



London Borough of Hammersmith & Fulham

Cabinet

Agenda

MONDAY
8 FEBRUARY 2016
7.00 pm

COURTYARD ROOM
HAMMERSMITH
TOWN HALL
KING STREET
LONDON W6 9JU

Membership

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

Date Issued
29 January 2016

If you require further information relating to this agenda please contact: Kayode Adewumi, Head of Governance and Scrutiny, tel: 020 8753 2499 or email: kayode.adewumi@lbhf.gov.uk

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

PUBLIC NOTICE

The Cabinet hereby gives notice of its intention to hold part of this meeting in private to consider items (19 to 23) which are exempt under paragraph 3 of Schedule 12A to the Local Government Act 1972, in that they relate to the financial or business affairs of any particular person, including the authority holding the information.

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

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

DEPUTATIONS

Members of the public may submit a request for a deputation to the Cabinet on non-exempt item numbers **4-15** on this agenda using the Council's Deputation Request Form. The completed Form, to be sent to David Viles at the above address, must be signed by at least ten registered electors of the Borough and will be subject to the Council's procedures on the receipt of deputations. **Deadline for receipt of deputation requests: Wednesday 3 February 2016.**

COUNCILLORS' CALL-IN TO SCRUTINY COMMITTEES

A decision list regarding items on this agenda will be published by **Wednesday 10 February 2016**. Items on the agenda may be called in to the relevant Accountability Committee.

The deadline for receipt of call-in requests is: **Monday 15 February 2016 at 3.00pm**. Decisions not called in by this date will then be deemed approved and may be implemented.

A confirmed decision list will be published after 3:00pm on **Monday 15 February 2016**.

Cabinet Agenda

8 February 2016

<u>Item</u>	<u>Pages</u>
1. MINUTES OF THE CABINET MEETING HELD ON 11 JANUARY 2016	1 - 8
2. APOLOGIES FOR ABSENCE	
3. DECLARATION OF INTERESTS	
<p>If a Councillor has a disclosable pecuniary interest in a particular item, whether or not it is entered in the Authority's register of interests, or any other significant interest which they consider should be declared in the public interest, they should declare the existence and, unless it is a sensitive interest as defined in the Member Code of Conduct, the nature of the interest at the commencement of the consideration of that item or as soon as it becomes apparent.</p> <p>At meetings where members of the public are allowed to be in attendance and speak, any Councillor with a disclosable pecuniary interest or other significant interest may also make representations, give evidence or answer questions about the matter. The Councillor must then withdraw immediately from the meeting before the matter is discussed and any vote taken.</p> <p>Where Members of the public are not allowed to be in attendance and speak, then the Councillor with a disclosable pecuniary interest should withdraw from the meeting whilst the matter is under consideration. Councillors who have declared other significant interests should also withdraw from the meeting if they consider their continued participation in the matter would not be reasonable in the circumstances and may give rise to a perception of a conflict of interest.</p> <p>Councillors are not obliged to withdraw from the meeting where a dispensation to that effect has been obtained from the Audit, Pensions and Standards Committee.</p>	
4. DRAFT REVENUE BUDGET AND COUNCIL TAX LEVELS 2016/17	9 - 77
5. TREASURY MANAGEMENT STRATEGY REPORT 2016/17	78 - 102
6. CAPITAL PROGRAMME MONITOR & BUDGET VARIATIONS, 2015/16 (THIRD QUARTER)	103 - 119

7.	FOUR YEAR CAPITAL PROGRAMME 2016/17 TO 2019/20	120 - 144
8.	CORPORATE REVENUE MONITOR 2015/16 MONTH 7- OCTOBER	145 - 186
9.	CORPORATE PLANNED MAINTENANCE PROGRAMME 2016/2017	187 - 193
10.	FINANCIAL PLAN FOR COUNCIL HOMES: THE HOUSING REVENUE ACCOUNT FINANCIAL STRATEGY, 2016/17 HOUSING REVENUE ACCOUNT BUDGET AND 2016/17 RENT REDUCTION	194 - 225
11.	VARIATION TO THE STRUCTURE AND CONTRACTUAL TERMS OF THE JOINT VENTURE VEHICLE	226 - 239
12.	DIRECT AWARD OF A CONTRACT FOR THE PROVISION OF OLDER PEOPLE'S FLOATING SUPPORT	240 - 245
13.	APPROVAL TO PROCEED TO PROCUREMENT OF GENITOURINARY MEDICINE (GUM)	246 - 266
14.	PROCUREMENT OF LOCAL HEALTHWATCH SERVICES FOR RBKC, H&F AND WCC	267 - 273
15.	CONTRACT AWARD FOR THE VEHICLE POUND AND REMOVAL SERVICES	274 - 285
16.	FORWARD PLAN OF KEY DECISIONS	286 - 305
17.	EXCLUSION OF PRESS AND PUBLIC	

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

18.	EXEMPT MINUTES OF THE CABINET MEETING HELD ON 11 JANUARY 2016 (E)	
19.	VARIATION TO THE STRUCTURE AND CONTRACTUAL TERMS OF THE JOINT VENTURE VEHICLE : EXEMPT ASPECTS (E)	
20.	DIRECT AWARD OF A CONTRACT FOR THE PROVISION OF OLDER PEOPLE'S FLOATING SUPPORT : EXEMPT ASPECTS (E)	
21.	APPROVAL TO PROCEED TO PROCUREMENT OF GENITOURINARY MEDICINE (GUM) : EXEMPT ASPECTS (E)	

- 22. PROCUREMENT OF LOCAL HEALTHWATCH SERVICES FOR RBKC, H&F AND WCC : EXEMPT ASPECTS (E)**

- 23. CONTRACT AWARD FOR THE VEHICLE POUND AND REMOVAL SERVICES : EXEMPT ASPECTS (E)**

London Borough of Hammersmith & Fulham



Cabinet

Minutes

Monday 11 January 2016

PRESENT

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

ALSO PRESENT

Councillor Marcus Ginn

117. MINUTES OF THE CABINET MEETING HELD ON 7 DECEMBER 2015

RESOLVED:

That the minutes of the meeting of the Cabinet held on 7 December 2015 be confirmed and signed as an accurate record of the proceedings, and that the outstanding actions be noted.

118. APOLOGIES FOR ABSENCE

There were no apologies for absence.

119. DECLARATION OF INTERESTS

There were no declarations of interest.

120. LONDON BOROUGH OF HAMMERSMITH AND FULHAM'S COUNCIL TAX SUPPORT SCHEME 2016/17

RESOLVED:

- 1.1. That the Council continues with a scheme that reflects the old Council tax benefit regulations as much as possible meaning no one in the borough is worse off.
- 1.2. That the Council continues to assess out of work Universal Credit on full CTS.
- 1.3. For in work Universal Credit cases, the Universal Credit applicable amounts will form part of our calculation and any unearned and earned income will be subject to the normal 20% excess income calculation.

Reason for decision:

As set out in the report.

Alternative options considered and rejected:

As outlined in the report.

Record of any conflict of interest:

None.

Note of dispensation in respect of any declared conflict of interest:

None.

121. COUNCIL TAX BASE AND COLLECTION RATE 2016/2017 AND DELEGATION OF THE BUSINESS RATES ESTIMATE

RESOLVED:

- 1.1 That approval be given to the following recommendations for the financial year 2016/17:
 - (i) That the estimated numbers of properties for each Valuation Band as set out in this report be approved.
 - (ii) That an estimated Collection rate of 97.5% be approved.
 - (iii) That the Council Tax Base of 74,041 Band "D" equivalent properties be approved.
 - (iv) To delegate authority to the Strategic Director of Financial Corporate Services, in consultation with the Cabinet Member for Finance, to determine the business rates tax base for 2016/17 as set out in section 11 of the report.

Reason for decision:

As set out in the report.

Alternative options considered and rejected:

As outlined in the report.

Record of any conflict of interest:

None.

Note of dispensation in respect of any declared conflict of interest:

None.

122. CAPITAL PROGRAMME MONITOR & BUDGET VARIATIONS, 2015/16 (SECOND QUARTER)

RESOLVED:

- 1.1 That the proposed technical budget variations to the Capital Programme totalling £7.7 million (summarised in Table 1 and detailed in Appendix 2), be approved.

Reason for decision:

As set out in the report.

Alternative options considered and rejected:

As outlined in the report.

Record of any conflict of interest:

None.

Note of dispensation in respect of any declared conflict of interest:

None.

123. CORPORATE REVENUE MONITOR 2015/16 MONTH 6- SEPTEMBER

RESOLVED:

- 1.1. That the General Fund and HRA month 6 revenue outturn forecast, be noted.
- 1.2. That the proposed virements of £0.486m as detailed in appendix 10, be agreed.
- 1.3. All overspending departments to agree proposals/action plans for bringing spend in line with budget.

Reason for decision:

As set out in the report.

Alternative options considered and rejected:

As outlined in the report.

Record of any conflict of interest:

None.

Note of dispensation in respect of any declared conflict of interest:

None.

124. IMPLEMENTATION OF SECURITY ON MOBILE DEVICES

RESOLVED:

- 1.1. That the Council adopts and implements the AirWatch Mobile Device Management (MDM) system, currently in use by WCC and RBKC, in order to securely manage mobile devices.

Reason for decision:

As set out in the report.

Alternative options considered and rejected:

As outlined in the report.

Record of any conflict of interest:

None.

Note of dispensation in respect of any declared conflict of interest:

None.

125. CONTRACT FOR ELECTRONIC PAYMENT SERVICES

RESOLVED:

- 1.1. That approval be given to award the Contract for Electronic Payment Services and the Contract for the Supply and Dispatch of Payment Cards for Council Services to Allpay Limited with the most economically advantageous tender submission in terms of price and quality, for a period of six years with an option to break after the third anniversary of the commencement of the contract, for a contract value as set out in the exempt report.
- 1.2 That provision has been made within the contract terms and conditions to offer the Council an opportunity to undertake a fundamental service review at any time during the contract in order to fully assess the effectiveness and value for money and to allow Members to make an informed decision to either continue the service until the end of the six year period or to revisit the procurement process, be noted.
- 1.3 That the further details contained within the exempt report, be noted.

Reason for decision:

As set out in the report.

Alternative options considered and rejected:

As outlined in the report.

Record of any conflict of interest:

None.

Note of dispensation in respect of any declared conflict of interest:

None.

126. SUBSCRIPTIONS/AFFILIATIONS FOR EXTERNAL ORGANISATIONS 2016/17

RESOLVED:

- 1.1. That the subscription to the Local Government Association for 2016/17 of £26,577 be approved.
- 1.2. That the 2016/17 contribution of £188,006 (£177,854 net of one off rebate) to the London Boroughs Grant Scheme be approved.
- 1.3. That the subscription of £161,958 (£136,958 net of one off rebate) for 2016/17 to London Councils be approved.

Reason for decision:

As set out in the report.

Alternative options considered and rejected:

As outlined in the report.

Record of any conflict of interest:

None.

Note of dispensation in respect of any declared conflict of interest:

None.

127. APPROVAL TO MODIFY THREE HOMELESS SUPPORTED ACCOMMODATION CONTRACTS

RESOLVED:

- 1.1 That approval be given to modify the contracts by the providers named in the exempt report, in order to extend the current contract arrangements for a period of three months.
- 1.2 That the contracts are to be on the existing terms and will run from 1 April 2016 to 30 June 2016 at a total cost as set out in Table 2 in the exempt report, be noted.
- 1.3 That in the event the award and implementation of the new contracts is delayed beyond 30th June 2016, the arrangements for the existing contracts to continue on a rolling monthly basis until contract award and

implementation until no later than 31 March 2017, at a potential additional monthly cost as set out in Table 3 in the exempt report, be agreed.

Reason for decision:

As set out in the report.

Alternative options considered and rejected:

As outlined in the report.

Record of any conflict of interest:

None.

Note of dispensation in respect of any declared conflict of interest:

None.

128. BID RENEWAL

RESOLVED:

- 1.1. To note that Hammersmith London's (HL), the current operator of the BID in Hammersmith, will hold a ballot to renew its mandate for a third term for the period 2016-2021.
- 1.2. That authority be given to the Director of Planning and Growth to complete any necessary legal agreements and other arrangements required for the operation of the BID Levy, BID ballot and service arrangements including the Baseline Agreement with the newly mandated BID company should the ballot be successful in March 2016.

Reason for decision:

As set out in the report.

Alternative options considered and rejected:

As outlined in the report.

Record of any conflict of interest:

None.

Note of dispensation in respect of any declared conflict of interest:

None.

129. FORWARD PLAN OF KEY DECISIONS

RESOLVED:

The Key Decision List was noted.

130. EXCLUSION OF PRESS AND PUBLIC

RESOLVED:

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

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

131. EXEMPT MINUTES OF THE CABINET MEETING HELD ON 7 DECEMBER 2015 (E)

RESOLVED:

That the minutes of the meeting of the Cabinet held on 7 December 2015 be confirmed and signed as an accurate record of the proceedings, and that the outstanding actions be noted.

132. IMPLEMENTATION OF SECURITY ON MOBILE DEVICES : EXEMPT ASPECTS (E)

RESOLVED:

That the recommendations contained in the exempt report be approved.

Reason for decision:

As set out in the report.

Alternative options considered and rejected:

As outlined in the report.

Record of any conflict of interest:

None.

Note of dispensation in respect of any declared conflict of interest:

None.

133. CONTRACT FOR ELECTRONIC PAYMENT SERVICES : EXEMPT ASPECTS (E)

RESOLVED:

That the recommendations contained in the exempt report be approved.

Reason for decision:

As set out in the report.

Alternative options considered and rejected:

As outlined in the report.

Record of any conflict of interest:

None.

Note of dispensation in respect of any declared conflict of interest:

None.

134. APPROVAL TO MODIFY THREE HOMELESS SUPPORTED ACCOMMODATION CONTRACTS : EXEMPT ASPECTS (E)

RESOLVED:

That the recommendations contained in the exempt report be approved.

Reason for decision:

As set out in the report.

Alternative options considered and rejected:

As outlined in the report.

Record of any conflict of interest:


None.

Note of dispensation in respect of any declared conflict of interest:

None.

Meeting started: 7.03 pm
Meeting ended: 7.07 pm

Chair

London Borough of Hammersmith & Fulham CABINET 8 FEBRUARY 2016		 h&f hammersmith & fulham
DRAFT REVENUE BUDGET AND COUNCIL TAX LEVELS 2016/17		
Report of the Cabinet Member for Finance – Councillor Max Schmid		
Open Report		
Classification: For Decision Key Decision: Yes		
Wards Affected: All		
Accountable Director: Hitesh Jolapara – Strategic Finance Director		
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 draft Report to Budget Council is attached (Appendix1).
- 1.2. It is still provisional. Government grant figures and business rates figures are yet to be confirmed.

2. RECOMMENDATIONS

- 2.1. To recommend, subject to any changes agreed by the Cabinet Member for Finance, that the draft Revenue Budget and Council Tax Level 2016/17 Report is forwarded to Budget Council.

3. REASONS FOR DECISION

- 3.1 To put forward Cabinet's proposed 2016/17 Revenue Budget to Budget Council.

4. CONSULTATION

- 4.1. The budget proposals have been considered at each of the Policy and Accountability Committees.

5. EQUALITY IMPLICATIONS

- 5.1. These are considered as part of the draft Revenue Budget and Council Tax Level 2016/17 Report.

6. LEGAL IMPLICATIONS

- 6.1. These are set out in the draft Revenue Budget and Council Tax Level 2016/17 Report.

7. FINANCIAL AND RESOURCES IMPLICATIONS


- 7.1. The draft Revenue Budget and Council Tax Level 2016/17 Report is still provisional. Final government grant figures are not yet confirmed. Likewise the final business rates income figure is not yet agreed. Should changes be required these will be subject to approval by the Cabinet Member for Finance.

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 APPENDICE:

Appendix 1 – DRAFT REVENUE BUDGET AND COUNCIL TAX LEVELS
2016/17

<p style="text-align: center;">London Borough of Hammersmith & Fulham</p> <p style="text-align: center;">COUNCIL</p> <p style="text-align: center;">24 February 2016</p>	
<p style="text-align: center;">DRAFT REVENUE BUDGET AND COUNCIL TAX LEVELS 2016/17</p>	
<p style="text-align: center;">Report of the Leader of the Council: Councillor Stephen Cowan</p>	
<p>Open Report.</p>	
<p>Classification - For Decision</p> <p>Key Decision: Yes</p>	
<p>Wards Affected: All</p>	
<p style="text-align: center;">Accountable Director: Hitesh Jolapara, Strategic Finance Director</p>	
<p>Report Author: Andrew Lord- Head of Strategic Planning and Monitoring</p>	<p>Contact Details: Tel: 020 8753 2531 E-mail: andrew.lord@lbhf.gov.uk</p>

1. EXECUTIVE SUMMARY

1.1. The 2016/17 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

2. RECOMMENDATIONS

- 2.1 A freeze in the Hammersmith & Fulham element of the council tax charge
- 2.2 Not apply the “social care precept” levy. This means H&F residents will pay council tax at 3.3% below the level modelled (2% social care precept and 1.3% for council tax) by the Government for the coming year.
- 2.3 Council tax be set for 2016/17 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 2016/17.*
- (b) *The element of council tax charged by the Greater London Authority will be £276.00 per Band D property in 2016/17*
- (c) *Social Care Precept set at nil*
- (d) *The overall Council Tax to be set at £1,003.81 per Band D property in 2016/17.*

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	184.00	214.67	245.33	276.00	337.33	398.67	460.00	552.00
c) Total	669.21	780.74	892.27	1,003.81	1,226.88	1,449.95	1,673.02	2,007.62

- 2.4 The Council’s own total net expenditure budget for 2016/17 is set at £153.507m.
- 2.5 Fees and charges are approved as set out in paragraph 6.1
- 2.6 The budget projections, made by the Strategic Finance Director to 2019/20, be noted.
- 2.6 The statement made by the Strategic Finance Director 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 Strategic Finance Director 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 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 Directors be authorised to implement their service spending plans for 2016/17 in accordance with the recommendations within this report and the Council's Standing Orders, Financial Regulations and relevant Schemes of Delegation.
- 2.10 Members' attention is drawn to S106 of the Local Government Finance Act 1992 which requires any Member, who is two months or more in arrears on their Council Tax, to declare their position and not to vote on any issue that could affect the calculation of the budget or Council Tax.

3. REASONS FOR DECISION

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

4. BUDGET OVERVIEW

- 4.1 **A freeze in the Hammersmith and Fulham element of council tax is recommended.** This includes not levying a 2% 'social care precept' as suggested by Central Government. This will provide a balanced budget whilst not increasing the burden on local taxpayers.
- 4.2 The council tax freeze has been delivered despite unprecedented government funding cuts. From 2010/11 to 2015/16 government funding has reduced by £66m. The 2016/17 funding reduction is £8.2m. In addition, the Government has imposed £3.4m of unfunded new burdens on the Council for 2016/17. Funding is forecast to reduce by a further £25m from 2017/18 to 2019/20. 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 of **£6.3m** has been provided to meet statutory obligations, demographic and service pressures and key local priorities. Savings of **£15.4m** are put forward to balance the 2016/17 budget.
- 4.4 The budget proposals mean that H&F residents will pay council tax at 3.3% below the level modelled (2% social care precept and 1.3% for council tax) by the Government for the coming year.

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 base¹. The 2016/17 council tax requirement

¹ 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.

is **£53.9m** and is summarised in Table 1. The medium-term forecast, to 2019/20 is set out in Appendix B.

Table 1: The Council Tax Requirement	£'000s
Base gross budget rolled forward from 2015/16	167,400
Plus/Minus:	
New Burdens	894
Inflation (section 6)	2,300
Growth (section 6)	6,341
Contingency	1,801
Savings and additional income (section 7)	(15,402)
Contribution to efficiency projects to meet budget gap in future years (section 14)	4,000
Gross Budget Requirement	167,334
Specific unringfenced grants (section 8)	(11,827)
Use of developer contributions (section 8)	(2,000)
Net Budget Requirement for 2016/17	153,507
Less :	
Revenue Support Grant (section 8)	(38,453)
Locally retained business rates (section 8)	(60,029)
One off Collection Fund Surplus	(1,137)
2016/17 Council Tax Requirement	53,888

6. INFLATION AND GROWTH

Inflation

6.1 The following provision is made for inflation:

- **Price inflation** is provided for when there is a contract in place.
- **Pay inflation** of 1% is provided for in line with Government recommendations for public sector pay awards.
- **Fees and charges**
 - Adult Social Care, Children's Services, Adult Learning and Skills, Libraries and Housing charges frozen. Meals on Wheels charges to reduce by 33%.

- A standard uplift of 1.1% based on the August Retail Price index for some fees in Environmental Services. All parking charges are frozen.
- In the future, commercial services that are charged on a for-profit basis will be reviewed on an ongoing basis in response to market conditions and varied up and down as appropriate, with appropriate authorisations according to the Council constitution.

Current proposed exceptions to the standard 1.1% increase 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: 2016/17 Growth Proposals

	£'000s
Adult Social Care	1,475
Children's Services	3,164
Environmental Services	269
Corporate Services	228
Council Wide	1,140
Libraries	65
Total Growth	6,341

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

Table 3: Reasons for 2016/17 Budget Growth

	£'000s
Government related	3,351
Other public bodies	678
Increase in demand/demographic growth	486
Council Priority	1,425
Budget pressure	208
Existing budget pressures funded by virements from budget underspends	193
Total Growth	6,341

7. SAVINGS AND INCOME GENERATION

7.1 Savings of **£15.4m** are required to balance the 2016/17 budget. In bringing forward proposals to meet this challenge the Council has:

- Protected front-line services.
- Focused on asset rationalisation to reduce accommodation costs and deliver debt reduction savings.
- Sought to deliver the best possible service at the lowest possible cost. Effective budget management is essential.
- Considered if benefits can be obtained from commercialisation and competition.
- Recognised that 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 2016/17 position summarised in Table 4.

