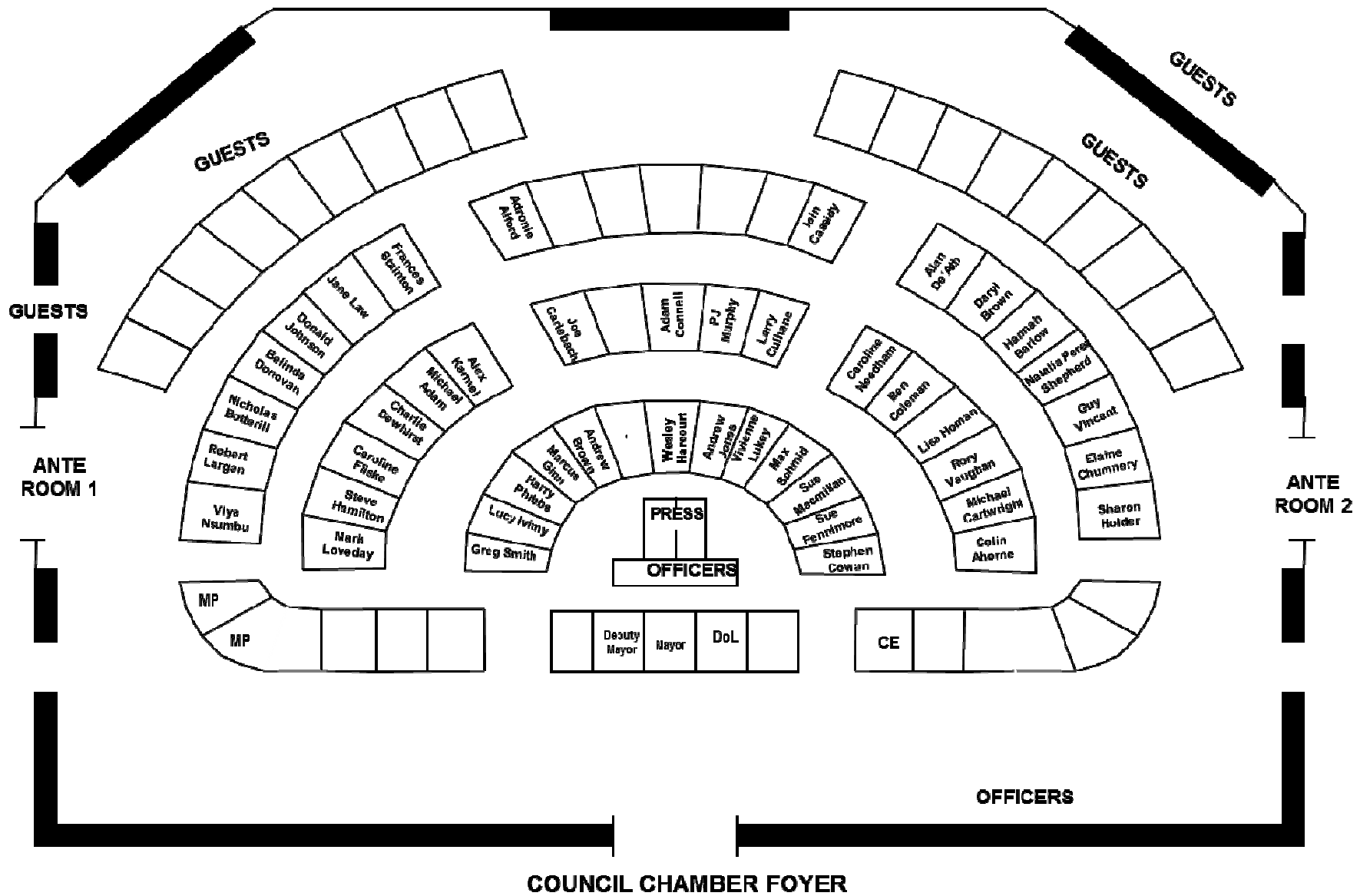


COUNCIL AGENDA

(BUDGET COUNCIL MEETING)

Wednesday 25 February 2015

COUNCIL CHAMBER SEATING 2014/15



The Mayor Councillor Mercy Umeh
Deputy Mayor Councillor Ali Hashem

ADDISON

Adam Connell (L)
Belinda Donovan (C)
Sue Fennimore (L)

HAMMERSMITH
BROADWAY

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

RAVENSCOURT PARK

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

ASKEW

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

MUNSTER

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

SANDS END

Steve Hamilton (C)
Robert Largan (C)
Jane Law (C)

AVONMORE &
BROOK GREEN

Hannah Barlow (L)
Joe Carlebach (C)
Caroline Ffiske (C)

NORTH END

Daryl Brown (L)
Larry Culhane (L)
Ali Hashem (L)

SHEPHERDS BUSH
GREEN

Andrew Jones (L)
Natalia Perez Shepherd (L)
Mercy Umeh (L)

COLLEGE PARK &
OLD OAK

Elaine Chumnerly (L)
Wesley Harcourt (L)

PALACE RIVERSIDE

Marcus Ginn (C)
Donald Johnson (C)

TOWN

Andrew Brown (C)
Viya Nsumbu (C)
Greg Smith (C)

FULHAM BROADWAY

Ben Coleman (L)
Alan De'Ath (L)
Sharon Holder (L)

PARSONS GREEN AND
WALHAM

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

WORMHOLT AND
WHITE CITY

Colin Aherne (L)
Sue Macmillan (L)
Max Schmid (L)

FULHAM REACH

Iain Cassidy (L)
Vivienne Lukey (L)
Guy Vincent (L)

SUMMONS

Councillors of the London Borough of
Hammersmith & Fulham
are requested to attend the
Budget Meeting of the Council on
Wednesday 25 February 2015
at Hammersmith Town Hall, W6

The Council will meet at 7.00pm.

16 February 2015
Town Hall
Hammersmith W6

Nigel Pallace
Interim Chief Executive

Full Council Agenda

25 February 2015

<u>Item</u>		<u>Pages</u>
1.	MINUTES	368 - 382

To approve and sign as an accurate record the Minutes of the Council Meeting held on 28 January 2015.

2. **APOLOGIES FOR ABSENCE**

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

4. **DECLARATIONS OF INTERESTS**

If a Councillor has a disclosable pecuniary interest in a particular item, whether or not it is entered in the Authority's register of interests, or any other significant interest which they consider should be declared in the public interest, they should declare the existence and, unless it is a sensitive interest as defined in the Member Code of Conduct, the nature of the interest at the commencement of the consideration of that item or as soon as it becomes apparent.

At meetings where members of the public are allowed to be in attendance and speak, any Councillor with a disclosable pecuniary interest or other significant interest may also make representations, give evidence or answer questions about the matter. The Councillor must then withdraw immediately from the meeting before the matter is discussed and any vote taken.

Where Members of the public are not allowed to be in attendance and speak, then the Councillor with a disclosable pecuniary interest should withdraw from the meeting whilst the matter is under consideration. Councillors who have declared other significant interests should also withdraw from the meeting if they consider their continued participation in the matter would not be reasonable in the circumstances and may give rise to a perception of a conflict of interest.

Councillors are not obliged to withdraw from the meeting where a dispensation to that effect has been obtained from the Audit, Pensions and Standards Committee.

5. PUBLIC QUESTIONS (20 MINUTES)

The Leader/relevant Cabinet Member to reply to questions submitted by members of the public:

5.1 QUESTION 1 - MARY SMITH 383

6. ITEMS FOR DISCUSSION/COMMITTEE REPORTS

6.1 ABOLITION OF CHARGING FOR HOME CARE SERVICES 384 - 390

This report details the recommendation to cease charging for homecare services and the customer, financial and staffing implications of the decision.

6.2 REVENUE BUDGET AND COUNCIL TAX LEVELS 2015/16 391 - 492

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.

6.3 FOUR YEAR CAPITAL PROGRAMME 2015/16 TO 2018/19 493 - 515

This report presents the Council's four-year Capital Programme for the period 2015-19. The programme for this period totals £333.1m. 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. The report also sets out the Councils' Minimum Revenue Provision (MRP) policy and the Prudential Indicators.

6.4 TREASURY MANAGEMENT STRATEGY REPORT 2015/16 516 - 535

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.

6.5 PAY POLICY OF THE LONDON BOROUGH OF HAMMERSMITH AND FULHAM 2015-16 536 - 555

This report sets out the pay policy statement for the financial year.

- 6.6 MEMBERS' ALLOWANCES SCHEME: ANNUAL REVIEW** 556 - 565
- This report performs the statutory annual review of Members' allowances for the 2015/16 financial year. The annual review takes into account the recommendations made in the Independent Remuneration report to London Councils (June 2014).
- 6.7 LOCAL GOVERNMENT PENSION SCHEME 2014 - DISCRETIONARY POLICIES** 566 - 593
- This report sets out the main changes to the Local Government Pensions Regulations 2013 which came into effect in April 2014 and seeks approval to the setting of the local pension policy statement both as an employer and as an authority administering a local pension fund.
- 6.8 THE ESTABLISHMENT OF A PENSION BOARD** 594 - 602
- This report proposes the establishment of a Pension Board and sets out its terms of reference as attached at Appendix 1 of the report.
- 7. INFORMATION REPORTS - TO NOTE (IF ANY)**



COUNCIL MINUTES

(ORDINARY COUNCIL MEETING)

WEDNESDAY 28 JANUARY 2015

PRESENT

The Mayor Councillor Mercy Umeh
Deputy Mayor Councillor Ali Hashem

Councillors:

Michael Adam
Adronie Alford
Colin Aherne
Hannah Barlow
Nicholas Botterill
Andrew Brown
Daryl Brown
Joe Carlebach
Michael Cartwright
Iain Cassidy
Elaine Chumnerly
Ben Coleman
Adam Connell
Stephen Cowan
Larry Culhane

Alan De'Ath
Charlie Dewhirst
Belinda Donovan
Sue Fennimore
Caroline Ffiske
Marcus Ginn
Steve Hamilton
Wesley Harcourt
Sharon Holder
Lisa Homan
Lucy Ivimy
Andrew Jones
Alex Karmel
Robert Largan
Jane Law

Mark Loveday
Vivienne Lukey
Sue Macmillan
PJ Murphy
Caroline Needham
Viya Nsumbu
Natalia Perez Shepherd
Harry Phibbs
Max Schmid
Greg Smith
Frances Stainton
Rory Vaughan
Guy Vincent

29. MINUTES

RESOLVED:

That the minutes of the Ordinary Council Meeting held on 22 October and the Extraordinary Council Meeting held on 5 November 2014 were confirmed and signed as an accurate record.

30. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillor Donald Johnson.

Apologies for lateness were received from Councillors Joe Carlebach and Jane Law.

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

The Mayor announced that in France, Belgium, Nigeria and throughout the world in the past few weeks, there had been terrible reminders as to how cheaply life was valued, how difficult it was to hear hatred and how difficult it was to strive for compassion and tolerance of others.

The Council held a minute silence to remember those who had lost their lives and their loved ones.

32. DECLARATIONS OF INTERESTS

In respect of agenda item 6.5 Bi-Borough LGPS Pension Administration Services from 1 April 2015, the following significant interests were declared:

- Councillors Adronie Alford, Michael Cartwright, Stephen Cowan, Larry Culhane, Lisa Homan, Alex Karmel, PJ Murphy and Caroline Needham as they were members of the LBHF local government pension scheme
- Councillors Elaine Chumnerly and Alan De'Ath as they were members of the RBKC local government pension scheme

The above Councillors considered that this did not give rise to a perception of a conflict of interests and, in the circumstances it would be reasonable to participate in the discussion and vote thereon.

In respect of Special Motion 3 - Sullivan Primary School and the Borough's Primary School Results, the following significant interests were declared:

- Councillor Caroline Ffiske as she was a governor of the West London Free School
- Councillor Steve Hamilton as he was a governor of Sullivan Primary School

The above Councillors considered that this did not give rise to a perception of a conflict of interests and, in the circumstances it would be reasonable to participate in the discussion and vote thereon.

In respect of the amendment to Special Motion 3 - Sullivan Primary School and the Borough's Primary School Results, the following significant interests were declared:

- Councillors Colin Aherne and Sue Macmillan as they were governors of Wormholt Park Primary School
- Councillor Joe Carlebach as he was vice chair of governors of Avonmore Primary School
- Councillor Elaine Chumnerly as she was a governor of Old Oak Primary School
- Councillor Wesley Harcourt as he was chair of governors at The Good Shepherd RC Primary School
- Councillor Alex Karmel as he was chair of governors of Sir John Lillie Primary School
- Councillor Natalia Perez Shepherd as she was a governor of Larmenier and Sacred Heart Catholic Primary School

The above Councillors considered that this did not give rise to a perception of a conflict of interests and, in the circumstances it would be reasonable to participate in the discussion and vote thereon.

33. PUBLIC QUESTIONS

There were no public questions submitted.

34. ITEMS FOR DISCUSSION/COMMITTEE REPORTS

34.1 Council Tax Empty Homes Premium

7.08pm - The report and recommendation were formally moved for adoption by the Cabinet Member for Finance, Councillor Max Schmid.

A speech on the report was made by Councillor Lisa Homan (for the Administration).

The report and recommendation were put to the vote:

FOR	unanimous
AGAINST	0
NOT VOTING	0

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

7.11pm **RESOLVED:**

That the following recommendation be agreed 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.

34.2 Localised Council Tax Support Scheme 2015/16

7.12pm - The report and recommendation were formally moved for adoption by the Cabinet Member for Finance, Councillor Max Schmid.

The report and recommendation were put to the vote:

FOR	unanimous
AGAINST	0
NOT VOTING	0

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

7.12pm **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.

34.3 Council Tax Base and Collection Rate 2015/16 and Delegation of the Business Rates Estimate

7.13pm - The report and recommendations were formally moved for adoption by the Cabinet Member for Finance, Councillor Max Schmid.

The report and recommendations were put to the vote:

FOR	unanimous
AGAINST	0
NOT VOTING	0

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

7.13pm **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 the 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.
- (iv) That authority be delegated to the Executive Director of Finance and Corporate Governance, in consultation with the Leader of the Council, to determine the business rates tax base for 2015/16 as set out in section 11 of the report.

34.4 Review of the Council's Constitution - In Year Revisions

7.14pm - The report and recommendations were formally moved for adoption by the Leader of the Council, Councillor Stephen Cowan.

A speech on the report was made by Councillor Stephen Cowan (for the Administration).

The report and recommendations were put to the vote:

FOR	unanimous
AGAINST	0
NOT VOTING	0

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

7.16pm **RESOLVED:**

- (1) That the creation of a Lead Member Representative for the Armed Forces post be approved and Councillor Alan De'Ath be appointed into this post.
- (2) That the creation of a Local Business Champion post be approved and Councillor Ben Coleman be appointed into this post.
- (3) That the Constitution be amended to allow Members to receive Summons electronically.
- (4) That the minor amendments made to the Officer Schemes of Delegation by the Monitoring Officer, as set out in Appendix 1 of the report, be agreed.

34.5 Bi-Borough LGPS Pension Administration Services from 1 April 2015

7.17pm - The report and recommendations were formally moved for adoption by the Cabinet Member for Finance, Councillor Max Schmid.

The report and recommendations were put to the vote:

FOR	unanimous
AGAINST	0
NOT VOTING	0

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

7.17pm **RESOLVED:**

For H&F Council to approve and make arrangements for the discharge of its functions under section 101 of the Local Government Act 1972 and to delegate the H&F pension administration service and pensioner payroll service to SCC from 1 April 2015, for an initial period of five (5) years. (An agreement will be drafted with SCC to formalise the arrangements between the parties. It is anticipated that the agreement will contain a minimum four (4) month termination clause).

34.6 Treasury Mid Year Review 2014/2015

7.17pm - The report and recommendation were formally moved for adoption by the Leader of the Council, Councillor Stephen Cowan.

The report and recommendation were put to the vote:

FOR	unanimous
AGAINST	0
NOT VOTING	0

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

7.17pm **RESOLVED:**

That the Council's debt, borrowing and investment activity up to the 30 September 2014 be noted.

35. SPECIAL MOTIONS

7.18pm – Under Standing Order 15 (e)iii, Councillor Mark Loveday moved a motion that Special Motion 7 Employment in Hammersmith and Fulham, takes precedence on the agenda after Special Motion 1. This was put to the vote:

FOR	17
AGAINST	24
NOT VOTING	0

The motion was declared **LOST**.

35.1 Special Motion 1 - Extra Funding for Extra H&F Police

7.20pm – Councillor Michael Cartwright moved, seconded by Councillor Sue Fennimore, the special motion standing in their names:

“The Council supports the new Labour administration's decision to put the largest number of council-funded police officers onto the streets and estates of Hammersmith and Fulham in the borough's history.

The Council also welcomes the fact that ALL the funds for the extra police officers have come about after the new Labour administration won millions of pounds in extra funding by renegotiating property deals that H&F's previous Conservative administration had agreed and closed the book on.

This Council notes that the Labour administration will have agreed to fund more police officers in its first eight months in office than the previous Conservative administration funded in its eight years in power.”

Speeches on the Special Motion were made by Councillors Michael Cartwright, Sue Fennimore, Hannah Barlow, PJ Murphy and Caroline Needham (for the Administration).

Under Standing Order 15(e) (vi), Councillor Harry Phibbs moved, seconded by Councillor Greg Smith, an amendment to the motion as follows:

“Delete all and insert:

“This Council:

- welcomes the continuing Council policy of funding additional police officers in the borough.
- notes that much of the proposed funding is coming from Section 106 funds agreed under the previous administration but which had not yet been allocated.

- resolves that details of the Section 106 negotiations relating to police funding be published in the transparency section of the Council's website and that these should include minutes of meetings between Council officers and developers as well as those between councillors and developers.
- is concerned about the proposed cut to police funding of £578,000 a year from the Council's General Fund, which means policing is entirely dependent on deals with property developers. In the longer term this would mean securing further planning agreements with developers to which the new Labour administration is hostile."

Speeches on the amendment to the Special Motion were made by Councillors Greg Smith and Harry Phibbs (for the Opposition) and by Councillor Stephen Cowan (for the Administration), before it was put to the vote:

FOR	18
AGAINST	25
NOT VOTING	0

The amendment was declared **LOST**.

The substantive motion was put to the vote:

FOR	25
AGAINST	18
NOT VOTING	0

The motion was declared **CARRIED**.

7.57pm – **RESOLVED**:

The Council supports the new Labour administration's decision to put the largest number of council-funded police officers onto the streets and estates of Hammersmith and Fulham in the borough's history.

The Council also welcomes the fact that ALL the funds for the extra police officers have come about after the new Labour administration won millions of pounds in extra funding by renegotiating property deals that H&F's previous Conservative administration had agreed and closed the book on.

This Council notes that the Labour administration will have agreed to fund more police officers in its first eight months in office than the previous Conservative administration funded in its eight years in power.

35.2 Special Motion 2 - A&E Crisis

7.58pm – Councillor Vivienne Lukey moved, seconded by Councillor Sharon Holder, the special motion standing in their names:

“This Council notes with alarm the government’s A&E crisis and its impact on our borough, with official NHS figures revealing that the trusts which run St. Mary’s, Charing Cross, West Middlesex, Ealing and Northwick Park hospitals have all failed to meet A&E waiting time targets in the last three months of 2014.

The Council also notes the findings of the Care Quality Commission’s (CQC) inspection of Imperial College Healthcare NHS Trust and is concerned about the failures identified at St. Mary’s Hospital A&E as opposed to the strengths identified at Charing Cross Hospital’s A&E.

This Council resolves to defend our local hospitals and A&E and to support the Independent Healthcare Commission’s urgent review of healthcare in West London.”

Speeches on the Special Motion were made by Councillors Vivienne Lukey, Sharon Holder, Guy Vincent, Rory Vaughan and PJ Murphy (for the Administration).

Under Standing Order 15(e) (vi), Councillor Andrew Brown moved, seconded by Councillor Joe Carlebach, an amendment to the motion as follows:

“After “This Council” delete all and insert:

1. Notes with alarm the national pressures on Accident and Emergency services and the impact on our borough’s residents, with official NHS figures revealing that the trusts which run St. Mary’s, Charing Cross, West Middlesex, Ealing and Northwick Park hospitals (despite the hard work of the incredible doctors, nurses and other staff and due to the increased pressures and demand at this time of year) have all failed to meet A&E waiting time targets in the last three months of 2014.
2. Recognises the exceptional performance of Chelsea & Westminster Hospital NHS Foundation Trust’s A&E, which serves a significant proportion of the borough’s residents, one of the best performing trusts for the NHS 4 hour waiting time target this measure over the last year.
3. Notes the findings of the Care Quality Commission’s (CQC) inspection of Imperial College Healthcare NHS Trust and its inspection of Chelsea & Westminster Hospital NHS Foundation Trust.
4. Is concerned about any services that are judged to be inadequate or requires improvement, but congratulates the trusts on services that are judged good or outstanding.
5. Resolves to defend our local hospitals.
6. Welcomes the confirmation that Charing Cross Hospital will continue to have a consultant led A&E.
7. Looks forward to the publication of the Healthcare Commission’s urgent review of healthcare in West London and urges it and any other new proposals to be fully evidenced and supported by expert clinical consensus.

8. Accepts that pressure on A&E services is due to interconnected factors throughout the health and social care system.
9. Welcomes seven day GP access in the borough.
10. Further accepts that through its role with the Health & Wellbeing Board, and with its public health responsibility and budget, the Council has the opportunity to reduce demand on A&Es.
11. Will use the resources at its disposal to help reduce pressure on A&Es through public health and social care measures”.

Speeches on the amendment to the Special Motion were made by Councillors Andrew Brown and Joe Carlebach (for the Opposition) and by Councillor Vivienne Lukey (for the Administration), before it was put to the vote:

FOR	19
AGAINST	25
NOT VOTING	0

The amendment was declared **LOST**.

Speeches on the substantive motion were made by Councillors Robert Largan and Andrew Brown (for the Opposition) and by Councillors Max Schmid, Stephen Cowan and Vivienne Lukey (for the Administration). The substantive motion was put to the vote:

FOR	25
AGAINST	19
NOT VOTING	0

The motion was declared **CARRIED**.

