 The Council also holds a number of one-off 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.
- 14.8 A new contribution of £1.332m is proposed in 2015/16 to an earmarked reserve for government related social care pressures. This reflects the risks facing the Council.
- 14.9 There is a risk that H&F Direct budgets are underfunded in order to deliver the service efficiently, without producing demand failure that results in adverse effects on customers and failure demand elsewhere in the Council. Pending a full review of the budgets and the ongoing work approved by Cabinet to eliminate a significant backlog of cases, any funding shortfall will be met from a dedicated reserve.

### **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 2015/16 local authorities “will be required to seek the approval of their local electorate in a referendum if, compared with 2014/15, they set an increase in the relevant basic amount of council tax that is 2% or higher”. 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 2013/14, due to the receipt of higher than expected income, the Collection Fund was in surplus by £2.562m. The Hammersmith and Fulham share of this surplus is £1.830m and this is included within the 2015/16 budget proposals. The balance of £0.732m is payable to the Greater London Authority.
- 14.10 Due to the impact of rating appeals a deficit of £20.069m was also carried forward at the close of 2013/14 regarding business rates. The Hammersmith and Fulham share of the deficit was £6.021m and this will be charged to the revenue account in 2014/15 and 2015/16 in accordance with the requirements of the localised business rates scheme. The net impact on the revenue budget will be nil as the deficit will be matched by a drawdown from an earmarked reserve (funded from government grant).

14.11 Implications verified by: Jane West, Executive Director of Finance and Corporate Governance, Tel: 020 8753 1900

## **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 in Appendix G. 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.
- 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.
- 15.12 Implications verified by: Kevin Beale, Head of Social Care and Litigation, BI Borough Legal Services, telephone number 0208 753 2704

**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 1%. The full EIA is attached, in Appendix G.

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

<b>No.</b>	<b>Description of Background Papers</b>	<b>Name/Ext of holder of file/copy</b>	<b>Department/ Location</b>
1.	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 2.4% increase.

Appendix G – Equalities Impact Assessment

Appendix H – The Business Rates Retention Scheme for Hammersmith and Fulham

Appendix I – Reduction in Spending Power

**APPENDIX A**

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

		<u>£'s</u>
(a)	Being the aggregate of the amounts which the Council estimates for the items set out in section 31A (2) (a) to (f) of the Act.	TBC
(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.	
(c)	Being the aggregate difference of (a) and (b) above calculated by the Council in accordance with Section 31A (4) of the Act, as its council tax requirement for the year.	73,625,000
(d)	Being the amount calculated by the council as the council tax base for 2015/16 and formerly agreed by council on the 28 <sup>th</sup> January 2015.	71,983
(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.	1,022.81
(f)	Hammersmith and Fulham proportion of the Basic amount of its Council Tax (Band D)	727.81

(g) Valuation Bands – Hammersmith & Fulham Council:

<b>Band A</b>	<b>Band B</b>	<b>Band C</b>	<b>Band D</b>
485.21	566.07	646.94	727.81
<b>Band E</b>	<b>Band F</b>	<b>Band G</b>	<b>Band H</b>
889.55	1,051.28	1,213.02	1,455.62

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 2015/16 the following amounts in precepts issued to the Council in respect of the Greater London Authority, its functional and predecessor bodies, in accordance with Section 40 of the Local Government Finance Act 1992, for each of the categories of dwellings shown below:

<b>Band A</b>	<b>Band B</b>	<b>Band C</b>	<b>Band D</b>
196.66	229.44	262.22	295.00
<b>Band E</b>	<b>Band F</b>	<b>Band G</b>	<b>Band H</b>
360.55	426.11	491.67	590.00

(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 2015/16 for each of the categories of dwellings shown below:

<b>Band A</b>	<b>Band B</b>	<b>Band C</b>	<b>Band D</b>
681.87	795.51	909.16	1022.81
<b>Band E</b>	<b>Band F</b>	<b>Band G</b>	<b>Band H</b>
1,250.10	1,477.39	1,704.69	2,045.62

## Medium Term Budget Requirement

	Year 1 2015/16 £'000	Year 2 2016/17 £'000	Year 3 2017/18 £'000	Year 4 2018/19 £'000
<b>2014/15 Net General Fund Base Budget</b>	<b>178,929</b>	<b>178,929</b>	<b>178,929</b>	<b>178,929</b>
Non-domestic rates tariff payment to Government	2,937	3,010	3,086	3,163
One off budget adjustments	(385)	(385)	(385)	(385)
<b>2014/15 Net General Fund Base Budget</b>	<b>181,481</b>	<b>181,554</b>	<b>181,630</b>	<b>181,707</b>
New Burdens	840	840	840	840
Contract and Income Inflation	2,518	5,318	8,118	10,918
Growth	4,033	6,257	6,802	6,802
General Contingency (pay)	1,283	3,032	5,282	7,532
Efficiency Savings (1)	(23,816)	(40,890)	(56,068)	(69,695)
Contingency for CCTV for Parking Enforcement	1,000	1,000	1,000	1,000
Current headroom / contribution to reserves	1,332	1,156	2,356	3,556
<b>Gross Budget Requirements</b>	<b>168,671</b>	<b>158,267</b>	<b>149,960</b>	<b>142,660</b>
Less				
New Homes Bonus Grant and Other Revenue Grants	(9,220)	(9,447)	(9,403)	(9,374)
<b>Revenue Grants</b>	<b>(9,220)</b>	<b>(9,447)</b>	<b>(9,403)</b>	<b>(9,374)</b>
<b>Net Budget Requirement</b>	<b>159,451</b>	<b>148,820</b>	<b>140,556</b>	<b>133,286</b>
<b>Funded By</b>				
Revenue Support Grant	47,429	36,446	26,389	17,162
Localised Element of Non Domestic Rates	57,802	60,669	63,624	66,708
Council Tax Income	52,390	51,706	50,543	49,415
One off drawdown from collection fund and reserves	1,830	0	0	0
<b>Gross Resources</b>	<b>159,451</b>	<b>148,820</b>	<b>140,556</b>	<b>133,286</b>
<b>Adjusted Net Budget Gap</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

(1) In addition, efficiencies of £360k has been built in to the Council Tax Base relating to Single Person Discount (£340k) and Council tax premium on long term empty property savings (£20k).

## Adult Social Care Budget Proposals

Service	Description	2015-16 Budget Change (£,000's)	2016-17 Budget Change Cumulative (£,000's)	2017-18 Budget Change Cumulative (£,000's)	2018-19 Budget Change Cumulative (£,000's)
Operations & Integration	<b>Transformation Projects</b> Prevention strategy with the aim to reduce costs by investing in assistive technology	(206)	(481)	(825)	(825)
Operations & Integration and Mental Health Partnerships	<b>Procurement &amp; Contract Efficiencies</b> Re procurement of contracts with a view to manage prices in residential & nursing placements & care at home.	(597)	(1,344)	(1,923)	(1,923)
Operations & Integration	<b>Transformation Projects</b> <b>Customer Journey Operations Alignment</b> 1. Operations integration (non Health) with the aim of implementation a single target operating model as well as management & team restructure, changes to systems to standardise processes 2 Implementation of a self assessment model. 3. Radical mobile working through the application of technology with a view to enhance productivity. 4. Review of Occupational Therapy service delivery model.	(615)	(1,948)	(1,948)	(1,948)
Finance	<b>Public Health Investment</b> Identify contracts that would benefit from investment from Public Health funding / Third Sector	(94)	(94)	(94)	(94)
Finance	<b>Public Health Investment</b> Identify contracts that would benefit from investment from Public Health funding / supporting people	(551)	(551)	(551)	(551)
Commissioning	<b>Procurement &amp; Contract Efficiencies</b> Reprocurement of supporting people contracts and contract negotiations with a view to manage prices within budget.	(843)	(1,033)	(1,033)	(1,033)
Finance	<b>Shared Services</b> Client Affairs service ( Year 2 savings)	(17)	(17)	(17)	(17)
Operations & Integration	<b>Investment from Health</b> Funding from NHS England to Improve outcomes and reduce dependency amongst residents through better joint services.	(157)	(157)	(157)	(157)
Operations & Integration	<b>Investment from Health</b> Parkview additional income from rents to be derived from the Central London Communities Health Care from sharing of accommodation facilities with the Learning Disabilities team	(100)	(100)	(100)	(100)

**Adult Social Care Budget Proposals**

Service	Description	2015-16 Budget Change (£,000's)	2016-17 Budget Change Cumulative (£,000's)	2017-18 Budget Change Cumulative (£,000's)	2018-19 Budget Change Cumulative (£,000's)
Provided Services & Mental Health	<b>Other Efficiencies</b> Joint work to be undertaken with Children's and Housing Departments on no recourse to public fund clients	(100)	(100)	(100)	(100)
Finance	<b>Other Efficiencies</b> Review of supplies and services budget	(90)	(90)	(90)	(90)
Operations & Integration	<b>Reconfiguration of services</b> Reducing the need for expensive Learning Disability out of Borough supported accommodation for Learning Disability through the delivery of new and remodelled in Borough housing and support options	(89)	(178)	(178)	(178)
Operations & Intergration	<b>Reconfiguration of Services</b> Review of high cost and high placements for continuing health funding.	(106)	(106)	(106)	(106)
Operations & Intergration	<b>Investment from Health</b> More Investment from health through the Better Care Fund by encouraging community independence, enhancement of home care services to reduce the need to acute hospital care.	(2,000)	0	0	0
Commissioning & Finance	<b>Shared Services</b> Efficiencies proposed from the amalgamation of back office finance functions, review of senior management and the review of training programme	(260)	(260)	(260)	(260)
Training & Project Management	<b>Shared Services</b> Efficiencies proposed from the amalgamation from back office functions in Workforce development, planning and business support	(187)	(187)	(187)	(187)
Whole systems	<b>Investment from Health</b> More Investment from health through the Better Care Fund by encouraging community independence, enhancement of home care services to reduce the need to acute hospital care.	0	(200)	(750)	(750)
Operations & Mental Health	<b>Procurement &amp; Contract Efficiencies</b> To be achieved from the home care procurement exercise and new operating model.	(118)	(118)	(118)	(118)
Operations	<b>Reconfiguration of Services</b> Medium term project to Increase capacity in extra care and sheltered accommodation by delivery of new housing support options for people and avoiding the need for out of borough residential placements	0	0	(400)	(400)
Operations	<b>Reconfiguration of Services</b> Substitution of external day care providers by maximising in-house day care provision.	(87)	(87)	(87)	(87)

**Adult Social Care Budget Proposals**

Service	Description	2015-16 Budget Change (£,000's)	2016-17 Budget Change Cumulative (£,000's)	2017-18 Budget Change Cumulative (£,000's)	2018-19 Budget Change Cumulative (£,000's)
Provided Services & Mental Health	<b>Reconfiguration of Services</b> Review of Learning Disability care home	(37)	(37)	(37)	(37)
Commissioning	<b>Investment From Health</b> Integrated Commissioning between Health and Adult Social Care	(260)	(260)	(260)	(260)
	<b>Total Efficiencies</b>	(6,514)	(7,348)	(9,221)	(9,221)
Growth	<b>Demand Pressures</b> Increase in demand for learning disabled people placements and care packages.	205	205	205	205
Growth	<b>Manifesto</b> Meals on Wheels Review Fees	70	70	70	70
Growth	<b>Manifesto</b> Home Care Fees	324	324	324	324
Growth	<b>Legislation</b> Funding of care and support (Care Act)	0	450	450	450
	<b>Growth totalled</b>	599	1049	1049	1049

## Children's Services Budget Proposals

Service	Description	Budget Change			
		2015-16 Budget Change Cumulative (£,000's)	2016-17 Budget Change Cumulative (£,000's)	2017-18 Budget Change Cumulative (£,000's)	2018-19 Budget Change Cumulative (£,000's)
Family Services	More home support for disabled children with less residential and foster care placements	(260)	(260)	(260)	(260)
Family Services	Use Haven for specialist residential support and also home support	(125)	(125)	(125)	(125)
Family Services	More in house foster carers recruited so that less independent fostering placements needed	(250)	(250)	(250)	(250)
Family Services	Increase the number of children placed with relatives	(70)	(70)	(70)	(70)
Family Services	Increased recruitment of permanent carers so that carers are available immediately when children need them and therefore spend less time in care	(125)	(125)	(125)	(125)
Family Services	Better support to foster carers to reduce residential need	(250)	(250)	(250)	(250)
Family Services	Increase the number of Housing Benefit claims and therefore reduce costs for young people leaving care	(100)	(100)	(100)	(100)
Family Services	Seek to draw in funding for specific expenditure - on children's education and on families with attendance and employment issues	(400)	(400)	(400)	(400)
Family Services	Reduce back office staffing	(60)	(60)	(60)	(60)
Family Services	Reduce Looked After Children (LAC) service staffing in line with the reduction in Looked after children numbers.	(300)	(300)	(300)	(300)
Family Services	Reduced need for security when the service moves to a building where it is already provided.	(30)	(30)	(30)	(30)
Family Services	Legal expenditure reduced as care proceedings length reduces	(110)	(110)	(110)	(110)
Family Services	Staffing - Reduction in locality team staff costs through Early Help review.	(200)	(400)	(600)	(600)
Family Services	New support service to families where children have been removed will reduce the number of new care proceedings needed.	(60)	(60)	(60)	(60)
Family Services	Entry to Care - reduce young people entering care by 5 per annum	(100)	(200)	(200)	(200)
Education	School Standards - Increase buyback charges to part-fund lead advisers and provide additional Dedicated Schools Grant funding to support the delivery of statutory duties to maintain high standards and intervene where necessary	(150)	(150)	(200)	(200)



**Children's Services Budget Proposals**

Service	Description	Budget Change			
		2015-16 Budget Change Cumulative (£,000's)	2016-17 Budget Change Cumulative (£,000's)	2017-18 Budget Change Cumulative (£,000's)	2018-19 Budget Change Cumulative (£,000's)
Education	Education Data Team - Increase buyback charges to part-fund an education data officer	0	(20)	(20)	(20)
Finance	Finance reorganisation	(250)	(250)	(250)	(250)
Commissioning	School catering - Review funding arrangements for school meals to respond to changes in statutory responsibilities for schools and Local Authorities	(347)	(347)	(347)	(347)
Commissioning	Children's Centres - Re-commission as part of wider early intervention strategy with Public Health investment in Early Years priorities	(368)	(368)	(368)	(368)
Commissioning	Children's Centres - spot purchasing	(36)	(36)	(36)	(36)
Commissioning	Commissioning staff reduction	(140)	(194)	(211)	(211)
Commissioning	Speech & language - Renegotiation of contract terms to improve value for money and joint commissioning with Clinical Commissioning Groups (CCG).	0	(30)	(30)	(30)
Safeguarding & LSCB	Safeguarding & Local Safeguarding Children Board (LSCB) service configuration and rationalisation.	(121)	(121)	(121)	(121)
Corporate Finance	Grant realignment	(219)	(219)	(219)	(219)
	<b>Total Efficiencies</b>	<b>(4,071)</b>	<b>(4,475)</b>	<b>(4,742)</b>	<b>(4,742)</b>

**Children's Services Budget Proposals**

Service	Description	Budget Change			
		2015-16 Budget Change Cumulative (£,000's)	2016-17 Budget Change Cumulative (£,000's)	2017-18 Budget Change Cumulative (£,000's)	2018-19 Budget Change Cumulative (£,000's)
	No Recourse to Public Funds	200	200	200	200
Family Services	Remand to LAC increase	200	200	200	200
Family Services	Southwark Judgement	375	375	375	375
Family Services	21+ Increase in Education	70	70	70	70
Family Services	Staying Put	71	71	71	71
Family Services	Consequential Costs of Staying Put Arrangements	25	25	25	25
Family Services	18+ CWD not meeting ASC criteria	80	80	80	80
Family Services	Increasing Adoption Arrangements	117	117	117	117
Family Services	Increasing Special Guarding Arrangements	254	254	254	254
	<b>Growth totalled</b>	<b>1,392</b>	<b>1,392</b>	<b>1,392</b>	<b>1,392</b>

**Environment, Leisure & Residents' Services Budget Proposals**

Service		Budget Change			
		2015-16 Budget Change (£,000's)	2016-17 Budget Change Cumulative (£,000's)	2017-18 Budget Change Cumulative (£,000's)	2018-19 Budget Change Cumulative (£,000's)
Commercial Waste	Growth in Commercial Waste income through increased market share.	(40)	(40)	(40)	(40)
Business development	Income from Duct Asset Concession	(160)	(160)	(160)	(160)
Mortuary	Expansion of the Mortuary facility and service through selling service to other boroughs	(25)	(25)	(25)	(25)
Enhanced Policing	Make Enhanced Policing Zero cost to the General Fund - Substitute revenue budget with alternative external funding and/or s.106	(578)	(578)	(578)	(578)
Parks	Grounds maintenance contract - small efficiencies identified in contract.	(55)	(55)	(55)	(55)
Leisure	Alternative delivery of sports functions	(15)	(15)	(15)	(15)
Parks Police	Efficiencies from Bi-borough parks police management structure	(60)	(60)	(60)	(60)
Leisure	Make Phoenix Centre Zero cost to the General Fund - Substitute revenue budget with alternative external funding	(350)	(350)	(350)	(350)
Leisure	Adjust sports booking income budgets to reflect existing income levels	(65)	(65)	(65)	(65)
Culture	Completion of three year funding commitment to Hurlingham and Chelsea Library	(17)	(17)	(17)	(17)
Culture	Create a bi-borough Filming and Events service	(30)	(30)	(30)	(30)
<b>Total Efficiencies</b>		<b>(1,395)</b>	<b>(1,395)</b>	<b>(1,395)</b>	<b>(1,395)</b>

**Environment, Leisure & Residents' Services Budget Proposals**

Service		Budget Change			
		2015-16 Budget Change (£,000's)	2016-17 Budget Change Cumulative (£,000's)	2017-18 Budget Change Cumulative (£,000's)	2018-19 Budget Change Cumulative (£,000's)
	<b>Growth</b>				
Waste Management	Increased Waste Disposal Spend	84	558	1,103	1,103
Waste Management	Net Growth in Waste Management Contract Agreed by Cabinet	185	185	185	185
Waste Management	Household Bulky Waste Collections – Reduce charge by 10%	16	16	16	16
Transport	Budget Gap as a result of the reducing in house Fleet	313	313	313	313
Coroners & Mortuary	Shortfall on Coroners & Mortuary Recharge income	89	89	89	89
	<b>Growth totalled</b>	<b>687</b>	<b>1,161</b>	<b>1,706</b>	<b>1,706</b>

Libraries Budget Proposals

Service	Description of Budget Change	Budget Change			
		2015-16 Budget Change (£,000's)	2016-17 Budget Change Cumulative (£,000's)	2017-18 Budget Change Cumulative (£,000's)	2018 -19 Budget Change Cumulative (£,000's)
Libraries & Archives	Inter-library transport arrangements including scope for Tri-borough service	(34)	(34)	(34)	(34)
Libraries & Archives	Rentals for space hire and leasing	(5)	(5)	(5)	(5)
Libraries & Archives	Resourcing review of reference and stock teams drawing on administrative process efficiencies.	(16)	(23)	(23)	(23)
Libraries & Archives	Reduction in spend on new stock facilitated by improved supplier discount and shift to e-books	(60)	(80)	(80)	(80)
Libraries & Archives	ICT infrastructure budget efficiencies	(10)	(10)	(10)	(10)
Libraries & Archives	Library Management System contract and HFBP support efficiencies	(37)	0	0	0
Libraries & Archives	Coffee cart income from leasing space/time or profit share	0	(10)	(10)	(10)
	<b>Total Efficiencies</b>	<b>(162)</b>	<b>(162)</b>	<b>(162)</b>	<b>(162)</b>

**Public Health Budget Proposals**

Service	Description of Budget Change	Budget Change			
		2015-16 Budget Change (£,000's)	2016-17 Budget Change Cumulative (£,000's)	2017-18 Budget Change Cumulative (£,000's)	2018-19 Budget Change Cumulative (£,000's)
Public Health	Saving in H&F contribution to Public Health	(350)	(350)	(350)	(350)
	<b>Total Efficiencies</b>	<b>(350)</b>	<b>(350)</b>	<b>(350)</b>	<b>(350)</b>

## Finance &amp; Corporate Services Budget Proposals

Service	Description	Budget Change			
		2015-16 Budget Change (£,000's)	2016-17 Budget Change Cumulative (£,000's)	2017-18 Budget Change Cumulative (£,000's)	2018-19 Budget Change Cumulative (£,000's)
Communications, Policy & Performance	Bi-Borough Business intelligence (staffing contribution)	(30)	(30)	(30)	(30)
Communications, Policy & Performance	Communications Manager	(60)	(60)	(60)	(60)
Communications, Policy & Performance	Communications Director	(120)	(120)	(120)	(120)
Communications, Policy & Performance	Web-site staff reorganisation	(45)	(45)	(45)	(45)
Communications, Policy & Performance	Other publications cuts ( plus £34k shown in Centrally Managed Budget and £15k shown in Housing Revenue Account HRA)	(100)	(100)	(100)	(100)
Communications, Policy & Performance	Third Sector Investment from Public Health	(150)	(500)	(500)	(500)
Corporate Human Resources	Managed Services Savings from downsizing - reduction in Human Resources (volume)	(50)	(50)	(50)	(50)
Corporate Human Resources	HR Staffing reorganisation	(80)	(80)	(80)	(80)
Finance	Reduction in External Audit Fee	(80)	(80)	(80)	(80)
Finance	Debt Restructuring	(200)	(200)	(200)	(200)
Finance	Managed Services - Negotiated price reduction	(300)	(300)	(300)	(300)
H+F Direct	Business Intelligence / New Homes Bonus pending final confirmation from the Department for Communities and Local Government (DCLG)	(500)	(500)	(500)	(500)
H+F Direct	Business Intelligence - Freedom Passes (phase 2)	(170)	(270)	(270)	(270)
H+F Direct	Realignment of Social Fund (in line with spend)	(20)	(20)	(20)	(20)
Innovation and Change Management	Commercialisation of Innovation and Change Management division	(50)	(50)	(50)	(50)
Procurement and ICT Strategy	ICT: Childrens Framework-I (£87k) Libraries (£44k) Adult Learning (£5k) Idox hosting (£15k)	(151)	(151)	(151)	(151)

## Finance &amp; Corporate Services Budget Proposals

Service	Description	Budget Change			
		2015-16 Budget Change (£,000's)	2016-17 Budget Change Cumulative (£,000's)	2017-18 Budget Change Cumulative (£,000's)	2018-19 Budget Change Cumulative (£,000's)
Procurement and ICT Strategy	Stationery contract savings	(60)	(60)	(60)	(60)
All Divisions	Workforce reduction - proportionate saving in maternity budgets	(75)	(75)	(75)	(75)
Shared Services	Shared Services Programme (less savings passed to HRA) Legal (£234.6k) Human Resources (£124.8k) Revenues and Benefits (£72k)	(431)	(431)	(431)	(431)
Executive Services	Executive Services Efficiencies	(90)	(90)	(90)	(90)
	<b>Total Efficiency Savings</b>	<b>(2,762)</b>	<b>(3,212)</b>	<b>(3,212)</b>	<b>(3,212)</b>
H&F Direct	Concessionary Fares Growth	200	600	600	600
Procurement & IT Strategy	Budget pressures	100	100	100	100
	<b>Growth totalled</b>	<b>300</b>	<b>700</b>	<b>700</b>	<b>700</b>

**Notes**

(1) In addition, efficiencies of £360k have been built in to the Council Tax Base relating to Single Person Discount (£340k) and Council tax premium on long term empty property savings (£20k).



**Housing and Regeneration Department Budget Proposals**

Service		2015-16 Budget Change (£,000's)	2016-17 Budget Change Cumulative (£,000's)	2017-18 Budget Change Cumulative (£,000's)	2018-19 Budget Change Cumulative (£,000's)
Housing Options, Skills & Economic Development	Review of income generation opportunities-in Adult Learning & Skills Service	0	(140)	(140)	(140)
Housing Options, Skills & Economic Development	Reduction in Temporary Accommodation number and cost based on 1 April 2014 data	(500)	(500)	(500)	(500)
Housing Options, Skills & Economic Development	Housing Association Leasing Scheme saving on rent loss	(20)	(20)	(20)	(20)
Housing Options, Skills & Economic Development	Income from DWP Universal Credit for One Place team	(25)	(25)	(25)	(25)
Housing Options, Skills & Economic Development	S106 funding for One Place Team	(54)	(54)	(54)	(54)
Housing Options, Skills & Economic Development	Deletion of 1 FTE from ALSS	(40)	(40)	(40)	(40)
Housing Options, Skills & Economic Development	Reduction in Private Sector Leased (PSL) Temporary Accommodation Bad Debt Provision by 2% in line with performance	(200)	(200)	(200)	(200)
Housing Options, Skills & Economic Development	Reduction in PSL operational costs	(48)	(48)	(48)	(48)
Housing Options, Skills & Economic Development	Reduction in no recourse to public funds costs	(20)	(20)	(20)	(20)
Housing Options, Skills & Economic Development	Reduction in the cost of Rent Deposit Guarantee Scheme, including dilapidation as a result of a reduction in the costs experienced (no reduction in volumes)	(31)	(31)	(31)	(31)
Housing Options, Skills & Economic Development	Reduction in amenity recharge from the HRA	(30)	(30)	(30)	(30)
Housing Options, Skills & Economic Development	Reduction in general running costs	(14)	(14)	(14)	(14)
	<b>Total Efficiencies</b>	<b>(982)</b>	<b>(1,122)</b>	<b>(1,122)</b>	<b>(1,122)</b>
Housing Options, Skills & Economic Development	Inflation on PSL/B&B payments to landlords driven by increases in rental market	130	130	130	130
	<b>Growth totalled</b>	<b>130</b>	<b>130</b>	<b>130</b>	<b>130</b>



**Transport & Technical Services Budget Proposals**

Service	Description	2015-16 Budget Change (£,000's)	2016-17 Budget Change Cumulative (£,000's)	2017-18 Budget Change Cumulative (£,000's)	2018-19 Budget Change Cumulative (£,000's)
Building & Property Management	Total Facilities Management (TFM) savings	(316)	(316)	(316)	(316)
Transforming Business	Accommodation Savings	(1,089)	(1,089)	(1,089)	(1,089)
Tri Borough	Shared Service review of Transport & Technical Services (TTS)	(237)	(237)	(237)	(237)
Parking	Parking office savings	(43)	(244)	(244)	(244)
Planning	Applications income initiatives	(200)	(300)	(300)	(300)
Parking	Recognition of existing parking variances	(893)	(893)	(893)	(893)
Parking	Release of IT Budget	(100)	(100)	(100)	(100)
Parking	Release of budget for CCTV Vehicle	(100)	(100)	(100)	(100)
Parking	Contract cost reductions for cash collection and vehicle removals services	(60)	(60)	(60)	(60)
Building and Property Management	More flexible use of Grant Income	(15)	(15)	(15)	(15)
Planning	Shift to on line communication channels	(20)	(20)	(20)	(20)
Transport and Highways	LED lighting and Column replacement maintenance budgets	(100)	(100)	(100)	(100)
Transport and Highways	Accelerating and optimising use of s106 funding designated for Transport schemes	(50)	(50)	(50)	(50)
Transport and Highways	Sponsored information boards on the highway	(50)	(50)	(50)	(50)
Transport and Highways	Advertising on Bike Stands	(10)	(10)	(10)	(10)
Transport and Highways	Bi Borough Transport and Highways - Better Pricing	(150)	(150)	(150)	(150)
Transport and Highways	Football Traffic Management	(130)	(130)	(130)	(130)
Building and Property Management	Additional Income Advertising Hoardings	(200)	(200)	(200)	(200)
Building and Property Management	Technical Support Supplies and Services Budget	(80)	(80)	(80)	(80)
Building and Property Management	Utilities Budget	(200)	(200)	(200)	(200)

**Transport & Technical Services Budget Proposals**

Service	Description	2015-16 Budget Change (£,000's)	2016-17 Budget Change Cumulative (£,000's)	2017-18 Budget Change Cumulative (£,000's)	2018-19 Budget Change Cumulative (£,000's)
Environmental Health	Environmental Health Management budget saving	(104)	(104)	(104)	(104)
Planning	Charges for Letters to Solicitors	(10)	(10)	(10)	(10)
Planning	Pre-application income from households	(50)	(50)	(50)	(50)
Building and Property Management	Additional Income from accommodation income charged to new tenants	(100)	(100)	(100)	(100)
	<b>Total Efficiency Savings</b>	<b>(4,307)</b>	<b>(4,608)</b>	<b>(4,608)</b>	<b>(4,608)</b>
Transport and Highways	Pavement Advertising - Unrealised income target	250	250	250	250
Transport and Highways	Reduced recovery of professional fees on Transport and Highways projects	88	88	88	88
Cross Department	People Portfolio Budget Pressure	200	200	200	200
Cross Department	IT Budget pressure Storage projects etc.	175	175	175	175
Cross Department	Corporate Claw back of Redundancy Budget	130	130	130	130
Environmental Health	Loss of Earl's Court licencing income	82	82	82	82
	<b>Growth totalled</b>	<b>925</b>	<b>925</b>	<b>925</b>	<b>925</b>

**Centrally Managed Budgets Budget Proposals**

Service	Description	2015-16 Budget Change (£,000's)	2016-17 Budget Change Cumulative (£,000's)	2017-18 Budget Change Cumulative (£,000's)	2018-19 Budget Change Cumulative (£,000's)
Capital Debt Reduction	Debt Reduction Strategy	(550)	(1,100)	(1,350)	(1,600)
Corporate Finance	Cease contribution to dliaps/ property moves reserve	(949)	(949)	(949)	(949)
Corporate Finance	Release back provision for inflation	(400)	(400)	(400)	(400)
Corporate Finance	Saving in Redundancy Costs	(200)	(200)	(200)	(200)
Corporate Finance	Increase in investment income	(500)	(1,000)	(1,500)	(2,000)
Corporate Finance	Land Charges	(200)	(200)	(200)	(200)
Corporate Finance	Communications Efficiencies	(34)	(34)	(34)	(34)
Corporate Finance	Further productivity and other efficiencies from new ways of working	0	(13,895)	(26,183)	(39,059)
	<b>Total Efficiency Savings</b>	<b>(2,833)</b>	<b>(17,778)</b>	<b>(30,816)</b>	<b>(44,442)</b>
Corporate Finance	Pensions Act Reform - Loss of NI Rebate -	0	900	900	900
	<b>Total Growth</b>	<b>0</b>	<b>900</b>	<b>900</b>	<b>900</b>



**New Transformational Savings**

Service		2015-16 Budget Change (£,000's)	2016-17 Budget Change Cumulative (£,000's)	2017-18 Budget Change Cumulative (£,000's)	2018-19 Budget Change Cumulative (£,000's)
People Portfolio	Changing working patterns	(105)	(105)	(105)	(105)
People Portfolio	Graduate Attachments.	(235)	(235)	(235)	(235)
People Portfolio	Pay Strategy	(100)	(100)	(100)	(100)
	<b>Total Efficiency Savings</b>	<b>(440)</b>	<b>(440)</b>	<b>(440)</b>	<b>(440)</b>

**Departmental Risk/Challenges**

Division	Short Description of Risk	Risk			Comment
		2015/16 Value £000k	2016/17 Value £000k	2017/18 Value £000k	
<b>Environment, Leisure and Residents Services</b>					
Cleaner, Greener & Cultural Services	Sustained waste disposal tonnage increases over and above growth request.	405	405	405	
All	Potential changes to waste disposal legislation resulting in increased collection costs	TBC	TBC	TBC	
All	Additional financial burden on services from growing borough/new regeneration	TBC	TBC	TBC	
Safer Neighbourhoods	Hammersmith All Weather Pitch Lease Income - Potential Impact of new contract arrangements	70	70	70	
<b>Environment, Leisure and Residents Services Total</b>		<b>475</b>	<b>475</b>	<b>475</b>	
<b>Tri - Bi Borough Libraries &amp; Archives Service</b>					
Lending Library services	Fees and charges income from obsolete audio visual formats	10	20	30	The risk increases with growing obsolescence over time
Library services	Premises cost pressures	15	20	30	Utilities and service charges, above inflation cost pressures
<b>Tri - Bi Borough Libraries &amp; Archives Service Total</b>		<b>25</b>	<b>40</b>	<b>60</b>	
<b>Transport and Technical Services</b>					
Transport and Highways	Wi Fi Concession Income - the council is reliant on a share of the variable income	300	300	300	
Building and Property Management	Advertising Hoardings income can vary in accordance with the economic cycle	200	200	200	
Building and Property Management	Pausing advertising hoardings on council housing estates	26	26	26	
Parking	Parking Bay Suspensions - the receipts from this are largely dependent on the amount of development going on in the borough	539	539	539	
Parking	Change in legislation to not allow the use of CCTV for Parking Enforcement	1,300	1,300	1,300	
<b>Transport and Technical Services Total</b>		<b>2,365</b>	<b>2,365</b>	<b>2,365</b>	



## Departmental Risk/Challenges

Division	Short Description of Risk	Risk			Comment
		2015/16 Value £000k	2016/17 Value £000k	2017/18 Value £000k	
<b>Finance and Corporate Services</b>					
Finance	Transfer of Tri-borough Fraud staff to DWP Single Fraud Investigation Service	121	274	274	
Housing Benefits	Transfer of Housing Benefits to DWP's Universal Credit	TBC	TBC	TBC	
H+F Direct	Risk that H+F Direct budgets are underfunded.	295	295	295	
<b>Finance and Corporate Services Total</b>		<b>416</b>	<b>569</b>	<b>569</b>	
<b>Housing &amp; Regeneration</b>					
Temporary Accommodation	Impact of the benefit cap and direct payments on bad debt charges	362	589	1,097	
Temporary Accommodation	Welfare reform - potential impact on B&B costs	799	1,055	1,311	
Temporary Accommodation	Welfare reform: potential impact of changes to Local Housing Allowances on bad debt charges		323	348	
Temporary Accommodation	Greater than expected increase in Private Sector Leasing/Bed and Breakfast costs	305	793	1,298	This is the residual risk after deducting the £130k Growth bid included in this years budget.
<b>Housing &amp; Regeneration Total</b>		<b>1,466</b>	<b>2,760</b>	<b>4,054</b>	
<b>Children's' Services</b>					
Social Care	Staying Put and consequential costs of staying put arrangements	44	313	313	
Social Care	Youth Offending Service, children on remand becoming looked after. Impact on looked after and leaving care service provision	44	44	44	
Social Care	No Recourse To Public Funds	16	16	16	
Social Care	Kinship Fees related to the Tower Hamlets Judgement	315	481	481	
Social Care	Rising cost of support to care leavers in education over 21	18	127	127	
Social Care	18+ CWD not meeting ASC criteria	-	80	80	
Social Care	Transfer of the Health Visiting Service for children aged 0-5 yrs from NHS England to Local Authorities (from October 2015)	375	750	750	
Social Care	Passenger Transport	400	400	400	
<b>Children's' Services Total</b>		<b>1,212</b>	<b>2,211</b>	<b>2,211</b>	

## Departmental Risk/Challenges

Division	Short Description of Risk	Risk			Comment
		2015/16 Value £000k	2016/17 Value £000k	2017/18 Value £000k	
<b>Adult Social Care</b>					
Operations	There is an aging population, in London Borough of Hammersmith & Fulham growth is expected to be 1% per annum. We are currently experiencing increases in numbers during this financial year.	450	900	900	
Operations	Increase in demand for Older People, Physical Disabilities & Learning disabled people placements and care packages.	620	620	620	
Operations	Increase in demand Learning disabled transitions placements and care packages.	700	700	700	
Operations	The Care at Home new outcome based Service is out to tender and an estimated price has been modelled.	1,610	1,610	1,610	
Independent Living Fund	Changes to the Independent Living Fund (ILF) with potential shortfall in funding not passported to ASC	697	929	929	
Operations	Investment from health through the Better Care Fund has been agreed for 2015/16 only. There is uncertainty over future years funding.	-	2,000	2,000	
<b>Adult Social Care Total</b>		<b>4,077</b>	<b>6,759</b>	<b>6,759</b>	
<b>Centrally Managed Budgets</b>					
Corporate	Asset Disposal Programme - delay	60	120	120	
Corporate	Contract Inflation -Above expectation	900	1,800	1,800	Risk that contract inflation is more (1%) than allowed for.
Corporate	Pay inflation - Above expectation	-	2,250	2,250	
Corporate	Pensions Auto Enrolment Oct 2017	-	-	2,380	
Corporate	Potential transfer of Land Charges to Land Registry	TBC	TBC	TBC	
Corporate	Investment income	900	900	900	
<b>Centrally Managed Budgets Total</b>		<b>1,860</b>	<b>4,170</b>	<b>6,550</b>	
<b>Grand Total</b>		<b>11,896</b>	<b>19,349</b>	<b>23,043</b>	

<b>Government Grant</b>	Actual 2014/15 £'000	Provisional 2015/16 LGFS £'000	
<b>Revenue Support Grant</b>	<b>66,647</b>	<b>47,429</b>	Includes 2014/15 Council Tax Freeze Grant
<b>Other Unringfenced Grants</b>			
Flood Defence Grant	172	115	
Housing Benefit & Council Tax Administration Grant	1,989	1,751	
New Homes Bonus Grant	4,638	4,105	Estimated,
Reallocated New Homes Bonus Grant	189	183	
Social Fund Programme Fund	703	0	Rolled into RSG for 15/16
Community Right to Challenge	17	0	
Local Reform & Community Voices	166	124	Excludes prison social care
Council Tax Support New Budens Grant	130	52	
Education Support Grant	1,500	1,432	
2015/16 Council Tax Freeze Grant	0	618	
<b>Total Other Unringfenced Grants</b>	<b>9,504</b>	<b>8,380</b>	
<b>Total Unringfenced Grants</b>	<b>76,151</b>	<b>55,809</b>	
<b>New Duties</b>			
Care Act 2014 - Grant for New Adult Social Care Duties		840	Includes prison social care.

### Adult Social Care Fees and Charges - Exceptions to the 2.4% Increase

Fee Description	2014/15 Charge (£)	2015/16 Charge (£)	Proposed Variation (%)	Total Estimated Income Stream for 2015/16	Reason for uplift/Comments
Meals service charges	4.5	3	-34%	70,000	A reduction of £1.50 has been proposed based on the average meals charge across London Boroughs.
Home Care Charges	12	0	-100%	0	In December 2014 the administration, as part of its commitment for social inclusion and improving adult social care and in line with its election manifesto pledge, signalled its intention to abolish charges for home care. A separate report is on the agenda of this meeting which considers the implication of Adults Social Care Charging policy and recommendations.
<b>1. Careline Alarm Gold Service (Pendant) - Emergency Response &amp; Monitoring Service</b>					
Provided to Private Homeowners and Private tenants	22.89	22.89	0.00%	45,900	
Provided to Housing Association (RSL) tenants	17.02	17.02	0.00%	17,100	
Provided to Council Tenants (Non Sheltered)	3.94	3.94	0.00%	11,100	
Provided to Council Tenants (Sheltered)	2.19	2.19	0.00%	4,100	
Provided to SSD Referred Clients (Paid by SSD)	1.55	1.55	0.00%	2,000	
<b>2. Careline Alarm Silver Service (Pendant) - Monitoring Service only</b>					
Provided to Private Homeowners and Private tenants	15.94	15.94	0.00%	15,600	
Provided to Housing Association (RSL) tenants	10.19	10.19	0.00%	3,000	
Provided to Council Tenants (Non Sheltered)	2.35	2.35	0.00%	2,700	
<b>3. Careline Alarm Gold Service (Pull cord) - Emergency Response &amp; Monitoring Service</b>					
(A) Provided to Registered Social Landlord Sheltered Accommodations (RSL Financed)	1.56	1.56	0.00%	22,900	

### Children's Services Fees and Charges - Exceptions to the 2.4% Increase

Fee Description	2014/15 Charge (£)	2015/16 Charge (£)	Proposed Variation (%)	Total Estimated Income Stream for 2015/16	Reason for uplift
<b>School Meal Fees</b>					
School Meals- Primary (Pupils)	2.52	2.52	0%	£3,858,135	
School Meals- Secondary (Pupils)	1.90	1.90	0%		
School Meals- Primary (Adults)	3.15	3.15	0%		
School Meals- Secondary (Adults)	3.15	3.15	0%		
<b>Professional Development Centre</b>					
Education Staff					
Meeting Room	80.00	80.00	0%		

Fee Description	2014/15 Charge (£)	2015/16 Charge (£)	Proposed Variation (%)	Total Estimated Income Stream for 2015/16	Reason for uplift/Comments
Boardroom	165.00	165.00	0%	£127,200	Review indicates that an increase could make the hire of rooms at the professional development Centre (Lilla Husset) uncompetitive.
Training Suite	195.00	195.00	0%		
Conference Room	245.00	245.00	0%		
LBHF EX EDU					
Meeting Room	110.00	110.00	0%		
Boardroom	220.00	220.00	0%		
Training Suite	245.00	245.00	0%		
Conference Room	300.00	300.00	0%		
External Users					
Meeting Room	100.00	100.00	0%		
Boardroom	250.00	250.00	0%		
Training Suite	375.00	375.00	0%		
Conference Room	400.00	400.00	0%		

### Housing and Regeneration Department Fees and Charges - Exceptions to the 2.4% Increase

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Fee Description	2014/15 Charge (£)	2015/16 Charge (£)	Proposed Variation (%)	Total Estimated Income Stream for 2015/16	Reason for uplift
<b>Adult Education</b>					
Fees and Charges			0%	£634,700	
Hall and Room lettings			0%	£6,000	
<b>Private Sector Leasing</b>					
Private Sector Leasing Water Charges	Varies	Varies	Subject to water company increase, expected in January 2015	£67,200 for 2015/16; dependent on the number of clients	The charge is determined by the annual increase set by the water companies.
Private Sector Leasing Rent (average per week)	£301.09 as at 1st September 2013	£298.04 as at 1st September 2014	Nil	£11.5m (2015/16 Estimates, based on 775 units with 4% void at the weekly rent of £298.04)	Since April 2012, the PSL rent threshold has been based on the January 2011 Local Housing Allowance (LHA). The LHA varies according to changes in market rents, the location of the property and its bedroom size. The threshold formula is 90% of LHA plus £40 and subject to a cap of £500 on Inner London and Outer South West London Broad Rental Market Areas (BRMA) and a cap of £375 on other BRMAs.
<b>Bed and Breakfast Temporary Accommodation</b>					

Fee Description	2014/15 Charge (£)	2015/16 Charge (£)	Proposed Variation (%)	Total Estimated Income Stream for 2015/16	Reason for uplift/Comments
B & B Rent Single/Family (Average per week)	£215.56 as at 1st September 2013	£213.49 as at 1st September 2014	Nil	£1.9m (2015/16 Estimates, based 175 tenants at the weekly rent of £213.49)	Since April 2012, the B&B rent threshold has been based on the January 2011 Local Housing Allowance (LHA). The LHA varies according to changes in market rents, the location of the property and its bedroom size. This fee is the LHA threshold for one bedroom properties.
B & B Amenity Charges - Single Adult	10.45	10.45	0.0%	£59,100 (2015/16 Estimates, based on 175 tenants)	No uplift is proposed for 2015/16.
B & B Amenity Charges - Two Adults and Children	13.36	13.36	0.0%		
B & B Amenity Charges - Single Adult & Children	11.02	11.02	0.0%		
B & B Amenity Charges - Two Adults and Children	13.92	13.92	0.0%		
B & B Amenity Charges - Three Adults and Children	16.93	16.93	0.0%		
B & B Amenity Charges - Four Adults and Children	19.72	19.72	0.0%		
B & B Amenity Charges - any additional adult	2.89	2.89	0.0%		

### **Libraries & Archives Service Fees and Charges - Exceptions to the 2.4% Increase**

Fee Description	2014/15 Charge (£)	2015/16 Charge (£)	Proposed Variation (%)	Total Estimated Income Stream for 2015/16	Reason for uplift
No increases proposed in 2015/16			0%	£137,400	

Fee Description	2014/15 Charge (£)	2015/16 Charge (£)	Proposed Variation (%)	Total Estimated Income Stream for 2015/16	Reason for uplift/Comments
<b>Transport &amp; Technical Services Fees and Charges - Exceptions to the 2.4% Increase</b>					
Fee Description	2014/15 Charge (£)	2015/16 Charge (£)	Proposed Variation (%)	Total Estimated Income Stream for 2015/16	Reason for uplift
<b>Parking - Parking Permits</b>					
Residents Individual's first permit (6mths)	71	71	0%	£3,853,500	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).
Residents Individual's first permit (Yearly)	119	119	0%		
Discounted permit charges (Green vehicles)	60	60	0%		
<b>Parking - Pay &amp; Display</b>					
Per Hour	2	2	0%	£12,598,900	Parking charges will be reviewed separately as part of the Congestion Management Strategy
Zone A	3	3	0%		
Visitors	2	2	0%		
<b>Parking - Suspension of Parking Bay</b>					
1-5 Days	40	40	0%	£1,380,300	The graduated suspensions charges are linked to the pay & display charges therefore we should hold the charges as present. Will be reviewed along with pay and display charges.
6-42 Days	60	60	0%		
43 days +	80	80	0%		
<b>Parking - Building Control</b>					
Schedule A	Various, depending on size and type of work	Various, depending on size and type of work	0%	£946,900.00	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 seeing as the differentiator. For these reasons we believe in order to maintain our current market share fees should not be increased.
Schedule B - Building Notice	Various, depending on size and type of work	Various, depending on size and type of work	0%		
Exempt Building Works Consent	100	100	0%		
Retrieval of archived Files and Records, & Investigation and Retrieval of Microfiche data	100	100	0%		
Resurrection of 'old' jobs where no completion inspection had been requested or carried out, and for subsequent issuing of completion letters	200	200	0%		
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%		

Fee Description	2014/15 Charge (£)	2015/16 Charge (£)	Proposed Variation (%)	Total Estimated Income Stream for 2015/16	Reason for uplift/Comments
<b>Environmental Health - Licences general</b>					
Rag Flock Licences			Deleted		Rag Flock legislation has been repealed and all related fees should be deleted
Game Dealers Licences			Deleted		Game dealers legislation has been repealed and all related fees should be deleted
<b>Environmental Health - Pest Control</b>					
Wasps	60	60	0%		
Commercial Charge	£91 for up to 1 hour, £45 per 30 minutes thereafter (excl VAT)	£91 for up to 1 hour, £45 per 30 minutes thereafter (excl VAT)	0%	As part of Pest Control Budget £142,300	Freeze - In order to remain competitive, prices should be freezeed to maintain existing customer and obtain new customers
<b>Environmental Health - Reception Services</b>					
Land Charge Fees - (Non NLIS)	265	265	0%		
Land Charge Fees - Full search (NLIS)	225	225	0%		
Land Charge Fees - Part II enquiries	14	14	0%		
Land Charge Fees - Additional enquiries	24	24	0%		
Land Charge Fees - Additional parcels	24	24	0%		
Copying Fees - Copy of TPO	14	14	0%		
Copying Fees - Copy of legal agreements	14	14	0%		
Solicitor Enquiries	100	100	0%		
Copying Charges for various documents - AO	7	7	0%		
Copying Charges for various documents - A1	6	6	0%		
Copying Charges for various documents - A3	2	2	0%		
Copying Charges for various documents - A4	1	1	0%		
Copying Charges for various documents - Decision Notice	6	6	0%		
Copying Charges for Planning Documents - Decision Notice	15	15	0%		
Copying Charges for Planning Documents - TPO	15	15	0%		
Copying Charges for Planning Documents - Sect 106	25	25	0%		
Copying Charges for Planning Documents - Article 4	15	15	0%		
Copying Charges for Planning Documents - Enforcement Notice	15	15	0%		
Copying Charges for Planning Documents - Plans AO	11	11	0%		
Copying Charges for Planning Documents - Plans A1	9	9	0%		
Copying Charges for Planning Documents - Plans A3	5	5	0%		
Copying Charges for Planning Documents - Plans A4	3	3	0%		
<b>Environmental Health - Environmental Quality</b>					
Demolition Notice S80 Building Act	163	150	-8%		The fees for Demolition Notices should not rise with inflation as they are periodically reviewed and benchmarked against similar fees charged by other local authorities.
Pre-Application Advice	150	150	0%		Reflects Planning Pre Application Fees
<b>Environmental Health - Planning - Pre App Scheme</b>					
Extensions and alterations to houses and flats not including Basements	£150 - £300 Plus £250 follow up AND £400 plus £350 follow up	£150 - £300 Plus £250 follow up AND £400 plus £350 follow up	0%		
Extensions and alterations to houses and flats including Basements	£400 - £600 plus £450 follow up AND £700 plus £550 follow up	£400 - £600 plus £450 follow up AND £700 plus £550 follow up	0%		
Local Community Groups	200	300	0%		