Table 4: 2016/17 Savings Proposals

Department	Savings £'000s
Adult Social Care	5,321
Children's Services	3,227
Environmental Services	2,799
Libraries and Archives	20
Corporate Services	3,175
Housing	265
Council Wide Savings	1,050
Total All savings	15,857
Less savings accounted for in the grant/resource forecast ²	(455)
Total Net Savings	15,402

7.3 The saving proposals are categorised by savings area in Table 5 below.

² The council has undertaken business intelligence projects that have generated extra grant and council tax income of £0.455m. These are shown within the resource forecast.

Table 5 – 2016/17 Savings Proposals by Savings Area

Savings Area	£'000s
Business Intelligence	624
Debt reduction and restructuring	1,050
Estate rationalisation	510
Income	1,919
Outside investment secured (i.e. Section 106, NHS)	1,792
Prevention	2,560
Procurement / Commissioning	3,181
Service rationalisation	346
Service reconfiguration	2,944
Shared services	171
Staffing / Productivity	760
Grand Total	15,857
Less savings accounted for in the grant/resource forecast	(455)
Total Net Savings	15,402

8. EXTERNAL, DEVELOPER AND BUSINESS RATES FUNDING

- 8.1 The Government funding receivable is detailed in Appendix E. On a like-for like-basis 2016/17 funding is £8.2m (14% in cash terms) less than in 2015/16.
- 8.2 30% of business rates income is retained locally whilst 50% is paid to the Government and 20% to the Greater London Authority. The key elements of the business rates retention system, for Hammersmith and Fulham, are set out in Appendix H. These figures are provisional. The information is pulled together into a government return (NDR1) which was not issued in time for this Report. Any variation to the budget estimate will be reported to Budget Council.
- 8.3 Hammersmith and Fulham has previously been disadvantaged by the business rates retention scheme due to the impact of Appeals. In 2016/17 the Hammersmith and Fulham share is broadly in line with what is assumed within the system.
- 8.4 Appeals are outside the Council's control and remain a risk to the future year forecast.
- 8.5 Property developments over recent years have placed increased pressure on council services.
- 8.6 Section 106 agreements containing planning obligations are entered into between developers and the Council as the Local Planning Authority. The

use of such obligations is controlled by legislation, including regulation 122 of the Community Infrastructure Regulations 2010 which requires planning obligations to be:

- Necessary to make the development acceptable in planning terms;
- Directly related to the development; and
- Fairly and reasonably related in scale and kind to the development.

- 8.7 The Council has entered into a significant number of s106 agreements. It currently holds £39.3m of funds from those agreements and further receipts are expected as and when approved developments proceed. Whilst S106 funds can only lawfully be applied in accordance with the terms of each specific agreement, as approved by the Planning Applications Committee, some approved funds are identified fairly generally as being for expenditure on as yet unspecified “Social and Physical Infrastructure” or “Environmental Improvements” (although the agreements identify the types of projects/items the funds can be used for).
- 8.8 Provided the Council respects the obligation to maintain a reasonable relationship with the developments and complies with the specific terms of each of the s106 agreements giving rise to the funds, the Council has a degree of flexibility and discretion as to how it spends some of these funds. Of the total funds currently held by the Council, £9m is uncommitted, with more secured for future years as developments proceed. As is usual in these circumstances many areas of Council activity that have faced increased demand following new developments offer a good fit with the purposes of some of the uncommitted s106 funds which can therefore be lawfully used to finance such activities. It is therefore proposed to use £2m of uncommitted funding to support relevant spend within the Council in 2016/17.

HAMMERMITH AND FULHAM’S COUNCIL TAX REQUIREMENT

- 9.1 Council on 27 January formally agreed a Tax Base of 74,041 equivalent Band D properties for 2016/17. Therefore the Council's element of the Council Tax can be calculated as follows:

$\frac{\text{Total Council Tax Requirement}}{\text{Tax Base}} = \frac{\underline{\pounds 53.888\text{m}}}{74,041} = \pounds 727.81$

- 9.2 This represents a freeze 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 £20.435m is also funded from Council Tax. The following table analyses the total amount to be funded and the resulting overall Band D Council Tax level.

<u>Preceptors Budget Requirement</u>	=	<u>£20.435m</u>	=	£276.00
Tax Base		74,041		

- 10.2 This represents a 6.4% cut from the 2015/16 level, with much of this reduction due to the end of the Olympic precept.

11. OVERALL COUNCIL TAX REQUIREMENTS 2016/17

- 11.1 It is proposed to freeze Hammersmith and Fulham's element of the Council Tax in 2016/17 in order to provide a balanced budget in year with £14m - £20m in General Fund balances (see section 14). The overall amount to be funded from the Council Tax is calculated as follows:

Table 5 – Overall 2016/17 Council Tax Requirement

London Borough of Hammersmith & Fulham	£000s 53,888
Greater London Authority	20,435
Total Requirement for Council Tax	74,323

- 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>£ 74.323m</u>	=	£1,003.81
Tax Base		74,041		

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 budget proposals have been reviewed by a relevant PAC. A verbal update will be given if there are any formal comments.

14. COMMENTS OF THE STRATEGIC FINANCE DIRECTOR

The Robustness of the Budget Estimates

- 14.1 Under Section 25 of the Local Government Act 2003, the Strategic Finance Director is required to include, in the budget report, his view of the robustness of the 2016/17 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 Strategic Finance Director is satisfied with the accuracy and robustness of the estimates included in this report :
- The budget proposals have been developed following guidance from the Strategic Finance Director 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 recommendations regarding 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 2015/16 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 Strategic Finance Director is required to include, in budget reports, his 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 2015 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 2016/17 budget requirement.
- 14.5 The Council's budget requirement for 2016/17 is £167.4m. 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 £10.2m.
- 14.6 Given the on-going scale of change in local government funding, the Strategic Finance Director considers that a wider than normal range needs to be specified for the optimal level of balances. He 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 Strategic Finance Director's view, sufficient to allow for the risks identified and to support effective medium term financial planning.

Earmarked Reserves

- 14.7 The Council 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 The Council is undertaking a number of major efficiency and other transformation programmes, the up-front and transition costs of which are being funded by reserves. These include the transition from the current IT contract in order to make at least £4.7 million annual savings, the consolidation of office estate in the Town Hall, the redesign of adult social care, giving residents control over council housing and mitigating the poor service provided by the outsourced managed services programme.
- 14.9 An additional contribution to reserves for efficiency projects of £4.0m is proposed as part of the budget proposals so that the Council can continue to plan for these challenges over the next few years.

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 2016/17 local authorities “will be required to seek the approval of their local electorate in a referendum if, compared with 2015/16, they set an increase in the relevant basic amount of council tax that is 2% or higher”. No such referendum will be required by this Council.
- 14.11 In addition the Government has given power to authorities to charge a 2% social care precept, increasing by 2% each year. Revenue from these precepts are included in Government projections for LBHF’s spending power in future years. However, the Council wishes to avoid having to apply this tax to residents.

Prior Year Collection Fund Surplus

- 14.12 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 2014/15, due to the receipt of higher than expected income, the Collection Fund was in surplus by £1.6m. The Hammersmith and Fulham share of this surplus is £1.137m and this is included within the 2016/17 budget proposals. The balance of £0.463m is payable to the Greater London Authority.

14.13 Implications verified by: Andrew Lord – Head of Strategic Planning and Monitoring

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 Strategic Finance Director 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 are age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race/ethnic/national origin, sexual orientation, religion or belief and sex.
- 15.7 The PSED is set out in section 149 of the Equality Act 2010 (“the Act”) and 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) The PSED is an integral and important part of the mechanisms for ensuring the fulfilment of the aims of anti-discrimination legislation.

(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) Although the weight to be given to equality issues and countervailing factors is for the decision-maker, it is for the Court to determine whether "due regard" has been given. 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.

(viii) The duty is non-delegable and must be fulfilled by the Council and members personally.

(ix) The Council must ensure that it is properly informed before taking a decision.

(x) Council officials must be rigorous in both enquiring and reporting to the Council on equalities issues to assist Council and members to fulfil that duty.

(xi) The duty must be exercised in substance, with rigour, and with an open mind. It is not a question of "ticking boxes".

(xii) The duty is a continuing one and equalities issues must be kept under review.

- 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 freeze 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 – Director of Law Hammersmith and Fulham (020 8753 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 freeze Council Tax. 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 1.1% increase.

Appendix G – Draft 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.	642,773,316
(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.	(568,450,220)
(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.	74,323,096
(d)	Being the amount calculated by the council as the council tax base for 2016/17 and formerly agreed by council on the 27th January 2016.	74,041
(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.	1,003.81
(f)	Hammersmith and Fulham proportion of the Basic amount of its Council Tax (Band D)	727.81

(g) Valuation Bands – Hammersmith & Fulham Council:

(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 2016/17 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
184.00	214.67	245.33	276.00
Band E	Band F	Band G	Band H
337.33	398.67	460.00	552.00

(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 2016/17 for each of the categories of dwellings shown below:

Band A	Band B	Band C	Band D
669.21	780.74	892.27	1,003.81
Band E	Band F	Band G	Band H
1,226.88	1,449.95	1,673.02	2,007.62

Medium Term Budget Requirement

Appendix B

	Year 1 2016/17 £'000	Year 2 2017/18 £'000	Year 3 2018/19 £'000	Year 4 2019/20 £'000
Net General Fund Base Budget	166,103	166,103	166,103	166,103
Non-domestic rates tariff payment to Government	2,961	3,019	3,108	3,207
One off budget adjustments	(1,664)	(1,701)	(1,701)	(1,701)
Net General Fund Base Budget	167,400	167,421	167,510	167,609
Contract and Income Inflation	2,300	4,800	7,300	9,800
New Burdens from Government	894	894	894	894
Growth	6,341	13,402	13,592	13,802
(General Contingency (pay). (1% per annum)	800	1,650	2,500	3,350
Savings (1)	(15,402)	(32,657)	(44,687)	(53,979)
Contribution to Reserves	4,000	0	0	0
Current headroom / contribution to reserves	1,001	2,201	3,401	4,601
Gross Budget Requirements	167,334	157,711	150,510	146,077
Less:				
Developer Contributions	(2,000)	(2,000)	(2,000)	(2,000)
New Homes Bonus Grant and Other Revenue Grants	(11,827)	(10,664)	(7,362)	(6,882)
Revenue Grants	(13,827)	(12,664)	(9,362)	(8,882)
Net Budget Requirement	153,507	145,047	141,148	137,195
Resources				
Revenue Support Grant	38,453	29,499	23,427	17,131
Council Resources	113,917	115,548	117,721	120,064
Collection fund surplus /(deficit)	1,137			
Gross Resources	153,507	145,047	141,148	137,195
Budget Gap	0	0	0	0
(1) In addition efficiencies of £445k has been built in to the Council Tax Base relating to Single Person Discount (£205k) and additional new homes bonus and reduction in empty dwellings (£250k)				

Service	Description	Budget Change			
		2016-17 Budget Change (£000's)	2017-18 Budget Change Cumulative (£000's)	2018-19 Budget Change Cumulative (£000's)	2019-20 Budget Change Cumulative (£000's)
Integrated Care	Prevention strategy with the aim to reduce costs by investing in assistive technology	(275)	(619)	(619)	(619)
Integrated Care and Strategic Commissioning & Enterprise	Reviewing of care pathways	(748)	(1,327)	(1,327)	(1,327)
Integrated Care	Customer Journey operations alignment	(1,333)	(1,333)	(1,333)	(1,333)
Strategic Commissioning & Enterprise	Supporting People/Reprocuring of contracts	(190)	(190)	(190)	(190)
Integrated Care	In Borough / At home support for younger adults through Learning Difficulties Supported Accommodation	(89)	(89)	(89)	(89)
Whole Systems	Delivering on outcomes based commissioning and accountable care through whole systems approach with health	(200)	(750)	(750)	(750)
Integrated Care	Improve outcomes and reduce dependency amongst customers through better joint services with the NHS.	(965)	(965)	(965)	(965)
Integrated Care	Parkview review of costs	(77)	(77)	(77)	(77)
Integrated Care	Review all high cost/high needs placements for continuing health funding.	(600)	(600)	(600)	(600)
Integrated Care	Review of direct payment packages through a case file approach.	(152)	(152)	(152)	(152)
Integrated Care	Review of Supporting People Balances	(200)	(200)	(200)	(200)
Integrated Care	Public Finance Initiative contractual savings resulting from the renegotiation of the contract.	(492)	(492)	(492)	(492)
Savings Total		(5,321)	(6,794)	(6,794)	(6,794)
Integrated Care	Increase direct payments rates in line with improved home care contracts	600	600	600	600
Adult Social Care	Demand and pressures on home care contracts	849	849	849	849
Adult Social Care	Nubian Life Support	26	26	26	26
Growth Total		1,475	1,475	1,475	1,475
Integrated Care	Independent Living Fund new burden responsibility	894	894	894	894
New Burdens Requirement		894	894	894	894

Service	Description	Budget Change			
		2016-17 Budget Change (£000's)	2017-18 Budget Change Cumulative (£000's)	2018-19 Budget Change Cumulative (£000's)	2019-20 Budget Change Cumulative (£000's)
Family Services - Child Protection and Children in Need	Preventing families from needing the high cost in care service through the Focus on Practice programme of systemic intervention and developing an intensive support service for families that will reduce risk to children without removing them	(629)	(946)	(1,445)	(1,445)
Family Services - Looked After and Leaving Care	Achieving permanent care for children (through avoiding the need for care, return home project, and throughput into permanent families) and thereby reducing the number of looked after children numbers. Reduction in looked after children numbers will result in savings in staffing numbers and placement costs while retaining the same level of service.	(1,656)	(2,027)	(2,169)	(2,169)
Education	School Standards - increase buyback income to part fund lead advisers and provide additional Dedicated Schools Grant to support statutory duties	(55)	(103)	(148)	(148)
Education	Education Data Team – buyback charges investment in education officer	(16)	(31)	(45)	(45)
Education	Educational Achievement - Restructure secondary support to GCSE	(77)	(146)	(210)	(210)
Education	Reduced contract spend	(10)	(10)	(10)	(10)
Education	Special Education Needs (SEN) and Educational Psychology Services - Increase contribution from Dedicated Schools Grant and buyback charges to support SEN functions	(300)	(313)	(456)	(456)
Commissioning	Renegotiation of contract for guidance and advice	(44)	(83)	(119)	(119)
Commissioning	Reorganisation of commissioning team	(260)	(313)	(363)	(363)
Finance and Resources	Staffing and Contracts	(180)	(221)	(318)	(318)
Savings Total		(3,227)	(4,193)	(5,283)	(5,283)
Family Services - Leaving Care	Southwark Judgement	205	205	205	205
Family Services - Leaving Care	21+ increase in education	516	516	516	516
Family Services - Leaving Care	Staying Put	477	477	477	477
Family Services - Leaving Care	Staying Put (Consequential Costs)	120	120	120	120
Family Services - Leaving Care	Impact of Secure Remand on Leaving Care	250	250	250	250
Family Services - Leaving Care	Unaccompanied Asylum Seeking Children	371	371	371	371
Family Services - Looked After Children	Increasing Special Guardianship Order arrangements	220	220	220	220
Family Services - Post Permanency	Impact of Tower Hamlets judgement on reward payments for kinship carers	297	297	297	297
Family Services - Staffing and Other	Looked After Children & Leaving Care Team	115	115	115	115
Family Services - Staffing and Other	Delayed start to Assessment Contract	98	98	98	98
Family Services - Staffing and Other	Youth Justice Board Grant Reduction - No reduction in Statutory Duty	95	95	95	95
Education	Passenger Transport Review	400	400	400	400
Growth Total		3,164	3,164	3,164	3,164

Service	Description	Budget Change			
		2016-17 Budget Change (£000's)	2017-18 Budget Change Cumulative (£000's)	2018-19 Budget Change Cumulative (£000's)	2019-20 Budget Change Cumulative (£000's)
Building and Property Management	Improved contract arrangements for facilities management	(117)	(200)	(200)	(200)
Building and Property Management	Increased income from H&F owned properties	(35)	(35)	(35)	(35)
Building and Property Management	Carbon Reduction Allowances - end of legal requirement for council to pay for carbon allowances (this is a saving in the purchase of allowances only and does not entail any changes to the Council's efforts to reduce actual carbon emissions)	(110)	(110)	(110)	(110)
Building and Property Management	Improvement in rental income from better management of commercial properties.	(51)	(94)	(94)	(94)
Building and Property Management	Reorganisation of Building and Property Management	(110)	(110)	(110)	(110)
Transforming Business	Accommodation Savings	(245)	(245)	(245)	(245)
Environmental Health	Improved enforcement of Houses in Multiple Occupation licensing requirements	(38)	(75)	(75)	(75)
Planning	Increase recovery of costs of legal advice from developers	(20)	(20)	(20)	(20)
Planning	Increased income from developers' applications	(100)	(100)	(100)	(100)
Transport and Highways	Savings through the roll out of Light Emitting Diode Lighting across the borough	(155)	(243)	(162)	(162)
Transport and Highways	Sponsorship of Highways and maintenance assets.	(10)	(10)	(10)	(10)
Housing Options, Skills & Economic Development	Review income generation opportunities through offering new Adult Learning & Skills classes	(140)	(140)	(140)	(140)
Cleaner, Greener and Cultural Services	Additional Filming, Hall Lettings and Events income	(42)	(127)	(157)	(157)
Cleaner, Greener and Cultural Services	Reduction in the cost of waste disposal resulting from the sale of fly ash	(65)	(470)	(484)	(484)
Other Commercial Services	Increase commercial waste income through greater market share	(100)	(100)	(100)	(100)
Other Commercial Services	Increase markets income through increased number of stalls	(22)	(22)	(22)	(22)
Other Commercial Services	Review Business Improvement Team	(10)	(10)	(10)	(10)
Safer Neighbourhoods	Extend Registrar opening hours to generate additional income	(20)	(92)	(92)	(92)
Departmental Management Team	Reduction in senior management spend	(80)	(80)	(80)	(80)
Parking	Full year impact of Metric contract price reduction	(60)	(60)	(60)	(60)
Parking	Recognition of historic parking variances	(1,000)	(1,000)	(1,000)	(1,000)
Parking	Savings from the Parking office shared service and Information Technology system.	(269)	(239)	(239)	(239)
Savings Total		(2,799)	(3,582)	(3,544)	(3,544)
Environmental Health	Statutory licensing fee increases no longer happening	31	40	40	40
Transport and Highways	Wi Fi Concession Revenue Share	128	110	40	40
Leisure	Increase in leisure facilities available to residents	110	110	110	110
Growth Total		269	260	190	190

Service	Description	Budget Change			
		2016-17 Budget Change (£000's)	2017-18 Budget Change Cumulative (£000's)	2018-19 Budget Change Cumulative (£000's)	2019-20 Budget Change Cumulative (£000's)
Housing Options	Savings in Temporary Accommodation	(265)	(265)	(265)	(265)
Savings Total		(265)	(265)	(265)	(265)
Growth Total		0	0	0	0

Service	Description of Budget Change	Budget Change			
		2016-17 Budget Change (£000's)	2017-18 Budget Change Cumulative (£000's)	2018-19 Budget Change Cumulative (£000's)	2019-20 Budget Change Cumulative (£000's)
Libraries & Archives	Additional income from commercialisation of library spaces eg coffee carts	(10)	(10)	(10)	(10)
Libraries & Archives	Use of libraries for weddings, conferences and events outside opening hours	(10)	(10)	(10)	(10)
Savings Total		(20)	(20)	(20)	(20)
Libraries & Archives	Increase in rent on archives storage at Lilla Huset	65	65	65	65
Growth Total		65	65	65	65

Service	Description	Budget Change			
		2016-17 Budget Change (£000's)	2017-18 Budget Change Cumulative (£000's)	2018-19 Budget Change Cumulative (£000's)	2019-20 Budget Change Cumulative (£000's)
Delivery and Value	Third Sector Investment from Public Health	(350)	(350)	(350)	(350)
Delivery and Value	Hammerprint - contract (equipment) savings	(10)	(10)	(10)	(10)
Corporate Human Resources	Reduction in contribution to the redundancy reserve	(200)	(200)	(200)	(200)
Corporate Human Resources	Human Resources team efficiencies and volume reduction	(150)	(150)	(150)	(150)
Executive Services	Business Board Contingency	(250)	(250)	(250)	(250)
Finance	Reduction in senior management costs	(40)	(40)	(40)	(40)
Finance	External Audit Fee	(80)	(80)	(80)	(80)
Finance	Review of Trainee Programme - charge to RBKC / WCC / HRA	(50)	(50)	(50)	(50)
Finance	Insurance	(50)	(50)	(50)	(50)
Hammersmith & Fulham Direct	Review of subsidy/overpayment recovery assumptions	(200)	(200)	(200)	(200)
Innovation and Change Management	Income - Commercialisation	(50)	(50)	(50)	(50)
Innovation and Change Management	Business Intelligence - Freedom Pass review	(169)	(169)	(169)	(169)
Procurement & Information Technology Strategy	New contract arrangements	(1,000)	(4,700)	(4,700)	(4,700)
Legal and Electoral Services	Restructure of Legal Services Team	(121)	(121)	(121)	(121)
Savings Total		(2,720)	(6,420)	(6,420)	(6,420)
Innovation and Change Management	Business Intelligence - Additional New Homes Bonus Grant/ Council Tax - reduction in empty homes	(250)	(470)	(470)	(470)
Innovation and Change Management	Business Intelligence - Reduction in the numbers claiming Single Person Discount	(205)	(205)	(205)	(205)
Savings Shown Within Gross Resources		(455)	(675)	(675)	(675)
Total Corporate Services Savings		(3,175)	(7,095)	(7,095)	(7,095)
H&F Direct	Investment in H&F Direct	150	150	150	150
H&F Direct	Concessionary Fares Growth	78	328	578	828
Growth Total		228	478	728	978

Service	Description	Budget Change			
		2016-17 Budget Change (£000's)	2017-18 Budget Change Cumulative (£000's)	2018-19 Budget Change Cumulative (£000's)	2019-20 Budget Change Cumulative (£000's)
Capital Debt Reduction	Debt Reduction	(550)	(800)	(1,050)	(1,050)
Corporate Finance	Increase in investment income	(500)	(1,000)	(1,500)	(1,500)
Other	Further productivity and other efficiencies from new ways of working	0	(9,583)	(19,810)	(29,102)
Savings Total		(1,050)	(11,383)	(22,360)	(31,652)
Corporate Finance	Pensions Act Reform - Loss of National Insurance Rebate	1,140	1,140	1,140	1,140
Other	Growth identified for further years spending pressures	0	3,820	3,830	3,830
Growth Total		1,140	4,960	4,970	4,970