9.09pm – **RESOLVED**:

This Council notes with alarm the government’s A&E crisis and its impact on our borough, with official NHS figures revealing that the trusts which run St. Mary’s, Charing Cross, West Middlesex, Ealing and Northwick Park hospitals have all failed to meet A&E waiting time targets in the last three months of 2014.

The Council also notes the findings of the Care Quality Commission’s (CQC) inspection of Imperial College Healthcare NHS Trust and is concerned about the failures identified at St. Mary’s Hospital A&E as opposed to the strengths identified at Charing Cross Hospital’s A&E.

This Council resolves to defend our local hospitals and A&E and to support the Independent Healthcare Commission’s urgent review of healthcare in West London.

35.3 Special Motion 3 - Sullivan Primary School and the Borough's Primary School Results

9.10pm – Councillor Sue Macmillan moved, seconded by Councillor Caroline Needham, the special motion standing in their names:

“This Council welcomes the fact that most primary schools in the borough achieved at least 100% value-added in the national key stage 2 school league tables. The Council notes that Sullivan Primary School came top of the list of Hammersmith and Fulham schools.

The Council regrets the actions of the borough’s former Conservative administration in trying to close Sullivan Primary School and the distress this caused to Sullivan’s children, parents, teachers and governors.

The Council pledges to support all the borough’s schools and also congratulates Sullivan Primary School and the Good Shepherd RC Primary School on jointly having the highest number of pupils achieving level 4 or above in the borough.”

Speeches on the Special Motion were made by Councillors Sue Macmillan, Caroline Needham and Alan De’Ath (for the Administration) and by Councillor Steve Hamilton (for the Opposition).

Under Standing Order 15(e) (vi), Councillor Caroline Ffiske moved, seconded by Councillor Charlie Dewhirst, an amendment to the motion as follows:

“Delete all after “This Council” and insert:

“notes that 84% per cent of pupils leaving primary schools in our borough last summer achieved level 4 or above in reading, writing and maths. This is above the national average and is an increase on the 79% who achieved this standard in the previous year. The Council congratulates all those children and their schools.

This Council particularly congratulates Good Shepherd RC Primary School and Sullivan Primary School on jointly having the highest number of pupils achieving level 4 or above in the borough at 97%. St Stephens Church of England Primary is congratulated on achieving 96%. The Council also congratulates New Kings School on its score of 93%.

The Council notes that New Kings School plans to become an academy sponsored by Thomas's London Day Schools and wishes this new arrangement every success. It further notes that proposals to merge Sullivan School and New Kings are not proceeding and wishes Sullivan School continued success in the future.

The Council also congratulates primary schools that saw a dramatic improvement in results for the proportion of pupils reaching Level 4 - with Avonmore Primary School seeing an increase from 63% to 85%, Greenside Primary School from 75% to 89%, Fulham Primary School from 67% to 91%, Lena Gardens Primary School from 78% to 88%, Melcombe Primary School from 82% to 94%, Old Oak Primary School from 74% to 83%, Queens Manor School from 60% to 83%, St Marys Catholic Primary School from 83% to 96%, Sir John Lillie Primary School from 62% to 85% and Wormholt Park Primary School from 73% to 88%.

The Council also notes that Ark Conway Primary Academy is the best performing school in England at Key Stage 1 with 88% of pupils achieving the highest test results by the age of seven, and congratulates the teachers, staff, pupils, and parents just three years after opening.”

Speeches on the amendment to the Special Motion were made by Councillors Caroline Ffiske and Charlie Dewhirst (for the Opposition) and by Councillor Sue Macmillan (for the Administration), before it was put to the vote:

FOR	19
AGAINST	25
NOT VOTING	0

The amendment was declared **LOST**.

Speeches on the substantive motion were made by Councillors Stephen Cowan and Sue Macmillan (for the Administration). The substantive motion was put to the vote:

FOR	25
AGAINST	17
NOT VOTING	0

The motion was declared **CARRIED**.

9.14pm – **RESOLVED**:

This Council welcomes the fact that most primary schools in the borough achieved at least 100% value-added in the national key stage 2 school league tables. The Council notes that Sullivan Primary School came top of the list of Hammersmith and Fulham schools.

The Council regrets the actions of the borough’s former Conservative administration in trying to close Sullivan Primary School and the distress this caused to Sullivan’s children, parents, teachers and governors.

The Council pledges to support all the borough’s schools and also congratulates Sullivan Primary School and the Good Shepherd RC Primary School on jointly having the highest number of pupils achieving level 4 or above in the borough.

(Under Standing Order 24 (3), Councillor Colin Aherne moved that the guillotine be extended by 15 minutes which was unanimously agreed.)

35.4 Special Motion 4 - Speaking Rights for Residents at the Borough's Planning and Development Control Committee

9.55pm – Councillor Adam Connell moved, seconded by Councillor Wesley Harcourt, the special motion standing in their names:

“This Council supports the new Labour administration’s decision to give speaking rights to residents at the borough’s Planning and Development Control Committee meetings.

The Council regrets that the previous Conservative administration did not do this during its time in office, despite being urged to do so by residents’ associations, amenity groups and many individual residents.”

Speeches on the Special Motion were made by Councillors Adam Connell and Wesley Harcourt (for the Administration).

Under Standing Order 15(e) (vi), Councillor Lucy Ivimy moved, seconded by Councillor Nicholas Botterill, an amendment to the motion as follows:

“Delete “regrets that the previous” and insert “notes that the previous Labour administrations and”.

Delete “its” and insert “their”.

Speeches on the amendment to the Special Motion were made by Councillors Lucy Ivimy, Alex Karmel and Nicholas Botterill (for the Opposition) and by Councillor Stephen Cowan (for the Administration), before it was put to the vote:

FOR	19
AGAINST	25
NOT VOTING	0

The amendment was declared **LOST**.

The substantive motion was put to the vote:

FOR	25
AGAINST	19
NOT VOTING	0

The motion was declared **CARRIED**.

10.16pm – **RESOLVED:**

This Council supports the new Labour administration's decision to give speaking rights to residents at the borough's Planning and Development Control Committee meetings.

The Council regrets that the previous Conservative administration did not do this during its time in office, despite being urged to do so by residents' associations, amenity groups and many individual residents.

35.5 Special Motion 5 - North End Road Festive Market

10.17pm – Councillor Ben Coleman moved, seconded by Councillor Andrew Jones, the special motion standing in their names:

"This Council welcomes the success of the North End Road Festive Market in attracting over 10,000 shoppers to the shops, stalls and other businesses in that important part of Fulham. It commits to working with residents, business people, stallholders and councillors on further measures to improve North End Road and the borough's other main and secondary retail centres."

Under Standing Order 15(e) (vi), Councillor Steve Hamilton moved, seconded by Councillor Lucy Ivimy, an amendment to the motion as follows:

" Add:

"In particular, the Council welcomes:

- The huge benefits the new Earls Court Redevelopment will bring for North End Road and which will help promote a vibrant, diverse and prosperous retail centre for existing and future market stallholders, shops, bars, and restaurants.
- The vital role the redevelopment will play in combating traffic congestion in the most congested borough in London, in particular the new proposed north-south route known as The Broadway and the new east-west route known as The High Street.
- The numerous other benefits of the redevelopment including a new primary school and nursery, a new health hub, new homes including homes for social rent, discount market sale and private sale as well as other transport improvements to enhance connectivity and permeability throughout the borough.

The Council resolves to work with the other parties involved in the Earls Court redevelopment to ensure it is delivered as soon as possible so the Council can fulfil their duty to improve North End Road and the borough's other main and secondary retail centres."

The amendment was put to the vote:

FOR	19
AGAINST	25
NOT VOTING	0

The amendment was declared **LOST.**

The substantive motion was put to the vote:

FOR	unanimous
AGAINST	0
NOT VOTING	0

The motion was declared **CARRIED**.

10.18pm – **RESOLVED**:

This Council welcomes the success of the North End Road Festive Market in attracting over 10,000 shoppers to the shops, stalls and other businesses in that important part of Fulham. It commits to working with residents, business people, stallholders and councillors on further measures to improve North End Road and the borough's other main and secondary retail centres.

35.6 Special Motion 6 - Ark Conway Primary Academy

This motion was withdrawn.

35.7 Special Motion 7 - Employment in Hammersmith and Fulham

This motion was withdrawn.

36. **INFORMATION REPORTS - TO NOTE (IF ANY)**

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

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

Meeting started: 7.00 pm
Meeting ended: 10.19 pm

Mayor

Agenda Item 5.1

No. 1

PUBLIC QUESTION TIME

LONDON BOROUGH OF HAMMERSMITH & FULHAM


COUNCIL MEETING – 25 FEBRUARY 2015

Question by: Mary Smith

To: Cabinet Member for Finance

QUESTION

“Has the Council made any cuts to the street cleaning and environmental budget in the last 18 months?”

	London Borough of Hammersmith & Fulham COUNCIL 25 FEBRUARY 2015	
ABOLITION OF CHARGING FOR HOME CARE SERVICES		
Report of the Cabinet Member for Health and Adult Social Care – Councillor Vivienne Lukey		
Open Report		
Classification - For approval Key Decision: Yes		
Wards Affected: All		
Accountable Executive Director: Liz Bruce - Executive Director - Adult Social Care and Health		
Report Author: Rachel Wigley - Deputy Executive Director and Director of Finance and Resources, Adult Social Care and Health	Contact Details: 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 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 March 2015.
- 2.2 To note that for services delivered up to 31 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 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 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 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 25 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 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%
	1287	100%

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 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	
	£68,998	

- 10.6. However, as charges will continue to 31 March 2015, total charges of £140,000 (4 x £35,000 per month) will be raised to 31 March 2015 of which 35% is anticipated to be collected. Total debt as at 31 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 March 2015 will be pursued and collected retrospectively in the usual way up to 30 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 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 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 was not 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**

	Description of Background Papers	Name/Ext of holder of file/copy	Department/ Section
	Homecare PAC Papers (published)	Prakash Daryanani – Head of ASC Finance, 020 8753 2523	ASC - Finance

Agenda Item 6.2

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

1. EXECUTIVE SUMMARY

1.1. 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	196.67	229.44	262.22	295.00	360.56	426.11	491.67	590.00
c) Total	681.88	795.51	909.16	1022.81	1,250.11	1,477.39	1,704.69	2,045.62

- 2.3 The Council's own total net expenditure budget for 2015/16 is set at £158.428m.
- 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 £20m¹. Funding is forecast to reduce by a further £30.1m from 2016/17 to 2019/20². 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.

¹ 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.

² 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 base³. 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.	181,481
Plus:	
New Burdens	840
Inflation (section 6)	2,518
Growth (section 6)	4,033
Contingency	2,283
Less:	
Savings and additional income (section 7)	(23,816)
Specific unringfenced grants (section 8)	(10,612)
Contribution to Earmarked reserve	1,701
Net Budget Requirement for 2015/16	158,428
Less :	
Revenue Support Grant (section 8)	(47,791)
Locally retained business rates (section 8)	(56,417)
One off Collection Fund Surplus	(1,830)
2015/16 Council Tax Requirement	52,390

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

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 fees with a base budget of £7m, which represents only 10% of the total fees and charges. 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
Budget Growth	3,108
Transport and Technical Services Growth offset against additional savings found within department	925
Total Growth	4,033

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
Total Growth	4,033

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

Department	Savings £'000s
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)
Total Departmental Savings	(20,543)
Corporate Savings	(3,273)
Total All savings	(23,816)

- 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 £20m (26% 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.
- 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 was previously 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 |
| Total | 1.5 |
- 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. HAMMERSMITH 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:

$\frac{\text{Total Council Tax Requirement}}{\text{Tax Base}} = \frac{\underline{\pounds 52.390\text{m}}}{71,983} = \pounds 727.81$

- 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 £21.235⁴m is also funded from Council Tax. The following table analyses the total amount to be funded and the resulting overall Band D Council Tax level.

$\frac{\text{Preceptors Budget Requirement}}{\text{Tax Base}} = \frac{\underline{\pounds 21.235\text{m}}}{71,983} = \pounds 295.00$

- 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	£000s 52,390
Greater London Authority	21,235
Total Requirement for Council Tax	73,625

⁴ The precept charge is based on consultation by the Greater London Authority. It is due to be confirmed on February 23. Any adjustment will be reported to Budget Council.

- 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 changes 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 £158.4m. 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
Total	11,896

- 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. £0.369m is also to be set aside regarding a potential cut in government funding for discretionary housing payments.

- 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

- 14.10 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

- 14.11 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.
- 14.12 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 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).
- 14.13 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: Tasnim Shawkat , Bi Borough Director of Law, telephone number 0208 753 2700

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**

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

LIST OF APPENDICES:

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

Appendix B – Medium Term Financial Forecast

Appendix C – Growth and Savings Proposals

Appendix D - Budget Risks

Appendix E – Government Grant Funding

Appendix F – Fees and Charges – exceptions to standard 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.	659,972,000
(b)	Being the aggregate of the amounts which the Council estimates for the items set out in Section 31A (3) (a) to (d) of the Act.	(586,347,000)
(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 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:			
Band A	Band B	Band C	Band D
485.21	566.07	646.94	727.81
Band E	Band F	Band G	Band H
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:

Band A	Band B	Band C	Band D
196.67	229.44	262.22	295.00
Band E	Band F	Band G	Band H
360.56	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:

Band A	Band B	Band C	Band D
681.88	795.51	909.16	1022.81
Band E	Band F	Band G	Band H
1,250.11	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
2014/15 Net General Fund Base Budget	178,929	178,929	178,929	178,929
Non-domestic rates tariff payment to Government	2,937	3,010	3,086	3,163
One off budget adjustments	(385)	(385)	(385)	(385)
2014/15 Net General Fund Base Budget	181,481	181,554	181,630	181,707
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	1,701	1,156	2,356	3,556
Gross Budget Requirements	169,040	158,267	149,960	142,660
Less				
New Homes Bonus Grant and Other Revenue Grants	(10,612)	(9,447)	(9,403)	(9,374)
Revenue Grants	(10,612)	(9,447)	(9,403)	(9,374)
Net Budget Requirement	158,428	148,820	140,556	133,286
Funded By				
Revenue Support Grant	47,791	36,446	26,389	17,162
Localised Element of Non Domestic Rates	56,417	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
Gross Resources	158,428	148,820	140,556	133,286
Adjusted Net Budget Gap	0	0	0	0

(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	Transformation Projects Prevention strategy with the aim to reduce costs by investing in assistive technology	(206)	(481)	(825)	(825)
Operations & Integration and Mental Health Partnerships	Procurement & Contract Efficiencies 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	Transformation Projects Customer Journey Operations Alignment 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	Public Health Investment Identify contracts that would benefit from investment from Public Health funding / Third Sector	(94)	(94)	(94)	(94)
Finance	Public Health Investment Identify contracts that would benefit from investment from Public Health funding / supporting people	(551)	(551)	(551)	(551)
Commissioning	Procurement & Contract Efficiencies Reprocurement of supporting people contracts and contract negotiations with a view to manage prices within budget.	(843)	(1,033)	(1,033)	(1,033)
Finance	Shared Services Client Affairs service (Year 2 savings)	(17)	(17)	(17)	(17)
Operations & Integration	Investment from Health Funding from NHS England to Improve outcomes and reduce dependency amongst residents through better joint services.	(157)	(157)	(157)	(157)
Operations & Integration	Investment from Health 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	Other Efficiencies Joint work to be undertaken with Children's and Housing Departments on no recourse to public fund clients	(100)	(100)	(100)	(100)
Finance	Other Efficiencies Review of supplies and services budget	(90)	(90)	(90)	(90)
Operations & Integration	Reconfiguration of services 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	Reconfiguration of Services Review of high cost and high placements for continuing health funding.	(106)	(106)	(106)	(106)
Operations & Intergration	Investment from Health 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	Shared Services 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	Shared Services Efficiencies proposed from the amalgamation from back office functions in Workforce development, planning and business support	(187)	(187)	(187)	(187)
Whole systems	Investment from Health 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	Procurement & Contract Efficiencies To be achieved from the home care procurement exercise and new operating model.	(118)	(118)	(118)	(118)
Operations	Reconfiguration of Services 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	Reconfiguration of Services 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	Reconfiguration of Services Review of Learning Disability care home	(37)	(37)	(37)	(37)
Commissioning	Investment From Health Integrated Commissioning between Health and Adult Social Care	(260)	(260)	(260)	(260)
	Total Efficiencies	(6,514)	(7,348)	(9,221)	(9,221)
Growth	Demand Pressures Increase in demand for learning disabled people placements and care packages.	205	205	205	205
Growth	Manifesto Meals on Wheels Review Fees	70	70	70	70
Growth	Manifesto Home Care Fees	324	324	324	324
Growth	Legislation Funding of care and support (Care Act)	0	450	450	450
	Growth totalled	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)
	Total Efficiencies	(4,071)	(4,475)	(4,742)	(4,742)

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
	Growth totalled	1,392	1,392	1,392	1,392

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)
Total Efficiencies		(1,395)	(1,395)	(1,395)	(1,395)

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)
	Growth				
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
	Growth totalled	687	1,161	1,706	1,706

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)
	Total Efficiencies	(162)	(162)	(162)	(162)

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)
	Total Efficiencies	(350)	(350)	(350)	(350)

Finance & 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 & 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)
	Total Efficiency Savings	(2,762)	(3,212)	(3,212)	(3,212)
H&F Direct	Concessionary Fares Growth	200	600	600	600
Procurement & IT Strategy	Budget pressures	100	100	100	100
	Growth totalled	300	700	700	700

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)
	Total Efficiencies	(982)	(1,122)	(1,122)	(1,122)
Housing Options, Skills & Economic Development	Inflation on PSL/B&B payments to landlords driven by increases in rental market	130	130	130	130
	Growth totalled	130	130	130	130

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)
	Total Efficiency Savings	(4,307)	(4,608)	(4,608)	(4,608)
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
	Growth totalled	925	925	925	925

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)
	Total Efficiency Savings	(2,833)	(17,778)	(30,816)	(44,442)
Corporate Finance	Pensions Act Reform - Loss of NI Rebate -	0	900	900	900
	Total Growth	0	900	900	900

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)
	Total Efficiency Savings	(440)	(440)	(440)	(440)

Departmental Risk/Challenges

Division	Short Description of Risk	Risk			Comment
		2015/16 Value £000k	2016/17 Value £000k	2017/18 Value £000k	
Environment, Leisure and Residents Services					
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	
Environment, Leisure and Residents Services Total		475	475	475	
Tri - Bi Borough Libraries & Archives Service					
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
Tri - Bi Borough Libraries & Archives Service Total		25	40	60	
Transport and Technical Services					
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	
Transport and Technical Services Total		2,365	2,365	2,365	

Departmental Risk/Challenges

Division	Short Description of Risk	Risk			Comment
		2015/16 Value £000k	2016/17 Value £000k	2017/18 Value £000k	
Finance and Corporate Services					
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	
Finance and Corporate Services Total		416	569	569	
Housing & Regeneration					
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.
Housing & Regeneration Total		1,466	2,760	4,054	
Children's' Services					
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	
Children's' Services Total		1,212	2,211	2,211	

Departmental Risk/Challenges

Division	Short Description of Risk	Risk			Comment
		2015/16 Value £000k	2016/17 Value £000k	2017/18 Value £000k	
Adult Social Care					
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	
Adult Social Care Total		4,077	6,759	6,759	
Centrally Managed Budgets					
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	
Centrally Managed Budgets Total		1,860	4,170	6,550	
Grand Total		11,896	19,349	23,043	

Government Grant	Actual 2014/15 £'000	Provisional 2015/16 LGFS £'000	
Revenue Support Grant (RSG)	66,647	47,791	Includes 2014/15 Council Tax Freeze Grant
Other Unringfenced Grants			
Flood Defence Grant	172	115	
Housing Benefit & Council Tax Administration Grant	1,989	1,751	
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	
New Homes Bonus Grant	4,638	4,105	Net of LEP Contribution
Total Other Unringfenced Grants	9,504	8,380	
Total Like for Like Unringfenced Grants	76,151	56,171	
New Duties			
Care Act 2014 - Grant for New Adult Social Care Duties		840	Includes prison social care.
Section 31 Grants		1,392	Compensation for lost business rates income
Total Other Unringenced Grants		10,612	Includes new duties and section 31 grant

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.
1. Careline Alarm Gold Service (Pendant) - Emergency Response & Monitoring Service					
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	
2. Careline Alarm Silver Service (Pendant) - Monitoring Service only					
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	
3. Careline Alarm Gold Service (Pull cord) - Emergency Response & Monitoring Service					
(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
School Meal Fees					
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%		
Professional Development Centre					
Education Staff					
Meeting Room	80.00	80.00	0%		
Boardroom	165.00	165.00	0%		

Fee Description	2014/15 Charge (£)	2015/16 Charge (£)	Proposed Variation (%)	Total Estimated Income Stream for 2015/16	Reason for uplift/Comments
Training Suite	195.00	195.00	0%	£127,200	Review indicates that an increase could make the hire of rooms at the professional development Centre (Lilla Husset) uncompetitive.
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

Fee Description	2014/15 Charge (£)	2015/16 Charge (£)	Proposed Variation (%)	Total Estimated Income Stream for 2015/16	Reason for uplift
Adult Education					
Fees and Charges			0%	£634,700	
Hall and Room lettings			0%	£6,000	
Private Sector Leasing					
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.
Bed and Breakfast Temporary Accommodation					
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.