Fee Description	2014/15 Charge (£)	2015/16 Charge (£)	Proposed Variation (%)	Total Estimated Income Stream for 2015/16	Reason for uplift/Comments
Advertisements	£350 plus £300 follow up AND £400 plus £350 follow up	£350 plus £300 follow up AND £400 plus £350 follow up	0%	£404,000	The fees have recently been substantially increase (in some cases doubled) to the maximum that we think we can reasonably charge and we are concerned that any further increases may result in the system being unattractive to users; and the increases would destroy the simplicity of the scheme.
Telecommunications	£350 plus £300 follow up AND £400 plus £350 follow up	£350 plus £300 follow up AND £400 plus £350 follow up	0%		
Details Required by Condition	250 AND £400 plus £350 follow up	250 AND £400 plus £350 follow up	0%		
Internal Alterations to listed buildings where planning permission is not required	£300 plus £250 follow up AND £400 plus £350 follow up	£300 plus £250 follow up AND £400 plus £350 follow up	0%		
Residential Schemes - 1-4 Units	£300 plus £450 follow up AND £900 plus £800 follow up	£300 plus £450 follow up AND £900 plus £800 follow up	0%		
Residential Schemes - 5-9 Units	£1800 plus £1300 follow up AND £2000 plus £1800 follow up	£1800 plus £1300 follow up AND £2000 plus £1800 follow up	0%		
Residential Schemes - 10-49 Units	£2500 - £3000 plus £2400 Follow up AND £3000 plus £2400 follow up	£2500 - £3000 plus £2400 Follow up AND £3000 plus £2400 follow up	0%		
Residential Schemes - 50-199 Units	£4000 - £5000 plus £4000 follow up AND £5000 plus £4000 follow up	£4000 - £5000 plus £4000 follow up AND £5000 plus £4000 follow up	0%		
Residential Schemes - Over 200 Units	£7000 - £7500 plus £5000 follow up AND £8000 plus £6000 follow up	£7000 - £7500 plus £5000 follow up AND £8000 plus £6000 follow up	0%		
Non – Residential Schemes - No New Floorspace – 100m <sup>2</sup>	£450 plus £400 follow up AND £700 plus £500 follow up	£450 plus £400 follow up AND £700 plus £500 follow up	0%		
Non – Residential Schemes - 100 - 499m <sup>2</sup> Floorspace	£700 plus £450 follow up AND £800 plus £550 follow up	£700 plus £450 follow up AND £800 plus £550 follow up	0%		
Non – Residential Schemes - 500 - 999m <sup>2</sup> Floorspace	£2000 plus £1500 follow up AND £2200 plus £1600 follow up	£2000 plus £1500 follow up AND £2200 plus £1600 follow up	0%		
Non – Residential Schemes - 1000 - 4999m <sup>2</sup> Floorspace	£2500 - £2750 plus £2250 follow up AND £3000 plus £2500 follow up	£2500 - £2750 plus £2250 follow up AND £3000 plus £2500 follow up	0%		
Non – Residential Schemes - 5000 - 9999m <sup>2</sup> Floorspace	£4000 - £4750 plus £4250 follow up AND £5000 plus £4500 follow up	£4000 - £4750 plus £4250 follow up AND £5000 plus £4500 follow up	0%		
Non – Residential Schemes - over 10000m <sup>2</sup> Floorspace	£7000 - £8000 plus £5500 follow up AND £8500 plus £7500 follow up	£7000 - £8000 plus £5500 follow up AND £8500 plus £7500 follow up	0%		

Fee Description	2014/15 Charge (£)	2015/16 Charge (£)	Proposed Variation (%)	Total Estimated Income Stream for 2015/16	Reason for uplift/Comments
A) Very minor	55 AND 107	56 AND 107	0%		
B) Minor Scale/Complexity Development	438 AND 658	439 AND 658	0%		
C) Medium Scale/Complexity Development	887 AND 1331	888 AND 1331	0%		
D) Major Scale/Complexity Development	1775 AND 2662	1776 AND 2662	0%		
E) Large Scale Major	£3324 for first meeting and then subsequent meetings at £1630 each	£3324 for first meeting and then subsequent meetings at £1630 each	0%		
F) Advice on conditions	A) - £57; B/C) £57; D/E) Charge will be negotiated based on officer charge out rates AND 57	A) - £57; B/C) £57; D/E) Charge will be negotiated based on officer charge out rates AND 57	0%		
H) Hourly Rates - Director	350	350	0%		
H) Hourly Rates - Head of Service	250	250	0%		
H) Hourly Rates - Team Leader	200	200	0%		
H) Hourly Rates - Deputy Team Leader	175	175	0%		
H) Hourly Rates - Principal Planning Officer	165	165	0%		
H) Hourly Rates - Planning Officer	150	150	0%		
H) Hourly Rates - Technician	80	80	0%		
H) Hourly Rates - Highways Officer	150	150	0%		
H) Hourly Rates - Pollution Officer	150	150	0%		
H) Hourly Rates - Housing Officer	150	150	0%		
<b>Planning - Fixed Price PPA</b>					
Fixed Price Planning Performance Agreements	£25000 + VAT	£25000 + VAT	0%	£150,000	
Householder Planning Package	500	500	0%		
<b>Planning - CIL</b>					
Mayor of London CIL Charge - All uses except stated	£50/m2	£50/m2	0%	£0	Outside of council's control as it is set by the Mayor and then we collect the Income. All income is passed onto the Mayor, with 4% retained to cover administration costs.
Mayor of London CIL Charge - Education and health	£0/m2	£0/m2	0%		
LBHF Borough CIL Charge - Residential - South	400	400	0%		
LBHF Borough CIL Charge - Residential - Central A	200	200	0%		
LBHF Borough CIL Charge - Residential - Central B	200	200	0%		
LBHF Borough CIL Charge - Residential - North	100	100	0%		
LBHF Borough CIL Charge - Health and Education - Central A	80	80	0%		

Fee Description	2014/15 Charge (£)	2015/16 Charge (£)	Proposed Variation (%)	Total Estimated Income Stream for 2015/16	Reason for uplift/Comments
LBHF Borough CIL Charge - All uses unless otherwise stated - South	80	80	0%		
LBHF Borough CIL Charge - All uses unless otherwise stated Central A	80	80	0%		
LBHF Borough CIL Charge - All uses unless otherwise stated - Central B	80	80	0%		
LBHF Borough CIL Charge - All uses unless otherwise stated - North	80	80	0%		
<b>Highways - Preparation of temporary and emergency traffic orders</b>					
Temporary Orders (up to 18 months)	2,127	2,127	0%	£108,000	Advertising costs having gone down and we are legally only allowed to recover costs.
Emergency Orders	1,273	1,273	0%		
Waiting and Loading Waver	429	429	0%		

### Environment, Leisure and Resident's Services Fees and Charges - Exceptions to the 2.4% Increase

Fee Description	2014/15 Charge (£)	2015/16 Charge (£)	Proposed Variation (%)	Total Estimated Income Stream for 2015/16	Reason for uplift		
<b>BULKY HOUSEHOLD WASTE</b>							
<b>Household Bulky Collections - VAT Zero rated</b>							
Up to 10 items of unwanted household furniture, electrical items/appliances or similar items	£27.60	£24.85	-10.0%	£160,000	Price reduced to encourage service take up by households		
<b>Household Derived Builder's Rubble - VAT Zero rated</b>							
Minimum charge for up to 5 sacks of household derived builders rubble	£30.00	£27.00	-10.0%				
Further items charged per additional sack	£3.00	£2.70	-10.0%				
<b>Bathroom Suites (items include bath, toilet, hand basin &amp; shower stand)</b>							
Five items	£30.00	£27.00	-10.0%				
Further items charged per additional item	£5.75	£5.20	-9.6%				
<b>Household Fencing Waste</b>							
First 5 panels	£35.00	£31.50	-10.0%				
Additional Panels	£5.75	£5.20	-9.6%				
Broken down sheds	£60.00	£54.00	-10.0%				
<b>BULKY COMMERCIAL WASTE</b>							
Bulky Waste Collection (e.g. Fridge / Freezer Collection)	POA	POA	N/A	£78,000	Price on application to cover cost of collection, disposal and administration		
Two fridges / freezers	POA	POA	N/A				
Three fridges / freezers	POA	POA	N/A				
<b>STREET SCENE ENFORCEMENT (ZERO VAT)</b>							
Fixed Penalty Notices	£40-£300	£40-£300	0.0%		Set in accordance with Defra/ Home Office guidance and various statutes		
<b>LETTINGS - Zero Rated VAT (Hourly Rates)</b>							
<b>HTH ASSEMBLY HALL</b>							
Weekday evenings (Mon-Thurs, 5pm-midnight, 4 hour minimum charge)	£270.00	£276.00	2.2%				
Weekend (Friday/Saturdays/Sundays after midnight)	£405.00	£414.00	2.2%				

Fee Description	2014/15 Charge (£)	2015/16 Charge (£)	Proposed Variation (%)	Total Estimated Income Stream for 2015/16	Reason for uplift/Comments
Promoted ticketed events (Mon-Sun all day to midnight, 5 hour minimum charge)	£475.00	£486.00	2.3%	£774,200	Inflationary uplift only, rounded down to sensible denominations
Bank Holiday Mondays, New Years Eve Supplement	Charge + 15%	Charge + 15%	0.0%		
New Years Eve falling on a Sunday	Charge + 15%	Charge + 15%	0.0%		
<b>HTH SMALL HALL</b>					
Weekday (Mon-Fri, 9am-7pm, 4 hour minimum charge)	£80.00	£81.50	1.9%		
<i>Set Up / Break down Hourly rate is half that of the main event rate as follows:</i>					
Weekday evening (Mon-Thurs, 5pm-midnight, 4 hour minimum charge)	£110.00	£112.00	1.8%		
Weekday evenings (Mon-Thurs, after midnight)	£165.00	£168.00	1.8%		
Weekend (Friday from 5pm & all day to midnight Saturdays/Sundays, 4 hour minimum charge)	£130.00	£133.00	2.3%		
Weekend (Fri-Sun after midnight)	£195.00	£199.00	2.1%		
<b>HTH COMMITTEE ROOM 1 / COURTYARD ROOM</b>					
Weekday (Mon-Thurs, 7am-midnight, 4 hour minimum charge)	£55.00	£56.00	1.8%		
Weekday evenings (Mon-Thurs, after midnight)	£82.50	£84.00	1.8%		
Weekday (Fri-Sun, 7am-midnight, 4 hour minimum charge)	£75.00	£76.50	2.0%		
Weekend (Fri-Sun after midnight)	£115.00	£117.50	2.2%		
<b>HTH COMMITTEE ROOMS 2/3/4</b>					
Weekday (Mon-Thurs, 7am-midnight, 4 hour minimum charge)	£40.00	£40.90	2.3%		
Weekday (Mon-Thurs after midnight)	£60.00	£61.00	1.7%		
Weekend (Fri-Sun, 7am-midnight, 4 hour minimum charge)	£55.00	£56.00	1.8%		
Weekend (Fri-Sun, after midnight)	£80.00	£81.50	1.9%		
<b>HIRE OF PARKS &amp; OPEN SPACES FOR EVENTS - CHARGES PER DAY (based on 8 hours)</b>					
Non Ticketed / Non Sponsored Events	£835.00	£854.00	2.3%		
Promotional activity - roaming	£315.00	£322.00	2.2%		
Promotional activity - fixed per space	£1,250.00	£1,279.00	2.3%		
Fairground - Autumn/Winter rate	£330.00	£337.00	2.1%		
Fairground - Summer/Spring rate	£1,250.00	£1,279.00	2.3%		
Sports event e.g. Race for Life (per head)	£2.60	£2.65	1.9%		
<b>ADD ON SUPPLEMENTS</b>					
Supplement for Sale of Alcohol - per Event	£300.00	£307.00	2.3%		
Supplement for Marquee - per Marquee	£300.00	£307.00	2.3%		
Supplement for small structures (e.g. gazebo, porta loo) - per structure	£220.00	£225.00	2.3%		
Supplement for other structures and provisions	£220.00	£225.00	2.3%		
<b>FILMING/PHOTOGRAPHY</b>					
<b>FILMING/PHOTOGRAPHY IN PARKS</b>					
Flagship Sites	£150.00	£153.00	2.0%		

Fee Description	2014/15 Charge (£)	2015/16 Charge (£)	Proposed Variation (%)	Total Estimated Income Stream for 2015/16	Reason for uplift/Comments
<b>FILMING/PHOTOGRAPHY ON STREET</b>					
Notice of no objection	£100.00	£102.00	2.0%		
<b>OTHER EVENTS /FILMING FEES</b>					
Security per hour	£21.17	£21.65	2.3%	£60,300	Inflationary uplift only, rounded down to sensible denominations
Electricians per hour	£37.00	£37.80	2.2%		
<b>Location Fee</b>					
Schools	25% passing on fee	25% passing on fee	0.0%		
Fulham Palace	25% passing on fee	25% passing on fee	0.0%		
Community Centres	25% passing on fee	25% passing on fee	0.0%		
<b>REGISTRATION OF BIRTHS, DEATHS &amp; MARRIAGES</b>					
<b>Civil Marriage/Civil Partnership/Naming Ceremonies/Vow Renewals (including rehearsals)</b>					
<b>Register Office, Hammersmith Town Hall</b>					
Monday Only	£45.00	£46.00	2.2%		Statutory fee (excludes cost of certificate)
<b>Mayor's Parlour, Hammersmith Town Hall (Register Office)</b>					
Monday - Thursday	£163.00	£166.00	1.8%		Inflationary uplift only, rounded down to sensible denominations
Friday	£235.00	£240.00	2.1%		
<b>Riverside Room, Hammersmith Town Hall</b>					
Monday - Thursday	£132.00	£135.00	2.3%		
Friday	£204.00	£208.00	2.0%		Inflationary uplift only, rounded down to sensible denominations
Saturday	£204.00	£208.00	2.0%		
<b>Naming Ceremonies / Vow Renewals</b>					
Mon - Thur (Riverside Room)	£132.00	£131.00	-0.8%		
Fri - Sat (Riverside Room)	£204.00	£204.00	0.0%		
Mon - Thurs (Approved Venues)	£340.00	£342.00	0.6%		To bring in line with market prices
Friday - Sat (Approved Venues)	£424.00	£428.00	0.9%		
Sun/Bank Holidays (Approved Venues)	£550.00	£556.00	1.1%		
<b>Fee for attendance at places of worship</b>					
Fee for attendance at places of worship	£84.00	£85.00	1.2%		Statutory fee (excludes cost of certificate)
<b>Copy Certificates</b>					
Copy certificate at time of registration	£4.00	£4.00	0.0%	£532,800	
Copy certificate in current register	£7.00	£7.00	0.0%		Statutory Fee
Copy certificate from historical records	£10.00	£10.00	0.0%		
Same day service for copy certificates - Price on application		POA			Premium service. Price on application
<b>Cancellation &amp; Booking Changes</b>					
Single applicant cancellation fee for notices	£35.00	£35.00	0.0%		

Fee Description	2014/15 Charge (£)	2015/16 Charge (£)	Proposed Variation (%)	Total Estimated Income Stream for 2015/16	Reason for uplift/Comments	
Couples cancellation fee for notices	£70.00	£70.00	0.0%		Charges were only recently introduced - impact still being assessed	
Cancellation of ceremony fee	£35.00	£35.00	0.0%			
Rebooking fee: Mon-Thur Register office and Riverside Room	£35.00	£35.00	0.0%			
Rebooking fee: Fri and Sat Riverside Room	£45.00	£45.00	0.0%			
Approved premise cancellation & rebooking fee	£70.00	£70.00	0.0%			
Registrars attending rehearsal at approved premise	£140.00	£140.00	0.0%			
<b>Nationality Checking Service Fees</b>						
Nationality Checking Service - Price on Application	Various	POA	Variable			Premium service. Price on application
<b>Citizenship Ceremony fees</b>						
Individual citizenship ceremony weekday	£100.00	£100.00	0.0%			To bring in line with market prices
Individual citizenship ceremony - Saturday	£160.00	£125.00	-21.9%			
Group Ceremony Fees - Sat	£100.00	£50.00	-50.0%			
<b>Settlement Checking</b>						
Adult	£80.00	£80.00	0.0%	Price still relative to the market		
Dependent	£25.00	£25.00	0.0%			
<b>STREET TRADING CHARGES</b>				£340,100	Inflationary uplift only, rounded down to sensible denominations	
<b>LBHF STREET &amp; MARKET TRADERS - Weekly charges</b>						
1 day per week (Standard Stall)	£20.40	£20.90	2.0%			
2 days per week (Extended)	£41.82	£42.80	2.3%			
6 days per week (Standard)	£83.64	£85.60	2.3%			
<i>An additional charge of £10 per day will be payable for trading on Friday and/or Saturday</i>						
<b>News Vendors (daily charges)</b>						
Temporary Licences for casual traders at street markets (per day)						
Mon-Thurs (Standard)	£20.40	£20.85	2.2%			
Fri/Sat (Standard)	£30.60	£31.30	2.3%			
Fri/Sat (Extended)	£39.78	£40.70	2.3%			
<i>* An additional charge of £10 will be payable for trading on Friday and/or Saturday</i>						
<b>DISTRIBUTION OF FREE LITERATURE LICENCES (Zero VAT)</b>						
Additional Fee for applications over 1 Month (£ per month)	£10.00	£10.20	2.0%			To cover the administration and management costs
Each Additional Distributor at each Site	£26.25	£26.85	2.3%			Inflationary uplift only, rounded down to sensible denominations
Administration charge for alterations to licenses which have already been issued	£40.00	£40.90	2.3%	To cover the administration and management costs		
<b>COMMUNITY SAFETY</b>				£0	Minimal income generated. Price already covers administration costs	
Motorcycle recovery - individual	£50.00	£50.00	0.0%			
Motorcycle recovery - insurance company	£100.00	£100.00	0.0%			
Return of Stray Dogs to Owners	£75.00	£75.00	0.0%			

Fee Description	2014/15 Charge (£)	2015/16 Charge (£)	Proposed Variation (%)	Total Estimated Income Stream for 2015/16	Reason for uplift/Comments		
<b>ANTI SOCIAL BEHAVIOUR</b>							
Anti Social Behaviour investigations - casework (per hour)	£100.00	£100.00	0.0%	£5,000	Current price is competitive		
Anti Social Behaviour investigations - Professional Witness Service (per hour)	N/A	£35.00	New Charge		To cover staff costs. Charged mainly to Housing Associations.		
<b>MORTUARY SERVICES</b>							
Infectious cases from Kingston Hospital to Fulham Mortuary	£960.00	£960.00	0.0%	£35,000	Unit cost of Post Mortems has remained static		
Second Post Mortem charge to solicitors	£660.00	£660.00	0.0%				
<b>TRANSPORT</b>							
Parts	Cost + 10.5%	Cost + 10.5%	0.0%	£1,132,000	Current price is competitive		
Fuel - Diesel / Petrol / LPG	Cost + 8.5 to 10.5%	Cost + 8.5 to 10.5%	0.0%				
Ad Hoc Vehicle Hire	Cost + 10.5%	Cost + 10.5%	0.0%				
Management and Administration Charge	Total Cost (excluding Fuel and	Total Cost (excluding Fuel and	0.0%				
Labour Rate per hour (prices starting at)	from £45	from £45	0.0%				
<b>LEISURE IN PARKS</b>							
<b>FOOTBALL (GRASS PITCHES) - LBHF</b>							
<i>Inclusive of Changing Rooms &amp; Nets/Flags</i>							
Junior-Size Pitch Per Game	£52.00	£53.00	1.9%				
5-side pitch per hour	£35.00	£35.80	2.3%				
Per Pitch Per Hour - In Borough State Schools	£40.00	£40.90	2.3%				
<b>11-A-SIDE ALL-WEATHER PITCHES (11AWP)</b>							
<i>Inclusive of Pitch Hire Only</i>							
Per Pitch Per Hour - In Borough State Schools	£40.00	£40.90	2.3%				
<b>5-A-SIDE ALL-WEATHER PITCHES (5AWP)</b>							
<i>Inclusive of Pitch Hire Only</i>							
Per Pitch Per Hour - In Borough State Schools	£25.00	£25.50	2.0%				
Per Pitch Per Hour - Out of Borough & Private Schools	£32.00	£32.70	2.2%				
<b>RUGBY / GAELIC FOOTBALL / LA CROSSE / HOCKEY / AUSTRALIAN RULES</b>							
<i>Inclusive of Changing Rooms</i>							
Per Pitch Per Hour - In Borough State Schools	£40.00	£40.90	2.3%				
<b>CRICKET PITCH - LBHF</b>							
<i>Inclusive of Changing Rooms. No Stumps, Equipment, Etc Provided</i>							
Per Pitch Per Game - Weekend	£115.00	£117.50	2.2%				
Per Pitch Per Game - Weekday	£95.00	£97.00	2.1%				
Per Pitch Per Game - Weekday (Inclusive of Nets)	£105.00	£107.00	1.9%				
Per Pitch Per Game - Bank Holiday	£120.00	£122.50	2.1%				
Per Pitch Per Game - Bank Holiday (Inclusive of Nets)	£130.00	£133.00	2.3%				

Fee Description	2014/15 Charge (£)	2015/16 Charge (£)	Proposed Variation (%)	Total Estimated Income Stream for 2015/16	Reason for uplift/Comments
Per Pitch Per Hour - In Borough State Schools	£40.00	£40.90	2.3%		
<b>CRICKET (NETS)</b>					
<i>Inclusive of Net Hire only, where requested without a pitch.</i>					
Per Pair Per Hour	£15.00	£15.30	2.0%		
Per Pair Per Hour - In-Borough State Schools	£12.00	£12.20	1.7%		
Per Pair Per Hour - Out of Borough and Private Schools	£14.40	£14.70	2.1%		
<b>ROUNDERS/BASEBALL</b>					
<i>Inclusive of Changing Rooms.</i>					
Per Pitch Per Hour - In Borough State Schools	£40.00	£40.90	2.3%		
<b>MINI BASEBALL</b>					
<i>Inclusive of Pitch Hire Only</i>					
Per Pitch Per Game	£60.00	£61.00	1.7%		
<b>SOFTBALL</b>					
<i>Inclusive of Pitch Hire Only</i>					
Per Pitch Per Hour - In Borough State Schools	£40.00	£40.90	2.3%		
<b>BIKE POLO</b>					
<i>Inclusive of Pitch Hire Only</i>					
<b>TOUCH/TAG RUGBY</b>					
<i>Inclusive of Pitch Hire Only</i>					
Per Pitch Per Game	£45.00	£46.00	2.2%		
Per Pitch Per Hour - In Borough State Schools	£40.00	£40.90	2.3%		
<b>ATHLETICS &amp; SPORTS DAYS - HURLINGHAM PARK &amp; SOUTH PARK</b>					
<i>Inclusive of Line Markings (100m Track) &amp; Changing Rooms</i>					
Per Space Per Hour	£60.00	£61.00	1.7%		
Per Space Per Hour - In Borough State Schools	£40.00	£40.90	2.3%		
<i>Inclusive of Pitch Hire Only</i>					
Per Space Per Hour	£50.00	£51.00	2.0%		
<b>ATHLETICS &amp; SPORTS DAYS - RAVENSCOURT PARK, BROOK GREEN, BISHOPS PARK &amp; LILLIE ROAD REC</b>					
<i>Inclusive of Pitch Hire Only</i>					
Per Space Per Hour	£28.00	£28.60	2.1%		
Per Space Per Hour - In Borough State Schools	£25.00	£25.50	2.0%		
Per Space Per Hour - Out of Borough & Private Schools	£32.00	£32.70	2.2%		
<b>TENNIS - LBHF</b>					
Pay & Play Per Hour	£9.50	£9.70	2.1%		
Pre Booked Per Hour (Minimum 5 bookings)	£7.00	£7.10	1.4%		



Fee Description	2014/15 Charge (£)	2015/16 Charge (£)	Proposed Variation (%)	Total Estimated Income Stream for 2015/16	Reason for uplift/Comments
Pay & Play Per Hour - Youth (U18)	£3.50	£3.50	0.0%		
Pre-Booked Per Hour - School	£3.50	£3.50	0.0%		
Pay & Play Per Hour (Adult)	£11.00	£11.20	1.8%		
Pre Booked Per Hour (Charge for 5 minimum bookings)	£35.00	£35.80	2.3%		
Pay & Play Per Hour - Youth (U16) - was U18	£5.50	£5.60	1.8%		
Pre-Booked Per Hour - School	£5.50	£5.60	1.8%		
<b>NETBALL - LBHF</b>					
Per Court Per Hour - Daytime	£20.00	£20.40	2.0%		
Per Court Per Hour - Floodlit	£30.00	£30.70	2.3%		
Per Court Per Hour - Out of Borough & Private Schools	£22.00	£22.50	2.3%		
<b>COMMUNITY ROOM - Hurlingham Park</b>					
Party Hire	£105.00	£107.00	1.9%		
<b>LINE MARKINGS (Where supplied as an extra)</b>					
Athletics Per Hour	£28.00	£28.50	1.8%		
<b>CHANGING ROOMS (Where supplied as an extra)</b>					
Public Rate	£22.00	£22.50	2.3%		
Per Booking - In Borough State Schools	£22.00	£22.50	2.3%		
Per Booking - Out of Borough & Private Schools	£28.00	£28.60	2.1%		
<b>BOWLS</b>					
<i>Operation of Bowling Greens is carried out by local Bowling Clubs</i>				£672,500	Inflationary uplifts only, rounded down to sensible denominations.
Adult - per person per round	£2.00	£2.00	0.0%		
OAP/Youth - per person per round	£1.00	£1.00	0.0%		
Adult season ticket	£44.00	£44.00	0.0%		
OAP/Youth season ticket	£22.00	£22.00	0.0%		
Locker rent	£10.00	£10.00	0.0%		
<b>TRAINING AREAS</b>					
<b>HURLINGHAM PARK</b>					
<i>Inclusive of Changing Rooms &amp; Floodlights (Where Available)</i>					
Training Area Per Hour	£40.00	£40.70	1.8%		
Training Area Per Hour - In Borough State Schools	£40.00	£40.70	1.8%		
<b>LILLIE ROAD, BISHOPS PARK, SOUTH PARK &amp; EEL BROOK COMMON</b>					
<i>Inclusive of Pitch Hire Only</i>					
Training Area Per Hour	£40.00	£40.70	1.8%		
Training Area Per Hour - Fulham Football Club Foundation (Bishop's Park Only) (School Holidays Only)	£90.00	£92.00	2.2%		
<b>PERSONAL TRAINER ANNUAL LICENCE FEE</b>					

Fee Description	2014/15 Charge (£)	2015/16 Charge (£)	Proposed Variation (%)	Total Estimated Income Stream for 2015/16	Reason for uplift/Comments
Group Training Instructor Annual Licence	£1,200.00	Abolished	Abolished		
<i>DISCOUNT RATES - Discounts apply to all prices above except where stated otherwise.</i>					
6+ Block Booking	20%	Abolished	Abolished		
10+ Block Booking (that meet criteria) VAT Exempt	20%	Abolished	Abolished		
Council Departments	20%	Abolished	Abolished		
Registered Charities	10%	Abolished	Abolished		
<b>LINFORD CHRISTIE STADIUM</b>					
Adult (Member)	£90.00	£90.00	0.0%		
Adult ( Non Member)	£140.00	£140.00	0.0%		
*Concessionary (12 months only) (member)	£40.00	£40.00	0.0%		
*Concessionary (12 months only) (Non Member)	£70.00	£70.00	0.0%		
Student 12 months	£70.00	£70.00	0.0%		
Adult 6 months (member)	£50.00	£50.00	0.0%		
Adult 6 months (non member)	£80.00	£80.00	0.0%		
<b>Casual Use session Price</b>					
Adult (Member)	£4.00	£4.00	0.0%		
Adult (Non Member)	£5.00	£5.00	0.0%		
*Concessionary (12 months only) (member)	£2.00	£2.00	0.0%		
*Concessionary (12 months only) (Non Member)	£3.00	£3.00	0.0%		
Lifestyle Plus Member	£0.50	£0.50	0.0%		
Adult spectator/ entrance fee (events)	£2.00	£2.00	0.0%		
Use of shower facilities / changing facilities	£2.00	£2.00	0.0%		
<b>Running Track Hire</b>					
Training (LBHF School) facilities only	£30.00	£30.70	2.3%		
Training (non LBHF School) facilities only	£55.00	£56.00	1.8%		
Sports Day (non LBHF School) up to 3 hrs - Facility only	£192.00	£196.00	2.1%		
Sports Days Per Hour (LBHF School) in excess of 3 hrs	£65.00	£66.00	1.5%		
Sports Days Per Hour (non LBHF School) in excess of 3 hrs	£78.00	£79.80	2.3%		
TVH meetings	£55.00	£56.00	1.8%		
Additional miscellaneous fee - setting out and clearing up	£65.00	£66.50	2.3%		
<b>PITCHES &amp; ANCILLARY HIRE SERVICES - LBHF</b>					
<b>11-A-SIDE ALL-WEATHER PITCH</b>					
<i>Inclusive of Changing Rooms if Desired</i>					
Per Pitch Per Hour - Adult	£90.00	£92.00	2.2%		
Per Pitch Per Hour - In Borough State Schools	£48.00	£49.00	2.1%		
Per Pitch Per Hour - Out of Borough & Private Schools	£60.00	£61.40	2.3%		

Fee Description	2014/15 Charge (£)	2015/16 Charge (£)	Proposed Variation (%)	Total Estimated Income Stream for 2015/16	Reason for uplift/Comments
<b>Contact Price for QPR / Chelsea FC / Chiswick Hockey</b>					
Per Pitch Per Hour - Contract Adult	£52.00	£53.00	1.9%		
Per Pitch Per Hour - Contract Junior	£35.00	£35.80	2.3%		
<b>Pay &amp; Play (Unbooked) Cash Rate</b>					
<i>Contact Price for QPR / Chelsea FC / Chiswick Hockey</i>					
Per Pitch Per Hour - Contract Adult	£28.00	£28.60	2.1%		
<i>Pay &amp; Play (Unbooked) Cash Rate</i>					
Per Pitch Per Hour	£60.00	£61.00	1.7%		
<i>Inclusive of Changing Rooms if Desired</i>					
<i>Off-Peak Hours 09:00-18:00 Mon-Fri. Peak Hours 18:00-22:00 Mon-Fri &amp; Weekends</i>					
Per Pitch Per Hour - In Borough State Schools	£25.00	£25.50	2.0%		
Per Pitch Per Hour - Out of Borough & Private Schools	£32.00	£32.70	2.2%		
Per Pitch Per Hour - Adult / Club (Off Peak)	£28.00	£28.60	2.1%		
<b>GRASS CENTRE PITCH</b>					
<i>Inclusive of Changing Rooms if Desired</i>					
Centre Pitch Per Game Without Floodlighting	£105.00	£107.00	1.9%		
Centre Pitch Per Hour Without Floodlighting	£90.00	£92.00	2.2%		
Centre Pitch Per Hour Without Floodlighting - In-Borough State School	£65.00	£66.00	1.5%		
Centre Pitch Per Hour Without Floodlighting - Out-of-Borough & Private School	£78.00	£79.20	1.5%		
Centre Pitch Per Hour With Floodlighting	£115.00	£117.70	2.3%		
Centre Pitch Per Hour With Floodlighting - Out-of-Borough & Private School	£90.00	£92.00	2.2%		
<b>ROOMS / STORAGE HIRE</b>					
Community Room - School	£20.00	£20.40	2.0%		
Announcer's Box - School	£20.00	£20.40	2.0%		
Changing Room Per Team (when no pitch hire) - School	£20.00	£20.40	2.0%		
<b>DONATED BENCHES &amp; TREES</b>					
Donated Benches	£919.00	£920.00	0.1%		
Donated Tree	£169.00	£170.00	0.6%	£11,000	Marginal uplift only to cover cost
<i>Or at cost plus admin. charge if larger than standard size</i>					
<b>CEMETERIES - Exempt for VAT</b>					
<i>The interment cost for residents' children up to 16 years of age are waived</i>					
<b>GRAVE PURCHASE - HAMMERSMITH &amp; FULHAM</b>					
Grave Purchase & Grant - North Sheen / Mortlake - Resident	£1,730.40	£1,765.00	2.0%		
Grave Purchase & Grant - North Sheen / Mortlake - Non Resident	£3,460.80	£3,530.00	2.0%		Inflationary uplifts only, rounded down to sensible denominations.
Grave Purchase & Reserve - North Sheen / Mortlake - Resident	£2,973.00	£3,032.50	2.0%		

Fee Description	2014/15 Charge (£)	2015/16 Charge (£)	Proposed Variation (%)	Total Estimated Income Stream for 2015/16	Reason for uplift/Comments
Grave Purchase & Reserve - North Sheen / Mortlake - Non Resident	£5,946.00	£6,065.00	2.0%		
<b>INTERMENT &amp; REOPENING OF GRAVES</b>					
<i>The interment cost for residents' children up to 16 years of age are waived</i>					
Up to 2 interments / Reopenings (each) - Resident	£1,298.00	£1,324.00	2.0%		
Up to 2 interments / Reopenings (each) - Non Resident	£2,596.00	£2,648.00	2.0%		
Per extra interment (below 7ft) - Resident	£271.00	£276.50	2.0%		
Per extra interment (below 7ft) - Non Resident	£542.00	£553.00	2.0%		
Casket (includes interment fee) - Resident	£1,623.00	£1,655.50	2.0%		
Casket (includes interment fee) - Non Resident	£3,246.00	£3,311.00	2.0%		
Additional Charge for Coffin over 6'8" Long and/or over 26" Wide - Resident	£1,407.00	£1,435.00	2.0%		
Additional Charge for Coffin over 6'8" Long and/or over 26" Wide - Non Resident	£2,814.00	£2,870.00	2.0%		
<b>INTERMENT OF CREMATED REMAINS</b>					
<i>The interment cost for residents' children up to 16 years of age are waived</i>					
Grave Purchase & Reserve - Resident	£1,192.00	£1,216.00	2.0%		
Grave Purchase & Reserve - Non Resident	£2,384.00	£2,432.00	2.0%		
Grave Purchase and Grant - Resident	£596.00	£608.00	2.0%		
Grave Purchase and Grant - Non Resident	£1,192.00	£1,216.00	2.0%		
Interment - Resident	£324.00	£330.50	2.0%		
Interment - Non Resident	£648.00	£661.00	2.0%		
Scattering of Ashes - Resident	£81.00	£82.50	1.9%		
Scattering of Ashes - Non Resident	£162.00	£165.00	1.9%		
<b>INTERMENTS - PRIVATE GRAVES</b>					
<i>The interment cost for residents' children up to 16 years of age are waived</i>					
Monday to Friday	£239.00	£244.00	2.1%		
Saturday	£478.00	£487.50	2.0%		
<b>NON PRIVATE GRAVES</b>					
Grave Space Only - Resident	£1,298.00	£1,324.00	2.0%		
Grave Space Only - Non Resident	£2,596.00	£2,648.00	2.0%		
<b>EXHUMATIONS (Includes VAT at 20%)</b>					
Standard Charge (Coffin or Casket) - Resident	£2,028.00	£2,068.50	2.0%		
Standard Charge (Coffin or Casket) - Non Resident	£4,056.00	£4,137.00	2.0%		
Disinterment of Cremated Remains - Resident	£163.00	£166.00	1.8%		
Disinterment of Cremated Remains - Non Resident	£326.00	£332.00	1.8%	£832,700	
Grave Diggers Allowance per Grave - Resident	£108.00	£110.00	1.9%		
Grave Diggers Allowance per Grave - Non Resident	£216.00	£220.00	1.9%		

Inflationary uplifts only, rounded down to sensible denominations

Fee Description	2014/15 Charge (£)	2015/16 Charge (£)	Proposed Variation (%)	Total Estimated Income Stream for 2015/16	Reason for uplift/Comments
<b>MEMORIALS</b>					Inflationary uplifts only, rounded down to sensible denominations.
Headstone (including Tablet, Vase,etc) - Resident	£243.00	£248.00	2.1%		
Headstone (including Tablet, Vase,etc) - Non Resident	£486.00	£496.00	2.1%		
Additional inscription - Resident	£81.00	£82.50	1.9%		
Additional inscription - Non Resident	£162.00	£165.00	1.9%		
<b>REGISTER SEARCH FEE</b>					
Per Search	£28.00	£28.50	1.8%		
Certified copy of entry	£19.00	£19.40	2.1%		
<b>CHANGE OF OWNERSHIP</b>					
Registering change of ownership & new Deed	£91.00	£93.00	2.2%		
Replacement Deed of Grant only	£52.00	£53.00	1.9%		
<b>USE OF CHAPEL (Per Hour)</b>					
Standard Hours (Monday - Friday 10am-4pm)	£92.00	£94.00	2.2%		
Out of Hours (Weekdays After 4pm / Saturdays / Bank Holidays). 24 Hours Notice Required	£371.00	£94.00	-74.7%		
Officer attendance (Per hour at weekends)	Negotiable	Negotiable	N/A		
<b>MAINTENANCE OF GRAVES &amp; MEMORIALS</b>					
<b>Grave Planting and Maintenance (Per annum/per grave space)</b>					
Soil or Turf	£79.00	£80.50	1.9%		
Full Maintenance	£167.00	£170.50	2.1%		
Attention only	£119.00	£121.50	2.1%		
<b>Memorials</b>					
Washing - Standard/Small (per annum charge)	£80.00	£81.50	1.9%		
Washing - Large/Double (per annum charge)	£123.00	£125.50	2.0%		
<b>REMOVAL AND REPLACEMENT OF GRAVESTONES AND MONUMENTS</b>					
<b>SMALL/STANDARD</b>					
Headstone up to 0.76m - 1.07m(2' 6" - 3'6") high	£290.00	£296.00	2.1%		
Full memorial up to 0.76m - 1.07m (2'6" - 3'6") high	£577.00	£588.50	2.0%		
<b>LARGE/DOUBLE</b>					
Headstone up to 0.76m - 1.07m (2'6" - 3'6") high	£388.00	£396.00	2.1%		
Full memorial up to 0.76m - 1.07m (2'6" - 3'6") high	£771.00	£786.50	2.0%		
Any memorial on large/double grave	£309.00	£315.00	1.9%		
Additions/alterations to existing masonry	£104.00	£106.00	1.9%		
Inspection and staking of weak memorials	£22.00	£22.50	2.3%		
Inspection and bonding of weak crosses	£75.00	£76.50	2.0%		

**DRAFT****Equality Impact Analysis (EIA) of main Budget proposals for 2015/2016 DRAFT****(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 25th February 2015, following discussion of the proposed Budget at the Finance and Delivery Policy and Accountability Committee on 27th January 2015, as well as at Cabinet on 2nd February 2015.

The revenue part of the budget and associated equality impacts was also discussed at the following Policy and Accountability Committees:

- 1.1. Community Safety, Environment & Resident Services 13 January 2015;
- 1.2. Economic Regeneration, Housing & the Arts 29th January 2015;
- 1.3. Children & Education 19th January 2015.
- 1.4. Health, Adult Social Care & Social Inclusion 20<sup>th</sup> January 2015.

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

For 2015/2016, 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 1%. 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 2015/16 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 1%**

The impact of the proposal to reduce Council Tax by 1% 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, and continues, to absorb the cost of the changes, which means that residents 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<sup>1</sup>. In order to assess the impact of the main budget proposals upon which the decision to reduce council tax by 1% 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.

**(i) Assessment of impact of reducing Council Tax by 1% on those who pay the full Council Tax**

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

- (a) those eligible for full or partial 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 residents 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<sup>2</sup>.

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<sup>1</sup>

[http://www.lbhf.gov.uk/Directory/Advice\\_and\\_Benefits/Council\\_tax/Who\\_has\\_to\\_pay/174433\\_Council\\_Tax\\_Support\\_Scheme.asp](http://www.lbhf.gov.uk/Directory/Advice_and_Benefits/Council_tax/Who_has_to_pay/174433_Council_Tax_Support_Scheme.asp)

<sup>2</sup> Full details are available on the Council's website:

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

Although these residents 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.

The average reduction for residents who pay full Council Tax will be £7.35 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. 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 residents 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 17,371 claimants, 54.62% (pensioner) and 53.56% (non-pensioner) are single female, with 31.87% (pensioner) and 28.74% (non-pensioner) being single male, and 13.51% (pensioner) and 17.7% (non-pensioner) being in a couple. As most couples will be male/female, the total percentage of female LCTS claimants is therefore about 61.36% (pensioner) or 62.40% (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 13.02% of claimants receive the LCTS disability premium (Annex One, Table Three), which is a slightly higher percentage of residents with a disability than there are in the H&F population as a whole (which was 12.6% as at the 2011 census<sup>3</sup>).

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 residents, 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.

<sup>3</sup> [http://www.lbhf.gov.uk/Images/2011%20Census%20report\\_LBHF%20briefing\\_tcm21-177945.pdf](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 1%, H&F will forego income of £0.5M. 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 £0.5M 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 £1M from investment income/capital debt reduction and £1m from a lower contribution to reserves. 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 residents, 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.

#### Assessment of impact of reducing Council Tax by 1% 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 33.67% 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 17,371, 54.62% (pensioner) and 53.56% (non-pensioner) are single female, with 31.87% (pensioner) and 28.74% (non-pensioner) being single male, and 13.51% (pensioner) and 17.70% (non-pensioner) being in a couple. As most couples will be male/female, the total percentage of female LCTS claimants is therefore about 61.36% (pensioner) or 62.40% (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 13.02% of claimants receive the LCTS disability premium (Annex One, Table Three), which is a slightly higher percentage of residents with a disability than there are in the H&F population as a whole (which was 12.6% as at the 2011 census).

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

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

Residents 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. 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 1%, H&F will forego income of £0.5M. 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 £0.5M 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 £1M from investment income/capital debt reduction and £1m from a lower contribution to reserves. 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.

(iii) Assessment of impact of reducing Council Tax by 1% on those who pay partial Council Tax

Some residents who are not eligible for full LCTS are nonetheless eligible for partial LCTS, dependent on means. Partial LCTS operates on a 20% taper<sup>4</sup>, 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:

- (i) use the same taper of 20% when the income is higher than the applicable amount
- (ii) 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.

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<sup>4</sup>

[http://www.lbhf.gov.uk/Directory/Advice and Benefits/Council tax/Who has to pay/174433 Council Tax Support Scheme.asp](http://www.lbhf.gov.uk/Directory/Advice%20and%20Benefits/Council%20tax/Who%20has%20to%20pay/174433%20Council%20Tax%20Support%20Scheme.asp)

These residents will experience some benefit from any reduction in Council Tax, but not as much as those who pay full 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. Table One of Annex One gives the recent data.

Pensioners make up 33.67% of all claimants, and 38.67% 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 17,371 claimants (i.e. full and partial LCTS), 54.62% (pensioner) and 53.56% (non-pensioner) are single female, with 31.87% (pensioner) and 28.74% (non-pensioner) being single male, and 13.51% (pensioner) and 17.70% (non-pensioner) being in a couple. As most couples will be male/female, the total percentage of female LCTS claimants is therefore about 61.36% (pensioner) or 62.40% (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 13.02% of claimants receive the LCTS disability premium (Annex One, Table Three), which is a slightly higher percentage of residents with a disability than there are in the H&F population as a whole (which was 12.6% as at the 2011 census<sup>5</sup>). This is not broken down further into full and partial LCTS.

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 1%, H&F will forego income of £0.5M. 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 £0.5M 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 £1M from investment income/capital debt reduction and £1m from a lower contribution to reserves. 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.

#### Summary of Assessment of impact of reducing Council Tax by 1% considering all in sub-sections (i), (ii), and (iii) above

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

<sup>5</sup> [http://www.lbhf.gov.uk/Images/2011%20Census%20report\\_LBHF%20briefing\\_tcm21-177945.pdf](http://www.lbhf.gov.uk/Images/2011%20Census%20report_LBHF%20briefing_tcm21-177945.pdf)

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 residents who need extra room in their home on account of their disability. On average, this reduction will be £7.35 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 residents, 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 17,371 claimants (i.e. full and partial LCTS), 54.62% (pensioner) and 53.56% (non-pensioner) are single female, with 31.87% (pensioner) and 28.74% (non-pensioner) being single male, and 13.51% (pensioner) and 17.70% (non-pensioner) being in a couple. As most couples will be male/female, the total percentage of female LCTS claimants is therefore about 61.36% (pensioner) or 62.40% (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 1%, H&F will forego income of £0.5M. 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 £0.5M 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 £1M from investment income/capital debt reduction and £1m from a lower contribution to reserves. 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

### Adult Social Care (ASC)

The 2015/16 efficiencies have been grouped under headings relating to back office savings. Where measures affect staff the equalities impacts are considered as part of staffing establishment reorganisations. Other items are to do with more efficient ways of delivering services to the customers and carers and those are detailed below.

All Departmental savings proposals are detailed in this report. They mainly relate to transformation agenda, investment from Health, Public Health and some staffing reorganisations.

Detailed EIA's will be carried out at the time the proposals are in development when the impact can be fully assessed.

#### **Transformation Projects:**

The strategic plan for Adult Social Care over the coming years is to improve frontline services and deliver on major service transformation programs. This will be done through:

	<b>H&amp;F 2015/16 Savings</b>
Customer Journey Operations Alignment	£615k
Prevention Strategy with the aim to reduce costs by investing in assistive technology	£206k

**Customer Journey Operations Alignment £615k:** The aim of the measure is to design and implement a single ASC operating model and organisation structure which will include a core service offer to meet local service requirements.

This is likely to have a positive impact for the customer as it would

- improve the customer and carer experience, streamline processes and make the best use of the operations staff.
- It would also enable the Council deliver a better quality of service to customers and carers by reducing bureaucracy.
- It would also put the users and carers in charge of their information that goes through the system and improve integration with social care workers when the information required is always readily available.

**Prevention strategy with the aim to reduce costs by investing in assistive technology £206k:** This would have positive impact for users as it requires investment in assistive technology to prevent the cost of home care services. This proposal is based on increasing the number of people using telecare thereby enabling them to stay at home for longer.

**Procurement and Contract Efficiencies:**

	<b>H&amp;F 2015/16 Savings</b>
Reprocurement of contracts with a view to manage prices in residential and nursing placement and care at home	£597k
Home Care procurement exercise and new operating model	£118k.
Supporting People- reprocurement of supporting people contracts and contract negotiations with a view to manage prices within budget	£843k

**Reprocurement of contracts with a view to manage prices in residential and nursing placement and care at home £597k**

The aim of the contract efficiency savings is to reduce the cost of the Adult Social Care services currently commissioned through external providers

This would have a positive impact for the Council and ultimately benefit the service users as the Council would:

- Benchmark against the market to ensure contracts represent the best value for money and are competitively priced.
- Renegotiate contract terms and reprocure services where necessary to secure the best value and minimise concentration of risk
- Reduce the number of contracts to ensure these can be effectively managed within available contract management resources.
- Harmonise contract management processes and systems.

**Home Care procurement exercise and new operating model £118k**

One of the key priorities of the Department is enable more people stay independent for longer by providing Home care services through a new operating model. The Home care service contract is currently out to tender with the new model of service focusing on improving customer outcomes.

The service user would benefit from this positively as the new proposals will include regular reviews to ensure that older and disabled customers and their carers are getting the right service.

**Supporting People- reprocurement of supporting people contracts and contract negotiations with a view to manage prices within budget £843k.**

This proposal is centered around the reprocurement of supporting people contracts which is likely to have a positive impact on customers as aspects of this measure will involve reprocuring to ensure that a more efficient service is being provided.

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.

### Reconfiguration of Services.

	<b>H&amp;F 2015/16 Savings</b>
Reducing the need for expensive out of Borough supported accommodation for Learning Disabilities	£89k
Substitution of external day care providers by maximizing in house day care provision	£87k
Review of Learning Disability care income	£37k
Review of high cost and high needs placements for continuing Health funding:	£106k
Identify contracts that would benefit from investment from Public Health funding /Supporting People:	£551k
Identify contracts that would benefit from investment from Public Health/Third Sectors:	£94k

There are a number of savings proposals which would impact the Learning Disabilities (LD) services. These include:

#### **Learning Disability Supported Accommodation & Day Care services £89k & £87k**

This will have a positive impact for Adult Social Care customers as this aims to meet the increase in demand and numbers of people with Learning Disabilities in the borough through new housing developments and a programme of remodelling existing accommodation services & Day Care services over the longer-term. There is a shortage of supply of high quality specialist housing provision in the borough to meet current and future complex health, social care and physical needs.

Through the delivery of new and re-modelled in-borough housing and support options for people, the Council's aims to provide access to a range of quality local housing provision avoiding the need for out of borough expensive residential care provision.

#### **Review of Learning Disability Care Home £37k**

This is part of the LD Strategy for accommodation and support and this is likely to have an adverse impact on a small number of customers and their carers. The savings proposed is year 2 of the review and to date external and individual service users meetings have taken place to discuss and arrange the service provision for the users. The equalities issues e have been fully considered and steps such as an independent facilitator has been employed to consider and mitigate any negative impact this may have on service provision.



**Review of all high cost and high needs placements for continuing Health funding £106k**

This refers to a combination of where residents get services from, more regular reviews of packages and benchmarking cost against partners' services most appropriate and the best value for money.

This would have a positive impact as there would be more timely and appropriate interventions in an integrated care co-ordinated approach which would provide appropriate levels of care.

**Identify contracts that would benefit from investment from Public Health Supporting People: £551k**

This proposal is for funding from public health for LBHF Housing support services. The Department would work with Public Health to review the housing support contracts and identify how the service specifications and contracts can be strengthened to include clear and measurable public health activity and this may have a positive impact on service users.

**Identify contracts that would benefit from investment from Public Health/Third Sectors £94k**

This would impact users of this service positively as this proposal is seeking funding from Public Health to improve the pathway to employment for people with Learning Disabilities.