Division	Short Description of Risk	2016/17 Value (£000's)	2017/18 Value (£000's)	2018/19 Value (£000's)	2019/20 Value (£000's)
Adult Social Care					
Integrated Care	Demand pressures on Adult Social Care services would continue to increase as the population gets older. We continue to experience increases in numbers during this financial year.	546	1,150	1,849	1,849
Integrated Care	National Living Wage for Social Care Costs	300	300	300	300
Integrated Care	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	2,000	2,000
Integrated Care	Changes to the Independent Living Fund (ILF) with potential shortfall in funding not passported to ASC	-	894	894	894
Adult Social Care Total		2,846	4,344	5,043	5,043

Division	Short Description of Risk	2016/17 Value (£000's)	2017/18 Value (£000's)	2018/19 Value (£000's)	2019/20 Value (£000's)
Children's Services					
Social Care	Kinship Fees related to the Tower Hamlets Judgement	174	174	174	174
Social Care	Unfunded Unaccompanied Asylum Seeking Children 18+ not meeting Staying Put criteria	100	100	100	100
Social Care	18+ Children With Disabilities not meeting adult funding criteria	80	80	80	80
Social Care	Passenger Transport - higher than anticipated usage	50	50	50	50
Children's Services Total		404	404	404	404

Division	Short Description of Risk	2016/17 Value (£000's)	2017/18 Value (£000's)	2018/19 Value (£000's)	2019/20 Value (£000's)
Environmental Services					
Parking	Recognition of existing parking variances	500	500	500	500
Building and Property Management	Total Facilities Management (TFM) savings	500	500	500	500
Planning	Risk of a lack of income generation opportunities in the Adult Learning & Skills Service	140	140	140	140
Waste Disposal	Increased waste disposal spend arising from volume of waste and inflation	200	200	200	200
Waste Collection	Termination of Estates Garchey waste collection agreement	20	20	20	20
Leisure	Phoenix fitness centre and Janet Adegoke swimming pool centre management	279	89	11	-
Commercial Income Risk	Risk that commercial income targets are not met in full	200	200	200	200
Transport workshop	Income pressure if Passenger Transport service does not transfer back in house	100	100	100	100
Cemeteries	Uncontrollable downward trend in income likely to continue	60	60	60	60
Coroner	Increased risk of terror attacks abroad	100	100	100	100
People Portfolio	Shortfall in the People Portfolio savings target	249	249	249	249
Environmental Services Total		2,348	2,158	2,080	2,069

Division	Short Description of Risk	2016/17 Value (£000's)	2017/18 Value (£000's)	2018/19 Value (£000's)	2019/20 Value (£000's)
Housing Dept					
Temporary Accommodation	Impact of the benefit cap and direct payments on bad debt charges	388	1,113	2,292	2,440
Temporary Accommodation	Welfare reform - potential impact on Bed & Breakfast costs	328	486	643	801
Temporary Accommodation	Welfare reform: potential impact of changes to Local Housing Allowances on bad debt charges	-	408	421	434
Temporary Accommodation	Greater than expected increase in Private Sector Leasing / Bed and Breakfast costs	659	1,180	1,721	2,283
Temporary Accommodation	Increase in number of homelessness acceptances	304	706	1,329	1,772
Housing Dept Total Risks		1,679	3,893	6,406	7,730

Corporate Services Budget Risks

Appendix D

Division	Short Description of Risk	2016/17 Value (£000's)	2017/18 Value (£000's)	2018/19 Value (£000's)	2019/20 Value (£000's)
Corporate Services					
Finance	Local Council Tax Support Scheme (impact of government welfare changes)	500	500	500	500
Corporate Services Total		500	500	500	500

Centrally Managed Budgets Risks

Appendix D

Division	Short Description of Risk	2016/17 Value (£000's)	2017/18 Value (£000's)	2018/19 Value (£000's)	2019/20 Value (£000's)
Centrally Managed Budgets					
Centrally Managed Budgets	Asset Disposal Programme - delays in disposals	60	60	60	60
Centrally Managed Budgets	Contract Inflation - Above expectation	900	900	900	900
Centrally Managed Budgets	Pay inflation - 1% above expectation	1,000	2,000	3,000	4,000
Centrally Managed Budgets	Shortfall in Investment Income - no increase in interest rates	500	1,000	1,500	2,000
Centrally Managed Budgets	Pensions Auto Enrolment Oct 2017	-	2,380	2,380	2,380
Centrally Managed Budgets	Introduction of Apprenticeship Levy from 2017/18	-	400	400	400
Centrally Managed Budgets Total		2,460	6,740	8,240	9,740

Provisional Local Government Finance Settlement						
Government Resources Summary						
	2015/16	2016/17	2017/18	2018/19	2019/20	
	£'000	£'000	£'000	£'000	£'000	
RSG	47,791	38,453	29,499	23,427	17,131	
New Homes Bonus and Other Revenue Grant	9,829	10,932	10,664	7,362	6,882	
Total on a Like for Like Basis	57,620	49,385	40,163	30,789	24,013	
Cash Reduction		-8,235	-17,457	-26,831	-33,607	
Percentage Reduction		-14%	-30%	-47%	-58%	
New Homes Bonus and Other Revenue Grants						
	2015/16	2016/17	2017/18	2018/19	2019/20	
	£'000	£'000	£'000	£'000	£'000	
Flood Defence Grant	115	0	0	0	0	Rolled into RSG Assumes 5% reduction per annum from 17/18
Housing Benefit Administration Grant	1,415	1,285	1,221	1,160	1,102	Assumes 5% reduction per annum
Localised Council Tax Support Administration Grant	336	319	303	288	274	Rolled into RSG
Local Reform & Community Voices	124	0	0	0	0	Assume ended
Council Tax Support New Burdens Grant	52	0	0	0	0	Rolled into RSG
Care Act - NEW duties	840	0	0	0	0	Rolled into RSG
Reallocated New Homes Bonus Grant	183	0	0	0	0	Rolled into RSG
2014/15 Council Tax Freeze Grant	609	0	0	0	0	Rolled into RSG
2015/16 Council Tax Freeze Grant	618	0	0	0	0	Rolled into RSG
New council tax freeze grant						Estimated beyond 2016/17
Education Support Grant	1,432	1,232	1,000	800	600	
Specific Revenue Grants	5,724	2,836	2,524	2,248	1,975	
New Homes Bonus Grant	4,105	8,096	8,140	5,114	4,907	
Total Revenue and New Homes Bonus Grant on a Like for Like Basis	9,829	10,932	10,664	7,362	6,882	
Funding for New Burdens						
Independent Living Fund		895				Assumed
Total Including New Burdens	9,829	11,827	10,664	7,362	6,882	
Specific Grants allocated within Departmental Budgets						
Better Care	13,148					
Better Care Increase			831	4,425	7,515	
Public Health	20,855					
Dedicated Schools Grant	131,775	132,354				

Fee Description	2015/16 Charge (£)	2016/17 Charge (£)	Proposed Variation (%)	Total Estimated Income Stream for 2016/17	Comment/Explanation
1. Meals Service					
Meals service charges - 33% reduction.	£3.00	£2.00	↓ -33.0%	£47,000	The current gross unit cost of providing meals is £7.04. A proposed reduction of 33% in the service user contributions would result in net subsidy of £5.04 per meal.
1. Careline Alarm Gold Service (Pendant) - Emergency Response & Monitoring Service					
Provided to Private Homeowners and Private tenants	£22.89	£22.89	→ 0.0%	£45,900	
Provided to Housing Association (RSL) tenants	£17.02	£17.02	→ 0.0%	£17,100	
Provided to Council Tenants (Non Sheltered)	£3.94	£3.94	→ 0.0%	£11,100	
Provided to Council Tenants (Sheltered)	£2.19	£2.19	→ 0.0%	£4,100	
Provided to SSD Referred Clients (Paid by SSD)	£1.55	£1.55	→ 0.0%	£2,000	
2. Careline Alarm Silver Service (Pendant) - Monitoring Service only					
Provided to Private Homeowners and Private tenants	£15.94	£15.94	→ 0.0%	£15,600	
Provided to Housing Association (RSL) tenants	£10.19	£10.19	→ 0.0%	£3,000	
Provided to Council Tenants (Non Sheltered)	£2.35	£2.35	→ 0.0%	£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	→ 0.0%	£22,900	

Fee Description	2015/16 Charge (£)	2016/17 Charge (£)	Proposed Uplift (%)	Total Estimated Income Stream for 2016/17	Reason for uplift
School Meal Fees					
School Meals- Primary (Pupils)	£1.80	£1.80	→ 0.0%	£3,858,135	All children's services fees are frozen
School Meals- Secondary (Pupils)	£1.90	£1.90	→ 0.0%		
School Meals- Primary (Adults)	£3.15	£3.15	→ 0.0%		
School Meals- Secondary (Adults)	£3.15	£3.15	→ 0.0%		
Professional Development Centre					
Education Staff				£127,200	All children's services fees are frozen
Meeting Room	£80.00	£80.00	→ 0.0%		
Boardroom	£165.00	£165.00	→ 0.0%		
Training Suite	£195.00	£195.00	→ 0.0%		
Conference Room	£245.00	£245.00	→ 0.0%		
LBHF EX EDU					
Meeting Room	£110.00	£110.00	→ 0.0%		
Boardroom	£220.00	£220.00	→ 0.0%		
Training Suite	£245.00	£245.00	→ 0.0%		
Conference Room	£300.00	£300.00	→ 0.0%		
External Users					
Meeting Room	£100.00	£100.00	→ 0.0%		
Boardroom	£250.00	£250.00	→ 0.0%		
Training Suite	£375.00	£375.00	→ 0.0%		
Conference Room	£400.00	£400.00	→ 0.0%		

Environmental Services Fees & Charges Exceptions

Appendix F

Service	Fee Description	2015-16 Fee (£)	2016-17 Fee (£)	% Increase	Comment/Explanation
Land Charge fees	Full search (Non NLIS)	264.00	264.00	0.00%	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.
Land Charge fees	Full search (NLIS)	225.00	225.00	0.00%	
Land Charge fees	Part II enquiries	14.00	14.00	0.00%	
Land Charge fees	Additional enquiries	24.00	24.00	0.00%	
Land Charge fees	Additional parcels	24.00	24.00	0.00%	
Environmental Quality	Demolition Notice S80 Building Act (VAT not included)	150.00	150.00	0.00%	These fees are benchmarked against similar fees charged by other local authorities and no increase proposed
Environmental Searches for Contaminated Land Enquiries	Residential Property	55.30	55.30	0.00%	
Environmental Searches for Contaminated Land Enquiries	Commercial Property	111.00	111.00	0.00%	
Resident Parking Permits	Individual's first permit (6mths)	71.00	71.00	0.00%	No increases proposed for parking fees
Resident Parking Permits	Individual's second permit (6mths)	266.00	266.00	0.00%	
Resident Parking Permits	Individual's first permit (Yearly)	119.00	119.00	0.00%	
Resident Parking Permits	Individual's second permit (Yearly)	509.00	509.00	0.00%	
Resident Parking Permits	Discounted permit charges (Green vehicles)	60.00	60.00	0.00%	
Business Parking Permits	Business first permit (6mths)	475.00	475.00	0.00%	No increases proposed for parking fees
Business Parking Permits	Business second permit (6mths)	753.00	753.00	0.00%	
Business Parking Permits	Business first permit (Yearly)	810.00	810.00	0.00%	
Business Parking Permits	Business second permit (Yearly)	1,341.00	1,341.00	0.00%	
Doctors Parking Permits	Doctors	125.00	125.00	0.00%	No increases proposed for parking fees
Parking Pay and Display	Charge per hour	2.20	2.20	0.00%	No increases proposed for parking
Parking Pay and Display	Zone A	2.80	2.80	0.00%	
Parking Pay and Display	Zone A - Visitor's	1.80	1.80	0.00%	
Parking Bay Suspensions	1-5 Days	40.00	40.00	0.00%	No increases proposed for parking fees
Parking Bay Suspensions	6-42 Days	60.00	60.00	0.00%	
Parking Bay Suspensions	43 days +	80.00	80.00	0.00%	
Scrap Metal Dealers Site	Minor Variation	26.00	26.20	0.77%	These fees have variations from the 1.1% inflationary increase, due to the rounding to the nearest ten pence.
Scrap Metal Collectors Licences	Replacement	10.00	10.10	1.00%	
Pest Control	Fleas	83.33	84.20	1.04%	
Pest Control	Wasps	50.00	50.50	1.00%	
Pest Control	Missed or cancelled appointment	24.00	24.20	0.83%	
Trading Standards	Linear measures not exceeding 3m for each scale.	22.00	22.20	0.91%	
Trading Standards	Capacity measures not exceeding 1 qt. (imperial) or 1 litre (metric).	22.00	22.20	0.91%	
Miscellaneous Charges	Officer Time - Hourly Charge	77.00	77.80	1.04%	
Miscellaneous Charges	Late Payment Charge	51.00	51.50	0.98%	
Reception Services	Copy of TPO	14.00	14.10	0.71%	
Reception Services	Copy of legal agreements	24.00	24.20	0.83%	
Copying Charges for various documents	AO	6.75	6.80	0.74%	
Copying Charges for various documents	A1	5.60	5.60	0.00%	
Copying Charges for various documents	A3	2.25	2.25	0.00%	
Copying Charges for various documents	A4	1.15	1.15	0.00%	
Copying Charges for various documents	Decision Notice	5.60	5.60	0.00%	
Copying Charges for Planning Documents	Decision Notice	15.00	15.10	0.67%	
Copying Charges for Planning Documents	TPO	15.00	15.10	0.67%	
Copying Charges for Planning Documents	Sect 106	25.00	25.20	0.80%	
Copying Charges for Planning Documents	Article 4	15.00	15.10	0.67%	
Copying Charges for Planning Documents	Enforcement Notice	15.00	15.10	0.67%	

Service	Fee Description	2015-16 Fee (£)	2016-17 Fee (£)	% Increase	Comment/Explanation
Copying Charges for Planning Documents	Plans				
Copying Charges for Planning Documents	AO	11.00	11.10	0.91%	
Copying Charges for Planning Documents	A1	8.50	8.50	0.00%	
Copying Charges for Planning Documents	A3	5.25	5.30	0.95%	
Copying Charges for Planning Documents	A4	2.75	2.75	0.00%	
Highways Fees	Canopy fee renewal	68.00	68.70	1.03%	
Highways Fees	Skip & Builders' Materials Licences	68.00	68.70	1.03%	
Highways Fees	- Each additional month	59.00	59.60	1.02%	
Highways Fees	Portaloos	67.00	67.70	1.04%	
Community Safety	Motorcycle recovery - individual	50.00	50.00	0.00%	
Neighbourhood Wardens	Neighbourhood Warden Patrols (per hour)	100.00	100.00	0.00%	Current price is reasonable
Anti Social Behaviour	Anti Social Behaviour investigations - casework (per hour)	100.00	100.00	0.00%	
Anti Social Behaviour	Pin hole camera hire - charge per day	10.00	10.00	0.00%	
Anti Social Behaviour	Pin hole camera with briefcase hire - charge per day	25.00	25.00	0.00%	
Anti Social Behaviour	Lipstick camera hire - charge per day	10.00	10.00	0.00%	
Anti Social Behaviour	Lipstick camera with briefcase hire - charge per day	25.00	25.00	0.00%	
Anti Social Behaviour	Door viewer camera hire - charge per day	10.00	10.00	0.00%	
Anti Social Behaviour	Door viewer camera with briefcase hire - charge per day	25.00	25.00	0.00%	
Anti Social Behaviour	Large zoom camera hire - charge per day	15.00	15.00	0.00%	
Anti Social Behaviour	Large zoom camera with briefcase hire - charge per day	25.00	25.00	0.00%	Current price is competitive
Anti Social Behaviour	Polecam hire - charge per day	50.00	50.00	0.00%	
Anti Social Behaviour	Door viewer camera (housed) hire - charge per day	15.00	15.00	0.00%	
Anti Social Behaviour	Metal hide with camera hire - charge per day	25.00	25.00	0.00%	
Anti Social Behaviour	Notice board camera hire - charge per day	25.00	25.00	0.00%	
Anti Social Behaviour	Fire sign camera hire - charge per day	25.00	25.00	0.00%	
Anti Social Behaviour	Motion sensor camera hire - charge per day	20.00	20.00	0.00%	
Anti Social Behaviour	Briefcase camera plus audio hire - charge per day	50.00	50.00	0.00%	
Anti Social Behaviour	Camera equipped vehicle hire - charge per day	50.00	50.00	0.00%	
Transport	Parts	Cost + 10.5%	Cost + 10.5%	0.00%	
Transport	Fuel - Diesel / Petrol / LPG	Cost + 8.5 to 10.5%	Cost + 8.5 to 10.5%	0.00%	
Transport	Ad Hoc Vehicle Hire	Cost + 10.5%	Cost + 10.5%	0.00%	
Transport	Management and Administration Charge	Total Cost (excluding Fuel and NSEs) + 10.5%	Total Cost (excluding Fuel and NSEs) + 10.5%	0.00%	Current price is competitive
Transport	Labour Rate per hour (prices starting at)	from £45	from £45	0.00%	
Leisure in Parks	Football grass pitch hire - 9-A-Side Size Pitch	53.00	53.50	0.94%	
Leisure in Parks	Cricket pitch hire - Per Pitch Per Game - Weekend (Inclusive of Nets)	128.00	129.00	0.78%	
Leisure in Parks	Cricket pitch hire - Per Pitch Per Game - Weekday	97.00	98.00	1.03%	
Leisure in Parks	Cricket pitch hire - Per Pitch Per Game - Weekday (Inclusive of Nets)	107.00	108.00	0.93%	
Leisure in Parks	Cricket pitch hire - Per Pitch Per Game - Bank Holiday	122.50	123.00	0.41%	
Leisure in Parks	Cricket pitch hire - Per Pitch Per Game - Bank Holiday (Inclusive of Nets)	133.00	133.00	0.00%	
Leisure in Parks	Tennis - Pay & Play Per Hour - Youth (U18)	3.50	3.50	0.00%	
Leisure in Parks	Tennis - Pre-Booked Per Hour - School	3.50	3.50	0.00%	
Leisure in Parks	Netball - Per Court Per Hour - Floodlit	30.70	31.00	0.98%	
Leisure in Parks	Netball - Per Court Per Hour - In Borough State Schools - Daytime	17.40	17.50	0.57%	
Leisure in Parks	Netball - Per Court Per Hour - In Borough State Schools - Floodlit	22.50	22.50	0.00%	
Leisure in Parks	Netball - Per Court Per Hour - Out of Borough & Private Schools - Floodlit	27.50	27.50	0.00%	
Leisure in Parks	Community Room Hire - Adult - per person per round	2.00	2.00	0.00%	

Environmental Services Fees & Charges Exceptions

Appendix F

Service	Fee Description	2015-16 Fee (£)	2016-17 Fee (£)	% Increase	Comment/Explanation
Leisure in Parks	Community Room Hire - OAP/Youth - per person per round	1.00	1.00	0.00%	Mostly inflationary uplifts only, rounded down to sensible denominations
Leisure in Parks	Community Room Hire - Locker rent	10.00	10.00	0.00%	
Leisure in Parks	Hurlingham Park - Training Area Per Hour	40.70	41.00	0.74%	
Leisure in Parks	Hurlingham Park - Training Area Per Hour - In Borough State Schools	40.70	41.00	0.74%	
Leisure in Parks	Linford Christie Stadium - Adult 6 months (member)	50.00	50.50	1.00%	
Leisure in Parks	Linford Christie Stadium - Adult (Member)	4.00	4.00	0.00%	
Leisure in Parks	Linford Christie Stadium - Adult (Non Member)	5.00	5.00	0.00%	
Leisure in Parks	Linford Christie Stadium - *Concessionary (12 months only) (member)	2.00	2.00	0.00%	
Leisure in Parks	Linford Christie Stadium - *Concessionary (12 months only) (Non Member)	3.00	3.00	0.00%	
Leisure in Parks	Linford Christie Stadium - Lifestyle Plus Member	0.50	0.50	0.00%	
Leisure in Parks	Linford Christie Stadium - Adult spectator/ entrance fee (events)	2.00	2.00	0.00%	
Leisure in Parks	Linford Christie Stadium - Use of shower facilities / changing facilities	2.00	2.00	0.00%	
Leisure in Parks	Linford Christie Stadium - Running Track Hire - Training Per Hour - In Borough State Schools	30.70	31.00	0.98%	
Leisure in Parks	Linford Christie Stadium - Running Track Hire - Sports Day up to 3 hrs - In Borough State Schools	163.80	165.50	1.04%	
Leisure in Parks	Linford Christie Stadium - Running Track Hire - TVH contract rate - standard training	3,000.00	3,030.00	1.00%	
Leisure in Parks	11-A-Side All-Weather Pitch - Per Pitch Per Hour - In Borough State Schools	49.00	49.50	1.02%	
Leisure in Parks	11-A-Side All-Weather Pitch - Per Pitch Per Hour - Contract Adult - Special Price for QPR / Chelsea FC / Chiswick Hockey	53.00	53.50	0.94%	
Leisure in Parks	5-A-Side All-Weather Pitch - Per Pitch Per Hour - Out of Borough & Private Schools	32.70	33.00	0.92%	
Household Bulky Waste Collections	Up to 10 items of unwanted household furniture, electrical items/appliances or similar items	24.85	24.30	-2.21%	Price freeze and reduction to encourage greater service take up by households
Household Bulky Waste Collections	Further items charged per additional sack	2.70	2.70	0.00%	
Household Bulky Waste Collections	Further items charged per additional item	5.20	5.25	0.96%	
Household Bulky Waste Collections	Household Fencing Waste - First 5 panels	31.50	31.50	0.00%	
Household Bulky Waste Collections	Household Fencing Waste - Additional panels	5.20	5.25	0.96%	
Street Scene Enforcement	Fixed Penalty Notices	£40-£300	£40-£300	0.00%	Set in accordance with Defra/ Home Office guidance and various statutes
Hammersmith Town Hall Lettings	Assembly Hall - Bank Holiday Mondays, New Years Eve Supplement	Charge + 15%	Charge + 15%	0.00%	Current price is competitive
Hammersmith Town Hall Lettings	Assembly Hall - New Years Eve falling on a Sunday	Charge + 15%	Charge + 15%	0.00%	
Filming/Photography	Location Fee - Schools	25% passing on fee	25% passing on fee	0.00%	Current price is competitive
Filming/Photography	Location Fee - Fulham Palace	25% passing on fee	25% passing on fee	0.00%	
Filming/Photography	Location Fee - Community Centres	25% passing on fee	25% passing on fee	0.00%	
Registration Of Births, Deaths & Marriages	Civil Marriage/Civil Partnership - Register Office, Hammersmith Town Hall - Monday - Thursday	46.00	46.00	0.00%	
Registration Of Births, Deaths & Marriages	Civil Marriage/Civil Partnership - Mayor's Parlour, Hammersmith Town Hall (Register Office) - Saturday	348.00	350.00	0.57%	
Registration Of Births, Deaths & Marriages	Civil Marriage/Civil Partnership - Approved Venues - Mon - Thur	348.00	350.00	0.57%	
Registration Of Births, Deaths & Marriages	Civil Marriage/Civil Partnership - Approved Venues - Fri	434.00	400.00	-7.83%	
Registration Of Births, Deaths & Marriages	Civil Marriage/Civil Partnership - Approved Venues - Sun/Bank Holidays	563.00	550.00	-2.31%	
Registration Of Births, Deaths & Marriages	Naming Ceremonies / Vow Renewals - Friday (Approved Venues)	430.00	400.00	-6.98%	