Fee Description	2014/15 Charge (£)	2015/16 Charge (£)	Proposed Variation (%)	Total Estimated Income Stream for 2015/16	Reason for uplift/Comments
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
Photocopying charges					
A4 black and white - self service	£0.20	£0.10	-50%	£4,200	The charges have been reduced to encourage public use.
A3 black and white - self service	£0.40	£0.20	-50%		
A4 black and white - assisted service	£0.20	£0.20	0%		
A3 black and white - assisted service	£0.40	£0.40	0%		

Fee Description	2014/15 Charge (£)	2015/16 Charge (£)	Proposed Variation (%)	Total Estimated Income Stream for 2015/16	Reason for uplift/Comments
A4 colour - self service	£0.80	£0.80	0%	£4,200	
A3 colour - self service	£1.50	£1.50	0%		
A4 colour - assisted	£1.50	£1.50	0%		
A3 colour - assisted	£2.00	£2.00	0%		
Other Libraries & Archives Services					
No other increases proposed in 2015/16			0%	£133,200	

Transport & Technical 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
Parking - Parking Permits					
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%		
Parking - Pay & Display					
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%		
Parking - Suspension of Parking Bay					
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%		
Parking - Building Control					
Schedule A	Various, depending on size and type of work	Various, depending on size and type of work	0%		
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%		

Fee Description	2014/15 Charge (£)	2015/16 Charge (£)	Proposed Variation (%)	Total Estimated Income Stream for 2015/16	Reason for uplift/Comments
Retrieval of archived Files and Records, & Investigation and Retrieval of Microfiche data	100	100	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.
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%		
Environmental Health - Licences general					
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
Environmental Health - Pest Control					
Waste Page 437 Commercial Charge	60	60	0%	As part of Pest Control Budget £142,300	Freeze - In order to remain competitive, prices should be frozen to maintain existing customer and obtain new customers
	£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%		
Environmental Health - Reception Services					
Land Charge Fees - (Non NLIS)	265	265	0%	Budget is held in CMB	We are dealing with a conflict between two different pieces of Legislation nationally and the Council has taken the view that these charges should be frozen. This has not changed since 2010-11
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%	-£2,100.00	
Copying Fees - Copy of legal agreements	14	14	0%		
Solicitor Enquiries	100	100	0%	£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%		
Environmental Health - Environmental Quality					
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
Environmental Health - Planning - Pre App Scheme					

Fee Description	2014/15 Charge (£)	2015/16 Charge (£)	Proposed Variation (%)	Total Estimated Income Stream for 2015/16	Reason for uplift/Comments
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%		
Advertisements	£350 plus £300 follow up AND £400 plus £350 follow up	£350 plus £300 follow up AND £400 plus £350 follow up	0%		
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 ²	£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 ² 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 ² 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 ² 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%	£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.

Fee Description	2014/15 Charge (£)	2015/16 Charge (£)	Proposed Variation (%)	Total Estimated Income Stream for 2015/16	Reason for uplift/Comments
Non – Residential Schemes - 5000 - 9999m² 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 10000m² 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%		
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%		
Planning - Fixed Price PPA					
Fixed Price Planning Performance Agreements	£25000 + VAT	£25000 + VAT	0%	£150,000	
Householder Planning Package	500	500	0%		
Planning - CIL					

Fee Description	2014/15 Charge (£)	2015/16 Charge (£)	Proposed Variation (%)	Total Estimated Income Stream for 2015/16	Reason for uplift/Comments
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%		
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%		
Highways - Preparation of temporary and emergency traffic orders					
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		
BULKY HOUSEHOLD WASTE							
Household Bulky Collections - VAT Zero rated							
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		
Household Derived Builder's Rubble - VAT Zero rated							
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%				
Bathroom Suites (items include bath, toilet, hand basin & shower stand)							
Five items	£30.00	£27.00	-10.0%				
Further items charged per additional item	£5.75	£5.20	-9.6%				
Household Fencing Waste							
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%				
BULKY COMMERCIAL WASTE							
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				
STREET SCENE ENFORCEMENT (ZERO VAT)							
Fixed Penalty Notices	£40-£300	£40-£300	0.0%	£78,000	Set in accordance with Defra/ Home Office guidance and various statutes		

Fee Description	2014/15 Charge (£)	2015/16 Charge (£)	Proposed Variation (%)	Total Estimated Income Stream for 2015/16	Reason for uplift/Comments		
LETTINGS - Zero Rated VAT (Hourly Rates)							
HTH ASSEMBLY HALL							
Weekday evenings (Mon-Thurs, 5pm-midnight, 4 hour minimum charge)	£270.00	£276.00	2.2%	£774,200	Inflationary uplift only, rounded down to sensible denominations		
Weekend (Friday/Saturdays/Sundays after midnight)	£405.00	£414.00	2.2%				
Promoted ticketed events (Mon-Sun all day to midnight, 5 hour minimum charge)	£475.00	£486.00	2.3%				
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%				
HTH SMALL HALL							
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%				
HTH COMMITTEE ROOM 1 / COURTYARD ROOM							
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%				
HTH COMMITTEE ROOMS 2/3/4							
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%				
HIRE OF PARKS & OPEN SPACES FOR EVENTS - CHARGES PER DAY (based on 8 hours)							
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%				
ADD ON SUPPLEMENTS							
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%				

Fee Description	2014/15 Charge (£)	2015/16 Charge (£)	Proposed Variation (%)	Total Estimated Income Stream for 2015/16	Reason for uplift/Comments
FILMING/PHOTOGRAPHY					
FILMING/PHOTOGRAPHY IN PARKS					
Flagship Sites	£150.00	£153.00	2.0%	£60,300	Inflationary uplift only, rounded down to sensible denominations
FILMING/PHOTOGRAPHY ON STREET					
Notice of no objection	£100.00	£102.00	2.0%		
OTHER EVENTS /FILMING FEES					
Security per hour	£21.17	£21.65	2.3%		
Electricians per hour	£37.00	£37.80	2.2%		
Location Fee					
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%		
REGISTRATION OF BIRTHS, DEATHS & MARRIAGES					
Civil Marriage/Civil Partnership/Naming Ceremonies/Vow Renewals (including rehearsals)					
Register Office, Hammersmith Town Hall					
Monday Only	£45.00	£46.00	2.2%	£532,800	Statutory fee (excludes cost of certificate)
Mayor's Parlour, Hammersmith Town Hall (Register Office)					
Monday - Thursday	£163.00	£166.00	1.8%	Inflationary uplift only, rounded down to sensible denominations	
Friday	£235.00	£240.00	2.1%		
Riverside Room, Hammersmith Town Hall					
Monday - Thursday	£132.00	£135.00	2.3%	Inflationary uplift only, rounded down to sensible denominations	
Friday	£204.00	£208.00	2.0%		
Saturday	£204.00	£208.00	2.0%		
Naming Ceremonies / Vow Renewals					
Mon - Thur (Riverside Room)	£132.00	£131.00	-0.8%	To bring in line with market prices	
Fri - Sat (Riverside Room)	£204.00	£204.00	0.0%		
Mon - Thurs (Approved Venues)	£340.00	£342.00	0.6%		
Friday - Sat (Approved Venues)	£424.00	£428.00	0.9%		
Sun/Bank Holidays (Approved Venues)	£550.00	£556.00	1.1%		
Fee for attendance at places of worship					
Fee for attendance at places of worship	£84.00	£85.00	1.2%	£532,800	Statutory fee (excludes cost of certificate)
Copy Certificates					
Copy certificate at time of registration	£4.00	£4.00	0.0%	Statutory Fee	
Copy certificate in current register	£7.00	£7.00	0.0%		
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

Fee Description	2014/15 Charge (£)	2015/16 Charge (£)	Proposed Variation (%)	Total Estimated Income Stream for 2015/16	Reason for uplift/Comments
Cancellation & Booking Changes					
Single applicant cancellation fee for notices	£35.00	£35.00	0.0%		
Couples cancellation fee for notices	£70.00	£70.00	0.0%		
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%		Charges were only recently introduced - impact still being assessed
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%		
Nationality Checking Service Fees					
Nationality Checking Service - Price on Application	Various	POA	Variable		Premium service. Price on application
Citizenship Ceremony fees					
Individual citizenship ceremony weekday	£100.00	£100.00	0.0%		
Individual citizenship ceremony - Saturday	£160.00	£125.00	-21.9%		To bring in line with market prices
Group Ceremony Fees - Sat	£100.00	£50.00	-50.0%		
Settlement Checking					
Adult	£80.00	£80.00	0.0%		Price still relative to the market
Dependent	£25.00	£25.00	0.0%		
STREET TRADING CHARGES					
LBHF STREET & MARKET TRADERS - Weekly charges					
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%		Inflationary uplift only, rounded down to sensible denominations
<i>An additional charge of £10 per day will be payable for trading on Friday and/or Saturday</i>					
News Vendors (daily charges)					
Temporary Licences for casual traders at street markets (per day)					
Mon-Thurs (Standard)	£20.40	£20.85	2.2%	£340,100	
Fri/Sat (Standard)	£30.60	£31.30	2.3%		Inflationary uplift only, rounded down to sensible denominations
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>					
DISTRIBUTION OF FREE LITERATURE LICENCES (Zero VAT)					
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
COMMUNITY SAFETY					
Motorcycle recovery - individual	£50.00	£50.00	0.0%		
Motorcycle recovery - insurance company	£100.00	£100.00	0.0%	£0	Minimal income generated. Price already covers administration costs

Fee Description	2014/15 Charge (£)	2015/16 Charge (£)	Proposed Variation (%)	Total Estimated Income Stream for 2015/16	Reason for uplift/Comments
Return of Stray Dogs to Owners	£75.00	£75.00	0.0%		
ANTI SOCIAL BEHAVIOUR					
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.
MORTUARY SERVICES					
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%		
TRANSPORT					
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%		
LEISURE IN PARKS					
FOOTBALL (GRASS PITCHES) - LBHF					
<i>Inclusive of Changing Rooms & 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%		
11-A-SIDE ALL-WEATHER PITCHES (11AWP)					
<i>Inclusive of Pitch Hire Only</i>					
Per Pitch Per Hour - In Borough State Schools	£40.00	£40.90	2.3%		
5-A-SIDE ALL-WEATHER PITCHES (5AWP)					
<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%		
RUGBY / GAELIC FOOTBALL / LA CROSSE / HOCKEY / AUSTRALIAN RULES					
<i>Inclusive of Changing Rooms</i>					
Per Pitch Per Hour - In Borough State Schools	£40.00	£40.90	2.3%		
CRICKET PITCH - LBHF					
<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%		
CRICKET (NETS)					
<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%		
ROUNDERS/BASEBALL					
<i>Inclusive of Changing Rooms.</i>					
Per Pitch Per Hour - In Borough State Schools	£40.00	£40.90	2.3%		
MINI BASEBALL					
<i>Inclusive of Pitch Hire Only</i>					
Per Pitch Per Game	£60.00	£61.00	1.7%		
SOFTBALL					
<i>Inclusive of Pitch Hire Only</i>					
Per Pitch Per Hour - In Borough State Schools	£40.00	£40.90	2.3%		
BICYCLE POLO					
<i>Inclusive of Pitch Hire Only</i>					
TOUCH/TAG RUGBY					
<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%		
ATHLETICS & SPORTS DAYS - HURLINGHAM PARK & SOUTH PARK					
<i>Inclusive of Line Markings (100m Track) & 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%		
ATHLETICS & SPORTS DAYS - RAVENSCOURT PARK, BROOK GREEN, BISHOPS PARK & LILLIE ROAD REC					
<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%		
TENNIS - LBHF					
Pay & Play Per Hour	£9.50	£9.70	2.1%		
Pre Booked Per Hour (Minimum 5 bookings)	£7.00	£7.10	1.4%		
Pay & Play Per Hour - Youth (U18)	£3.50	£3.50	0.0%		

Fee Description	2014/15 Charge (£)	2015/16 Charge (£)	Proposed Variation (%)	Total Estimated Income Stream for 2015/16	Reason for uplift/Comments
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%		
NETBALL - LBHF					
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%		
COMMUNITY ROOM - Hurlingham Park					
Party Hire	£105.00	£107.00	1.9%		
LINE MARKINGS (Where supplied as an extra)					
Athletics Per Hour	£28.00	£28.50	1.8%		
CHANGING ROOMS (Where supplied as an extra)					
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%		
BOWLS					
<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%		
TRAINING AREAS					
HURLINGHAM PARK					
<i>Inclusive of Changing Rooms & 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%		
LILLIE ROAD, BISHOPS PARK, SOUTH PARK & EEL BROOK COMMON					
<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%		
PERSONAL TRAINER ANNUAL LICENCE FEE					
Group Training Instructor Annual Licence	£1,200.00	Abolished	Abolished		
DISCOUNT RATES - Discounts apply to all prices above except where stated otherwise.					

Fee Description	2014/15 Charge (£)	2015/16 Charge (£)	Proposed Variation (%)	Total Estimated Income Stream for 2015/16	Reason for uplift/Comments
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		
LINFORD CHRISTIE STADIUM					
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%		
Casual Use session Price					
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%		
Running Track Hire					
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%		
PITCHES & ANCILLARY HIRE SERVICES - LBHF					
11-A-SIDE ALL-WEATHER PITCH					
<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%		
Contact Price for QPR / Chelsea FC / Chiswick Hockey					
Per Pitch Per Hour - Contract Adult	£52.00	£53.00	1.9%		
Per Pitch Per Hour - Contract Junior	£35.00	£35.80	2.3%		

Fee Description	2014/15 Charge (£)	2015/16 Charge (£)	Proposed Variation (%)	Total Estimated Income Stream for 2015/16	Reason for uplift/Comments
Pay & Play (Unbooked) Cash Rate					
<i>Contact Price for QPR / Chelsea FC / Chiswick Hockey</i>					
Per Pitch Per Hour - Contract Adult	£28.00	£28.60	2.1%		
<i>Pay & 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 & 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%		
GRASS CENTRE PITCH					
<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%		
ROOMS / STORAGE HIRE					
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%		
DONATED BENCHES & TREES					
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>					
CEMETERIES - Exempt for VAT					
<i>The interment cost for residents' children up to 16 years of age are waived</i>					
GRAVE PURCHASE - HAMMERSMITH & FULHAM					
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%		
Grave Purchase & Reserve - North Sheen / Mortlake - Resident	£2,973.00	£3,032.50	2.0%		
Grave Purchase & Reserve - North Sheen / Mortlake - Non Resident	£5,946.00	£6,065.00	2.0%		
INTERMENT & REOPENING OF GRAVES					
<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%		

Fee Description	2014/15 Charge (£)	2015/16 Charge (£)	Proposed Variation (%)	Total Estimated Income Stream for 2015/16	Reason for uplift/Comments
Up to 2 interments / Reopenings (each) - Non Resident	£2,596.00	£2,648.00	2.0%	£832,700	Inflationary uplifts only, rounded down to sensible denominations.
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%		
INTERMENT OF CREMATED REMAINS					
<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%		
INTERMENTS - PRIVATE GRAVES					
<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%		
NON PRIVATE GRAVES					
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%		
EXHUMATIONS (Includes VAT at 20%)					
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%		
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%		
MEMORIALS					
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%		

Fee Description	2014/15 Charge (£)	2015/16 Charge (£)	Proposed Variation (%)	Total Estimated Income Stream for 2015/16	Reason for uplift/Comments
REGISTER SEARCH FEE					
Per Search	£28.00	£28.50	1.8%		
Certified copy of entry	£19.00	£19.40	2.1%		
CHANGE OF OWNERSHIP					
Registering change of ownership & new Deed	£91.00	£93.00	2.2%		
Replacement Deed of Grant only	£52.00	£53.00	1.9%		
USE OF CHAPEL (Per Hour)					
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		
MAINTENANCE OF GRAVES & MEMORIALS					
Grave Planting and Maintenance (Per annum/per grave space)					
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%		
Memorials					
Washing - Standard/Small (per annum charge)	£80.00	£81.50	1.9%		
Washing - Large/Double (per annum charge)	£123.00	£125.50	2.0%		
REMOVAL AND REPLACEMENT OF GRAVESTONES AND MONUMENTS					
SMALL/STANDARD					
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%		
LARGE/DOUBLE					
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%		

Equality Impact Analysis (EIA) of main Budget proposals for 2015/2016

(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 25 February 2015, following discussion of the proposed Budget at the Finance and Delivery Policy and Accountability Committee on 27 January 2015, as well as at Cabinet on 2 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 29 January 2015;
- 1.3. Children & Education 19 January 2015.
- 1.4. Health, Adult Social Care & Social Inclusion 20 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 1 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 government¹. 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 amount².

¹

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

² Full details are available on the Council's website:

http://www.lbhf.gov.uk/Directory/Advice_and_Benefits/Council_tax/Disabled_persons_reduction/35753_Council_Tax_Reductions_for_residents_with_disabilities.asp

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 census³).

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.

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

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

Residents who are not eligible for LCTS may consider that there may be an indirect adverse impact to them because if Council Tax is reduced by 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% taper⁴, 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 $£10.00 \times 20\% = £2.00$. 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.

4

[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 census⁵). 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.

⁵ 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:

	H&F 2015/16 Savings
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:

	H&F 2015/16 Savings
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.

	H&F 2015/16 Savings
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 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.

	H&F 2015/16 Savings
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 office 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:

	H&F 2015/16 Savings
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 office 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.

	H&F 2015/16 Savings
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 8 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

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

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

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
More in house foster carers recruited so that less independent fostering placements (IFAs) needed (10)	250k
Increase the number of children placed with relatives (10)	70k
Staffing – reduction in locality team staff costs through Early Help review	200k
Reduce back office staffing	60k

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

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 effect 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 is one of 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

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

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

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

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

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

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

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

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

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

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 £431k
- External Audit fee saving £80k
- Executive Services Efficiencies £90k
- Reorganisations within the Communications, Policy and Performance Team £255k
- 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 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%			
Overall Totals	13,169	4,202	17,371	207,424	45,362	252,786

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 54.62%	Number of male only claimants = 1,952 or 31.87%	Number of claiming couples = 828 or 13.51%

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 53.56%	Number of male only claimants = 3,232 or 28.74%	Number of claiming couples = 1,991 or 17.7%
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 44.98%	Number of male only claimants = 987 or 43.61%	Number of claiming couples = 258 or 11.4%

Annex Two: Population Data

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

Data

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

**Table 4: Age
(QS103EW, ONS)**

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

Table 5: Age and disability

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

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

Table 6: Disability (Framework-i)

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

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

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

Table 8: Race
Ethnic group (KS201EW, ONS)

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

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

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

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

Table 10: Pregnancy and maternity

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

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

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

Table 11: Marriage and Civil Partnership

Marital and civil partnership status (KS103EW, ONS)

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

Table 12: Living arrangements (QS108EW, ONS)

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

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

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

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

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](http://www.lbhf.gov.uk/Directory/Advice%20and%20Benefits/Council%20tax/Exemptions/179569%20Council%20tax%20discounts%20and%20exemptions%20that%20no%20longer%20apply%20from%201st%20April%202013.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.	103,933
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	47,791
	- Business Rates Funding Baseline	56,142
Step 3	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.	56,417
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	Other adjustments – Impact of small business rate relief and discretionary reliefs	904
Step 6	Locally Retained Business rates (Step 3 less step 4 add step 5)	54,384
Step 6	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 2)	2,033

Spending Power Reduction

The Provisional 2015/16 Local Government Finance Settlement

1. The Local Government Finance Settlement was released on 3rd February . The key Hammersmith and Fulham figures are summarised in Table 1 and Table 2.

Table 1 – Unringfenced Government Funding

	2014/15	2015/16
Confirmed Allocations	£'000s	£'000s
Revenue Support Grant	66,647	47,791
New Homes Bonus Grant ¹	4,638	4,105
Other Unringfenced Grants	4,866	4,275
Total Confirmed		
Total All	76,151	56,171
Grant fall - cash		-19,980
Grant fall – cash terms %		-26%
Grants for New Burdens		
Adult Social Care – Care Act 2014		840
Other		
Section 31 grant regarding compensation for business rates relief		1,392

- 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
	27.2	34.0

- 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

¹ 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.

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 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 3. 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.

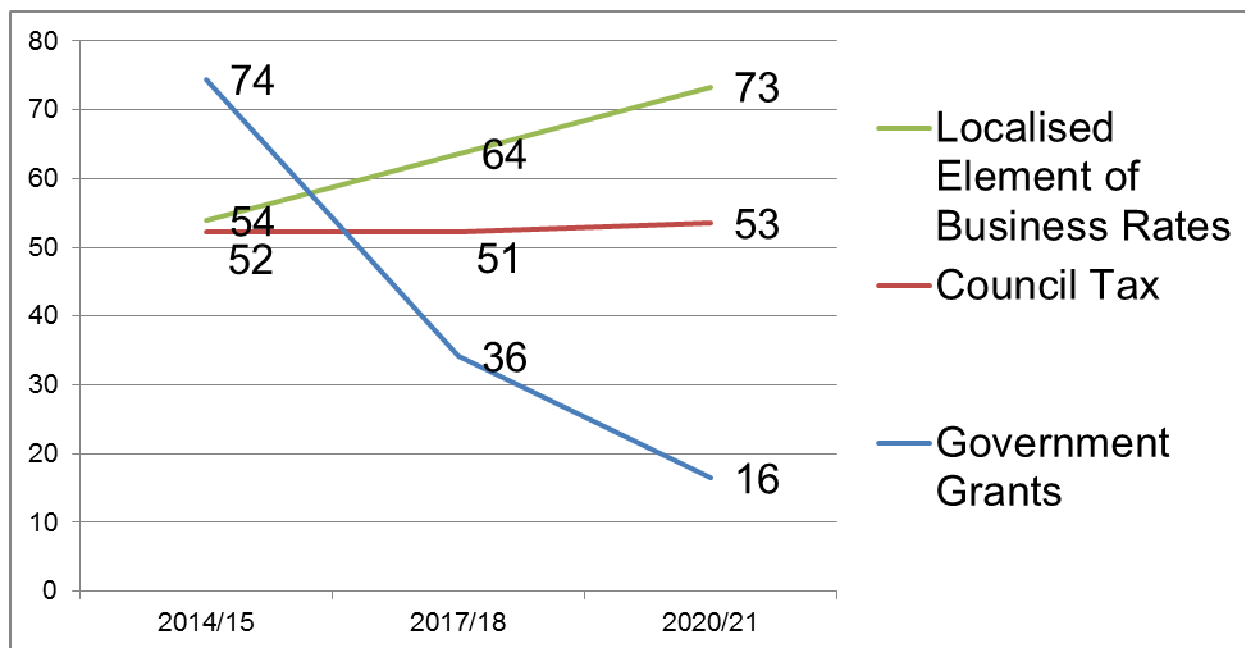
Table 3 – Government Spending Power Calculation.

	2014/15	2015/16
LBHF	-4.8%	-4.5%
London Average	-3.9%	-3.2%
National	-2.9%	-2.0%

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 4.5% reduction for Hammersmith and Fulham. Initial review by this authority suggests the real reduction is more than 10%.

Funding Beyond 2016/17.