**Investment from Health.**

	<b>H&amp;F 2015/16 Savings</b>
Investment from Health through the Better Care Fund	£2m
Integrated Commissioning with Health	£260k
Improve Outcomes and reduce dependency amongst residents through better joint services with NHS	£157k
Additional income to be derived from collection of rental income from Central London Communities Health Care colleagues	£100k.

**Investment from Health through the Better Care Fund: £2m.** This represents the net benefit share that H&F will receive from Health for the savings that will be achieved in the local health system by reducing urgent care bed usage and reducing demand for hospital. This will be achieved by supporting existing integrated services by extending and increasing capacity in adult social care crisis response, community independence and home care services.

We are looking to fundamentally transform the quality and experience of care across health and social care over the next five years. The proposal is to create new joined up support and care within communities which would aid integration of operational services encompassing community nursing, therapies and care management and have a positive impact for service users in health and social care.

**Integrated Commissioning with Health: £260k**

The savings arise from a review of Joint Commissioning between Health and Adult Social Care staffing arrangements . As this is a back officer review, it does not have a direct impact on service users and in such cases an equalities impact would be considered as part of staffing reorganisation.

**Improve Outcomes and reduce dependency amongst residents through better joint services with NHS: £157k**

This item relates to money being received by the Council from the NHS. There are no anticipated equality issues.

**Additional income to be derived from collection of rental income from Central London Communities Health Care colleagues £100k.**

This measure is proposing to charge Central London Community Healthcare (CLCH) service charges for the space shared with the Learning Disabilities team. The Joint Learning Disabilities team is based at Parkview and the Council is in discussions with CLCH regarding a contribution to the service charges. There are no anticipated equality issues.

**Shared Services:**

	<b>H&amp;F 2015/16 Savings</b>
Efficiencies proposed from the amalgamation of back office functions	£464k

**Efficiencies proposed from the amalgamation of back office functions**

**This measure includes a review of senior management posts and the review of training programme £260k.**

**Review of the workforce development, planning and business support teams: £187k and shared services client affairs team £17k:** As this is a back officer review, it does not have a direct impact on service users and in such cases an equalities impact would be considered as part of staffing reorganisation .

**Other Efficiencies.**

	<b>H&amp;F 2015/16 Savings</b>
Joint work to be undertaken with Children's and Housing on No Recourse to Public Fund clients	£100k
Review of supplies and services budget:	£90k.

**Joint work to be undertaken with Children's and Housing on No Recourse to Public Fund clients: £100K.**

This proposal is for joint asylum service between Adult Social Care, Children's Services and Housing with the aim reducing budget pressures in this areas across the three departments.

The Adults No Recourse to Public Funds budget is projecting an underspend in 2014/15. There are no anticipated equality issues.

**Review of supplies and services budget: £90k.**

Budget analysis to ascertain which budgets classed within supplies and services are projecting a range of small underspends and reduce the budgets accordingly to meet efficiency targets. There are no anticipated equality issues.

**Growth.**

**Increase in demand for Learning disabled customers placements and care packages: £205k.**

This is a positive impact as there will be additional funding to meet the increase in the demand for placements for people with needs arising from Learning Disabilities. These will all be of high relevance to disabled people and will support the participation of disabled people in public life and help to advance equality of opportunity between disabled and non-disabled people. These items will have a neutral service impact as the increase in budgets will meet the needs of these customers and carer and there will be no change to the service or to the eligibility for the service as a result.

**Fees & Charges**

**Abolition of charging for Home Care Services.**

The Council has a discretionary power to charge for social care services provided to residents who live in the community. The power to do so is contained in Section 17 Health and Social Services and Social Security Adjustments Act 1983 ("HASSASSAA 83").

Hammersmith & Fulham Council provides a range of domiciliary services (home care, day care and transport services) to its customers who qualify for the service. The Council has been charging a contribution towards the cost of providing home care services only based on its Charging Scheme since January 2009.

Charges for home care services have been a flat rate of £12.00 per hour since April 2012. The minimum charge unit is 15 minutes or £3.00 per quarter of an hour. Charges for home care services are based on actual hours of services provided.

In December 2014 the administration, as part of its commitment to social inclusion and in line with its election manifesto pledge, signalled its intention to abolish charges for home care.

Abolishing home care charges is expected to have a positive impact on current and future home care users as it improves their financial position and wellbeing for the 1266 current customers receiving homecare services in Hammersmith & Fulham of which 313 were contributing towards the cost of care.

Following the decision a small number of home care users who refused the services due to charging are anticipated to return back for assessment of services, which is expected to improve the independence and wellbeing of those affected.

### **Meals on Wheels: Reduction of charge to £3 per meal.**

Hammersmith & Fulham provides a meal services for customers of the borough who meet the Council's Fair Access to Care Services (FACS) and charges customers a flat rate contribution towards the service.

Meals services are provided to customers by the contractor Sodexo Ltd. There is a part of a contract framework agreement with Sodexo Ltd and Hammersmith and Fulham Council is the lead authority. The contract commenced on 8th April 2013 and covers a five year period.

In December 2014 the administration, as part of its commitment to social inclusion and in line with its election manifesto pledge, decided to review customer charges for meals services and proposed to reduce the charge from £4.50 to £3 per meal.

A reduction in the meals charges is expected to have a positive impact on 127 current and future customers as it improves their financial position and wellbeing.

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

Some Children's Services savings for 2015/16 are with respect to staffing changes to the back office and as such do not have a direct 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 Disabilities**

**Key Protected Characteristics:** Disability, Age, Race, Gender

<b>Project/Service Area:</b>	<b>LBHF 15/16 Savings</b>
<b>Use The Haven for specialist residential support and also home support</b>	<b>125k</b>
<b>More home support for disabled children with less residential and foster care placements</b>	<b>260k</b>

**Use The Haven for specialist residential support and also home support £125k:** Potentially positive impact by using locally provided services to children in borough. The EIA will outline specifically how relevant groups may benefit from the new service model e.g. better access to provision, improved choice of services etc.

**More home support for disabled children with less residential and foster care placements £260k:** Positive impact as enabling children and families to remain at home with targeted support. The EIA will outline specifically how relevant groups may benefit from the service model e.g. better access to provision, improved choice of services etc.

## Early Help

**Key Protected Characteristics:** Race, Religion, Gender, Age

Project/Service Area:	LBHF15/16 Savings
<b>New Support Service to families where children have been removed – reduce the number of new care proceedings</b>	<b>60k</b>
<b>Entry to Care – reduce young people entering care by 5 per annum</b>	<b>100k</b>
<b>Children’s Centres – Re-commissioning strategy</b>	<b>368k</b>
<b>Children’s Centres – Spot Purchasing</b>	<b>36k</b>

**New Support Service to families where children have been removed – reduce the number of new care proceedings £60k:** Targeting repeat removals. Positive impact anticipated for families and young people who have had repeat removals. This will enable children to remain at home with birth parents. The EIA will outline specific groups which may be subject to repeat removals e.g. age and disability.

**Entry to care – reduce young people entering care by 5 per annum £100k:** Targeting repeat removals. Positive impact anticipated as teams will work with families earlier to enable children to remain at home. The EIA will outline specific groups which may be over-represented e.g. race and gender.

**Children’s Centres re-commissioning strategy £368k:** No anticipated impact for 2015/16 as contribution in funding from Public Health will retain same level of service.

**Children’s Centres spot purchasing £36k:** No anticipated impact on the delivery of core children’s centre services. Removal of this additional resource means there is no ability to add additional resource locally when identified. Analysis of families which have accessed spot purchasing will help identify children who may be affected. The EIA will also consider Children With Disabilities (CWD), Children in Need (CiN) and low income families.

## Looked After Children (LAC) and Leaving Care Project

**Key Protected Characteristics:** Disability, Age, Race, Religion Gender.

Project/Service Area: LAC & Leaving Care	LBHF 15-16 Savings
<b>More in house foster carers recruited so that less independent fostering placements (IFAs) needed (10)</b>	<b>250k</b>
<b>Increase the number of children placed with relatives (10)</b>	<b>70k</b>
<b>Staffing – reduction in locality team staff costs through Early Help review</b>	<b>200k</b>
<b>Reduce back office staffing</b>	<b>60k</b>

<b>Legal expenditure reduced as care proceedings length reduces</b>	<b>110k</b>
<b>Better support to foster carers to reduce residential need</b>	<b>250k</b>
<b>Looked After Children (LAC) - Reduction in length of time in care</b>	<b>125k</b>
<b>Increase in number of Housing Benefit claims</b>	<b>100k</b>
<b>Reduction in Security costs</b>	<b>30k</b>
<b>Reduced Looked After Children (LAC) service staffing in line with reduction in LAC numbers</b>	<b>300k</b>

**More in house foster carers recruited so that less independent fostering placements (IFAs) needed (10) £250k;** No anticipated impact on service users. The EIA will outline data trends for particular groups accessing IFA and stipulate whether the current provision is meeting the needs of the local LAC population.

**Increase the number of children placed with relatives (10) £70k:** Positive impact on children who are able to be placed with extended family and therefore benefit from familiar carers contact with family. The EIA will reflect whether any particular groups would benefit from this increase e.g. any specific areas of need. An increase could help placements which closely reflect the Looked After Children population.

**Staffing – reduction in locality team staff costs through Early Help review £200k:** No disproportionate affect on any group: The EIA will include a breakdown of the staff profile and outline any anticipated impact on service delivery/service user accessibility.

**Back office staff reduction CAS £60k:** No anticipated impact on service user. The EIA will stipulate whether the **Business Support Officers (BSOs)** have contact with service users.

**Legal expenditure reduced as care proceedings length reduces £110k:** Positive impact on children and families as shorter court proceedings will lead to quicker outcomes and better placement stability for the child. The EIA will highlight any particular groups which are subject to care proceedings and data trends on placement stability to demonstrate the impact of the pilot.

**Better support to foster carers to reduce residential need £250k:** Positive impact on children who will need to be placed in residential and respite placement less frequently. The EIA will outline data trends for those who access residential and respite provision. Further detail will also incorporate feedback from service users.

**Looked After Children - Reduction in length of time in care £125k:** Positive impact on children who are able to be placed within a permanent family environment at an earlier stage and therefore likely to benefit from stability and better life chances. The EIA will outline data trends e.g. LAC stability and any groups where there are gaps/greatest need e.g. those with disabilities and BME groups.

**Increase the number of Housing Benefit claims £100k:** This aims to reduce the costs for young people leaving care. No anticipated impact on service users. Consideration should be noted for particular groups e.g. complex cases, those with learning difficulties and Unaccompanied Asylum Seeking Children (UASC) who may have difficulty accessing benefits and specialist advice. Also to note the London Borough of Hammersmith and Fulham are one the first Local Authorities to implement universal credit and there may also be some associated delays in claimant accessing benefits. The EIA will outline the relevant support which will be provided to increase uptake of eligible benefits.

**Reduction in security Costs £30k:** The EIA will confirm alternative plans for security at Cobbs Hall and will include how the existing/future premises can adequately safeguard staff/service users.

**Reduced Looked After Children (LAC) service staffing in line with reduction in LAC numbers £300k:** No impact on service users if numbers are stable or continue to fall. The EIA will incorporate mitigating provision if there is an increase in numbers. Particular groups include Unaccompanied Asylum Seeking Children (UASC), those with No Recourse to Public Funds (NRPF) and those on remand.

## Safeguarding

**Key Protected Characteristics:** Age, Race, Gender, Disability, Maternity and Pregnancy

<b>Project/Service Area:</b>	<b>LBHF 15/16 Savings</b>
<b>Safeguarding &amp; Local Safeguarding Children's Board (LSCB) Service Configuration and Rationalisation</b>	<b>121k</b>

**Safeguarding & Local Safeguarding Children's Board (LSCB) Service Configuration and Rationalisation £121k:** No anticipated impact on service users. Up to 7 posts could be at risk as this saving will mostly be achieved through re-organisation. The EIA will include analysis of the service workforce profile to identify any groups which may be adversely affected.

## Education/Schools

**Key Protected Characteristics:** Disability, Age, Race, Religion, Gender

<b>Project/Service Area:</b>	<b>LBHF 15/16 Savings</b>
<b>Draw in funding for specific expenditure – on children's education and on families with attendance and employment issues</b>	<b>400k</b>
<b>School Standards</b>	<b>150k</b>
<b>School Meals/Catering</b>	<b>347k</b>

**Draw in funding for specific expenditure – on children’s education and on families with attendance and employment issues £400k:** Potential positive impact for children and families through promoting better education and employment prospects. The EIA will incorporate trend data to demonstrate the impact of initiatives.

**School Standards £150k:** It is not considered that there will be any significant equalities implication. In many instances, the funding for the service is to continue and the saving is a result of a proportion of this funding coming from an alternative source (Dedicated Schools Grant). Where there is a staff reorganisation, a full EIA will accompany any consultation proposals.

**School Meals/Catering £347k:** No anticipated equalities issues. The meal service caters for a variety of dietary requirements for pupils. The EIA will stipulate where savings will be made and highlight any impact on the quality/range of services provided. The EIA will also outline if there are any anticipated increase in costs to parents/families.

## Finance

**Key Protected Characteristics:** Age, Race, Gender, Disability, Maternity and Pregnancy

<b>Project/Service Area:</b>	<b>LBHF 15/16 Savings</b>
<b>Finance reorganisation</b>	<b>250k</b>

**Finance reorganisation £250k:** No anticipated impact on frontline services. Proposals will be subject to staff consultation to inform the design of future staff and implementation arrangements. The EIA will include the finance workforce profile to identify if any particular groups are affected.

## Other adjustments

<b>Project/Service Area:</b>	<b>LBHF 15/16 Savings</b>
<b>Grant realignment</b>	<b>219k</b>

**Grant realignment £219k:** No anticipated impact on any user groups as this is not a real saving, rather a realignment of the overall requirement to be delivered by Children’s Services.

## Commissioning

**Key Protected Characteristics:** Age, Race, Gender, Disability, Maternity and Pregnancy

<b>Project/Service Area:</b>	<b>LBHF 15/16 Savings</b>
<b>Commissioning staff reduction</b>	<b>140k</b>

**Commissioning staff reduction £140k:** There is unlikely to be an adverse impact on any protected characteristic within the community as commissioning and service activity will



continue to be delivered and efficiencies identified to mitigate the staffing reduction. The staffing reduction may affect more women than men, reflecting the workforce profile within the directorate. The proposals will be subject to staff consultation to inform the design of future staffing and implementation arrangements. Other protected characteristics to be considered will include Pregnancy and Maternity, Age and Race.

## **Environment, Leisure and Residents' Services (ELRS)**

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.

### **Income from Duct Asset Concession: £160K**

This line item refers to increased income from the concession contract for use of the council's underground CCTV ducting network. In the medium to long term the new contract will expand internet service across the borough, making it more accessible and affordable for residents. This also enables further e-inclusion benefits from the government's new grant scheme to enable households to buy internet access. As such this is expected to have a positive impact on equalities.

2.

## **Finance and Corporate Services (FCS)**

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.

### **Workforce reduction – proportionate saving in maternity budgets: £75K**

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.

### **Business Intelligence: £1,010k**

A range of business intelligence projects are in progress that seek to validate discounts offered, payments made and grants claimed by the council.

The forecast benefit is £1,010k. By improving the validation process there will be a direct positive effect on all adults in the borough who pay Council Tax (regardless of age, race, sex, disability, etc). Funding will be generated that supports front line services.

### **Alternative Funding of Third Sector Investment: £150k**

The overall grants budget is £0.621m greater than the original 2014/15 budget. A net saving will be delivered through the identification of alternative funding. The Council's grant expenditure includes women's groups, BME groups, and groups for disabled residents. The increased funding is likely to have a positive impact.

### **Realignment of Social Fund (in line with spend) : £20k**

Since April 2013 local authorities had the power, and funding, to provide a safety net to those in the community facing a disaster or an emergency or to enable independent living preventing the need for institutional care. In 2013/14 the total spend was approximately £480k which represented an underspend of £100k against the available budget. The underspend is forecast to reduce to £20k as work continues to ensure that those that require this assistance in the community receive it. The forecast underspend of £20k is taken account of within the proposed budget forecast.

### **Council Tax Premium on Long-Term Empty Properties: £20k**

The Council proposes to charge a Council Tax premium on properties that have been empty for more than two years. The intention behind use of this power is not to penalise owners of property that is genuinely on the housing market for sale or rent, but to improve the health of the local housing market. Incentives to increase the supply of housing are likely to have a positive equalities impact.

### **Other Savings**

There are a number of potential reorganisations in FCS, and these are informed by EIAs as and when they occur. These are also savings from more effective procurement and other initiatives. The other savings are listed below:

- Stationery contract savings from procurement £60K
- Information Technology procurement savings £151k
- Corporate Services Review and stretch target £551k
- External Audit fee saving £80k
- Executive Services Efficiencies £90k
- Reorganisations within the Communications, Policy and Performance Team £135k
- A reduction in the cost of managed services for Human Resources £130k and Finance £300k
- Debt restructuring ( Treasury Management) £200k
- Publications efficiencies £100k.
- Commercialisation of the Change Management and Innovation Division £50k

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.

### 3.

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

##### **Reduction in Temporary Accommodation number and cost: £500k**

This efficiency relates to the expected reduction in client numbers and the associated net cost of private sector leased and bed and breakfast temporary accommodation. The reduction in the use of bed and breakfast and the consequent increase in settled accommodation will have a positive impact on the families concerned. On the other hand, this alternative accommodation is likely to be further from the borough which may make it more difficult to sustain existing support networks. Overall, therefore, this efficiency is not expected to have any significant equalities impact.

##### **Reduction in Private Sector Leasing scheme bad debt provision: £200k**

This efficiency is related to the above saving and will be delivered through a reduction in the increase to the bad debt provision required due to an improvement in the debt collection rate and a reduction in the income generated from Temporary Accommodation resulting from reduced client numbers. This efficiency is not expected to have any significant equalities impact.

##### **Reduction in Private Sector Leasing operational costs: £48k**

This efficiency relates to a number of reductions in operational cost budgets no longer required to deliver the Private Sector Leasing Temporary Accommodation service. This saving is a budgetary provision that is now no longer required. This reorganisation shows no adverse impacts on staff with protected characteristics.

##### **Reduction in No Recourse to Public Funds: £20k**

This efficiency is deliverable with no adverse service impact because the volume of cases has dropped in recent years. Therefore this saving is a budgetary provision that is now no longer required. This efficiency is not expected to have any significant equalities impact.

##### **Reduction in the cost of Rent Deposit Guarantee scheme: £31k**

This efficiency relates to the phased replacement of a rent deposit guarantee scheme for landlords of Temporary Accommodation properties with an alternative landlord incentive payments scheme. This efficiency is not expected to have any significant equalities impact.

##### **Reduction in general running costs: £14k**

This efficiency relates to the identification of multiple minor running cost budgets. This saving is a budgetary provision that is now no longer required to deliver the service across Housing Options, Skills & Economic Development. This reorganisation shows no adverse impacts on staff with protected characteristics.

##### **Reduction in amenity recharge from the HRA: £30k**

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. This change will have no adverse impacts on staff with protected characteristics.

**4.****Transport & Technical Services (TTS)**

The majority of savings are concerned with back office staff, accommodation, advertising income, IT, renegotiation of contracts and recognising existing variances. As such they will have no equalities implications for any particular groups with protected characteristics. Where there are staff changes leading to savings, EIAs are carried out.

**Growth**

Budget growth in TTS has been included to address existing budget pressures and as such does not involve any new actions. There are, therefore, no associated equalities implications.

**5.****Libraries**

There are £162K total savings identified in the Libraries budget:

**Inter-library transport arrangements including scope for Tri-borough service: £34K**

This item relates to savings from the review of inter-library transport arrangements across Tri borough. There will be no adverse impacts on customers.

**Rentals for space hire and leasing: £5K**

This line item relates to increases in income from renting space. There are no impacts on any groups arising from this item.

**Resourcing review of reference and stock teams drawing on administrative process efficiencies. £16k**

A review of staffing levels will take place following administrative process efficiencies as a result of the new Library Management System and training general staff to support referencing. There are no impacts on any groups arising from this item.

**Reduction in spend on new stock: £60k**

There will be less spending on new stock because of improved supplier discount and the shift to e-books. There should be no adverse impacts on customers.

**ICT infrastructure budget efficiencies: £10K**

This line item relates to a back office savings on ICT costs. There are no impacts on any groups arising from this item.

**Library management system: £37K**

This line item relates to a back office savings on the new contract and associated ICT support efficiencies. There are no impacts on any groups arising from this item.

**GROWTH**

There are no growth items for Libraries.

**FEES AND CHARGES**

There are no fees and charges relevant to equality.

**RISKS AND CHALLENGES**

There are no risks items for Libraries.

## **ALL OTHER DEPARTMENTS**

There are no risk items relevant to equality.

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

Overall, the budget impact on equality is neutral with some some items which may indirectly support equality of opportunity for vulnerable groups (in particular older residents, 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 residents are not having to be re-admitted to hospital so often. This will help to advance equality of opportunity for older and disabled residents 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 residents 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.

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 residents. This saving is therefore of high relevance to older and disabled residents and residents with learning disabilities and the impact should be positive.

Growth items that will promote equality of opportunity include a growth item in ASC which deals with Increase in demand for Learning disabled people placements and care packages.

This may be of high relevance to disabled residents and will support the participation of disabled residents in public life and help to advance equality of opportunity between disabled and non-disabled residents.

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 residents in public life, and help to advance equality of opportunity between disabled and non-disabled residents. These items will help to anticipate the demand for services for older and



disabled residents and ensure that these demands can be met, avoiding potentially negative impacts.

In some 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 2015/16.

6.

**Annex One: LCTS Claimant Data****Table 1: Composition of LCTS claimants in LBHF**

	Households			Weekly Payment		
	Full	Partial	Total	Full	Partial	Total
Pensioners	4,225	1,625	5,850	67,822	18,611	86,433
	72%	28%	100%			
Non Pensioners	8,944	2,577	11,521	139,602	26,751	166,352
	78%	22%	100%			
Households with Children	3,241	1,325	4,566	55,361	14,258	69,618
	71%	29%	100%			
Households with Disabled Adult	2,077	170	2,247	32,599	1,910	34,510
	92%	8%	100%			
Households with Children & Disabled Adult	385	49	434	7,260	539	7,799
	89%	11%	100%			
Households without Children & Disabled Adult	3,353	989	4,342	48,968	9,707	58,675
	77%	23%	100%			
<b>Overall Totals</b>	<b>13,169</b>	<b>4,202</b>	<b>17,371</b>	<b>207,424</b>	<b>45,362</b>	<b>252,786</b>

**Table 2: Council Tax bands of LCTS claimants**

	A	B	C	D	E	F	G	H	Totals
Pensioners	316	813	1,592	1,672	872	396	236	3	5,900
Working Age	935	1,435	2,963	3,605	1,703	606	218	6	11,471
	1,251	2,248	4,555	5,277	2,575	1,002	454	9	1,7371
	7%	13%	26%	30%	15%	6%	3%	0%	

**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	17,371			
Total number of pensioner claims (includes households with a disabled adult)	6,125	Number of female only claimants = 3,345 or <b>54.62%</b>	Number of male only claimants = 1,952 or <b>31.87%</b>	Number of claiming couples = 828 or <b>13.51%</b>

where the disability premium has been awarded				
Total number of non-pensioner claims (includes households with a disabled adult where the disability premium has been awarded)	11,246	Number of female only claimants = 6,023 or <b>53.56%</b>	Number of male only claimants = 3,232 or <b>28.74%</b>	Number of claiming couples = 1,991 or <b>17.7%</b>
Households with a disabled adult (where the disability premium has been awarded) as a standalone group of the total number of claims	2,263	Number of female only claimants = 1,018 or <b>44.98%</b>	Number of male only claimants = 987 or <b>43.61%</b>	Number of claiming couples = 258 or <b>11.4%</b>

## 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)**

<b>Living Arrangement</b>	<b>2011</b>	
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 LGBT 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](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>

## The Business Rates Retention Scheme for Hammersmith and Fulham

		LBHF Figure for 2015/16 £'000
Step 1	Notification from the government of the Settlement Funding Assessment (SFA). This combines formula funding (effectively what formula grant would have been had it continued) and a number of rolled in grants.	103,571
Step 2	Split of the SFA between Revenue Support Grant (46%) and a Business Rates Funding Baseline (54%). The % split is the same for all authorities.	
	- Revenue Support Grant payable by the government	47,429
	- Business Rates Funding Baseline	56,142
Step 3	Identification of an individual authority Business Rates Baseline. This is what the government effectively expect a local authority to collect based on the average sums collected in 2010/11 and 2011/12.	59,078
Step 4.	Payment of a tariff to the government. For LBHF because what the government expects this authority to collect in business rates (step 3) exceeds the funding identified through the SFA (step 2) a tariff is payable to the government. The tariff is a charge to the revenue budget. Most authorities receive a top-up rather than pay a tariff.	(2,937)
Step 5	Agreement of the localised element of non-domestic rates. This is the amount of business rates income that LBHF actually expects to collect in 2015/16.	tbc
Step 6	Locally Retained Business rates (Step 5 less step 4)	tbc
Step 7	Identification of the budgeted shortfall in business rates income. This is the difference between what LBHF expects to retain in 2015/16 (step 6) and the government target (step 3)	tbc
Step 8	Identification of safety net grant. Under the business rates retention scheme the maximum loss a local authority can suffer is capped at 7.5% of the business rates funding baseline (step 3). This is £4.211m.	51,932
Step 9	Net loss from the business rates retention scheme. As the budgeted shortfall in business rates is above the safety net then the expected grant loss is as per step 7.	tbc

## Spending Power Reduction

### The Provisional 2015/16 Local Government Finance Settlement

1. The Provisional Local Government Finance Settlement was released on 18<sup>th</sup> December. The key Hammersmith and Fulham figures are summarised in Table 1 and Table 2.

**Table 1 – Unringfenced Government Funding**

	2014/15	2015/16
<b>Confirmed Allocations</b>	£'000s	£'000s
Revenue Support Grant	66,647	47,429
New Homes Bonus Grant <sup>1</sup>	4,638	4,105
Other Unringfenced Grants	4,866	4,275
<b>Total Confirmed</b>		
<b>Total All</b>	<b>76,151</b>	<b>55,809</b>
Grant fall - cash		-20,342
Grant fall – cash terms %		-27%
<b>Grants for New Burdens</b>		
Adult Social Care – Care Act 2014		840

- 2 The settlement includes funding of £0.840m for new burdens (such as prison social care and the early assessment of the cap on care costs) associated with the Care Act 2014. It is assumed that this funding will be required to meet new expenditure commitments.

**Table 2 - Ringfenced Funding Allocations**

	2014/15	2015/16
	£'m	£'m
Public Health Grant	20.9	20.9
NHS Funding to support social care and benefit health	6.3	0
Pooled NHS and LA Better Care Fund		13.1
	<b>27.2</b>	<b>34.0</b>

- 3 The main change is the significant increase in NHS funding made available in 2015/16. This is part of a national pot of £3.8bn. This funding is a pooled budget intended to improve the integration of health and care services. The NHS and local authorities must agree locally through Health and Wellbeing Boards how it is spent. For now it is not assumed that any of this funding will be available to

<sup>1</sup> The 2015/16 allocation is estimated. The figure quoted by the government excludes a deduction required to fund the London Enterprise Partnership. This figure is not yet confirmed.

support the MTFS – it will replace existing health funding or be a new burden. This assumption will continue to be reviewed.

### 2015/16 Spending Power

- 4 As part of the settlement announcement the government state their view of the cut in local authority spending power. As well as government funding this includes their assumption on what local authorities will collect through council tax and business rates. The figures are set out in Table 2. The Hammersmith and Fulham cut is more than twice the national average. In part this is because a low proportion of Hammersmith and Fulham funding comes from council tax.

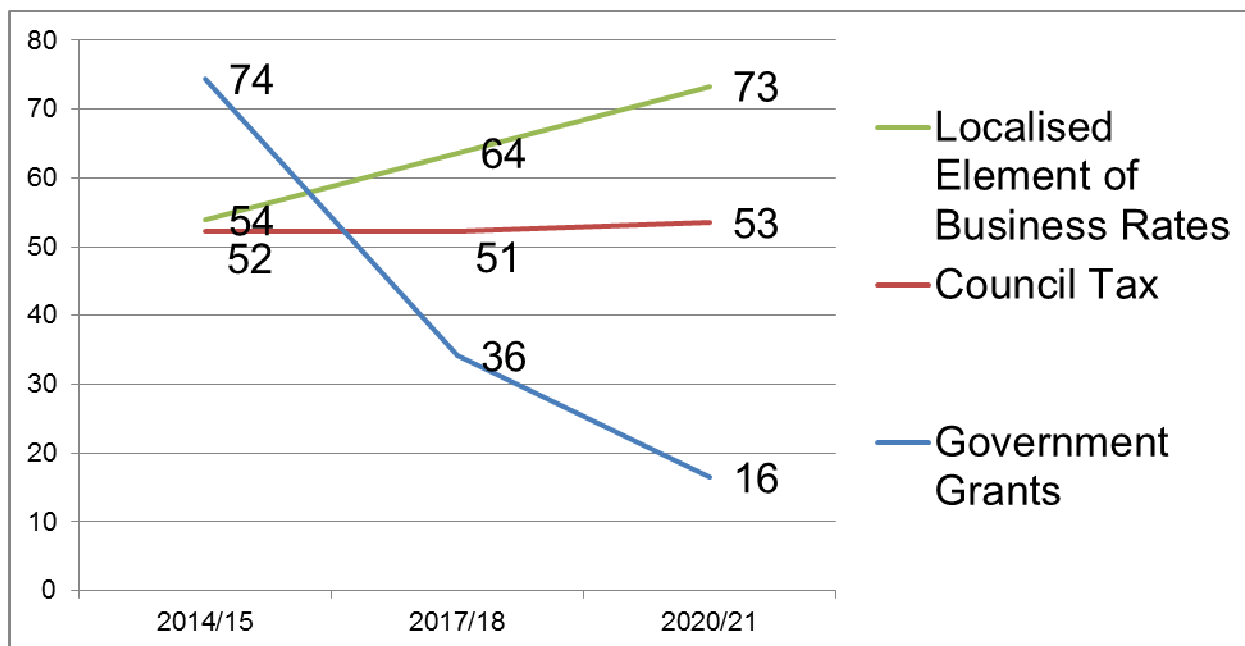
**Table 2 – Government Spending Power Calculation.**

	2014/15	2015/16
LBHF	-4.8%	-4.7%
London Average	-3.9%	-3.4%
National	-2.9%	-1.8%

5. The Government spending power calculation is questionable. It takes no account of inflation or demographic pressures. In addition:
  - In London it takes no account of the top-slice of £1.6m, from new homes bonus grant, made to fund the London Local Enterprise Partnership.
  - It muddles together ringfenced grants (such as the £20.9m for Public Health) and unringfenced grants. This masks the true cut in funding for core local authority services.
  - The comparison of better care funding between 2014/15 and 2015/16 is not on a like for like basis. Hammersmith and Fulham is not £6.8m better-off when the burdens associated with this funding are allowed for.
  - Government assumptions on business rates income take no account of the impact of business rates appeals. These have meant that what many authorities can collect, including a £2m to £3m shortfall for Hammersmith and Fulham, is less than assumed in the calculation.
- 6 The spending power calculation issued by the government suggests a 4.7% reduction for Hammersmith and Fulham. Initial review by this authority suggests the real reduction is more than 10%.
7. In terms of budget requirement, the actual reduction for Hammersmith and Fulham, assuming a council tax freeze, is from £180m in 2014/15 to £160m in 2015/16. This is a cut of 11%. The reduction is close to 14% if inflation and demographic pressures are allowed for.

### Funding Beyond 2016/17.

8. Government funding beyond 2015/16 is not yet confirmed. The current forecast is set out in the graph below (all figures in £'millions):



9. The general government grant receivable by Hammersmith and Fulham will reduce significantly by 2020/21. The latest forecast is set out below:

**Table 1 – Grant Forecast for Hammersmith and Fulham**

	2014/15	2017/18	2020/21
Revenue Support Grant	£66m	£26m	£10m
Other General Grants <sup>2</sup>	£8m	£10m	£6m
	<b>£74m</b>	<b>£36m</b>	<b>£16m</b>

10. The main grant is revenue support grant. This is determined by the government based on their view of what funding an authority should receive, the (Settlement Funding Assessment (SFA). This also takes account of the expected contribution from the local share (30%) of business rates. The figures for 2014/15 and 2015/16 are shown in Table 2.

**Table 2 - Hammersmith and Fulham – Key data from the 2014/15 and Provisional 2015/16 Local Government Finance Settlements.**

	2014/15	Provisional 2015/16	Cash (Reduction) / increase	% (Reduction) / Increase
Settlement Funding Assessment	£121.2m	£103.6m	(£17.6m)	(14.6%)

<sup>2</sup> The main other general grants are for the new homes bonus, council tax freeze, housing benefits administration and education support grant.


Of which:				
Revenue Support Grant	£66.1m	£47.4m	(£18.7m)	(28.2%)
Baseline Business Rates Funding level <sup>3</sup>	£55.1m	£56.2m	£1.1m	2%

11. In modelling future funding reductions the SFA is the relevant figure. So for 2015/16 the overall reduction in the SFA is 14.6%. As business rates are expected to increase in line with forecast inflation (2.3%) then the reduction in revenue support grant is much greater (28.2%).
12. The Medium Term Financial Strategy currently includes the provisional grant figures for 2015/16. A 10% reduction in the SFA is then modelled to 2018/19 and 5% per annum to 2020/21. The figures are shown Table 3. Because the business rates baseline figure does not reduce then all the 10% reduction in the SFA falls on Revenue Support Grant (ie a 10% cut on government funding translates to a much greater % cut in RSG).

**Table 3 – Reduction in RSG to 2017/18**

	2016/17	2017/18	2020/21
Prior Year SFA	£103.6m	£93.3m	£74.9m
Less 10% Reduction to 2018/19 and 5% after	(£10.4m)	(£9.3m)	(£3.7m)
<b>Updated SFA</b>	<b>£93.2m</b>	<b>£83.6m</b>	<b>£71.2m</b>
Of which:			
Revenue Support Grant	£36.4m	£26.4m	£9.6m
Business rates funding baseline	£56.8m	£57.2m	£61.6m

<sup>3</sup> This is the amount of the settlement funding assessment that the government assume is collected through business rates.

	<b>London Borough of Hammersmith &amp; Fulham</b>  <b>CABINET</b>  <b>2 FEBRUARY 2015</b>
<b>TREASURY MANAGEMENT STRATEGY REPORT 2015/16</b>	
<b>Report of Cabinet Member for Finance – Councillor Max Schmid</b>	
<b>Open Report</b>	
<b>Classification - For Decision</b> <b>Key Decision: Yes</b>	
<b>Wards Affected: All</b>	
<b>Accountable Executive Director:</b> Jane West, Executive Director of Finance and Corporate Governance	
<b>Report Author:</b> Halfield Jackman, Treasury Management Officer	<b>Contact Details:</b> Tel: 020 7641 4354 E-mail: <a href="mailto:hjackman@westminster.gov.uk">hjackman@westminster.gov.uk</a>

## 1. EXECUTIVE SUMMARY

- 1.1 The report sets out the Council's Treasury Management Strategy for 2015/16. It seeks approval for the Executive Director of Finance and Corporate Governance to arrange the Treasury Management Strategy in 2015/16 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 cash flow, borrowing and investments in 2015/16.
- 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 and the four year capital programme 2015/16 to 2018/19.
- 2.3 That approval be given to pay the Housing Revenue Account (HRA) investment income on unapplied HRA receipts and other HRA cash balances calculated at the average rate of interest (approximately 0.5% p.a.) earned on temporary investments with effect from 1 April 2014.

### 3. BACKGROUND

- 3.1 Treasury Management is defined by the CIPFA<sup>1</sup> 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 Finance and Delivery PAC.
- 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. 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.

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<sup>1</sup> Chartered Institute of Public Finance and Accountancy



#### 4. PROSPECTS FOR INTEREST RATES

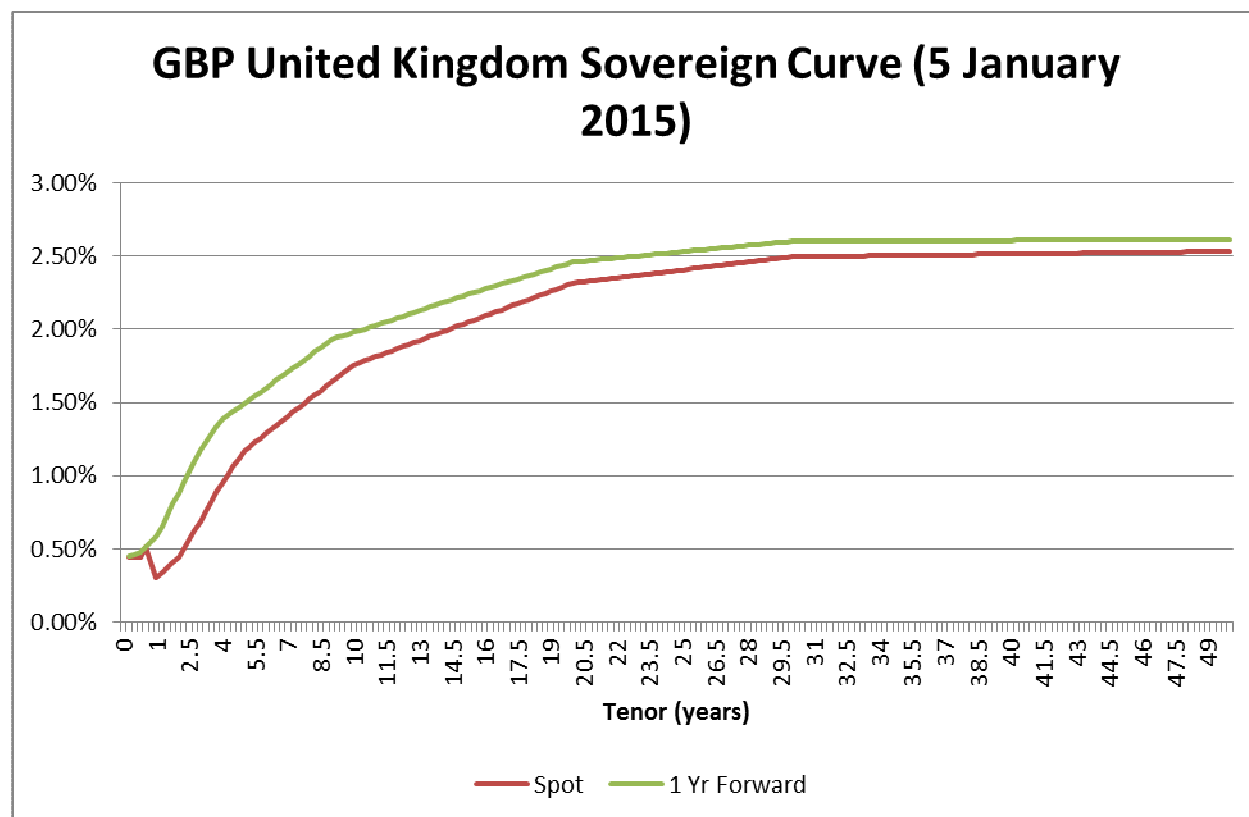
4.1 The current economic outlook and structure of market rates and government debt yields have several key treasury management implications:

As for the Eurozone, concerns in respect of a major crisis subsided considerably in 2013. The downturn in growth and inflation during the second half of 2014, and worries over the Ukraine situation, Middle East and Ebola, have led to a resurgence of those concerns as risks increase that it could be heading into deflation and a triple dip recession since 2008. Sovereign debt difficulties have not gone away and major concerns could return in respect of individual countries that do not dynamically address fundamental issues of low growth, international uncompetitiveness and the need for overdue reforms of the economy (as Greece and Ireland has done). Counterparty risks therefore remain elevated. This continues to suggest the use of higher quality counterparties for shorter time periods;

Investment returns are likely to remain relatively low during 2015/16 and beyond;

Borrowing interest rates have been volatile during 2014 as alternating bouts of good and bad news have promoted optimism, and then pessimism, in financial markets. During July to October 2014, a building accumulation of negative news has led to an overall trend of falling rates. The policy of avoiding new borrowing by running down spare cash balances has continued over the last few years.

There will remain a cost of carry to any new borrowing which causes an increase in investments as this will incur a revenue loss between borrowing costs and investment returns. The graph below shows the current Gilt rates and those projected (by investors) in a year's time. As is apparent, an increase in interest rates across all maturities is expected – though a limited increase rather than a material change.



## 5. CURRENT TREASURY POSITION

- 5.1 As at the 19th December 2014, the Council had £365 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 £45 million to date this financial year it is anticipated the rate of further increases in cash levels will reduce for the remainder of the year and are forecast to be approximately £380 - £400 million.
- 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 £59.5m. This is subject to the application of forecast capital receipt surpluses to debt reduction at the year-end.

### Forecast Movement in the GF Capital Financing Requirement (CFR)

£m	2015/16 Estimate	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate
Opening Capital Finance Requirement (CFR)	59.47	45.58	45.77	49.02
Revenue Repayment of Debt	(0.65)	(0.10)	(0.10)	(0.23)
Application of Mainstream Programme (Surplus)	(13.24)	0.29	3.35	6.23
<b>Closing CFR</b>	<b>45.58</b>	<b>45.77</b>	<b>49.02</b>	<b>55.02</b>

- 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 financed 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 2015/16 to 2018/19 report to Budget Council in February 2015, (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	2013/14 Actual	2014/15 Estimate	2015/16 Estimate	2016/17 Estimate	2017/18 Estimate
Borrowing at 1 April	262,067	250,511	247,599	231,897	224,823
Expected change in borrowing during the year	(11,556)	(2,912)	(15,703)	(7,074)	(7,418)
<b>Actual Borrowing at 31 March</b>	<b>250,511</b>	<b>247,599</b>	<b>231,897</b>	<b>224,823</b>	<b>217,405</b>
Total investments at 31 March	(320,200)	(380,000)	(350,000)	(330,000)	(300,000)
<b>Net borrowing/(investment)</b>	<b>(69,689)</b>	<b>(132,401)</b>	<b>(118,103)</b>	<b>(105,177)</b>	<b>(82,595)</b>

## Split between the Housing Revenue A/c (HRA) and General Fund (GF):

### External borrowing (PWLB) position at Year End

£'000 External Borrowing only	2013/14 Actual	2014/15 Estimate	2015/16 Estimate	2016/17 Estimate	2017/18 Estimate
Housing Revenue A/c (HRA)	207,717	205,302	192,283	186,417	180,266
General Fund (GF)	42,794	42,297	39,614	38,406	37,139
<b>Total borrowing at year end</b>	<b>250,511</b>	<b>247,599</b>	<b>231,897</b>	<b>224,823</b>	<b>217,405</b>

## Sets out the Capital Financing Requirement analysed between General Fund and HRA

£'000 CFR only	2013/14 Actual	2014/15 Estimate	2015/16 Estimate	2016/17 Estimate	2017/18 Estimate
General Fund CFR	74,200	59,474	45,578	45,773	49,019
HRA CFR	207,260	205,346	205,918	202,650	205,453
<b>TOTAL CFR</b>	<b>281,460</b>	<b>264,820</b>	<b>251,496</b>	<b>248,423</b>	<b>254,472</b>

## 6. ANNUAL INVESTMENT STRATEGY

### Introduction

- 6.1 The main rating agencies (Fitch, Moody's and Standard & Poor's) have, through much of the financial crisis, provided some institutions with a rating 'uplift' due to implied levels of sovereign support. More recently, in response to the evolving regulatory regime, the agencies have indicated they may remove these 'uplifts'. This process may commence during 2014/15 and/or 2015/16. The actual timing of the changes is still subject to discussion, but this does mean immediate changes to the current credit methodology are required.
- 6.2 It is important to stress that the rating agency changes do not reflect any changes in the underlying status of the institution or credit environment, merely the implied level of sovereign support that has been built into rating through the financial crisis. The eventual removal of implied sovereign support will only take place when the regulatory and economic environments have ensured the financial institutions are much stronger and less prone to failure in a financial crisis. The results of these changes and consequent rating changes, will be one of the aspects that are kept under review and the implication for LBHF treasury investment may be that funds are moved away from banks and invested elsewhere.

## Investment Policy

- 6.3 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"). The Council's investment priorities will be security first, liquidity second and then return.
- 6.4 In line with the guidance, and in order to minimise the risk to investments, the Council applies minimum acceptable credit criteria in order to generate a list of highly creditworthy counterparties which also enables diversification and thus avoidance of concentration risk.
- 6.5 Continuing regulatory changes in the banking sector are designed to see greater stability, lower risk and the removal of expectations of government financial support should an institution fail. This withdrawal of implied sovereign support is anticipated to have an effect on rating applied to institutions. This change does not reflect deterioration in the credit environment but rather a change of method in response to regulatory changes.
- 6.6 As with previous practice, ratings will not be the sole determinant of the quality of an institution and that it is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets. To this end the Council will maintain monitor market pricing such as "credit default swaps"<sup>2</sup> and overlay that information on top of the credit ratings.
- 6.7 Other information sources used will include the financial press, share price and other such information pertaining to the banking sector in order to establish the most robust scrutiny process on the suitability of potential investment counterparties.
- 6.8 This section sets out the Council's annual investment strategy for 2015/16 and any proposed changes from the 2014/15 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.

<b>Institution Type</b>	<b>Minimum Credit Rating Required (S&amp;P / Moodys / Fitch)</b>	<b>Maximum Individual Counterparty Investment limit (£m)</b>	<b>Maximum tenor of deposit / investment</b>	<b>Treasury Management Strategy 2014/15</b>
<b>DMO Deposits</b>	UK Government Rating	Unlimited	6 months	No change
<b>UK Government (Gilts / T-Bills / Repos)</b>	UK Government Rating	Unlimited	Unlimited	No change
<b>Supra-national Banks</b>	AA- / Aa3 / AA-	£100m	5 years	£30m / 3 year
<b>European Agencies</b>	AA- / Aa3 / AA-	£100m	5 year	£10m / 1 year
<b>Network Rail</b>	UK Government Rating	Unlimited	Oct 2052	No change
<b>TFL</b>	AA- / Aa3 / AA-	£100m	3 years	£30m

<sup>2</sup> Credit ratings are based on historical information and Credit Default Swaps (CDS) reflect current market sentiment if the CDS values fall significantly over a short period this could be an early warning of possible changes in credit rating and trigger further investigation. (see Appendix C for a definition)

<b>Institution Type</b>	<b>Minimum Credit Rating Required (S&amp;P / Moodys / Fitch)</b>	<b>Maximum Individual Counterparty Investment limit (£m)</b>	<b>Maximum tenor of deposit / investment</b>	<b>Treasury Management Strategy 2014/15</b>
<b>GLA</b>	N/A	£100m	3 years	£30m
<b>UK Local Authorities</b>	N/A	£10m per Local Authority, £50m in aggregate	1 years	No change
<b>Commercial Paper</b> issued by UK and European corporate	A-2 / P-2 / F-2	£20m per name, £80m in aggregate	Six months	£10m per name, £50m in aggregate
<b>Covered Bonds</b> issued in sterling	AA+/Aa1/AA+ The bond issue; Investment grade of the underlying issuer	£100m	5 years	New
<b>Money Market Funds MMF</b>	AAA / Aaa / AAA be AAA by at least one of the main credit agencies	£25m per fund manager, £200m in aggregate	Three day notice	£15m per fund manager, £75m in aggregate
<b>Enhanced Money Funds</b>	AAA / Aaa / AAA by at least one of the main credit agencies	£20m per fund manager, £60m in aggregate	Up to seven day notice	£10m per fund manager, £30m in aggregate
<b>UK Bank</b> Fixed Deposits / Certificates of Deposit / Short Dated Bonds	AA- / Aa3 / AA- and above (or UK Government ownership of greater than 25%), subject to minimum ST ratings	£70m	5 years	3 years
<b>UK Bank</b> Fixed Deposits / Certificates of Deposit / Short Dated Bonds	A- / A3 / A- and above, subject to minimum ST ratings	£50m	3 years	£30m / Six months
<b>Non-UK Bank</b> Fixed Deposits / Certificates of Deposit / Short Dated Bonds	AA- / Aa2 / AA- and above, subject to minimum ST ratings	£50m	3 years	£30m / 1 year
<b>Non-UK Bank</b> Fixed Deposits / Certificates of Deposit / Short Dated Bonds	A / A2 / A and above, subject to minimum ST ratings	£30m	1 year	£15m / Six months
<b>Direct Property investment Funds/ Unit Trusts</b>	N/A (see Appendix D)	£30m	5 years	New

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

- Current investment types
- Changes for the 2015/16 Treasury Management Strategy
  - Commercial paper to cover European Corporates
  - Covered Bonds
  - Certificates of Deposit
  - Direct Property Funds/ Unit Trusts
- Proposed changes to investment limits and tenors
- Non-specified investments
- Creditworthiness criteria
- Country limits.

### **Current Investment Types**<sup>3</sup>

6.10 As per the 14/15 Treasury Management Strategy, it is proposed that for 15/16 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.

6.11 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;

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<sup>3</sup> Appendix B provides more detail on the various asset classes.