Service	Fee Description	2015-16 Fee (£)	2016-17 Fee (£)	% Increase	Comment/Explanation
Registration Of Births, Deaths & Marriages	Naming Ceremonies / Vow Renewals - Sun/Bank Holidays (Approved Venues)	559.00	550.00	-1.61%	Charges set in accordance with the market and to remain competitive. Some fees are statutory
Registration Of Births, Deaths & Marriages	Fee for attendance at places of worship	86.00	86.00	0.00%	
Registration Of Births, Deaths & Marriages	Copy certificate at time of registration	4.00	4.00	0.00%	
Registration Of Births, Deaths & Marriages	Copy certificate in current register	7.00	7.00	0.00%	
Registration Of Births, Deaths & Marriages	Copy certificate from historical records	10.00	10.00	0.00%	
Registration Of Births, Deaths & Marriages	Nationality Checking Service - Adult (Weekday)	50.00	50.00	0.00%	
Registration Of Births, Deaths & Marriages	Nationality Checking Service - Minor (Weekday)	30.00	30.00	0.00%	
Registration Of Births, Deaths & Marriages	Nationality Checking Service - Adult (Saturday)	60.00	60.00	0.00%	
Registration Of Births, Deaths & Marriages	Nationality Checking Service - Minor (Saturday)	40.00	40.00	0.00%	
Registration Of Births, Deaths & Marriages	Citizenship Ceremony fees - Individual citizenship ceremony weekday	100.00	100.00	0.00%	
Registration Of Births, Deaths & Marriages	Citizenship Ceremony fees - Individual citizenship ceremony - Saturday	125.00	125.00	0.00%	
Registration Of Births, Deaths & Marriages	Citizenship Ceremony fees - Group Ceremony Fees - Sat	50.00	50.00	0.00%	
Registration Of Births, Deaths & Marriages	Settlement Checking - Adult	80.00	80.00	0.00%	
Registration Of Births, Deaths & Marriages	Settlement Checking - Dependent	25.00	25.00	0.00%	
Street Trading Charges	1 day per week (Standard Stall)	20.90	21.10	0.96%	
Street Trading Charges	1 day per week (Extended)	30.30	30.60	0.99%	
Street Trading Charges	2 days per week (Extended)	42.80	43.20	0.93%	
Street Trading Charges	3 days per week (Standard)	43.85	44.30	1.03%	
Street Trading Charges	3 days per week (Extended)	62.65	63.30	1.04%	
Street Trading Charges	4 days per week (Standard)	55.35	55.90	0.99%	
Specialist Street Markets	Temporary licence for casual trader - Mon-Thurs (Standard) - per day	20.85	21.00	0.72%	Inflationary uplift only, rounded down to sensible denominations
Specialist Street Markets	Temporary licence for casual trader - Mon-Thurs (Extended) - per day	30.30	30.60	0.99%	
Specialist Street Markets	Temporary licence for casual trader - Fri/Sat (Standard) - per day	31.30	31.60	0.96%	
Specialist Street Markets	Temporary licence for casual trader - Fri/Sat (Extended) - per day	40.70	41.10	0.98%	
Specialist Street Markets	Temporary licence for casual trader - Standard Application Fee for each Site for 1 Distributor (A Site is a Street) for up to 1 Year	300.00	303.00	1.00%	
Specialist Street Markets	Additional Distributor Badge	50.00	50.50	1.00%	
Specialist Street Markets	Additional Zone	50.00	50.50	1.00%	
Specialist Street Markets	Replacement Badge	50.00	50.50	1.00%	
Specialist Street Markets	Licence variation	25.00	25.20	0.80%	
Commercial Waste	Bagged waste and recycling - Minimum Charge	25.60	25.80	0.78%	Inflationary uplift only, rounded down to sensible denomination
Commercial Waste	Annual Duty of Care Certificate for casual Pay As You Throw customers	30.00	30.00	0.00%	Set to cover administrative cost only, which has not increased
Commercial Waste	Annual Duty of Care Certificate for contract customers	30.00	30.00	0.00%	
Commercial Waste	Revisions to Duty of Care Certificates	25.00	25.00	0.00%	
Cemetery Charges	All costs relating to residents' children up to 16 years of age	Nil	Nil	0.00%	The interment cost for residents' children up to 16 years of age are waived.

Fee Description	2015/16 Charge (£)	2016/17 Charge (£)	Proposed Variation (%)	Total Estimated Income Stream for 2016/17	Comment/Explanation
Adult Education					
Adult Education Class Full Fee per hour Band B	£2.27	£2.27	→ 0.0%	£690,500 (2015/16 Estimates)	Charge Frozen
Adult Education Class Full Fee per hour Band C	£3.46	£3.46	→ 0.0%		
Adult Education Class Full Fee per hour Band E	£5.94	£5.94	→ 0.0%		
Adult Education Class Full Fee per hour Band F	£11.52	£11.52	→ 0.0%		
Private Sector Leasing					
Private Sector Leasing Water Charges	Varies	Varies	Subject to water company increase, expected in January 2016	Nil	The charge is determined by the annual increase set by the water companies.
Private Sector Leasing Rent (average per week)	£298.04 as at 1st September 2014	£295.85 as at 1st September 2015	n/a	£11.5m (2016/17 Estimates, based on 780 units with 4% void at the weekly rent of £295.85)	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)	£213.49 as at 1st September 2014	£228.43 as at 1st September 2015	n/a	£1.5m (2016/17 Estimates, based on 130 tenants at a weekly rent of £228.43)	Since April 2012, the B&B rent threshold has been based on the January 2011 Local Housing Allowance (LHA). The LHA varies according to changes in market rents, the location of the property and its bedroom size. This fee is the LHA threshold for one bedroom properties.
B & B Amenity Charges - Single Adult	£10.45	£10.45	→ 0.0%	£71,400 (2016/17 Estimates, based on 130 tenants)	
B & B Amenity Charges - Two Adults	£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%		

Fee Description	2015/16 Charge (£)	2016/17 Charge (£)	Proposed Variation (%)	Total Estimated Income Stream for 2016/17	Reason For Variation Not At Standard Rate
A4 black and white - self service	£0.10	£0.10	→ 0.0%	£9,800	The charges have been frozen to encourage public use.
A3 black and white - self service	£0.20	£0.20	→ 0.0%		
A4 black and white - assisted service	£0.20	£0.20	→ 0.0%		
A4 colour - self service	£0.80	£0.80	→ 0.0%		
A3 colour - self service	£1.50	£1.50	→ 0.0%		
A4 colour - assisted	£1.50	£1.50	→ 0.0%		
A3 colour - assisted	£2.00	£2.00	→ 0.0%		
Community Resources (Ext)	various	various	→ 0.0%	£7,800	Community groups (Voluntary groups in H&F only, registered charities & residents' associations only) During library hours: £17.50 per hour Outside library hours: £55 per hour Other groups During library hours: £35 per hour Outside library hours: £110 per hour
Miscellaneous Sales	various	various	→ 0.0%	£4,300	Misc Sales
Internet Income	£0.50	£0.50	→ 0.0%	£31,700	Library members: first half-hour per day - free, each subsequent half-hour - 50p Non members for every half hour: 50p Children under 16: Free 3 hour block-booking: £2.00
Library Fines	various	various	→ 0.0%	£50,200	10p per day (16 to 17 year olds) 25p per day per item for books, CDs and spoken word formats 75p per day for DVDs & Boxed Sets 25p per day per Learning Pack / Language Course
Lost / Damaged Charges	various	various	→ 0.0%	£2,400	Replacement Cards etc
Video / DVD Hire Income	various	various	→ 0.0%	£35,700	Single DVD £1.50 per loan and renewal Box Set £3.50 per loan and renewal Language Packs £2.50 per three week loan and renewal
Hall Lets / Room Hire	per hour	per hour	→ 0.0%	£15,000	Letting income
Property Rent	Annual	Annual	→ 0.0%	£10,000	Fulham
Sale Items - guide prices - No VAT Charged - Withdrawn items	per hour	per hour	→ 0.0%	£3,600	Withdrawn library items

Equality Impact Analysis (EIA) of main Budget proposals for 2016/2017

1. 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 26th February 2016, following discussion of the proposed Budget at the Finance and Delivery Policy and Accountability Committee on 3rd February 2016, as well as at Cabinet on 8th February 2016.

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

- Community Safety, Environment & Resident Services 18th January 2016
- Children & Education 18th January 2016
- Economic Regeneration, Housing & the Arts 19th January 2016
- Health, Adult Social Care & Social Inclusion 2nd February 2016

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

For 2016/2017, 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 freeze Council Tax. 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 freeze Council Tax. The requirements of the PSED and case law principles are explained in the Legal Implications section of the report to Full Council. The Equality Implications section of that report is informed by this analysis.

2. Methodology

The analysis looks, first, at the impact of freezing 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 2016/17 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.

3. Analysis of the impact of Council Tax remaining at current level

As part of the budget setting process in 2015/16 a detailed analysis of the equality impacts of a 1% reduction in council tax was carried out. For 2016/17 it is proposed that council tax remains at its current level which means that there is no new impact resulting from the setting of council tax for this budgetary year, either positive or negative.

The government initiative in the Autumn statement to allow local authorities to raise council tax by 2% (with the proviso that the extra funds generated be ring-fenced for spending on social care) (“the social care precept”) means that the Council needs to assess the impact of not taking this option. Were the Council to take this option it would mean that the Council would have £1.07m additional income ring-fenced for spending on adult social care (ASC).

Users of ASC services comprise customers with physical support, learning disability and mental health needs and their carers. Based on the latest population data (please see Appendix 1), 20% of the Borough population have a long term health condition or disability and 9% of the population are above 65. 69% of carers assessed by the Council are women carers (whereas only 51.3% of the population as a whole is female), so carers are disproportionately more likely to be female. For ASC residential and nursing placements and for community based services, 33% of customers are from Black, Asian, mixed or other ethnicity groups, 65% of customers are White and 2% remain unclassified. This is based on published information in the Short and Long term Care return. In contrast, data from the 2011 Census indicates that the proportion of Black, Asian, mixed or other ethnicity groups in the Borough population as a whole is 32% so these groups are marginally over-represented among service users. Given that the provision of ASC services in general promotes equality of opportunity for these groups, a decision not to use the social care precept is potentially a decision to forego a chance to promote equality of opportunity for these groups and/or a decision not to avoid a negative impact on these groups.

However, the equality impact analysis of the currently proposed ASC budget, later in this document, shows that the savings that it is proposed to make from the social care services budget are not themselves likely to have any significant adverse impact on any individual service user or carer and the council will continue to meet its statutory duties on the basis of the current budget. The additional £1.07 million which could be raised through the social

care precept is not therefore necessary to address any significant adverse impact of the present ASC budget since no such impact has been identified. ASC's proposed budget also incorporates a growth of £1.475m, details of which are set out in paragraph 4.1.8 of this EIA. That growth, which is assessed below to have positive impacts, is achievable without the need to use the social care precept.

An additional £1.07m income could, though, be used for: (i) providing further additional discretionary ASC services; and/or (ii) meeting any non-anticipated ASC budget pressures, eg if demand for social care services is greater than expected in any area. Of those, option (i) would be capable of contributing further to the promotion of equality of opportunity for some users of ASC services and their carers. Option (ii) might also have such an effect, though if there were a shortfall in the Council's provision of services to meet its statutory duties, the Council would in any event find that money from reserves if there were insufficient money in the social care budget.

The Council must give due weight to these impacts when determining council tax and the budget for 2016/17. The Council will need to balance the impact of not using the social care precept against the wider benefits of not raising council tax or implementing the social care precept this year.

In considering this decision, the Council will also need to take into account what the equalities impact would be of introducing the social care precept of 2%. A detailed equality impact analysis of the effect of reducing council tax was undertaken for the purposes of last year's Budget. It is possible to draw on that analysis in order to consider the potential impact of introducing the social care precept, which would essentially produce the inverse picture to last year's reduction. In other words:

- those who are eligible for full Local Council Tax Support ("LCTS") would not be affected;
- those who are not eligible for LCTS would bear the bulk of the increase (likely to amount to £14.56 per year for a Band D Council Tax payer);
- those who are eligible for partial LCTS would bear a smaller increase.

Appendix 2 provides details of LCTS claimant data. In terms of equality impact, the group that will be most significantly affected by any increase in council tax and/or the introduction of the social care precept will be those with low incomes that are just above the threshold for LCTS or who qualify for partial LCTS for whom the increase will represent a larger proportion of their disposable income. No specific data is held for this group, but the profile is likely to be similar to that of those who are eligible for LCTS. Of the 16,634 LCTS claimants, approximately 68-70% are female (significantly higher than the proportion of females in the borough population as a whole, which was 51.3% according to the 2011 Census. Pensioners are also disproportionately represented (35.10% of LCTS claimants, but only 9% of Borough residents). Based on ONS data on low income groups, it is also likely that disabled residents, ethnic minority groups, women on maternity leave, single parents (who are normally women) and families with young children will be

disproportionately represented in the affected group. Any children present in such households may be indirectly affected by the decrease in household income. Further, in line with social trends, there is likely to be a group of pensioners who are asset rich but cash poor who occupy some of the more expensive properties in the borough and will thus be subject to a greater negative financial impact as a proportion of their disposable income. For example, a 2% increase on a property banded at G would result in an increase of £34.10pa.

As such, introducing the social care precept by 2% would likely have a disproportionate negative impact on pensioners, women, the disabled, ethnic minority groups and (indirectly) on children. The Council will need to weigh this negative impact against the potential positive impact of raising an additional £1.07m ring-fenced income for ASC services.

4. Analysis of overall impact of the proposed Budget

4.1. Adult Social Care (ASC)

4.1.1. Efficiencies, Savings, Growth and Fees and Charges

The 2016/17 efficiencies proposals are detailed in this report. They are grouped into transformation projects, procurement and contract efficiencies, reconfiguration of services, investment from Health and other efficiencies.

Any efficiencies with a potential equalities impact on staff will be considered as part of the 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.

Also included in this report is new growth and proposed fees and charges.

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

4.1.2. Transformation Portfolio 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 2016/17 Savings
Customer Journey Operations Alignment	£1.333m
Prevention strategy with the aim to reduce costs by investing in assistive technology	£0.275m

4.1.2.1. Customer Journey Operations Alignment £1.333m

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.
- enable the Council to deliver a better quality of service to customers and carers by reducing bureaucracy.
- put the customers 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. There is now a people first website where customers and social work practice can obtain information and advice which would help in the assessment of services.
- Streamline the access of services and align the hospital discharge process.

Organisational models of alternative ASC Operations structures are under management review, prior to assembly of a business case for presentation in January 2016. This will include a full EIA impact assessment.

4.1.3. Prevention strategy with the aim to reduce costs by investing in assistive technology £0.275m

This would have a positive impact for customers as it requires investment in assistive technology. This proposal is based on increasing the number of people using tele care thereby enabling them to stay at home for longer, while also reducing the cost of home care services. 19.9% of the borough population have long term health needs or disability and this would be a positive benefit to them.

This project is at the stage of a case audit seeking to verify the current impact of the project with a view to testing that the operational and customer benefits are being delivered and are linked to a whole systems approach.

4.1.4. Procurement and Contract Efficiencies

	H&F2016/17 Savings
Reviewing of Care Pathways	£0.748m
Supporting People reprocurring of Contracts	£0.190m
Public Finance Initiative contractual savings resulting from the renegotiation of the contract.	£0.492m

4.1.4.1. Reviewing of Care Pathways £0.748m

The aim of the contract efficiency savings is to reduce the cost of the Adult Social Care services currently commissioned through external providers. This may also benefit customers by increasing service efficiency. The process will involve:

- Benchmarking against the market to ensure contracts represent the best value for money and are competitively priced.
- Renegotiating contract terms and reprocurring services where necessary to secure the best value and minimise concentration of risk.
- Reducing the number of contracts to ensure these can be effectively managed within available contract management resources.
- Harmonising contract management processes and systems.

4.1.4.2. Supporting People reprocurring of Contracts £0.190m

This proposal is centred around the reprourement of homelessness contracts which is likely to have a positive impact on customers as aspects of this measure will involve reprocurring 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.

4.1.4.3. Review Private Finance Initiative contractual savings resulting from the renegotiation of the contract £0.492m

This nursing home placements and extra care sheltered PFI long term contract has been renegotiated with the provider leading to full-year savings. This settlement resulted in significant one-off savings for the Council and for Health. The Council saved (£1.66m) which was reflected in the outturn figures in 2014/15. This is likely to have a neutral effect for customers as a result of the savings as there will be no change in service provision.

4.1.5. Reconfiguration of Services.

	H&F2016/17 Savings
In Borough / At home support for younger adults through Learning Disability Supported Accommodation	£0.089m
Review of all high cost and high needs placements for continuing Health funding and review of Direct Payment Packages through a case file approach	£0.752m

4.1.5.1. In Borough / At home support for younger adults through Learning Disability Supported Accommodation £0.089m

This will have a positive impact for Adult Social Care customers as these changes aim to meet the projected increase in demand for services by people with Learning Disabilities in the borough through the remodelling existing accommodation services. High quality specialist housing provision in the borough to meet current and future complex health, social care and physical needs is in short supply.

The department is working with housing to deliver re-modelled in-borough housing and support options for customers. The Council's aim is to provide access to a range of quality local housing provision avoiding the need for out-of-borough expensive residential care provision. Thus the intention is to be in a position to provide more accommodation at lower cost, hence the positive impact on customers despite the savings being made.

4.1.5.2. Review of all high cost and high needs placements for continuing Health funding and review of Direct Payment Packages through a case file approach £0.752m

The proposal is to review high cost placement and care packages with a view, where appropriate, to referring individuals to NHS continuing health care for funding, thus potentially reducing the Council's expenditure, but not negatively affecting the individuals who would continue to receive the same services (or alternative services appropriate to their needs), but funded by the NHS rather than the Council. This is a review of high cost and direct care packages to ensure assessed needs are being met and services are tailored to the requirements of the customers. Impact on customers should therefore be neutral or positive where (as a result of the review) services are changed to ensure more timely and appropriate interventions and a more integrated and co-ordinated approach to care services.

4.1.6. Investment from Health.

	H&F 2016/17 Savings
Improve Outcomes and reduce dependency amongst customers through better joint services with the NHS	£0.965m
Delivering on outcomes based Commissioning and accountable care through Whole Systems approach with Health	£0.200m

4.1.6.1. Improve Outcomes and reduce dependency amongst residents through better joint services with NHS £0.965m

This item relates to money being received by the Council from the NHS to benefit health and social care outcomes. This will have a positive impact in protecting front line services for all care groups who require a care package.

5% of the Borough population are above 65 with a further 4% above 75+ with ever increasing care needs.

4.1.6.2. Delivering on outcomes based Commissioning and accountable care through Whole Systems approach with Health £0.200m

The proposal is to integrate care and to work increasingly with health care colleagues and having a joint commissioning programme of services. The aim is for this to have a positive impact on the customer through joint services for all care groups who require a care package. 5% of the Borough population are over 65 with a further 4% above 75+ with ever increasing health and social care needs.

4.1.7. Other Efficiencies.

	H&F 2016/17 Savings
Review of Supporting People Balances	£0.200m
Parkview review of costs	£0.077m

4.1.7.1. Review of Supporting People (SP) Balances £0.200m

The proposal is to fund supporting people services from the SP reserve and will have no impact on customers.

4.1.7.2. Parkview review of costs £0.077m

The proposal is to fund the remaining net revenue budget of £0.77m from S106 funding leaving no general fund contribution and has no impact on customers.

4.1.8. Growth.

4.1.8.1. Increase in demand for Home care services, Direct payment services and Independent Living Fund: £2.370m.

4.1.8.1.1. Increase in demand

Similar to the previous year, there are increasing pressures on the Home Care Packages and Direct Payments budgets as part of the out of hospital strategy, to support customers at home and avoid hospital admission or to enable early discharge. This has led to an increase in home care costs above that which would have normally occurred. There is a net projected overspend of £0.732m in 2015/16.

The department jointly with the CCG have commissioned a piece of work to understand the pressures on the health system and what is causing the overspend in Home Care. There will be additional cost pressures on the

Home Care budget with the tendering of the new Home Care contracts from 2016/17 - both from an increase in prices to improve quality and a potential increase in demand. For 2016/17 this will be funded from the ASC reserve and from 2017/18, a new growth bid has been proposed.