- 7 Government funding beyond 2015/16 is not known although austerity will be on-going. The current forecast² is set out in the graph below (all figures in £'millions):



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

Table 4 – Grant Forecast for Hammersmith and Fulham

	2014/15	2017/18	2020/21
Revenue Support Grant	£66m	£26m	£10m
Other General Grants ³	£8m	£10m	£6m
	£74m	£36m	£16m

- 9 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

² The figures beyond 2015/16 will be subject to on-going review. At present there is significant uncertainty regarding the extent, and timing, of government funding reductions.

³ The main other general grants are for the new homes bonus, council tax freeze, housing benefits administration and education support grant.

contribution from the local share (30%) of business rates. The figures for 2014/15 and 2015/16 are shown in Table 5.

Table 5 - 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	£103.9m	(£17.3m)	(14.3%)
Of which:				
Revenue Support Grant	£66.1m	£47.8m	(£18.3m)	(27.7%)
Baseline Business Rates Funding level ⁴	£55.1m	£56.1m	£1.0m	2%


- 10 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%).
- 11 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 6. 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 6 – 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)
Updated SFA	£93.2m	£83.6m	£71.2m
Of which:			
Revenue Support Grant	£36.4m	£26.4m	£9.6m
Business rates funding baseline	£56.8m	£57.2m	£61.6m

⁴ This is the amount of the settlement funding assessment that the government assume is collected through business rates.

Agenda Item 6.3

	London Borough of Hammersmith & Fulham COUNCIL 25 FEBRUARY 2015
FOUR YEAR CAPITAL PROGRAMME 2015/16 TO 2018/19	
Report of the Cabinet Member for Finance: Councillor Max Schmid	
Open	
Classification - For Decision	
Key Decision: Yes	
Wards Affected: All	
Accountable Executive Director: Jane West, Executive Director of Finance and Corporate Governance Hitesh Jolapara, Bi-Borough Director of Finance	
Report Author: Christopher Harris, Head of Finance (Corporate Accountancy & Capital)	Contact Details: Tel: 0208 753 6440 E-mail: christopher.harris@lbhf.gov.uk

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.
- 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
Total	5.48

- 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
Total	0.544

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

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

- 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	
Approved Expenditure					
Ad Hoc Schemes:					
Schools Organisation Strategy [CHS] (mainstream element)	441	-	-	-	441
Carnwath Road Receipt [TTS]	-	1,870	-	-	1,870
Rolling Programmes:					
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
Total Mainstream Programmes**	6,465	7,894	6,024	6,024	26,407
Available and Approved Resource					
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
Available Mainstream Resource	21,796	9,438	4,384	4,384	40,002
In-year surplus/(deficit)	15,331	1,544	(1,640)	(1,640)	
Surplus/(deficit) brought-forward *	-	15,331	16,875	15,235	
Surplus/(deficit) carried forward	15,331	16,875	15,235	13,595	

*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
Opening Capital Finance Requirement (CFR)	56.65	43.18	43.18	43.18
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)
Closing Capital Finance Requirement (CFR)	43.18	43.18	43.18	43.18
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 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	
Forecast Expenditure (Per Table 1)					
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
Total Housing Programme - Approved Expenditure	94,161	68,922	58,692	53,000	274,775
Forecast Resource					
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
Total Forecast Resource (In-year)	40,793	75,870	58,518	40,497	215,678
Internal Borrowing - increase/(decrease)	2,135	(511)	4,733	16,948	23,305
Total Forecast Resource (In- Year; inc. Borrowing)	42,928	75,359	63,251	57,445	238,983
In-year surplus/(deficit)	(51,233)	6,437	4,559	4,445	
Surplus/(deficit) brought-forward	65,602	14,369	20,806	25,365	
Surplus/(deficit) carried forward*	14,369	20,806	25,365	29,810	
*Earmarked from above to cover Costs of Disposal and 1-4-1 Replacement under RTB agreement**	14,369	20,806	25,365	29,810	
Surplus/(Deficit) after earmarked resources	-	-	-	-	

**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
Closing HRA Capital Finance Requirement (CFR)	205,918	202,650	205,453	220,401
Housing Debt Cap (set by CLG)	254,617	254,617	254,617	254,617
Debt Headroom (Debt Cap minus CFR)	48,699	51,967	49,164	34,216
<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
Equals: HRA CFR	205,918	202,650	205,453	220,401

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 Committee meeting of 11 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 23 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. 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

No.	Description of Background Papers	Name/Ext of holder of file/copy	Department/ Location
1.	Monitoring documents	Christopher Harris ext 6440	Finance Department, 2 nd 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	
Scheme Expenditure Summary					
Lyric Theatre Development	380	-	-	-	380
Schools Organisational Strategy	21,517	197	-	-	21,714
Total Expenditure	21,897	197	-	-	22,094
Capital Financing Summary					
Specific/External or Other Financing					
Capital Grants from Central Government	21,263	197	-	-	21,460
Capital Grants/Contributions from Non-departmental public bodies	193	-	-	-	193
Sub-total - Specific or Other Financing	21,456	197	-	-	21,653
Mainstream Financing (Internal Council Resource)					
Capital Receipts	441	-	-	-	441
Sub-total - Mainstream Funding	441	-	-	-	441
Total Capital Financing	21,897	197	-	-	22,094

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	
Scheme Expenditure Summary					
Extra Care New Build project (Adults' Personal Social Services Grant)	957	-	-	-	957
Disabled Facilities Grant	991	450	450	450	2,341
Total Expenditure	1,948	450	450	450	3,298
Capital Financing Summary					
Specific/External or Other Financing					
Capital Grants from Central Government	1,498	-	-	-	1,498
Sub-total - Specific or Other Financing	1,498	-	-	-	1,498
Mainstream Financing (Internal Council Resource)					
Capital Receipts	450	450	450	450	1,800
Sub-total - Mainstream Funding	450	450	450	450	1,800
Total Capital Financing	1,948	450	450	450	3,298

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	
Scheme Expenditure Summary					
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
Total Expenditure	7,183	9,101	7,231	7,231	30,746
Capital Financing Summary					
Specific/External or Other Financing					
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
Sub-total - Specific or Other Financing	2,109	2,157	2,157	2,157	8,580
Mainstream Financing (Internal Council Resource)					
Capital Receipts	4,530	6,400	4,530	4,530	19,990
General Fund Revenue Account (revenue funding)	544	544	544	544	2,176
Sub-total - Mainstream Funding	5,074	6,944	5,074	5,074	22,166
Total Capital Financing	7,183	9,101	7,231	7,231	30,746

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	
Scheme Expenditure Summary					
Parks Programme	500	500	500	500	2,000
Recycling	19	-	-	-	19
CCTV	192	-	-	-	192
Total Expenditure	711	500	500	500	2,211
Capital Financing Summary					
Specific/External or Other Financing					
Grants and Contributions from Private Developers (includes S106)	211	-	-	-	211
Sub-total - Specific or Other Financing	211	-	-	-	211
Mainstream Financing (Internal Council Resource)					
Capital Receipts	500	500	500	500	2,000
Sub-total - Mainstream Funding	500	500	500	500	2,000
Total Capital Financing	711	500	500	500	2,211

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)
Subtotal HRA	57,548	44,502	44,170	38,568	184,788

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
Subtotal Decent Neighbourhoods	36,613	24,420	14,522	14,432	89,987
Total Expenditure	94,161	68,922	58,692	53,000	274,775

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
Sub-total - Specific or Other Financing	6,260	7,523	5,011	5,000	23,794

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
Sub-total - Mainstream Funding	85,766	61,911	48,947	31,053	227,677

Internal Borrowing

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

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

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

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 2¹) – 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

¹ 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:

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

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.

	Actual 2013/14 £'000	Revised 2014/15 £'000	Estimate 2015/16 £'000	Estimate 2016/17 £'000	Estimate 2017/18 £'000
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
TOTAL	281,460	261,994	249,097	245,830	248,632

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:

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

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

	Actual 2013/14 £'000	Revised 2014/15 £'000	Estimate 2015/16 £'000	Estimate 2016/17 £'000	Estimate 2017/18 £'000
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).

	Estimate 2015/16 £	Estimate 2016/17 £	Estimate 2017/18 £
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).

Agenda Item 6.4

 hammersmith & fulham	London Borough of Hammersmith & Fulham COUNCIL 25 FEBRUARY 2015
TREASURY MANAGEMENT STRATEGY REPORT 2015/16	
Report of the Cabinet Member for Finance: Councillor Max Schmid	
Open Report	
Classification - For Decision Key Decision: Yes	
Wards Affected: All	
Accountable Executive Director: Jane West, Executive Director of Finance and Corporate Governance	
Report Author: Halfield Jackman, Treasury Management Officer	Contact Details: Tel: 020 7641 4354 E-mail: hjackman@westminster.gov.uk

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 is 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 is 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 CIPFA¹ 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 Policy and Accountability Committee.
- 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.

¹ Chartered Institute of Public Finance and Accountancy

4. PROSPECTS FOR INTEREST RATES

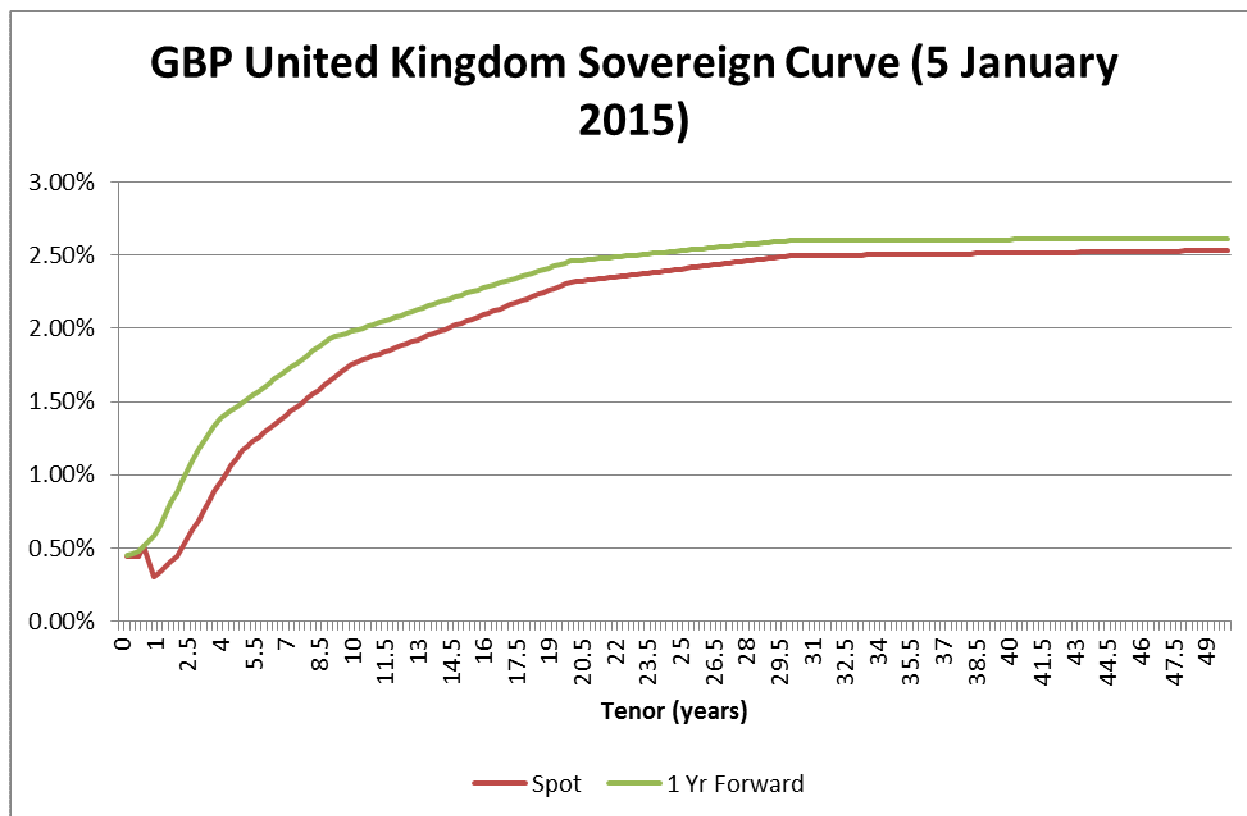
- 4.1 Interest rate projections remain low in the short term, with Bank of England bank rate remaining at 0.5% for up to 12 months. However, market rates remain very volatile and are affected by Quantitative Easing (continuing, unchanging or reducing) and perceived safe haven status of the United Kingdom keeping rates low against risk of macro-economic issues (particularly in Europe) and inflation risk pushing rates higher.
- 4.2 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 19 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 £56.65m. 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)	56.65	43.18	43.18	43.18
Revenue Repayment of Debt	(0.54)	0.0	0.0	0.0
Application of Mainstream Programme (Surplus)	(12.93)	0.0	0.0	0.0
Closing CFR	43.18	43.18	43.18	43.18

- 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)
Actual Borrowing at 31 March	250,511	247,599	231,897	224,823	217,405
Total investments at 31 March	(320,200)	(380,000)	(350,000)	(330,000)	(300,000)
Net borrowing/(investment)	(69,689)	(132,401)	(118,103)	(105,177)	(82,595)

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
Total borrowing at year end	250,511	247,599	231,897	224,823	217,405

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	56,648	43,179	43,179	43,179
HRA CFR	207,260	205,346	205,918	202,650	205,453
TOTAL CFR	281,460	261,994	249,097	245,830	248,632

6. ANNUAL INVESTMENT STRATEGY

- 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"² 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.

² 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)

Institution Type	Minimum Credit Rating Required (S&P / Moodys / Fitch)	Maximum Individual Counterparty Investment limit (£m)	Maximum tenor of deposit / investment	Treasury Management Strategy 2014/15
DMO Deposits	UK Government Rating	Unlimited	6 months	No change
UK Government (Gilts / T-Bills / Repos)	UK Government Rating	Unlimited	Unlimited	No change
Supra-national Banks	AA- / Aa3 / AA-	£100m	5 years	£30m / 3 year
European Agencies	AA- / Aa3 / AA-	£100m	5 year	£10m / 1 year
Network Rail	UK Government Rating	£200m	Oct 2052	Limit of £200 from unlimited
TFL	AA- / Aa3 / AA-	£100m	3 years	£30m
GLA	N/A	£100m	3 years	£30m
UK Local Authorities	N/A	£10m per Local Authority, £50m in aggregate	1 years	No change
Commercial Paper 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
Covered Bonds issued in sterling	AA+/Aa1/AA+ The bond issue; Investment grade of the underlying issuer	£100m	5 years	New
Money Market Funds MMF	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
Enhanced Money Funds	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
UK Bank 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
UK Bank Fixed Deposits / Certificates of Deposit / Short Dated Bonds	A- / A3 / A- and above, subject to minimum ST ratings	£50m	3 years	£30m / Six months
Non-UK Bank Fixed Deposits / Certificates of Deposit / Short Dated Bonds	AA- / Aa2 / AA- and above, subject to minimum ST ratings	£50m	3 years	£30m / 1 year
Non-UK Bank Fixed Deposits / Certificates of Deposit / Short Dated Bonds	A / A2 / A and above, subject to minimum ST ratings	£30m	1 year	£15m / Six months

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
- Proposed changes to investment limits and tenors
- Non-specified investments
- Creditworthiness criteria
- Country limits.

Current Investment Types³

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;
- (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;

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

- (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.

Proposed changes to investment limits and tenors

- 6.17 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.
- 6.18 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.
- 6.19 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.
- 6.20 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).
- 6.21 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.
- 6.22 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.
- 6.23 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.
- 6.24 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.
- 6.25 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.
- 6.26 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

6.27 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.

6.28 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.

6.29 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

- 6.30 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.
- 6.31 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.
- 6.32 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.
- 6.33 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

- 6.34 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
Total	345	345	345	345	345

- 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
Total	288	290	290	290	290

- 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

- 11.1 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 Earls 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:

Area of Responsibility	Council / Committee / Officer	Frequency
Treasury Management Strategy	Full Council	Annually, at meeting before the start of the financial year.
Scrutiny of Treasury Management Strategy	Audit, Pensions and Standards Committee	Annually
Treasury Management Strategy: Mid-year report	1. Audit, Pensions and Standards Committee 2. Finance and Delivery PAC	Annually, after the first half of 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
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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	Christopher Harris Tel: 0208 753 6440	Finance Department, 2 nd 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

APPENDICES A, B, C and D

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.

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

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

APPENDIX C

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

CREDIT RATING AGENCY NOMENCLATURE

Long term ratings	Fitch	Moody's	S&P
<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	

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

	<p align="center">London Borough of Hammersmith & Fulham</p> <p align="center">COUNCIL</p> <p align="center">25 FEBRUARY 2015</p>
<p>PAY POLICY OF THE LONDON BOROUGH OF HAMMERSMITH AND FULHAM 2015/16</p>	
<p>Report of the Cabinet Member for Finance: Councillor Max Schmid</p>	
<p>Open Report: Yes</p>	
<p>Classification - For Decision</p> <p>Key Decision: No</p>	
<p>Wards Affected: None</p>	
<p>Accountable Executive Director: Jane West, Executive Director for Finance and Corporate Governance</p>	
<p>Report Author: Debbie Morris – Bi-borough Director for Human Resources</p>	<p>Contact Details: Tel: 020 8753 3068 E-mail: Debbie.Morris@lbhf.gov.uk</p>

1. EXECUTIVE SUMMARY

- 1.1 The Council is required to prepare a pay policy statement for each financial year.

2. RECOMMENDATIONS

- 2.1 That Council is recommended to approve the pay policy statement for 2015/16 as set out in the attached document.
- 2.2 That Council endorses the pay schemes attached as Appendices 1, 2 and 3 of the pay policy.

3 REASONS FOR DECISION

- 3.1 A decision is required in order for the Council to approve the pay policy statement and its appendices and for the policy to be published on the Council's website, as required by the Localism Act 2011.

4 INTRODUCTION AND BACKGROUND

- 4.1 Under Section 38(1) of the Localism Act 2011, the Council is required to prepare a pay policy statement for each financial year. This pay policy statement must be approved by Council. The provisions of the Act do not apply to local authority schools.
- 4.2 Approved pay policy statements must be published on the Council's website as soon as reasonably practicable after being approved. The Act also requires that the Council includes in its pay policy statement, its approach to the publication of and access to information relating to the remuneration of chief officers. Remuneration includes salary or payment for a contract for services, expenses, bonuses, and performance related pay as well as severance payments. The definition of chief officers includes the head of paid service, statutory chief officers, non-statutory chief officers and those who report to them.
- 4.3 Section 38(1) of the Act also requires the Council to set out its policy on remuneration for its highest paid staff alongside its policies towards its lowest paid employees. In particular, it requires the Council to explain what it thinks the relationship should be between the remuneration of its chief officers and other employees and to set out policy on the lowest paid (outlined in the paragraph on 'Definitions' within the pay policy). The Council must include its current policy towards maintaining or reaching a specific pay multiple, within its broader policy on how pay and reward should be fairly dispersed across its workforce.
- 4.4 So far as other elements of senior remuneration are concerned, including bonuses, performance related pay (PRP), severance payments and the payment of fees for election duties, the Council must also make it clear what approach it takes to the setting and publishing of these.
- 4.5 The pay policy statement must also deal with a number of aspects of re-employment of staff. The Council must explain its policy in relation to the payment of salary and pension to the same individual. It must also set out its policy in relation to the re-employment of chief officers who have retired and may be re-employed on a contract for services.
- 4.6 The Council must in setting pay policy statements, have regard to the guidance issued by the Secretary of State for Communities and Local Government. This includes the Local Government Transparency Code 2014 (October 2014) issued pursuant to section 2 of the Local Government, Planning and Land Act 1980 and guidance under section 40 of the Localism Act of February 2012 and February 2013 which requires relevant authorities to prepare pay policy statements. Due regard has been had to the guidance in the preparation of this policy.
- 4.7 The policy statement must be approved by a resolution of Council. Once in force, it must be complied with although it may be amended by Council during the financial year. It must always be published on the Council's website as soon as reasonably practicable after approval or amendment.

5 PROPOSAL AND ISSUES

- 5.1 The Government guidance for local authorities on the preparation of a pay policy statement recommends the calculation and publication of an authority's pay multiple. That is the relationship between the median earnings figure in the organisation and the remuneration of its highest paid officer.
- 5.2 The median is defined as that earnings figure at which there are an equal number of officers' earnings figures above and below it. The highest paid officer in H&F is the Interim Chief Executive.
- 5.3 The remuneration of the highest paid officer is divided by the median earnings figure to arrive at the pay multiple. At the start of 2015 this ratio will be 5.9. This is an increase of 0.3 from 5.6 in 2014/15, resulting from the new requirement, provided for in the Local Government Transparency Code 2014, to include variable pay in the total remuneration figure.

6 OPTIONS AND ANALYSIS OF OPTIONS

Not applicable.

7 CONSULTATION

There are none.

8 EQUALITY IMPLICATIONS

- 8.1 As mentioned, this report has been produced so that the Council approves the pay policy statement. There are no actions that impact on equalities and as a result, the report's equalities impact assessment (EIA) is rated as low. Therefore, an EIA has not been completed.

9 LEGAL IMPLICATIONS

- 9.1 The statutory requirements set out in y Chapter 8 of Part 1 of the Localism Act 2011 (Sections 38-43) are summarised in the report and the pay policy statement. The pay policy statement complies with the statutory requirements.
- 9.2 Implications verified/completed by Tasnim Shawkat, Bi-borough Director for Legal. Tel: 020 753 2700

10 FINANCIAL AND RESOURCES IMPLICATIONS

- 10.1 This report sets out the status quo on pay within the Council, therefore there are no financial implications arising from the report.
- 10.2 Implications verified/completed by Jane West, Executive Director of Finance and Corporate Governance. Tel: 020 8753 1900

11 RISK MANAGEMENT

None.

12 PROCUREMENT AND IT STRATEGY IMPLICATIONS

None.