- (ii) the market pricing of credit default swaps for the institution;
- (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 2015/16 Treasury Management Strategy**

- 6.12 Officers are proposing various changes to the 2015/16 Treasury Strategy, in part to continue 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. Continued diversification of investment instrument and counterparty as a way of mitigating risk (while generating some form of return) remains key. There is also uncertainty around the implications of the so-called bank bail-in regulations which are being introduced on a phased basis in some EU countries (including UK) to prevent a future bail out of a financial institution by the relevant Government. Such implications may include what this will mean for bank credit ratings, the perceived (and possibly actual) increase in bank risk for depositors, the timing of any introduction as well as increased market concerns within and between jurisdictions.
- 6.13 As a result of the developments in the paragraph above, the proposals for 2015/16, while building on the Treasury Management Strategy for 2014/15, make a recommendation for the use of Commercial Paper (CP) for European corporates, Covered Bonds and Certificates of Deposit (CDs) as well as adjusting limits and tenors for existing investment classes. The tenors and minimum credit ratings for the various investment classes are set out in the paragraph 6.8.

### **Commercial Paper issued by European corporates**

- 6.14 While the Council has invested in CP from UK entities (mainly Network Rail and Transport for London), there are significant European companies that issue Sterling CP – such as Volkswagen (VW). Given the investment return, low risk and further diversification (as well as a continued sterling investment), such an investment fits within the investment thesis.

### **Covered Bonds**

- 6.15 Covered bonds are debt instruments issued by a financial institution, but where security has been granted over a pool of underlying assets (e.g. a pool of mortgage loan or public sector debt) to which investors have a preferential claim in the event of default. The covered bond issue would be rated by the rating agencies, and while the issuer would be allowed to 'swap' some of the underlying collateral, it is up to an independent custodian / agent to validate that what is being taken out of the pool is of no worse status than that being switched in. The issuance of covered bonds enables financial institutions to obtain lower funding in order grant mortgage loans for housing and non-residential property as well as to finance public debt.

## Certificates of Deposit

6.16 Financial institutions as well as offering loans, also borrow through the issuance of Certificates of Deposit (CD). These are tradable instruments where the issuer borrows at a set rate for an agreed length of time, before repaying the principal at maturity. CD's tend to have a shorter length tenors, unlike bonds, and enable an investor to manage more actively any credit/ counterparty exposure, rather than waiting for a fixed term deposit to mature.

## Property Funds/ Unit Trust

6.17 Although not traditional a Treasury investment asset class recent yields of approximately 4.5% over the last five years have meant that it could be considered. (see Appendix D)

## Proposed changes to investment limits and tenors

6.18 Given investments to date, the shape of the current yield curve, the likely low level of interest rates for the immediate future and the opportunities for investment, it is proposed that limits and tenors of investment are extended for many investment types – both in tenor and / or investment limit.

6.19 Such changes would allow the Council to invest in longer maturities and take advantage in any yield pick-up as well as reducing reliance on the banking institutions – at the moment, there is uncertainty on the timing and impact of any introduction of bail-in regulations. It would be prudent for the Council to be able to remove direct reliance on such an asset class without impacting return too severely.

6.20 The graph in paragraph 4 above shows a steep current and one-year forward yield curve, and that higher returns for tenors up to five years (for a core level of cash) would provide greater returns rather than a shorter investment. Given the predicted rise in interest rates however, the Council while wanting to take advantage of higher rates for longer duration investments will also want to benefit from a rise in rates when they occur rather than locked in to then lower yielding investments.

6.21 The 2014/15 MMF's limit is £15 million per fund (£75 million aggregate) and it is proposed that it is raised to £25 million per fund £200 million for MMFs and also increase the limit for EMFs from £10 million to £20 million (£60 million aggregate).

6.22 The Council places investments / Fixed Deposits/ Certificates of Deposit / Short Dated Bonds with only four UK banks – Barclays, HSBC, Lloyds and Royal Bank of Scotland (RBS and 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 maintained at 25%. At present only RBS falls into this category. Given the implied Government support, it is proposed that counterparty limit remains at £70 million and the tenor be increased from three to five years.

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

6.24 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 £30m to £50m and the maximum tenor of investment is changed from six months to three years.



- 6.25 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 £30m to £50m and that the maximum tenor of investment is changed from one to three years.
- 6.26 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 £15m to £30m and that the maximum tenor of investment is changed from six months to one year.
- 6.27 In summary, the bank investment limits are shown in the table below. The extension to investment limits and tenor will increase the Council's level of return but the risk may also increase as funds will be tied up for longer.

Institution Type	Minimum Credit Rating Required (S&P / Moodys / Fitch)	Maximum Individual Counterparty Investment limit (£m)	Maximum tenor of deposit / investment
UK Bank Fixed Deposits / Certificates of Deposit / Short Dated Bonds	With UK Government ownership of greater than 25%. AA- / Aa3 / AA- and above subject to minimum ST ratings	70	Five years
UK Bank Fixed Deposits / Certificates of Deposit / Short Dated Bonds	A- / A3 / A- and above, subject to minimum ST ratings	50	Three years
Non-UK Bank Fixed Deposits / Certificates of Deposit / Short Dated Bonds	AA- / Aa2 / AA- and above, subject to minimum ST ratings	50	Three years
Non-UK Bank Fixed Deposits / Certificates of Deposit / Short Dated Bonds	A / A2 / A and above, subject to minimum ST ratings	30	One year

### **Non-specified investments**

- 6.28 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.

- 6.29 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 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.
- 6.30 Long term investments (for periods over 364 days) will be limited to no more than £120 million with a tenor of up to five year.

### **Creditworthiness Criteria**

- 6.31 As has been the case for 2014/15, 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.
- 6.32 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.
- 6.33 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.
- 6.34 The limits can change if there are rating changes, however the maximum limit would never be more than specified by institution type in paragraph 6.8. Officers are likely to work well within these limits to ensure headroom for short term liquidity.

### **Country Limits**

- 6.35 The current TMS is based on a ratings approach to country of domicile, for 2015/16, it is proposed that deposits / investments are made with financial entities domiciled only in the following countries: Australia, Canada, Denmark, Finland, France, Germany, Japan, Luxembourg, Netherlands, Norway, Singapore, Sweden, Switzerland, UK and USA.

## **7. BORROWING STRATEGY**

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

- 7.2 The HRA will fund its requirements from additional internal borrowing. The General Fund has no expectation of borrowing in the near future.
- 7.3 Against this background and the investment risks described in this paper, caution will be adopted with the 2015/16 treasury operations. The treasury team will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances and advise the Executive Director of Finance and Corporate Governance accordingly.
- 7.4 If there was a significant risk of a much sharper rise in long and short term rates than the currently forecast. Then the portfolio position will be re-appraised with the likely action that fixed rate funding will be drawn whilst interest rates are still lower than they will be in the next few years.
- 7.5 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.
- 7.6 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.
- 7.7 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 / %	2015/16		2016/17		2017/18	
Upper Gross Borrowing Limits on fixed interest rates	345	100%	385	100%	385	100%
Upper Gross Borrowing Limits on variable interest rates	69	20%	77	20%	77	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 2014
Under 12 months	15%	0%	1.2%
12 months and within 24 months	15%	0%	6.3%

24 months and within 5 years	60%	0%	7.6%
5 years and within 10 years	75%	0%	10.1%
10 years and above	100%	0%	74.8%

## 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	2013/14 Actual	2014/15	2015/16	2016/17	2017/18
Borrowing	325	325	325	325	325
Other long term liabilities	20	20	20	20	20
<b>Total</b>	<b>345</b>	<b>345</b>	<b>345</b>	<b>345</b>	<b>345</b>

- 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	2013/14 Actual	2014/15	2015/16	2016/17	2017/18
Borrowing	275	275	275	275	275
Other long term liabilities	13	15	15	15	15
<b>Total</b>	<b>288</b>	<b>290</b>	<b>290</b>	<b>290</b>	<b>290</b>

- 9.4 The HRA CFR is required to remain within a 'Debt Cap' as set by the Department for Communities and Local Government as part of the transition to HRA self-financing. The Council's debt cap is currently set at £254.617m. The Housing programme is forecast to remain £34m below this threshold for the period 2015-19.

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**

For the period 2015-19 the Housing programme will be borrowing against internal resources. This is principally achieved through the use of monies received in respect of the Earl's Court project. Use of this money is classed as borrowing as although cash is to be received from the developer on a constant and phased basis, the receipt is only deemed usable for funding purposes as land transfers to the purchaser. This does not prevent the Council from spending the cash it receives, but until such time that land transfers any such use is classed as borrowing. This borrowing unwinds when the receipt becomes usable. The total available to the HRA for the purposes of internal borrowing is shown in the table in paragraph 5.7 above. The current Housing Revenue Account borrowing requirement is therefore very sensitive to anything which might change the pattern of the receipts from the Earls Court Programme (for example as a result of the review of the Earls Court programme currently underway) or in any way further restrict the use of these receipts (for example if a partial stock transfer was the outcome of the Strategic Housing Stock Options Appraisal).

## **12. TRAINING**

12.1 The CIPFA Code requires the lead officer to ensure that Members with Treasury Management responsibilities receive adequate training in Treasury Management. This especially applies to Members responsible for scrutiny. Members will be offered training and arrangements will be made as required.

12.2 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. 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.

12.3 The training needs of the Treasury Management team are periodically reviewed.

**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 (Audit, Pensions and Standards Committee). 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 Officer 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:

<b>Area of Responsibility</b>	<b>Council / Committee / Officer</b>	<b>Frequency</b>
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	1. Audit, Pensions and	Annually, after the first half of

Strategy: Mid-year report	Standards Committee 2. Finance and Delivery PAC	the financial year
Treasury Management Strategy: Updates / revisions at other times	1. Audit, Pensions and Standards Committee 2. Finance and Delivery PAC 3. Full Council	As and when required
Treasury Out-turn Report	1. Audit, Pensions and Standards Committee 2. Finance and Delivery PAC 3. 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.
- 14.2 This report is wholly of a financial nature.

#### **15. LEGAL IMPLICATIONS**

- 15.1 The statutory requirements are set out in the body of the report.
- 15.2 Implications verified/completed by: David Walker, Bi-Borough Principal Solicitor, 020 7361 2211.

#### **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 (published)	Christopher Harris Tel: 0208 753 6440	Finance Department, 2 <sup>nd</sup> Floor, HTH Extension
2.	Treasury Management Strategy 2014/15 (Approved by Full Council February 2014)	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.

**Direct Property Investment Funds:** Property funds offer enhanced returns over the **longer term**, but are potentially more volatile in the shorter term. A new asset class other than cash would offer greater diversification. These funds have no defined maturity date, but are available for withdrawal after a notice period. The performance and continued suitability would be monitored regularly.

## APPENDIX C

A Credit Default Swap (CDS) is a contract between two counterparties in which the buyer of the contract makes quarterly payments to the seller of the contract in exchange for a payoff if there is a credit event of the reference entity. The reference entity is the third party on whom the contract is based. A credit event depends on the Doc Clause (terms and conditions) of the CDS agreement but this usually includes events such as default on coupon payments, restructuring of debt, bankruptcy etc.

The contract essentially gives protection, or “insurance”, to the buyer of the CDS in the case of a credit event of the reference entity. As the CDS market is currently unregulated, it cannot technically be seen as insurance as the seller of the contract does not have to set aside any reserves for any possible future credit event.

As with all swap contracts, a CDS has 2 legs: a fee leg and a contingent leg. The fee leg of the CDS is the leg in which the buyer of the protection pays quarterly payments to the seller. The contingent leg of the CDS is the leg in which the seller of the CDS pays the buyer if a credit event occurs.

The fee leg payments are based on the spread currently traded in the market. The spread of a CDS indicates the market perception of the likelihood of a credit event occurring.

The higher the spread, the higher the cost of protecting against a credit event, the more likely the market considers a credit event will occur. The spread can be likened to an insurance premium paid on.

## APPENDIX D

Property Funds do not have credit ratings from the any of three major credit rating agencies primarily because the agencies look at the overall creditworthiness of financial institutions (debts, income, expenses, broad financial history in addition to other information) and the property funds are individual products within non-financial institutions.

All properties are unique, their value is determined by factors such as location, build quality and condition, the length of the lease, the strength of covenant provided by the tenant and the size of the current and potential income steam. Conditions in the property sector and indeed in the wider investment market will also be important.

However there are ways to monitor the risk associated with the asset class and individual property fund:

- Quality and track record of the Property Fund and staff.
- Independent valuation of the portfolio.
- Controls on the types of property, quality of tenants, location, historical behaviour of the Property Fund.
- The consistency of income.

It should be noted that Property Funds can be an illiquid asset class and therefore should be viewed as a long term investment a minimum of three to five years.


## APPENDIX E

### CREDIT RATING AGENCY NOMENCLATURE

<b>Long term ratings</b>	<b>Fitch</b>	<b>Moody's</b>	<b>S&amp;P</b>
<i>Investment Grade</i> 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-
<i>Non-investment grade (junk)</i> 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

<b>Short term ratings</b>	<b>Fitch</b>	<b>Moody's</b>	<b>S&amp;P</b>
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

# Agenda Item 6

 hammersmith & fulham	<b>London Borough of Hammersmith &amp; Fulham</b>  <b>CABINET</b>  <b>2 FEBRUARY 2015</b>
<b>CAPITAL PROGRAMME MONITOR &amp; BUDGET VARIATIONS, 2014/15 (THIRD QUARTER)</b>	
<b>Report of the Cabinet Member for Finance – Councillor Max Schmid</b>	
<b>Open Report</b>	
<b>Classification:</b> For decision <b>Key Decision:</b> Yes	
<b>Wards Affected:</b> All	
<b>Accountable Executive Director:</b> Jane West, Director of Finance & Corporate Governance	
<b>Report Author:</b> Christopher Harris, Head of Corporate Accountancy and Capital	<b>Contact Details:</b> Tel: 0208 753 6440 Email: christopher.harris@lbhf.gov.uk

## 1. EXECUTIVE SUMMARY

- 1.1. This report provides a financial update on the Council's Capital Programme and seeks approval for budget variations as at the end of the third quarter, 2014/15. A net decrease of **£27.2m** to the 2014/15 capital budget (as approved at the end of the second quarter) is proposed.
- 1.2. A review of the various policies and strategies which comprise the overall capital programme is underway and a new Capital Programme will be laid before Council in February 2015.

## 2. RECOMMENDATION

- 2.1. That approval be given to the proposed budget variations to the capital programme totalling **£27.2m** (summarised in Table 1 and detailed in Appendix 2).

## 3. REASONS FOR DECISION

- 3.1. This report seeks revisions to the Capital Programme which require the approval of Cabinet in accordance with the Council's financial regulations.

## 4. CAPITAL PROGRAMME

4.1. The Council's capital programme as at the end of the third quarter 2014/15 – including proposed variations - is summarised in table 1 below. Further detail for each service can be found in Appendix 1. A full analysis of elements of the programme funded from internal Council resource is included in section 6.

**Table 1 – LBHF Capital Programme 2014-18 with proposed 2014/15 Q3 Variations**

Budget 2014/15 (Q2)	Proposed Variations: Q2 Budget to Q3				Revised Budget 2014/15 (At Q3)	2014/15 Spend to Date	Indicative Budgets			Total Budget (All years)	
	Slippages from/(to) future years	Addition/(Reduction)	Transfers	Total Proposed Variations (Q3)			2015/16	2016/17	2017/18		
£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
<b>CAPITAL EXPENDITURE</b>											
Children's Services	57,551	(16,459)	2,238	-	(14,221)	43,330	22,615	21,897	197	-	65,424
Adult Social Care	2,055	-	19	-	19	2,074	628	1,948	450	450	4,922
Transport & Technical Services	15,628	-	1,626	-	1,626	17,254	4,718	7,183	9,101	7,231	40,769
Finance & Corporate Services	1,186	-	-	-	-	1,186	-	750	750	750	3,436
Environment, Leisure & Residents Services	2,314	(19)	179	-	160	2,474	885	711	500	500	4,185
Libraries	1,585	-	-	-	-	1,585	930	-	-	-	1,585
<b>Sub-total (Non-Housing)</b>	<b>80,319</b>	<b>(16,478)</b>	<b>4,062</b>	<b>-</b>	<b>(12,416)</b>	<b>67,903</b>	<b>29,776</b>	<b>32,489</b>	<b>10,998</b>	<b>8,931</b>	<b>120,321</b>
HRA Programme	48,411	(5,239)	-	-	(5,239)	43,172	14,770	57,548	44,502	44,170	189,392
Decent Neighbourhoods Programme	28,931	(10,069)	492	-	(9,577)	19,354	3,470	36,613	24,420	14,522	94,909
<b>Sub-total (Housing)</b>	<b>77,342</b>	<b>(15,308)</b>	<b>492</b>	<b>-</b>	<b>(14,816)</b>	<b>62,526</b>	<b>18,240</b>	<b>94,161</b>	<b>68,922</b>	<b>58,692</b>	<b>284,301</b>
<b>Total Expenditure</b>	<b>157,661</b>	<b>(31,786)</b>	<b>4,554</b>	<b>-</b>	<b>(27,232)</b>	<b>130,429</b>	<b>48,016</b>	<b>126,650</b>	<b>79,920</b>	<b>67,623</b>	<b>404,622</b>
<b>CAPITAL FINANCING</b>											
<b>Specific/External Financing:</b>											
Government/Public Body Grants	51,069	(16,648)	2,653	-	(13,995)	37,074	20,301	25,602	4,352	2,157	69,185
Developers Contributions (S106)	5,801	(19)	209	-	190	5,991	2,094	239	-	-	6,230
Leaseholder Contributions	6,569	-	-	-	-	6,569	-	5,693	5,525	5,011	22,798
Other Specific Financing	-	-	-	-	-	-	-	-	-	-	-
<b>Sub-total - Specific Financing</b>	<b>63,439</b>	<b>(16,667)</b>	<b>2,862</b>	<b>-</b>	<b>(13,805)</b>	<b>49,634</b>	<b>22,395</b>	<b>31,534</b>	<b>9,877</b>	<b>7,168</b>	<b>98,213</b>
<b>Mainstream Financing (Internal):</b>											
Capital Receipts - General Fund	18,986	-	1,200	-	1,200	20,186	7,102	6,503	8,100	6,230	41,019
Capital Receipts - Housing*	50,325	(18,298)	492	0	(17,806)	32,519	3,470	66,617	39,056	19,555	157,747
Revenue funding - General Fund	692	-	-	-	-	692	279	544	544	544	2,324
Revenue Funding - HRA	113	-	-	-	-	113	-	2,300	5,500	11,574	19,487
Major Repairs Reserve (MRR) [Housing]	20,011	3,179	-	-	3,179	23,190	14,770	16,849	17,355	17,818	75,212
Earmarked Reserves (Revenue)	313	-	-	-	-	313	-	-	-	0	313
<b>Sub-total - Mainstream Funding</b>	<b>90,440</b>	<b>(15,119)</b>	<b>1,692</b>	<b>-</b>	<b>(13,427)</b>	<b>77,013</b>	<b>25,621</b>	<b>92,813</b>	<b>70,555</b>	<b>55,721</b>	<b>296,102</b>
<b>Borrowing</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,135</b>	<b>(512)</b>	<b>4,734</b>	<b>6,357</b>
<b>Funding to be identified</b>	<b>3,782</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,782</b>	<b>-</b>	<b>168</b>	<b>-</b>	<b>-</b>	<b>3,950</b>
<b>Total Capital Financing</b>	<b>157,661</b>	<b>(31,786)</b>	<b>4,554</b>	<b>-</b>	<b>(27,232)</b>	<b>130,429</b>	<b>48,016</b>	<b>126,650</b>	<b>79,920</b>	<b>67,623</b>	<b>404,622</b>

\*Capital Receipts include use of brought forward Housing receipts

4.2. A net variation to the 2014/15 programme of **£27.2m** is proposed, decreasing total budgeted expenditure from **£157.6m** to **£130.4m**. Of the proposed net variation, £31.8m relates to slippages between financial years. The remaining £4.6m variation relates primarily to growth in the programme where external funding sources have now been confirmed or associated forecast funding has increased. A detailed analysis of proposed variations for approval is included at Appendix 2.

## 5. CAPITAL FINANCE REQUIREMENT (CAPITAL DEBT)

- 5.1. The Capital Finance Requirement (CFR) measures the Council's long-term indebtedness. For the General Fund CFR, the Council is required to set-aside an annual provision from revenue, known as the Minimum Revenue Provision (MRP), which is designed to set-aside resource to repay debt. There is no requirement to make MRP in respect of Housing debt.
- 5.2. Since 2006 the Council has operated a strategy to reduce General Fund CFR debt using surplus capital receipts from the mainstream programme. Table 2 below represents the potential CFR position based on the continued application of surplus receipts.

**Table 2 – Forecast General Fund CFR at Q3 2014-15**

	2014/15 £m	2015/16 £m	2016/17 £m	2017/18 £m
<b>Opening Capital Finance Requirement (CFR)</b>	<b>74.20</b>	<b>56.65</b>	<b>43.18</b>	<b>43.18</b>
Revenue Repayment of Debt (MRP)	(1.24)	(0.54)	-	-
Application of Mainstream Programme (Surplus)/Deficit	(16.31)	(12.93)	-	-
<b>Closing Capital Finance Requirement (CFR)</b>	<b>56.65</b>	<b>43.18</b>	<b>43.18</b>	<b>43.18</b>

<i>Related annual revenue savings assumed in MTFS</i>	<i>1.3</i>	<i>0.6</i>	<i>1.1</i>	<i>1.4</i>
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- 5.3. The annual revenue savings associated with debt reduction and debt management - as assumed in the Medium Term Financial Strategy (MTFS) - are shown in the table above. These savings include the assumed MRP savings associated with CFR reduction.
- 5.4. The Council is not required to make MRP provisions once the General Fund CFR reaches £43.2m.
- 5.5. The Council is currently exploring investment alternatives to General Fund debt reduction that would offer a better return on investment.
- 5.6. The current HRA CFR forecast is shown in Table 3 below:

**Table 3 – Forecast HRA CFR at Q3 2014-15**

	2014/15 £'000	2015/16 £'000	2016/17 £'000	2017/18 £'000
Opening HRA Capital Finance Requirement (CFR)	207,760	205,346	205,918	202,650
Net movement in external borrowing	(2,414)	(1,563)	(2,756)	(1,931)
Net movement in internal borrowing	0	2,135	(511)	4,733
<b>Closing HRA Capital Finance Requirement (CFR)</b>	<b>205,346</b>	<b>205,918</b>	<b>202,650</b>	<b>205,453</b>

## 6. GENERAL FUND – MAINSTREAM PROGRAMME AND CAPITAL RECEIPTS

- 6.1. The General Fund mainstream programme cuts across the departmental programmes and represents schemes which are funded from internal Council resource – primarily capital receipts. It is effectively the area of the programme where the Council has the greatest discretion. The receipts available to the mainstream programme come via the General Fund asset disposal strategy which



sits as part of the Asset Management Plan. The mainstream programme is summarised in Table 4.

**Table 4 – General Fund Mainstream Programme at 2014/15 Q3**

	Budget 2014/15 (Q2)	Proposed Variations (Q3)	Revised Budget 2014/15 (As at Q3)	Spend/ Receipts to Date	Indicative Budget 2015/16	Indicative Budget 2016/17	Indicative Budget 2017/18	Total Budget (All years)
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Approved Expenditure</b>								
<b>Ad Hoc Schemes:</b>								
Schools Organisation Strategy [CHS] (mainstream element)*	8,977	-	8,977	4,570	273	-	-	9,250
Set-aside for Lyric redevelopment [CHS]	3,782	-	3,782	-	168	-	-	3,950
Carnwath Road Receipt [TTS]	-	1,200	1,200	-	-	1,870	-	3,070
Grants To Social Landlords (Hostel Improvement) [ASC]	60	-	60	60	-	-	-	60
Fulham Cemetery (Porta Cabins)	85	-	85	-	-	-	-	85
<b>Rolling Programmes:</b>								
Disabled Facilities Grant [ASC]	450	-	450	-	450	450	450	1,800
Planned Maintenance/DDA Programme [TTS]	6,214	-	6,214	745	2,500	2,500	2,500	13,714
Footways and Carriageways [TTS]	2,030	-	2,030	1,171	2,030	2,030	2,030	8,120
Controlled Parking Zones [TTS]	154	-	154	-	275	275	275	979
Column Replacement [TTS]	288	-	288	279	269	269	269	1,095
Contribution to Invest to Save Fund [FCS]	750	-	750	-	750	750	750	3,000
Parks Programme [ELRS]	670	-	670	549	500	500	500	2,170
<b>Total Mainstream Programmes</b>	<b>23,460</b>	<b>1,200</b>	<b>24,660</b>	<b>7,374</b>	<b>7,215</b>	<b>8,644</b>	<b>6,774</b>	<b>47,293</b>
<b>Available and Approved Resource</b>								
Capital Receipts (total available)	25,708	14,571	40,279	22,296	21,251	8,894	3,840	74,264
General Fund Revenue Account	692	-	692	279	544	544	544	2,324
<b>Available Mainstream Resource</b>	<b>26,400</b>	<b>14,571</b>	<b>40,971</b>	<b>22,575</b>	<b>21,795</b>	<b>9,438</b>	<b>4,384</b>	<b>76,588</b>
<b>In-year surplus/(deficit)</b>	<b>2,940</b>		<b>16,311</b>		<b>14,580</b>	<b>794</b>	<b>(2,390)</b>	
<b>Surplus/(deficit) brought-forward</b>	<b>-</b>		<b>-</b>		<b>16,311</b>	<b>30,892</b>	<b>31,685</b>	
<b>Surplus/(deficit) carried forward</b>	<b>2,940</b>		<b>16,311</b>		<b>30,892</b>	<b>31,685</b>	<b>29,295</b>	

6.2. The 2014-15 programme has increased by **£1.2m** due to an increase in the forecast capital receipt for the Carnwath Road site.

6.3. Forecast capital receipts for the year have increased by **£14.6m** to **£40.3m**. This is mainly due to capital receipts previously forecast for 2016/17 now being expected to be received in January 2015. As at the end of the second quarter, **£22.3m** of receipts had been received. A summary of forecast receipts is included in Appendix 3.

6.4. As at the end of the third quarter, **£1.8m** of deferred disposal costs have been accrued in respect of anticipated General Fund disposals. These costs are netted against the receipt when received (subject to certain restrictions). In the event that a sale does not proceed these costs must be written back to revenue. A summary of deferred costs is included in Appendix 3.

6.5. The mainstream programme is currently showing an overall forecast surplus in 2014/15 of **£16.3m**. Over the next four years the programme is forecast to be in surplus by **£29.3m**. The surplus currently underpins the debt reduction forecast.

## 7. OTHER PROGRAMMES

### 7.1. Housing Capital Programme

7.1.1 The expenditure and resource analysis of the Housing Programme is summarised in Table 5 below:

**Table 5 – Housing Capital Programme 2014-18 at Q3**

	Budget 2014/15 (Q2) £'000	Proposed Variations Q3 £'000	Revised Budget 2014/15 (Q3) £'000	Spend to Date £'000	Indicative Budget 2015/16 £'000	Indicative 2016/17 Budget £'000	Indicative 2017/18 Budget £'000
<b>Approved Expenditure</b>							
Decent Neighbourhood Schemes	28,931	(9,577)	<b>19,354</b>	3,469	36,613	24,420	14,522
HRA Schemes	48,411	(5,239)	<b>43,172</b>	14,770	57,548	44,502	44,170
<b>Total Housing Programme - Approved Expenditure</b>	<b>77,342</b>	<b>(14,816)</b>	<b>62,526</b>	<b>18,239</b>	<b>94,161</b>	<b>68,922</b>	<b>58,692</b>
<b>Available and Approved Resource</b>							
Capital Receipts realised in-year	15,313	10,528	<b>25,840</b>	18,239	8,992	6,395	19,243
Sale of new build homes	1,975	(372)	<b>1,603</b>	-	6,392	20,637	4,872
Earls Court Receipts recognisable	-	-	-	-	-	18,460	-
Housing Revenue Account (revenue funding)	113	-	<b>113</b>	-	2,300	5,500	11,574
Major Repairs Reserve (MRR)	20,011	3,179	<b>23,190</b>	-	16,849	17,355	17,818
Contributions Developers (S106)	-	-	-	-	-	-	-
Contributions from leaseholders	6,569	-	<b>6,569</b>	-	5,693	5,525	5,011
Capital Grants and Contributions from GLA Bodies	324	(189)	<b>135</b>	-	567	1,998	-
Use of Reserves	-	-	-	-	-	-	-
<b>Total Available Forecast Resource (In-year)</b>	<b>44,305</b>	<b>13,146</b>	<b>57,450</b>	<b>18,239</b>	<b>40,793</b>	<b>75,870</b>	<b>58,518</b>
Internal Borrowing	-	-	-	-	2,135	(511)	4,733
<b>Total Forecast Resource (In-year) [inc. Borrowing]</b>	<b>44,305</b>	<b>13,146</b>	<b>57,450</b>	<b>18,239</b>	<b>42,928</b>	<b>75,359</b>	<b>63,251</b>
<b>In-year surplus/(deficit)</b>	<b>(33,037)</b>	<b>27,962</b>	<b>(5,076)</b>	<b>-</b>	<b>(51,233)</b>	<b>6,437</b>	<b>4,559</b>
<b>Surplus/(deficit) brought-forward</b>	<b>70,678</b>	<b>-</b>	<b>70,678</b>	<b>-</b>	<b>65,602</b>	<b>14,369</b>	<b>20,806</b>
<b>Surplus/(deficit) carried forward*</b>	<b>36,318</b>	<b>27,962</b>	<b>65,602</b>	<b>-</b>	<b>14,369</b>	<b>20,806</b>	<b>25,365</b>
<i>*Earmarked from above to cover Earls Court Cost of Disposal &amp; 1-4-1 Replacement under RTB agreement</i>	4,774	4,729	9,503	-	14,369	20,806	25,365
<b>Surplus/(Deficit) after earmarked resources</b>	<b>31,544</b>	<b>23,233</b>	<b>56,098</b>	<b>-</b>	<b>(0)</b>	<b>0</b>	<b>(0)</b>

7.1.2 The Decent Neighbourhoods Fund contains the Council's Housing Capital Receipts which in accordance with the change in capital regulations, effective from 1 April 2013 must be used for Housing or Regeneration purposes and shows how the Council plans to reinvest those receipts in Housing and Regeneration.

7.1.3 The new administration is currently reviewing financing options, investment priorities and funding for the Decent Neighbourhoods Fund as part of the review of the Council's Housing Strategy and HRA Financial Strategy. The capital receipts included above are primarily from staircasing of Discount Market Sale homes and the sale of licences to leaseholders.

7.1.4 The 2014/15 Decent Neighbourhoods Capital Programme remains fully funded through the use of reserved capital receipts. The strategy for future years is under review as part of the review of the Council's Housing Strategy and HRA Financial Strategy.

## **7.2. Schools Programme**

- 7.2.1 The 2014/15 school programme budget has been adjusted by a net decrease of £15.3m, this is due mainly to slippages to 2015/16.

## **8. VAT IMPLICATIONS**

- 8.1. The capital programme can significantly impact the Council's VAT Partial Exemption. The position continues to be managed through the VAT policy, as approved in the Q1 capital programme monitor, and regular review of high VAT risk projects.

## **9. EQUALITY IMPLICATIONS**

- 9.1. There are no direct equalities implications in relation to this report. This paper is concerned entirely with financial management issues and as such is not impacting directly on any protected group.
- 9.2. Implications verified/completed by: David Bennett, Head of Change Delivery (Acting) - 020 7361 1628.

## **10. LEGAL IMPLICATIONS**

- 10.1. There are no direct legal implications in relation to this report.
- 10.2. Implications verified/completed by: David Walker, Principal Solicitor (Property) 020 7361 2211.

## **11. FINANCIAL AND RESOURCES IMPLICATIONS**

- 11.1. This report is wholly of a finance nature.

## **12. RISK MANAGEMENT**

- 12.1. Large scale capital projects can operate in environments which are complex, turbulent and continually evolving. Effective risk identification and control within such a dynamic environment is more than just populating a project risk register or appointing a project risk officer. Amplifying the known risks so that they are not hidden or ignored, demystifying the complex risks into their more manageable sum of parts and anticipating the slow emerging risks which have the ability to escalate rapidly are all necessary components of good capital programme risk management.
- 12.2. Major capital projects can significantly enhance value based on how well they are executed. Considering their high impact nature, the levels of oversight, governance, risk management and assurance need to be in place. For this the

standards for the Council are set out in the financial regulations and scheme of delegation along with the key controls. A clearly defined enterprise wide risk management framework is now established across Tri-borough which considers all relevant risk classes and provides a common definition and approach to risk management. This will ensure that a common language and understanding is secured. Capital projects form part of the Strategic Tri-borough risks and monitoring of the programme is noted as a key mitigating action.

- 12.3. Implications completed by: Michael Sloniowski, Bi-borough Risk Manager ext. 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, Bi-borough Procurement Consultant - 020 7361 2581.

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

<b>No.</b>	<b>Description of Background Papers</b>	<b>Name/Ext of holder of file/copy</b>	<b>Department/ Location</b>
1.	Capital Budget Monitoring Documents	Christopher Harris tel. 6440	Finance Dept., 2 <sup>nd</sup> Floor, Town Hall Extension

#### **LIST OF APPENDICES:**

- Appendix 1 – Detailed Capital Budgets, Spend and Variation analysis by Service
- Appendix 2 – Analysis of Budget Variations
- Appendix 3 – Capital Receipts Forecast

## Appendix 1 – Detailed Capital Budget, Spend and Variation Analysis by Service

### Children's Services

	Current Year Programme						Indicative Future Years Analysis				
	Budget 2014/15 (Q2)	Analysis of Movements (Q2 to Q3)				Revised Budget 2014/15 (Q3)	Spend to Date	2015/16 Budget	2016/17 Budget	2017/18 Budget	Total Budget (All years)
		Slippages from/(to) future years	Additions/ (Reductions)	Transfers	Total Transfers/ Virements						
£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
<b>Scheme Expenditure Summary</b>											
Lyric Theatre Development	10,545	-	-	-	-	10,545	6,433	380	-	-	10,925
Devolved Capital to Schools	491	-	887	-	887	1,378	1,378	-	-	-	1,378
Schools Organisational Strategy	45,928	(16,459)	1,156	-	(15,303)	30,625	11,061	21,517	197	-	52,339
Other Capital Schemes	587	-	195	-	195	782	348	-	-	-	782
<b>Total Expenditure</b>	<b>57,551</b>	<b>(16,459)</b>	<b>2,238</b>	<b>-</b>	<b>(14,221)</b>	<b>43,330</b>	<b>19,220</b>	<b>21,897</b>	<b>197</b>	<b>-</b>	<b>65,424</b>
<b>Capital Financing Summary</b>											
<b>Specific/External or Other Financing</b>											
Capital Grants from Central Government	38,351	(16,459)	2,238	-	(14,221)	24,130	12,787	21,263	197	-	45,590
Grants and Contributions from Private Developers (Includes S106)	-	-	-	-	-	-	-	-	-	-	-
Capital Grants/Contributions from Non-departmental public bodies	6,441	-	-	-	-	6,441	1,863	193	-	-	6,634
Capital Grants and Contributions from GLA Bodies	-	-	-	-	-	-	-	-	-	-	-
<b>Sub-total - Specific or Other Financing</b>	<b>44,792</b>	<b>(16,459)</b>	<b>2,238</b>	<b>-</b>	<b>(14,221)</b>	<b>30,571</b>	<b>14,650</b>	<b>21,456</b>	<b>197</b>	<b>-</b>	<b>52,224</b>
<b>Mainstream Financing (Internal Council Resource)</b>											
Capital Receipts	8,727	-	-	-	-	8,727	4,570	273	-	-	9,000
Housing Revenue Account (revenue funding)	-	-	-	-	-	-	-	-	-	-	-
Major Repairs Reserve (MRR) / Major Repairs	-	-	-	-	-	-	-	-	-	-	-
General Fund Revenue Account (revenue funding)	250	-	-	-	-	250	-	-	-	-	250
Use of Reserves	-	-	-	-	-	-	-	-	-	-	-
<b>Sub-total - Mainstream Funding</b>	<b>8,977</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8,977</b>	<b>4,570</b>	<b>273</b>	<b>-</b>	<b>-</b>	<b>9,250</b>
<b>Borrowing</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Funding to be identified/agreed</b>	<b>3,782</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,782</b>	<b>-</b>	<b>168</b>	<b>-</b>	<b>-</b>	<b>3,950</b>
<b>Total Capital Financing</b>	<b>57,551</b>	<b>(16,459)</b>	<b>2,238</b>	<b>-</b>	<b>(14,221)</b>	<b>43,330</b>	<b>19,220</b>	<b>21,897</b>	<b>197</b>	<b>-</b>	<b>65,424</b>

## Adult Social Care Services

### Current Year Programme

### Indicative Future Years Analysis

Budget 2014/15 (Q2) £'000	Analysis of Movements (Q2 to Q3)				Revised Budget 2014/15 (Q3) £'000	Spend to Date £'000
	Slippages from/(to) future years £'000	Additions/ (Reductions) £'000	Transfers £'000	Total Transfers/ Virements £'000		

2015/16 Budget £'000	2016/17 Budget £'000	2017/18 Budget £'000	Total Budget (All years) £'000
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### Scheme Expenditure Summary

Extra Care New Build project (Adults' Personal Social Services Grant)	-
Grants To Social Landlords (Hostel Improvement)	60
Adult Social Care IT	16
Community Capacity Grant	731
White City Collaborative Care project	254
Autism Capital Grant	-
Disabled Facilities Grant	994

-	-	-	-	-	-	-
60	-	-	-	-	60	60
16	-	-	-	-	16	16
731	-	-	-	-	731	72
254	-	-	-	-	254	-
-	-	19	-	19	19	-
994	-	-	-	-	994	439

957	-	-	957
-	-	-	60
-	-	-	16
-	-	-	731
-	-	-	254
-	-	-	19
991	450	450	2,885

### Total Expenditure

2,055	-	19	-	19	2,074	587
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1,948	450	450	4,922
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### Capital Financing Summary

#### Specific/External or Other Financing

Capital Grants from Central Government	1,291
Grants and Contributions from Private Developers (includes S106)	-
Capital Grants/Contributions from Non-departmental public bodies	-
Capital Grants and Contributions from GLA	-
<b>Sub-total - Specific or Other Financing</b>	<b>1,291</b>

1,291	-	19	-	19	1,310	527
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
1,291	-	19	-	19	1,310	527

1,498	-	-	2,808
-	-	-	-
-	-	-	-
-	-	-	-
1,498	-	-	2,808

#### Mainstream Financing (Internal Council Resource)

Capital Receipts	510
Housing Revenue Account (revenue funding)	-
Major Repairs Reserve (MRR) / Major Repairs	-
General Fund Revenue Account (revenue funding)	-
Use of Reserves	254
<b>Sub-total - Mainstream Funding</b>	<b>764</b>

510	-	-	-	-	510	60
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
254	-	-	-	-	254	-
764	-	-	-	-	764	60

450	450	450	1,860
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	254
450	450	450	2,114

#### Borrowing

-	-	-	-	-	-	-
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-	-	-	-
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### Total Capital Financing

2,055	-	19	-	19	2,074	587
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1,948	450	450	4,922
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## Transport and Technical Services

### Current Year Programme

### Indicative Future Years Analysis

Budget 2014/15 (Q2)  £'000	Analysis of Movements (Q2 to Q3)				Revised Budget 2014/15 (Q3) £'000	Spend to Date  £'000	2015/16 Budget  £'000	2016/17 Budget  £'000	2017/18 Budget  £'000	Total Budget (All years)  £'000
	Slippages from/(to) future years  £'000	Additions/ (Reductions)  £'000	Transfers  £'000	Total Transfers/ Virements  £'000						
Planned Maintenance/DDA Programme	6,214	-	-	-	6,214	745	2,500	2,500	2,500	13,714
Footways and Carriageways	2,030	-	-	-	2,030	1,171	2,030	2,030	2,030	8,120
Transport For London Schemes	4,479	-	296	-	4,775	1,613	2,081	2,157	2,157	11,170
Controlled Parking Zones	154	-	-	-	154	-	275	275	275	979
Column Replacement	288	-	-	-	288	279	269	269	269	1,095
Carnwath Road Receipt	-	-	1,200	-	1,200	-	-	1,870	-	3,070
Other Capital Schemes	2,463	-	130	-	2,593	910	28	-	-	2,621
<b>Total Expenditure</b>	<b>15,628</b>	<b>-</b>	<b>1,626</b>	<b>-</b>	<b>17,254</b>	<b>4,718</b>	<b>7,183</b>	<b>9,101</b>	<b>7,231</b>	<b>40,769</b>
<b>Capital Financing Summary</b>										
<b>Specific/External or Other Financing</b>										
Capital Grants from Central Government	-	-	-	-	-	-	-	-	-	-
Grants and Contributions from Private Developers (includes S106)	2,463	-	130	-	2,593	910	28	-	-	2,621
Capital Grants/Contributions from Non- departmental public bodies	-	-	-	-	-	-	-	-	-	-
Capital Grants and Contributions from GLA Bodies	4,479	-	296	-	4,775	1,613	2,081	2,157	2,157	11,170
<b>Sub-total - Specific or Other Financing</b>	<b>6,942</b>	<b>-</b>	<b>426</b>	<b>-</b>	<b>7,368</b>	<b>2,523</b>	<b>2,109</b>	<b>2,157</b>	<b>2,157</b>	<b>13,791</b>
<b>Mainstream Financing (Internal Council Resource)</b>										
Capital Receipts	8,244	-	1,200	-	9,444	1,916	4,530	6,400	4,530	24,904
Housing Revenue Account (revenue funding)	-	-	-	-	-	-	-	-	-	-
Major Repairs Reserve (MRR) / Major Repairs	-	-	-	-	-	-	-	-	-	-
General Fund Revenue Account (revenue funding)	442	-	-	-	442	279	544	544	544	2,074
Use of Reserves	-	-	-	-	-	-	-	-	-	-
<b>Sub-total - Mainstream Funding</b>	<b>8,686</b>	<b>-</b>	<b>1,200</b>	<b>-</b>	<b>9,886</b>	<b>2,195</b>	<b>5,074</b>	<b>6,944</b>	<b>5,074</b>	<b>26,978</b>
Borrowing	-	-	-	-	-	-	-	-	-	-
<b>Total Capital Financing</b>	<b>15,628</b>	<b>-</b>	<b>1,626</b>	<b>-</b>	<b>17,254</b>	<b>4,718</b>	<b>7,183</b>	<b>9,101</b>	<b>7,231</b>	<b>40,769</b>

## Scheme Expenditure Summary

## Capital Financing Summary

### Specific/External or Other Financing

Capital Grants from Central Government

Grants and Contributions from Private Developers  
(includes S106)

Capital Grants/Contributions from Non-  
departmental public bodies

Capital Grants and Contributions from GLA Bodies

**Sub-total - Specific or Other Financing**

### Mainstream Financing (Internal Council Resource)

Capital Receipts

Housing Revenue Account (revenue funding)

Major Repairs Reserve (MRR) / Major Repairs

General Fund Revenue Account (revenue funding)

Use of Reserves

**Sub-total - Mainstream Funding**

Borrowing

**Total Capital Financing**

## Finance & Corporate Governance

### Current Year Programme

### Indicative Future Years Analysis

Budget 2014/15 (Q2) £'000	Analysis of Movements (Q2 to Q3)				Revised Budget 2014/15 (Q3) £'000	Spend to Date £'000	2015/16 Budget £'000	2016/17 Budget £'000	2017/18 Budget £'000	Total Budget (All years) £'000
	Slippages from/(to) future years £'000	Additions/ (Reductions) £'000	Transfers £'000	Total Transfers/ Virements £'000						
436	-	-	-	-	436	-	-	-	-	436
750	-	-	-	-	750	-	750	750	750	3,000
<b>1,186</b>	-	-	-	-	<b>1,186</b>	-	<b>750</b>	<b>750</b>	<b>750</b>	<b>3,436</b>
<b>Scheme Expenditure Summary</b>										
Relocation of HAFAD to Edward Woods Community Centre and Related Refurbishment Requirements	-	-	-	-	-	-	-	-	-	-
Contribution to Invest to Save Fund	-	-	-	-	-	-	-	-	-	-
<b>Total Expenditure</b>	-	-	-	-	-	-	-	-	-	-
<b>Capital Financing Summary</b>										
<b>Specific/External or Other Financing</b>										
Capital Grants from Central Government	-	-	-	-	-	-	-	-	-	-
Grants and Contributions from Private Developers (includes S106)	436	-	-	-	436	-	-	-	-	436
Capital Grants/Contributions from Non- departmental public bodies	-	-	-	-	-	-	-	-	-	-
Capital Grants and Contributions from GLA Bodies	-	-	-	-	-	-	-	-	-	-
<b>Sub-total - Specific or Other Financing</b>	<b>436</b>	-	-	-	<b>436</b>	-	-	-	-	<b>436</b>
<b>Mainstream Financing (Internal Council Resource)</b>										
Capital Receipts	750	-	-	-	750	-	750	750	750	3,000
Housing Revenue Account (revenue funding)	-	-	-	-	-	-	-	-	-	-
Major Repairs Reserve (MRR) / Major Repairs	-	-	-	-	-	-	-	-	-	-
General Fund Revenue Account (revenue funding)	-	-	-	-	-	-	-	-	-	-
Use of Reserves	-	-	-	-	-	-	-	-	-	-
<b>Sub-total - Mainstream Funding</b>	<b>750</b>	-	-	-	<b>750</b>	-	<b>750</b>	<b>750</b>	<b>750</b>	<b>3,000</b>
<b>Borrowing</b>	-	-	-	-	-	-	-	-	-	-
<b>Total Capital Financing</b>	<b>1,186</b>	-	-	-	<b>1,186</b>	-	<b>750</b>	<b>750</b>	<b>750</b>	<b>3,436</b>



## Environment, Leisure and Residents Services

### Current Year Programme

### Indicative Future Years Analysis

Budget 2014/15 (Q2)	Analysis of Movements (Q2 to Q3)				Revised Budget 2014/15 (Q3)	Spend to Date	2015/16 Budget	2016/17 Budget	2017/18 Budget	Total Budget (All years)	
	Slippages from/(to) future years	Additions/(Reductions)	Transfers	Total Transfers/Virements							
£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
<b>Parks Expenditure</b>	937	-	179	-	179	1,116	559	500	500	500	2,616
Bishops Park	97	-	-	-	-	97	2	-	-	-	97
Shepherds Bush Common Improvements	750	-	-	-	-	750	43	-	-	-	750
Recycling	19	(19)	-	-	(19)	-	-	19	-	-	19
CCTV	279	-	-	-	-	279	57	192	-	-	471
Fulham Cemetery (Porta Cabin Facility)	85	-	-	-	-	85	-	-	-	-	85
Linford Christie Stadium Refurbishment	147	-	-	-	-	147	-	-	-	-	147
<b>Total Expenditure</b>	<b>2,314</b>	<b>(19)</b>	<b>179</b>	<b>-</b>	<b>160</b>	<b>2,474</b>	<b>660</b>	<b>711</b>	<b>500</b>	<b>500</b>	<b>4,185</b>
<b>Capital Financing Summary</b>											
<b>Specific/External or Other Financing</b>											
Capital Grants from Central Government	-	-	50	-	50	50	50	-	-	-	50
Grants and Contributions from Private Developers (includes S106)	1,317	(19)	79	-	60	1,377	101	211	-	-	1,588
Capital Grants/Contributions from Non-departmental public bodies	183	-	-	-	-	183	-	-	-	-	183
Capital Grants and Contributions from GLA Bodies	-	-	50	-	50	50	32	-	-	-	50
<b>Sub-total - Specific or Other Financing</b>	<b>1,500</b>	<b>(19)</b>	<b>179</b>	<b>-</b>	<b>160</b>	<b>1,660</b>	<b>183</b>	<b>211</b>	<b>-</b>	<b>-</b>	<b>1,871</b>
<b>Mainstream Financing (Internal Council Resource)</b>											
Capital Receipts	755	-	-	-	-	755	477	500	500	500	2,255
Housing Revenue Account (revenue funding)	-	-	-	-	-	-	-	-	-	-	-
Major Repairs Reserve (MRR) / Major Repairs	-	-	-	-	-	-	-	-	-	-	-
General Fund Revenue Account (revenue funding)	-	-	-	-	-	-	-	-	-	-	-
Use of Reserves	59	-	-	-	-	59	-	-	-	-	59
<b>Sub-total - Mainstream Funding</b>	<b>814</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>814</b>	<b>477</b>	<b>500</b>	<b>500</b>	<b>500</b>	<b>2,314</b>
<b>Borrowing</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Capital Financing</b>	<b>2,314</b>	<b>(19)</b>	<b>179</b>	<b>-</b>	<b>160</b>	<b>2,474</b>	<b>660</b>	<b>711</b>	<b>500</b>	<b>500</b>	<b>4,185</b>