4.1.8.2. Direct Payment

Due to the introduction of the new Home Care contracts, which are outcome based, decisions need to be made regarding changing the Direct Payment rate for Home Care, to reflect the new higher contract rate in line with the London living wage to be paid to providers or to adopt an alternative method for calculating the Home Care direct payments rates. The DP rates could be calculated according to the Resource Allocation System (RAS) which would allocate resources based on what it costs the Council to provide and purchase services to meet the varying needs of our customers determined through the care assessment. A proposed growth allocation of £0.600m has been allowed in the budget process.

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. This proposal is thus likely to have a positive impact as there will be additional funding to meet the increase in the demand and needs of these customers and carers.

4.1.8.3. Independent Living Fund new Burden

LBHF took responsibility for the payment of Independent Living Fund (ILF) to 48 customers on 1st July 2015. The un-ringfenced grant determination issued by the Department of Communities and Local Government confirmed funding for LBHF of £671,292, which covers the ILF payments of the 48 ILF customers for the period 1st July 2015 to 31st March 2016. We anticipate a full-year revenue grant in 2016/17 of £895,000 and we are awaiting the final details from DCLG.

These customers have had annual reviews of their Adult Social Care needs by social workers. Subject to final confirmation, funding is now available for 2016/17 which should alleviate concerns and provide a positive impact on maintaining support and employment opportunities for these disabled customers.

4.1.9. Fees & Charges

4.1.9.1. Meals on Wheels: Proposed Price Reduction.

LBHF provides a meal service for customers of the borough under the Care Act and charges customers a flat rate contribution towards the service.

Meals services are provided to customers by the contractor Sodexho Ltd. There is a part of a contract framework agreement with Sodexho Ltd and

Hammersmith and Fulham Council is the lead authority. The contract commenced on 8th April 2013 and covers a five year period.

Reducing the price is expected to have a positive impact on the 122 current service users as it will improve their financial position and wellbeing.

4.1.9.2. Careline : Proposed Price Freeze

If there is no change on the careline charge from the 2015/16 price, this will be a positive impact as it will improve the financial position of customers in real terms.

4.2. Children's Services (CHS)

Key Protected Characteristics: Children with Disability, Maternity and Pregnancy, Age, Race, Religion, Gender

4.2.1. Growth Proposals (£3.164m)

The Council is seeking to continue to protect the most vulnerable members of the community in the face of increased financial burdens following legislative and case law changes. This will be achieved through the targeted allocation of resources to support homeless teenagers; assist children in care to stay with their foster families and enhance their education outcomes; support children leaving care and their foster families; support vulnerable refugees, unaccompanied asylum seekers and others with no recourse to public funds and ensure young people have the best support available from the Youth Offending Service. Investments in these measures are anticipated to have positive impacts on children and young people, including those in protected groups.

Particular consideration is given to the needs of our children with disabilities and their families as they seek to access our special school provision through the development of supported care and transport arrangements.

4.2.2. Saving Proposals

The Council has emphasised the need to improve services in the development of the savings proposals required by the reduction in Central Government funding for local authorities. Where individual items relate to staffing efficiencies, procurments or other major programmes, appropriate procedures will be applied to ensure equality impact assessments are considered. Detailed EIAs will be carried out as necessary when the proposals are in development so that the equality impacts can be fully assessed.

4.2.3. Family Services

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

Family Services are developing an innovative approach to its support of families in need through the Focus on Practice Initiative that will see social workers providing more intensive support to families. When the Focus on Practice initiative was approved by Cabinet in November 2014, consideration was given to an equalities impact assessment and it was determined that an assessment was not required as the initiative would not have an impact on protected groups.

Family Services aims to deliver savings by achieving more effective permanent care solutions for children (through avoiding the need for care, return home project, and improvements in the process by which children move into permanent placements). This will reduce the number of looked after children and are a continuation of existing policies and initiatives. Part of the improvement will be achieved by increasing the number of in-house carers and proactively monitoring the implementation of children's plans to avoid delay and costly court proceedings. Therefore a positive equality impact is anticipated.

Staffing numbers would only be changed if Family Services are successful in achieving permanent care for children and therefore reducing the number of Looked After Children. Any such staff reorganisation would require a separate EIA.

4.2.4. Education and Schools

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

Revise how lead adviser, data and educational psychology support is provided to schools.

These revisions will not lead to a significant change in the services provided but review how the services are funded (i.e. through Dedicated Schools Grant or buy-back from schools). Therefore no equalities impact upon service users is anticipated.

Reduce discretionary support to schools.

The withdrawal of the funding will not mean that these intervention programmes will cease. The additional resourcing has helped to establish the programmes and schools will continue to prioritise this work as part of their raising achievement plans. The Local Authority will also continue to offer advice in this area and make sure that schools make use of the best practice in raising achievement. Accordingly the equality impact should be neutral.

4.2.5. Commissioning

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

Renegotiation of Information, Advice and Guidance contract includes direct award of existing contract from April 2016 at a reduced cost. Any Equalities Impacts will be assessed in negotiating the revised specification of the 2016/17 service.

Reduction in Joint Health Commissioning in respect of service now being delivered by the CCG in different way. There will be no change to the service provided.

Staffing - Reduction in Commissioning staff budgets Significant reorganisation of Children's Commissioning Directorate although with no negative anticipated impact upon frontline services. Proposals will be subject to staff consultation and the EIA will include the workforce profile to identify if any particular groups are disproportionately affected.

4.2.6. Finance and resources

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

Staffing - Ahead of the consultation of staff affected by the reorganisation, it was assessed that the proposals would not have any significant implications for equalities within the workforce. There is no anticipated impact on frontline services

4.3. Environmental Services (ES)

The majority of the savings proposed are concerned with back office staff, accommodation, IT, renegotiation of contracts and recognising existing variances. As such there are no adverse equality implications for any particular user groups with protected characteristics. Where there are staff changes leading to savings, Equality Impact Assessments are carried out as part of the reorganisation process.

The proposal to improve enforcement of HMO licenses in the private rented sector seeks to target poor housing that is below a standard considered to be safe or fit for habitation as defined under the Housing Act 2004. Such housing is often inhabited by persons and families who are on low incomes and potentially vulnerable. Accordingly, this proposal should have a positive impact on those on low incomes. This typically includes a higher proportion of

ethnic minorities and single parent families (usually women) and therefore the proposal should have a positive equality impact.

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

4.4. Corporate Services (CS)

The majority of proposed savings are concerned with back office staff and functions. As such they will have no equalities impact on front line service users. Where there are staff changes leading to savings, EIAs will be carried out. However, some of the proposals are to do with more efficient ways of delivering services to the public and these are set out below.

4.4.1. Business Intelligence: £624k

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 £624k. 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.

4.4.2. Alternative Funding of Third Sector Investment: £350k

A net saving on the overall grants budget 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. Overall funding, including other contributions, will increase and is therefore likely to have a positive impact and promote equality of opportunity for these groups.

4.4.3. Other Savings

There are a number of potential reorganisations in CS, 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:

- Savings from new contract arrangements £1,010k
- Reduction in reserves and contingencies £450k
- Review of subsidy/overpayment recovery assumptions £200k
- Review of Finance and Legal & Electoral Services £211k
- A reduction in the cost of managed services and other efficiencies for Human Resources £150k
- Reduction in external audit fee and insurance cost £130k
- Commercialisation of the Innovation and Change Management 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. There are therefore unlikely to be any equalities impacts on service users.

4.5. Housing Services (HS)

4.5.1. Efficiency Savings

4.5.1.1. Hand back of Housing Association Leasing Scheme at Hamlet Gardens: £265k

This efficiency relates to a reduction in temporary accommodation procurement costs associated with the Council's Housing Associations Leasing Scheme following the hand back to the landlord of a scheme at Hamlet Gardens. The reduction in costs relates primarily to rent loss payments following the expiry of the lease at Hamlet Gardens. The effect on clients transferred from their accommodation at Hamlet Gardens is expected to be positive or neutral as the Council will maintain its on-going duty to provide accommodation to all households.

Alternative accommodation will be provided and in some cases, the households will be offered permanent accommodation in line with the Council's Scheme of Allocation and prioritisation process. Where alternative temporary accommodation is provided, consideration will be given to place all households within the borough in the first instance. However, as a result of challenges in securing suitable, affordable temporary accommodation in the borough, accommodation outside of the borough may be offered. All placements will be made in line with the Council's Temporary Accommodation Placement Policy. Where support is required, referrals will be made to the Council's Floating Support provision as a move outside of the borough may make it difficult to sustain existing support networks. Where temporary accommodation is provided, the family will remain on the housing register and will receive an offer of permanent accommodation in due course. This efficiency has already been partially achieved during 2015/16. Overall, this efficiency is expected to have a broadly neutral impact on service users and thus not to have any significant equalities impact.

4.6. Libraries

This summary sets out the proposed reductions to Libraries and Archives service budgets to set a balanced budget for 2016-17. In reducing its spending, the Council aims to:

- Protect customer-facing service as far as possible and continue to provide a high quality of service
- Seek cost reductions and improve efficiency and affordability
- Explore alternatives to cuts such as increased income and greater use of volunteering

4.6.1. Growth

There is a requirement for up to £65k for rental for Lilla Huset where the LBHF archive collections are held. This has previously been a peppercorn rent which is coming to the end of its term in 2016/17. Alternatives have been considered, but the most cost-effective option is to continue at the Lilla Huset facility. This may be partly funded by a drawdown of earmarked reserves of £38k in 2016/17. There is no predicted equalities impact.

4.6.2. Savings

There may be opportunities to increase income from utilisation of spaces for commercial activities, events and ceremonies. This is a modest proposal to generate £20k from further use, making more of attractive heritage buildings such as Fulham and Hammersmith libraries. There is a potential positive equalities impact through providing greater access for civil partnership ceremonies.

4.6.3. Fees & Charges

It is proposed that there are no increases to fees within Libraries. There is a trend of declining income from traditional sources such as hire of DVDs and overdue charges due to channel shift by customers and increasing such charges may deter lower income library users who rely more on these formats. There is no predicted equalities impact.

5. Conclusion on impact of the budget

5.1. Adult Social Care

The department has demonstrated that it is aware of its responsibility to assess, plan and monitor the impacts of the proposed changes from an equalities impact perspective. The overall assessment it has reached for the budget-setting process is that it can achieve its planned efficiencies and savings without any significant negative equalities impact on individuals or groups who have protected characteristics and concludes that the planned initiatives will have broadly positive impacts across the protected characteristics by providing better, more efficient service provision.

At this point in the budget-setting process the department has not identified any significant negative equalities impact risks that cannot be mitigated, but the service will carry out full EIA assessments on specific initiatives in line with the decision-making and governance processes before final decisions on proposals are taken.

5.2. Children's Services

The ambition to deliver savings by achieving more effective permanent care solutions will need to be closely monitored on an on-going basis with continuing consideration given to equality impacts. Achieving more effective permanent care solutions will have a positive equality impact.

There are no predicted negative impacts arising from changes proposed for schools.

All changes involving changes to job roles and reorganisations will be subject to consultation and EIA at the appropriate point in time.

5.3. Environment Services

The department has not identified any equalities risk arising from its budget proposals.

5.4. Corporate Services

The majority of proposed departmental savings are concerned with back office staff and functions. As such they will have no equalities impact on front line service users.

Alternative funding proposals for 3rd Sector organisations is predicted to result in positive equalities impact on individuals and groups with protected characteristics.

5.5. Housing Services

The department has not identified any equalities risks resulting from its internal budget proposals.

5.6. Libraries

The department has not identified any negative equalities impact and has proposed a potential positive equalities impact through providing greater access for civil partnership ceremonies.

5.7. Conclusion

Overall, the predicted equalities impact of the collective budget proposals is neutral, with some minor potential negative impacts, but also a number of positive impacts.

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 2016/17.

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

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

Appendix 1

Population Data

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

Data

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

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

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

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

Household Composition	2011	
	number	%
count of Household; All households	80,590	100.0
No adults in employment in household	21,192	26.3
No adults in employment in household: With dependent children	3,897	4.8
No adults in employment in household: No dependent children	17,295	21.5

Dependent children in household: All ages	18,479	22.9
Dependent children in household: Age 0 to 4	9,083	11.3
One person in household with a long-term health problem or disability	15,999	19.9
One person in household with a long-term health problem or disability: With dependent children	2,809	3.5
One person in household with a long-term health problem or disability: No dependent children	13,190	16.4

Table 6: Disability (Framework-i)

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

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

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

**Table 8: Race
Ethnic group (KS201EW, ONS)**

Ethnic Group	2011	
	number	%
All usual residents	182,493	100.0
White	124,222	68.1
White: English/Welsh/Scottish/Northern Irish/British	81,989	44.9
White: Irish	6,321	3.5
White: Gypsy or Irish Traveller	217	0.1
White: Other White	35,695	19.6
Mixed/multiple ethnic groups	10,044	5.5
Mixed/multiple ethnic groups: White and Black Caribbean	2,769	1.5
Mixed/multiple ethnic groups: White and Black African	1,495	0.8

Mixed/multiple ethnic groups: White and Asian	2,649	1.5
Mixed/multiple ethnic groups: Other Mixed	3,131	1.7
Asian/Asian British	16,635	9.1
Asian/Asian British: Indian	3,451	1.9
Asian/Asian British: Pakistani	1,612	0.9
Asian/Asian British: Bangladeshi	1,056	0.6
Asian/Asian British: Chinese	3,140	1.7
Asian/Asian British: Other Asian	7,376	4.0
Black/African/Caribbean/Black British	21,505	11.8
Black/African/Caribbean/Black British: African	10,552	5.8
Black/African/Caribbean/Black British: Caribbean	7,111	3.9
Black/African/Caribbean/Black British: Other Black	3,842	2.1
Other ethnic group	10,087	5.5
Other ethnic group: Arab	5,228	2.9
Other ethnic group: Any other ethnic group	4,859	2.7

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

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

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

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

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

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

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

Table 12: Living arrangements (QS108EW, ONS)

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

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

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

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

that the majority of the population is heterosexual. Data on transgendered or transitioning people was not available.

Appendix 2

LCTS Claimant Data

Table 1: Composition of LCTS claimants in LBHF

	Households			Weekly Payment		
	Full	Partial	Total	Full	Partial	Total
Pensioners	4,289	1,544	5,833	67,516	17,214	84,730
	74%	26%	100%			
Non Pensioners	8,454	2,297	11,521	130,243	23,382	153,625
	79%	21%	100%			
Households with Children	3,086	1,201	4,287	51,935	12,869	64,804
	72%	28%	100%			
Households with Disabled Adult	3,107	129	3,236	47,638	1,500	49,138
	92%	8%	100%			
Households with Children & Disabled Adult	474	43	517	8,787	507	9,294
	92%	8%	100%			
Households without Children & Disabled Adult	6,155	2,163	8,318	92,251	22,110	114,361
	74%	26%	100%			
Overall Totals	12,741	3,841	16,584	197,759	40,596	238,355

Table 2: Council Tax bands of LCTS claimants

	A	B	C	D	E	F	G	H	Totals
Pensioners	324	804	1603	1649	852	380	218	3	5833
Working Age	865	1367	2775	3410	1598	536	193	7	10751
	1189	2171	4378	5059	2450	916	411	10	16584
	7%	13%	26%	31%	15%	6%	2%	0%	7%

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	16,552			
Total number of pensioner claims (includes households with a disabled adult where the disability premium has been awarded)	5,839	Number of female only claimants = 3,203 or 54.86%	Number of male only claimants = 1863 or 31.91%	Number of claiming couples = 773 or 13.24%
Total number of non-pensioner claims (includes households with a disabled adult where the disability premium has been awarded)	10,795	Number of female only claimants = 5,943 or 55.05%	Number of male only claimants = 3,218 or 29.79%	Number of claiming couples = 1,636 or 15.16%
Households with a disabled adult (where the disability premium has been awarded) as a standalone group of the total number of claims	3,347	Number of female only claimants = 1,668 or 49.84%	Number of male only claimants = 1356 or 40.51%	Number of claiming couples = 319 or 9.53%

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

The Business Rates Retention Scheme for Hammersmith and Fulham

		LBHF Figure for 2016/17 £'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.	95,062
Step 2	Split of the SFA between Revenue Support Grant (40%) and a Business Rates Funding Baseline (60%). The % split is the same for all authorities.	
	- Revenue Support Grant payable by the government	38,453
	- Business Rates Funding Baseline	56,609
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 2016/17.	59,629
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.	2,961
Step 5	Other adjustments – Impact of small business rate relief and discretionary reliefs	400 ¹
Step 6	Locally Retained Business rates (Step 3 less step 4 add step 5)	56,668
Step 6	The difference between what LBHF expects to retain in 2016/17 (step 6) and the government target (step 2)	59

¹ The total business rates identified in the budget report includes this £400k.

Spending Power Reduction

The Provisional 2016/17 Local Government Finance Settlement

1. The Provisional Local Government Finance Settlement was released on December 17. The key Hammersmith and Fulham figures are summarised in Table 1 and Table 2.

Table 1 – Unringfenced Government Funding

	2015/16	2016/17
Confirmed Allocations	£'000s	£'000s
Revenue Support Grant	47,791	38,453
New Homes Bonus Grant	4,105	8,096
Other Unringfenced Grants	5,724	2,836
Total	57,620	49,385
Grant fall - cash		-8,235
Grant fall – cash terms %		-14.3%
Grants for New Burdens		
Independent Living Fund		895

- 2 The settlement includes £895,000 for the transfer to local government of the funding for the Independent Living Fund. This is required to meet existing expenditure commitments.

Table 2 - Ring-fenced Funding Allocations

	2015/16	2016/17
	£000s	£'000s
Dedicated Schools Grant	131,775	132,534
Public Health Grant	20,855	tbc
Pooled NHS and LA Better Care Fund	13,148	tbc

- 3 The government place restrictions on how both Dedicated Schools Grant and Public Health Grant are used. The NHS and local authorities must agree locally, through Health and Wellbeing Boards, how Better Care Funds are 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.

2016/17 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 greater than 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.

	2015/16	2016/17
LBHF	-4.5%	-3.1%
London Average	-3.2%	-3.0%
National	-2.0%	-2.8%

5. The Government spending power calculation is questionable:
- It takes no account of inflation or demographic pressures.
 - It assumes that authorities that have social care responsibilities will levy a 2% social care precept. Hammersmith and Fulham will not make this levy.
 - It assumes that authorities will increase council tax in line with inflation (1.3%). Hammersmith and Fulham has a council tax freeze.
 - Government assumptions on business rates income take no account of the impact of business rates appeals.
 - It does not take account of additional unfunded government burdens placed on local authorities
- 6 Taking account of the above factors the local spending power reduction for Hammersmith and Fulham is estimated at 7%

Agenda Item 5

<p>London Borough of Hammersmith & Fulham</p> <p>CABINET</p> <p>8 FEBRUARY 2016</p>	
TREASURY MANAGEMENT STRATEGY REPORT 2016/17	
Report of the Cabinet Member for Finance – Councillor Max Schmid	
Open Report	
Classification - For Decision	
Key Decision: Yes	
Wards Affected: ALL	
Accountable Executive Director: Hitesh Jolapara, Strategic Finance Director	
Report Author: Halfield Jackman, Treasury Manager	Contact Details: Tel: 0207 641 4354 E-mail: hjackman@westminster.gov.uk

1. EXECUTIVE SUMMARY

- 1.1 The report sets out the Council's Treasury Management Strategy for 2016/17. It seeks approval for the Strategic Finance Director to arrange the Treasury Management Strategy in 2016/17 as set out in this report.

2. RECOMMENDATIONS

- 2.1 That approval be given to the future borrowing and investment strategies as outlined in this report and that the Strategic Finance Director be authorised to arrange the Council's cash flow, borrowing and investments in 2016/17.
- 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 2016/17 to 2019/20.
- 2.3 That approval be given to pay the Housing Revenue Account (HRA) investment income on unapplied HRA receipts and other HRA cash balances calculated at the average rate of interest (approximately 0.60% p.a.) earned on temporary investments throughout the year with effect from 1 April 2015.

3. BACKGROUND

- 3.1 The Council is required to set a balanced budget, which means that income raised during the year is budgeted meet expenditure. Part of the treasury management operation is to ensure that this cash flow is adequately planned, with cash being available when needed. Surplus monies are invested in low risk counterparties or instruments commensurate with the Council's low risk appetite, providing adequate liquidity initially before considering investment return.
- 3.2 The second main function of the treasury management service is the funding of the Council's capital plans. These plans provide a guide to the borrowing need of the Council, essentially the longer term cash flow planning, to ensure that the Council can meet its capital spending obligations. This management of longer term cash may involve arranging long or short term loans, or using longer term cash flow surpluses. On occasion any debt previously drawn may be restructured to meet Council risk or cost objectives.
- 3.3 CIPFA¹ defines treasury management 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."
- 3.4 The Council is required to receive and approve, as a minimum, three main reports each year: a Treasury Strategy Report (this report), Mid-year report and an Outturn report. These reports are required to be adequately scrutinised before being recommended to the Council by the Cabinet. This role is undertaken by the Audit, Pensions and Standards Committee and the Finance and Delivery PAC.
- 3.5 The Treasury Management Strategy is set out in section 6 of this report, and the remainder of the report covers the list below. These elements cover the requirements of the Local Government Act 2003, the CIPFA Prudential Code, the CIPFA Treasury Management Code and CLG Investment Guidance. These elements cover the:
- * prospects for interest rates;
 - * current treasury position;
 - * proposed investment strategy;
 - * borrowing strategy;
 - * prudential indicators; and,
 - * approach to debt rescheduling.
- 3.6 Section 6 of this report sets out the investment approach, and takes account of the specified and non-specified² 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

¹ Chartered institute of Public Finance and Accountancy

² Specified and non-specified investments are defined in Section 6.19 and 6.20

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.

4. PROSPECTS FOR INTEREST RATES

- 4.1 The current economic outlook and structure of market rates and government debt yields have several key treasury management implications:
- 4.2 The Council's treasury advisors are Capita Asset Services and part of their service is to assist the Council to formulate a view on future interest rates. The table below gives their view.