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.	Localism Act 2011	Debbie Morris, Bi-borough Director for Human Resources	Hammersmith Town Hall
2.	Openness and Accountability in Local Pay – Guidance under section 40 of the Localism Act from Department for Communities and Local Government (DCLG)	Tel: 020 8753 3068	
3.	The Local Government Transparency Code 2014 (DCLG Oct 2014)		
4.	Council Pension Policy		
5.	Council guidance on performance related pay		

LIST OF APPENDICES:

1. NJC Salary Scales and SMG Pay Ranges
2. Senior Manager Performance Scheme (SMG 3)
3. Senior Manager Performance Scheme (SMG 1 and 2)

PAY POLICY STATEMENT

London Borough of Hammersmith and Fulham (H&F)

1. Fairness and Transparency

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

2. Vision and Values

- 2.1 As well as the council's vision for its services, it has developed a set of values for its staff. In addition, managers have a document which sets out the behaviour which the council requires employees to demonstrate.
- 2.2 The vision, values, key behaviours and guide to good management are used during recruitment to vacant posts, discussions on learning and development needs, performance appraisal and the determination of performance related pay (PRP).
- 2.3 The council recognises that as an organisation which expects high standards from its staff, it should reward them accordingly, both to recruit the best and to continue to motivate them.

3. Pay Design

- 3.1 Most staff salaries are set by national pay bargaining through the Greater London Provincial Council (GLPC). Progression through the range is by increments and is related to satisfactory service. All staff have an annual performance appraisal.
- 3.2 In addition, the most senior staff have separate, locally determined salary ranges which include an element of PRP. Each year subject to satisfactory performance, these staff can receive a performance related consolidated increase and thus move up through their pay range until the maximum of their range is reached. At this point, any balance in the recommended pay increase is paid as an unconsolidated payment. In addition, achievement of targets set can result in a further unconsolidated payment. Typically, the pay progression is 2% to 3% and unconsolidated payment is 4% to 5%.
- 3.3 The senior manager performance schemes are under review and will be considered by the Policy and Accountability Committee (PAC) in February 2015. Should any recommendations be made, these will be considered at a further full Council meeting.

- 3.4 The pay ranges for all staff and the senior manager performance schemes are set out in the attached Appendices 1, 2 and 3.
- 3.5 There are a number of additional performance related pay schemes for certain other groups of staff that pay up to 10% of salary. These groups are:
- Civil Enforcement
 - Commercial Waste
 - Corporate Anti-Fraud Service
 - Development Management
 - Pest Control
- 3.6 The pay ranges for all posts in the council are determined through job evaluation to ensure fairness and equality. In respect of nationally negotiated ranges, this is done through the Greater London Provincial Council Job Evaluation Scheme developed some years ago for all councils in London. In relation to the senior pay ranges, the scheme devised by Hay management consultants is used.
- 3.7 In addition to these annual salaries, the council can choose to pay extra sums to staff to recognise market pressures or additional work undertaken. These may be pay supplements, acting-up allowances or honoraria. These are most likely to apply to staff below senior management level.
- 3.8 Starting salaries within pay ranges are determined by reference to market rates and an individual's existing salary.
- 3.9 Those officers who have statutory positions in relation to elections i.e. Returning Officer/ Acting Returning Officer and deputies also receive a fee in recognition of these roles. This fee reflects the advisory fee set for each election by the Ministry of Justice. There are also fees paid to staff who carry out the annual canvass of the electoral register and who undertake additional work at the time of the election – poll staff, inspectors, count staff, etc.
- 3.10 The council has a number of shared senior management posts and where these are in place, the remuneration is shared between the parties to the shared service agreement.

4. Other Rewards

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

5. Pension and Severance Payments

- 5.1 A week's pay for the purpose of calculating a statutory redundancy payment is calculated in accordance with sections 220 to 229 of the Employment Rights Act 1996 and the council exercises discretion to waive the statutory weekly pay limit. Under the provisions of the Local Government (Early Termination of Employment) Discretionary Compensation (England and Wales) Regulations 2006, the actual amount of a week's pay is used. A week's pay is the amount of pay that the employee is entitled to, for working their normal contractual hours and any variable items of pay are averaged over the last 12 weeks ending on the calculation date.
- 5.2 Calculation of a full-time week's pay is subject to a locally agreed minimum, currently £530.03. This is approximately equal to 1.5 x H&F Minimum Earnings Guarantee, a local policy which ensures that no employee earns less than £342.44 per week.
- 5.3 The number of weeks redundancy is based on age and length of service at leaving and is subject to a statutory limit of 30 weeks pay.
- 5.4 Staff are entitled to join the Local Government Pension Scheme (LGPS) and will receive their pension at their normal retirement age. Pension payments will be released early in certain circumstances including redundancy and ill health retirements provided the appropriate criteria of the local pension policy are met. There is a separate, published policy on pension payments. This is updated from time to time in line with any changes to pension regulations.
- 5.5 Arising from the auto-enrolment regulations, a change took effect to joining arrangements from 1 April 2013; new starters are enrolled into the LGPS, subject to certain conditions, unless they choose to opt out. Staff who opted out of the LGPS before 1 April 2013 will not be auto-enrolled until 1 October 2017 but may opt to join the LGPS at any time.
- 5.6 Under the LGPS, certain staff may request flexible retirement whereby they can retire early and continue to work on a part-time basis or on a reduced salary. The council retains the discretion to agree such arrangements as they are not a right.
- 5.7 The fact that an individual is already receiving a pension under the LGPS regulations does not prevent the council from appointing them. However if an employee is in receipt of a pension from a previous employer that is a member of the LGPS and they are recruited by the council, they must notify their pension provider of re-employment, even if they elect not to join the pension scheme here. It is the pension provider's responsibility to review their pension and if necessary make any reduction due to the level of earnings.

6. Publication and Access to Remuneration of Chief Officers and Other Senior Staff

The council publishes details of remuneration of chief officers in the Annual Statement of Accounts and on the council's website. The council also publishes information about the level of remuneration of other senior staff on its website. This information is published for all senior staff on annual earnings of £50,000 or more.

7. Definitions

- 7.1 The pay ranges for senior staff reflect the need to recruit and retain good staff. Annual increases for these staff reflect the nationally agreed salary increases.
- 7.2 The Localism Act requires the council to define its lowest paid employees. The council has a minimum earnings guarantee (MEG) and this is now paid by the council at a full-time equivalent hourly rate of £9.51, which represents our lowest paid employee (National Minimum Wage is currently £6.50 per hour and the London Living Wage is £9.15 per hour). The council will keep its policy with regard to its lowest paid staff under review. Those on the council's Graduate Placement Scheme in association with the University of London, are paid at the National Minimum Wage.
- 7.3 In addition, the council is required to publish the pay multiple between the highest paid employee and the median salary of the workforce. The current multiple is 5.9. At present, the council deems this multiple to be appropriate and within an acceptable ratio of 10:1. The policy with regard to the pay multiple will be kept under review.
- 7.4 The council does not and will not have any zero hour contracts that contain exclusivity clauses. Council contractors are being requested to provide information on any zero hour contracts used to deliver services for the council.

8. Remuneration Committee

The council does not have a remuneration committee to advise on pay policy including the setting of senior salaries and the level of Members' allowances.

9. Council Role

- 9.1 Council will agree all proposed salary ranges, including performance related pay and fees methodologies, for staff paid in excess of £100,000.
- 9.2 Severance payments made by the Council will be in accordance with Section 5 of this policy statement and the Statement of Local Employer Pension Policy published separately. They will only be reported to

Council where, in very exceptional circumstances, the non-pension related element of the severance payment exceeds £100,000.

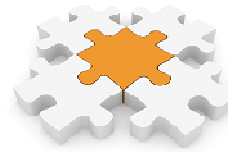
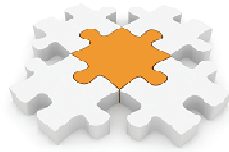
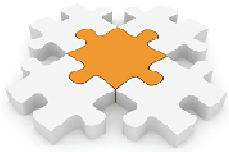
NJC SALARY SCALES

Grade	Spine Point	Basic Salary p.a. 01/01/2015 - 31/03/2016
Scale 1A	3	16,353
	4	16,389
*Scale 1B	5	16,416
	6	16,524
	7	16,680
*Scale 1C	8	17,055
	9	17,439
	10	17,733
Scale 2	11	18,612
	12	18,933
	13	19,335
Scale 3	14	19,644
	15	19,977
	16	20,367
	17	20,775
Scale 4	18	21,120
	19	21,780
	20	22,452
	21	23,145
Scale 5	22	23,658
	23	24,252
	24	24,936
	25	25,620
Scale 6	26	26,337
	27	27,108
	28	27,879
SO1	29	28,845
	30	29,697
	31	30,525
SO2	32	31,323
	33	32,157
	34	32,964
PO1	33	32,157
	34	32,964
	35	33,579
PO2	36	34,380
	35	33,579
	36	34,380
	37	35,253
PO3	38	36,186
	38	36,186
	39	37,257
	40	38,151
PO4	41	39,069
	41	39,069
	42	39,981
	43	40,896
PO5	44	41,811
	44	41,811
	45	42,672
	46	43,620
PO6	47	44,544
	46	43,620
	47	44,544
	48	45,462
PO7	49	46,359
	49	46,359
	50	47,283
	51	48,207
PO8	52	49,128
	51	48,207
	52	49,128
	53	50,064
PO9	54	51,045
	54	51,045
	55	52,041
	56	53,037
PO10	57	54,021
	56	53,037
	57	54,021
	58	55,005
	59	55,989

* deletion of point effective from 1 October 2015

SMG PAY RANGES

Senior Management Grade	Pay Range Minimum	Pay Range Maximum
SMG3 (Heads of Service)	54,129	71,193
SMG2 - Zone 1 (Director)	78,795	98,870
SMG2 - Zone 2 (Director)	85,748	104,803
SMG1 (Executive Director)	117,729	158,620



Our Values:

Responsive; Innovative; Collaborative; Enterprising; Serving our Public

SENIOR MANAGER PERFORMANCE SCHEME (SMG3)

The Senior Manager Appraisal Performance Scheme provides SMG3 managers with clear objectives, regular feedback and opportunities for development. It also and allows us to create a working environment that encourages and supports our people.

The scheme has been designed around four principles:

- Clear communication and feed back between you and your manager
- Supporting you within appropriate development opportunities
- Simplicity
- Effective rewards

The scheme will:

- Ensure that everyone knows what they are required to do and how this helps us to achieve the organisation's objectives and deliver the community strategy, as well as how their performance will be assessed.
- Ensure that a fair and objective assessment is made of performance, especially where it affects salary progression.
- Provide a means by which individual development of relevant competencies and the consequent training and personal development needs can be discussed, assessed and met.
- Provide a mechanism for managers to discuss job performance, providing constructive feedback from which individuals can benefit.

Performance is assessed in two ways:

- **Part 1** - there is the potential to earn a non-consolidated Performance Related Pay (PRP) of up to 5% of base pay which rewards **achievement against specific objectives**, usually five main target areas. There is also the potential for a further discretionary 5% PRP subject to recommendation by your Director.

- **Part 2** – H & F Managers are required to exhibit the **council's values and behaviours** in everything they do, and especially to demonstrate that they are managing their service well and providing leadership to their staff. Incremental progression through the grade will be determined according to performance assessed against these values and behaviours.

To summarise:

Pay Based on Performance	How Pay is determined
Pay progression	Rating determined by performance against values and behaviours; no automatic increments for time in grade
Bonus payment (non-consolidated)	<p>1% of base pay for each target fully achieved up to five targets/5%.</p> <p>The Chief Executive and H&F Business Board have some discretion for rewarding work over and above targets and for mitigating factors outside individual control at the recommendation of the director</p>

Your competencies will be assessed on a five point rating scale as follows:

Competency Rating Scale	
1	<p>Limited effectiveness and below standard Makes limited contribution, requires significant development needs and greater achievement is required.</p>
2	<p>Generally effective but some inconsistencies Generally meets expectations but leaves room for improvement, some gaps and inconsistencies.</p>
3	<p>Consistently effective Fully acceptable level of performance: doing a thorough, competent and effective job.</p>
4	<p>Highly Effective Demonstrates high levels of commitment and performance, demonstrates strong achievement.</p>
5	<p>Exceptional Exhibits exceptional talent and application: exceptional performance across all values and behaviours.</p>

The final score for the assessment of the council's values and behaviours will be the average of the sum of the individual scores for each of the five key elements:

- Responsive
- Innovative
- Collaborative
- Enterprising
- Serving our Public

as well as the additional two elements for managers:

- People and Service management
- Leadership and Engagement

Overall scoring will be based on an average of manager's full year ratings, over the seven elements. This will be rounded up if above **.5** and down if **.5 or below**. As stated, the final rating will be subject to moderation. This will then lead to pay progression as shown in the matrix below:

SMG3 salary progression table

Rating based on competency	Incremental progression, including cost of living (COL)	PRP (depending on achievement of targets)
1	0 x increment (COL only)	Not payable
2	0.5 x increment	Up to 10%
3	1 x increment	Up to 10%
4	1.5 x increment	Up to 10%
5	2 x increment	Up to 10%

The intention of these progression matrices is as follows:

- poor performers receive no progression
- basic/inconsistent performers will receive minimum uplift
- good and excellent performers will be rewarded.

Eligibility

Managers appointed during the reporting year

New appointments will normally be at a low spinal column point within the SMG3 payscale. Permanent staff become eligible for the appraisal scheme immediately they commence employment in a senior management post. An appraisal meeting should normally take place within four weeks of commencement of employment to align with the first probationary meeting. The key objectives and competency development set should be established as normal, however the assessment and eligibility to receive base salary increase and PRP payment will not take place until the full appraisal period has taken place. (i.e. if an individual starts in October 2012, they would not receive any pay progression until April 2014 [18 month period]). There is however, an opportunity to receive up to 10% PRP of salary earned in the period (non-consolidated cash bonus) in exceptional circumstances subject to performance in the initial stage.

Individuals must be in post at the end of the review year and when pay is awarded in order to be eligible to receive an overall salary progression and PRP.

Managers who leave H&F

Managers who leave before the end of a review year will not receive any PRP payment.

Managers who are unwell during the reporting period

An assessment of overall contribution and performance against annual targets will be conducted as normal. However, awards will be based on actual pay received during the assessment period. Therefore, if an officer's pay has reduced in line with the H&F sick pay scheme, any awards will be proportionate.

Managers who are absent on maternity leave during the reporting year

When it is known that a manager will be absent on maternity leave, their overall contribution and performance targets should be reviewed and amended.

Assessments for base pay increases and PRP payments should be based on the available information from the current reporting year, in conjunction with the previous year's assessment. If the officer is new to H&F and an assessment cannot be based on achievements in the present review year, base salary increase should be based on level 2 and a PRP rating be discretionary.

Calculation of PRP Pay

The actual amount of the PRP or bonus payment is calculated as a percentage of total base salary actually paid to the employee during the year. Hence for those who work part-time, the PRP amount is calculated against actual pay not a notional full-time salary. For those who changed grade during the year, HR will advise how the payment is made.

Moderation of PRP Pay

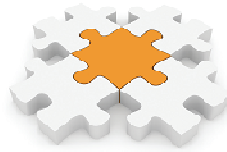
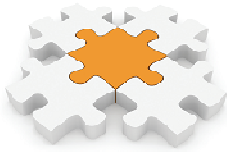
For SMG grades there is a moderation process to ensure consistency and fairness in the performance scoring as this affects both base and bonus pay.

- For SMG3 this is done by Department Management Teams (DMT) and at FSB (Financial Services Board/Directors of Finance & Resources).

The H&F Individual Performance Management cycle

The Individual Performance Management cycle comprises a 4 Step process.

Step 1 – Objective setting and development planning
To consider what you need to achieve. During this step you will set 5 clear objectives to work on throughout the year. You will also create a Personal Development Plan (PDP) to ensure that you have all the knowledge, skills and support you need to succeed.
Step 2 – Staying on track
A reminder that you need to have regular 1:1s with your manager in order to consider your progress and help you stay on track. These meetings should take place at least once a month for most roles.
Step 3 – Mid year review
The purpose of the interim review is to help you consider your overall progress in preparation for your appraisal (Step 4) and to gain actionable feedback to help you succeed. It is also an ideal opportunity to consider how you are doing against your job competencies. The interim review meeting normally takes place in November.
Step 4 – The appraisal
This is an end-of-year review which helps you take stock of what you've achieved and determine how well you've done. It is an opportunity to learn from your successes as well as those things that haven't gone so well – and to incorporate that learning into your work going forward. Steps 2 and 3 help ensure that there are no surprises at this stage. Appraisal to be conducted by 31 March for senior managers.



Our Values:

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SENIOR MANAGER PERFORMANCE SCHEME (SMG1&2)

The Senior Manager Appraisal Performance Scheme provides SMG1 and SMG2 managers with clear objectives, regular feedback and opportunities for development. It also and allows us to create a working environment that encourages and supports our people.

The scheme has been designed around four principles:

- Clear communication and feed back between you and your manager
- Supporting you within appropriate development opportunities
- Simplicity
- Effective rewards

The scheme will:

- Ensure that everyone knows what they are required to do and how this helps us to achieve the organisation's objectives and deliver the community strategy, as well as how their performance will be assessed.
- Ensure that a fair and objective assessment is made of performance, especially where it affects salary progression.
- Provide a means by which individual development of relevant competencies and the consequent training and personal development needs can be discussed, assessed and met.
- Provide a mechanism for managers to discuss job performance, providing constructive feedback from which individuals can benefit.

Performance is assessed in two ways:

- **Part 1** - there is the potential to earn a non-consolidated Performance Related Pay (PRP) of up to 5% of base pay which rewards **achievement against specific objectives**, usually five main target areas. There is also the potential for a further discretionary 5% PRP subject to recommendation by your Director.

- **Part 2** – H & F Managers are required to exhibit the **council’s values and behaviours** in everything they do, and especially to demonstrate that they are managing their service well and providing leadership to their staff. Incremental progression through the grade will be determined according to performance assessed against these values and behaviours.

To summarise:

Pay Based on Performance	How Pay is determined
Pay progression	Rating determined by performance against values and behaviours; no automatic increments for time in grade
Bonus payment (non-consolidated)	1% of base pay for each target fully achieved up to five targets/5%. The Chief Executive and H&F Business Board have some discretion for rewarding work over and above targets and for mitigating factors outside individual control at the recommendation of the director

Your competencies will be assessed on a five point rating scale as follows:

Competency Rating Scale	
1	Limited effectiveness and below standard Makes limited contribution, requires significant development needs and greater achievement is required.
2	Generally effective but some inconsistencies Generally meets expectations but leaves room for improvement, some gaps and inconsistencies.
3	Consistently effective Fully acceptable level of performance: doing a thorough, competent and effective job.
4	Highly Effective Demonstrates high levels of commitment and performance, demonstrates strong achievement.
5	Exceptional Exhibits exceptional talent and application: exceptional performance across all values and behaviours.

The final score for the assessment of the council's values and behaviours will be the average of the sum of the individual scores for each of the five key elements:

- Responsive
- Innovative
- Collaborative
- Enterprising
- Serving our Public

as well as the additional two elements for managers:

- People and Service management
- Leadership and Engagement

Overall scoring will be based on an average of manager's full year ratings, over the seven elements. This will be rounded up if above .5 and down if .5 or below. As stated, the final rating will be subject to moderation. This will then lead to pay progression as shown in the matrix below:

SMG1 and SMG2 salary progression table

Position in Pay Band				
Rating based on competency	First Quartile	Second Quartile	Third Quartile	Fourth Quartile
1	0	0	0	0
2	1%	1%	1%	1%
3	3%	2%	1.5%	1.5%
4	4%	3%	2%	2%
5	5%	4%	3%	3%

The intention of these progression matrices is as follows:

- poor performers receive no progression
- basic/inconsistent performers will receive minimum uplift
- good and excellent performers will be rewarded.

Eligibility

Managers appointed during the reporting year

New appointments will normally be at a low spinal column point within the SMG3 payscale. Permanent staff become eligible for the appraisal scheme immediately they commence employment in a senior management post. An appraisal meeting should normally take place within four weeks of commencement of employment to align with the first probationary meeting. The key objectives and competency development set should be established as normal, however the assessment and eligibility to receive base salary increase and PRP payment will not take place until the full appraisal period has taken place. (i.e. if an individual starts in October 2012, they would not receive any pay progression until April 2014 [18 month period]). There is however, an opportunity to receive up to 10% PRP of salary earned in the period (non-consolidated cash bonus) in exceptional circumstances subject to performance in the initial stage.

Individuals must be in post at the end of the review year and when pay is awarded in order to be eligible to receive an overall salary progression and PRP.

Managers who leave H&F

Managers who leave before the end of a review year will not receive any PRP payment.

Managers who are unwell during the reporting period

An assessment of overall contribution and performance against annual targets will be conducted as normal. However, awards will be based on actual pay received during the assessment period. Therefore, if an officer's pay has reduced in line with the H&F sick pay scheme, any awards will be proportionate.

Managers who are absent on maternity leave during the reporting year

When it is known that a manager will be absent on maternity leave, their overall contribution and performance targets should be reviewed and amended.

Assessments for base pay increases and PRP payments should be based on the available information from the current reporting year, in conjunction with the previous year's assessment. If the officer is new to H&F and an assessment cannot be based on achievements in the present review year, base salary increase should be based on level 2 and a PRP rating be discretionary.

Calculation of PRP Pay

The actual amount of the PRP or bonus payment is calculated as a percentage of total base salary actually paid to the employee during the year. Hence for those who work part-time, the PRP amount is calculated against actual pay not a notional full-time salary. For those who changed grade during the year, HR will advise how the payment is made.

Moderation of PRP Pay


For SMG grades there is a moderation process to ensure consistency and fairness in the performance scoring as this affects both base and bonus pay.

- For SMG1 this is done by the Chief Executive in conjunction with the Leader. For SMG2 this is done by the Executive Directors.

The H&F Individual Performance Management cycle

The Individual Performance Management cycle comprises a 4 Step process.