## Libraries Services

### Current Year Programme

### Indicative Future Years Analysis

Budget 2014/15 (Q2) £'000	Analysis of Movements (Q2 to Q3)				Revised Budget 2014/15 (Q3) £'000	Spend to Date £'000	2015/16 Budget £'000	2016/17 Budget £'000	2017/18 Budget £'000	Total Budget (All years) £'000
	Slippages from/(to) future years £'000	Additions/ (Reductions) £'000	Transfers £'000	Total Transfers/ Virements £'000						
<b>Scheme Expenditure Summary</b>										
Hammersmith Library Refurbishment Project	1,585	-	-	-	1,585	930	-	-	-	1,585
<b>Total Expenditure</b>	<b>1,585</b>	-	-	-	<b>1,585</b>	<b>930</b>	-	-	-	<b>1,585</b>
<b>Capital Financing Summary</b>										
<b>Specific/External or Other Financing</b>										
Capital Grants from Central Government	-	-	-	-	-	-	-	-	-	-
Grants and Contributions from Private Developers (includes S106)	1,585	-	-	-	1,585	930	-	-	-	1,585
Capital Grants/Contributions from Non-departmental public bodies	-	-	-	-	-	-	-	-	-	-
Capital Grants and Contributions from GLA Bodies	-	-	-	-	-	-	-	-	-	-
<b>Sub-total - Specific or Other Financing</b>	<b>1,585</b>	-	-	-	<b>1,585</b>	<b>930</b>	-	-	-	<b>1,585</b>
<b>Mainstream Financing (Internal Council Resource)</b>										
Capital Receipts	-	-	-	-	-	-	-	-	-	-
Housing Revenue Account (revenue funding)	-	-	-	-	-	-	-	-	-	-
Major Repairs Reserve (MRR) / Major Repairs	-	-	-	-	-	-	-	-	-	-
General Fund Revenue Account (revenue funding)	-	-	-	-	-	-	-	-	-	-
Use of Reserves	-	-	-	-	-	-	-	-	-	-
<b>Sub-total - Mainstream Funding</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Borrowing</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Capital Financing</b>	<b>1,585</b>	-	-	-	<b>1,585</b>	<b>930</b>	-	-	-	<b>1,585</b>

## Housing Capital Programme

### Current Year Programme

### Indicative Future Years Analysis

#### Analysis of Movements (Q2 to Q3)

Budget 2014/15 (Q2)	Slippages from/(to) future years	Additions/ (Reductions)	Transfers	Total Transfers/ Virements	Revised Budget 2014/15 (Q3)	Spend to Date	2015/16	2016/17	2017/18	Total Budget (All years)	
							Budget	Budget	Budget		
£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000		
<b>Scheme Expenditure Summary</b>											
<b>HRA Schemes:</b>											
Supply Initiatives (Major Voids)	5,900	(200)	-	(800)	(1,000)	4,900	667	2,621	2,000	2,000	11,521
Energy Schemes	2,661	(145)	-	(225)	(370)	2,291	1,537	3,411	3,408	3,430	12,540
Lift Schemes	5,551	(748)	-	(5)	(753)	4,798	2,035	6,704	5,813	5,800	23,115
Internal Modernisation	4,000	-	-	-	-	4,000	1,488	3,551	3,600	3,500	14,651
Major Refurbishments	7,543	-	-	200	200	7,743	1,995	9,695	12,228	22,600	52,266
Planned Maintenance Framework	14,304	(4,946)	-	-	(4,946)	9,358	2,974	25,758	10,659	-	45,775
Minor Programmes	9,537	(700)	-	782	82	9,619	2,680	8,995	7,244	7,290	33,148
Decent Homes Partnering	910	-	-	-	-	910	534	-	-	-	910
ASC/ELRS Managed	1,529	-	-	-	-	1,529	859	1,250	1,250	1,250	5,279
Rephasing & Reprogramming	(3,524)	1,500	-	48	1,548	(1,976)	-	(4,437)	(1,700)	(1,700)	(9,813)
<b>Subtotal HRA</b>	<b>48,411</b>	<b>(5,239)</b>	<b>-</b>	<b>-</b>	<b>(5,239)</b>	<b>43,172</b>	<b>14,770</b>	<b>57,548</b>	<b>44,502</b>	<b>44,170</b>	<b>189,392</b>
<b>Decent Neighbourhood Schemes:</b>											
HRA Debt Repayment	2,414	-	-	-	-	2,414	-	1,563	2,756	1,931	8,664
Earls Court Buy Back Costs	12,322	(3,612)	266	-	(3,346)	8,976	2	9,541	11,943	8,988	39,448
Earls Court Project Team Costs	1,379	-	(11)	-	(11)	1,368	756	3,115	5,437	3,559	13,479
Housing Development Project	7,823	(3,842)	-	-	(3,842)	3,981	2,119	18,744	5,584	44	28,353
Other DNP projects	4,993	(2,615)	237	-	(2,378)	2,615	593	3,650	(1,300)	-	4,965
<b>Subtotal Decent Neighbourhoods</b>	<b>28,931</b>	<b>(10,069)</b>	<b>492</b>	<b>-</b>	<b>(9,577)</b>	<b>19,354</b>	<b>3,470</b>	<b>36,613</b>	<b>24,420</b>	<b>14,522</b>	<b>94,909</b>
<b>Total Expenditure</b>	<b>77,342</b>	<b>(15,308)</b>	<b>492</b>	<b>-</b>	<b>(14,816)</b>	<b>62,526</b>	<b>18,240</b>	<b>94,161</b>	<b>68,922</b>	<b>58,692</b>	<b>284,301</b>
<b>Capital Financing Summary</b>											
<b>Specific/External or Other Financing</b>											
Capital Grants from Central Government	-	-	-	-	-	-	-	-	-	-	-
Contributions from leaseholders	6,569	-	-	-	-	6,569	-	5,693	5,525	5,011	22,798
Capital Grants and Contributions from GLA Bodies	324	(189)	-	-	189	135	-	567	1,998	-	2,700
<b>Sub-total - Specific or Other Financing</b>	<b>6,893</b>	<b>(189)</b>	<b>-</b>	<b>-</b>	<b>(189)</b>	<b>6,704</b>	<b>-</b>	<b>6,260</b>	<b>7,523</b>	<b>5,011</b>	<b>25,498</b>
<b>Mainstream Financing (Internal Council Resource)</b>											
Capital Receipts	50,325	(18,298)	492	-	(17,806)	32,519	3,470	66,617	39,056	19,555	157,747
Housing Revenue Account (revenue funding)	113	-	-	-	-	113	-	2,300	5,500	11,574	19,487
Major Repairs Reserve (MRR) / Major Repairs	20,011	3,179	-	-	3,179	23,190	14,770	16,849	17,355	17,818	75,212
<b>Sub-total - Mainstream Funding</b>	<b>70,449</b>	<b>(15,119)</b>	<b>492</b>	<b>0</b>	<b>(14,627)</b>	<b>55,822</b>	<b>18,240</b>	<b>85,766</b>	<b>61,911</b>	<b>48,947</b>	<b>252,446</b>
<b>Borrowing (Internal Borrowing)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,135</b>	<b>(512)</b>	<b>4,734</b>	<b>6,357</b>
<b>Total Capital Financing</b>	<b>77,342</b>	<b>(15,308)</b>	<b>492</b>	<b>-</b>	<b>(14,816)</b>	<b>62,526</b>	<b>18,240</b>	<b>94,161</b>	<b>68,922</b>	<b>58,692</b>	<b>284,301</b>


## Appendix 2 – Analysis of Budget Variations

Variation by Service	Amount £'000
<b>Children's Services</b>	
School's Devolved Capital – recognition of allocations as utilised by schools	887
School's Organisation Strategy – Slippage to 2015/16 in respect of the following projects: Burlington Danes Primary £5,810k Pope John £4,000k William Morris Sixth Form £1,233k Jack Tizzard £300k Bentworth £123k	(16,459)
School's Organisation Strategy – additions and reductions as follows: Lady Margaret £500k (as previously agreed by Cabinet on 7 <sup>th</sup> April 2014) Contingency £742k (as previously agreed by Cabinet on 7 <sup>th</sup> April 2014) Other changes -£86k (Revision of unallocated grants previously in assumed in future years)	1,156
Other Capital Schemes – recognition of new grant in respect of kitchen improvements	195
<b>Total CHS variations</b>	<b>(14,221)</b>
<b>Adult Social Care</b>	
Recognition of new Autism Grant	19
<b>Total ASC variations</b>	<b>19</b>
<b>Transport and Technical Services</b>	
Additional TFL funding allocated to Bridge Strengthening and Road Resurfacing	296
Carnwath Road related schemes- addition funded by an increase in the forecast capital receipt for the Carnwath Road site.	1,200
Other Capital Schemes - £130k of additional S106 funding	130
<b>Total TTS variations</b>	<b>1,626</b>
<b>Environment, Leisure and Resident's Services</b>	
Parks Programme – improvement to Brook Green Tennis facilities, funded from various external sources including Sport England grant, GLA grant and developer (S106) and private contributions.	179
Recycling programme – planned slippage into 2015/16	(19)
<b>Total ELRS variations</b>	<b>160</b>
<b>Housing Capital Programme</b>	
HRA schemes-slippage due to delays in the pre-construction phase	(5,239)
Earls Court-slippages due to forecast number of 2014/15 Earls Court buybacks being reduced to 16 from 24	(3,357)
Housing Development Project- slippages due to delay in starting number of schemes -pending a further project review	(3,842)
Other DNP projects- net decrease of £2.38m is a result of an increase of £237k in Watermeadow Court forecast due to ongoing issue with 3 Watermeadow court and £2.61m of slippages on HEIP schemes due to delay in project start.	(2,378)
<b>Total Housing variations</b>	<b>(14,816)</b>
<b>Grand Total (all variations)</b>	<b>(27,232)</b>

### Appendix 3 – General Fund – Forecast Capital Receipts

Year/Property	Forecast Outturn at Quarter 2	Movement/ Slippage	Forecast Outturn at Quarter 3	Deposit received as @ P9	Full sales proceeds @ P9	Deferred Costs of Disposal reserved
	£'000	£'000	£'000	£'000	£'000	£'000
<b>2014/15</b>						
<b>Total 2014/15</b>	25,708	14,571	<b>40,279</b>	296	22,296	771
<b>2015/16</b>						
<b>Total 2015/16</b>	19,907	1,345	<b>21,251</b>	250	-	988
<b>2016/17</b>						
<b>Total 2016/17</b>	21,362	(12,468)	<b>8,894</b>	-	-	36
<b>2017/18</b>						
<b>Total 2017/18</b>	6,259	(2,419)	<b>3,840</b>	-	-	-
<b>Total All Years</b>	<b>73,236</b>	<b>1,028</b>	<b>74,264</b>	<b>546</b>	<b>22,296</b>	<b>1,795</b>

# Agenda Item 7

 hammersmith & fulham	<b>London Borough of Hammersmith &amp; Fulham</b>  <b>CABINET</b>  <b>2 FEBRUARY 2015</b>
<b>FOUR YEAR CAPITAL PROGRAMME 2015/16 TO 2018/19</b>	
<b>Report of the Cabinet Member for Finance - Councillor Max Schmid</b>	
<b>Open report</b>	
<b>Classification - For Decision</b>	
<b>Key Decision: Yes</b>	
<b>Wards Affected: All</b>	
<b>Accountable Executive Director: Jane West, Executive Director of Finance and Corporate Governance</b>	
<b>Report Author:</b> Christopher Harris, Head of Finance (Corporate Accountancy & Capital)	<b>Contact Details:</b> Tel: 0208 753 6440 E-mail: <a href="mailto:christopher.harris@lbhf.gov.uk">christopher.harris@lbhf.gov.uk</a>

## 1. EXECUTIVE SUMMARY

- 1.1. This report presents the Council's four-year Capital Programme for the period 2015-19. The programme for this period totals £333.1m. The programme is subject to the approval of Full Council and is due to be considered at Budget Council in February 2015.
- 1.2. The gross programme for 2015/16 totals £125.9m. This comprises the General Fund Programme of £31.7m and the Housing Programme of £94.2m.
- 1.3. The report sets out the Councils' Minimum Revenue Provision (MRP) policy and the Prudential Indicators.

## 2. RECOMMENDATIONS

- 2.1. To approve the General Fund Capital Programme budget at £31.7m for 2015/16 (paragraph 5.1, Table 2 and Appendix 1).
- 2.2. To approve the continuation of the Council's rolling programmes and the continued use of internal funding for 2015/16 General Fund Programme as set out in Table 3 (paragraph 5.2) and specifically as follows:

- Capital receipts amounting to £5.48m to fund the Council's rolling programmes as follows:

	£m
Disabled Facilities Grant [ASC]	0.45
Planned Maintenance/DDA Programme [TTS]	2.50
Footways and Carriageways [TTS]	2.03
Parks Programme [ELRS]	0.50
<b>Total</b>	<b>5.48</b>

- Contributions from revenue amounting to £0.544m to fund the Council's rolling programmes as follows:

	£m
Controlled Parking Zones [TTS]	0.275
Column Replacement [TTS]	0.269
<b>Total</b>	<b>0.544</b>

- 2.3. To note existing capital receipts funded schemes in the Schools programme of £441k, previously approved, but now scheduled for 2015/16 (paragraph 5.2, Table 3).
- 2.4. To approve the Housing Programme at £94.2m for 2015/16 as set out in Table 5 (paragraph 7.2) and Appendix 1.
- 2.5. To approve the annual Minimum Revenue Provision policy statement for 2015/16 in Appendix 4.
- 2.6. To approve the Chartered Institute of Public Finance & Accountancy (CIPFA) Prudential Indicators as set out in Appendix 5 to the report.

## 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 and the CIPFA Prudential Code.

#### 4. INTRODUCTION AND BACKGROUND

4.1. This report sets out an updated four-year capital expenditure and resource forecast and a capital programme for 2015/16 to 2018/19, as summarised in Table 1 below. A detailed analysis of specific schemes by service is included in Appendix 1.

**Table 1 - Capital Programme 2015/16 to 2018/19**

	Indicative Budgets				Total Budget
	2015/16 Budget	2016/17 Budget	2017/18 Budget	2018/19 Budget	
	£'000	£'000	£'000	£'000	
<b>CAPITAL EXPENDITURE</b>					
Children's Services	21,897	197	-	-	<b>22,094</b>
Adult Social Care	1,948	450	450	450	<b>3,298</b>
Transport & Technical Services	7,183	9,101	7,231	7,231	<b>30,746</b>
Environment, Leisure & Residents Services	711	500	500	500	<b>2,211</b>
<b>Sub-total (Non-Housing)</b>	<b>31,739</b>	<b>10,248</b>	<b>8,181</b>	<b>8,181</b>	<b>58,349</b>
HRA Programme	57,548	44,502	44,170	38,568	<b>184,788</b>
Decent Neighbourhoods Programme	36,613	24,420	14,522	14,432	<b>89,987</b>
<b>Sub-total (Housing)</b>	<b>94,161</b>	<b>68,922</b>	<b>58,692</b>	<b>53,000</b>	<b>274,775</b>
<b>Total Expenditure</b>	<b>125,900</b>	<b>79,170</b>	<b>66,873</b>	<b>61,181</b>	<b>333,124</b>
<b>CAPITAL FINANCING</b>					
<b>Specific/External Financing:</b>					
Government/Public Body Grants	25,602	4,352	2,157	2,157	<b>34,268</b>
Developers Contributions (S106)	239	-	-	-	<b>239</b>
Leaseholder Contributions (Housing)	5,693	5,525	5,011	5,000	<b>21,229</b>
<b>Sub-total - Specific Financing</b>	<b>31,534</b>	<b>9,877</b>	<b>7,168</b>	<b>7,157</b>	<b>55,736</b>
<b>Mainstream Financing (Internal):</b>					
Capital Receipts - General Fund	5,921	7,350	5,480	5,480	<b>24,231</b>
Capital Receipts - Housing*	66,617	39,056	19,555	2,255	<b>127,483</b>
Revenue funding - General Fund	544	544	544	544	<b>2,176</b>
Revenue Funding - HRA	2,300	5,500	11,574	10,475	<b>29,849</b>
Major Repairs Reserve (MRR) [Housing]	16,849	17,355	17,818	18,323	<b>70,345</b>
<b>Sub-total - Mainstream Funding</b>	<b>92,231</b>	<b>69,805</b>	<b>54,971</b>	<b>37,077</b>	<b>254,084</b>
<b>Internal Borrowing - increase/(decrease)</b>	<b>2,135</b>	<b>(512)</b>	<b>4,734</b>	<b>16,947</b>	<b>23,304</b>
<b>Total Capital Financing</b>	<b>125,900</b>	<b>79,170</b>	<b>66,873</b>	<b>61,181</b>	<b>333,124</b>

\*Includes use of brought-forward receipts

4.2. The forecast above for specific and external resource is based on known allocations at December 2014. This includes the updated position for the Disabled Facilities Grant and the Transport for London Local Implementation Plan funding for 2015/16. The resource forecasts will be updated over the forthcoming months in accordance with relevant government, and other public and private, spending announcements. This will include a review of Children's Services allocations. At present schools' funding is not



confirmed beyond 15/16. Once this is confirmed by Government, General Fund capital expenditure is likely to be significantly higher. In addition the capital receipts figures will be updated as they become known.

- 4.3. The CIPFA Prudential Indicators have been updated to meet statutory requirements for 2015/16 and are detailed in Appendix 5.

## 5. THE GENERAL FUND CAPITAL PROGRAMME

- 5.1 The General Fund programme is summarised in Table 2, below. Detail for each service is included at Appendix 1.

**Table 2 – General Fund Capital Programme 2015-19**

	Indicative Budgets				Total Budget £'000
	2015/16 Budget £'000	2016/17 Budget £'000	2017/18 Budget £'000	2018/19 Budget £'000	
	<b>CAPITAL EXPENDITURE</b>				
Children's Services	21,897	197	-	-	<b>22,094</b>
Adult Social Care	1,948	450	450	450	<b>3,298</b>
Transport & Technical Services	7,183	9,101	7,231	7,231	<b>30,746</b>
Environment, Leisure & Residents Services	711	500	500	500	<b>2,211</b>
<b>Total Expenditure</b>	<b>31,739</b>	<b>10,248</b>	<b>8,181</b>	<b>8,181</b>	<b>58,349</b>
<b>CAPITAL FINANCING</b>					
<b>Specific/External Financing:</b>					
Government/Public Body Grants	25,035	2,354	2,157	2,157	<b>31,703</b>
Developers Contributions (S106)	239	-	-	-	<b>239</b>
<b>Sub-total - Specific Financing</b>	<b>25,274</b>	<b>2,354</b>	<b>2,157</b>	<b>2,157</b>	<b>31,942</b>
<b>Mainstream Financing (Internal):</b>					
Capital Receipts - General Fund	5,921	7,350	5,480	5,480	<b>24,231</b>
Revenue funding - General Fund	544	544	544	544	<b>2,176</b>
<b>Sub-total - Mainstream Funding</b>	<b>6,465</b>	<b>7,894</b>	<b>6,024</b>	<b>6,024</b>	<b>26,407</b>
<b>Total Capital Financing</b>	<b>31,739</b>	<b>10,248</b>	<b>8,181</b>	<b>8,181</b>	<b>58,349</b>

- 5.2 Table 3 overleaf shows the projects funded from internal resource and therefore represents the 'discretionary' part of the programme. This mainstream programme comprises the completion of existing schemes and the continuation of rolling programmes. The table is presented in the context of total available resource thus shows the surplus or deficit on the General Fund programme in a given year.

**Table 3 – General Fund Mainstream Programme 2015-19**

	Indicative Budgets				Total Budget (All years) £'000
	Budget 2015/16 £'000	Budget 2016/17 £'000	Budget 2017/18 £'000	Budget 2018/19 £'000	
<b>Approved Expenditure</b>					
<b>Ad Hoc Schemes:</b>					
Schools Organisation Strategy [CHS] (mainstream element)	441	-	-	-	441
Carnwath Road Receipt [TTS]	-	1,870	-	-	1,870
<b>Rolling Programmes:</b>					
Disabled Facilities Grant [ASC]	450	450	450	450	1,800
Planned Maintenance/DDA Programme [TTS]	2,500	2,500	2,500	2,500	10,000
Footways and Carriageways [TTS]	2,030	2,030	2,030	2,030	8,120
Controlled Parking Zones [TTS]	275	275	275	275	1,100
Column Replacement [TTS]	269	269	269	269	1,076
Parks Programme [ELRS]	500	500	500	500	2,000
<b>Total Mainstream Programmes**</b>	<b>6,465</b>	<b>7,894</b>	<b>6,024</b>	<b>6,024</b>	<b>26,407</b>
<b>Available and Approved Resource</b>					
Capital Receipts (total available) [See Appendix 2]	21,252	8,894	3,840	3,840	37,826
General Fund Revenue Account	544	544	544	544	2,176
<b>Available Mainstream Resource</b>	<b>21,796</b>	<b>9,438</b>	<b>4,384</b>	<b>4,384</b>	<b>40,002</b>
<b>In-year surplus/(deficit)</b>	<b>15,331</b>	<b>1,544</b>	<b>(1,640)</b>	<b>(1,640)</b>	
<b>Surplus/(deficit) brought-forward *</b>	-	15,331	16,875	15,235	
<b>Surplus/(deficit) carried forward</b>	<b>15,331</b>	<b>16,875</b>	<b>15,235</b>	<b>13,595</b>	

\*Assuming surplus from 2014-15 applied to debt reduction or investment

5.3 The General Fund mainstream capital programme continues to be primarily funded from capital receipts. A summary forecast of General Fund capital receipts is included in Appendix 2. 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. Sales are also at risk of slipping or not being 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 INVESTMENT AND DEBT REDUCTION

6.1 In considering the use of surpluses on the mainstream programme, notably surplus capital receipts, the Council will look at a range of options which maximises return.

6.2 The capital investment strategy in recent years has focused on using surpluses to reduce debt. The revenue savings from debt reduction continue to provide a 'benchmark' which alternative investment ideas should seek to match and, ideally, better.

- 6.3 General Fund debt is measured by the Capital Finance Requirement (CFR). The Council is required to make an annual provision from revenue, known as the Minimum Revenue Provision (MRP), which set-asides resource to repay debt and in so doing reduces the CFR. The CFR and MRP are explained in more detail in appendix 3 and the Council's 2015/16 MRP policy is set-out policy in Appendix 4.

**Table 4 - Forecast Movement in the GF Capital Financing Requirement (CFR)**

	2015/16 £m	2016/17 £m	2017/18 £m	2018/19 £m
<b>Opening Capital Finance Requirement (CFR)</b>	<b>56.65</b>	<b>43.18</b>	<b>43.18</b>	<b>43.18</b>
Revenue Repayment of Debt (MRP)	(0.54)	-	-	-
Application of Mainstream Programme (Surplus)	(15.33)	(1.54)	1.64	1.64
Excess' Surplus Reserved/(Utilised)*	2.40	1.54	(1.64)	(1.64)
<b>Closing Capital Finance Requirement (CFR)</b>	<b>43.18</b>	<b>43.18</b>	<b>43.18</b>	<b>43.18</b>
Excess' Surplus b/f	-	2.40	3.94	2.30
Excess' Surplus c/f	2.40	3.94	2.30	0.66
<i>Annual debt reduction and investment related revenue savings assumed in MTFS</i>	0.6	1.1	1.4	

\*Surplus available having taken the CFR to the Adjustment A floor

- 6.4 The annual revenue savings shown in Table 4 comprise MRP savings, interest saved on external debt maturing, savings relating to the restructuring of debt and increases in investment income on cash receipts pending repayment of external debt.

## 7. THE HOUSING CAPITAL PROGRAMME

- 7.1 The Housing Capital Programme is based on the Long Term Plan for Council Homes endorsed by Cabinet on 5<sup>th</sup> January 2015. It maintains the Council's commitment to catch up the repairs backlog on Council Homes and includes £185m for repairs and maintenance to existing Council Homes over the next four years.
- 7.2 The overall Housing Programme expenditure and resource forecast is summarised in Table 5, overleaf. The detailed programme is included at appendix 1.

**Table 5 – Housing Expenditure and Resource Forecast 2015-19**

	Indicative Budgets				Total £'000
	2015/16 Budget £'000	2016/17 Budget £'000	2017/18 Budget £'000	2018/19 Budget £'000	
<b>Forecast Expenditure (Per Table 1)</b>					
HRA Schemes	57,548	44,502	44,170	38,568	184,788
Decent Neighbourhood Schemes	36,613	24,420	14,522	14,432	89,987
<b>Total Housing Programme - Approved Expenditure</b>	<b>94,161</b>	<b>68,922</b>	<b>58,692</b>	<b>53,000</b>	<b>274,775</b>
<b>Forecast Resource</b>					
General Capital Receipts	15,384	27,032	24,115	6,699	73,230
Earls Court Receipts recognisable	-	18,460	-	-	18,460
Housing Revenue Account (revenue funding)	2,300	5,500	11,574	10,475	29,849
Major Repairs Reserve (MRR)	16,849	17,355	17,818	18,323	70,345
Contributions from leaseholders	5,693	5,525	5,011	5,000	21,229
Capital Grants and Contributions from GLA Bodies	567	1,998	-	-	2,565
<b>Total Forecast Resource (In-year)</b>	<b>40,793</b>	<b>75,870</b>	<b>58,518</b>	<b>40,497</b>	<b>215,678</b>
Internal Borrowing - increase/(decrease)	2,135	(511)	4,733	16,948	23,305
<b>Total Forecast Resource (In- Year; inc. Borrowing)</b>	<b>42,928</b>	<b>75,359</b>	<b>63,251</b>	<b>57,445</b>	<b>238,983</b>
<b>In-year surplus/(deficit)</b>	<b>(51,233)</b>	<b>6,437</b>	<b>4,559</b>	<b>4,445</b>	
<b>Surplus/(deficit) brought-forward</b>	<b>65,602</b>	<b>14,369</b>	<b>20,806</b>	<b>25,365</b>	
<b>Surplus/(deficit) carried forward*</b>	<b>14,369</b>	<b>20,806</b>	<b>25,365</b>	<b>29,810</b>	
<b>*Earmarked from above to cover Costs of Disposal and 1-4-1 Replacement under RTB agreement**</b>	<b>14,369</b>	<b>20,806</b>	<b>25,365</b>	<b>29,810</b>	
<b>Surplus/(Deficit) after earmarked resources</b>	-	-	-	-	

\*\*Under the 1-4-1 scheme, Right to Buy (RTB) receipts can be retained by the authority on the proviso that they are recycled into the provision of a replacement dwelling. Accordingly, these receipts must be ring-fenced until they can be matched to qualifying expenditure.

- 7.3 For the period 2015-19 the Housing programme will be borrowing against internal resources (as shown against 'internal borrowing' in Table 5).
- 7.4 The forecast Housing Capital Finance Requirement CFR and key Housing borrowing indicators are shown in Table 6, below.

**Table 6 – Housing CFR Forecast 2015-19**

	Forecast			
	2015/16 £'000	2016/17 £'000	2017/18 £'000	2018/19 £'000
<b>Closing HRA Capital Finance Requirement (CFR)</b>	<b>205,918</b>	<b>202,650</b>	<b>205,453</b>	<b>220,401</b>
Housing Debt Cap (set by CLG)	254,617	254,617	254,617	254,617
<b>Debt Headroom (Debt Cap minus CFR)</b>	<b>48,699</b>	<b>51,967</b>	<b>49,164</b>	<b>34,216</b>
<i>CFR represented by:</i>				
HRA PWLB Borrowing	192,282	186,416	180,267	176,482
Internal HRA Borrowing (HRA CFR minus PWLB Borrowing)	13,636	16,234	25,186	43,919
<b>Equals: HRA CFR</b>	<b>205,918</b>	<b>202,650</b>	<b>205,453</b>	<b>220,401</b>

- 7.5 The HRA CFR is required to remain within a 'Debt Cap' which has been individually set for all housing authorities by the Department for Communities and Local Government. This cap was introduced as part of the transition to HRA self-financing. The Council's debt cap is currently set at £254.617m. The Housing programme is forecast to remain £34m below this threshold for the period 2015-19.

## **8. HORIZON SCANNING – MAJOR 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**

Following the recent review of the Town Hall redevelopment and King Street regeneration project, the Council's development partner, King Street Developments (Hammersmith) Ltd (KSD), a joint venture between Helical Bar plc and Grainger plc, will now be finalising assembly of the development site. The scheme comprises 196 new homes; a three-screen community cinema, to be operated by Curzon; new retail, restaurant and cafe space; replacement offices for LBHF and a new town square. Once site assembly has been concluded, the scheme will be progressed through detailed design to procurement and construction and will form the catalyst for the regeneration of the area around and including the town hall extension building.

The Grade-II listed town hall will have its former ceremonial stone steps reinstated to link up with the new town square and new external lifts will be installed to provide access to the first floor assembly hall. The replacement council offices will be built to the west of Nigel Playfair Avenue on the site of the existing cinema, facing across the new square towards the town hall. KSD will also provide a total of £9.5 million towards regenerating the surrounding area, refurbishing the Grade-II listed town hall with a more space-efficient open plan layout and funding for affordable housing off-site. It is planned that the overall strategy will be delivered at a net nil cost to the Council (i.e. the town hall refurbishment works will only draw on existing planned maintenance budgets, phased over three years, with the balance being met by KSD's S106 contribution) and this will continue to be kept under review.

### **8.3 Housing Stock Options**

The administration have prioritised working with council housing residents to give them more control over their homes. This is part of a wider commitment to devolve more control to the community.

The Economic Regeneration, Housing and The Arts Policy and Accountability meeting of 11th November 2014 requested the administration to establish a Residents' Commission on Council Housing to consider the options for empowering residents to take local control over their homes and for maximising investment in existing and new council homes. In December 2014, Cabinet approved a Strategic Housing Stock Options Appraisal (SHSOA) process which will consider the practical options available

to the Council and housing residents. Members have commissioned a report which will set out the options and fully consider the benefits and disadvantages of each option.

#### **8.4 Earl's Court**

The Council 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. Full details can be found in the 3 September 2012 Cabinet Report. The trigger notice for the CLSA was served in November 2013.

#### **8.5 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.

This programme is currently under review with a view to changing the tenure of a significant number the homes developed to rented social housing.

#### **8.6 Schools' Capital Programme**

The Council continues to implement its Schools Organisation Strategy with expenditure in 2015/16 set to exceed £21m. The strategy continues to focus on expanding school places in light of increasing demand.

#### **8.7 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 over-site 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.

#### **8.8 The Hammersmith 'Flyunder'**

The Council has published a feasibility study which sets out in detail how Hammersmith town centre might look if a road tunnel – dubbed the flyunder – were built beneath the current A4. The study has been published on the Council's website here: [http://www.lbhf.gov.uk/Directory/News/hammersmith\\_flyunder.asp](http://www.lbhf.gov.uk/Directory/News/hammersmith_flyunder.asp). The Council is actively seeking support from Transport for London (TfL) and the Greater London Authority (GLA) to develop the next stage of this study.

#### **8.9 Shepherd's Bush Market**

In October 2014, the Secretary of State confirmed the Shepherds Bush Market CPO, against the recommendations of the CPO Inspector. The Council continues to actively work with the market traders/Goldhawk Road shopkeepers and broker dialogue with the developer to ensure that the unique historic market character and valuable local

businesses are fully protected, as well as requiring the developer to reach negotiated settlements to acquire the remaining land interests.

#### **8.10 Community Infrastructure Levy (CIL)**

The Council remains on course to introduce its **Community Infrastructure Levy (CIL)** in 2015/16. This is a new levy that local authorities can choose to charge on new developments in their area (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 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. Such developments will be incorporated into the Capital Programme as they are agreed.

### **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 2015/16.
- 9.2 It should be noted that there are some major projects, for example those discussed in section 8, 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.
- 9.3 Implications verified/completed by: David Bennett, Head of Change Delivery (Acting) - 020 7361 1628.

### **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 four 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 5. 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 £56.6m at the start of 2015/16.
- 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 4 sets out the LBHF MRP Statement for 2015/16.
- 11.5 **VAT implications**

With regard to all major capital schemes and disposals, the Council will need to give careful 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 the 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 breached its partial exemption threshold but has liaised with the 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 2017/18. The Cabinet has adopted the following VAT policy 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 incurring exempt VAT are deferred for the present time.
- In addition there is only limited room in the future years partial exemption forecasts. Therefore, new or re-profiled projects 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.

## **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 Councils Enterprise Wide risk and assurance register which has been reviewed by the councils 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.

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

<b>No.</b>	<b>Description of Background Papers</b>	<b>Name/Ext of holder of file/copy</b>	<b>Department/ Location</b>
1.	Monitoring documents	Christopher Harris ext 6440	Finance Department, 2 <sup>nd</sup> Floor, HTH Extension

**LIST OF APPENDICES:**

**Capital Budget Monitoring and Financing Information:**

- Appendix 1 - Council Capital Programme by Service Area
- Appendix 2 - General Fund Anticipated Capital Receipts
- Appendix 3 - The Capital Financing Requirement (CFR)
- Appendix 4 - Minimum Revenue Provision (MRP) Statement 2015/16
- Appendix 5 - CIPFA Treasury Prudential Indicators 2015/16

## APPENDIX 1 – Detailed Analysis by Service

### Children's Services

	Indicative Budgets				Total Budget £'000
	2015/16 Budget £'000	2016/17 Budget £'000	2017/18 Budget £'000	2018/19 Budget £'000	
<b>Scheme Expenditure Summary</b>					
Lyric Theatre Development	380	-	-	-	380
Schools Organisational Strategy	21,517	197	-	-	21,714
<b>Total Expenditure</b>	<b>21,897</b>	<b>197</b>	<b>-</b>	<b>-</b>	<b>22,094</b>
<b>Capital Financing Summary</b>					
<b>Specific/External or Other Financing</b>					
Capital Grants from Central Government	21,263	197	-	-	21,460
Capital Grants/Contributions from Non-departmental public bodies	193	-	-	-	193
<b>Sub-total - Specific or Other Financing</b>	<b>21,456</b>	<b>197</b>	<b>-</b>	<b>-</b>	<b>21,653</b>
<b>Mainstream Financing (Internal Council Resource)</b>					
Capital Receipts	441	-	-	-	441
<b>Sub-total - Mainstream Funding</b>	<b>441</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>441</b>
<b>Total Capital Financing</b>	<b>21,897</b>	<b>197</b>	<b>-</b>	<b>-</b>	<b>22,094</b>

### Adult Social Care Services

	Indicative Budgets				Total Budget £'000
	2015/16 Budget £'000	2016/17 Budget £'000	2017/18 Budget £'000	2018/19 Budget £'000	
<b>Scheme Expenditure Summary</b>					
Extra Care New Build project (Adults' Personal Social Services Grant)	957	-	-	-	957
Disabled Facilities Grant	991	450	450	450	2,341
<b>Total Expenditure</b>	<b>1,948</b>	<b>450</b>	<b>450</b>	<b>450</b>	<b>3,298</b>
<b>Capital Financing Summary</b>					
<b>Specific/External or Other Financing</b>					
Capital Grants from Central Government	1,498	-	-	-	1,498
<b>Sub-total - Specific or Other Financing</b>	<b>1,498</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,498</b>
<b>Mainstream Financing (Internal Council Resource)</b>					
Capital Receipts	450	450	450	450	1,800
<b>Sub-total - Mainstream Funding</b>	<b>450</b>	<b>450</b>	<b>450</b>	<b>450</b>	<b>1,800</b>
<b>Total Capital Financing</b>	<b>1,948</b>	<b>450</b>	<b>450</b>	<b>450</b>	<b>3,298</b>

## APPENDIX 1 – Detailed Analysis by Service /cont.

### Transport and Technical Services

	Indicative Budgets				Total Budget £'000
	2015/16 Budget £'000	2016/17 Budget £'000	2017/18 Budget £'000	2018/19 Budget £'000	
<b>Scheme Expenditure Summary</b>					
Planned Maintenance/DDA Programme	2,500	2,500	2,500	2,500	10,000
Footways and Carriageways	2,030	2,030	2,030	2,030	8,120
Transport For London Schemes	2,081	2,157	2,157	2,157	8,552
Controlled Parking Zones	275	275	275	275	1,100
Column Replacement	269	269	269	269	1,076
Carnwath Road Receipt	-	1,870	-	-	1,870
Other Capital Schemes	28	-	-	-	28
<b>Total Expenditure</b>	<b>7,183</b>	<b>9,101</b>	<b>7,231</b>	<b>7,231</b>	<b>30,746</b>
<b>Capital Financing Summary</b>					
<b>Specific/External or Other Financing</b>					
Grants and Contributions from Private Developers (includes S106)	28	-	-	-	28
Capital Grants and Contributions from GLA Bodies	2,081	2,157	2,157	2,157	8,552
<b>Sub-total - Specific or Other Financing</b>	<b>2,109</b>	<b>2,157</b>	<b>2,157</b>	<b>2,157</b>	<b>8,580</b>
<b>Mainstream Financing (Internal Council Resource)</b>					
Capital Receipts	4,530	6,400	4,530	4,530	19,990
General Fund Revenue Account (revenue funding)	544	544	544	544	2,176
<b>Sub-total - Mainstream Funding</b>	<b>5,074</b>	<b>6,944</b>	<b>5,074</b>	<b>5,074</b>	<b>22,166</b>
<b>Total Capital Financing</b>	<b>7,183</b>	<b>9,101</b>	<b>7,231</b>	<b>7,231</b>	<b>30,746</b>

### Environment, Leisure and Residents Services

	Indicative Budgets				Total Budget £'000
	2015/16 Budget £'000	2016/17 Budget £'000	2017/18 Budget £'000	2018/19 Budget £'000	
<b>Scheme Expenditure Summary</b>					
Parks Programme	500	500	500	500	2,000
Recycling	19	-	-	-	19
CCTV	192	-	-	-	192
<b>Total Expenditure</b>	<b>711</b>	<b>500</b>	<b>500</b>	<b>500</b>	<b>2,211</b>
<b>Capital Financing Summary</b>					
<b>Specific/External or Other Financing</b>					
Grants and Contributions from Private Developers (includes S106)	211	-	-	-	211
<b>Sub-total - Specific or Other Financing</b>	<b>211</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>211</b>
<b>Mainstream Financing (Internal Council Resource)</b>					
Capital Receipts	500	500	500	500	2,000
<b>Sub-total - Mainstream Funding</b>	<b>500</b>	<b>500</b>	<b>500</b>	<b>500</b>	<b>2,000</b>
<b>Total Capital Financing</b>	<b>711</b>	<b>500</b>	<b>500</b>	<b>500</b>	<b>2,211</b>

## APPENDIX 1 – Detailed Analysis by Service /cont.

### Housing Capital Programme

2015/16 Budget £'000	Indicative Budgets			Total Budget £'000
	2016/17 Budget £'000	2017/18 Budget £'000	2018/19 Budget £'000	

#### Scheme Expenditure Summary

##### HRA Schemes:

Supply Initiatives (Major Voids)	2,621	2,000	2,000	2,000	8,621
Energy Schemes	3,411	3,408	3,430	3,930	14,179
Lift Schemes	6,704	5,813	5,800	2,000	20,317
Internal Modernisation	3,551	3,600	3,500	3,000	13,651
Major Refurbishments	9,695	12,228	22,600	20,798	65,321
Planned Maintenance Framework	25,758	10,659	-	-	36,417
Minor Programmes	8,995	7,244	7,290	7,290	30,819
ASC/ELRS Managed	1,250	1,250	1,250	1,250	5,000
Rephasing & Reprogramming	(4,437)	(1,700)	(1,700)	(1,700)	(9,537)
<b>Subtotal HRA</b>	<b>57,548</b>	<b>44,502</b>	<b>44,170</b>	<b>38,568</b>	<b>184,788</b>

##### Decent Neighbourhood Schemes:

HRA Debt Repayment	1,563	2,756	1,931	1,999	8,249
Earls Court Buy Back Costs	9,541	11,943	8,988	8,988	39,460
Earls Court Project Team Costs	3,115	5,437	3,559	3,445	15,556
Housing Development Project	18,744	5,584	44	-	24,372
Other DNP projects	3,650	(1,300)	-	-	2,350
<b>Subtotal Decent Neighbourhoods</b>	<b>36,613</b>	<b>24,420</b>	<b>14,522</b>	<b>14,432</b>	<b>89,987</b>
<b>Total Expenditure</b>	<b>94,161</b>	<b>68,922</b>	<b>58,692</b>	<b>53,000</b>	<b>274,775</b>

#### Capital Financing Summary

##### Specific/External or Other Financing

Contributions from leaseholders	5,693	5,525	5,011	5,000	21,229
Capital Grants and Contributions from GLA Bodies	567	1,998	-	-	2,565
<b>Sub-total - Specific or Other Financing</b>	<b>6,260</b>	<b>7,523</b>	<b>5,011</b>	<b>5,000</b>	<b>23,794</b>

##### Mainstream Financing (Internal Council Resource)

Capital Receipts (Including use of b/f resource)	66,617	20,596	19,555	2,255	109,023
Earls Court Receipts realisable	-	18,460	-	-	18,460
Housing Revenue Account (revenue funding)	2,300	5,500	11,574	10,475	29,849
Major Repairs Reserve (MRR) / Major Repairs Allowance	16,849	17,355	17,818	18,323	70,345
<b>Sub-total - Mainstream Funding</b>	<b>85,766</b>	<b>61,911</b>	<b>48,947</b>	<b>31,053</b>	<b>227,677</b>

##### Internal Borrowing

	2,135	(512)	4,734	16,947	23,304
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#### Total Capital Financing

	<b>94,161</b>	<b>68,922</b>	<b>58,692</b>	<b>53,000</b>	<b>274,775</b>
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**APPENDIX 2 – Anticipated General Fund Capital Receipts by year**

<b>Year</b>	<b>Forecast Receipts</b>
<b>2015/16</b>	
Total 2015/16	<b>21,252</b>
<b>2016/17</b>	
Total 2016/17	<b>8,894</b>
<b>2017/18</b>	
Total 2017/18	<b>3,840</b>
<b>2018/19</b>	
Total 2018/19	<b>3,840</b>
<b>Total All Years</b>	<b>37,826</b>

## **APPENDIX 3 - THE CAPITAL FINANCING REQUIREMENT (CFR), MINIMUM REVENUE PROVISION (MRP) 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.**

### **The Minimum Revenue Provision (MRP)**

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

The MRP formula contains a 'floor' - known as 'Adjustment A' - which has been individually fixed for all authorities. When the CFR drops below this level, MRP is no longer payable. For Hammersmith and Fulham the floor has been set at £43.2m. In short, there is no revenue incentive to reduce the CFR below this level.

In addition to MRP, authorities are able to make voluntary provisions to reduce the CFR. These provisions can be made from capital or revenue resources. Voluntary reduction of the CFR delivers a benefit to revenue in the subsequent year as it reduces the mandatory MRP charge.

### **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 Council's 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 4 - MINIMUM REVENUE PROVISION (MRP) STATEMENT 2015/16**

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. 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<sup>1</sup>) – 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 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

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<sup>1</sup> Options as given in the CLG statutory guidance

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 5 - 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:

	<b>Actual 2013/14 £'000</b>	<b>Revised 2014/15 £'000</b>	<b>Estimate 2015/16 £'000</b>	<b>Estimate 2016/17 £'000</b>	<b>Estimate 2017/18 £'000</b>
General Fund	37,615	67,903	31,739	10,248	8,181
Housing	21,306	62,526	94,161	68,922	58,692
<b>TOTAL</b>	<b>58,921</b>	<b>130,429</b>	<b>125,900</b>	<b>79,170</b>	<b>66,873</b>

At present, schools' funding is not confirmed beyond 2015/16. Once this is confirmed by Government, General Fund capital expenditure is likely to be significantly higher.

### 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.

	<b>Actual 2013/14 £'000</b>	<b>Revised 2014/15 £'000</b>	<b>Estimate 2015/16 £'000</b>	<b>Estimate 2016/17 £'000</b>	<b>Estimate 2017/18 £'000</b>
General Fund	74,200	56,648	43,179	43,179	43,179
Housing Revenue Account	207,260	205,346	205,918	202,650	205,453
<b>TOTAL</b>	<b>281,460</b>	<b>261,994</b>	<b>249,097</b>	<b>245,830</b>	<b>248,632</b>

The General Fund CFR does not include any requirement for prudential borrowing within the capital programme. The above figures exclude the CFR associated with finance leases and PFI schemes which are fully funded through revenue budgets.

### 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:

	<b>Actual 2013/14 £'000</b>	<b>Revised 2014/15 £'000</b>	<b>Estimate 2015/16 £'000</b>	<b>Estimate 2016/17 £'000</b>	<b>Estimate 2017/18 £'000</b>
Net Borrowing	(69,689)	(132,401)	(118,103)	(105,177)	(82,595)
CFR	281,460	261,994	249,097	245,830	248,632
<b>Net Borrowing Less CFR</b>	<b>(351,149)</b>	<b>(394,395)</b>	<b>(367,200)</b>	<b>(351,007)</b>	<b>(331,227)</b>

\*Net borrowing = Actual borrowing as at 31<sup>st</sup> March less total investments as at 31<sup>st</sup> March

## **RATIO OF FINANCING COSTS TO 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.

	<b>Actual 2013/14 £'000</b>	<b>Revised 2014/15 £'000</b>	<b>Estimate 2015/16 £'000</b>	<b>Estimate 2016/17 £'000</b>	<b>Estimate 2017/18 £'000</b>
General Fund	1.4%	1.3%	1.4%	1.3%	1.4%
Housing Revenue Account	15.8%	14.8%	13.6%	12.3%	10.9%

## **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 2015/16 to 2017/18. The estimated reduction to Council tax due to debt reduction savings has been calculated at a per dwelling level.

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

	<b>Estimate 2015/16 £</b>	<b>Estimate 2016/17 £</b>	<b>Estimate 2017/18 £</b>
Council Tax £ per Band D home per annum	-8.59	-15.74	-20.04

## **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).

 <p>h&amp;f hammersmith &amp; fulham</p>	<p style="text-align: center;"><b>London Borough of Hammersmith &amp; Fulham</b></p> <p style="text-align: center;"><b>CABINET</b></p> <p style="text-align: center;"><b>2 FEBRUARY 2015</b></p>
<p><b>CORPORATE PLANNED MAINTENANCE PROGRAMME 2015/2016</b></p>	
<p><b>Report of the Cabinet Member for Finance - Councillor Max Schmid</b></p>	
<p><b>Open report</b></p>	
<p><b>Classification:</b> For Decision</p> <p><b>Key Decision:</b> Yes</p>	
<p><b>Wards Affected:</b> All</p>	
<p><b>Accountable Executive Director:</b> Nigel Pallace - Executive Director of Transport &amp; Technical Services</p>	
<p><b>Report Author:</b> Mike Cosgrave, Head of Professional Services Building &amp; Property Management Division, Transport &amp; Technical Services</p>	<p><b>Contact Details:</b> Tel: 0208 753 4849 E-mail: mike.cosgrave@lbhf.gov.uk</p>

## 1. EXECUTIVE SUMMARY

- 1.1 The purpose of this report is to provide proposals for the delivery and funding of the 2015/2016 Corporate Planned Maintenance Programme (CPMP) for the Council's property portfolio. The cost of the works which constitutes the programme is divided between revenue and capital funding.
- 1.2 From the 1st October 2013 the CPMP has been delivered as part of the Tri-Borough Total Facilities Management (TFM) contract with the majority of works and professional services being delivered on the basis of a single source delivery model (Works and Professional Services).
- 1.3 The revenue funding provision remains as per 2014/2015, at £1.237 million based upon the authority's unavoidable plant maintenance and statutory compliance responsibilities.
- 1.4 The Capital programme (Appendix A) budget of £2.5 million is based upon the maintenance requirements identified from the planned maintenance condition surveys. The £2.5 million capital allocation has been split with £1.175 million (Works and Fees) allocated to works which are ring-fenced to the TFM contract. The remainder of the CPMP (Capital Programme) £1.325 million will be allocated

to projects identified under the H&FC accommodation strategy, such as Hammersmith Town Hall, and service department requirements, along with supplementing the core works arising from the condition surveys. These works will contribute to a continuation in the reduction of the council's backlog maintenance.

- 1.5 All works will be the subject of close scrutiny by the Tri-Borough client organisation hosted by RBK&C (LINK) in respect to obtaining best value and only works of an essential nature will be undertaken. It should also be noted that the final commitment of any individual capital project over £10,000 is subject to a Cabinet Member Decision or Key Decision subject to the value of works.

## **2. RECOMMENDATIONS**

- 2.1 That approval be given to 2015/2016 Corporate Planned Maintenance Programme and project budgets as set out in Appendix A to this report, subject to any amendments as agreed for operational reasons by the Executive Director of Finance and Corporate Governance and the Director for Building and Property Management.
- 2.2 To note that the 2015/2016 Corporate Planned Maintenance Programme will be monitored, incorporating operational changes made by the Executive Director of Finance and Corporate Governance and the Director for Building and Property Management, via progress reports to Corporate Asset Delivery Team and the appropriate Cabinet Member.

## **3. REASONS FOR DECISION**

- 3.1 The reason for this decision is to provide proposals for the delivery and funding of the programme and to obtain approval for the 2015/2016 CPMP, which is a fundamental element of the Council's strategy for dealing with the backlog of maintenance in response to the Corporate Asset Management Plan.