Interest Rate Forecast

Future Date	Forecast Bank Rate %	PWLB Borrowing Rates % (including the certainty rate adjustment)			
		5 Year	10 Year	25 Year	50 Year
December 2015	0.50	2.30	2.90	3.60	3.50
March 2016	0.50	2.40	3.00	3.70	3.60
June 2016	0.75	2.60	3.10	3.80	3.70
September 2016	0.75	2.70	3.20	3.90	3.80
December 2016	1.00	2.80	3.30	4.00	3.90
March 2017	1.00	2.80	3.40	4.10	4.00
June 2017	1.25	2.90	3.50	4.10	4.00
September 2017	1.50	3.00	3.60	4.20	4.10
December 2017	1.50	3.20	3.70	4.30	4.20
March 2018	1.75	3.30	3.80	4.30	4.20
June 2018	1.75	3.40	3.90	4.40	4.30
September 2018	2.00	3.50	4.00	4.40	4.30
December 2018	2.00	3.50	4.10	4.40	4.30
March 2019	2.00	3.60	4.10	4.50	4.40

Source: Capita Interest rate forecast as at 11 Nov 2015

- 4.3 The November Bank of England Inflation Report included a forecast for growth to remain around 2% over the next three years, driven mainly by strong consumer demand.

There is considerable uncertainty around how quickly inflation will rise in the next few years and this makes it difficult to forecast when the MPC will decide to make a start on increasing the Bank Rate.

- 4.4 The American economy made a strong comeback after a weak first quarter's growth at +0.6% (annualised), to grow by no less than 3.9% in quarter 2 of 2015, but then weakened again to 1.5% in quarter 3. The downbeat news in late August and in September about Chinese and Japanese growth and the knock on impact on emerging countries that are major suppliers of commodities, was cited as the main reason for the Fed's decision at its

September meeting to pull back from a first rate increase. However, the non-farm payrolls³ figure for growth in employment in October was very strong and, together with a likely perception by the Fed. that concerns on the international scene have subsided, has now firmly opened up the possibility of a first rate rise in December.

In January the European Central Bank (ECB) started a €1.1 trillion programme of quantitative easing to buy up high credit quality government and other debt of selected EuroZone (EZ) countries. This programme of €60bn of monthly purchases started in March 2015 and it is intended to run initially to September 2016. This appears to have had a positive effect in helping a recovery in consumer and business confidence and a start to a significant improvement in economic growth. GDP growth rose to 0.5% in quarter 1 2015 (1.0% y/y) but came in at +0.4% (+1.5% y/y) in quarter 2 and looks as if it may maintain this pace in quarter 3. However, the recent downbeat Chinese and Japanese news has raised questions as to whether the ECB will need to boost its QE programme if it is to succeed in significantly improving growth in the EZ and getting inflation up from the current level of around zero to its target of 2%.

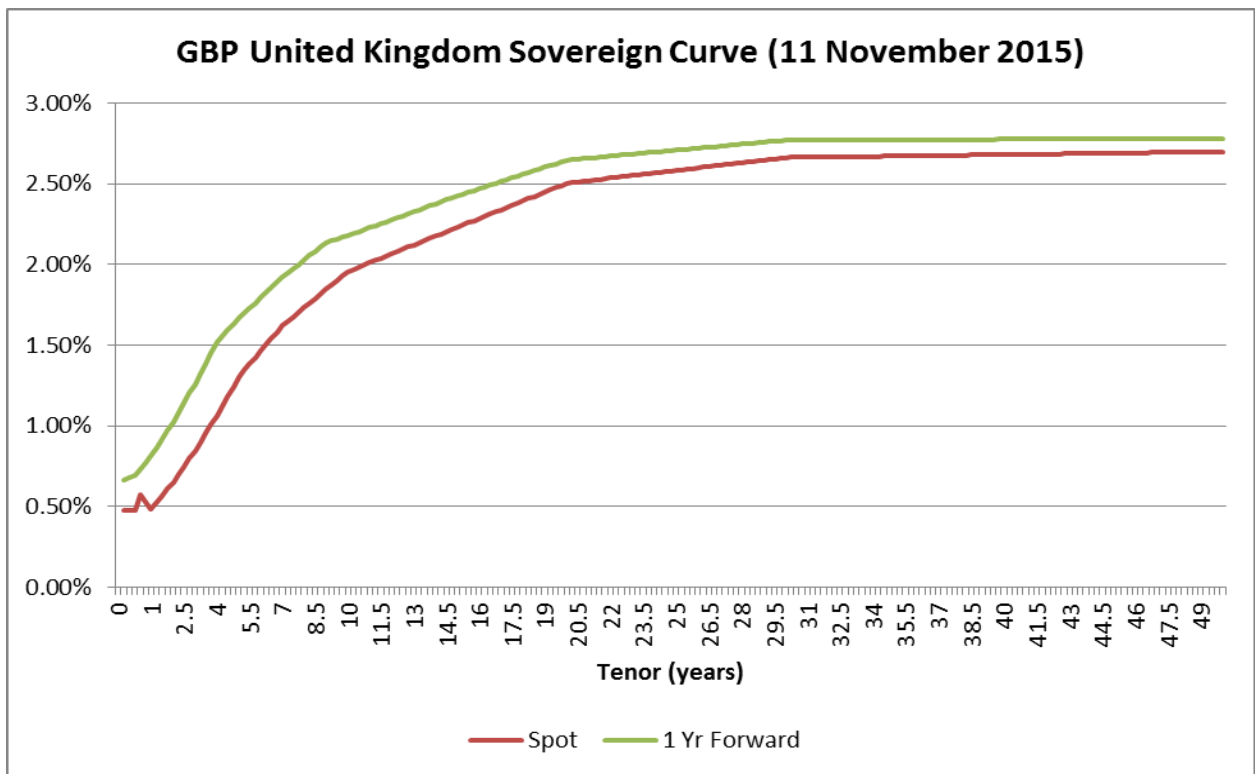
4.6 Investment returns are likely to remain relatively low during 2015/16 and beyond;

Borrowing interest rates have been volatile during 2015 as alternating bouts of good and bad news have promoted optimism, and then pessimism, in financial markets. Gilt yields have continued to remain at historically low levels during 2015. The policy of avoiding new borrowing by running down spare cash balances, has served well over the last few years and this will be kept under review.

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. It is apparent, an increase in interest rates across all maturities is expected – though a limited increase rather than a material change. It should be noted that this has been the case for the last 3 or 4 years.

³ The US Bureau of Labor Statistics which represents the total number of paid US workers of any business (excluding general government employees and private household employees)



Source: Bloomberg as at 17 Nov 2015

5. CURRENT TREASURY POSITION

- 5.1 At the 20th January 2016, the Council had £348 million cash investments. The cash is made up of the Council's usable reserves, capital receipts and unspent government grants. The level of cash has remained broadly at the same level as the start of the financial year, and it is anticipated the cash levels at the end the financial year will be approximately £330 - £350 million.
- 5.2 The Capital Financing Requirement (CFR) is stated below with and without schools' windows in the table below. This is because the Dedicated Schools Grant (DSG) will compensate the council for any cost of borrowing associated with the Schools' Windows programme. The forecast closing General Fund debt as measured by the CFR for 2015/16 is £44.26m. This is subject to the application of forecast capital receipt surpluses to debt reduction at the year-end. The CFR with the DSG-funded Schools Windows will be £45.26m.

Forecast Movement in the General Fund Capital Financing Requirement (CFR) ⁴

£m	2015/16 Estimate	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate
Closing Capital Finance Requirement (Including DSG-funded Schools Windows borrowing)	45.26	52.51	57.21	58.54	59.57
Closing Capital Finance Requirement (Excluding DSG-funded Schools Windows borrowing)	44.26	42.17	37.92	39.79	41.61

⁴ It should be noted that because of the timing of the report process the CFR figures will change before reaching Full Council in February 2016.

- 5.3 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.
- 5.4 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.
- 5.5 There are 5 Prudential Indicators for 2015/16 relating to capital stated in the Capital Programme 2015/16 to 2019/20 report to Budget Council in February 2016, (to meet CIPFA's Prudential Code requirements).
- 5.6 The Council's borrowing and Capital Financing Requirement (CFR) positions are summarised in the tables.

Current Portfolio Position

£'000	2014/15 Actual	2015/16 Estimate	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate
Borrowing at 1 April	250,511	247,599	231,897	224,822	217,405	212,841
Expected change in borrowing during the year	(2,912)	(15,703)	(7,074)	(7,418)	(4,564)	(5,705)
Actual Borrowing at 31 March	247,599	231,897	224,822	217,405	212,841	207,136
Total investments at 31 March	(360,000)	(350,000)	(330,000)	(300,000)	(300,000)	(300,000)
Net borrowing/(investment)	(112,401)	(118,103)	(105,177)	(82,595)	(87,159)	(92,864)

Split between the Housing Revenue Account and General Fund: External borrowing (PWLB) position at Year End

£'000 External Borrowing only	2015/16	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate
Housing Revenue A/c (HRA)	192,283	186,417	180,266	176,482	171,752
General Fund (GF)	39,614	38,406	37,139	36,359	35,384
Total borrowing at year end	231,897	224,823	217,405	212,841	207,136

Sets out the Closing Capital Financing Requirement analysed between General Fund and Housing Revenue Account.

Closing CFR only £'000	2015/16 Estimate	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate
GF CFR (Excluding DSG funded Schools Windows Borrowing)	44,260	42,167	37,919	39,788	41,613
GF CFR (DSG funded Schools Windows borrowing)	1,000	10,340	19,295	18,755	17,955
HRA CFR	210,009	221,483	235,856	254,617	254,617
TOTAL CFR	255,269	273,990	293,070	313,160	314,185

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. Commencing in 2015, in response to the evolving regulatory regime, all three agencies have begun removing these "uplifts" with the timing of the process determined by regulatory progress at the national level. The process has been part of a wider reassessment of methodologies by each of the rating agencies. In addition to the removal of implied support, new methodologies are now taking into account additional factors, such as regulatory capital levels. In some cases, these factors have "netted" each other off, to leave underlying ratings either unchanged or little changed.
- 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. In keeping with the agencies' new methodologies, the rating element of our own credit assessment process now focuses on the Short and Long Term ratings of an institution as well as Credit Default Swaps⁵ (CDS).
- 6.3 The evolving regulatory environment, in tandem with the rating agencies' new methodologies also means that sovereign ratings are now of lesser importance in the assessment process. Where through the crisis, the Council typically assigned the highest sovereign rating to their criteria, the new regulatory environment is attempting to break the link between sovereign support and domestic financial institutions. While this authority understands the changes that have taken place, it will continue to specify a minimum sovereign rating of AA+. This is in relation to the fact that the underlying domestic and where appropriate, international, economic and wider political and social background will still have an influence on the ratings of a financial institution.

Investment Policy

- 6.4 The Council's investment policy has regard to the CLG's Guidance on Local Government Investments ("the Guidance") and the revised CIPFA Treasury Management in Public Services Code 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.

⁵ Credit ratings are based on historical information and Credit Default Swaps (CDS) reflect current market sentiment if the CDS value raises 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)

- 6.5 In accordance with the above guidance from the CLG and CIPFA, 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. The key ratings used to monitor counterparties are the Short Term and Long Term ratings.
- 6.6 Ratings will not be the sole determinant of the quality of an institution; 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 engage with its advisors to maintain a monitor on market pricing such as “credit default swaps” 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 2016/17 and any proposed changes from the 2015/16 Treasury Management Strategy, the table overleaf 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.

Institution Type	Minimum Long Term Credit Rating Required 2016/17 (S&P / Moodys / Fitch)	Maximum Individual Counterparty Investment limit 2016/17 (£m)	Maximum tenor of deposit / investment 2016/17	Changes from the 2015/16 Strategy
DMO Deposits	UK Government Rating AA+	Unlimited	6 months	No change
UK Government (Gilts / T-Bills / Repos)	UK Government Rating AA+	Unlimited	Unlimited	No change
Supra-national Banks	AA- / Aa3 / AA-	£100m	5 years	No change
European Agencies	AA- / Aa3 / AA-	£100m	5 year	No change
Network Rail	UK Government Rating	£200m	Oct 2052	No change
TFL	AA- / Aa3 / AA-	£100m	3 years	No change
GLA	N/A	£100m	3 years	No change
UK Local Authorities	N/A	£10m per Local Authority, £50m in aggregate	1 years	No change
Commercial Paper issued in sterling by UK and European corporate	Long Term AA- / Aa3 / AA- Short Term F2/ P-2 /A-3	£20m per name, £80m in aggregate	1 year	Six months
Covered Bonds issued in sterling by UK and European corporate	AA+/Aa1/AA+ The bond issue; Investment grade of underlying assets	£100m	5 years	A move from the credit rating of the issuer to the underlying assets
Money Market Funds MMF	AAA by at least one of the credit agencies	£30m per fund manager, £200m in aggregate	Up to three day notice	£25m per fund manager
Enhanced Money Funds	AAA by at least one of the credit agencies	£20m per fund manager, £60m in aggregate	Up to seven day notice	No change
UK Bank Fixed Deposits / Certificates of Deposit / Short Dated Bonds	AA- / Aa3 / AA- and above (or UK Government ownership of greater than 25%) Short Term F2/ P-2 /A-3	£70m	5 years	No change
UK Bank Fixed Deposits / Certificates of Deposit / Short Dated Bonds	Long Term A- / A3 / A- Short Term F2/ P-2 /A-3	£50m	3 years	No change

Institution Type	Minimum Long Term Credit Rating Required 2016/17 (S&P / Moodys / Fitch)	Maximum Individual Counterparty Investment limit 2016/17 (£m)	Maximum tenor of deposit / investment 2016/17	Changes from the 2015/16 Strategy
Non-UK Bank Fixed Deposits / Certificates of Deposit / Short Dated Bonds	Long term AA- / Aa2 / AA- Short Term F2/ P-2 /A-3	£50m	3 years	No change
Non-UK Bank Fixed Deposits / Certificates of Deposit / Short Dated Bonds	Long Term A / A2 / A Short Term F2/ P-2 /A-3	£30m	1 year	No change

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

- Current investment types
- Proposed changes to investment limits and tenors
- Non-specified investments
- Creditworthiness criteria
- Country limits.
- Potential Alternative Investments

Current Investment Types⁶

6.10 As per the 2015/16 Treasury Management Strategy, it is proposed that for 2016/17 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)
- (ii) Investment in financial institutions of a minimum Long and Short Term 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)

⁶ Appendix B provides more detail on the various asset classes.

- (vi) Investment in close to maturity AA-rated corporate bonds and commercial paper backed by UK Government guarantees;
- (vii) Investment in Supra-national Banks/European Agencies AA- rated issuer bonds and commercial paper;
- (viii) Investment in AAA-rated Sterling Money Market Funds and Enhanced Money Funds.
- (ix) Investment in commercial paper (CP) of UK domiciled entities with minimum short term credit rating of A3/P-2/F-2.

Certificates of Deposit

- 6.11 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.
- 6.12 In determining whether to place deposits with any institution or fund, the Treasury Manager 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:
- (x) the financial position and jurisdiction of the institution;
 - (xi) the market pricing of credit default swaps for the institution;
 - (xii) Standard & Poor's, Moody's and Fitch's short and long term credit ratings;
 - (xiii) Core Tier 1 capital ratios; and
 - (xiv) other external views as necessary.
- 6.13 The investments portfolio has remained around £350 million throughout the year 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 also remains at the same for the majority of investment types.
- 6.14 Officers took advantage of last year's TMS changes to invest in longer dated maturities and as a result gained an additional 10 basis points (0.50% to 60%) or 20% yield up lift on last year.
- 6.15 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.

6.16 In summary, the bank investment limits are shown in the table below (no change).

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	AA- / Aa3 / AA- and above (or UK Government ownership of greater than 25%) Short Term F2/ P-2 /A-3	70	No change
UK Bank Fixed Deposits / Certificates of Deposit / Short Dated Bonds	Long Term A- / A3 / A- Short Term F2/ P-2 /A-3	50	No change
Non-UK Bank Fixed Deposits / Certificates of Deposit / Short Dated Bonds	Long term AA- / Aa2 / AA- Short Term F2/ P-2 /A-3	50	No change
Non-UK Bank Fixed Deposits / Certificates of Deposit / Short Dated Bonds	Long Term A / A2 / A Short Term F2/ P-2 /A-3	30	No change

Proposed changes to investment limits and tenors

Covered Bonds

6.17 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.

It is proposed that this asset class is changed to reflect the credit rating of the underlying assets and not the issuer. In the unlikely event that a covered bond defaulted an investor has dual recourse to the underlying issuer as well as the pool of collateral. This would enable the Council to investment in AAA rated assets at a favourable rates (Appendix F).

6.18 The current MMF's limit is £25 million per fund (£200 million aggregate) and it is proposed that it is raised to £30 million per fund £200 million for MMFs the

limit this would increase the level of liquidity available. EMFs will stay at £20 million (£60 million aggregate).

Non-specified investments

6.19 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.

6.20 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 Strategic Finance Director on the recommendation from the 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.

6.21 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

6.22 As has been the case for 2015/16, 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.

6.23 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, any further use will be stopped immediately and any existing investments will be matured at the earliest possible convenience.

6.24 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.

- 6.25 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

- 6.26 The current TMS is based on a ratings approach to country of domicile, for 2016/17, 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 (see Appendix E).

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 2016/17 treasury operations. The treasury team will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances and advise the Strategic Finance Director 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 General Fund 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. HRA's funding requirements differ from the General Fund's and external borrowing in the HRA may be required in 2016/17 as a result of the rent reduction, 1% each year for the next four years, imposed by Government in July 2015.
- 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 / %	2016/17		2017/18		2018/19	
Upper Gross Borrowing Limits on fixed interest rates	385	100%	385	100%	385	100%
Upper Gross Borrowing Limits on variable interest rates	77	20%	77	20%	77	20%

Structure limits for debt maturity

Maturity structure of fixed rate borrowing during 2015/16	Upper Limit	Lower Limit	Actual Limits as at 30 September 2015
Under 12 months	15%	0%	5.0%
12 months and within 24 months	15%	0%	3.7%
24 months and within 5 years	60%	0%	7.1%
5 years and within 10 years	75%	0%	13.0%
10 years and above	100%	0%	71.2%

8. POLICY ON BORROWING IN ADVANCE OF NEED

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

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

9. PRUDENTIAL INDICATORS FOR TO BORROWING ACTIVITY

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

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

Authorised Limit

£m	2014/15 Actual	2015/16	2016/17	2017/18	2018/19	2019/20
Borrowing	325	325	325	325	325	325
Other long term liabilities	20	20	20	20	20	20
Total	345	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 £50m 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	2014/15 Actual	2015/16	2016/17	2017/18	2018/19	2019/20
Borrowing	275	275	275	275	275	275
Other long term liabilities	15	15	15	15	15	15
Total	288	290	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 £254.62m.

- 9.5 The Strategic Finance Director 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 2016/17 – 2019/20, based on the planned four year capital programme and other sources of capital resources, borrowing will be funded principally from internal resources.
- 11.2 The availability of internal borrowing is achieved through the use of monies received classed as capital receipts. Use of this money is classed as borrowing as although cash is received from developers on a phased basis, receipts are only deemed usable for funding purposes as assets transfer to the purchaser. This does not prevent the Council from spending the cash it receives, but until such time that assets transfer 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 the difference between the HRA CFR and the external borrowing in each year. This is shown in the table in paragraph 5.6 above.
- 11.3 Full details of the Housing Revenue Account's likely borrowing requirements is set out in the Long Term Financial Plan for Council Homes which is also being presented to Cabinet on the 8th February 2016.

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 Strategic Director of Finance (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	1. Audit, Pensions and	As and when required

Strategy: Updates / revisions at other times	Standards Committee 2. Finance and Delivery PAC 3. Full Council	
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	Director for Finance	Monthly

14. FINANCIAL AND RESOURCE IMPLICATIONS

- 14.1 The comments of the Strategic Director of Financial Services 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 by: Rhian Davies, Chief Solicitor, Shared Legal Services, 0207 641 2729.

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.	Capital Programme Monitor & Budget Variations 2015/16 (2nd Quarter) report – published	Christopher Harris Tel: 0208 753 6440	Finance Department, 2 nd Floor, HTH Extension
2.	Treasury Management Strategy 2015/16 (Approved by Full Council February 2015) - published	Halfield Jackman Tel: 0207 641 4354	Shared Treasury and Pensions, WCC City Hall

APPENDIX A

THE TREASURY MANAGEMENT POLICY STATEMENT

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

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

This Council defines its Treasury Management activities as:

- The management of the Council's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.
- This Council regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of Treasury Management activities will focus on their risk implications for the organisation, and any financial instruments entered into to manage these risks.

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

APPENDIX B

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

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

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

Commercial Paper (CP) is similar to a very short term bond issue (up to one year), issued to investors on a discounted basis, and with the interest rate based on prevailing rates at the time of pricing.

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 RATINGS

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

APPENDIX E:

Approved countries for investments

November 2015

AAA

- Australia
- Canada
- Denmark
- Germany
- Luxembourg
- Norway
- Singapore
- Sweden
- Switzerland


AA+

- Finland
- Hong Kong
- Netherlands
- UK
- USA

APPENDIX F

Indicative rates (October 2015)

<u>Covered fixed</u>	Coupon	Maturity date	Moody's/S&P/Fitch	Yield	ISIN
Bank of Scotland plc	4.88%	08/11/2016	Aaa/AAA	0.97%	XS0274407039
Yorkshire Building Society	4.75%	12/04/2018	Aaa/AAA	1.20%	XS0616210752
Coventry Building Society	4.63%	19/04/2018	Aaa/AAA	1.20%	XS0618833635
Leeds Building Society	4.25%	17/12/2018	Aaa/AAA	1.30%	XS0635000036

<p>London Borough of Hammersmith & Fulham</p> <p>CABINET</p> <p>8 FEBRUARY 2016</p>	
<p>CAPITAL PROGRAMME MONITOR & BUDGET VARIATIONS, 2015/16 (THIRD QUARTER)</p>	
<p>Report of the Cabinet Member for Finance – Councillor Max Schmid</p>	
<p>Open Report</p>	
<p>Classification: For Decision Key Decision: Yes</p>	
<p>Wards Affected: All</p>	
<p>Accountable Director: Hitesh Jolapara – Strategic Finance Director</p>	
<p>Report Author: Christopher Harris, Head of Finance (Corporate Accountancy & Capital)</p>	<p>Contact Details: Tel: 0208 753 6440 E-mail: christopher.harris@lbhf.gov.uk</p>

1. EXECUTIVE SUMMARY

- 1.1 This report provides a financial update on the Council’s Capital Programme and seeks approval for budget variations as at the end of the third quarter, 2015/16. A net decrease of **£20.6m** to the 2015/16 capital budget (as approved at the end of the second quarter) is proposed. This is primarily due to slippages to future years.