<p>Step 1 – Objective setting and development planning</p> <p>To consider what you need to achieve. During this step you will set 5 clear objectives to work on throughout the year. You will also create a Personal Development Plan (PDP) to ensure that you have all the knowledge, skills and support you need to succeed.</p>
<p>Step 2 – Staying on track</p> <p>A reminder that you need to have regular 1:1s with your manager in order to consider your progress and help you stay on track. These meetings should take place at least once a month for most roles.</p>
<p>Step 3 – Mid year review</p> <p>The purpose of the interim review is to help you consider your overall progress in preparation for your appraisal (Step 4) and to gain actionable feedback to help you succeed. It is also an ideal opportunity to consider how you are doing against your job competencies. The interim review meeting normally takes place in November.</p>
<p>Step 4 – The appraisal</p> <p>This is an end-of-year review which helps you take stock of what you've achieved and determine how well you've done. It is an opportunity to learn from your successes as well as those things that haven't gone so well – and to incorporate that learning into your work going forward. Steps 2 and 3 help ensure that there are no surprises at this stage.</p> <p>Appraisal to be conducted by 31 March for senior managers.</p>

	<p align="center">London Borough of Hammersmith & Fulham</p> <p align="center">COUNCIL</p> <p align="center">25 FEBRUARY 2015</p>
<p>MEMBERS' ALLOWANCES SCHEME: ANNUAL REVIEW</p>	
<p>Report of the Leader of the Council: Councillor Stephen Cowan</p>	
<p>Open Report</p>	
<p>Classification - For Decision</p> <p>Key Decision: No</p>	
<p>Wards Affected: All</p>	
<p>Accountable Executive Director: Jane West, Executive Director Finance and Corporate Governance</p>	
<p>Report Author: Kayode Adewumi, Head of Governance and Scrutiny</p>	<p>Contact Details: Tel: 020 8753 2499 E-mail: kayode.adewumi@lbhf.gov.uk</p>

1. EXECUTIVE SUMMARY

- 1.1 This report performs the statutory annual review of Members' allowances for the 2015/16 financial year. The annual review takes into account the recommendations made in the Independent Remuneration report to London Councils (June 2014).

2. RECOMMENDATIONS

- 2.1 That the Members' Allowances Scheme 2015/16 as set out in Appendix 1 be adopted.

3. REASONS FOR DECISION

- 3.1 The Council is required under the Local Government Act 2000 and the Local Authorities (Members' Allowances) (England) Regulations 2003 to undertake an annual review of its Members' Allowances scheme.

4. INTRODUCTION AND BACKGROUND

Annual Review

- 4.1 The Council's proposed Scheme for the financial year 2015/16 remains the same as the 2014/15 scheme with no additional Special Responsibility Allowance (SRA) being recommended. The new scheme will take effect from 1 April 2015. The Council has taken into account the Independent Remuneration Panel's

recommendation issued in June 2014 but has decided to retain its own basic rate allowance.

- 4.2 In June 2014, the Administration agreed to reduce the SRA paid to Members by 10% and that under the scheme only one SRA will be paid to a Councillor in respect of duties undertaken. Due to the economic conditions, it is recommended that the basis and special responsibility allowances are frozen.

5. PROPOSAL AND ISSUES

Independent Remuneration Panel's Report

- 5.1 The Council is formally required to undertake a review of its members' allowances scheme each financial year. Any changes in allowances are required to take into account the recommendations of a local independent panel on remuneration for Councillors. Where a scheme includes a provision for an automatic uplift, the operation of this provision may only be relied on for a period of four years before reference must again be made to a local independent remunerator's report and recommendations.
- 5.2 The Local Authorities (Members' Allowances) (England) Regulations 2003 ('the Regulations') authorise the establishment by the Association of London Government (now London Councils) of an independent remuneration panel to make recommendations in respect of the members' allowances payable by London boroughs. Such a panel ('the Panel') was established and reported in 2001, 2003, 2006 and 2010. It has been re-constituted and now comprises Sir Rodney Brooke CBE DL (Chair), Steve Bundred and Anne Watts CBE. The Regulations require a review of the scheme every four years as a minimum. The current Panel has therefore completed a review of remuneration for councillors in London. A summary of their recommendations and the Council's response is attached at Appendix 2.
- 5.3 The Council has taken into account the independent remunerator's recommendations but has decided to retain its own basic rate allowance frozen at the 2008/09 level. The Council supports all the Panel's recommendations which are in line with our current practice except for the two listed below.

Annual Local Government Pay Settlement

- 5.4 Although the Panel did not recommend a Councillor allowance increase, it continued to recommend that members' allowances be pegged to the annual local government pay settlement. Such pegging will ensure that councillors can receive annual increases which are in line with those received by staff.

Due to the current economic climate, the Council agreed in June 2014 to reduce the Special Responsibility Allowance by 10% and freeze the basic allowance at the 2014/15 level. Both allowances will continue to be frozen in 2015/16.

Level of Allowances

- 5.5 The Panel thought it appropriate that Leaders should receive an allowance approximating to the salary of a Member of Parliament. We believe that the Independent Remuneration Panel's recommendation would prove considerably more costly to local council taxpayers and be unsustainable in the current economic climate.

6 REVIEW OF OTHER ALLOWANCES

6.1 The current scheme has provision for a wide range of other allowances.

Dependent Carer Allowance

6.2 Dependant carer allowance is payable in respect of expenses incurred for the care of a Councillor's children or dependants in attending meetings of the authority, its Executive, Committees and Sub-Committees and in discharging the duties set out in paragraph 7 of the Regulations. The rates are £4.18 per half hour before 10 pm; £5.31 per half hour after 10 pm. This allowance is not payable in respect of a member of the Councillor's household.

6.3 The Panel had recommended payment at not less than the London living wage of £8.60 per hour, and (on presentation of proof of expense) payment should be made at a higher rate when specialist nursing skills are required. We support the Panel's proposal.

Travel (Outside the Borough) & Subsistence

6.4 Travel allowances are payable (at the same rates as employees) for duties undertaken away from the Town Halls when discharging duties under paragraph 8 of the Regulations. While Subsistence payments is also claimable for expenses incurred outside the Borough, and is subject to a maximum of £5.00 per claim. These will remain unchanged.

Travel (Within the Borough), Public Transport, Car mileage and Cycle allowance

6.5 Travel allowance is not payable for intra borough travel such as the use of Public Transport, Car mileage or payment of a Cycle allowance. It is considered that Councillors do not need an allowance to undertake journeys within the Borough to attend to their duties. Therefore, this remains unchanged.

Sickness, Maternity and Paternity Allowance

6.6 Where a Member is entitled to a Special Responsibility Allowance, it will continue to be paid in the case of sickness, maternity and paternity leave in the same way as employees.

6.7 Council is requested to adopt the Scheme set out at Appendix 1 effective from 1 April 2015 subject to any changes which might arise.

7 LEGAL IMPLICATIONS

7.1 The proposals contained within the report are in line with the Local Government Act 2000 and appropriate regulations. The legal implications for this report are contained in the body of the report.

7.2 Implications verified by: Tasnim Shawkat, Director of Law 020 8753 2700

8. FINANCIAL AND RESOURCES IMPLICATION

- 8.1 The Executive Director of Finance and Corporate Governance can confirm that there is sufficient provision in the existing budget to fund the costs as contained in this report.
- 8.2 Implications verified by: Jane West, Executive Director of Finance and Corporate Governance 020 8753 1900

LOCAL GOVERNMENT ACT 2000 LIST OF BACKGROUND PAPERS

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

Appendices 1 and 2

Members' Allowances Scheme 2015-16 [Effective from 1st April 2015]

This scheme is made in accordance with the Local Authorities (Members' Allowances) (England) Regulations 2003 ("the Regulations") for 2015–2016 and subsequent years. The allowances scheme has been prepared having regard to the report of the Independent Panel on the Remuneration of Councillors in London established by London Councils on behalf of all London Councils, co-authored by Sir Rodney Brooke CBE DL (Chair), Steve Bundred and Anne Watts CBE, and published in June 2014.

1. Basic Allowance

1.1 The Independent Remunerator's report suggests a flat-rate basic allowance be paid to each member of the authority of £10,703 per annum to be paid in 12 monthly instalments on the 15th of each month.

1.2 The Council has taken into account the independent remunerator's recommendation but has decided to retain its own basic rate allowance frozen at the 2008 – 09 level.

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

- £8,940 - to be paid in 12 monthly instalments on the 15th of each month.

Councillors only receive an allowance for the period of their term of office in cases where it is less than the whole financial year.

2. Special Responsibility Allowances

2.1 Regard has been had to the recommendations in the independent remunerator's report for differential banding in relation to the payment of special responsibility allowances (SRAs), but in the interest of maintaining a low council tax and the current economic conditions, it has been decided to freeze the Council's own scheme of SRAs at the same level approved for 2014/15 and not to follow the independent remunerator's recommendations which would have proved considerably more costly to local council taxpayers.

2.2 The following Special Responsibility Allowances shall therefore be paid to Councillors holding the specified offices indicated:

The Leader	£32,186.70
Deputy Leader	£26,816.40
Other Cabinet members (7)	£21,454.20
Chief Whip (where not a member of Cabinet)	£21,454.20
Deputy Chief Whip (2)	£5,564.70
Chair of Policy & Accountability Committees (5)	£5,564.70
Leader of the Opposition	£16,086.60
Deputy Leader of the Opposition	£5,564.70

Opposition Whip	£5,564.70
Chair of Planning and Development Control Committees, Audit, Pensions and Standards Committee, Licensing Committee, and Councillor Member on Adoption and Fostering Panel	£5,564.70
The Mayor	£10,729.80
Deputy Mayor	£5,564.70
Lead Members (2) – Contracts, and Hospitals and Health Care	£2,700.00

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

3) Other Allowances

a) *Dependent Carer Allowance*

Dependant carer allowance is payable in respect of expenses incurred for the care of a Councillor's children or dependants in attending meetings of the authority, its Executive, Committees and Sub-Committees and in discharging the duties set out in paragraph 7 of the Regulations.

(1) £4.30 per half hour before 10 pm; £5.31 per half hour after 10 pm (not payable in respect of a member of the Councillor's household).

b) *Travel (Outside of the Borough) & Subsistence*

Travel allowances are payable (at the same rates as employees) for duties undertaken away from the Town Halls when discharging duties under paragraph 8 of the Regulations. There will be no payment for intra Borough travel under this scheme.

(1) Public Transport

Actual travel costs (second class only) will be reimbursed.

(2) Car mileage

45 pence per mile.

(3) Subsistence

Allowance payable at same rates and conditions as employees. Payment is only made for expenses incurred outside the Borough, and is subject to a maximum of £5.00 per claim.

c) *Sickness, Maternity and Paternity Allowance*

Where a Member is entitled to a Special Responsibility Allowance, it will continue to be paid in the case of sickness, maternity and paternity leave in the same way as employees.

4) Annual Increase

The allowances in this scheme apply to the financial year 2015/16. All allowances have been frozen at the 2014/15 level.

5) Election to forego allowances

In accordance with the provisions of regulation 13, a Councillor may, by notice in writing to the Chief Executive, elect to forego any part, or all, of his or her entitlement to an allowance under this scheme.

6) Time limit for claims

The majority of allowances are payable monthly, but where allowances are the subject of claims, these claims should be made in the agreed form with the appropriate declaration within six months of the duty to which they relate.

7) Withholding of allowances

In the event of a Councillor being suspended or partially suspended, the Audit, Pensions and Standards Committee shall have the power to withhold the allowances payable to that Councillor either in whole or in part for the duration of that suspension.

8) Membership of more than One Authority

A member may not receive allowances from more than one authority (within the meaning of the regulations) in respect of the same duties.

9) Non Entitlement to more than One SRA

A member shall not receive more than one SRA in respect of duties undertaken with the authority. Where a Councillor is entitled to two SRAs, he or she will be paid the highest allowance.

ALLOWANCES FOR CO-OPTED MEMBERS AND INDEPENDENT MEMBERS OF THE AUDIT, PENSIONS AND STANDARDS COMMITTEE

Co-optees

Co-opted members shall be paid £504.00 per annum by equal monthly instalments of £42.00 on the 15th of each month.

Co-opted members shall be entitled to the same travel allowances as Councillors, but shall not be entitled to subsistence payments.

Audit, Pensions and Standards Committee Independent Members

The London Borough of Hammersmith and Fulham shall pay an allowance to one of the two appointed Independent Members at a flat rate allowance of £504 per annum payable by equal monthly instalments of £42.00 on the 15th of each month. The Royal Borough of Kensington and Chelsea shall pay a similar allowance to the other appointed Independent Member.

In all cases, the allowances given in this scheme shall not be uprated by the same percentage rate of increase as the previous years' national Local Government Pay Settlement but frozen at the 2008/09 levels.

Report of the Independent Panel - Recommendations of the Remuneration of Councillors in London 2014

Pensions

In March 2014 the Government laid before Parliament Regulations which ended the right of councillors to enter the local government pension scheme. Access to a pension scheme can be an important factor in making service as a councillor financially possible for a wider range of people. It is particularly important for those who, like elected mayors, leaders and portfolio holders, give most or all of their time to service in local government and lose the opportunity to contribute to a pension scheme elsewhere. The Government is asked to reconsider this decision.

External Paid Appointments

We believe that if members take on extra work and responsibilities through undertaking external appointments, then they should be entitled to retain the remuneration attracted by those responsibilities. The borough might reflect on the extent to which the external duties are compatible with the time required to discharge duties within the borough and adjust responsibilities accordingly.

Chair of the Health and Well Being Board

We agree that this is a statutory post conferring personal statutory responsibility. The role is of major importance to local government and should be remunerated accordingly where they are councillors.

Lead Member for Children's and Adult Services

Given the different allocation of responsibilities in different boroughs, we do not make specific recommendations on differentiating special responsibility allowances for Cabinet members within Band Three.

Sickness, Maternity and Paternity Leave

Councils should make arrangements in their members' allowances schemes to allow the continuance of special responsibility allowances in the case of sickness, maternity and paternity leave in the same terms that the council's employees enjoy such benefits (that is to say, they follow the same policies).

Travel and Subsistence Allowances

We continue to believe that the Basic Allowance should cover all reasonable out-of-pocket expenses incurred by councillors, including intra-borough travel costs and expenses, though councils may consider that there are circumstances where it may be appropriate for a scheme to provide payment for the cost of transport, e.g. journeys home after late meetings, and for

people with disabilities. Where travel and subsistence allowances are payable, they should be in accordance with the current scheme for travel and subsistence applicable to the Borough's staff; and that travel allowances should extend to travel by bicycle.

Members Of Social Care And Health Scrutiny Panels And Corporate Parenting Panel

We continue to recommend that the responsibility allowance payable under Band One should include membership of committees, sub-committees and adoption panels where membership requires attendance with exceptional frequency or for exceptionally long periods. If a Council believes that such memberships are substantially more onerous than service on other committees, then we agree that they would be appropriately remunerated on Band One.

Dependants' Carers' Allowance


We recognise the need for payments to have regard to local circumstances and the nature of specialist care. We believe that ordinary care should be remunerated at not less than the London living wage of £8.60 per hour and (on presentation of proof of expense) payment should be made at a higher rate when specialist nursing skills are required.

The Current Financial And Political Climate

We are acutely aware that now is not the time to increase allowances made to councillors, though we continue to recommend that members' allowances be pegged to the annual local government pay settlement. Such pegging will ensure that councillors can receive annual increases which are in line with those received by staff. We fully accept that, in the current financial climate, it would be entirely inappropriate to increase members' allowances (beyond the annual updating).

Level of Allowances

In particular, we think it appropriate that Leaders should receive an allowance approximating to the salary of a Member of Parliament.

	<p>London Borough of Hammersmith & Fulham</p> <p>COUNCIL</p> <p>25 FEBRUARY 2015</p>
<p>LOCAL GOVERNMENT PENSION SCHEME 2014 – DISCRETIONARY POLICIES</p>	
<p>Report of the Cabinet Member for Finance: Councillor Max Schmid</p>	
<p>Open Report</p>	
<p>Classification: For Decision Key Decision: No</p>	
<p>Wards Affected: All</p>	
<p>Accountable Executive Director: Jane West, Executive Director for Finance and Corporate Governance</p>	
<p>Report Author: Debbie Morris Bi-Borough Director of Human Resources</p>	<p>Contact Details: Tel: 0208 753 3068 E-mail: Debbie.Morris@lbhf.gov.uk</p>

1. EXECUTIVE SUMMARY

- 1.1. This report sets out the main changes to the Local Government Pensions Regulations 2013 which come into effect in April 2014 and seeks approval to the setting of the local pension policy statement both as an employer and as an authority administering a local pension fund.
- 1.2. Attached to this report as Appendix 1 is a paper prepared by Capita Employee Benefits, called “The Local Government Pensions Scheme 2014”.
- 1.3. The changes affect the following LGPS members:

	Active members	Deferred	Pensioner	Total
HF Fund total members	3,800	5,600	4,600	14,000

- 1.4. In addition to the changes to the pension regulations the council is required to review its local pension’s policy and in particular to address those areas where there is local discretion with regard to how certain regulations in the LGPS are applied. It is a requirement for each scheme employer, including the Council, to

make a written statement of its local discretionary policy on the areas where there is local discretion.

- 1.5. The purpose of this report is to ask The London Borough of Hammersmith and Fulham to decide the local policy statement which falls into two parts: local policy which the council is setting as an *authority administering a local pension fund*, into which some other employers are also admitted. Other employers include some local voluntary-aided schools and academies and various transferee admission bodies who have admission agreements related to services which have been contracted out.
- 1.6. The distinction being made here is that local *employer* policy relates to Council employees only (and the other admitted employers will make their own policy on these points). Where the Council sets local policy as an *administering authority*, then this applies to everyone in the local scheme, including those individuals employed elsewhere.
- 1.7. The main policy changes are the removal of the employer discretion to increase the total membership of an active member and the addition of the discretion for an administering authority to fund in whole or in part a scheme member's absence due to a trade dispute or a period of absence with employer permission. Other changes proposed in this paper are to align the policies of The London Borough of Hammersmith and Council and The Royal Borough of Kensington and Chelsea.
- 1.8. The local policies describes in this report do not apply to Councillors.

2. RECOMMENDATIONS

- 2.1 The Council is recommended to:
 - (a) Adopt as local employer discretionary policy the positions set out in paragraphs 5 – 5.5.
 - (b) Delegate to the Bi-Borough Director of Human Resources (in conjunction with the Executive Director for Finance and Corporate Governance as relevant with regard to the policies set out at paragraphs 5.3 (Discretion to permit flexible retirement) and 5.4 (Discretion to permit early payment of pension) of this report the power to make decisions on any application for the Council to exercise its discretionary powers via the Council's Adjudicating Panel.
 - (c) Adopt as an administering authority policy the positions set out in paragraphs 6 – 6.3.

3. REASONS FOR DECISION

- 3.1 The Local Government Pension Scheme regulations 2013 set up a new regime for the Local Government Pension Scheme which came into force in April 2014.
- 3.2 The new legal regime will provide for benefits to accrue on a 'career average revalued earnings' basis rather than a 'final salary scheme' and for the normal retirement age at which a member can draw benefits without actuarial

reductions to be the same as the age at which the person is entitled to draw state retirement pension.

4. INTRODUCTION & BACKGROUND

4.1 The changes to the LGPS scheme which came into effect from April 2014 were significant and are summarised below:

- a) A Career Average Defined Benefit Scheme
- b) Normal Pension Age in line with the member's State Pension Age
- c) 9 contributions bands resulting in greater contributions for scheme members earning more than £43,000

<i>Band</i>	<i>Pensionable pay range for an employment</i>	<i>Contribution rate for that employment – Current Final Salary Scheme</i>
1	Up to £13,700	5.5%
2	£13,701 to £16,100	5.8%
3	£16,101 to £20,800	5.9%
4	£20,801 to £34,700	6.5%
5	£34,701 to £46,500	6.8%
6	£46,501 to £87,100	7.2%
7	More than £87,100	7.5%
<i>Band</i>	<i>Pensionable pay range for an employment</i>	<i>Contribution rate for that employment – Career Average Scheme from 1/4/2014</i>
1	Up to £13,500	5.5%
2	£13,501 to £21,000	5.8%
3	£21,001 to £34,000	6.5%
4	£34,001 to £43,000	6.8%
5	£43,001 to £60,000	8.5%
6	£60,001 to £85,000	9.9%
7	£85,001 to £100,000	10.5%
8	£100,001 to £150,000	11.4%
9	£150,001 or more	12.5%

- d) Benefits accrued at 1/49th of pensionable pay paid in each year
- e) Member can opt for 50/50 and pay half contributions for half benefits (1/98th accrual) for an unlimited period of time
- f) Member can opt to take voluntary payment of benefits from age 55
- g) Option to buy additional pension through payment of Additional Pension Contributions (APCs) to:
 - a. Increase retirement benefits (up to £6,500); or

- b. cover a period of authorised absence or trade dispute
- h) A new definition of pensionable pay to include hours worked including non-contractual overtime and additional hours for part time employees
- i) Revaluation of benefits in line with two indices depending on status of member
- j) A vesting period of 2 years (i.e. in the new scheme members may request a refund of contributions if less than two years in the scheme – currently 3 months)

5. STATEMENT OF LOCAL EMPLOYER POLICY

5.1 There are four specific matters on which the Council needs to declare its local policy as employer. These are set out below, and for each matter there is a reference to the relevant statutory regulation, a brief explanation of the issue, current policy and a recommended local policy:

5.2 Discretion of employer to award additional pension

Regulation 31 (LGPS Regs 2013 (replacing Reg 12 LGPS Benefit Regs 2008))

The regulation gives an employer the power to award up to £6,500 per year additional pension (increased in April each year by the Pensions Increase Act) to an active member of a scheme who is dismissed by reason of redundancy or business efficiency on retirement.

Current Local Policy: The London Borough of Hammersmith and Fulham

The Council will consider any requests to exercise its discretion under this regulation in the light of all relevant considerations, including the likely costs and benefits. However an award of an additional pension to a Scheme member who voluntarily leaves employment will only be made in very exceptional circumstances.

Recommended local policy

The council will consider any requests to exercise its discretion under Regulation 31 (LGPS 2013) in the light of all relevant consideration. However an increase to total pension to an active member who is dismissed by reason of redundancy or business efficiency on retirement under Regulation 31 will only be made in exceptional circumstances, because of the cost implications.

5.3 Discretion to permit flexible retirement

Regulation 30(6) and 30(8) LGPS Regs 2013 (replacing Reg 18 LGPS Benefit Regs 2008)

This regulation enables an employer to let an employee aged over 55 or more reduce his/her hours or grade and receive immediate payment of all or part

payment of the pension benefits to which that member would be entitled in respect of that employment, adjusted by the amount shown as appropriate in actuarial guidance issued by the Secretary of State.

If the employee would suffer an actuarial reduction in the pension and lump sum due to the early payment, the regulations confer a further discretion for the employer, at its own cost, to waive that reduction in any particular case.