## **4. INTRODUCTION AND BACKGROUND**

- 4.1 The CPMP is an annual programme of works to be carried out to Council properties (excluding Housing and CHSD Properties) which have their own separate Capital and Revenue budgets. The CPMP is made up of two main elements. The first element is revenue funded works primarily covering servicing, associated repairs and testing of plant and equipment within buildings. A large element of this is required to meet statutory obligations (fire alarms, emergency lighting, electrical testing, boilers, lifts, portable electrical appliances, control of Legionella and Asbestos Management) and is therefore unavoidable. The second element (Appendix A) is the Council's capital funded projects, refurbishment works, the replacement of plant and equipment identified from the condition surveys and bids from departments.
- 4.2 The Council's CPMP (Capital) is delivered via the TFM contract and the budget is split with £1.175 million funding the TFM pledge, for works that arise from the condition survey programme each year. These works will contribute to a

continuation in the reduction of the Council's backlog maintenance figure in accordance with the Corporate Asset Management Plan and Carbon Reduction Programme. The remainder of the CPMP (capital) programme will be allocated to projects identified under the H&FC accommodation strategy, such as Hammersmith Town Hall, and service department requirements, along with supplementing the core works arising from the condition survey programme.

- 4.3 The opportunity will also be taken to incorporate, where feasible, improvements to energy efficiency (e.g. new controls, more efficient equipment, Smart metering or higher levels of insulation) and improvements to access for disabled people (deaf alerts to fire alarms, accessible heights for controls, contrasting colours etc.). The CPMP programme also co-ordinates and links to the Council's Removal of Physical Barriers (Disability Discrimination Act) programme in the provision of lifts, ramps and accessible toilets.
- 4.4 In the past year the Council's accommodation strategy has further progressed, having vacated Cambridge House in August 2014, with works on programme to vacate 77 Glenthorne Rd in March 2015, the result of which is an annual saving of £1.4m on the rent and service charges for these leased in properties. As a consequence of these disposals, the Hammersmith Town Hall complex (HTH & HTHX) is now more or less fully populated; hence the refurbishment of HTH should now be considered a priority.
- 4.5 The proposed works to HTH will achieve three major objectives for the Council, which are to improve the internal and infrastructure fabric of the Town Hall, which will reduce the current and backlog maintenance for this building, address its legal responsibilities to maintain this Grade 2 Listed Building and contribute to optimising the occupancy and use of the HTH complex.
- 4.6 The works will enable the HTH building to accommodate many more flexibly deployed staff at any one time, through more flexible working in a more efficient open plan office layout. This will reduce the amount of space that would otherwise be needed following the closure of the HTHX. This in turn will allow the planned replacement for HTHX to be a significantly smaller building, along with avoiding the need to rent additional office accommodation elsewhere and the consequential additional ongoing cost that this would entail for the council.
- 4.7 In recent years the Council has only undertaken high priority or health and safety works to the Town Hall and consequently the Town Hall has not benefited from regular investment to maintain the fabric and infrastructure of the building. However CPMP funds have been set aside, in lieu of at least some of these works, in past years CPMP's and in the CPMP proposal for 2015/2016. These funds and those from the King Street redevelopment scheme S106 agreement will provide much needed resources and will significantly contribute to the required investment in the Town Hall, as well as new council offices to replace the town hall extension. Improved public, Members' and staff access to the building will also be achieved by the provision of two lifts as well as a capital contribution towards the required works to the fabric and infrastructure of the Town Hall.

## **5. PROPOSAL AND ISSUES**

- 5.1 From 1<sup>st</sup> October 2013 the delivery of the CPMP changed with the revenue programme of maintenance, statutory compliance management, inspection, associated works and overall responsibility being delivered via the TFM contract.
- 5.2 Similarly the format of the CPMP Capital Programme has been adapted to reflect the revised delivery model. Consequently Appendix A provides details of the recommended new capital schemes for 2015/2016 which matches the available resources. The programme has been split to show the capital expenditure allocated directly under the TFM contract and the residual capital sum to be allocated against a range of projects as previously described.
- 5.3 As in previous years the programme also provides indicative projects for first consideration for funding in 2016/2017 and 2017/2018. However the programmes for 2016/2017 and 2017/2018 are already over-subscribed and hence there is little or no opportunity to bring forward projects currently identified in the un-funded programmes. This will therefore need to be reviewed and prioritised to match the available resources and will subsequently be the subject of the CPMP 2016/2017 report this time next year.
- 5.4 Therefore, as in previous years, it is proposed that in order to deal with any operational changes to buildings or if urgent but un-funded works become apparent through the year, the programme be subject to change and scheme substitution by the Executive Director of Finance and Corporate Governance and the Director for Building and Property Management in conjunction with Corporate Asset Delivery Team (CADT).
- 5.5 The budget allocation against each capital scheme is at this stage indicative and subject to change as detailed design, consultation, and procurement are carried out. Historically some projects have cost more and others less than their initial budget allocation but the overall programme is managed in accordance with the agreed protocol. The commitment of any individual capital project over £10,000 will be subject to a Cabinet Member Decision or Key Decision by Cabinet, providing the scheme falls within the criteria laid down in Contract Standing Orders (Ref 9.4). The overall spend on the programme and forecasted outturns (Capital and Revenue) are monitored via the General Fund, Capital Programme and Revenue Budget monthly reports to Cabinet.

## **6. FUNDING**

- 6.1 The budget for planned maintenance in 2015/2016 comprises £2.5 million capital. This sum must be considered provisional at this stage, as final funding approval will not be obtained until February 2015 at Budget Council. It has not been necessary to increase the revenue allocation, in line with inflation, due to the extent of property rationalisation over the past 12 months. Consequently the 2015/2016 level of funding remains as per the 2014/2015 sum at £1.237 million; this sum funds the unavoidable plant maintenance and statutory compliance responsibilities and other non-capital maintenance works.
- 6.2 The Council's CPMP continues to address the issue of backlog maintenance. The level of funding will predominately deal with essential health and safety works,



items to maintain wind and weather tightness but will not eradicate the backlog maintenance. The backlog maintenance continues to be taken into account through the rationalisation of the Council's property portfolio, helping to identify those properties for disposal or refurbishment. The forward capital programme has prioritised and maintained the allocated £2.5 million capital funding for this purpose in order to continue to address and manage the backlog maintenance.

## **7. OPTIONS AND ANALYSIS OF OPTIONS**

### **7.1 Current And Future Service Delivery Model**

- 7.2 As part of TFM the CPMP delivery management, professional services and associated construction works are delivered on the basis of a single source delivery (Works and Professional Services).
- 7.3 The majority of construction works (excluding general and compliance maintenance) was previously undertaken under the Measured Term Contract (MTC), however post 1<sup>st</sup> October 2013 these works are now carried out under the TFM contract. The option to implement the break clause in the MTC contract was adopted and consequently no new works have been committed, under this contract, with the three frameworks contractors (Mulalley & Company Ltd, Kier Support Services Ltd and Philiam Construction & Development Ltd). It should however be noted that there are still projects being completed or in the Defects Liability Period.
- 7.4 General and compliance maintenance was previously delivered by a mixture of contractors and Works Practice (Direct Labour Organisation) and wherever practicable, the option to implement the break clause was implemented or in a limited number of cases, contracts have been novated.
- 7.5 The professional services previously provided by EC Harris LLP (ECH), following previous market testing, are now delivered directly under the TFM contract on a design & build basis. All building maintenance, statutory compliance and construction projects up to a maximum value of £250,000. The TFM contract also provide the full range of professional services necessary to deliver the overall TFM package.
- 7.6 The break clause in the Professional Services Contract has been deferred until the completion of the Lyric Theatre, Hammersmith and the end of the Defects Liability Period for various other projects. Therefore the remaining contract period for the ECH contract, fees will continue to be calculated on the basis of the tendered schedule of rates.

## **8. CONSULTATION**

- 8.1 The CPMP has been developed in consultation with the various departments of the council and the Council's current technical advisers LINK.
- 8.2 Energy savings will be achieved on projects identified under the Energy initiatives (including the installation of SMART Auto Meter Reading) within the 2015/16 programme .

8.3 The Landlord's consent via a license will be obtained where applicable.

## **9. EQUALITY IMPLICATIONS**

9.1 Due to the maintenance and statutory obligations of the works there are no equality implications associated with this programme.

## **10. LEGAL IMPLICATIONS**

10.1 The Director of Law agrees with the recommendations of this report. The Council should ensure that individual projects are procured in accordance with the EU Procurement Rules and the Council's contract standing orders.

10.2 Implications verified/completed by: Kar-Yee Chan Solicitor (Contracts) 020 8753 2772.

## **11. FINANCIAL AND RESOURCES IMPLICATIONS**

11.1 Provision of £2.5 million – funded from capital resources - will be set aside within the 2015/16 Capital Programme for the Corporate Planned Maintenance Budget. The Corporate Planned Maintenance programme is part of the Council's rolling capital programmes and the allocation of £2.5m reflects the indicative forward-year budgets in the existing capital programme and is also consistent with previous years' allocations. Allowance is also provided for the £1,237,000 revenue charge within forward financial estimates, again, consistent with allocations from previous years. As indicated in paragraph 6.1 above, these budgets are subject to Budget Council approval which is expected to take place in February 2015.

11.2 Implications verified/completed by: Christopher Harris Head of Corporate Accountancy & Capital, 0208 753 6440.

## **12. RISK MANAGEMENT**

12.1 The programme contributes positively to the management of property, environmental risk and maintaining our statutory health and safety duty. It is noted on the Council's Enterprise Wide risk register, number 8, managing statutory duty and risk number 15 management of environmental risk. Where property related health and safety risks are identified they are now in the form of a risk register shared with the Bi-Borough Corporate Safety Unit and Council's Safety Committee.

12.2 Comments verified/completed by Michael Sloniowski, Bi-borough Risk Manager. Ext 2587.

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

13.1 The Council's Contract Standing Orders (CSO) requires that Cabinet approval is given for all tender acceptances or orders to be placed under existing framework

agreements where the value equals or exceeds £100,000. An exemption to this provision is contained in CSO 12.6 & 12.6.1 whereby the appropriate Cabinet Member(s) can approve such tenders or orders where the actual value equals or is below the estimated value and that estimated value has previously been approved by the Cabinet as a key decision. This report asks the Cabinet to approve such schemes for the forthcoming financial year as a Key Decision.

13.2 Implications verified/completed by: Alan Parry, Procurement Consultant (Telephone 020 8753 2581).

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

	<b>Brief Description of Background Papers</b>	<b>Name/Ext of holder of file/copy</b>	<b>Department / Location</b>
1.	Details of Servicing Contracts to Plant and Equipment (exempt)	Dean Kendall 07739 315 396	<b>The LINK</b> Corporate Property Services Kensington Town Hall.

**LIST OF APPENDICES:**

Appendix A : Planned Maintenance Programme – draft programme 2015/16

**PLANNED MAINTENANCE PROGRAMME - DRAFT PROGRAMME 2015/2016 - APPENDIX A**

<u>ESTABLISHMENT</u>	<u>WORKS</u>	£	£	£
		<u>2015/2016</u>	<u>2016/2017</u>	<u>2017/2018</u>
<b>CPMP CORPORATE ALLOCATION:-</b>				
Hammersmith Town Hall	Item 1 - Provision of Gas Fired Boiler Plant	£840,000		
	Item 2 - Heating system conversion programme			
	Item 3 - Provision of ventilation programme			
	Item 4 - Window repair / replacement programme			
	Item 5 - Accommodation adaptation			
	Item 6 - Drainage system replacement programme			
	Items 1 - 6 - Phase 2 Programme		£500,000	
	Items 1 - 6 - Phase 3 Programme			£500,000
Hammersmith Library	Ext Fabric Repairs (Part Funding see also TFM budget) Total budget = £378K	£44,000	£100,000	
	Conversion of Basement for use as Borough Archives	£150,000	£450,000	
Linford Christie - Firing Butt	Feasibility Study and Pre-Contract investigations	£20,000		
	Demolition and site clearance	£150,000	£154,000	
Uncommitted funding	TBA			£704,000
	<b>Total</b>	£1,204,000	£1,204,000	£1,204,000
	<b>Fees</b>	£121,000	£121,000	£121,000
	<b>Grand Total</b>	£1,325,000	£1,325,000	£1,325,000
<b>CPMP ALLOCATION TO TFM ANNUAL BUDGET:-</b>				
Other Amey Projects	TBA - Subject to the completion of the survey process.		£577,000	£652,000
Cobbs Hall Youth Offending Team	Repair of leak and render. Internal upgrade and refurbishment of male and female WC, kitchen, staff and office area.	£ 12,500.00		
Hammersmith Town Hall	Internal repair of timber decay to doors and windows. Decoration of Electoral Services and areas affect by recent building works	£ 21,000.00		
	External envelope remedials	£ 2,000.00		
	Upgrade of shaft lightning and pit stop switch	£ 5,000.00		
	Assembly hall floor repair	£ 5,500.00		
Ravenscourt Park Café	Replace Tungsten/Fluorescent lighting and increase coverage	£ 2,500.00		
	Replacement of timber doors and windows. General repair of internal and external fabric	£ 24,000.00		
	Internal fabric remediations	£ 3,000.00		
Macbeth Centre	H&S and general enhanmcements to switch rooms, external lighting and plant	£ 5,000.00		
	Repir of timber flooring	£ 2,000.00		

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**PLANNED MAINTENANCE PROGRAMME - DRAFT PROGRAMME 2015/2016 - APPENDIX A**

<u>ESTABLISHMENT</u>	<u>WORKS</u>	£	£	£
		<u>2015/2016</u>	<u>2016/2017</u>	<u>2017/2018</u>
Paragon Centre	Enhancement to boiler and internal heating insulation , gasmeter housing and roof lighting	£ 2,500.00		
	Internal Remediations and decoration	£ 4,000.00		
Public Mortuary	External envelope remedial works	£ 2,000.00		
105 Greyhound Road (Age Concern)	Plant enhancement to water distribution, vents and heating	£ 5,000.00		
	Lighing enhancement to internal, external and emergency lighting	£ 10,000.00		
	H&S and Security works	£ 12,000.00		
	Internal fabric remediations, decoration and WC repairs	£ 34,000.00		
120 Dalling Road Children`s Home (The Haven)	Repair of leaks to roof and windows, repair and replace damaged ceiling and carpet	£ 5,000.00		
17 Rivercourt Road	Parts upgrade to lift	£ 10,000.00		
Hammersmith Town Hall Extension	Plant room ductworks remedials and enhancement	£ 11,000.00		
Linford Christie Stadium	Remediate and decorate external doors, windows, access ramp and roof	£ 37,500.00		
	Internal redecoration, flooring and sanitaryware	£ 10,000.00		
	Replacement M&E Equipment to Boiler and Water Plant Room	£ 45,000.00		
	Track Remedial works and resurfacing	£ 72,000.00		
The Lilla Huset	Roof lights replacements	£ 17,000.00		
Hammersmith Park Bowling Pavilion	Replace heating and lighting	£ 5,500.00		
	Roof and external fabric major replacements	£ 11,000.00		
Wormwood Scrubs Maintenance Depot	Replace roof covering and external fabric repairs	£ 18,000.00		
White City Drop-in Centre	Central heating and electrical enhancements	£ 9,000.00		
	Internals fabric repairs and external soffit and fascia remedials	£ 24,000.00		
White City Community Centre	Replace roof covering with external and internal fabric repairs	£ 38,000.00		
White Lodge	Damp investigation to externals and internals with repairs.	£ 8,000.00		
St Peter`s Square Yard	Repair of Masonary wall and internal damp remediation	£ 10,000.00		
Childerley Centre	Damp investigation and remediation	£ 5,000.00		
Hammersmith Central Library	Ext Fabric Repairs (Part Funding see also TFM budget) Total budget = £378K	£ 234,000.00		
Bagley`s Lane Depot	Internal Refurbishment		£ 75,000.00	
Various Sites	Replace roof coverings and external fabric repairs	£ 30,000.00	£ 30,000.00	£ 30,000.00
	Energy initiatives	£ 100,000.00	£ 100,000.00	£ 100,000.00
	Security alarm upgrades to comply with ACPO policy	£ 15,000.00	£ 25,000.00	£ 25,000.00
	Replacement of A/C units to comply with F Gas register requirements	£ 15,000.00	oth	£ 25,000.00
	Fire risk assessment annual review - consequential works	£ 15,000.00	£ 25,000.00	£ 25,000.00
	Asbestos management plan - consequential works	£ 20,000.00	£ 25,000.00	£ 25,000.00
	5 Year fixed electrical testing - consequential works	£ 15,000.00	£ 25,000.00	£ 25,000.00
	Fire alarm / emergency lighting renewals - consequential works	£ 15,000.00	£ 25,000.00	£ 25,000.00
	Legionella risk assessment - consequential works	£ 15,000.00	£ 20,000.00	£ 20,000.00

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**PLANNED MAINTENANCE PROGRAMME - DRAFT PROGRAMME 2015/2016 - APPENDIX A**

<u>ESTABLISHMENT</u>	<u>WORKS</u>	£	£	£
		<u>2015/2016</u>	<u>2016/2017</u>	<u>2017/2018</u>
	Boiler replacement - minor installations	£ 15,000.00	£ 25,000.00	£ 25,000.00
	<b>Total</b>	£ 977,000.00	£ 952,000.00	£ 977,000.00
	<b>Fees</b>	£ 98,000.00	£ 98,000.00	£ 98,000.00
	<b>TFM Capital Contribution</b>	£ 100,000.00	£ 100,000.00	£ 100,000.00
	<b>Grand Total</b>	£ 1,175,000.00	£ 1,150,000.00	£ 1,175,000.00
<b>CPMP TOTAL ANNUAL BUDGET 2015 / 2016:-</b>				
	<b>Approximate order of cost of works</b>	£2,181,000	£2,156,000	£2,181,000
	<b>Professional Fees</b>	£219,000	£219,000	£219,000
	<b>TFM Capital Contribution</b>	100,000	100,000	100,000
	<b>Grand Total</b>	£2,500,000	£2,475,000	£2,500,000

	<p><b>London Borough of Hammersmith &amp; Fulham</b></p> <p><b>CABINET</b></p> <p><b>2 FEBRUARY 2015</b></p>
<p><b>FRAMEWORK AGREEMENT FOR SEMI-INDEPENDENT LIVING SERVICES</b></p>	
<p><b>Report of the Cabinet Member for Children and Education – Councillor Sue Macmillan</b></p>	
<p><b>Open Report</b></p>	
<p><b>Classification - For Decision</b></p> <p><b>Key Decision: Yes</b></p>	
<p><b>Wards Affected: All</b></p>	
<p><b>Accountable Executive Director:</b> Andrew Christie, Executive Director for Children's Services</p>	
<p><b>Report Author:</b> Terry Clark, Lead Commissioner (Social Care)</p>	<p><b>Contact Details:</b>          Tel: 020 7938 8336          E-mail:  <a href="mailto:terry.clark@rbkc.gov.uk">terry.clark@rbkc.gov.uk</a></p>

## 1. EXECUTIVE SUMMARY

- 1.1. The Council provides semi-independent living services to enable young people to make a successful transition from being looked after to becoming a care leaver and then on to living independently. A Project Group of key stakeholders has reviewed current arrangements and developed a Semi-independent Living Commissioning Strategy for Looked After Children aged 16 / 17 and Care Leavers that will deliver improved quality and outcomes for this cohort.
- 1.2. The Cabinet Member for Children and Education agreed in October 2014 for commissioners to continue developing a procurement strategy for additional Semi-independent Placements to complement the 71 units of in-borough accommodation and support for Looked After Children aged 16/ 17 and Care Leavers aged 18 – 24.

- 1.3. This report seeks approval to tender that framework agreement and delegate relevant awards.

## **2. RECOMMENDATIONS**

- 2.1. That approval be given to undertake a tender exercise for a Multi-Supplier Framework Agreement for Semi-independent Living Services for LAC 16+ and Care Leavers;
- 2.2. That approval be given to name the Royal Borough of Kensington and Chelsea and Westminster City Council as participating authorities on the framework.
- 2.3. That the Leader of the Council and the Cabinet Member for Children and Education appoint suppliers onto the Framework for Semi-independent Living Services in line with the procurement process outlined in this report up to a maximum value of £5,000,000 (in excess of this figure the decision will be for full Cabinet).
- 2.4. That Cabinet delegate to the Cabinet Member for Children and Education the authority to enter into call-off contracts, with no volume guaranteed with all providers appointed to the framework agreement.
- 2.5. That Cabinet delegate to the Executive Director of Children's Services authority to issue individual placement agreements with call-off providers in line with section 24 of the Councils Contract Standing Orders.

## **3. REASONS FOR DECISION**

- 3.1 The Council has a statutory duty to support young people leaving care through the Children (Leaving Care) Act 2000. As a result, the Council has a duty to provide a range of semi-independent living services for Looked After young people aged 16 – 18 and Care Leavers aged 18 – 24. The purpose of these services is to work with young people to build a range of life skills within a supportive environment which enables them to make a successful transition from being looked after to becoming a care leaver and then on to living independently.
- 3.2 In order to ensure improved service quality for care leavers as this is an unregulated market but a key focus of inspections undertaken by Ofsted. The delegations will also enable identified service efficiencies as detailed in the Councils 2015/16 Medium Term Financial Strategy, commissioners are seeking delegations in order to ensure that the Framework is live for 1<sup>st</sup> July 2015.



## **4. BACKGROUND**

- 4.1 Semi-independent living refers to the provision of supported accommodation and one-to-one key worker support for young people leaving care to enable a smooth transition into independent living as an adult. It supports the duty of the local authority to provide services, including the provision of suitable accommodation, to Relevant and Former Relevant children to the age of 21 (or 25 if pursuing a programme of education or training).
- 4.2 Current provision is varied across the borough in terms of need, quality and models of service delivery. The Council places many young people in borough through block contracts with Supporting People Housing providers. The commissioning responsibilities for these providers are split to varying degrees between Children's Services and Adult Social Care. Additional and out-of-borough placements are spot purchased as required from private and voluntary providers by the Placements Team in the Children's Services Commissioning Directorate. It is an unregulated market in which quality and price varies hugely.
- 4.3 It was recognised that the authority needed to improve the quality of the provision being used but could also make significant savings in the area through improved commissioning. Children's Service initiated a review of current arrangements for semi-independent living (SIL) for Looked After Children aged 16+ and Care Leavers in the London Borough of Hammersmith & Fulham in early 2014. Our aim through the review was to develop a consistent approach to the commissioning and utilisation of semi-independent placements, providing a continuum of support for young people from leaving care to living independently in the community.
- 4.4 This final Commissioning Strategy was developed in collaboration with other departments including social workers from Family Services, Adults Social Care, Housing and legal services, young people and providers, with key engagement activities mapped out in Appendix B. The Commissioning Strategy proposes for new semi-independent living arrangements to be implemented from 2015.
- 4.5 The service primary objective is to ensure Care Leavers in Hammersmith and Fulham are placed in safe and instructive semi-independent supported accommodation that is most suited to their requirements and represents best value to the Council. The accommodation will provide young people with the understanding and life skills required to move on to independent living in the community when appropriate.
- 4.6 It is projected that over the next 5 years, the Council will need to provide provision for between 116-121 Care Leavers at any one time. Through agreements with a number of Registered Social Landlords, 71 units of accommodation are made available to the Council within the borough. This accommodation can provide for approximately 60% of the borough's care leavers. In addition to this the Council will need to ensure there is sufficient capacity for the additional 40% of the borough's requirements.

4.7 Commissioners examined a number of contracting options in order to propose the best option for the Council of delivering the commissioning intentions set out in the strategy. Commissioners believe this is best done via the following:

(i) the Council enter into a block contract for the 71 units of in-borough accommodation delivering 60% of the Councils need. The Cabinet Member for Children and Education and the Cabinet Member for Health and Adult Social Care agreed in October 2014, that commissioners should tender a block contract for the 71 units of in-borough accommodation via LOT 6 of the West London Housing Related Support Framework 2012-16. The tender was published on 11<sup>th</sup> November 2014 and closed on 2<sup>nd</sup> January 2015

(ii) establish a Framework Agreement for additional SIL placements delivering the remaining 40% of the Council's requirement. The Cabinet Members also agreed that commissioners should prepare a detailed report for Cabinet on the establishment of a Framework for the remaining 40%. This report seeks approval to proceed to procurement to establish that Framework.

4.8 Appendix A gives an overview of the commissioning strategy.

## **5. THE FRAMEWORK**

5.1 There are circumstances where it is not possible for a Care Leaver to be placed in supported accommodation using the block provision. Firstly, as an Inner London local authority, there is limited capacity for placements located in the borough. In addition, there could be safeguarding issues preventing a young person from remaining in the borough, or if a young person was placed in care outside of the borough, they may wish to remain in that area after leaving care.

5.2 It is recommended that a framework agreement is established to commission additional semi-independent living placements located in Greater London. This would replace spot purchasing as the current main contracting approach to placements from the private and voluntary sector. It is anticipated that 45 - 50 FTE SIL placements per annum would be commissioned by Hammersmith and Fulham from the Framework Agreement.

5.3 A framework agreement would include a core of semi-independent living providers and establish the underlying standards, service specification, terms and conditions for all placements commissioned through it. It would also fix the unit costs from each provider, which would be submitted as part of the procurement process. The Placements Team would subsequently 'call off' placements for individual young people, specifying any particular requirements to tailor the service to their needs.

5.4 The advantages of a Framework Agreement include:

- Working with a smaller number of providers in the framework agreement allows the Council to build a more collaborative working relationship. This improves

outcomes for young people over time by encouraging more efficient resolution of issues and greater investment into services by providers;

- It provides a more robust approach to quality when commissioning placements, as consistent standards, terms and conditions are set out throughout the one-off procurement process and stated in the Framework Agreement;
- It continues to ensure flexibility in specifying service requirements to meet the needs of individual young people when calling off from the framework;
- Call off arrangements also provide choice and flexibility for commissioners when identifying the most suitable placements for individual young people;
- It allows Commissioners to be responsive to the fluctuating service volumes of the Care Leaver cohort;
- It provides a more robust approach to managing costs and budgets, as unit costs are set through the one-off procurement process which establishes the Framework Agreement;
- Given the considerable amount of spend on current spot purchasing arrangements, it ensures the Council are meeting the procurement standards set out in the Contract Standing Orders;
- By reducing the resource requirement of identifying and negotiating placements, it releases capacity in the Placements Team to focus on monitoring placement quality;

5.5 In 2013/14, additional SIL placements were purchased from a total of 29 different providers. By rationalising our use of the market through the Framework Agreement, we will be able to build more collaborative partnerships with providers and deliver better quality services to our young people. However, a number of organisations currently providing placements to the Council, including SMEs, may not do so in the future if they do not meet the SIL quality standards set down in the proposed tender. The market for these types of services is mainly made up of SMEs, taking this into account commissioners have developed a procurement strategy that encourages the participation of SMEs in the tender by adopting the four stage process set out at 6.8 of this report. The SIL quality standards are not designed to exclude participation in the tender by any organisation, but instead ensure that our care leavers are placed in suitable accommodation (as set out in statutory guidance) and have a competent workforce that will deliver good outcomes to our most vulnerable young people.

5.6 It is recommended that the Royal Borough of Kensington and Chelsea and Westminster City Council are named as participating authorities on the Framework. This will allow these authorities to access the framework via an access agreement. The framework will maintain the sovereignty of each borough. Each borough would undertake individual call-offs from the framework, in which they will be responsible for and issue their own placement contract for each young person.

5.7 The benefits of naming other local authorities as participating authorities on the framework are:

- Improved ability to manage the market.
- The Council will be able to derive additional financial benefits through cost and volume discounts.
- The Council will have a larger pool of providers to work with.

## 6. PROCUREMENT PROCESS

6.1 It is proposed that the Framework Agreement for additional SIL placements is procured using the open tendering procedure following all EU Procurement Regulations for Part B services and other requirements. This is because:

- A large number of suppliers are required for the Framework Agreement;
- An open tendering procedure provides the best opportunity for all suppliers to access the Framework Agreement;
- An open tendering procedure takes into account the immaturity of the market and reduces the burden on suppliers with little tendering experience.
- An open tender also ensures that SMEs are not excluded from tendering at the qualification stage, allowing them to potentially be evaluated on their service delivery.

6.2 The Framework Agreement will be issued for four years from 1<sup>st</sup> July 2015 to 30<sup>th</sup> June 2019.

6.3 The Framework would be split into 4 Lots:

Category	Category Description	Number of Providers
Generalist	General accommodation-based support services to enable the transition into independent living. The types of support and number of hours to achieve the outcomes required by each young person will vary. Providers in the generalist lot will be expected to provide tailored packages of support to meet the requirement of young people in each of their supported accommodation properties.	Max 20 providers

Remand into Care	Supported accommodation as a result of being remanded into care, or other Care Leavers who are involved in the criminal justice system. Providers will supply an enhanced level of high support, including 24 hour accommodation.	Up to 20 providers
Specialist	Care Leavers that have additional needs that are more difficult to address, including those who misuse substances, those with mental health issues and those with learning difficulties.	Max 5 providers
Parent & Child	Care Leavers with a young child or children. Providers will supply accommodation and support which ensures parents can live in a safe and secure environment with their child. Providers will supply a support package that enables positive parenting and supports the family's transition into independent living.	Max 5 providers

- 6.4 Across the framework there will be a maximum of thirty providers across all the 4 lots set out in 6.3. The generalist and remand lots on the Framework Agreement will each be divided into two equal tiers, up to 10 providers in each tier. The specialist and parent/child lots will each be one tier of up to 5 providers in each.
- 6.5 LBHF will be the Lead Contracting Authority for the Framework Agreement. It is proposed that RBKC and WCC be named participating authorities on the Framework and will be able to access the Framework via an access agreement. The sovereignty of each borough will be protected through the issue of individual call-off placement contracts for each young person. The benefits of this are set out at paragraph 5.7 of this report.
- 6.6 A core service specification for the Framework will be developed by commissioners building on the feedback from young people, and will include the following key service features:

- **Focus on outcomes** – The SIL Outcomes Framework will be at the core of the service specifications, with providers required to evidence how support hours have been used to achieve the relevant outcomes for each young person.
  - **Key worker support requirements** – To complement the focus on outcomes, the service specifications will detail the main activities of key worker support that the local authorities and young people will expect from providers.
  - **Placement resilience** – To help reduce placement moves, the service specifications will require the provision of an integrated support offer, with services adjusted to reflect the progress of each young person towards independence. Providers will also commit to a prevention of eviction approach to improve placement resilience.
  - **Minimum quality standards** – Detailing what the local authorities and young people can expect from providers with regards to accommodation and workforce, in order to ensure quality service from an unregulated market.
  - **Robust contract monitoring arrangements** – In order to ensure that semi-independent living providers are effectively delivering the services required by young people; the service specifications will provide a clear and consistent approach to monitoring services, including reporting requirements and approaches for collaborative service development.
  - **Housing Benefit** – The service specifications will clearly state that the local authorities are not liable for the payment of rents for young people aged 18 or over, in order to ensure providers support young people to successfully make claims for housing benefit.
  - **Placement process and move-in** – The service specifications will outline the expectations of the placement process, including referral information and move-in requirements, incorporating what we have learned from young people, providers and practitioners.
  - **Move-on** – In order to enable a clear and consistent approach to move-on arrangements, the specifications will include details on planning and facilitating effective move-on.
  - **Young people’s involvement** – There will be a requirement for service providers to involve young people placed in their properties in the ongoing monitoring and development of services, in order to ensure continuous improvement over the length of the contract arrangements.
- 6.7 The Framework tender opportunity will be advertised and managed to completion via the CapitalEsourcing online system (Hammersmith and Fulham’s procurement portal). In addition, commissioners will directly inform current providers, co-ordinate market engagement events and use relevant networks to inform the market of the opportunity.
- 6.8 As these services will be delivered to some of our most vulnerable young people, commissioners are keen to build in quality assurance mechanisms throughout

the procurement process. Care Leavers will form part of the evaluation team for Stage 2 – Quality. The procurement will be undertaken using the Open procedure, with tender submissions evaluated using a three stage process:

- **Stage One – Minimum requirements:** Providers must demonstrate they meet the qualifications, skills, knowledge, experience, financial standing and minimum quality standards specified in order to pass to the next stage;
- **Stage Two – Quality:** This stage will be split into two parts:
  - **Quality stage 1:** Providers will be assessed against the agreed technical criteria. Providers must meet a minimum threshold of 60% score on quality in order to pass to the next stage. Commissioners will also reserve the right to remove from further consideration any provider scoring 1 or below on any individual technical criteria. Technical questions will be set against the following themes:
    - Personalisation
    - Outcomes
    - Collaboration
    - Safeguarding
  - **Quality stage 2:** Commissioners will undertake site visits of those providers who meet the minimum threshold of 60% for quality stage 1 to ensure quality standards are to the required levels.
- **Stage Three – Price:** Providers meeting all the quality requirements thresholds of Stages 1 and 2 will be assessed against the agreed commercial criteria, with the lowest price provider being awarded the maximum score.

- 6.9 The marks for quality and price will be combined according to a 60% price 40% quality weighting to give an overall score and ranking. The high thresholds for passing Stages One and Two will exclude any unsuitable providers and assure the quality of service provision. Commissioners therefore believe that the slightly higher weighting for price in the final scoring will allow the local authorities to ensure value for money without compromising the high quality of services required.
- 6.10 The providers ranked highest in the evaluation, up to the maximum number specified for each lot at 6.3, will be successful in the appointment to the Framework Agreement. The prices for individual placements will be set at the prices submitted by each provider during the tendering process and these will be applied to call-offs.
- 6.11 The terms of the Framework Agreement will not involve a contractual commitment on either side for the purchase or provision of any particular quantity of service.
- 6.12 A procurement timetable can be found at appendix C of this report

## **7. CALLING OFF FROM THE FRAMEWORK**

- 7.1 Following the award of the Framework, participating authorities will be able to enter into call-off agreements with the providers.
- 7.2 It is recommended that Hammersmith and Fulham enter into no-volume call off contracts with each of the successful providers. No-volume call-off contracts allow the Council to enter into formal contracts with providers, without the need to purchase any services. By doing so the Council will be able to efficiently issue individual placement agreements and ensure that care leavers are in suitable accommodation more speedily.
- 7.3 It is recommended that the issuing of individual placements agreements is delegated to the Executive Director of Children's Services in line with section 24 of the Contracts standing orders.
- 7.4 The process for issuing individual placement agreements from the Framework will be as follows:
- When a placement need is identified and funding has been confirmed, the Placements Officer will send the referral form to all providers in Tier One of the relevant lot.
  - Once the deadline has passed, the Placements Officer will review the placement offers. The placement will be awarded to the offer submitted to the provider with the lowest price, provided the offer is a suitable match.
  - If no offers are submitted from Tier One due to a lack of capacity at the time or unsuitability of placement, the referral form will be sent to all providers in Tier Two (if applicable) and the process is repeated;
  - Once a matching placement has been identified, the Placements Officer will confirm the placement with the provider and complete an Individual Placement Agreement (IPA).

## **8. CONSULTATION**

- 8.1 All key stakeholders were extensively engaged and involved in the development of the SIL Commissioning Strategy. Key engagement activities are mapped out in Appendix B.
- 8.2 The project established a short life working group of care leavers to work with commissioners on the design of the strategy. The group met on three occasions to discuss a range of topics, which included review of current arrangements, design of outcomes and future delivery, such as what to expect in your first week and key skills. The final session focused on how care leavers can be involved in the procurement process. The work developed through this group helped shape the recommendations in the commissioning strategy.
- 8.3 Over 40 people from 26 different organisations attended a service development engagement event in June. A further market engagement event was held on 22



September which was attended by 36 people from 28 different potential providers.

## **9. EQUALITY IMPLICATIONS**

- 9.1 From initial assessments, there will be no adverse impact of the SIL Commissioning Strategy on certain groups. There is no projected reduction in commissioned placements affecting access through the strategy. It is in fact aimed for there to be an increase in the quality of placements.

## **10. LEGAL IMPLICATIONS**

- 10.1 It is the duty of the Local Authority to provide services, including the provision of suitable accommodation, to both Looked After Children [s22A Children Act 1989] and Relevant Children i.e. those aged 16 and 17 who have left care and where to do so is necessary to safeguard and promote welfare [ s23B CA1989]. When a young person becomes an adult at age 18 the duty to him or her as a Former Relevant Child continues until s/he attains the age of 21 and, if pursuing a programme of education or training, until s/he attains the age of 25 [s23C; s23CA CA1989].
- 10.1 Implications confirmed by Jade Monroe, Senior Solicitor (Social Care and Education), Legal Services, ext. 2695.
- 10.2 These are Part B services under the Public Procurement Regulations 2006 as amended and not subject to full rigour of the Regulations. Nevertheless it is essential to fulfil transparency duties and in this context undertaking the competitive procurement under an Open Procedure for setting up the Framework as is proposed will be in compliance of the Council's obligations.
- 10.3 Implications confirmed by Babul Mukherjee, Solicitor (Contracts), Legal Services, tel. 020 763 3140.

## **11. FINANCIAL AND RESOURCES IMPLICATIONS**

- 11.1 In 2013-14 62 FTE placements were procured by Hammersmith and Fulham through spot purchase arrangements at a total cost of £2.09m with an average cost per bed night of £92. It is anticipated that 45 - 50 FTE SIL placements per annum would be commissioned by Hammersmith and Fulham from the Framework Agreement. Based on a projected cost per placement of £54 per bed night and 50 FTE placements the annual expenditure through the Framework Agreement is anticipated to be circa £985k. Allowing for rent inflation, the borough's anticipated spend through the Framework over the four years is £4.2m.

- 11.2 It is further anticipated that the participating authorities will commission up to £4.5m through the Framework over the four year period, if they choose to call-off from it.
- 11.3 Therefore the total spend through the Framework across the three boroughs and over the four year period is anticipated to be in the region of £8.7m.
- 11.4 The lower unit costs delivered by the Framework will be generated by;
- The Framework's housing benefit policy, ensuring that the local authorities are not liable for the payment of rents for young people aged 18 and above where housing benefit should be claimed.
  - A clearer definition of the entitlement of support hours for Framework placements.
  - Lower prices through cost and volume discounts in conjunction with participating authorities and more collaborative arrangements with suppliers.
  - Robust contract monitoring arrangements and clear and consistent move-on arrangements.
- 11.5 In conjunction with the agreement that commissioners should tender a block contract for 71 units, thus reducing the spot purchasing requirement, the SIL Commissioning Strategy is anticipated to generate savings of between £500k and £1m per annum for Hammersmith and Fulham which is projected through cost modelling using market data. The final figure will be confirmed once the tender exercises are completed. However officers have identified £500k as the expected minimum saving to be achieved through the delivery of the SIL commissioning strategy.
- 11.6 The savings will contribute to bringing spend in line with budget as well as enabling the achievement of £100k savings proposed in the 2015/16 MTFS.
- 11.7 Implications provided by: Alex Pygram, Finance Officer, Children's Services (tel. 020 7361 2624) and verified by Tony Burton, Finance Lead – Children's Commissioning (tel. 020 7641 2462).

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

- 12.1 The report identifies improvements in how the Council could place young people leaving care into new accommodations, and in how services aimed at facilitating semi-independent living for these care-leavers could be delivered in future; improvements both in cost and efficiency of process and in the quality of outcomes delivered for young people. The report seeks approval for a commissioning and procurement strategy to bring these improvements about,

alongside better management of the future supply-side via creation of a framework contract.

- 12.2 Normally, given the financial values involved, award of suppliers on to such a framework would be a Cabinet Key Decision under the Council's Financial Regulations and Contracts Standing Orders (CSOs). However, where Cabinet believe waivers and the delegation of decisions are justified, for examples on grounds of urgency or because they are in the Council's overall interests, Cabinet can approve these, so long as the Key Decision to waive CSOs and delegate the award decision is made prior to the tendering procedure commencing – which this report seeks to do.
- 12.3 The services to be provided fall under Part B of Schedule 3 of the Public Contract Regulations 2006 (as amended). Part B services are subject to the Regulations only to a limited extent but procurements for them must observe the Treaty Principles of equal treatment and transparency. Contracting authorities must consider the likelihood of both cross-border interest and domestic interest in order to determine appropriate advertising of the contract.
- 12.4 Taking into account the nature of the services, the fact that they will not be delivered in close proximity to any international border and the market for suppliers, it is highly unlikely that there would be any cross-border interest (despite the potentially high value of the framework agreement and the call-off contracts). It follows from this conclusion that advertising of the contract opportunity can be confined to the UK.
- 12.5 Procurement officers will provide advice and guidance support to the procurement project team. Early Legal advice should be sought on the drafting of the Framework's terms and conditions, particularly any needed to safeguard H&F's interests and mitigate any potential risks and liabilities that might arise from the framework's use by others.
- 12.6 Comments provided by: John Francis and Alan Parry, Principal Procurement Consultants, H&F Procurement, FCS (ext. 2582, 2581).

### **13. RISKS**

- 13.1 The report recommendations positively contribute to the management of market testing, statutory duty and Information management risks all noted on the Shared Services Strategic risk register. Management of these risks remain the responsibility of the Children's Services department. Where there are information risks concerning the management of personal data these should be identified and assessed using a Privacy Impact Assessment completed by the commissioning department. Completion of a Privacy Impact Assessment will assist in the mitigation of information management risk associated with the proposed framework.

13.2 Comments provided by Michael Sloniowski, Risk Manager, ext. 2587.

*Andrew Christie*  
**Executive Director of Children's Services**

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

<b>No.</b>	<b>Description of Background Papers</b>	<b>Name/Ext of holder of file/copy</b>	<b>Department/ Location</b>
1.	Commissioning Strategy	Terry Clark	Children's Services/KTH

**Contact officer(s):** Terry Clark, Lead Commissioner (Social Care), Royal Borough of Kensington and Chelsea, [terry.clark@rbkc.gov.uk](mailto:terry.clark@rbkc.gov.uk), 02079388336.

## APPENDIX A – Commissioning Strategy Summary

### 1. The Commissioning Strategy

1.1 Between March and September 2014, Children's Services conducted a review of existing arrangements for semi-independent living services for LAC aged 16+ and Care Leavers. This led to the development of a Commissioning Strategy which sets out the department's purpose and intentions regarding these services for the next four years.

1.2 The Commissioning Strategy consists of three parts:

- **Part A – Analysis:** which provides an overview of current arrangements, identified strengths and areas for development, total SIL spend, needs analysis, market analysis and benchmarking research;
- **Part B – Pathways:** which addresses Staying Put (staying put arrangements are where a young person remains with their foster carer post 18) and supported accommodation as the different accommodation pathways for young people leaving care and provides an overview of the vision / expectations for future SIL service arrangements;
- **Part C – Options:** which provides the contracting options and procurement approaches which have been considered and the different recommendations for implementation in LBHF.

### 2. Commissioning Strategy – Analysis

2.1 For care leavers in Hammersmith & Fulham, a dedicated Care Leaver pathway is currently commissioned as part of Supporting People arrangements, providing 59 units of accommodation (20 high / 39 medium support) across 8 properties located in the borough. Services are delivered through three supported accommodation contracts with two providers, which commenced on 1<sup>st</sup> April 2010 and are due to expire 1<sup>st</sup> April 2015.

2.2 Supporting People provision in LBHF meets approximately 50% of the total placement requirements, with 21,535 bed nights available (59 FTE). Other semi-independent living placements, typically out-of-borough, are required for a variety of reasons, including young people placed in foster care outside of LBHF; young people with additional needs beyond the Supporting People provision; or young people who cannot be placed in LBHF due to safeguarding issues. These placements are arranged by the Placements Team in the Commissioning directorate of Children's Services.

2.3 These additional placements are spot-purchased as and when required from a large pool of private and voluntary sector providers. It is an unregulated market in which quality and price varies hugely, and most of the providers are small businesses with little infrastructure.

2.4 Through the review, social work practitioners, commissioners, young people and providers identified common themes as key areas for service development:

- Improved focus on outcomes instead of prescriptive support hours;
- Greater consistency in service quality and standards, supported by enhanced monitoring arrangements;
- Increased clarity of roles and responsibilities for providers, social workers, commissioners and young people;
- Consistent processes for referrals, move-in, move-on and ongoing arrangements to improve placement resilience.

2.5 Young people's views were central to the review of existing arrangements and planning for future services. Their ideas included:

- More needs to be done to reduce support levels at the right times, in order to prevent young people from becoming over-reliant on the service;
- More opportunities for group work with other young people would be a good way of developing life skills and would help address the isolation experienced by some young people in semi-independent living;
- More 'supervision' sessions with their support worker to monitor their progress towards agreed outcomes, including what life skills they have developed.

2.6 In 2013/14, 117 full time equivalent (one placement for one full year) semi-independent living placements were commissioned for LAC aged 16+ and Care Leavers from Hammersmith & Fulham.

2.7 Based on analysis of historic and current LAC populations and trends, commissioners predict that this service requirement will remain relatively constant. It is projected that between 116 and 121 FTE SIL placements will be required annually up to 2018.

2.8 It is estimated that 29% of such placements will be required for young people with high support needs, 39% for medium support needs, and 32% for lower support needs.

### **3. Commissioning Strategy – Pathways**

3.1 There are three main pathways identified for young people leaving care:

- Directly entering independent living in the community, if the young person is believed to be ready;
- Staying Put arrangements, enabling young people to remain with their long term foster carer for a period of time post 18;
- Supported accommodation.

3.2 A policy for Staying Put arrangements is currently in development, including consultation with the Fostering & Adoption Service, social workers, young people and the local Fostering Association.

3.3 In the Commissioning Strategy, the department's vision for supported accommodation emphasises the expectation of providers to share our

corporate parenting responsibility and aspirations for Looked After Children aged 16+ and Care Leavers, acting as any good parent would for their own child.

3.4 In order to fulfil this corporate parenting responsibility and enable young people to transition successfully into independence and adult life, supported accommodation will be based on four key principles, or 'pillars of parenting':

- **Personalisation:** Services tailored to the needs and requirements of each young person.
- **Outcomes:** A focus on how well the service is helping young people to prepare for independent living, rather than simply what is being delivered.
- **Collaboration:** Improved teamwork, communication and co-ordination between all professionals providing support for young people.
- **Community:** An emphasis on young people feeling safe, secure and comfortable as part of a community, in both their accommodation and local neighbourhood.

#### 4. Commissioning Strategy – Options

4.1 It is projected that over the next 5 years, the council will need to provide provision for between 116-121 Care Leavers at any one time. Through agreements with a number of Registered Social Landlords, 71 units of accommodation are made available to the council within the borough. This accommodation can provide for approximately 60% of the borough's care leavers. In addition to this the council will need to ensure there is sufficient capacity for the additional 40% of the borough's requirements.

4.2 Commissioners have explored a number of options to deliver the councils requirements as set out within this report; these options include:

- **Approved providers list** - An approved provider list is a list of potential providers for a service that is maintained by the commissioning organisation. Providers have to pre-qualify for the list through a selection process using a pre-qualification questionnaire. When services are actually required, commissioners 'call off' the list by issuing a separate spot contract that sets out the remaining terms and specific service requirements. No specification is agreed and no prices are set when an Approved Provider List is set up
- **Block Contract Arrangements** - A block contract guarantees a certain volume of business with a dedicated service provider over a set period of time to an agreed written specification. Block contracts are typically set at a fixed price.
- **Dynamic purchasing** - . A DPS is an electronic system for the purchase of commonly used goods, services or works, usually limited to a maximum duration of four years. It can only be established using the rules of the Open Procedure and must be open throughout its duration for the admission of any provider which satisfies the selection criteria and submits an indicative tender which complies with the service specification.

- **Framework Agreements** - A framework agreement is an overarching agreement with a fixed number of providers which sets out the broad terms (both quality and price) on which the commissioning organisation will purchase services from those providers in the future. The core service specification and prices are set when the Framework Agreement is established.
- **Spot purchase contracting** - Stand-alone spot contracts are individual contracts for services that are provided on a case-by-case basis, typically for an individual service user. There is no other overarching agreement in place and the spot contract sets out all the terms and conditions.

4.3 Commissioners have examined the 5 contracting options in order to propose the best option for the council of delivering the commissioning intentions set out in the strategy. It is therefore proposed that: **(i)** the council enter into a block contract for the 71 units of in-borough accommodation delivering 60% of the councils need and **(ii)** establish a Framework Agreement for additional SIL placements delivering the remaining 40% of the councils requirement.