2. RECOMMENDATIONS AND DECISIONS

- 2.1 To approve proposed technical budget variations to the capital programme totalling **£20.6m** (summarised in Table 1 and detailed in Appendix 2).

3. REASONS FOR DECISION

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

4. CAPITAL PROGRAMME

4.1 The Council's capital programme as at the end of the third quarter 2015/16 – including proposed variations - is summarised in table 1 below. Further detail for each service can be found in Appendix 1. A full analysis of elements of the programme funded from internal Council resource is included in section 6.

Table 1 – LBHF Capital Programme 2015-19 with proposed 2015/16 Q3 Variations

	Analysis of Movements (Q2 to Q3)					Revised Budget 2015/16 (Q3) £'000	Indicative Future Years Analysis				
	Revised Budget 2015/16 (Q2) £'000	Slippages from/(to) future years £'000	Addition/ (Reduction) £'000	Transfers £'000	Total Variations (Q3) £'000		2016/17 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000	Total Budget (All years) £'000
CAPITAL EXPENDITURE											
Children's Services	47,773	(18,116)	1,267	-	(16,849)	30,924	30,199	12,045	390	-	73,558
Adult Social Care	3,713	(1,257)	-	-	(1,257)	2,456	1,707	450	450	450	5,513
Environmental Services	20,443	(1,710)	1,113	-	(597)	19,846	11,311	7,731	7,731	7,731	54,350
Finance & Corporate Services	436	-	-	-	-	436	-	-	-	-	436
Libraries	374	(250)	-	-	(250)	124	250	-	-	-	374
Sub-total (Non-Housing)	72,739	(21,333)	2,380	-	(18,953)	53,786	43,467	20,226	8,571	8,181	134,231
HRA Programme	54,831	231	-	-	231	55,062	47,836	26,117	21,131	21,943	172,089
Decent Neighbourhoods Programme	20,271	(2,034)	99	-	(1,935)	18,336	21,315	21,421	28,222	17,829	107,123
Sub-total (Housing)	75,102	(1,803)	99	-	(1,704)	73,398	69,151	47,538	49,353	39,772	279,212
Total Expenditure	147,841	(23,136)	2,479	-	(20,657)	127,184	112,618	67,764	57,924	47,953	413,443
CAPITAL FINANCING											
Specific/External Financing:											
Government/Public Body Grants	46,273	(13,706)	1,267	(70)	(12,509)	33,764	21,508	4,757	2,297	2,157	64,483
Developers Contributions (S106)	6,900	(760)	2,791	-	2,031	8,931	5,010	-	-	-	13,941
Leaseholder Contributions	5,693	-	-	-	-	5,693	4,093	2,848	2,849	2,849	18,332
Sub-total - Specific Financing	58,866	(14,466)	4,058	(70)	(10,478)	48,388	30,611	7,605	5,146	5,006	96,756
Mainstream Financing (Internal):											
Capital Receipts - General Fund	12,073	(1,200)	-	70	(1,130)	10,943	11,280	5,550	5,480	5,480	38,733
Capital Receipts - Housing*	50,164	(1,803)	(2,679)	-	(4,482)	45,682	28,443	8,794	9,064	16,488	108,471
Revenue funding - General Fund	499	-	1,100	-	1,100	1,599	544	544	544	544	3,775
Revenue Funding - HRA	2,300	-	-	-	-	2,300	3,514	3,702	353	1,562	11,431
Major Repairs Reserve (MRR) [Housing]	16,849	-	-	-	-	16,849	17,377	17,820	18,325	18,873	89,244
Earmarked Reserves (Revenue)	423	-	-	-	-	423	-	-	-	-	423
Sub-total - Mainstream Funding	82,308	(3,003)	(1,579)	70	(4,512)	77,796	61,158	36,410	33,766	42,947	252,077
Internal Borrowing	6,667	(5,667)	-	-	(5,667)	1,000	20,849	23,749	19,011	-	64,609
External Borrowing	-	-	-	-	-	-	-	-	-	-	-
Funding to be identified	-	-	-	-	-	-	-	-	-	-	-
Total Capital Financing	147,841	(23,136)	2,479	-	(20,657)	127,184	112,618	67,764	57,924	47,953	413,443

*Capital Receipts include use of brought forward Housing receipts

4.2 A net variation to the 2015/16 programme of **£20.6m** is proposed, decreasing total budgeted expenditure from **£147.8m** to **£127.2m**. The proposed net variation comprises:

- A net decrease of £23.1m in respect of slippages and re-profiling of budgets to future years.
- A net increase of £2.5m mainly due to additional funding received for Schools Organisation Strategy (£1.27m) and new Parking payment system schemes (£1.1m)

A detailed analysis of proposed variations for approval is included at Appendix 2.

5. CAPITAL FINANCE REQUIREMENT (CAPITAL DEBT)

- 5.1 The Capital Finance Requirement (CFR) measures the Council's long-term indebtedness. For the General Fund CFR, the Council is required to set-aside an annual provision from revenue, known as the Minimum Revenue Provision (MRP), which is designed to set aside resource to repay debt. There is no requirement to make MRP in respect of Housing debt. The CFR and MRP are explained in more detail in appendix 4.
- 5.2 General Fund Headline¹ CFR debt is forecast to be **£45.26m** by the end of 2015/16 year. Table 2 below shows the current CFR forecast based on the continued application of surplus receipts to debt. The General Fund CFR is stated with and without schools' windows in the table below. This is because the Dedicated Schools Grant (DSG) will compensate the Council for any cost of borrowing associated with the Schools' Windows programme. The forecast General Fund CFR excluding school windows at the end of 2015/16 is £44.26m.

Table 2 – Forecast General Fund CFR at Q3 2015-16

General Fund CFR Forecast	2015/16 £m	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m
Closing CFR (Including DSG-funded Schools Windows borrowing)	45.26	52.51	57.21	58.54	59.57
Closing CFR (Excluding DSG-funded Schools Windows borrowing)	44.26	42.17	37.92	39.79	41.61

- 5.3 The current HRA CFR forecast is shown in Table 3 below:

Table 3 – Forecast HRA CFR at Q3 2015-16

HRA CFR Forecast	2015/16 £m	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m
Closing Forecast HRA CFR	210.01	221.48	235.86	254.61	254.61

6. GENERAL FUND – MAINSTREAM PROGRAMME AND CAPITAL RECEIPTS

- 6.1 The General Fund mainstream programme cuts across the departmental programmes and represents schemes which are funded from internal Council resource – primarily capital receipts. It is effectively the area of the programme where the Council has the greatest discretion. The receipts available to the mainstream programme come via the General Fund asset disposal strategy which sits as part of the Asset Management Plan. The mainstream programme is summarised in Table 4.

¹ Excludes items such as finance leases and PFIs, the MRP cost of which is funded through revenue budgets.

Table 4 – General Fund Mainstream Programme at 2015/16 Q3

	2015/16 Revised Budget	Variations (Q3)	Revised Budget 2015/16 (Q3)	Indicative Budget 2016/17	Indicative Budget 2017/18	Indicative Budget 2018/19	Indicative Budget 2019/20	Total Budget (All years)
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Approved Expenditure								
Ad Hoc Schemes:								
Schools Organisation Strategy [CHS] (mainstream element)*	430	-	430	2,730	70	-	-	3,230
Carnwath Road [ENV]	1,200	(1,200)	-	3,070	-	-	-	3,070
Other capital schemes [ENV]		1,100	1,100	-	-	-	-	1,100
Fulham Cemetery (Porta Cabins) [ENV]	85	-	85	-	-	-	-	85
Rolling Programmes:								
Disabled Facilities Grant [ASC]	600	70	670	450	450	450	450	2,470
Planned Maintenance/DDA Programme [ENV]**	7,233	-	7,233	2,500	2,500	2,500	2,500	17,233
Footways and Carriageways [ENV]	2,051	-	2,051	2,030	2,030	2,030	2,030	10,171
Controlled Parking Zones [ENV]	300	-	300	275	275	275	275	1,400
Column Replacement [ENV]	-	-	-	269	269	269	269	1,076
Parks Programme [ENV]	704	-	704	500	500	500	500	2,704
Total Mainstream Programmes	12,603	(30)	12,573	11,824	6,094	6,024	6,024	42,539
Available and Approved Resource								
Capital Receipts (total available)	16,178	(4,364)	11,814	13,330	9,840	3,840	3,840	42,664
General Fund Revenue Account	499	1,100	1,599	544	544	544	544	3,775
Available Mainstream Resource	16,677	(3,264)	13,413	13,874	10,384	4,384	4,384	46,439
In-year surplus/(deficit)	4,074		840	2,050	4,290	(1,640)	(1,640)	
Surplus/(deficit) brought-forward	-		-	840	2,890	7,180	5,540	
Surplus/(deficit) carried forward	4,074		840	2,890	7,180	5,540	3,900	

*Queensmill redevelopment using Earls Court receipt, £9m of which has been ring-fenced for this purpose

** The Planned Maintenance Programme includes the planned refurbishment for Hammersmith Town Hall.

It is likely that this budget will increase by approximately £3m-£4m once the slippages from 2015/16 have been confirmed.

- 6.2 Forecast capital receipts for the year, as at the third quarter, are **£11.8m**. As at October 2015 **£7.3m** of capital receipts have been realised (before an allowance for costs of disposal which cannot exceed 4%). A summary of forecast receipts is included in Appendix 3.
- 6.3 As at the end of the third quarter, **£1.1m** of deferred disposal costs have been accrued in respect of anticipated General Fund disposals. These costs are netted against the receipt when received (subject to certain restrictions). In the event that a sale does not proceed these costs must be written back to revenue. Deferred costs are summarised in Appendix 3.
- 6.4 The mainstream programme is currently showing an overall forecast surplus in 2015/16 of **£0.84m**. Over the next four years the programme is forecast to be in surplus by **£3.9m**. The surplus currently underpins the debt reduction forecast.

7. OTHER PROGRAMMES

7.1 Housing Capital Programme

7.1.1 The expenditure and resource analysis of the Housing Programme is summarised in Table 5 below. Detailed expenditure on scheme level is included in Appendix 1.

Table 5 – Housing Capital Programme 2015-19 at Q3 2015-16

Housing Programme - Resource Summary							
	Current Year Programme			Indicative Future Years			
	2015/16 Revised Budget	Total Variations Q3	Revised Budget 2015/16 (Q3)	Indicative 2016/17 Budget	Indicative 2017/18 Budget	Indicative 2018/19 Budget	Indicative 2019/20 Budget
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Approved Expenditure							
Decent Neighbourhood Schemes	20,271	(1,935)	18,336	21,315	21,421	28,222	17,829
HRA Schemes	54,831	230	55,061	47,836	26,117	21,131	21,943
Total Housing Programme - Approved Expenditure	75,102	(1,705)	73,397	69,151	47,538	49,353	39,772
Funding							
Capital Receipts - Unrestricted	19,060	24,535	43,595	26,404	3,675	3,835	3,915
Capital Receipts - RTB (141)	-	1,576	1,576	2,039	1,320	856	1,422
Earls Court Buyback rental income	-	-	-	466	3,702	353	1,562
Earls Court Receipts recognisable	-	-	-	-	3,799	4,374	11,151
Housing Revenue Account (revenue funding)	2,300	-	2,300	3,048	-	-	-
Major Repairs Reserve (MRR)	16,849	-	16,849	17,377	17,820	18,325	18,873
Contributions Developers (S106)	2,869	(91)	2,778	3,450	-	-	-
Repayment of NHHT loan	-	-	-	800	-	-	-
Contributions from leaseholders	5,693	-	5,693	4,093	2,849	2,849	2,849
Internal Borrowing	-	-	-	11,474	14,373	18,761	-
Total Funding	47,377	26,020	73,397	69,151	47,538	49,353	39,772

Housing Capital Resource Balances					
	2015/16	2016/17	2017/18	2018/19	2019/20
	£'000	£'000	£'000	£'000	£'000
Usable Capital Receipts					
Capital Receipts B/f	70,135	42,964	30,099	40,779	51,923
Generated in year	18,000	12,000	12,000	12,000	12,000
Used in Year	(45,171)	(2,039)	(1,320)	(856)	(1,422)
Capital Receipts C/f	42,964	52,925	40,779	51,923	62,501
<i>Of Which '141' Restricted</i>	<i>20,138</i>	<i>30,099</i>	<i>40,779</i>	<i>51,923</i>	<i>62,501</i>
<i>Associated deferred costs</i>	<i>409</i>	<i>409</i>	<i>409</i>	<i>409</i>	<i>409</i>
Deferred Capital Receipts (Earls Court)					
Balance B/f	15,000	29,900	44,800	55,901	66,427
Receipts in Year	14,900	14,900	14,900	14,900	14,900
Recognition Profile	-	(3,799)	(4,374)	(11,151)	-
Balance C/f	29,900	44,800	55,901	66,427	70,176
<i>Associated deferred costs</i>	<i>4,257</i>	<i>4,257</i>	<i>4,257</i>	<i>4,257</i>	<i>4,257</i>

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

8. EQUALITY IMPLICATIONS

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

9. LEGAL IMPLICATIONS

- 9.1 There are no direct legal implications in relation to this report.
- 9.2 Implications verified/completed by: David Walker, Principal Solicitor, Commercial and Corporate Property, 020 7361 2211.

10. FINANCIAL AND RESOURCES IMPLICATIONS

- 10.1 This report is wholly of a finance nature.

11. IMPLICATIONS FOR BUSINESS

- 11.1 The Council's Capital Programme represents significant expenditure within the Borough and consequently, where supplies are sourced locally, may impact either positively or negatively on local contractors and sub-contractors. Where capital expenditure increases, or is brought forward, this may have a beneficial impact on local businesses; conversely, where expenditure decreases, or is slipped, there may be an adverse impact on local businesses.
- 11.2 Implications completed by: Antonia Hollingsworth, Principal Business Investment Officer, Planning and Growth Dept. Tel: 020 8753 1698

12. RISK MANAGEMENT

- 12.1 Large scale capital projects can operate in environments which are complex, turbulent and continually evolving. Effective risk identification and control within such a dynamic environment is more than just populating a project risk register or appointing a project risk officer. Amplifying the known risks so that they are not hidden or ignored, demystifying the complex risks into their more manageable sum of parts and anticipating the slow emerging risks which have the ability to escalate rapidly are all necessary components of good capital programme risk management.
- 12.2 Major capital projects can significantly enhance value based on how well they are executed. Considering their high impact nature, the levels of oversight, governance, risk management and assurance need to be in place. For this the standards for the Council are set out in the financial regulations and scheme of delegation along with the key controls. A clearly defined enterprise wide risk management framework is now established across the Council and Shared Services which considers all relevant risk classes and provides a common definition and approach to risk management. This will ensure that a common language and understanding is secured. Capital projects form part of the Strategic risks and monitoring of the programme is noted as a key mitigating action.

12.3 Implications completed by: Michael Sloniowski, Shared Services Risk Manager, telephone 0208 753 2587

13. PROCUREMENT IMPLICATIONS

13.1 There are no immediate procurement implications arising from this report. The corporate Procurement team will advise and support service departments on their major capital procurements as and when such support is required, including consideration of whether and how any social value, local economic and community benefits might be obtained from these.

13.2 Implications completed by: John Francis, Interim Head of Procurement (Job-Share) - 020 7361 2582.

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

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

LIST OF APPENDICES:

Appendix 1 – Detailed Capital Budgets, Spend and Variation analysis by Service

Appendix 2 – Analysis of Budget Variations

Appendix 3 – Capital Receipts Forecast

Appendix 4 – Capital Finance Requirement

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

Children's Services

	Current Year Programme					Indicative Future Years Analysis						
	Analysis of Movements (Q2 to Q3)					Spend to Date	2016/17 Budget	2017/18 Budget	2018/19 Budget	2019/20 Budget	Total Budget (All years)	
	Revised Budget 2015/16 (Q2)	Slippages from/(to) future years	Additions/ (Reductions)	Transfers	Total Transfers/ Virements							Revised Budget 2015/16 (Q3)
£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Scheme Expenditure Summary												
Lyric Theatre Development	2,426	-	-	-	-	2,426	28	-	-	-	-	2,426
Devolved Capital to Schools	-	-	-	-	-	-	(142)	-	-	-	-	-
Schools Organisational Strategy	38,473	(12,449)	1,267	-	(11,182)	27,291	7,503	20,824	2,670	140	-	50,925
Schools Window Replacement Project	6,667	(5,667)	-	-	(5,667)	1,000	284	9,375	9,375	250	-	20,000
Other Capital Schemes	207	-	-	-	-	207	72	-	-	-	-	207
Total Expenditure	47,773	(18,116)	1,267	-	(16,849)	30,924	7,745	30,199	12,045	390	-	73,558
Capital Financing Summary												
Specific/External or Other Financing												
Capital Grants from Central Government	37,380	(12,449)	1,267	-	(11,182)	26,198	7,433	18,094	2,600	140	-	47,032
Grants and Contributions from Private Developers (includes S106)	-	-	-	-	-	-	-	-	-	-	-	-
Capital Grants/Contributions from Non-departmental public bodies	3,296	-	-	-	-	3,296	28	-	-	-	-	3,296
Capital Grants and Contributions from GLA Bodies	-	-	-	-	-	-	-	-	-	-	-	-
Sub-total - Specific or Other Financing	40,676	(12,449)	1,267	-	(11,182)	29,494	7,461	18,094	2,600	140	-	50,328
Mainstream Financing (Internal Council Resource)												
Capital Receipts	200	-	-	-	-	200	-	2,730	70	-	-	3,000
General Fund Revenue Account (revenue funding)	230	-	-	-	-	230	-	-	-	-	-	230
Use of Reserves	-	-	-	-	-	-	-	-	-	-	-	-
Sub-total - Mainstream Funding	430	-	-	-	-	430	-	2,730	70	-	-	3,230
Borrowing	6,667	(5,667)	-	-	(5,667)	1,000	284	9,375	9,375	250	-	20,000
Funding to be identified/agreed	-	-	-	-	-	-	-	-	-	-	-	-
Total Capital Financing	47,773	(18,116)	1,267	-	(16,849)	30,924	7,745	30,199	12,045	390	-	73,558

Adult Social Care Services

Current Year Programme

Indicative Future Years Analysis

Analysis of Movements (Q2 to Q3)

Revised Budget 2015/16 (Q2) £'000	Slippages from/(to) future years £'000	Additions/ (Reductions) £'000	Transfers £'000	Total Transfers/ Virements £'000	Revised Budget 2015/16 (Q3) £'000	Spend to Date £'000	2016/17 Budget £'000	2017/18 Budget £'000	2018/19 Budget £'000	2019/20 Budget £'000	Total Budget (All years) £'000
Scheme Expenditure Summary											
Extra Care New Build project (Adults' Personal Social Services Grant)	957	(957)	-	-	(957)	-	957	-	-	-	957
Community Capacity Grant	507	-	-	-	507	(1)	-	-	-	-	507
Parkview Project	223	-	-	-	223	-	-	-	-	-	223
Transforming Care (Winterbourne Grant)	300	(300)	-	-	(300)	-	300	-	-	-	300
Autism Capital Grant	4	-	-	-	4	-	-	-	-	-	4
Social Care Capital Grant	511	-	-	-	511	-	-	-	-	-	511
Disabled Facilities Grant	1,211	-	-	-	1,211	427	450	450	450	450	3,011
Total Expenditure	3,713	(1,257)	-	-	(1,257)	426	1,707	450	450	450	5,513
Capital Financing Summary											
Specific/External or Other Financing											
Capital Grants from Central Government	2,590	(957)	-	(70)	(1,027)	426	957	-	-	-	2,520
Grants and Contributions from Private Developers (includes S106)	-	-	-	-	-	-	-	-	-	-	-
Capital Grants/Contributions from Non-departmental public bodies	300	(300)	-	-	(300)	-	300	-	-	-	300
Capital Grants and Contributions from GLA Bodies	-	-	-	-	-	-	-	-	-	-	-
Sub-total - Specific or Other Financing	2,890	(1,257)	-	70	(1,327)	426	1,257	-	-	-	2,820
Mainstream Financing (Internal Council Resource)											
Capital Receipts	600	-	-	70	70	-	450	450	450	450	2,470
General Fund Revenue Account (revenue funding)	-	-	-	-	-	-	-	-	-	-	-
Use of Reserves	223	-	-	-	223	-	-	-	-	-	223
Sub-total - Mainstream Funding	823	-	-	70	70	-	450	450	450	450	2,693
Borrowing	-	-	-	-	-	-	-	-	-	-	-
Total Capital Financing	3,713	(1,257)	-	-	(1,257)	426	1,707	450	450	450	5,513

Environmental Services

Current Year Programme

Indicative Future Years Analysis

Scheme Expenditure Summary

	Analysis of Movements (Q2 to Q3)					Revised Budget 2015/16 (Q3) £'000	Spend to Date £'000	Indicative Future Years Analysis				Total Budget (All years) £'000
	Revised Budget 2015/16 (Q2) £'000	Slippages from/(to) future years £'000	Additions/(Reductions) £'000	Transfers £'000	Total Transfers/Virements £'000			2016/17 Budget £'000	2017/18 Budget £'000	2018/19 Budget £'000	2019/20 Budget £'000	
Planned Maintenance/DDA Programme	7,233	-	-	-	-	7,233	308	2,500	2,500	2,500	2,500	17,233
Footways and Carriageways	2,051	-	-	-	-	2,051	970	2,030	2,030	2,030	2,030	10,171
Transport For London Schemes	2,801	-	-	-	-	2,801	973	2,157	2,157	2,157	2,157	11,429
Controlled Parking Zones	299	-	-	-	-	299	-	275	275	275	275	1,399
Column Replacement	-	-	-	-	-	-	-	269	269	269	269	1,076
Carnwath Road	1,200	(1,200)	-	-	(1,200)	-	-	3,070	-	-	-	3,070
Fulham Cemetery (Porta Cabin Facility)	85	-	-	-	-	85	-	-	-	-	-	85
Hammersmith Bridge Strengthening	170	-	-	-	-	170	-	-	-	-	-	170
Other Capital Schemes	3,628	-	1,113	-	1,113	4,741	(199)	-	-	-	-	4,741
Parks Expenditure	1,760	-	-	-	-	1,760	66	500	500	500	500	3,760
Shepherds Bush Common Improvements	688	(510)	-	-	(510)	178	98	510	-	-	-	688
Recycling	19	-	-	-	-	19	-	-	-	-	-	19
CCTV	366	-	-	-	-	366	83	-	-	-	-	366
Linford Christie Stadium Refurbishment	143	-	-	-	-	143	2	-	-	-	-	143
Total Expenditure	20,443	(1,710)	1,113	-	(597)	19,846	2,301	11,311	7,731	7,731	7,731	54,350