Current Local Policy:

The London Borough of Hammersmith and Fulham

Applications for flexible retirement will be considered on an individual basis in view of all relevant considerations including the likely costs and benefits. Percentage reductions if applicable will be made in line with the tables supplied by the Government Actuary. The Council may exercise its discretion not to apply reductions in exceptional circumstances.

Recommended local policy

The Council will consider allowing flexible retirement to an employee aged 55 or more only where no costs occur to the pension fund from flexible retirement. No waiver will be made in such a case.

If flexible retirement is requested in relation to a reduction in contractual hours, requests will only be considered where the reduction in contractual hours is at least 40%. Under this arrangement the employee would not be permitted to work more than 3 days per week. Also, this discretion may only be used where the employing department can demonstrate that there is no adverse impact to service users.

The Council wishes to support employees who wish to have a gradual transition to full retirement via a reduction in working hours or a reduction in responsibility, so will be minded to support applications from members who have attained age 60. In all cases, support will be required from the employing department who will need to submit a business case detailing how the service will be maintained to the Council's Adjudication Panel.

5.4 Discretion to permit early payment of pension

Regulation 30(5) and 30(8) LGPS Regs 2013 (replacing Reg 30 LGPS Benefits Regs 2008)

Under this regulation a member of the pension scheme aged 55 or over may elect to receive immediate payment of their retirement benefits, subject to the consent of their employer. An application may be made by either a current employee or a former employee holding deferred benefits. This regulation gives a further discretion to the employer, at its own cost, to waive any actuarial reduction.

Current Local Policy: The London Borough of Hammersmith and Fulham

Applications for early payment of benefits will be considered on an individual basis in view of all relevant considerations, including the likely costs and benefits and taking into account any protection rights that may be held by individuals. Percentage reductions, if applicable, will be made in line with the tables supplied by the Government Actuary. The Council may exercise its discretion not to apply reductions in exceptional circumstances.

Recommended local policy

Current employees: The Council may agree to an application from a current employee under this Regulation only in a case where there is no cost whatsoever to the Council or the local pension fund and the employer has demonstrated that there will be no negative impact on service delivery to the Council's customers, with an explanation of how that employee's work will be undertaken in future. No waiver of actuarial reduction will be made in such a case.

Former employees: The Council may agree to an application from a former employee holding deferred benefits, under this Regulation only in a case where there is no cost whatsoever to the Council or the local pension fund. No waiver of actuarial reduction will be made in such a case. The Bi-Borough Director of Human Resources (DHR) will consider applications in conjunction with the Executive Director for Finance and Corporate Governance at Hammersmith and Fulham at the Council's adjudication panel.

5.5 Permitting additional pension contributions

Regulation 16 LGPS Regs 2013 (new discretion part replacing Reg 22 and 23 Admin Regs 2008)

Regulation 22 LGPS (Administration) Regs 2008

A member of the local pension fund can apply to make regular additional pension contributions. In that event, this regulation permits the administering authority, if it wishes, to require a medical report from the applicant, to show that he/she is in good health.

The new regulations enable a member of the local pension fund to apply to make additional pension contributions by regular contribution or lump sum contribution to cover a period of absence due to trade dispute or a period of absence with employer permission. In that event, this regulation permits the administering authority, if it wishes, to fund in whole or in part the absence. It also permits the administering authority to require a medical report from the applicant, to show that he/she is in reasonably good health.

Current Local Policy (Reg 18 1997): The London Borough of Hammersmith and Fulham

Time limits for elections to pay back contributions will be set in relation to each individual case and as and when each situation arises.

Recommended local policy

The Council will not fund in whole or in part pension contributions to cover a period of absence due to a trade dispute. The Council will only in exceptional circumstances fund in whole or in part pension contributions to cover a period of absence with employer permission.

If the period of absence relates to a medical condition the Council will always require a medical report from an applicant – obtained at the applicant’s cost – before agreeing any additional pension contributions.

6. STATEMENT OF ADMINISTERING AUTHORITY POLICY

6.1 There are two specific matters on which the Council needs to declare its local policy as an administering authority. These are set out below, and for each there is a reference to the relevant statutory regulation, a brief explanation of the issue, and a recommended local policy:

6.2 Awarding Death Grant payments

Regulation 40 LGPS Regs 2013 (replacing Reg 23 Admin Regs 2008)

This regulation gives an administering authority absolute discretion as to the person to whom a death grant payment should be made.

The London Borough of Hammersmith and Fulham Current Local Policy

Decisions about the payment of death grants will be considered and made by the Bi-Borough Director of Human Resources.

Recommended local policy

The Council will decide to whom death grants should be paid, taking into account, but not limited to any “expression of wish” form.

Where there is no “expression of wish” form or an existing nomination which may no longer reflect the scheme member’s intentions, for example there is a subsequent marriage, divorce or children, letters of administration or grant of probate may be requested.

6.3 **Paying Child Pensions**

Schedule 1 LGPS Regs 2013 (replacing Reg 26 Admin Regs 2008)

Under this schedule, an administering authority has the discretion to treat a child's full-time education or vocational training as continuous, ignoring any break.

The London Borough of Hammersmith and Fulham Current Local Policy:
Applications for reinstatement of children's pensions will be considered on an individual basis in the light of all relevant considerations and will be decided on the merits of each case.

Recommended local policy

The Council will take into account the circumstances of each individual case which will include consideration of the reasons for the break, e.g. unplanned change in circumstances or bereavement.

7. CONSULTATION

- 7.1 These regulations are the culmination of over two years discussion and consultation with all local government pension scheme interested parties, which began with the publication of Independent Public Service Pensions Commission's final report in March 2011.
- 7.2 At the June 2010 Budget the Government invited Lord Hutton of Furness to chair the Independent Public Service Pensions Commission. The purpose of the Commission was to carry out a "fundamental structural review" of public service pensions provision, and to make recommendations on pension arrangements that are "sustainable and affordable in the long term, fair to both the public service workforce and the taxpayer, and consistent with the fiscal challenges ahead, while protecting accrued rights".
- 7.3 The main recommendation from the Commission's final report was that the current final salary public service pension schemes should be replaced by new schemes which would continue to be defined benefit schemes with pension entitlement linked to salary, but rather than being linked to an employee's final salary, pension benefits would be linked to career average earnings.

8. EQUALITY IMPLICATIONS

- 8.1 There are no equality implications.

9. LEGAL IMPLICATIONS

- 9.1 This report has been reviewed by Tasnim Shawkat for legal implications.

10. FINANCIAL & RESOURCES IMPLICATIONS

10.1 This report has been reviewed by Andrew Lord for any financial / resource implications.

11. RISK MANAGEMENT

11.1 The Council's administrative systems that support these regulations, and those of any of its third party pension administration providers, will be upgraded to ensure that all of the new regulations are enacted.

12. PROCUREMENT & STRATEGY IMPLICATIONS

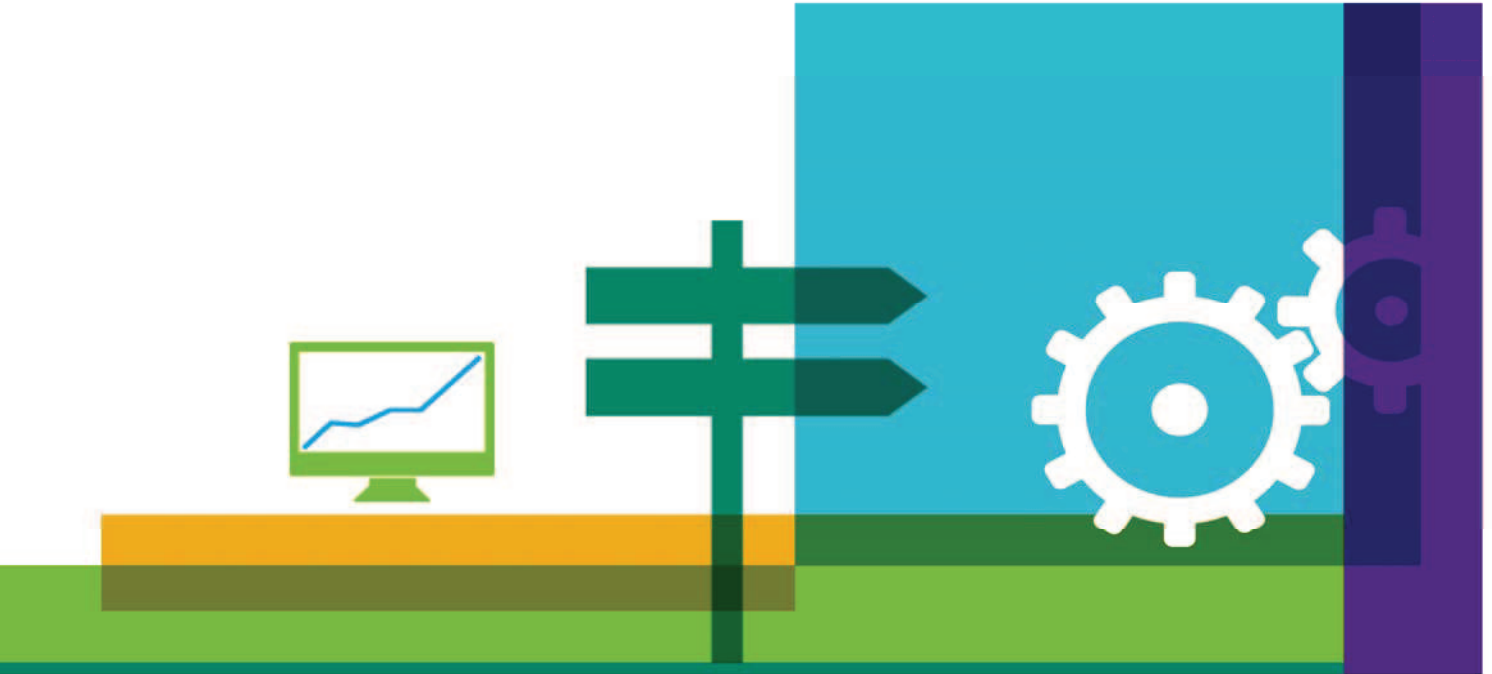
12.1 There are no procurement / strategy implications.

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.	LGPS Scheme	Debbie Morris	FCS Room 142 HTH

LIST OF APPENDICES:

Appendix 1: The Local Government Pensions Scheme 2014 – Capita Employee Benefits



The Local Government Pension Scheme 2014

LGPS Regulations 2013

11 October 2013

Prepared for Local Government Administering Authorities administered by Capita

Prepared by:

Local Government Pension Scheme Technical Consultancy Team

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Contents

1. Introduction
2. The LGPS Regulations 2013 – the main changes
3. Part 1 – Benefits, Membership and Contributions
4. Part 2 – Administration

1. Introduction

On 21 December 2012, the Department for Communities and Local Government (DCLG) issued a consultation on the draft membership, contributions and benefit regulations for the Local Government Pension Scheme 2014, titled the Local Government Pension Scheme Regulations (LGPS) 2013 England and Wales.

On 27 March 2013, DCLG issued the 2nd consultation currently titled the Local Government Pension Scheme Regulations 2014 and 2008 Scheme amending Regulations (hereafter known as 'the Scheme').

On 26 June 2013, DCLG issued the 3rd consultation titled the Local Government Pension Scheme 2014 including a full set of administration regulations.

On 19 September 2013 The Local Government Pension Scheme Regulations 2013 (SI 2013/2356) were laid before Parliament and come into force on 1 April 2013.

Public Service Pensions Act 2013

These Regulations are made under the Superannuation Act 1972.

Background and context

Following the publication of the Hutton Report, the Government agreed to the Local Government Association (LGA) and the local government trade unions working together to produce a high level set of principles which would provide the basis for a new LGPS which would come into force in April 2014, 1 year ahead of changes to other public sector schemes. The early implementation of the regulations was agreed as a measure to circumvent the need for further changes to the 2008 regulations in response to a call for increased member contributions by HM Treasury from 1 April 2012.

The LGA and the main LGPS trade unions formed a 'Heads of Agreement' to put together high level proposals within an agreed framework. The 2012 proposals provided for an overall gross cost ceiling of 19.5%. Following initial ministerial approval, the outline of the scheme was published in a joint statement and thereafter, an informal consultation by the LGA and the local government trades unions ensued. The principles outlined were accepted by the employers, all of the major LGPS unions, and most other trades unions with members in the LGPS (with the exception of the Fire Brigades Union).

Related consultations

Discussion paper on scheme governance

Following the enactment of the Public Service Pensions Act 2013, new Scheme regulations are needed especially around the powers for administering authorities to establish local pension boards and to establish a national scheme advisory board. These issues were addressed in a separate discussion paper on governance, the responses to which will form the basis of draft regulations to be issued later in the year.

Councillors

In December 2012, the Government announced an intention to remove eligibility for membership for Councillors from April 2014. On the 16 April the Department for Communities and Local Government (DCLG) issued a consultation on Councillors pensions. The consultation closed on 5 July 2013 and the outcome is still awaited. A Capita report on this subject was issued to relevant clients on 7 June 2013.

Fair Deal

On 4 October HM Treasury published revised 'Fair Deal' guidance which is a non-statutory policy setting out how pensions issues are to be dealt with when public sector employees' are compulsorily transferred from the public sector to independent providers delivering public services. A Capita report will be issued in due course.

Transitional Regulations

The response to the consultation on the draft transitional regulations is currently being considered by DCLG with a view to the regulations being laid in November. The regulations will continue to protect all groups of members who have historically been given protections or alterations to the way the main regulations affect them.

Audience and remit

This report is aimed at Capita's clients who administer the LGPS and associated scheme employers and covers the LGPS Scheme Regulations 2013 and provides an overview of how the different elements of the 2014 scheme will be applied.

However, two other elements are still awaited before we can fully understand how the regulations will work in practice.

The transitional regulations will show how the new scheme and the current 2008 Scheme will interact and fit together and how the provisions of the 2008 Scheme will be protected going forward. These are expected to be laid in November 2013. The report does not provide any comment of how the 2014 will interact with the provisions of the 2008 Scheme and these details will be addressed in a further report when the transitional regulations have been laid.

Guidance from the Secretary of State is also required for some areas of the regulations before calculations can be made. The regulations allow the Secretary of State to consult with the Government Actuary's Department and to publish guidance from 1 November 2013 which will have effect from 1 April 2014.

Next Steps

A full report will follow in due course detailing the regulations and highlighting any actions that will be required by Administering Authorities and Scheme Employers.

2. The LGPS Regulations 2013 – the main changes

The main changes from the current scheme are:

- A Career Average Defined Benefit Scheme
- Normal Pension Age in line with the member's State Pension Age
- 9 contribution bands resulting in greater contributions for member's earning more than £43,000
- Benefits accrued at 1/49th of pensionable pay paid in each year
- Member can opt for 50/50 and pay half contributions for half benefits (1/98th accrual) for an unlimited period of time
- Member can opt to take voluntary payment of benefits from age 55
- Option to buy additional pension through payment of Additional Pension Contributions (APC's) to:
 - Increase retirement benefits (up to £6,500); or
 - cover a period of authorised absence or trade dispute
- A new definition of pensionable pay to include hours worked including non-contractual overtime and additional hours for part-time employees.
- Revaluation of benefits in line with two indices depending on status of member
- A vesting period of 2 years

3. Part 1 – Benefits, Membership and Contributions

Normal Pension Age

Normal Pension Age (NPA) for all benefits accrued on or after 1 April 2014 will be aligned with the member's individual State Pension Age (SPA) at the date the benefits are first paid.

This means that a member retiring before their SPA will have a reduction to their benefits and if the member has a SPA greater than age 65 the reduction will be greater than would have applied under the extant 2008 Regulations.

For example: A member with a SPA of 66 who retires at age 60 would have an actuarial reduction based on leaving 6 years early rather than leaving 5 years early as would currently apply.

The Government have already announced that further changes to the current legislation will be implemented which will bring forward the increase to age 67, and will provide for regular reviews to be held to ensure that SPA reflects future increases in life expectancy. This will make retirement planning very difficult in the future as a member's NRA is only assessed at the date of retirement and potentially change at any time before that retirement.

For example: a member who is currently planning to retire at SPA when they reach age 66 in 2034 is already expecting further rise to their SPA to age 67 by 2028 (as announced in the Queen's speech) and may have further increases applied depending on future legislation. By 2034 they may have a SPA of 68 or even 69 giving a greater actuarial reduction to benefits than they may have currently anticipated. This will reduce their retirement income, and could mean that they have to work for longer to make up the shortfall.

Membership

Eligible employees under age 75 with a contract of 3 months or more become active members on the first day of employment, or the first day they become eligible.

Eligible employees with a contract of less than 3 months become an active member of the scheme either: -

- On the member's automatic enrolment or re-enrolment date (this would only be applicable to member's who meet the minimum earnings and age test for automatic enrolment), or
- From the first day of the payment period following an election to join.
- from the 1st day of the pay period following an extension of the contract to an aggregate of more than 3 months

An eligible employee can elect to join or opt out of the scheme at any time. An opt out is effective from the start of the next pay period unless a later date is specified by the member.

A member who opts out with less than 3 months membership is treated as never having been a member.

An eligible employee will automatically become a member of the scheme on an auto-enrolment date or auto re-enrolment date relating to the employment (irrespective of age or earnings limits required under auto-enrolment).

A person is not eligible to be a member of the scheme if eligible to be in another public sector scheme, other than some active LGPS members who are transferred to posts where they become eligible to be members of the NHS scheme under an admission agreement with a NHS Care Trust, NHS Wales or the Care Quality Commission.

Contributions

Employers must determine the contribution rate to be paid by an active member based on the pay the member was receiving (not the whole time equivalent) on 1 April each year, ignoring any reduction due to absence. Different contribution rates may apply to different employments. An employer may adjust the contribution rate following a change in employment or a material change which affects the member in the course of a year.

Contributions are deducted on all pensionable pay.

<i>Band</i>	<i>Pensionable pay range for an employment</i>	<i>Contribution rate for that employment</i>
1	Up to £13,500	5.5%
2	£13,501 to £21,000	5.8%
3	£21,001 to £34,000	6.5%
4	£34,001 to £43,000	6.8%
5	£43,001 to £60,000	8.5%
6	£60,001 to £85,000	9.9%
7	£85,001 to £100,000	10.5%
8	£100,001 to £150,000	11.4%
9	£150,001 or more	12.5%

The pensionable pay ranges are increased each year in line with pensions increase orders as if they were pensions beginning on 1 April 2014.

Members can opt to pay 50% contributions and receive half benefits at any time and revert back to full contributions/benefits as they wish. However, members who continue to pay the reduced rate are opted back into the full scheme in line with the member's automatic enrolment date (providing they meet the qualifying criteria) although they can opt back into 50/50 on the following day.

A request to pay reduced contributions or to resume paying full contributions is actioned from the start of the next pay period after the request is received.

Additional contributions

Members have two choices in the new scheme when considering making payments to increase their pension provision, Additional Pension Contributions (APCs) and/or In House Additional Voluntary Contributions (IHAVCs). Scheme employer's may also pay some or all of the contributions into a member's APCs or IHAVCs.

APCs

APCs are the equivalent of Additional Regular Contributions in the 2014 Scheme but with a few differences.

Members who are paying full rate contributions can pay APCs to buy additional pension to increase their retirement benefits or to cover a period of authorised absence. Member's paying reduced rate contributions can pay APCs to cover a period of authorised absence. APCs can be paid either: A Scheme employer can contribute in full or in part into a member's IHAVC arrangement.

- via a contract of any number of whole years up to the member's NPA (at their employers discretion); or
- by a lump sum payment at any time before NPA

The maximum aggregate pension purchase on 1 April 2014 is £6,500. However, the £6,500 limit will increase each year in line with pensions increase orders.

Additional Pension bought through APCs do not increase survivor's benefits.

APC's must cease:

- when the member ceases active membership
- at the end of the contracted payment period
- when a member elects to pay reduced contributions (50/50)
- after one month's notice from the member
- on flexible retirement
- member leaves employment or dies

IHAVCs

IHAVCs can be paid to an IHAVC provider specified by the administering authority to provide for additional retirement benefits dependent on the size of the IHAVC fund on retirement or to provide an additional life assurance lump sum.

Options on retirement appear to allow a member to take up to 25% of the IHAVC fund (although clarity is required on this point) as a tax free lump sum with the remainder used to:

- purchase an annuity (open market); or
- buy additional pension in the LGPS

A member transferring to another pension provider must transfer the IHAVC fund out of the LGPS. A member aggregating benefits must transfer the IHAVC fund to the new fund and can continue to make payments accordingly.

Refund of contributions

A member who leaves pensionable employment with less than two years membership can claim a refund of contributions (including any IHAVCs) less deductions for tax and national insurance. The administering authority must make payment if a refund is not paid after 5 years or before age 75 and interest is payable if not paid within one year.

Pensionable Pay

As in the 2008 Regulations, pensionable pay is defined as all salary, wages and fees plus any benefit specified in the contract as being a pensionable emolument excluding: -

- a) a non-taxable payment
- b) travel and subsistence payments
- c) pay for loss of holidays
- d) pay in lieu of notice
- e) pay as an inducement not to terminate employment before the payment is made
- f) any amount treated as the money value to the employee for the provision of a motor vehicle or any amount paid in lieu of that provision.
- g) compensation for loss of future pensionable payments or benefits
- h) compensation for equal pay
- i) any payment by a Scheme employer to a member on reserve forces leave

returning officer or acting returning officer fees other than for local government elections, National Assembly for Wales elections, Parliamentary elections or European Parliament elections.

Assumed pensionable pay replaces the member's actual pensionable pay in periods where the member is absent due to: -

- a) reduced or nil pay sickness or injury; or
- b) child related leave; or
- c) reserve forces leave.

It is also used to calculate the pension enhancement for a member retiring on Tier 1 or Tier 2 ill health, or for a dependent's pension enhancement and death grant following death in service of a member.

Where the member is paid monthly, assumed pensionable pay for an employment in a scheme year is calculated as the pensionable pay the member received in the:-

- 3 months before the start of the pay period in which the period of absence (as listed above), ill health or death occurred; less
- any lump sum received in that period;
- with the remaining amount grossed up to a full year,
- to which any regular lump sum payment received in the previous 12 months should be added.