## Appendix B - Engagement Map - Semi-Independent Living Project

### Best practice from other local authorities

LB Southwark

LB Lambeth

LB Richmond

Surrey CC

Hartlepool BC

Hertfordshire  
CC

Joint Service  
Review Board

AD for LAC and  
Leaving Care

### Practitioners' workshops

Two half-day events for practitioners to help shape and test commissioning strategy, involving:

Team Manager, LBHF  
3 x Social Care Workers, LBHF  
IST Team Manager, RBKC  
3 x Personal Advisors, RBKC  
1 x Social Worker, WCC  
1 x Personal Advisor, WCC  
1 x Accommodation Officer, WCC

Head of Commissioning for  
Specialist Intervention and Quality  
Assurance

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LBHF / RBKC  
Legal

WCC Legal

### SIL Project Group

CHS Social Care  
Commissioning

LBHF Leaving  
Care Service

CHS Placements  
Team

LBHF Supported  
Housing - ASC

RBKC Independence  
Support Team

Semi-  
Independent  
Living  
Strategy

RBKC Supported  
Housing  
Commissioning

WCC Leaving  
Care Service

WCC Supported  
Housing  
Commissioning

CHS Business  
Analysis

CHS  
Procurement

CHS Finance

### Children's Placements Team workshop

ASB and Community Safety  
Representatives from LBHF,  
RBKC and WCC for discussion  
on how to improve knowledge  
of areas local to SIL properties

### SIL YP Commissioning Group

Met three times to discuss key topics and issues for young people about semi-independent living, involving:

2 x LBHF Care Leaver representatives  
2 x RBKC Care Leaver representatives  
2 x WCC Care Leaver representatives  
Participation Leads from LBHF, RBKC, WCC

### Market Engagement

**9 June:** Market engagement event – 42 attendees from 26 providers

Further event planned for **22 September**

LBHF / RBKC  
Corporate  
Procurement


WCC Corporate  
Procurement

## APPENDIX C – Procurement Plan

SIL Framework procurement plan				
	Activity	From	To	Duration
<b>Governance</b>				
	Officer approvals - CAB Gate 1 approved		Complete	
	Draft of decision report		Complete	
	Cabinet Member Briefing		Complete	
	H&F Business Board		Complete	
	Briefing to Cabinet		Completed	
	Cabinet	Mon 02 Feb	Mon 02 Feb	1 day
<b>Procurement</b>				
	Prepare Framework Structure and Protocol document	Mon 05 Jan	Fri 16 Jan	2 weeks
	Prepare specification	Thu 20 Nov	Fri 05 Dec	3 weeks
	Prepare Conditions of Contract	Thu 20 Nov	Thu 02 Jan	6 weeks
	Prepare Individual Placement Agreement	Thu 20 Nov	Thu 02 Jan	6 weeks
	Prepare Inter-authority Access Agreement	Thu 20 Nov	Thu 02 Jan	6 weeks
	Prepare Instructions to Tenderers	Thu 20 Nov	Fri 12 Dec	3 weeks
	Review and finalise contract documents	Mon 15 Dec	Fri 19 Dec	1 week
	CapitalEsourcing build	Mon 05 Jan	Fri 16 Jan	2 weeks
	Legal review of documents	Mon 05 Jan	Fri 16 Jan	2 weeks
	Market capacity building session	Mon 26 Jan	Mon 26 Jan	1 day
	Advertise opportunity	Tue 03 Feb	Mon 09 Feb	1 week
	Publish ITT - Tender go live date	Mon 09 Feb	Mon 23 Mar	6 weeks
	Provider information session	Mon 09 Feb	Mon 09 Feb	1 day

	Period for supplier clarifications	Mon 09 Feb	Mon 02 Mar	3 weeks
	Supplier answers deadline	Mon 02 Mar	Mon 09 Mar	4 weeks
	Tender closure / bids submitted	Mon 23 Mar	Mon 23 Mar	1 day
	Evaluation of qualification envelope (inc. Company checks)	Tue 24 Mar	Fri 27 Mar	1 week
	Evaluation of technical and commercial envelope	Mon 30 Mar	Wed 29 Apr	5 weeks
	Prepare for Moderation	Thu 30 Apr	Fri 01 May	2 days
	Moderation	Mon 04 May	Fri 08 May	1 week
	Moderation finalisation	Mon 11 May	Tue 12 May	2 days
	CoCo approval (courtesy)	Wed 27 May	Wed 27 May	1 day
	CAB - Gate 2 Award	Thu 21 May	Thu 21 May	1 day
	Bi-Borough Procurement Board	TBC	TBC	
	LBHF Cabinet Member Decision	Fri 05 Jun	Fri 05 Jun	1 day
	Award notifications	Mon 08 Jun	Mon 08 Jun	1 day
	Optional standstill	Mon 08 Jun	Thu 18 Jun	10 days
	Finalise contract	Mon 08 Jun	Thu 18 Jun	10 days
	Contract issued	Thu 18 Jun	Wed 01 Jul	12 days
	Contract starts	Wed 01 Jul	Wed 01 Jul	1 day

# Agenda Item 10

	<b>London Borough of Hammersmith &amp; Fulham</b>  <b>CABINET</b>  <b>2 FEBRUARY 2015</b>
<b>DELEGATION OF AUTHORITY TO AWARD ELECTRONIC HOME CARE MANAGEMENT SYSTEM (HCMS)</b>	
<b>Report of the Cabinet Member for Health and Adult Social Care - Councillor Vivienne Lukey</b>	
<b>Open Report</b>	
<b>Classification: For Decision</b>  <b>Key Decision: Yes</b>	
<b>Wards Affected: All</b>	
<b>Accountable Executive Director: Liz Bruce, Executive Director of Adult Social Care &amp; Health</b>	
<b>Report Author: Callum Wilson, ASC Procurement Officer</b>	<b>Contact Details:</b> Tel: 020 7 641 7125 E-mail: cwilson2@westminster.gov.uk

## 1. EXECUTIVE SUMMARY

- 1.1. The Adult Social Care Commissioning and Contracts Board approved the procurement of a Home Care Management System (HCMS) for the London Borough of Hammersmith & Fulham, along with the Royal Borough of Kensington and Chelsea and the City of Westminster.
- 1.2. A HCMS will support the new Home Care services and will play a pivotal role in helping the new services achieve their main aims. As such, it will be beneficial for HCMS to be live by the time the new Home Care services are due to begin in July 2015.
- 1.3. To enable H&F to benefit from the HCMS as soon as possible, and to ensure the system is fully functional by July 2015, this report requests that the Call Off Agreement that will allow H&F to utilise the shared HCMS be awarded by the Leader of the Council and Cabinet Member for Health and Adult Social Care.

## **2. RECOMMENDATION**

- 2.1. That the Leader of the Council and Cabinet Member for Health and Adult Social Care, in conjunction with the Executive Director for Adult Social Care & Health, award the H&F Call Off Agreement for the Home Care Management System.

## **3. REASONS FOR DECISION**

### **3.1. Timely Procurement is advantageous**

- 3.2. HCMS will play a pivotal role in ensuring the new Home Care services achieve their main aims. Indeed, HCMS will be able to effectively and efficiently monitor over 50% of the Home Care KPIs, and enable H&F to pay for only the Care that is actually delivered.

- 3.3. As such, it will be advantageous for the system to be in place by the time the new Home Care services begin in July 2015.

- 3.4. If the recommendation is approved, the award of the contract would be fast tracked by three months. This would allow for a thorough contract implementation period and provide ample time for the development of the system. It would also ensure HCMS is live by the time the new Home Care services are scheduled to begin, which in turn would improve the implementation and overall initial quality of the Home Care services.

### **3.5. H&F Contract Standing Orders**

- 3.6. The contract will be for five years with the option to extend for a further two in order to mirror the length of the Home Care contracts HCMS is being procured to support.

- 3.7. The total spend for H&F under the proposed contractual arrangements across the basic five year contract duration is expected to be in the region of £300,000 to £550,000.

- 3.8. H&F Contract Standing Orders require that contracts with a maximum total estimated value of £100,000 are awarded by H&F Cabinet. Provision exists for the contract award to be made by the Leader of the Council and the Cabinet Member for Health and Adult Social Care, in conjunction with the Executive Director for Adult Social Care & Health.

## **4. BACKGROUND**

- 4.1. The principle of procuring a HCMS was approved in January 2014 and endorsed by the Cabinet Member for Health and Adult Social Care. The Adult Social Care Commissioning and Contracts Board approved the procurement strategy on 1<sup>st</sup> December 2014.

- 4.2. HCMS will support the new Home Care services by: improving the delivery of care by facilitating the monitoring of outcomes and enabling greater personalisation; improving the management of the Home Care contracts; ensuring payment is only

provided for services delivered; and ensuring customers receive care (quantity and quality) they both desire and are entitled to.

- 4.3. H&F do not have a centralised monitoring system currently in place. It is estimated HCMS will save the Borough 4.5% of their entire Home Care budget per year. The savings the system will generate will easily outweigh the required expenditure.
- 4.4. To procure the system, a mini-competition will be held from the Eastern Shire Purchasing Organisation Framework Contract 394 - Electronic Homecare Monitoring and Scheduling Solutions. H&F will then enter into its own Call off Contract with the successful provider from the Framework. One provider will be selected to provide the service to all three Boroughs which will allow H&F to benefit from the combined purchasing power a multi Borough procurement affords.

## **5. PROPOSAL AND ISSUES**

- 5.1. It is proposed that the Leader of the Council and Cabinet Member for Health and Adult Social Care, in conjunction with the Executive Director for Adult Social Care & Health, award the H&F Call Off Agreement for the Home Care Management System.

### **5.2. Reasons behind the proposal**

- 5.3. It is advantageous for HCMS to be live by the time the new Home Care services are scheduled to begin in July 2015 as HCMS has the capacity to improve the quality of the Home Care services and generate savings. If the recommendation is approved, the award of the contract would be fast tracked by three months so the benefits of the system will be realised sooner.
- 5.4. This would allow the contract to be awarded in March 2015 which would allow for a thorough contract implementation period and ample time for the development of the system. The Project Team feel three months is the ideal time scale to complete these processes, which delegation would afford. As such, delegation of authority is requested as it will improve the quality of the overall system.
- 5.5. In addition, the ESPO Framework that will be used for the procurement expires on 31<sup>st</sup> March 2015. This means that the contract needs to be awarded before this date.

### **5.6. Consequence of the proposal**

- 5.7. If the recommendation is approved, the benefits HCMS provides will be realised three months earlier than they otherwise would be: Home Care customers will benefit from the improved quality of care provided sooner; H&F will benefit from the savings HCMS will generate earlier.
- 5.8. If Cabinet approved the recommendation, the timeline for the procurement would be as follows:

<b>Task</b>	<b>Completed by</b>
<i>ITT</i>	
Publish ITT mini competition from ESPO	17 Dec 2014
Closing date for receipt of Tenders	27 Jan 2015
<b>Gate 2 – Award</b>	
CoCo	End Feb 2015
CAB	Early March 2015
Award of Contracts, notification and standstill period	March 2015
Contract Implementation and system development	Apr, May, June 2015
New Contract Start date	With Home Care – July 2015

5.9. Additional information regarding the procurement strategy can be found in the reports embedded in the Appendix.

## **6 OPTIONS AND ANALYSIS OF OPTION**

6.1 The alternative option is for H&F Cabinet to award the contract.

6.2 If this option is followed, owing to the lead in period required for the meeting, the contract could not be awarded until June 2015 at the earliest. This would mean HCMS could not be live until September 2015 which would mean H&F would miss out on three months of the benefits HCMS affords as the Home Care services are due to begin in July 2015.

6.3 If H&F Cabinet awards the contract, ESPO 394 would not be able to be used for the procurement as the Framework is due to expire on 31<sup>st</sup> March 2015. While ESPO have agreed to extend the Framework by short period if required, they are unlikely to extend the Framework for a prolonged period. If ESPO 394 cannot be used, the opportunity would need to be advertised, a PQQ would need to be completed and then an ITT, which is a costly and timely process. This would mean the contract could not be awarded until September 2015 at the earliest which would delay the realisation of the benefits HCMS provides.

## **7 CONSULTATION**

7.1 Details of the consultation undertaken for the wider procurement strategy for HCMS can be found in the report embedded in the Appendix.

## 8 EQUALITY IMPLICATIONS

- 8.1 If the recommendation is approved, the Home Care customers in H&F, who are vulnerable members of society, will benefit from the improved services HCMS affords three months earlier.

## 9 LEGAL IMPLICATIONS

- 9.1 The proposed mini-competition should be carried out in compliance with Regulation 19 of the Public Contracts Regulations 2006 (as amended).
- 9.2 It is noted that the Framework Agreement ESPO 394 is due to expire in March 2015. Call-Offs therefore should not take place in order to circumvent the Regulations and the length of the call-off contract should be appropriate to the purchase in question.
- 9.3 Legal Services will be available to assist the client department throughout the procurement process.
- 9.4 Implications completed by: Kar-Yee Chan, Solicitor (Contracts), Bi-borough Legal Services, 020 8753 2772.

## 10 FINANCIAL AND RESOURCES IMPLICATIONS

- 10.1 If the recommendation is approved, H&F would benefit from the savings HCMS will generate three months earlier than they otherwise would. This is because HCMS would be live by July 2015, whereas otherwise HCMS would not be in place until the end of September 2015.
- 10.2 As the Home Care services are due to begin in July 2015, approval of the recommendation will ensure H&F benefit from savings HCMS would generate in the first three months of the Home Care contracts.
- 10.3 This estimated amount of savings is shown below. Figures use the estimated annual net saving for the Borough as a guide and aggregate the saving evenly across the year:

<b>Borough</b>	<b>Estimated Annual Net Saving</b>	<b>Extrapolated monthly net saving</b>	<b>Estimated Savings over three months H&amp;F would benefit from through delegation of authority</b>
H&F	£191,200	£15,900	£47,800

- 10.4 Further financial implications regarding the actual procurement of a shared HCMS can be found in the embedded reports in the Appendix.



10.5 Implications for H&F have been verified by: David Hore, Finance Manager for LBHF ASC, 0208 753 4498

## 10.6 **Comments of the LBHF Director of Finance and Corporate Governance**

10.7 There are no negative financial implications resulting from the proposed recommendation the award of the H&F contract for HCMS to made by the Leader of the Council and Cabinet Member for Health and Adult Social Care, in conjunction with the Executive Director for Adult Social Care and Health.

10.8 H&F will fund its share of the HCMS capital costs estimated to be £50,000 from the Community Capacity capital grant,

10.9 The annual running costs estimated to be a maximum of £100,000 pa will be funded through a budget transfer from the care packages budgets. It is estimated that this will be recouped through more accurate payments being made to providers.

10.10 Any additional savings generated by the introduction of the HCMS against the care packages budgets will contribute to the 2015/16 Home Care MTFS efficiency saving of £118,000 as detailed in the MTFS.

10.11 Comments completed by David Hore, Finance Manager for LBHF ASC, 0208 753 4498.

## 11 **RISK MANAGEMENT**

11.1 The report recommendation positively contributes to the management of market testing, statutory duty, customer needs and expectations, Information management and Information technology risks all of which are noted on the Shared Services Strategic risk register. Management of these risks remain the responsibility of the Adult Social Care department. Where there are information risks concerning the management of personal data these are being appraised in partnership with the Information Management Team and the commissioning department. Undertaking this appraisal will assist in the mitigation of information risks associated with the proposed framework

11.2 Implications completed by: Michael Sloniowski, Bi-borough Risk Manager 020 8753 2587

## 12 **PROCUREMENT AND IT STRATEGY IMPLICATIONS**

12.1 The timely procurement of the HCMS is dependent on H&F Cabinet agreeing to the proposals outlined in this report. If so, the benefits HCMS affords to the Home Care services will be realised earlier.

12.2 This is a Part A Service as it is an IT system so the wider procurement must therefore adhere to the full rigours of European procurement rules. However, ESPO 394 has been established in full compliance with procurement legislation so if

ESPO is used, a mini-competition can simply be run from their Framework. Nevertheless, there is still a requirement that this tender adheres to the principles of non-discrimination, equal treatment, transparency, mutual recognition and proportionality. As such the mini-competition must be conducted in line with the above principles.

- 12.3 In accordance with Contract Standing Orders an H&F Cabinet decision is required for the approval of all contracts that have a total value of £100,000 or greater. However, the Leader is empowered to award this contract and the Director agrees with the recommended course of action.
- 12.4 Implications completed by Callum Wilson, ASC Procurement Officer for LBHF, RBKC and WCC, 0207 641 7125. Verified by Joanna Angelides, Bi Borough Procurement Consultant, 0207 753 2586

**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.	Procurement and Implementation of a Tri-Borough Home Care E-monitoring System and creation of a Tri-Borough Home Care Management Team – January 2014 (published).	Callum Wilson – 0207 641 7125	ASC Procurement
2.	Strategy For The Procurement Of An Electronic Home Care Management System (HCMS) FOR LBHF, RBKC AND WCC (Appendix 2)	Callum Wilson – 0207 641 7125	ASC Procurement

**LIST OF APPENDICES:**

- 1. **Appendix 1:** Procurement and Implementation of a Home Care E-monitoring System and creation of a Home Care Management Team. Gate 0 Report, approved January 2014.
- 2. **Appendix 2:** STRATEGY FOR THE PROCUREMENT OF AN ELECTRONIC HOME CARE MANAGEMENT SYSTEM (HCMS) for LBHF, RBKC and WCC. Gate 1 Report, approved 1<sup>st</sup> December 2014.

**Procurement and Implementation of a Tri-borough Home Care E-monitoring System and creation of a Tri-Borough Home Care Management Team.****1. Introduction**

This report seeks your approval to proceed with the procurement and implementation of a Tri-borough E-monitoring system to support and complement the introduction of the new Tri-Borough Home Care contract, and the establishment of a Tri-borough Home Care Management Team (HCMT) to utilise the system. The introduction of this solution is key to supporting the proposed new home care model and providing a streamlined, high quality and cost effective Home Care service across Tri-borough in the future, through recording accurate amounts of care delivered, and also providing information to support contract monitoring and safeguarding.

In addition to savings already realised in the Royal Borough of Kensington and Chelsea (RBKC) through adopting such a system and way of working in April 2009, it is anticipated that implementing such a solution across Tri-borough will deliver additional savings to the Home Care budget of 8% for Westminster City Council (WCC) and 6% for the London Borough of Hammersmith and Fulham (LBHF). It should be noted that this proposal represents a significant change from what RBKC are carrying out at present, and is not just a re-procurement of the existing system.

**2. Background**

The Home Care Project Group has recommended that a Tri-borough electronic call management system be procured to support the new Home Care contract, and this approach has been endorsed by the ASC Cabinet Members for all three boroughs. The project group has also recommended that a Tri-borough home care 'brokerage' service be implemented alongside this to give a unified more expert response to care.

The main Project drivers are;

- to enable the Tri-borough Home Care service to realise identified savings through more effective monitoring of providers commissioned care hours versus actual delivered care hours
- to provide robust and timely management and monitoring data of service provision across Tri-borough regarding performance
- to produce financial savings for WCC and LBHF through improved management of actual care provision and streamlined electronic payment processes within these authorities
- to improve efficiency in service delivery, charging and invoice processing through having a single Tri-borough solution, integration with the shared

Case Management System - Frameworki (FWi) and a central monitoring and brokerage service

- to provide a consistent Tri-borough e-monitoring solution that is proven and quick to implement
- to provide a more streamlined service provision via one team having the service knowledge and expertise across the three boroughs
- to ensure service users are safeguarded and Councils operate on full efficiencies as an essential underpinning of the new proposed home care service model

### **3. The Proposed Procurement Process.**

The RBKC E-monitoring system was procured from the Eastern Shires Purchasing Organisation (ESPO) Framework Contract 394, and it is proposed to again call off this Framework Agreement to procure the Tri-borough solution. This Framework is valid until 31<sup>st</sup> March 2016.

The Call Off Award evaluation will be carried out by a team of officers from Tri-borough Procurement, Adult Social Care, Finance and IT, and use standardised elements that will be stated in the requirements documentation issued to all suppliers. The appointment of the preferred supplier will be subject to approval and ratification by Cabinet.

### **4. Anticipated Costs and Expected Benefits**

#### **System Costs**

The anticipated costs of the Tri-borough IT system are based on the RBKC procurement. The development of the system is expected to cost in the region of £150,000 which will be shared between the boroughs, with running costs (maintenance and support) expected to be in the region of £300,000 per annum - again this is to be shared between the boroughs. These costs will be further defined and detailed as the procurement progresses.

#### **Staffing Costs**

The currently estimated running costs of a Tri-borough Home Care Management Team (HCMT) are in the region of between £660,000 (the best case scenario) and £900,000 (the worst case scenario) per annum. As with the system costs, this will be shared between the three boroughs and apportioned appropriately depending on the differing levels of care provision supplied.

Work is currently underway to further define these costs, and to create a proposed structure for the future HCMT.

The HCMT will be the first point of contact for care managers in setting up care packages as well as for providers and service users. They will also manage the E-monitoring system and carry out light touch reviews with service users.

## **Benefits**

**Financial** - There are anticipated savings on the care budgets in WCC (8%) and LBHF (6%) as a result of more accurate recording of actual visits. These savings have been built into the Home Care financial model presented to Cabinet Members. In addition there will be savings through replacing individual borough paper based systems with a Tri-borough electronic payment system to generate invoices, through integration with the shared Case Management System - Frameworki (FWi) - and through introducing a central monitoring and brokerage service

**Non-financial** - The e-monitoring system will provide information on workforce scheduling and capacity, audit trails of care provided in cases of complaints and safeguarding issues, allow comparisons between commissioned and delivered care, lead to more accurate charging for service users which in turn will reduce the number of queries to Finance.

Data extracted will also inform Key Performance Indicators and other elements of contract management, and produce information on care workers in terms of consistent allocation to services users and punctuality across a contract.

## **5. Financial and Property, Legal, Sustainability, Personnel Implications**

### **Financial Implications – Costs and Return on Investment**

The costs of undertaking the Project are approximately between £270,000 and £350,000 per borough in the first year (system development plus creation of a Tri-borough HCMT), with on-going costs likely to be in the region of between £275,000 and £355,000 for each borough depending on the final model approved. This figure includes the cost of the HCMT. It is anticipated that implementing a Tri-borough E-monitoring system will deliver savings to the Home Care budgets in WCC and LBHF of 8% and 6% respectively.

### **Property Implications**

As the E-monitoring system is web based and externally hosted, it follows the current IT strategies of reducing locally based and supported systems, and will reduce IT support costs accordingly.

### **Legal Implications**

Procuring via the ESPO Framework satisfies the relevant EU, UK and local authority regulations for the letting of contracts. The contract will also provide for the secure storage and transfer of personal data and ensure that the chosen solution will meet relevant data protection standards and legislation.

## **Sustainability**

The procurement is concerned with maximising the use of shared resources and services and providing these in a sustainable manner. The chosen supplier will be required to conform to all environmental legislation related to the provision of IT services and hardware, and the removal of a requirement for servers to internally host the system will have a direct effect upon reducing Tri-borough carbon emissions, as will replacing paper based systems with electronic ones.

## **Personnel Implications**

In order to create the Tri-borough HCMT, resources will need to be re-allocated from WCC and LBHF and reviewed in RBKC. As has already been the case within RBKC, these resources will be funded by reviewing work practices within Adult Social Care (Operations).

## **6. Consultations**

The proposals for a new Tri-borough Home Care service (including an E-monitoring system) produced by the Home Care Project Group have been presented to Cabinet Members and have received their informal approval to proceed. In addition staff consultation events have taken place across Tri-borough and engagement events with Health colleagues, providers and service users are being rolled out at present.

## **7. Recommendation**

It is recommended that the procurement for a Tri-borough E-monitoring system and the creation of a Tri-borough Home Care Management Team proceed as described above for the following reasons;

- The proposed system and HCMT supports the new Tri-borough Home Care service in achieving more efficient working practices and producing identified savings
- The proposed system will support and enable all three boroughs to move to a common Tri-borough Home Care Service
- The proposed system supports the reduction of back office costs whilst improving the offering of front line services

**Martin Waddington,**

**Tri-Borough Director of Commissioning, Business Intelligence and Workforce Development**

APPENDIX 2

# Executive Decision Report

<b>Decision maker(s) at each authority</b>	Adult Social Care: Commissioning and Contract Board  Date of decision: 1 <sup>st</sup> December 2014	
	Adult Social Care: Commissioning and Contract Board  Date of decision: 1 <sup>st</sup> December 2014	 THE ROYAL BOROUGH OF KENSINGTON AND CHELSEA
	Adult Social Care: Commissioning and Contract Board  Date of decision: 1 <sup>st</sup> December 2014	 City of Westminster
<b>Report title (decision subject)</b>	<b>STRATEGY FOR THE PROCUREMENT OF AN ELECTRONIC HOME CARE MANAGEMENT SYSTEM (HCMS)</b>	
<b>Reporting officer</b>	Callum Wilson, ASC Procurement Officer Tel: 020 7 641 7125 E-mail: cwilson2@westminster.gov.uk	
<b>Key decision:</b>	NO (Gate 1 – Procurement Strategy)	
<b>Access to information classification:</b>	<i>Insert 'Confidential/exempt' or 'public'</i>	

## 1. EXECUTIVE SUMMARY

- 1.1. This report requests authority to proceed with the procurement of a Home Care Management System (HCMS) for the London Borough of Hammersmith & Fulham, the Royal Borough of Kensington and Chelsea and the City of Westminster in accordance with the strategy outlined below.

- 1.2. The principle of procuring a HCMS was signed off in January 2014 (Gate 0).
- 1.3. A HCMS will support the new Home Care services that are currently being let across the three Boroughs and will play a pivotal role in helping the new services achieve their main aims. As such, it will be beneficial for HCMS to be live by the time the new Home Care services are due to begin in July 2015.

## **2. RECOMMENDATIONS**

- 2.1. Approval is being sought to:
  - 2.1.1. Run a mini-competition from the Eastern Shire Purchasing Organisation Framework Contract 394 - Electronic Homecare Monitoring and Scheduling Solutions (ESPO 394 hereafter).
  - 2.1.2. Select one provider to deliver services to all three Boroughs.
  - 2.1.3. Establish 3 call-off contracts under the ESPO 394 Framework Agreement for five years from 1<sup>st</sup> July 2015, with the option to extend for a further two years, with each Borough party to their own contract with successful provider.
  - 2.1.4. Enable H&F to be the lead procurement authority, as the host Borough for Adult Social Care.
  - 2.1.5. Evaluate tenders using a Price: Quality ratio of 60:40.

## **3. REASONS FOR DECISION**

- 3.1. **Using ESPO 394**
- 3.2. Using the ESPO Framework 394 will reduce procurement costs and timescales as the Boroughs will not need to run a Pre Qualification Questionnaire or advertise the opportunity publically. This is because the framework has been established in full compliance with public procurement legislation. This will ensure the HCMS is fully functional by the time the new Home Care services are due to begin which will improve the standards of the new services.
- 3.3. The project team believe all viable providers are registered on the ESPO Framework 394 so utilising the Framework will not limit in any way the quality of the system the Boroughs are able to procure.
- 3.4. By running a mini-competition from ESPO 394, the Boroughs can provide suppliers with a detailed Specification. This will ensure the Boroughs receive a system that is tailored to their precise requirements and demonstrates value for money.
- 3.5. **Price: Quality split**



3.6. The rationale behind using a Price: Quality ratio of 60:40 to evaluate Tenders is based on the HCMS Specification. Further details can be found at paragraph 5.

3.7. **Contracting model**

3.8. The proposed contract length of 5 years with an option to extend for a further 2 years mirrors the contract length of the Home Care services. As HCMS is being procured to support these services, it will be advantageous for HCMS to be in place for the same amount of time.

3.9. The proposed contracting model of running one procurement exercise, selecting one provider to deliver services to all three Boroughs, and establishing three separate, but similar Call Off contracts from ESPO 394 with the HCMS provider is the best, legal option of enabling the Boroughs to utilise ESPO 394 and benefit from the combined purchasing power a multi Borough procurement affords.

**4. BACKGROUND**

4.1. The concept of procuring a HCMS was signed off in January 2014 and was also endorsed by the ASC Cabinet Members for all three Boroughs.

4.2. HCMS will support the new Home Care services. Home Care is the largest ASC shared service and generates significant public and political interest. HCMS will: improve the delivery of the care by facilitating the monitoring of outcomes and enabling greater personalisation; improve the management of the Home Care contracts; ensure payment is only provided for services delivered, thereby generating substantial savings; and ensure customers receive care (quantity and quality) they both desire and are entitled to.

4.3. Consequently, HCMS will play a pivotal role in ensuring the new Home Care services achieve their main aims. Indeed, HCMS will be able to effectively and efficiently monitor over 50% of the Home Care KPIs, and enable each Borough to pay for only the Care that is actually delivered.

4.4. As such, it will be highly beneficial for the system to be in place by the time the new Home Care services begin in July 2015.

4.5. There is no existing, centralised e-monitoring or HCMS in place in H&F and WCC.

4.6. RBKC have had an HCMS system in place since 2009. ESPO 394 was used for the procurement and the provider is Panztel (UK) Limited. This system is less advanced than those currently on the market owing to technological developments over the last five years. Nevertheless, RBKC's system has saved an average of £250,000 per year from RBKC's Home Care budget. This figure does not include annual expenditure on the HCMS itself.

- 4.7. The contract for RBKC's system was initially due to expire in September 2014. It has been extended to March 2016 to ensure there is a system in place while the new HCMS is procured. The extension can be terminated with no less than 3 months written notice. A new system needs to be procured as there is no option to extend beyond 2016 and there have been much technological advancement since the contract was started in 2009 so their current system could be improved. As such, RBKC have decided to cancel their existing contract at the appropriate time so they can be included in this tender.

## **5. PROPOSAL AND ISSUES**

### **5.1. Procurement strategy**

- 5.1.1. Approval is sought to run a mini-competition from the Eastern Shire Purchasing Organisation Framework Contract 394 - Electronic Homecare Monitoring and Scheduling Solutions (ESPO 394 hereafter).
- 5.1.2. As all viable providers are registered on ESPO 394, using the Framework will not limit in any way the quality of the system the Boroughs are able to procure.
- 5.1.3. This strategy will also reduce procurement costs and timescales as the Boroughs will not need to run a Pre Qualification Questionnaire or advertise the opportunity publically. This is because the Framework has been established in full compliance with all EU and UK procurement legislation. Thus the Boroughs would be able to simply run a mini-competition as the compliance matters and vetting of suppliers has already been completed. A short procurement timescale is advantageous as it means the benefits HCMS affords to the new Home Care services will be realised earlier.
- 5.1.4. By running a mini-competition from ESPO 394 on capitalEsourcing suppliers can be provided with a detailed Specification. This will ensure the Boroughs receive a system that is tailored to their precise requirements and demonstrates value for money.
- 5.1.5. In accordance with European procurement rules and the conditions of the Framework, the mini-competition will adhere to the principles of non-discrimination, equal treatment, transparency, mutual recognition and proportionality. As such, all suppliers on the Framework will be given the opportunity to submit a tender. The Boroughs will supply: a detailed Specification outlining the requirements of the service; a thorough Invitation to Tender pack which will explain how Tenderers should complete the Tender and how the Tender will be evaluated; and will invite all suppliers on the Framework to supply a Tender (made up of answers to the Technical and Commercial questions) on capitalEsourcing.

## 5.2. Contract model

- 5.2.1. The proposed contract length of five years with an option to extend for a further two years mirrors the contract length of the Home Care services. As HCMS will improve the new Home Care services, it is beneficial for the system to be in place for the same amount of time as the Home Care services.
- 5.2.2. Normal contracting protocol for multi Borough procurements for ASC is to establish a single provider framework agreement, which H&F, as the host Borough for ASC, and the provider are party to, with each Borough being a party with the provider to their own call off agreement from the Framework. However, this option is not legally viable if the Boroughs decide to Call Off from ESPO Framework 394. This is because it is not legal to have a Framework from a Framework.
- 5.2.3. In order to minimise costs for both this procurement and future exercises, it was considered prudent to develop an alternative contracting method which would enable the Boroughs to make use of ESPO Frameworks when running multi Borough procurements.
- 5.2.4. The alternative contract model proposed is thus to: run one procurement exercise; select one provider to deliver to services to all three Boroughs; and establish three separate, but similar Call Off contracts from ESPO 394, one for each Borough.
- 5.2.5. The three contracts will have similar terms and conditions in them and will be managed by the Home Care Management Team so there is only one point of contact for the successful provider. There will also only be one set of monitoring requirements, one contract administration team etc. This will unify the contracts as far as possible without giving rise to rights and obligations between the Boroughs.
- 5.2.6. This contracting model will also allow the Boroughs to benefit from the combined purchasing power a multi Borough procurement affords as the Tenderers will be required to submit prices that reflect the economies of scale they will be achieve from providing services to three Boroughs affords. This will be made explicit in the ITT.
- 5.2.7. After consultation with Bi Borough Legal, it is believed that this model is the best, legal option available if the Boroughs decided to utilise ESPO 394 as it: complies with EU procurement law; maintains the sovereignty and financial independence of each Borough by having three separate contracts; and allows each Borough to benefit from the combined purchasing power a multi Borough procurement exercise affords. ESPO agree with this proposed approach.
- 5.2.8. Contract documentation will be drawn up by Bi-Borough Legal Services.

### 5.3. Timeline

Task	Completed by
<b>Gate 1 – sign off Procurement Strategy</b>	
CoCo	1 Dec 2014
CAB (briefing as new money)	4 Dec 2014
<b>ITT</b>	
Publish ITT mini competition	8 Dec 2014
Closing date for submission of Tenderers' questions	5 Jan 2015
Answers to Tenderers' questions circulated	9 Jan 2015
Closing date for receipt of Tenders	16 Jan 2015
<b>Gate 2 – Award</b>	
CoCo	End Feb 2015
ALT	End Feb 2015
CAB	Early March 2015
Award of Contracts, notification and standstill period.	March 2015
Contract Implementation	Apr, May, June 2015
New Contract Start date	With Home Care – July 2015

### 5.4. Tender Evaluation

5.4.1. The contract will be awarded on the basis of the most economically advantageous tender.

5.4.2. The proposed evolution model is a Price: Quality ratio of 60:40.

5.4.3. The rationale behind using this ratio is based on the Specification the Project Team have created. A large number of requirements (70%) in the Specification are essential to the workings of the System. This suggests weighting the

evaluation towards Price as the Tenders must meet these requirements for the Tender to even be considered. However, there is also a substantial focus on future proofing and encouraging innovation. Key questions have been identified regarding how the provider will help the Boroughs achieve key aims and KPIs of the Home Care services in the future (e.g. use of Smart Phone technology/ monitoring of Health Tasks). In addition, one of the main drivers of the procurement is that the system will generate substantial savings, so it is important a high quality system is procured - both now and in the future - to ensure these savings are realised. As such, a ratio of 60:40 is proposed.

5.4.4. A detailed breakdown of how the tender will be evaluated will be included in the ITT.

5.4.5. The evaluation will be carried out by a team of officers from the Procurement, Adult Social Care, and IT departments from the three Boroughs. The team will follow the evaluation protocol that is outlined in the ITT that will be issued to all suppliers registered on ESPO 394.

#### **5.5. Contract Award**

5.5.1. In H&F, subject to H&F Cabinet's approval to delegate of authority on February 2<sup>nd</sup> 2015, the contract will be awarded by the Leader of the Council and Cabinet Member for Health and Adult Social Care, in conjunction with the Executive Director for Adult Social Care and Health.

5.5.2. In WCC the contract will be awarded by the Contracts Approval Board.

5.5.3. In RBKC the contract will be awarded by the Cabinet Member for Health and Adult Social Care, in conjunction with the Executive Director for Adult Social Care and Health.

#### **5.6. Contract Monitoring and Management**

5.6.1. The Home Care Management Team (HCMT) will manage the contract on a day to day basis as they will be responsible for the general running of the system. The HCMT is already in place at RBKC as they manage RBKC's existing system but will be expanded once the new system is in place. Note, the expansion of the HCMT does not form part of this procurement.

5.6.2. The overall responsibility for the monitoring and management of the contract will fall to the ASC Contract and Procurement team.

5.6.3. For the first six months of the contract there will be monthly monitoring meetings to ensure data is being collected, managed, stored and costed accurately and effectively. From then on, monitoring will take the form of quarterly checks. The monitoring of down time will be a major KPI. HCMT will be able to provide data on this.

## **5.7. Risk Analysis**

### **5.7.1. Procurement from ESPO:**

5.7.2. ESPO 394 expires on 31<sup>st</sup> March 2015. This generates a degree of time pressure and means there is a risk that the Framework may expire before the Call Off Contracts can be awarded. However, this risk is mitigated as the Project Team had already planned to award the contract in March 2015 so there would be ample time for contract implementation to ensure HCMS is live by July 2015. The procurement timeline also allows for completion within this timescale with a degree of flexibility. In addition, ESPO have also stated that the deadline can be extended if extra time is needed to complete the procurement.

5.7.3. Two of the main suppliers (Panztel and CM2000) now share the same parent company. Advice has been sought from Legal and ESPO on this and it is felt it is acceptable to advance. The Competition & Markets Authority also published a paper on this stating they did not feel this would diminish competition. To be sure of this, and to mitigate further, an additional Undertaking will be sent to the two suppliers which will require them to sign a declaration that they will prepare their Tenders separately and without colluding. The signature will need to be witnessed by a solicitor.

### **5.7.4. Interaction with the Home Care contracts:**

5.7.5. HCMS is being procured to help the Home Care contracts to achieve a number of their main aims. There is therefore a risk associated with the functionality of system. In order to mitigate this risk, the specifications for the HCMS and the Home Care contracts have been cross referenced by two separate project teams.

5.7.6. Owing to the benefits HCMS will provide, it will also be advantageous for HCMS to be fully functional by the time the Home Care contracts go live. To mitigate the risk of HCMS not being in place in time, it is proposed that the Boroughs Call Off from the ESPO Framework to speed up the process.

## **6. OPTIONS AND ANALYSIS**

### **6.1. Alternative Procurement strategy**

6.1.1. The alternative option to running a mini-competition from ESPO Framework 394 is to run a full tender exercise that complies with EU and UK Procurement legislation. This would mean advertising the opportunity publically, running a Pre Qualification Questionnaire and then going out to ITT. This would realistically mean the Call Off contracts could not be awarded until June at the earliest and that the HCMS system would not be live until September. This would delay the realisation of the benefits HCMS affords to the new Home Care services.

## **6.2. Alternative Contract models**

6.2.1. A number of contract models have been considered for this procurement:

6.2.2. Normal contracting protocol for multi Borough procurements for ASC. To clarify normal contracting protocol is to establish a single provider framework agreement, which H&F, as the host Borough for ASC, and the provider are party to, with each Borough being a party with the provider to their own call off agreement from the Framework. This contracting model allows the Boroughs to benefit financially from the economies of scale achieved by the provider whilst not giving rise to any contractual rights or obligations between the Boroughs. This option cannot be followed if ESPO Framework 394 is used – or any other ESPO Framework for that matter - as it is not lawful to create a Framework from a Framework. Bi Borough Legal Services agree with this assessment.

6.2.3. A traditional two way contract between the provider and one Borough. In this model the provider would provide services to all three Boroughs, but only one Borough would be party to the contract. Inter Authority Arrangements would then be established between the Boroughs to reconcile the funding. This would put all of the financial liability onto one Borough for a potential period of seven years.

6.2.4. A four party contract which the provider and the three Boroughs are all party too. This would enable the three Boroughs to benefit from its combined purchasing power whilst also sharing the risks and financial liability. However, as the Boroughs would be party to the same Call Off there would be a significant potential for financial and legal rights and obligations to develop between the Boroughs.

## **7. CONSULTATION**

7.1. The concept of procuring a HCMS was signed off in January 2014.

7.2. The Home Care Project Group presented the initial proposals for the new multi Borough Home Care service and e-monitoring system (HCMS) to Cabinet Members from the three Boroughs and received their approval to proceed. In addition staff consultation events have taken place across the Boroughs, and engagement events with other stakeholders, such as Health colleagues, providers and service users have also taken place.

7.3. The Home Care Programme Board, the Technology Workstream Project Team and other Workstream Leads have contributed to the development of the project and undertaken reviews throughout the development process.

7.4. Other key departments from across the three Boroughs have also been consulted to review the Specification, including CMO, Information Management and Hammersmith & Fulham Bridge Partnership. They have reviewed the system

to ensure it will be fit for purpose and Information Management Services have conducted a risk analysis of the proposed service.

- 7.5. Adult Social Care are leading on the procurement and the wider project as directed by the Home Care Implementation Programme Board. Procurement and IT Strategy will be available to assist the client department with any IT design and Information Management requirements.
- 7.6. ESPO and Bi Borough Legal have also been consulted regarding the contracting model as the normal contracting protocol used for multi Borough ASC procurements cannot be followed if ESPO 394 is used. Both felt that the proposed option represented the best option available.
- 7.7. The suppliers registered on ESPO 394 have also been consulted to check if they were agreeable to having three separate contracts but offering a price based on the combined purchasing power of the three Boroughs. All of the suppliers who responded (5 out of 9) said they were. The 5 suppliers who responded include all of the providers the Project Team feel will be able to deliver the desired system.

## **8. EQUALITY IMPLICATIONS**

- 8.1. There are no key or relevant equalities issues resulting from the proposed procurement strategy as the HCMS is not a front line service, but a piece of technical software which will support the Home Care services.

## **9. LEGAL IMPLICATIONS**

- 9.1. The proposed mini-competition should be carried out in compliance with Regulation 19 of the Public Contracts Regulations 2006 (as amended).
- 9.2. It is noted that the Framework Agreement ESPO 394 is due to expire in March 2015. Call-Offs therefore should not take place in order to circumvent the Regulations and the length of the call-off contract should be appropriate to the purchase in question.
- 9.3. Legal Services will be available to assist the client department throughout the procurement process.
- 9.4. Implications completed by: Kar-Yee Chan, Solicitor (Contracts), Bi-borough Legal Services, 020 8753 2772.

## **10. FINANCIAL AND RESOURCES IMPLICATIONS**

### **10.1. Expenditure**

- 10.1.1. Each Borough has budgeted for the following expenditure:



<b>Borough</b>	<b>Development/ Implementation (Year1)</b>	<b>Annual Charge</b>
H&F	£50,000	£100,000
WCC	£50,000	£100,000
RBKC	£50,000	£100,000

10.1.2. These estimates were identified by the Project Team to ensure each Borough has the capital to cover the required expenditure.

10.1.3. The Development cost could be lower than £50,000 per Borough owing to technological developments that both Home Care providers and potential providers of the HCMS have invested in. However, the exact figure cannot be confirmed as until the ITT is completed, the technical details of the systems that are currently live in the market place and therefore the level of development required, will be unknown

10.1.4. The estimated annual expenditure has been calculated by extrapolating data and costs from the current RBKC system. This figure could also be lower owing to the technological developments that have occurred since the RBKC contract was awarded. However, the exact figure will not be known until after the ITT has been completed.

## 10.2. Savings

10.2.1. The existing system in RBKC has saved on average £250,000 per year since its introduction in 2009. It is estimated that this level of saving will continue if not increase as the new HCMS has all the functionality of the existing system as well as a number of new features.

10.2.2. Through financial modelling carried out for the Home Care Services procurement, it is estimated that the introduction of HCMS will save H&F and WCC 4.5% of their entire Home Care budgets.

<b>Borough</b>	<b>Home Care budget 2014/15</b>	<b>Savings (based on 4.5% estimated figure)</b>
H&F	£6,471,600	£291,200
WCC	£12,816,900	£576,800

10.2.3. This estimate is evidenced by the success the ASC IT Support Team have had while manually reconciling commissioned hours against delivered hours for WCC. Since 1/4/2014 to 1/12/2014, the team have managed to recoup £105,910.

10.2.4. The savings the new HCMS will generate will therefore outweigh the required expenditure.

### 10.3. How each Borough will cover the required expenditure

10.3.1. H&F will fund its share of the estimated capital costs (Development etc - £50,000) from the Community Capacity grant. The maximum annual running costs of £100,000 pa will be funded by transferring £100,000 from the Care Packages budget. The overall annual expenditure is expected to be less and will be recouped through more accurate payments being paid to providers as outlined at 10.2.2.

	2015/16 (July to Mar)		2016/17		2017/18		Full year effect of proposals ie ongoing effect
<i>Revenue Implications</i>	Confirmed budget £	Costs of proposal £	Confirmed budget £	Costs of proposal £	Confirmed budget £	Costs of proposal £	£
<b>Current Budgets</b>							
Council Revenue budget	75,000		100,000		100,000		100,000
Council Capital budget	50,000						
<b>SUB TOTAL REVENUE / CAPITAL BUDGET</b>	<b>125,000</b>		<b>100,000</b>		<b>100,000</b>		<b>100,000</b>
<b>Start-up Costs (Capital)</b>		50,000					
<b>Lifetime Costs</b>		75,000		100,000		100,000	100,000
<b>Close-down Costs</b>							
<b>TOTAL REVENUE/CAPITAL COST</b>	<b>125,000</b>	<b>125,000</b>	<b>100,000</b>	<b>100,000</b>	<b>100,000</b>	<b>100,000</b>	<b>100,000</b>
<b>SAVINGS</b>		<b>0</b>		<b>0</b>		<b>0</b>	<b>0</b>

10.3.2. The RBKC Capital Programme includes provision of £150,000 for a new e-monitoring system. The annual costs of the current system are approximately £100,000, but costs are expected to be less for the new system.

	2015/16 (July to Mar)		2016/17		2017/18		Full year effect of proposals ie ongoing effect
	Confirmed budget £	Costs of proposal £	Confirmed budget £	Costs of proposal £	Confirmed budget £	Costs of proposal £	
<i>Revenue Implications</i>							£
<b>Current Budgets</b>							
Council Revenue budget	75,000		100,000		100,000		100,000
Council Capital budget	150,000						
<b>SUB TOTAL REVENUE / CAPITAL BUDGET</b>	<b>225,000</b>		<b>100,000</b>		<b>100,000</b>		<b>100,000</b>
<b>Start-up Costs (Capital)</b>		50,000					
<b>Lifetime Costs</b>		75,000		100,000		100,000	100,000
<b>Close-down Costs</b>							
<b>TOTAL REVENUE/CAPITAL COST</b>	<b>225,000</b>	<b>125,000</b>	<b>100,000</b>	<b>100,000</b>	<b>100,000</b>	<b>100,000</b>	<b>100,000</b>
<b>SAVINGS</b>		<b>0</b>		<b>0</b>		<b>0</b>	<b>0</b>

10.3.3. WCC will fund its share of the estimated capital costs (Development etc - £50,000) from the Community Capacity grant. The maximum annual running costs of £100,000 pa will be funded from underspend within ASC budgets. The overall annual expenditure is expected to be less and will be recouped through more accurate payments being paid to providers as outlined at 10.2.2.

	2015/16 (July to Mar)		2016/17		2017/18		Full year effect of proposals ie ongoing effect
	Confirmed budget £	Costs of proposal £	Confirmed budget £	Costs of proposal £	Confirmed budget £	Costs of proposal £	
<i>Revenue Implications</i>							£
<b>Current Budgets</b>							
Council Revenue budget	75,000		100,000		100,000		100,000
Council Capital budget	50,000						
<b>SUB TOTAL REVENUE / CAPITAL BUDGET</b>	<b>125,000</b>		<b>100,000</b>		<b>100,000</b>		<b>100,000</b>
<b>Start-up Costs (Capital)</b>		50,000					
<b>Lifetime Costs</b>		75,000		100,000		100,000	100,000
<b>Close-down Costs</b>							
<b>TOTAL REVENUE/CAPITAL COST</b>	<b>125,000</b>	<b>125,000</b>	<b>100,000</b>	<b>100,000</b>	<b>100,000</b>	<b>100,000</b>	<b>100,000</b>
<b>SAVINGS</b>		<b>0</b>		<b>0</b>		<b>0</b>	<b>0</b>

- 10.4. Implications for H&F have been verified by: David Hore, Finance Manager for LBHF ASC, 0208 753 4498.
- 10.5. Implications for RBKC have been verified by: Steve Mellor, Finance Manager, 0207 361 2370.
- 10.6. Implications for WCC have been verified by: John Agboola, Lead Business Partner, 020 7641 1925.
- 10.7. Comments of the LBHF Director of Finance and Corporate Governance**
- 10.7.1. H&F will fund its share of the HCMS capital costs estimated to be £50,000 from the Community Capacity capital grant, as detailed in section 10.3.1 of the report.
- 10.7.2. The annual running costs estimated to be a maximum of £100,000 pa will be funded through a budget transfer from the care packages budgets. It is estimated that this will be recouped through more accurate payments being made to providers as detailed in section 10.2.2 of the report.
- 10.7.3. Any additional savings generated by the introduction of the HCMS against the care packages budgets will contribute to the 2015/16 Home Care MTFS efficiency saving of £118,000 as detailed in the MTFS.
- 10.7.4. Comments completed by David Hore, Finance Manager for LBHF ASC, 0208 753 4498

## **11. PROCUREMENT IMPLICATIONS**


- 11.1. This is a Part A Service as it is an IT system so the procurement therefore must adhere to the full rigours of European procurement rules. However, ESPO 394 has been established in full compliance with all EU and UK procurement legislation so, if the procurement strategy is agreed, running a mini-competition from ESPO Framework 394 will comply with all necessary procurement laws. Nevertheless, there is still a requirement that this tender adheres to the principles of non-discrimination, equal treatment, transparency, mutual recognition and proportionality. As such the mini-competition must be conducted in line with the above principles.
- 11.2. The mini-competition must also be conducted in line with the rules and legislation outlined in the ESPO Framework 394 Agreement. As such all suppliers registered on the Framework must be invited to submit a Tender.
- 11.3. The mini-competition must be held on capitalEsourcing.
- 11.4. The proposed procurement strategy adheres to the three Boroughs' Contract Standing Orders, Contract Regulations and Procurement Codes.

- 11.5. ESPO 394 expires on 31<sup>st</sup> March 2015. However, the project team had planned to award in March 2015 in order to provide ample time for HCMS to be live by July 2015. The timeline currently also allows for the award of contract to occur in early March. In addition, ESPO have stated that the deadline can be extended if extra time is needed to complete the Procurement. It is advised that the Procurement timeline is monitored closely.
- 11.6. The Competition & Markets Authority have concluded that Panztel and CM2000 sharing the same parent company does not diminish competition or break UK or EU procurement law. The ASC Procurement team that is shared across the three Boroughs will also require the two suppliers to sign an Undertaking declaring that they will prepare their Tenders separately and without colluding. The signature will need to be witnessed by a solicitor.
- 11.7. Implications completed by Callum Wilson, ASC Procurement Officer for LBHF, RBKC and WCC, 0207 641 7125.