Where the member is paid other than monthly, assumed pensionable pay for an employment in a scheme year is calculated as the pensionable pay the member received in the: -

- 12 weeks before the start of the pay period in which the period of absence (as listed above), ill health or death occurred; less
- any lump sum received in that period;
- with the remaining amount grossed up to a full year,
- to which any regular lump sum payment received in the previous 12 months should be added.

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A regular lump sum is defined as a payment which the employer determines there is a reasonable expectation that it would be paid on a regular basis.

Assumed pay is grossed up by the **revaluation adjustment** on the first day of the second scheme year which commenced after the first date on which the member is treated as receiving assumed pensionable pay.

Pension accounts

The CARE scheme is reliant on pension accounts being set up for each scheme member. A member with more than one employment can join the pension scheme for one, some or all employments and an active member's pension account must be set up for each pensionable employment. The types of account are:

- a) Active member's pension account
- b) Deferred member's pension account
- c) Deferred refund account
- d) Retirement pension account
- e) Flexible retirement pension account
- f) Deferred pensioner member's account
- g) Pension credit account
- h) Survivor member's account

A member may have more than one type of account in respect of different periods of membership (eg an active member account and a deferred member account).

Each account will show an opening balance at the start of the scheme year (1 April) or the date the account is opened if later and is adjusted by the amount of pension accrued by an active member in the scheme year. Other events throughout the year may make further adjustments (see below) to pension accounts to give a closing balance. The closing balance becomes the opening balance for the following year and is revalued in line with the revaluation adjustment (active member's pension account) or index rate adjustment depending on the type of account being revalued.

The revaluation adjustment is applied on 1 April and revalues a member's account in line with treasury revaluation order's. These orders are currently in line with CPI, though could potentially reduce the value of a member's pension if the revaluation rate is negative. The index rate adjustment is in line with pension increase orders (again in line with CPI but with no potential to reduce a pension account).

The adjustments made during the year will vary depending on the type of account but can include:

- a) an employer award of additional pension
- b) a transfer value received or paid,
- c) a pension debit
- d) a Scheme pays election
- e) a transfer into the account from a different account upon aggregation
- f) any adjustment following forfeiture

Benefits

A member¹ with 2 or more years qualifying service, who is not an employee in Local Government service, and who reaches NPA is entitled to immediate payment of benefits unless the member defers payment up to any time before age 75. A member with an active concurrent period of service can draw benefits providing the relevant local government employment has ceased.

A member can elect for early payment with reduction from age 55. A Scheme employer can elect to waive all or part of any actuarial reduction

A member can, with employers consent, elect for flexible retirement with reductions applicable to their benefits from age 55 onwards. A Scheme employer can elect to waive all or part of any actuarial reduction

A member aged 55 or over who is dismissed on the grounds of redundancy or efficiency must take immediate payment of unreduced benefits. However, reductions do apply to any Additional pension bought via payment of APCs.

Pension Credit members

A pension credit member is entitled to immediate unreduced payment of benefits at Normal Retirement Age, though can:

- elect to receive payment from age 55 onwards with a reduction for early payment; or
- defer payment for any period up to age 75 with an increase for late payment

Employer award of additional pension

A scheme employer can award up to £6,500 additional pension to an active member, or up to 6 months after a member has been dismissed due to redundancy or efficiency.

Commutation

On retirement a member² can commute £1 of pension to provide £12 lump sum up to 25% of the capital value of the member's benefits (not including the member's IHIHVC fund). A pension may be paid as a trivial commutation lump sum if it meets the relevant criteria in accordance with the Finance Act 2004.

Ill Health

The principle behind the ill health provisions are the same as under the extant 2008 regulations although the definitions for eligibility has changed and is dependent on the member being:

1. permanently incapable as a result of ill health or infirmity of mind or body of carrying out the duties of their employment; and
2. Not immediately capable of undertaking any gainful employment

¹ other than a pension credit member

² other than a pension credit member or deferred pensioner member

The Scheme Employer must obtain a certificate from an Independent Registered Medical Practitioner (IRMP) before making a decision regarding ill health retirement.

The additional membership awarded under Tiers 1 and 2 in the extant regulations is replaced with future benefits calculated as if the member was receiving 'assumed pensionable pay' (see section 6) for the period from the date of leaving until Normal Retirement Age (assessed at the date benefits become payable).

Tier 1

Tier 1 benefits are awarded if the member has a reduced likelihood of being capable of undertaking any gainful employment before NPA.

Benefits are paid unreduced and enhancement is added, where enhancement is based on the amount of earned pension the member would have accrued between the day following the date of termination and NPA using assumed pensionable pay x years and days in that period.

Tier 2

Tier 2 benefits are awarded if the member;

- is not entitled to Tier 1 benefits; and
- has a reduced likelihood of being capable of undertaking any gainful employment within 3 years of leaving employment though is likely to be capable before NPA.

Benefits are paid unreduced and enhanced where enhancement is based on $\frac{1}{4}$ of the amount of earned pension the member would have accrued between the day following the date of termination and NPA using assumed pensionable pay x years and days in that period.

For Tiers 1 and 2, a reduction in pensionable pay is ignored where an IRMP has certified that the member was in part-time service wholly or partly as a consequence of ill health or infirmity of mind or body.

Tier 3

Tier 3 benefits are awarded if the member is likely to be capable of undertaking gainful employment within 3 years of leaving employment (or before NPA if earlier). Benefits are paid unreduced.

Benefits must be reviewed after 18 months in payment and following review may:

- cease; or
- be uplifted to Tier 2; or
- continue in payment up to 3 years

Benefits cease after a maximum 3 years unless the member reaches NPA in that period, in which case payment continues without review.

Members in receipt of a Tier 3 benefit must inform their former Scheme employer of any employment obtained and must answer any reasonable questions relating to that

employment regarding employment status, pay and hours worked. Failure to do so may result in the pension being stopped.

The Tier 3 pension will cease:

- If the member obtains gainful employment; or
- If the employer determines that the member is capable of gainful employment following a review
- After payment for 3 years (unless the member has reached NPA)

Following a request from the member in receipt of tier 3 benefits or within 3 years after the payment of Tier 3 benefits have discontinued, the Scheme employer may award tier 2 benefits from the date of the determination (and following further certification from the IRMP) where the member is:

- Permanently incapable of discharging efficiently the duties of their former employment; and either
- Has a reduced likelihood of being capable of undertaking any gainful employment before NPA, or
- Has a reduced likelihood of been capably of undertaking any gainful employment within 3 years of leaving employment, but is likely to be able to undertake gainful employment before reaching NPA.

Once Tier 3 benefits are suspended, the member becomes a 'deferred pensioner' member. (currently known as a 'pensioner member with deferred benefits').

Deferred member's may apply for early payment of benefits on ill health grounds and would need to be certified to be:

- permanently incapable of discharging the duties of their former employment; and
- unlikely to be capable of undertaking gainful employment for at least 3 years from the date of determination

Deferred pensioner member's may apply for early payment of benefits on ill health grounds and would need to be certified to be:

- permanently incapable of discharging the duties of their former employment; and
- unlikely to be capable of undertaking gainful employment before NPA

Survivor's benefits

The death grant payable on the death of an: -

- Active member = 3 x assumed pensionable pay
- Deferred member = 5 x accrued deferred pension account
- Deferred pensioner members = (5 x accrued deferred pension account) – (tier 3 pension already paid + lump sum paid)
- Pension credit member = 3 x accrued deferred pension credit account
- Pensioner member = (10 times the annual amount of pension in payment at the date of death) - (any pension already paid)

The administering authority has discretion to pay the death grant, plus the realisable value of any IHAVC fund or additional life insurance purchased by the member via an IHAVC to or for the benefit of the member's nominee, personal representative, or any person appearing to the administering authority to have been a relative or dependent.

A survivor member's pension account must be opened following the death of a member for any eligible:

- spouse
- civil partner
- nominated cohabiting partner
- child

The survivor's pension is equivalent to the pension that the member would have been entitled to draw on the date of the member's death;

- without actuarial adjustment for early or late retirement
- ignoring a scheme pays election
- ignoring any pension debit
- excluding any additional pension purchased via APCs
- and assuming the pension was accrued at a rate of:
 - partners – 1/160
 - children – partners pension payable - 1/160 (more than 1 eligible child)
 - children – partners pension payable – 1/320 (1 eligible child)
 - children – no partners pension payable - 1/120 (more than 1 eligible child)
 - children – no partners pension payable – 1/240 (1 eligible child)
- any pension credited from a transfer in is multiplied by 49 and divided by the fraction relevant to the category of survivor (as shown above).

4. Part 2 – Administration

The administration regulations generally reflect the current 2008 Scheme administration regulations and are split into various subsections.

Administering Authorities

The administering authority must set up a pensions' board to assist in ensuring compliance with:

- the regulations and any associated legislations regarding Scheme governance and administration; and
- pensions regulation requirements

The Administering Authority must publish a governance compliance statement and must send a copy of account and audit reports to the Scheme employers with active members.

Separate funds may be set up in respect of individual admission agreements.

Strategies, statements and reports

The administering authority must publish:

- a pension fund annual report
- a funding strategy statement
- a statement of policy about exercise of discretionary functions
- a communications policy

and may publish

- a pensions administration strategy

and must obtain and publish

- a fund valuation as at 31 March 2016 and every three years thereafter having regard to Secretary of State guidance about scheme costs
- a revised valuation and exit payment when a Scheme employer ceases

Payments

Scheme employers must contribute to the appropriate amount into the appropriate fund plus any extra cost to the fund arising from early payment of benefits due to

- flexible retirement
- redundancy or business efficiency
- waiving any actuarial reduction

and must, within the relevant timescales, pay over:

- all member contributions

- all employer contributions
- an administration contribution (unless paid out of the fund)
- any additional fund costs arising from the Scheme employer's level of performance

along with a statement showing a breakdown of the various payment elements.

Decisions

The title 'Internal Disputes Resolution Procedure' is not included in the 2014 scheme though a procedure to address any disagreements still applies and works on the same lines as the IDRP under the 2008 Scheme.

Any decisions concerning rights and liabilities under the Scheme must be notified to the member as soon as is reasonably possible by the Administering Authority or the relevant employer.

If the member disagrees with the decision, they may apply to the adjudicator of either Administering Authority or Scheme Employer.


Following the adjudication, they may apply further to the Administering Authority and again to the Pensions Ombudsman for a binding decision.

All applications must be within prescribed timescales.

Other provisions

Other provisions of the administration section of the regulations include provisions for:

- Annual benefits statements
- forfeiture
- payments in respect of deceased persons
- payments for persons incapable of managing their affairs
- Transfers and interfunds in and out.

	<p align="center">London Borough of Hammersmith & Fulham</p> <p align="center">COUNCIL</p> <p align="center">25 FEBRUARY 2015</p>
<p>THE ESTABLISHMENT OF A PENSION BOARD</p>	
<p>Report of the Cabinet Member for Finance: Councillor Max Schmid</p>	
<p>Open Report</p>	
<p>Classification - For Decision</p> <p>Key Decision: No</p>	
<p>Wards Affected: None</p>	
<p>Accountable Executive Director: Jane West, Executive Director for Finance and Corporate Governance</p>	
<p>Report Author: Jonathan Hunt, Tri-Borough Director for Treasury and Pensions</p>	<p>Contact Details: Tel: 020 7641 1804 E-mail: jonathanhunt@westminster.gov.uk</p>

1. EXECUTIVE SUMMARY

- 1.1. The Public Service Pensions Act 2013 provides that the Secretary of State may by regulations establish schemes for the payment of pensions and other benefits for various categories of worker including local government workers. Such regulations for a scheme ("scheme regulations") must provide for the establishment of a Pension Board to assist the scheme manager (i.e. the Council or the committees to which such responsibility has been delegated), to monitor and ensure compliance with the regulations and other legislation relating to the management of the Pension Fund.
- 1.2. The Local Government Pension Scheme (Amendment) (Governance) Regulations 2015 are due to come into effect on 20 February 2015 and require a Pension Board to be established by 1 April 2015.

2. RECOMMENDATIONS

- 2.1. That the establishment of a Pension Board and its terms of reference attached at Appendix 1 of the report be approved.
- 2.2. That the approval of the Pension Board Code of Conduct, Conflicts of Interests Policy, Training Policy and the process for selecting non-councillor members of the Board be delegated to the Executive Director of Finance and Corporate Governance following consultation with Chair of the Audit, Pension and Standards Committee.

3. REASONS FOR DECISION

- 3.1. The Local Government Pension Scheme (Amendment) (Governance) Regulations 2015 are due to come into effect on 20 February 2015 and require a Pension Board to be established by 1 April 2015.

4. INTRODUCTION AND BACKGROUND

- 4.1. The Public Service Pensions Act 2013 (the “Act”) together with the Local Government Pension Scheme (Amendment) (Governance) Regulations 2015 provide that each administering authority must establish a Pension Board by 1 April 2015. The role of the Board is to assist the scheme manager with the effective and efficient management and administration of the Local Government Pension Scheme.
- 4.2. The Department for Communities and Local Government have been consulting on the implementation of Pension Boards, as required by the Public Sector Pensions Act 2013. This was initially reported to the Audit, Pensions and Standards Committee in September 2014 and since then a further set of draft regulations and draft guidance were issued. It was also discussed with the Pensions Sub-Committee at its meeting in January. The final Regulations were laid before Parliament and the final version of the guidance issued on 28 January 2015.

5. PROPOSAL AND ISSUES

- 5.1. The creation of the Board is a matter reserved for full Council and so it is proposed to seek approval for the Board to be established at the 25 February 2015 meeting.
- 5.2. The Act and the regulations provide that the “scheme manager” will be responsible for administering, investing and managing the pension fund and may delegate these responsibilities to a committee, an officer or an investment manager (as appropriate). In the case of the London Borough of Hammersmith and Fulham, it proposed that the Pensions Sub-Committee (under delegation of the Audit, Pensions and Standards Committee) will continue to deal with these matters and make decisions regarding them.

- 5.3. The Act states that the scheme regulations will provide for the establishment of the pension board which will be responsible for assisting the scheme manager (in LBHF's case, the Pensions Sub-Committee) in securing compliance with the scheme regulations and other legislation relating to the governance and administration of the scheme. The guidance has provided some further suggestions about what the Board will do, but leaving it very much up to local determination. It is however clear that, while the Board can make recommendations to the Pensions Sub-Committee, it will be up to the Sub-Committee whether to action the recommendations. The Board will not be a decision making body but will contribute to the governance of the pension scheme by providing advice and scrutiny.
- 5.4. The proposed terms of reference, attached as Appendix 1, do not go into great detail on the specific areas the Board will focus on as part of its role. Suggestions as to areas of work have been published by DCLG and it is proposed that Officers review the proposals and discuss with the Board when established to determine which areas it wishes to include in its work plan.
- 5.5. The consultation in the summer on regulations raised the possibility of joint pension boards. The shared service response argued that such an arrangement for the three funds would allow for efficiencies and it would be advantageous for it to be available as an option. The Regulations provide that where the administration and management of a scheme is wholly or mainly shared by two or more administering authorities those administering authorities may establish a joint pension board if approval in writing has been obtained from the Secretary of State. This will be explored however in the interim three separate Boards are being set up for the three councils.
- 5.6. The regulations require pension boards to have an equal number of employer representatives and scheme member representatives, the total of which cannot be less than four. One clarification that has arisen from the final regulations is that Councillors may now be members of the Pension Board as long as they do not have any direct involvement in the running of the pension fund. The proposed terms of reference in Appendix 1 propose a membership of six to ensure that a quorum is easily achieved at each meeting.
- 5.7. The terms of reference contain a number of provisions concerning training and knowledge requirements for the members of the Board, conflicts of interest, the management and reporting of meetings. The terms of reference also refer to a number of separate policy documents relating to the operation of the Board. These are currently being drafted and it is proposed that approval of these documents is delegated to the Executive Director of Finance and Corporate Governance following consultation with Chair of the Audit, Pension and Standards Committee.

- 5.8. All costs arising from the operation of the Pension Board will be met by the Pension Fund as required by the regulations.

6. CONSULTATION

- 6.1. The draft proposals have been discussed with the Audit, Pensions and Standards Committee, and the Pensions Sub-Committee.

7. EQUALITY IMPLICATIONS

- 7.1. There are no equality implications.

8. LEGAL IMPLICATIONS

- 8.1. The Public Service Pensions Act 2013 and the Local Government Pension Scheme (Amendment) (Governance) Regulations 2015 require the Council to establish a Pension Board by 1 April 2015. The proposed terms of reference comply with the requirements of the legislation and due regard has been paid to the guidance. In order to exercise their functions it may be necessary for members of the Pension Board to receive exempt information or reports. Any such information would be provided specifically for that purpose and should not be disclosed by the Board to any other party. This is a matter which will be dealt with in the Pension Board Code of Conduct.

- 8.2. Implications verified/completed by: LeVerne Parker Chief Solicitor and Head of Regeneration Law Bi-Borough Legal Services 020 7361 2180.

9. FINANCIAL AND RESOURCES IMPLICATIONS

- 9.1. The establishment of a Pension Board is a legal requirement and the costs of supporting and staffing the work related to the Pension Board will be met by the pension fund – since the work directly and solely relates to the running of the pension fund.

- 9.2. Implications verified/completed by: Jonathan Hunt, Tri-Borough Director for Pensions & Treasury, 020 7641 1804.

10. RISK MANAGEMENT

- 10.1. Not applicable

11. PROCUREMENT AND IT STRATEGY IMPLICATIONS

- 11.1. None

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		

Appendix 1: Proposed Terms of Reference for Pension Board

Terms of Reference – London Borough of Hammersmith & Fulham

The purpose of this document is to set out the terms of reference for the local Pension Board of the London Borough of Hammersmith & Fulham Pension Fund.

1. Role of the Local Pension Board

The role of the local Pension Board is defined by section 5 of the Public Service Pensions Act 2013 and regulation 106 of the Local Government Pension Scheme (LGPS) Governance Regulations 2013. It is to assist the administering authority (the Council) with:

- Securing compliance with the LGPS Governance regulations and any other legislation relating to the governance and administration of the LGPS
- Securing compliance with any requirements imposed by the Pensions Regulator in relation to the scheme and
- Ensuring effective and efficient governance and administration of the scheme-recommendations to the Pensions Sub-Committee.

2. Membership

a. Appointment process

The Pension Board shall consist of six members and be constituted as follows:

- Three employer representatives comprising one from an admitted or scheduled body and two nominated by the Council; and
- Three scheme member representatives whether from the Council or an admitted or scheduled body.

The process for selecting non-Council nominated employer members of the Pension Board is set out in a separate document “Selection of Pension Board members”.

b. Quorum

The Pension Board shall be quorate when three Pension Board Members are in attendance.

c. Chair of the Board

The Chair and Vice Chair of the Board will be appointed by members of the Board as the first business at their first meeting.

d. Substitute Members

Each Scheme Member representative may agree a nominate substitute at the first meeting who would act in the Board member’s absence.

Each Employer representative is there on behalf of the employer so may be replaced by the nominating body with another individual representing the same employer.

e. Periods of Office

Each Board Member shall be appointed for a fixed period of two years, which can be extended for a further two year period subject to re-nomination.

f. Termination

Each Board member should endeavour to attend all Board meetings during the year and is required to attend at least two meetings each year. In the event of consistent non-attendance by any Board member, then the membership of that particular Board member should be reviewed by the other Board members with advice from Officers.

Other than by ceasing to be eligible as set out above, a Board member may only be removed from office during a term of appointment by the unanimous agreement of all the other Board members present at the meeting.

A Board member may choose not to continue in their role, and so shall notify the Board accordingly following which the process for a replacement shall start.

3. Board Meetings

a. Frequency of meetings

The Board shall as a minimum meet twice a year, and where possible, should aim to do so four weeks before the Pensions Sub-Committee meets. Meetings shall take place at a time and place agreed by the Pensions Board on an annual basis.

b. Voting Rights

Each Board member will be entitled to vote and where a vote is taken the matter will be decided by a majority of the Board members present and voting but it is expected that the Pension Board will as far as possible reach a consensus. In the event of an equality of votes, the Chair will have a second and or a casting vote.

c. Notice and Circulation of Papers

The papers for each Board meeting shall be circulated to all Board members one calendar week in advance of each meeting. The papers shall be published on the Council's website unless they contain material considered to be exempt or confidential, as defined by the Local Government Act 1972 and subsequently agreed as such by the Board.

d. Minutes

Minutes of all non-confidential or non-exempt parts of the Board's meetings shall be recorded and published on the Council's website.

e. Secretariat Service

Council officers will provide the Board with the secretariat services required.

4. Role of Advisers

a. Access to Council advisers

The Board may request that one of the Council's advisers attends a Board meeting to provide advice or information to the Board. The request should be submitted to the Executive Director for Finance and Corporate Governance.

b. Appointment of advisers specifically for the Board

If the Board requires advice outside that already provided to the Council, then the request should be made to the Pensions Sub-Committee and Council officers.

5. Budget and Expenses

a. Budget

An annual budget will be agreed by the Board for professional advice, training or other purposes if such matters are required and Officers being authorised to incur expenditure to implement the programme.

b. Expenses

Each Board member may claim, upon production of the relevant receipts, travel expenses directly incurred in the work of the Pension Board.

6. Additional policies relating to the Board Operations

a. Code of Conduct

The role of Pension Board members requires the highest standards of conduct and therefore, all Board members are required to abide by the Pension Board Code of Conduct.

b. Conflict of Interests

The Board is required to always act within these terms of reference. Board members should abide by the separately prepared Conflicts Policy and keep the policy under review.

c. Knowledge and Understanding

All Board members are required to have sufficient knowledge and understanding of pensions matters to undertake their roles. Board members are expected to comply with the separate policy on knowledge and understanding and maintain appropriate records.

7. Reporting

a. Annual report on activity

The Pension Board should prepare an annual report on its activities and its compliance with these terms of reference and the associated policies. This report should be addressed to full Council each year, in the first six months of the financial year, reporting on the activities of the Pension Board for the previous financial year. Such a report will be

submitted to the Pension Sub-Committee for noting prior to submission to Council.

b. Reporting Recommendations

If the Pension Board determines that it wishes to make recommendations to the Pension Sub-Committee, such recommendations should be reported to the next meeting of the Pension Sub-Committee. The Pension Sub-Committee's response to the recommendation will be reported to the next meeting of the Pension Board.