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

<b>No.</b>	<b>Description of Background Papers</b>	<b>Name/Ext of holder of file/copy</b>	<b>Department/ Location</b>
1.	Procurement and Implementation of a Home Care E-monitoring System and creation of a Home Care Management Team – January 2014.	Callum Wilson – 0207 641 7125	ASC Procurement

# Agenda Item 11

	<b>London Borough of Hammersmith &amp; Fulham</b>  <b>CABINET</b>  <b>2 FEBRUARY 2015</b>
<b>ABOLITION OF CHARGING FOR HOME CARE SERVICES</b>	
<b>Report of the Cabinet Member for Health and Adult Social Care – Councillor Vivienne Lukey</b>	
<b>Open Report</b>	
<b>Classification</b> - For approval  <b>Key Decision:</b> Yes	
<b>Wards Affected:</b> All	
<b>Accountable Executive Director:</b> Liz Bruce - Executive Director - Adult Social Care and Health.	
<b>Report Author:</b> Rachel Wigley - Deputy Executive Director and Director of Finance and Resources, Adult Social Care and Health.	<b>Contact Details:</b> Tel: 020 8753 3121 E-mail: rachel.wigley@lbhf.gov.uk

## 1. EXECUTIVE SUMMARY

- 1.1. London Borough of Hammersmith and Fulham has been charging for homecare services provided to residents of the borough since 2009. Income from charging for a contribution towards the cost of home care services has made a small but significant contribution to funding adult social care.
- 1.2. In December 2014 the administration, as part of its commitment to social inclusion and improving adult social care and in line with its election manifesto pledge, signalled its intention to abolish charges for home care services.
- 1.3. This report details the recommendation to cease charging for homecare services and the customer, financial and staffing implications of the decision.

- 1.4. On 20<sup>th</sup> January 2015 the Health, Social Care and Social Inclusion Policy & Accountability Committee considered the report and made the recommendations as outlined in section 2.

## **2. RECOMMENDATIONS**

- 2.1 To abolish charging for home care services provided to customers of the Borough on 31<sup>st</sup> March 2015.
- 2.2 To note that for services delivered up to 31<sup>st</sup> March 2015, charges will still apply, and to agree that these charges be pursued for a period of 3 months ending 30 June 2015.
- 2.3 To write-off total estimated outstanding home care debt of £133,000 as at 1<sup>st</sup> July 2015 and delegate authority to write-off the debts to the Executive Director of Finance and Corporate Governance and Deputy Executive Director and Director of Finance and Resources, Adult Social Care and Health.
- 2.4 To request additional provision for bad debt of £91,000 from Corporate Finance from the bad debt provision account.

## **3. REASONS FOR DECISION**

- 3.1. As part of its commitment to social inclusion and improving adult social care and in line with its election manifesto pledge, the administration signalled its intention to abolish charges for home care services.

## **4. INTRODUCTION AND BACKGROUND**

- 4.1. Hammersmith & Fulham Council provides a range of domiciliary services (home care, day care and transport services) to its customers who qualify for the service. The Council has been charging a contribution towards the cost of providing home care services only based on its Charging Scheme since January 2009.
- 4.2. Charges for home care services have been a flat rate of £12.00 per hour since April 2012. The minimum charge unit is 15 minutes or £3.00 per quarter of an hour. Charges for home care services are based on actual hours of services provided.
- 4.3. In 2014/15 the Council has budgeted to collect £441,000 from contributions made by customers towards the cost of homecare provided under the current Charging Policy. Charges are based on income only, including disability related income with assets and savings not considered in the financial assessment.

- 4.4. In December 2014 there were 1287 customers receiving homecare services in Hammersmith & Fulham of which 332 (26%) were contributing towards the cost of care while the remaining 955 (74%) were exempt from charging under the scheme of the Council.

## **5. CARE ACT 2014**

- 5.1. The Care Act will come in to effect from 1<sup>st</sup> April 2015. It retains the existing discretionary power that local authorities have to decide whether or not to charge for adult social care services.
- 5.2. The above proposal to abolish charges for home care services is line with the discretionary powers provided to local authorities within the Care Act.
- 5.3. The proposal to cease charging for home care services delivered from 1<sup>st</sup> April 2015 is in line with the powers in the Care Act.
- 5.4. The Care Act coupled with the decision to abolish charges for home care services may draw more customers who could have funded their care otherwise to request for care funded by the Council. It is difficult to quantify this impact on the finances of Adult Social Care.

## **6. OPTIONS AND ANALYSIS OF OPTIONS**

- 6.1. In the summer of 2014 officers submitted a briefing paper to the Cabinet Members for Adult Social Care and Social Inclusion outlining the current position, options for charging and the implication of abolishing charging for home care charges.
- 6.2. The options paper included :
- keep the current charging policy,
  - review of the current charging policy to extend the Scheme to other, elements of domiciliary services and consider capital assets as part of the financial assessment, and
  - abolish charging for home care services
- 6.3. In December 2014 the Council, signalled its intention to abolish charging for home care services.

## **7. CONSULTATION**

- 7.1. The proposed method of consultation would be through the production of the Cabinet Report to be presented to Budget Council on 26<sup>th</sup> February 2015.



## 8. EQUALITY IMPLICATIONS

- 8.1 The Council has a discretionary power to charge for social care services provided to residents who live in the community. The power to do so is contained in Section 17 Health and Social Services and Social Security Adjustments Act 1983 ("HASSASSAA 83").
- 8.2 The Council provides a range of domiciliary services (home care, day care and transport services) to residents eligible for its services. However, under the current policy charges a contribution for only homecare services.
- 8.3 The Home Care Charging Policy of the Council is based on the Fairer Charging Guidance for Home Care and Non-Residential Services 2003. The Fairer Charging Guidance ensures that service users are charged only an amount they can afford to pay and in many cases this will result in no charge.
- 8.4 The Charging Policy of the Council takes in to account all customers' income, including disability related income but no assets or savings compared to all inner London schemes taking savings in to account.
- 8.5 Under the Charging Policy home care users in Hammersmith and Fulham are also allowed to keep up to 100% of their disability related income through a full assessment of disability expenditure.
- 8.6 The table below shows a distribution of the weekly assessed contributions of homecare customers as at 31<sup>st</sup> December 2014. There were 1287 customers receiving homecare services of which 955 (74%) are exempt from charging by virtue of receiving a weekly income less than or equal to the minimum weekly allowance allowed under Fairer Charging Guidance.

### Summary of weekly assessed contribution of home care Customers at December 2014

Weekly Assessed Contributions	Customer Numbers	Proportion of customers
£0.00	955	74%
£3.00 - £12.00	55	4%
£12.01 - £24.00	93	7%
£24.01 - £36.00	55	4%
£36.01 - £48.00	65	5%
£48.01 - £60.00	23	2%
£60.01 - £96.00	19	2%
£96.01 - £280.00	22	2%
	<b>1287</b>	<b>100%</b>

## **9. LEGAL IMPLICATIONS**

- 9.1. The Council has statutory power but not an obligation to charge for home care services. As with all statutory discretions it must be exercised reasonably and after consideration of all relevant matters.
- 9.2. Implications verified/completed by Kevin Beale - Head of Social Care Litigation, 020 8753 2740.

## **10. FINANCIAL AND RESOURCE IMPLICATIONS**

### **Budget Implication**

- 10.1. The financial impact of ceasing charges will consist of two elements - an income impact which is quantifiable and the expenditure impact which is difficult to predict.
- 10.2. The decision to abolish charges for home care and will result in annual loss of income of £441,000. There would be cost savings from the administration of home care charging of (£117,000) leaving a net budget shortfall of £324,000. This shortfall is accounted for in 2015/16 MTFS proposals and funded from efficiency savings elsewhere in the Council's budget.
- 10.3. The financial risk of an increase in demand for services is more difficult to quantify. Based on past experience when the Council abolished home care charging in February 2006, there was no significant increase in demand. Any increase in demand will be identified at an early stage so that options for dealing with the budget implications can be developed.

### **One-off Costs**

- 10.4. There are anticipated one-off costs for the write-off of estimated residual home care debt of £132,000 and potential redundancy costs for 3 full time equivalents. While the Department will minimise any redundancy costs, any such costs will be met from Corporate redundancy provision.

### **Home Care debt**

- 10.5. Total home care debt as at 31<sup>st</sup> December 2014 was £68,998 provided by a bad debt provision of £41,972.

### Summary of home care debt – 31/12/2014

DEBT STATUS	VALUE(£)	COMMENT
Age debt over 24 months	£48,990	
Age debt over 12 months	£9,044	
Closed packages	£10,964	
	<b>£68,998</b>	

- 10.6. However, as charges will continue to 31<sup>st</sup> March 2015, total charges of £140,000 (4 x £35,000 per month) will be raised to 31<sup>st</sup> March 2015 of which 35% is anticipated to be collected. Total debt as at 31<sup>st</sup> March 2015 is estimated to increase to £133,000. Therefore, there will be a requirement for additional bad debt provision of £91,000
- 10.7. Charges raised up to 31<sup>st</sup> March 2015 will be pursued and collected retrospectively in the usual way up to 30<sup>th</sup> June 2015.
- 10.8. However, as it is anticipated that only a small proportion of the current and historical charges will be collected and request Corporate Finance to provide the provision required for the remaining bad debt.
- 10.9. The outstanding debt remaining as at 1<sup>st</sup> July 2015 will be presented to Executive Director of Finance and Corporate Governance and Deputy Executive Director and Director of Finance and Resources, Adult Social Care and Health to be written-off.

#### **Staffing implications**

- 10.10. There are currently 7 established posts within the Financial Assessment & Charging Team in Hammersmith and Fulham all filled by permanent members of staff.
- 10.11. Financial assessment, billing and collection of client contributions towards the cost of providing both home and residential/nursing care are carried out by 5 officers of the team. The team is line managed by one officer.
- 10.12. Welfare Benefit Advice is offered to all adult social care customers to maximise their income as part of the current home care charging policy. This function is carried out by one officer of the team.
- 10.13. There is an ongoing review aimed at establishing a shared services Financial Assessment and Charging Team, running parallel to the abolition of home care charging with a timescale of implementation from 1<sup>st</sup> April 2015.
- 10.14. The future provision and scope of the Welfare Benefit Advice offered to home care users of the borough is part of the above review.

10.15. The full staffing and possible redundancy implications will be detailed in the shared services Financial Assessment & Charging Review report.

## **11. FINANCIAL RISK MANAGEMENT**

11.1. The financial risk of increase in demand following abolition of home care charging is difficult to qualify. However, from past experience there wasn't a significant increase in demand for the service following abolition and three quarter of current customers do not pay a contribution towards the cost of care.

11.2. Demand for services is monitored closely each month as part of the Council's revenue monitoring process and any budgetary implications highlighted at an early stage.

## **12. EXECUTIVE DIRECTOR OF FINANCE & CORPORATE GOVERNANCE COMMENTS**


12.1 The Director of Finance & Corporate Governance has contributed onwards the financial and resource implications of the intention to abolish home care charging and the governance arrangement of the decision.

12.2 Implications verified/completed by Jane West – Executive Director of Finance and Corporate Governance 020 8753 1900.

### **LOCAL GOVERNMENT ACT 2000**

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

	<b>Description of Background Papers</b>	<b>Name/Ext of holder of file/copy</b>	<b>Department/Section</b>
	Homecare PAC Papers (published)	Prakash Daryanani – Head of ASC Finance, 020 8753 2523	ASC - Finance

	<p align="center"><b>London Borough of Hammersmith &amp; Fulham</b></p> <p align="center"><b>CABINET</b></p> <p align="center"><b>2 FEBRUARY 2015</b></p>
<p><b>DELEGATING POWERS TO LONDON COUNCILS</b></p>	
<p><b>Report of the Cabinet Member for Environment, Transport &amp; Residents Services - Councillor Wesley Harcourt</b></p>	
<p><b>Open Report</b></p>	
<p><b>Classification:</b> For Decision</p> <p><b>Key Decision:</b> Yes</p>	
<p><b>Wards Affected:</b> All</p>	
<p><b>Accountable Executive Director:</b> Nigel Pallace, Executive Director of Transport &amp; Technical Services</p>	
<p><b>Report Author:</b> Naveed Ahmed</p>	<p><b>Contact Details:</b>          Tel: 020 8753 1418          E-mail: Naveed.ahmed@lbhf.gov.uk</p>

## 1. EXECUTIVE SUMMARY

- 1.1. This report seeks approval for the London Borough of Hammersmith & Fulham (LBHF) to delegate general wellbeing power under Section 1 of Localism Act to the London Councils Transport and Environment Committee to enable it to arrange appeal provisions under POPLA.

## 2. RECOMMENDATION

- 2.1. That LBHF sign the London Councils Transport and Environment Committee variation agreement attached as Appendix 1, delegating general wellbeing power under Section 1 of Localism Act 2011 to enable it to arrange appeal provisions under POPLA.

## 3. REASONS FOR DECISION

- 3.1. London Councils' Transport and Environment Committee agreed on 15 March 2012 that London Councils should provide the Parking on Private Land Appeals (POPLA) service under contract to the British

Parking Association (BPA) for a period of three years. London Councils are now seeking individual delegation from all individual member authorities to provide this service to enable the issue of an objection to the London Councils' accounts to be settled. London Councils' Transport and Environment Executive Sub-Committee agreed that all boroughs should provide this delegation at their meeting on 11 September 2014.

#### **4. BACKGROUND**

- 4.1. On 15 March 2012 London Councils' Transport and Environment Committee agreed that London Councils should provide an appeals service for parking on private land for the British Parking Association (BPA) under contract. This was on the basis that this would complement the service provided by the Parking and Traffic Appeals Service (PATAS) which deals with appeals made against parking enforcement on the highway. It was considered at the time that providing the service on a cost-recovery basis would be in the public interest as:

**Restrictions on parking within London on private land have a direct impact upon London local authorities, their resources and residents;**

**A significant proportion of the public affected and inclined to avail themselves of the POPLA service were likely to come from the Greater London area.**

- 4.2. On 14 June 2012, London Councils' Transport and Environment Committee were informed that the basis for providing such a service had been accepted by the British Parking Association (BPA) and agreed that a contract should be entered into by London Councils' to provide the service.
- 4.3. The service, known as POPLA (Parking on Private Land Appeals) started on the 1 October 2012 and has since provided the appeals service to more than 25,000 motorists. The service operates on a full cost recovery basis and at no cost to the London Councils' Tax payer. POPLA started at the same time as the Protection of Freedoms Act 2012 came into force, which prohibited the immobilisation and clamping of vehicles on private land without lawful authority.
- 4.4. An objection was raised on the London Councils consolidated accounts by an interested person (residing within London) that London Councils did not have the legal power to provide the service. London Councils' auditors have been investigating this and numerous other objections submitted by the same individual.
- 4.5. London Councils' auditors informed London Councils of legal advice it has had from the Audit Commission on the Commission's view on the

power of London Councils to provide the POPLA service. In essence, the Audit Commission advice accepts that the London Local Authorities have the power under Section 1 of the Localism Act 2011 to provide the service and that the exercise of these functions could be delegated to London Councils' Transport and Environment Committee. London Councils agrees with this conclusion.

- 4.6. The Audit Commission advice, however, questions whether the exercise of those functions has been properly delegated to London Councils. The issue rests on whether the Committee could be said to have existing delegated authority under the terms of the London Councils' Transport and Environment Committee Governing Agreement; or whether it made or confirmed such a delegation by virtue of the decisions it made to provide the service in 2012; or whether each individual authority should have expressly resolved to delegate the exercise of section 1 of the 2011 Act to the joint committee for the purposes of London Councils' delivery of the POPLA service with the London Councils Transport and Environment Committee Agreement being formally varied accordingly.
- 4.7. London Councils' auditors have asked London Councils' for their view on this advice, in advance of making a formal determination about the objection. London Councils and its legal advisors remain of the view that the service is currently being delivered by London Councils on a lawful basis on behalf of all the participating authorities with their consent and proper authority under the existing terms of the London Councils Transport and Environment Committee Governing Agreement, and confirmed by the Committee resolving to provide the service in 2012 with these matters having been raised with local authorities prior to those decisions being taken in the normal way in respect of London Councils Transport and Environment Committee business. However, London Councils accepts that there is room for argument as to whether individual councils had to state expressly that they agreed that the arrangement with the British Parking Association (BPA) was pursuant to exercise by London Councils Transport and Environment Committee of their powers under Section 1 of the Localism Act 2011.
- 4.8. On 11 September 2014 London Councils' Transport and Environment Executive Sub-Committee agreed that all boroughs should:
  - (a) formally confirm that the exercise of functions delegated to London Councils' Transport and Environment Committee to enter into the arrangement with the British Parking Association were and continue to be delivered pursuant to Section 1 of the Localism Act 2011;
  - (b) formally resolve to expressly delegate the exercise of section 1 of the Localism Act 2011 to London Councils' Transport and Environment Committee for the sole purpose of providing an

appeals service for parking on private land for the British Parking Association under contract.

## **5. PROPOSAL**

- 5.1. It is proposed that LBHF sign the London Councils Transport and Environment Committee variation agreement attached as Appendix 1 which will:
- (a) formally resolve to expressly delegate the exercise of section 1 of the Localism Act 2011 to London Councils' Transport and Environment Committee for the sole purpose of providing an appeals service for parking on private land for the British Parking Association under contract.
  - (b) formally confirm that the exercise of functions delegated to London Councils' Transport and Environment Committee to enter into the arrangement with the British Parking Association were and continue to be delivered pursuant to Section 1 of the Localism Act 2011;

## **6. OPTIONS AND ANALYSIS**

- 6.1. The options are:

- (I) To delegate powers to London Councils as outlined in Section 5**
- (II) To not delegate powers to London Councils as outlined in Section 5**

## **7. LEGAL IMPLICATIONS**

- 7.1. The Council has powers under Section 1 of the Localism Act 2011 to permit it for arranging appeal under POPLA for welfare of the residents using private parking facilities and such power can be delegated by the Council to the Environmental and Technical Transport Committee as is being recommend.
- 7.2. The Bi-Borough Director of Law, Tasnim Shawkat (tel. 0208 753 2700), accordingly endorses the recommendation.



## 8. FINANCIAL AND RESOURCES IMPLICATIONS

8.1. There are no financial implications for LBHF arising from this report.

## 9. EQUALITY IMPLICATIONS

9.1. Not applicable

## 10. RISK MANAGEMENT

10.1. There are no identified risks to LBHF.

## 11. PROCUREMENT AND IT STRATEGY IMPLICATIONS

11.1. There are no procurement or IT strategy implications for LBHF.

### 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.	<p>London Councils Transport and Environment Committee Report (15 March 2012): Item 10 - Proposed Appeals Service in relation to Parking on Private Land <a href="http://www.londoncouncils.gov.uk/committees/agenda.htm?pk_agenda_items=4811">http://www.londoncouncils.gov.uk/committees/agenda.htm?pk_agenda_items=4811</a></p> <p>London Councils Transport and Environment Committee Report (14 June 2012): Item 20 - Independent Appeals Service for Parking on Private Land <a href="http://www.londoncouncils.gov.uk/committees/agenda.htm?pk_agenda_items=4922">http://www.londoncouncils.gov.uk/committees/agenda.htm?pk_agenda_items=4922</a></p> <p>London Councils Transport and Environment Executive Sub-Committee Report (11 September 2014): Item 4 -</p>	<p>Naveed Ahmed/ x1418/ Available online</p>	<p>TTS/ available online</p>

	TEC Agreement - POPLA Amendment <a href="http://www.londoncouncils.gov.uk/committees/agenda.htm?pk_agenda_items=5722">http://www.londoncouncils.gov.uk/committees/agenda.htm? pk_agenda_items=5722</a>		
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DATED

2014

**LONDON COUNCILS  
TRANSPORT AND ENVIRONMENT COMMITTEE\***

(\*ALL REFERENCES IN THIS AGREEMENT TO ALGTEC ARE TO BE CONSTRUED AS REFERRING  
TO LONDON COUNCILS TEC)

**THIRD FURTHER VARIATION OF ALGTEC AGREEMENT  
("the Fifth ALGTEC Agreement")**

Ref: TL0016/005 (AP)

THIS AGREEMENT is made this

2014.

BETWEEN the London local authorities listed in Schedule 1 hereto (“the Participating Councils”) and Transport for London of 14<sup>th</sup> Floor, Windsor House, 42-50 Victoria Street, London SW1H 0TL (together referred to as “the Parties”)

## RECITALS

- A. By an agreement dated 13 December 2001 (“the First ALGTEC Agreement”) the Parties arranged for certain functions to be discharged by a joint committee established under specific and all other enabling powers known as the Association of London Government Transport and Environment Committee (“ALGTEC”).
- B. The First ALGTEC Agreement was varied by an agreement dated 1 May 2003 (“the Second ALGTEC Agreement”).
- C. The First ALGTEC Agreement was further varied by an agreement dated 30 November 2006 (“the Third ALGTEC Agreement”).
- D. In December 2006 ALGTEC changed its name to the London Councils Transport and Environment Committee (“the Committee”).
- E. The First ALGTEC Agreement was further varied by an agreement dated 8 June 2009 (“the Fourth ALGTEC Agreement”) which *inter alia* included a new Part 3(D) in Schedule 2 of the First ALGTEC Agreement for the delegation to the Committee of the exercise of any statutory functions conferred on the Parties relating to transport, environment and planning matters subject to consultation and the written agreement of the Parties.
- F. On the 18 February 2012 section 1 of the Localism Act 2011 came into effect which provides local authorities with the power to do anything that individuals generally may do, and is known as “the general power of competence”.
- G. Section 56 and Schedule 4 of the Protection of Freedoms Act 2012 impose certain conditions concerning the recovery of unpaid parking charges on private land.. As a consequence of those provisions those receiving and disputing a parking ticket on private land must be offered free access to an independent appeals service. On the 15 March 2012 the Committee resolved to tender for the provision of an independent appeals service to the British Parking Association (“the BPA”). The 2012 Act was enacted on the 1 May 2012 and it came into force on the 1 October 2012.
- H. On the 14 June 2012 the Committee resolved to contract with the BPA for the provision of the independent appeals service for parking on private land in England and Wales on a full cost recovery basis.
- I. On 17 July 2014 the Committee resolved to recommend to the Participating Councils that they delegate to the Committee, under Part 3(D) of Schedule 2 of the First ALGTEC Agreement, the exercise of further functions under section 6 of the Road Traffic Regulation Act 1984 and all other enabling powers, to enable the Committee to make any necessary traffic orders for the purposes of implementing and enforcing on the Participating Councils’ roads a scheme to enhance road safety by requiring the fitting of safety mirrors and side guards to all Heavy Goods Vehicles over 3.5 tonnes in London

("the London Safer Lorry Scheme"). At [INSERT DATE] all the Participating Councils had made the delegation in the same form, and this variation to the First ALGTEC Agreement had also been agreed by Transport for London, as required under Clause 15.1 of the First ALGTEC Agreement.

- J. The Participating Councils now wish (for the avoidance of doubt) to confirm that the exercise of functions delegated to the Committee to enter into the arrangements for the delivery of the independent parking appeals service on private land were and continue to be delivered pursuant to section 1 of the Localism Act 2011. The purpose of this agreement ("the Fifth ALGTEC Agreement") is, therefore, to vary further the First ALGTEC Agreement.

## **IT IS HEREBY AGREED AS FOLLOWS:**

### **1. EXECUTION AND COMMENCEMENT**

- 1.1 This Agreement is executed by each Party signing the annexed Memorandum of Participation on behalf of that Party and such Memorandum shall be evidence of execution by that Party when Memoranda signed by all Parties are incorporated into this Agreement.
- 1.2 This Agreement shall commence on the date of execution by the last of the Parties to execute it. ("the Fifth ALGTEC Agreement")

### **2. DELEGATION OF FUNCTIONS**

- 2.1 For the avoidance of doubt, and to confirm that the general power of competence under section 1 of the Localism Act 2011 was, and continues to be, delegated to the Committee for the purposes of providing a private parking appeals service in accordance with section 56 and Schedule 4 of the Protection of Freedoms Act 2012, the First ALGTEC Agreement is hereby varied as follows –

- 2.1.1 After clause 4.1(C) of the First ALGTEC Agreement insert:

*4.1(D) The Schedule 1 Part 1 Participating Councils have delegated to ALGTEC the functions set out in Part 3(E) of Schedule 2 of this Agreement. The Participating Councils may revoke this delegation in accordance with clause 13.2, that is with the unanimous consent of all the Participating Councils or otherwise in accordance with clause 13.2.3.*

- 2.1.2 After clause 13.4 of the First ALGTEC Agreement insert:

*13.5 Part 3(E) of Schedule 2 of this Agreement may be terminated by ALGTEC by a resolution of ALGTEC passed in accordance with the joint committee's normal procedures.*

- 2.1.3 Paragraph 1 of Part 4 of Schedule 2 of the First ALGTEC Agreement shall be varied by replacing the words "Parts 1-3(D)" with::

*"Parts 1-3(E)"*

2.1.4 After Part 3(D) of Schedule 2 of the First ALGTEC Agreement insert:

***PART 3(E) FUNCTIONS – PARKING ON PRIVATE LAND APPEALS SERVICE***

1. *The general power of competence under section 1 of the Localism Act 2011 for the purpose of providing, on a full cost recovery basis, an independent appeals service for disputes arising in respect of parking on private land (with reference to section 56 and Schedule 4 of the Protection of Freedoms Act 2012).*

## **SCHEDULE 1**

### **THE PARTICIPATING COUNCILS**

The London Borough of Barking and Dagenham  
The London Borough of Barnet  
The London Borough of Bexley  
The London Borough of Brent  
The London Borough of Bromley  
The London Borough of Camden  
The London Borough of Croydon  
The London Borough of Ealing  
The London Borough of Enfield  
The London Borough of Greenwich  
The London Borough of Hackney  
The London Borough of Hammersmith and Fulham  
The London Borough of Haringey  
The London Borough of Harrow  
The London Borough of Havering  
The London Borough of Hillingdon  
The London Borough of Hounslow  
The London Borough of Islington  
The Royal Borough of Kensington and Chelsea  
The Royal Borough of Kingston-upon-Thames  
The London Borough of Lambeth  
The London Borough of Lewisham  
The London Borough of Merton  
The London Borough of Newham  
The London Borough of Redbridge  
The London Borough of Richmond upon Thames  
The London Borough of Southwark  
The London Borough of Sutton  
The London Borough of Tower Hamlets  
The London Borough of Waltham Forest  
The London Borough of Wandsworth  
The City of Westminster  
The Mayor and Commonalty and Citizens of the City of London

## **NOTICE OF CONSIDERATION OF A KEY DECISION**

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

## **NOTICE OF THE INTENTION TO CONDUCT BUSINESS IN PRIVATE**

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

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

## **KEY DECISIONS PROPOSED TO BE MADE BY CABINET ON 2 FEBRUARY 2015 AND AT FUTURE CABINET MEETINGS UNTIL APRIL 2015**

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

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

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

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

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

*If you have any queries on this Key Decisions List, please contact*

*Katia Richardson on 020 8753 2368 or by e-mail to [katia.richardson@lbhf.gov.uk](mailto:katia.richardson@lbhf.gov.uk)*



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

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

## **Decisions**

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

## **Making your Views Heard**

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

### **LONDON BOROUGH OF HAMMERSMITH & FULHAM: CABINET 2014/15**

<b>Leader:</b>	<b>Councillor Stephen Cowan</b>
<b>Deputy Leader:</b>	<b>Councillor Michael Cartwright</b>
<b>Cabinet Member for Children and Education:</b>	<b>Councillor Sue Macmillan</b>
<b>Cabinet Member for Economic Development and Regeneration:</b>	<b>Councillor Andrew Jones</b>
<b>Cabinet Member for Finance:</b>	<b>Councillor Max Schmid</b>
<b>Cabinet Member for Health and Adult Social Care:</b>	<b>Councillor Vivienne Lukey</b>
<b>Cabinet Member for Housing:</b>	<b>Councillor Lisa Homan</b>
<b>Cabinet Member for Social Inclusion:</b>	<b>Councillor Sue Fennimore</b>
<b>Cabinet Member for Environment, Transport &amp; Residents Services:</b>	<b>Councillor Wesley Harcourt</b>

*Key Decisions List No. 28 (published 30 December 2014)*

## KEY DECISIONS LIST - CABINET ON 2 FEBRUARY 2015

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

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

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

Decision to be Made by (Cabinet or Council)	Date of Decision-Making Meeting and Reason	Proposed Key Decision  Most decisions are made in public unless indicated below, with the reasons for the decision being made in private.	Lead Executive Councillor(s), Wards Affected, and officer to contact for further information or relevant documents	Documents to be submitted to Cabinet <i>(other relevant documents may be submitted)</i>
<b>2 February</b>				
Cabinet	2 Feb 2015	<p><b>Edward Woods Estate - Norland, Poynter &amp; Stebbing Rooftop Apartments</b></p> <p>Proposals for reversion of the rooftop apartments for general needs tenancy</p>	Cabinet Member for Housing	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
	Reason: Expenditure more than £100,000		Ward(s): Shepherds Bush Green	
			Contact officer: Stephen Kirrage Tel: 020 8753 6374 stephen.kirrage@lbhf.gov.uk	
Cabinet	2 Feb 2015	<p><b>Speech and Language Therapy Services - Extension of Service Level Agreements (2014-2016)</b></p> <p>Requests agreement to extensions to the Service Level Agreement's (SLA's) for speech and language therapy services for 2014 - 2016. The extensions are required to enable a procurement exercise to be completed.</p> <p><b>PART OPEN</b></p> <p><b>PART PRIVATE</b> Part of this report is exempt from disclosure on the grounds that it contains information relating to the financial or business affairs of a particular person (including the authority holding that information) under paragraph 3 of Schedule 12A of the Local Government Act 1972, and in all the circumstances of the case, the public interest in</p>	Cabinet Member for Children and Education	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
	Reason: Expenditure more than £100,000		Ward(s): All Wards	
			Contact officer: Alison Farmer  Alison.Farmer@rbkc.gov.uk	

Decision to be Made by (Cabinet or Council)	Date of Decision-Making Meeting and Reason	Proposed Key Decision  Most decisions are made in public unless indicated below, with the reasons for the decision being made in private.	Lead Executive Councillor(s), Wards Affected, and officer to contact for further information or relevant documents	Documents to be submitted to Cabinet (other relevant documents may be submitted)
		maintaining the exemption outweighs the public interest in disclosing the information.		
Cabinet	2 Feb 2015  Reason: Expenditure more than £100,000	<p><b>Property Asset Data Management - Proposed Call-Off</b></p> <p>Seeking approval to a proposed call-off contract.</p> <p><b>PART OPEN</b></p> <p><b>PART PRIVATE</b> Part of this report is exempt from disclosure on the grounds that it contains information relating to the financial or business affairs of a particular person (including the authority holding that information) under paragraph 3 of Schedule 12A of the Local Government Act 1972, and in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.</p>	<p>Cabinet Member for Finance</p> <p>Ward(s): All Wards</p> <p>Contact officer: Maureen McDonald-Khan Tel: 020 8753 4701 maureen.mcdonald-khan@lbhf.gov.uk</p>	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
Cabinet	2 Feb 2015  Reason: Expenditure more than £100,000	<p><b>Contract Award : Child Obesity Prevention and Healthy Family Weight Services</b></p> <p>To reduce the prevalence of obesity in the boroughs by helping children, young people and their families to eat healthier and be more active, tenders have been sought for two services: Lot 1 Planning, Policy and Workforce Development Lot 2 Prevention and Weight Management Programmes The report proposes that each of the three Councils enters into a contract with the recommended providers to deliver these services.</p> <p><b>PART OPEN</b></p> <p><b>PART PRIVATE</b> Part of this report is exempt from disclosure on the grounds that it contains information relating to the financial or business affairs of a</p>	<p>Cabinet Member for Health and Adult Social Care</p> <p>Ward(s): All Wards</p> <p>Contact officer: Liz Bruce Tel: 020 8753 5001 liz.bruce@lbhf.gov.uk</p>	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.

Decision to be Made by (Cabinet or Council)	Date of Decision-Making Meeting and Reason	Proposed Key Decision <b>Most decisions are made in public unless indicated below, with the reasons for the decision being made in private.</b>	Lead Executive Councillor(s), Wards Affected, and officer to contact for further information or relevant documents	Documents to be submitted to Cabinet <i>(other relevant documents may be submitted)</i>
		particular person (including the authority holding that information) under paragraph 3 of Schedule 12A of the Local Government Act 1972, and in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.		
Cabinet  Full Council	2 Feb 2015  25 Feb 2015  Reason: Expenditure more than £100,000	<b>Capital Programme 2015-19</b>  This reports sets the Council's four-year capital expenditure budget for 2015-19.	Cabinet Member for Finance  Ward(s): All Wards  Contact officer: Jane West Tel: 0208 753 1900 jane.west@lbhf.gov.uk	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
Cabinet	2 Feb 2015  Reason: Expenditure more than £100,000	<b>Capital monitor and budget variations 2014/15 (third quarter)</b>  This report provides an update on the Council's Capital Programme and will request budget variations where necessary.	Cabinet Member for Finance  Ward(s): All Wards  Contact officer: Jane West Tel: 0208 753 1900 jane.west@lbhf.gov.uk	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
Cabinet  Full Council	2 Feb 2015  25 Feb 2015  Reason: Affects 2 or more wards	<b>Revenue Budget &amp; Council Tax Report</b>  This reports sets out the Council's 2015/16 revenue budget proposals	Leader of the Council  Ward(s): All Wards  Contact officer: Jane West Tel: 0208 753 1900 jane.west@lbhf.gov.uk	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.

Decision to be Made by (Cabinet or Council)	Date of Decision-Making Meeting and Reason	Proposed Key Decision  Most decisions are made in public unless indicated below, with the reasons for the decision being made in private.	Lead Executive Councillor(s), Wards Affected, and officer to contact for further information or relevant documents	Documents to be submitted to Cabinet (other relevant documents may be submitted)
Cabinet	2 Feb 2015  Reason: Expenditure more than £100,000	<p><b>London Enterprise Panel - New Homes Bonus Programme</b></p> <p>DWP has top sliced the New Homes Bonus budget and allocated it to the London Enterprise Panel. Each London Borough has then been required to bid for the funding top sliced from their borough. For LBHF this is estimated as £1.6m.</p> <p>Activities have been required to align with LEP priorities. We have bid for a mixture of enterprise, employment and planning support.</p> <p>This report gives detail of the programme and asks for agreement of the Cabinet to accept the funding and deliver the programme of activities.</p>	<p>Cabinet Member for Economic Development and Regeneration</p> <p>Ward(s): All Wards</p> <p>Contact officer: Ingrid Hooley Tel: 020 8753 6454 Ingrid.Hooley2@lbhf.gov.uk</p>	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
Cabinet	2 Feb 2015  Reason: Expenditure more than £100,000	<p><b>Corporate Planned Maintenance Programme 2015/2016</b></p> <p>To provide proposals for the delivery and funding of the 2015/2016 Corporate Planned Maintenance Programme for the Council's property portfolio.</p>	<p>Cabinet Member for Finance</p> <p>Ward(s): All Wards</p> <p>Contact officer: Mike Cosgrave Tel: 020 8753 4849 mike.cosgrave@lbhf.gov.uk</p>	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
Cabinet	2 Feb 2015  Reason: Expenditure more than £100,000	<p><b>Shared services Sharepoint collaboration support</b></p> <p>The three Councils are using one collaboration site provided by RBKC ICT. RBKC therefore needs to ensure that costs are recovered from the other two Councils. This paper deals with the charges which come to H&amp;F.</p> <p><b>PART OPEN</b></p> <p><b>PART PRIVATE</b> Part of this report is exempt from disclosure on the grounds that it contains information relating to the</p>	<p>Cabinet Member for Finance</p> <p>Ward(s): All Wards</p> <p>Contact officer: Jackie Hudson Tel: 020 8753 2946 Jackie.Hudson@lbhf.gov.uk</p>	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.

Decision to be Made by (Cabinet or Council)	Date of Decision-Making Meeting and Reason	Proposed Key Decision <b>Most decisions are made in public unless indicated below, with the reasons for the decision being made in private.</b>	Lead Executive Councillor(s), Wards Affected, and officer to contact for further information or relevant documents	Documents to be submitted to Cabinet ( <i>other relevant documents may be submitted</i> )
		financial or business affairs of a particular person (including the authority holding that information) under paragraph 3 of Schedule 12A of the Local Government Act 1972, and in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.		
Cabinet	2 Feb 2015  Reason: Expenditure more than £100,000	<p><b>Delegation of authority to award Electronic Home Care Management System (HCMS)</b></p> <p>A HCMS will support the new Home Care services that are currently being let across the three Boroughs and will play a pivotal role in helping the new services achieve their main aims. As such, it will be beneficial for HCMS to be live by the time the new Home Care services are due to begin in July 2015.</p> <p>To enable H&amp;F to benefit from the HCMS as soon as possible, and to ensure the system is fully functional by July 2015, it is requested that the Leader of the Council and Cabinet Member for Health and Adult Social Care H&amp;F Cabinet award the H&amp;F Call Off Agreement, that will allow H&amp;F to utilise the shared HCMS.</p>	<p>Cabinet Member for Health and Adult Social Care</p> <p>Ward(s): All Wards</p> <p>Contact officer: Tim Lothian Tel: 020 8753 5377 tim.lothian@lbhf.gov.uk</p>	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
Cabinet	2 Feb 2015  Reason: Expenditure more than £100,000	<p><b>Adult Learning &amp; Skills Service - New Management Information Service (ICT) Contract</b></p> <p>This report seeks Cabinet approval for a new 3-5 year contract to continue to provide a specialist Management Information Services (MIS) Adult Learning &amp; Skills Service (ALSS). The Current MIS contract is held by Tribal Group Ltd and is due to end on 28th February 2015. A procurement process and market testing exercise was carried out and completed by HFBP in October 2014. As a result of this</p>	<p>Cabinet Member for Economic Development and Regeneration</p> <p>Ward(s): All Wards</p> <p>Contact officer: Eamon Scanlon Tel: 020 8753 6321 Eamon.Scanlon@lbhf.gov.uk</p>	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.

Decision to be Made by (Cabinet or Council)	Date of Decision-Making Meeting and Reason	Proposed Key Decision  Most decisions are made in public unless indicated below, with the reasons for the decision being made in private.	Lead Executive Councillor(s), Wards Affected, and officer to contact for further information or relevant documents	Documents to be submitted to Cabinet <i>(other relevant documents may be submitted)</i>
		<p>exercise, Tribal Group Ltd came out as the market leader</p> <p><b>PART OPEN</b></p> <p><b>PART PRIVATE</b> Part of this report is exempt from disclosure on the grounds that it contains information relating to the financial or business affairs of a particular person (including the authority holding that information) under paragraph 3 of Schedule 12A of the Local Government Act 1972, and in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.</p>		
Cabinet	<p>2 Feb 2015</p> <p>Reason: Expenditure more than £100,000</p>	<p><b>Framework Agreement for Semi-Independent Living Services</b></p> <p>Agreement to tender for a framework to deliver support and accommodation services for care leavers</p>	<p>Cabinet Member for Children and Education</p> <p>Ward(s): All Wards</p> <p>Contact officer: Terry Clark Tel: 020 7938 8336 terry.clark@rbkc.gov.uk</p>	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
Cabinet	<p>2 Feb 2015</p> <p>Reason: Affects 2 or more wards</p>	<p><b>Revised Enforcement Policy for the Environmental Health Service Group</b></p> <p>The current Enforcement Policy has been updated to comply with the Regulators' Code, which came into effect in April, this year. The policy has been approved in principle by the Cabinet Member and requires approval as a Key Decision, so that it can be adopted by the Council.</p>	<p>Cabinet Member for Environment, Transport &amp; Residents Services</p> <p>Ward(s): All Wards</p> <p>Contact officer: Valerie Simpson Tel: 020 8753 3905 Valerie.Simpson@lbhf.gov.uk</p>	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.

Decision to be Made by (Cabinet or Council)	Date of Decision-Making Meeting and Reason	Proposed Key Decision  Most decisions are made in public unless indicated below, with the reasons for the decision being made in private.	Lead Executive Councillor(s), Wards Affected, and officer to contact for further information or relevant documents	Documents to be submitted to Cabinet (other relevant documents may be submitted)
Cabinet	2 Feb 2015  Reason: Expenditure more than £100,000	<b>Holy Cross RC Primary School - design team consultancy</b>  To appoint a design team consultancy service for the Holy Cross RC Primary School Refurbishment Project via the existing LBHF / 3BM Framework Agreement Contract.  <b>PART OPEN</b>  <b>PART PRIVATE</b> Part of this report is exempt from disclosure on the grounds that it contains information relating to the financial or business affairs of a particular person (including the authority holding that information) under paragraph 3 of Schedule 12A of the Local Government Act 1972, and in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.	Cabinet Member for Children and Education  Ward(s): Parsons Green and Walham  Contact officer: Ian Turner Tel: 020 7605 8337 ian.turner@rbkc.gov.uk	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
Cabinet	2 Feb 2015  Reason: Affects 2 or more wards	<b>Delegating powers to London Councils</b>  This report seeks approval for the London Borough of Hammersmith & Fulham (LBHF) to delegate the general well being power under Section 1 of Localism Act to the London Councils Transport and Environment Committee to enable it to arrange appeal provisions under POPLA.	Cabinet Member for Environment, Transport & Residents Services  Ward(s): All Wards  Contact officer: Chris Bainbridge Tel: 0208 753 3354 chris.bainbridge@lbhf.gov.uk	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
Cabinet	2 Feb 2015  Reason: Expenditure more than £100,000	<b>Service arrangements for Passenger Transport</b>  Report summarising outcomes from consultation and recommendations for future passenger transport service arrangements.	Cabinet Member for Children and Education, Cabinet Member for Health and Adult Social Care  Ward(s): All Wards  Contact officer: Mike Potter, Rachael Wright-Turner mpotter@westminster.gov.uk	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.



Decision to be Made by (Cabinet or Council)	Date of Decision-Making Meeting and Reason	Proposed Key Decision  Most decisions are made in public unless indicated below, with the reasons for the decision being made in private.	Lead Executive Councillor(s), Wards Affected, and officer to contact for further information or relevant documents	Documents to be submitted to Cabinet ( <i>other relevant documents may be submitted</i> )
			k, Rachael.Wright-Turner@rbkc.gov.uk	
Cabinet	2 Feb 2015	<b>Leasehold Management and Administration Fee Review</b>  To review the methodology of the calculation of the management and administration fees recharged to leaseholders and freeholders on estates to ensure that it meets the terms of the lease and associated legislation.	Cabinet Member for Housing	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
	Reason: Affects 2 or more wards		Ward(s): All Wards  Contact officer: Jana Du Preez Tel: 020 8753 4242 Jana.DuPreez@lbhf.gov.uk	
Cabinet  Full Council	2 Feb 2015	<b>Treasury Management Strategy report</b>  This report provides the outline of the Council's Treasury Management Strategy for 2015/16.	Cabinet Member for Finance	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
	Reason: Affects 2 or more wards		Ward(s): All Wards  Contact officer: Halfield Jackman  Halfield.Jackman@lbhf.gov.uk	
<b>2 March</b>				
Cabinet	2 Mar 2015	<b>Change ICT service desk provider</b>  At the end of the HFBP service contract the Council will need to transition all ICT services to other suppliers. By changing the service desk earlier than contract expiry, H&F will be able to reduce the effort, costs and risk and align to the one team Tri-borough. This paper recommends an early transition from the current service desk provider to the new service desk provider by calling off the Tri-borough framework contract which has the benefit of providing a consistent user experience for staff.	Cabinet Member for Finance	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
	Reason: Expenditure more than £100,000		Ward(s): All Wards  Contact officer: Jackie Hudson Tel: 020 8753 2946 Jackie.Hudson@lbhf.gov.uk	

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		<p><b>PART OPEN</b></p> <p><b>PART PRIVATE</b> Part of this report is exempt from disclosure on the grounds that it contains information relating to the financial or business affairs of a particular person (including the authority holding that information) under paragraph 3 of Schedule 12A of the Local Government Act 1972, and in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.</p>		
Cabinet	<p>2 Mar 2015</p> <p>Reason: Expenditure more than £100,000</p>	<p><b>Corporate Revenue Monitor 2014/15 Month 9</b></p> <p>Update of forecast Revenue outturn and agreement of virement requests.</p>	<p>Cabinet Member for Finance</p> <p>Ward(s): All Wards</p> <p>Contact officer: Jane West Tel: 0208 753 1900 jane.west@lbhf.gov.uk</p>	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
Cabinet	<p>2 Mar 2015</p> <p>Reason: Affects 2 or more wards</p>	<p><b>London Borough of Hammersmith &amp; Fulham Cycling Strategy</b></p> <p>The Cycling Strategy sets out how the London Borough of Hammersmith &amp; Fulham will improve the quality and extent of provision for cyclists, encourage more people to use bicycles, increase the number of journeys made by cycle, and improve public health outcomes.</p> <p>In order to achieve this, the Cycling Strategy develops an Action Plan that can be used to direct funding in a way that responds to the cycling needs of Hammersmith and Fulham residents / businesses.</p>	<p>Cabinet Member for Environment, Transport &amp; Residents Services</p> <p>Ward(s): All Wards</p> <p>Contact officer: Rory Power Tel: 020 8753 6488 rory.power@lbhf.gov.uk</p>	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.

Decision to be Made by (Cabinet or Council)	Date of Decision-Making Meeting and Reason	Proposed Key Decision  Most decisions are made in public unless indicated below, with the reasons for the decision being made in private.	Lead Executive Councillor(s), Wards Affected, and officer to contact for further information or relevant documents	Documents to be submitted to Cabinet <i>(other relevant documents may be submitted)</i>
		The Cycling Strategy is not a statutory document. However it has been identified as playing a crucial role in reducing congestion on our roads, relieving pressure on the public transport system, and improving the health of residents and visitors.		
Cabinet	2 Mar 2015  Reason: Expenditure more than £100,000	<b>Tri-borough Drug and Alcohol Core Services Recommissioning</b>  Seeking approval to the re-commissioning of core drug and alcohol services across the Tri-borough	Cabinet Member for Health and Adult Social Care  Ward(s): All Wards  Contact officer: Nicola Lockwood Tel: 020 8753 5359 Nicola.Lockwood@lbhf.gov.uk	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
Cabinet	2 Mar 2015  Reason: Expenditure more than £100,000	<b>Family Group Conference Services Contract Award</b>  Recommending the approval of award of a multi-supplier Framework Agreement to 3 providers for the provision of Family Group Conference (FGC) services from 2nd January 2015 until 1st January 2017 with the ability to extend for a further two years subject to satisfactory performance.	Cabinet Member for Children and Education  Ward(s): All Wards  Contact officer: Terry Clark Tel: 020 7938 8336 terry.clark@rbkc.gov.uk	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
<b>30 March</b>				
Cabinet	30 Mar 2015  Reason: Expenditure more than £100,000	<b>Corporate Revenue monitor 2014/15 Month 10</b>  Update Revenue Outturn forecast and agreement of virement requests	Cabinet Member for Finance  Ward(s): All Wards  Contact officer: Jane West Tel: 0208 753 1900 jane.west@lbhf.gov.uk	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.

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Cabinet	30 Mar 2015	<b>Housing Strategy - Delivering the Change We Need in Housing</b>  Seeking to agree a new Housing Strategy (and associated documents) to reflect changes in policies required to meet the Administration's Manifesto commitments.	Cabinet Member for Housing	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
	Reason: Affects 2 or more wards		Ward(s): All Wards	
<b>27 April</b>				
Cabinet	27 Apr 2015	<b>Procurement of a Homecare service for the London Borough of Hammersmith and Fulham (H&amp;F); Royal Borough of Kensington and Chelsea (RBKC) and Westminster City Council (WCC)</b>  Seeking Cabinet agreement to the awarding of three new contracts for the provision of Homecare services in the London Borough of Hammersmith and Fulham.  <b>PART OPEN</b>  <b>PART PRIVATE</b> Part of this report is exempt from disclosure on the grounds that it contains information relating to the financial or business affairs of a particular person (including the authority holding that information) under paragraph 3 of Schedule 12A of the Local Government Act 1972, and in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.	Cabinet Member for Health and Adult Social Care	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
	Reason: Expenditure more than £100,000		Ward(s): All Wards	

Decision to be Made by (Cabinet or Council)	Date of Decision-Making Meeting and Reason	Proposed Key Decision  Most decisions are made in public unless indicated below, with the reasons for the decision being made in private.	Lead Executive Councillor(s), Wards Affected, and officer to contact for further information or relevant documents	Documents to be submitted to Cabinet <i>(other relevant documents may be submitted)</i>
Cabinet	27 Apr 2015	<p><b>Appointment of contractor to deliver services relating to Violence Against Women &amp; Girls across LBH&amp;F, RBKC and WCC</b></p> <p>The report requests the approval of the recommendation to allocate contracts for: The coordination of Specialist Domestic Violence Courts and Multi Agency Risk Assessment Conferences (lot 1); and Integrated Support Services (ISS) which includes a range of specialist frontline services to support adults and young people, children and families who are victims or affected by gender based violence (lot 2) across the three boroughs</p> <p><b>PART OPEN</b></p> <p><b>PART PRIVATE</b> Part of this report is exempt from disclosure on the grounds that it contains information relating to the financial or business affairs of a particular person (including the authority holding that information) under paragraph 3 of Schedule 12A of the Local Government Act 1972, and in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.</p>	Deputy Leader	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
	Reason: Affects 2 or more wards		Ward(s): All Wards	