Capital Financing Summary

Specific/External or Other Financing

Capital Grants from Central Government	-	-	-	-	-	-	-	-	-	-	-	-
Grants and Contributions from Private Developers (includes S106)	6,090	(510)	13	-	(497)	5,593	394	510	-	-	-	6,103
Capital Grants/Contributions from Non-departmental public bodies	-	-	-	-	-	-	(410)	-	-	-	-	-
Capital Grants and Contributions from GLA Bodies	2,611	-	-	-	-	2,611	973	2,157	2,157	2,157	2,157	11,239
Sub-total - Specific or Other Financing	6,439	(510)	13	-	(497)	8,204	957	2,667	2,157	2,157	2,157	17,342

Mainstream Financing (Internal Council Resource)

Capital Receipts	11,273	(1,200)	-	-	(1,200)	10,073	1,344	8,100	5,030	5,030	5,030	33,263
General Fund Revenue Account (revenue funding)	269	-	1,100	-	1,100	1,369	-	544	544	544	544	3,545
Use of Reserves	200	-	-	-	-	200	-	-	-	-	-	200
Sub-total - Mainstream Funding	11,028	(1,200)	1,100	-	(100)	11,642	1,344	8,644	5,574	5,574	5,574	37,008

Borrowing

	-	-	-	-	-	-	-	-	-	-	-	-
--	---	---	---	---	---	---	---	---	---	---	---	---

Total Capital Financing

	17,467	(1,710)	1,113	-	(597)	19,846	2,301	11,311	7,731	7,731	7,731	54,350
--	--------	---------	-------	---	-------	--------	-------	--------	-------	-------	-------	--------

Finance & Corporate Governance

Current Year Programme

Indicative Future Years Analysis

Analysis of Movements (Q2 to Q3)

	Revised Budget 2015/16 (Q2)	Slippages from/(to) future years	Additions/ (Reductions)	Transfers	Total Transfers/ Virements	Revised Budget 2015/16 (Q3)	Spend to Date	2016/17 Budget	2017/18 Budget	2018/19 Budget	2019/20 Budget	Total Budget (All years)
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Scheme Expenditure Summary												
Relocation of HAFAD to Edward Woods Community Centre and Related Refurbishment Requirements	436	-	-	-	-	436	-	-	-	-	-	436
Contribution to Invest to Save Fund	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditure	436	-	-	-	-	436	-	-	-	-	-	436
Capital Financing Summary												
Specific/External or Other Financing												
Capital Grants from Central Government	-	-	-	-	-	-	-	-	-	-	-	-
Grants and Contributions from Private Developers (includes S106)	436	-	-	-	-	436	-	-	-	-	-	436
Capital Grants/Contributions from Non-departmental public bodies	-	-	-	-	-	-	-	-	-	-	-	-
Capital Grants and Contributions from GLA Bodies	-	-	-	-	-	-	-	-	-	-	-	-
Sub-total - Specific or Other Financing	436	-	-	-	-	436	-	-	-	-	-	436
Mainstream Financing (Internal Council Resource)												
Capital Receipts	-	-	-	-	-	-	-	-	-	-	-	-
General Fund Revenue Account (revenue funding)	-	-	-	-	-	-	-	-	-	-	-	-
Use of Reserves	-	-	-	-	-	-	-	-	-	-	-	-
Sub-total - Mainstream Funding	-	-	-	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-	-	-	-
Total Capital Financing	436	-	-	-	-	436	-	-	-	-	-	436

Libraries Services

Current Year Programme

Indicative Future Years Analysis

Analysis of Movements (Q2 to Q3)

Revised Budget 2015/16 (Q2) £'000	Slippages from/(to) future years £'000	Additions/ (Reductions) £'000	Transfers £'000	Total Transfers/ Virements £'000	Revised Budget 2015/16 (Q3) £'000	Spend to Date £'000	2016/17 Budget	2017/18 Budget	2018/19 Budget	2019/20 Budget	Total Budget (All years)	
							£'000	£'000	£'000	£'000	£'000	
Scheme Expenditure Summary												
Hammersmith Library Refurbishment Project	374	(250)	-	-	(250)	124	24	250	-	-	-	374
Total Expenditure	374	(250)	-	-	(250)	124	24	250	-	-	-	374
Capital Financing Summary												
Specific/External or Other Financing												
Capital Grants from Central Government	-	-	-	-	-	-	-	-	-	-	-	-
Grants and Contributions from Private Developers (includes S106)	374	(250)	-	-	(250)	124	24	250	-	-	-	374
Capital Grants/Contributions from Non-departmental public bodies	-	-	-	-	-	-	-	-	-	-	-	-
Capital Grants and Contributions from GLA Bodies	-	-	-	-	-	-	-	-	-	-	-	-
Sub-total - Specific or Other Financing	374	(250)	-	-	(250)	124	24	250	-	-	-	374
Mainstream Financing (Internal Council Resource)												
Capital Receipts	-	-	-	-	-	-	-	-	-	-	-	-
General Fund Revenue Account (revenue funding)	-	-	-	-	-	-	-	-	-	-	-	-
Use of Reserves	-	-	-	-	-	-	-	-	-	-	-	-
Sub-total - Mainstream Funding	-	-	-	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-	-	-	-
Total Capital Financing	374	(250)	-	-	(250)	124	24	250	-	-	-	374

Housing Capital Programme

Current Year Programme

Indicative Future Years Analysis

Analysis of Movements (Q2 to Q3)

	Revised Budget 2015/16 (Q2)	Slippages from/(to) future years	Additions/(Reductions)	Transfers	Total Transfers/Virements	Revised Budget 2015/16 (Q3)	Spend to Date	2016/17 Budget	2017/18 Budget	2018/19 Budget	2019/20 Budget	Total Budget (All years)
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Scheme Expenditure Summary												
<i>HRA Schemes:</i>												
Supply Initiatives (Major Voids)	2,487	-	-	-	-	2,487	2,331	939	-	-	-	3,426
Energy Schemes	3,035	-	-	-	-	3,035	2,119	3,961	2,150	1,885	2,057	13,088
Lift Schemes	4,270	-	-	-	-	4,270	672	6,373	5,101	2,687	94	18,525
Internal Modernisation	6,100	332	-	(332)	-	6,100	3,721	1,408	-	-	1,403	8,911
Major Refurbishments	13,818	554	-	20	574	14,392	7,262	16,565	12,202	11,874	13,746	68,779
Planned Maintenance Framework	16,009	(655)	-	355	(300)	15,709	9,244	9,071	-	-	-	24,780
Minor Programmes	7,800	-	-	(44)	(44)	7,756	3,778	8,346	6,707	5,722	6,694	35,225
Decent Homes Partnering	-	-	-	-	-	-	-	-	-	-	-	-
ASC/ELRS Managed	1,312	-	-	-	-	1,312	828	1,173	950	823	888	5,146
Rephasing & Reprogramming	-	-	-	-	-	-	-	-	(993)	(1,860)	(2,939)	(5,792)
Subtotal HRA	54,831	231	-	-	230	55,061	29,955	47,836	26,117	21,131	21,943	172,088
<i>Decent Neighbourhood Schemes:</i>												
HRA Debt Repayment	-	-	-	-	-	-	-	-	-	-	-	-
Earls Court Buy Back Costs	10,897	-	10	-	10	10,907	7,012	10,506	16,378	24,128	13,782	75,701
Earls Court Project Team Costs	851	(57)	-	-	(57)	794	326	4,636	5,043	4,094	4,047	18,614
Housing Development Project	3,626	(639)	89	-	(550)	3,076	98	4,928	-	-	-	8,004
Other DNP projects	4,898	(1,338)	-	-	(1,338)	3,560	1,458	1,245	-	-	-	4,805
Subtotal Decent Neighbourhoods	20,271	(2,034)	99	-	(1,935)	18,337	8,895	21,315	21,421	28,222	17,829	107,124
Total Expenditure	75,102	(1,803)	99	-	(1,705)	73,398	38,850	69,151	47,538	49,352	39,772	279,212
Capital Financing Summary												
Specific/External or Other Financing												
Capital Grants from Central Government	-	-	-	-	-	-	-	-	-	-	-	-
Contributions from leaseholders	5,693	-	-	-	-	5,693	-	4,093	2,849	2,849	2,849	18,333
Grants and Contributions from Private Developers (includes S106)	-	-	2,778	-	2,778	2,778	-	4,250	-	-	-	7,028
Capital Grants and Contributions from GLA Bodies	96	-	-	-	-	96	-	-	-	-	-	96
Sub-total - Specific or Other Financing	5,789	-	2,778	-	2,778	8,567	-	8,343	2,849	2,849	2,849	25,457
Mainstream Financing (Internal Council Resource)												
Capital Receipts (inc adj for deferred costs)	50,164	(1,803)	(2,679)	-	(4,482)	45,682	22,001	28,443	8,794	9,064	16,488	108,471
Housing Revenue Account (revenue funding)	2,300	-	-	-	-	2,300	-	3,514	3,702	353	1,562	11,431
Major Repairs Reserve (MRR) / Major Repairs	16,849	-	-	-	-	16,849	16,849	17,377	17,820	18,325	18,873	89,244
Sub-total - Mainstream Funding	693,138	(1,803)	(2,679)	-	(4,482)	64,831	38,850	49,334	30,316	27,742	36,923	209,146
Borrowing (Internal Borrowing)	-	-	-	-	-	-	-	11,474	14,373	18,761	-	44,608
Total Capital Financing	75,102	(1,803)	99	-	(1,705)	73,398	38,850	69,151	47,538	49,352	39,772	279,212

Appendix 2 – Analysis of Budget Variations

Variation by Service	Amount £'000
Children's Services	
School's Organisation Strategy – Slippage of £12.4m due to re-profiling of budgets to future years in respect of the following projects: <ul style="list-style-type: none"> • Bentworth Ark Academy £(573)k • Holy Cross Expansion - £139k • William Morris -£(385)k • Bridge Academy -£(9,870)k • Phoenix High School- £(1,760) 	(12,449)
Schools Window Replacement Project-slippage to future years	(5,667)
School's Organisation Strategy- additional funding received in 2015/16 in respect of Schools' Condition Allocation grant	1,267
Total CHS variations	(16,849)
Adult Social Care	
Extra Care New Build project (Adults' Personal Social Services Grant)- slippage due to the project delays	(957)
Transforming Care (Winterbourne Grant)- slippage to the future years	(300)
Total ASC variations	(1,257)
Environmental Services	
Carnwath Road-slippage to 2016/17	(1,200)
Other Capital Schemes – new projects for Pay by Phone and Pay & Display funded by efficiency reserve (approved by Cabinet, 12/10/15)	1,113
Slippage in S106 funded Shepherds Bush Green refurbishment project	(510)
Total Environmental Services variations	(597)
Libraries Services	
Slippage to 2016/17	(250)
Total Libraries Services	(250)
Housing Capital Programme	
HRA schemes-net slippages from/to future years as a result of budget re-profiling	231
Earls Court Buyback Costs-additional budget for contingency for former leaseholder owners of buybacks claiming compensation retrospectively	10
Earls Court Project Team Costs- slippage in project team costs.	(57)
Housing Development Project- net reduction of £(0.55)m comprising of £(0.64)m slippages to the future years and £0.09m additional budget	(550)
Other Housing Development Project- £480k slippage to future years related to HEIP projects and £858k slippage due to delays in Watermeadow project	(1,338)
Total Housing variations	(1,704)

Appendix 3 – General Fund – Forecast Capital Receipts

Year	Previous Forecast £'000s	Movement/ Slippage £'000s	Forecast Outturn at Quarter 3 £'000s	Deposit received to date £'000s	Full sales proceeds @ Q3 £'000s	Deferred Costs of Disposal reserved £'000s
2015/16						
Total 2015/16	16,178	(4,364)	11,814	-	7,318	197
2016/17						
Total 2016/17	15,356	(2,026)	13,330	-	-	521
2017/18						
Total 2017/18	3,840	6,000	9,840	250	-	418
2018/19						
Total 2018/19	3,840	-	3,840	-	-	-
2019/20						
Total 2019/20	-	3,840	3,840	-	-	-
Total All Years	39,214	3,450	42,664	250	7,318	1,136

Appendix 4 – The Capital Finance Requirement (CFR) and the Minimum Revenue Provision (MRP)

The Capital Finance Requirement (CFR) measures an authority's underlying need to borrow for a capital purpose. It replaced the 'credit ceiling' regime in 2004 as is the measure of debt in all local authorities.

The CFR is the difference between capital expenditure incurred and the resources set aside to fund this expenditure. It serves as a measure of an authority's indebtedness.

The CFR does not necessarily equal the outstanding loans of the authority. A council may – at a given point in time - be 'cash rich' and pay for a new asset in full without entering into new loans. However, unless the Council simultaneously sets aside reserves, this purchase remains 'unfunded' – accordingly the CFR will increase. In this example the Council has 'borrowed internally'. Put another way, if all of its other liabilities were called-in tomorrow, the Council would need to go out and borrow. This is known as an 'underlying need to borrow'.

The CFR can be thought of as the amalgam of actual borrowing (loans) and internal borrowing.


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 will result in a lower MRP cost in the following year.

The CFR presented in this report excludes the CFR associated with Finance Leases and PFIs as the financing costs of these elements are fully funded through revenue budgets.

Agenda Item 7

London Borough of Hammersmith & Fulham CABINET 8 FEBRUARY 2016	 hammersmith & fulham
FOUR YEAR CAPITAL PROGRAMME 2016/17 TO 2019/20	
Report of the Cabinet Member for Finance – Councillor Max Schmid	
Open Report	
Classification: For Decision Key Decision: Yes	
Wards Affected: All	
Accountable Director: Hitesh Jolapara – Strategic Finance Director	
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 2016-20. The programme for this period totals £286.3m.
- 1.2. The gross programme for 2016/17 totals £112.6m. This comprises the General Fund Programme of £43.5m and the Housing Programme of £69.1m.
- 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 £43.5m for 2016/17 (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 2016/17 General Fund 'Mainstream' 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 [ENV]	2.50
Footways and Carriageways [ENV]	2.03
Parks Programme [ENV]	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 [ENV]	0.275
Column Replacement [ENV]	0.269
Total	0.544

2.3. To note existing capital receipts funded schemes previously approved, but now scheduled for 2016/17 (paragraph 5.2, Table 3):

- Schools' Organisation Strategy - £2.73m
- Carnwath Road - £ 3.07m

2.4. To approve the Housing Programme at £69.1m for 2016/17 as set out in Table 5 (paragraph 7.2) and Appendix 1.

2.5. To approve the annual Minimum Revenue Provision policy statement for 2016/17 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 2016/17 to 2019/20, as summarised in Table 1 below. A detailed analysis of specific schemes by service is included in Appendix 1.

Table 1 - Capital Programme 2016/17 to 2019/20

	Indicative Budgets				Total Budget (All years) £'000
	2016/17 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000	
CAPITAL EXPENDITURE					
Children's Services	30,199	12,045	390	-	42,634
Adult Social Care	1,707	450	450	450	3,057
Environmental Services	11,311	7,731	7,731	7,731	34,504
Libraries	250	-	-	-	250
Sub-total (Non-Housing)	43,467	20,226	8,571	8,181	80,445
HRA Programme	47,836	26,117	21,131	21,943	117,027
Decent Neighbourhoods Programme	21,315	21,421	28,222	17,829	88,787
Sub-total (Housing)	69,151	47,538	49,353	39,772	205,814
Total Expenditure	112,618	67,764	57,924	47,953	286,259
CAPITAL FINANCING					
Specific/External Financing:					
Government/Public Body Grants	21,508	4,756	2,298	2,157	30,719
Developers Contributions (S106)	5,010	-	-	-	5,010
Leaseholder Contributions (Housing)	4,093	2,849	2,849	2,849	12,640
Sub-total - Specific Financing	30,611	7,605	5,147	5,006	48,369
Mainstream Financing (Internal):					
Capital Receipts - General Fund	11,280	5,550	5,480	5,480	27,790
Capital Receipts - Housing*	28,443	8,794	9,064	16,488	62,789
Revenue funding - General Fund	544	544	544	544	2,176
Revenue Funding - HRA	3,514	3,702	353	1,562	9,131
Major Repairs Reserve (MRR) [Housing]	17,377	17,820	18,325	18,873	72,395
Earmarked Reserves (Revenue)	-	-	-	-	-
Sub-total - Mainstream Funding	61,158	36,410	33,766	42,947	174,281
Internal Borrowing	20,849	23,749	19,011	-	63,609
Total Capital Financing	112,618	67,764	57,924	47,953	286,259

*Includes use of brought-forward receipts

- 4.2. The forecast above for specific and external resource is based on known allocations at December 2015. The resource forecasts for both external and internal financing 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 16/17. 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 2016/17 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. The programme includes:

- The continuation of the School's Organisation Strategy (within Children's Services) which is committed to increasing school places in the Borough;
- The continuation of the Council's rolling programmes for Disabled Facilities Grants, Planned Building Maintenance, Footways and Carriageways and Parks.
- The planned refurbishment of Hammersmith Town Hall (within the Planned Building Maintenance programme). This project is designed to increase the usage and occupancy of the Town Hall, thereby allowing other corporate property to be vacated and savings realised.

Table 2 – General Fund Capital Programme 2016-20

	Indicative Budgets				Total Budget (All years) £'000
	2016/17 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000	
CAPITAL EXPENDITURE					
Children's Services	30,199	12,045	390	-	42,634
Adult Social Care	1,707	450	450	450	3,057
Environmental Services	11,311	7,731	7,731	7,731	34,504
Libraries	250	-	-	-	250
Total Expenditure	43,467	20,226	8,571	8,181	80,445
CAPITAL FINANCING					
Specific/External Financing:					
Government/Public Body Grants	21,508	4,757	2,297	2,157	30,719
Developers Contributions (S106)	760	-	-	-	760
Sub-total - Specific Financing	22,268	4,757	2,297	2,157	31,479
Mainstream Financing (Internal):					
Capital Receipts - General Fund	11,280	5,550	5,480	5,480	27,790
Revenue funding - General Fund	544	544	544	544	2,176
Sub-total - Mainstream Funding	11,824	6,094	6,024	6,024	29,966
Internal Borrowing	9,375	9,375	250	-	19,000
Total Capital Financing	43,467	20,226	8,571	8,181	80,445

5.2 Table 3 below shows the projects funded from internal resource and therefore represents the 'discretionary' part of the programme. This has traditionally been referred to as the 'mainstream programme' and it 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 2016-20

	Indicative Budgets				Total Budget (All years) £'000
	Budget 2016/17	Budget 2017/18	Budget 2018/19	Budget 2019/20	
	£'000	£'000	£'000	£'000	
Approved Expenditure					
Ad Hoc Schemes:					
Schools Organisation Strategy [CHS] (mainstream element)*	2,730	70	-	-	2,800
Carnwath Road [ENV]	3,070	-	-	-	3,070
Rolling Programmes:					
Disabled Facilities Grant [ASC]	450	450	450	450	1,800
Planned Maintenance/DDA Programme [ENV]**	2,500	2,500	2,500	2,500	10,000
Footways and Carriageways [ENV]	2,030	2,030	2,030	2,030	8,120
Controlled Parking Zones [ENV]	275	275	275	275	1,100
Column Replacement [ENV]	269	269	269	269	1,076
Parks Programme [ENV]	500	500	500	500	2,000
Total Mainstream Programmes	11,824	6,094	6,024	6,024	29,966
Available and Approved Resource					
Capital Receipts (total available)	13,330	9,840	3,840	3,840	30,850
General Fund Revenue Account	544	544	544	544	2,176
Available Mainstream Resource	13,874	10,384	4,384	4,384	33,026
In-year surplus/(deficit)	2,050	4,290	(1,640)	(1,640)	
Surplus/(deficit) brought-forward	-	2,050	6,340	4,700	
Surplus/(deficit) carried forward	2,050	6,340	4,700	3,060	

*Queensmill redevelopment using Earls Court receipt, £9m of which has been ring-fenced for this purpose

** The Planned Maintenance Programme includes the planned refurbishment for Hammersmith Town Hall.

It is likely that this budget will increase by approximately £3m-£4m once the slippages from 2015/16 have been confirmed.

- 5.3 The General Fund mainstream capital programme continues to be primarily funded from capital receipts. A 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 CAPITAL FINANCE REQUIREMENT (CFR)

- 6.1 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 2016/17 MRP policy is set-out policy in Appendix 4. The current forecast for the General Fund CFR is shown in Table 4 below.
- 6.2 The General Fund CFR is stated with and without schools' windows in the table below. This is because the Dedicated Schools Grant (DSG) will compensate the Council for any cost of borrowing associated with the Schools' Windows programme. The forecast General Fund CFR excluding school windows at the end of 2015/16 is £44.26m. This is subject to the application of forecast capital receipt surpluses to debt reduction at the year-end. The CFR with the DSG-funded Schools Windows will be £45.26m.

Table 4 - Forecast General Fund Capital Financing Requirement (CFR)

General Fund CFR Forecast	2015/16 £m	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m
Closing CFR (Including DSG-funded Schools Windows borrowing)	45.26	52.51	57.21	58.54	59.57
Closing CFR (Excluding DSG-funded Schools Windows borrowing)	44.26	42.17	37.92	39.79	41.61

7. THE HOUSING CAPITAL PROGRAMME

- 7.1 The Housing Capital Programme is based on the Financial Plan For Council Homes that is also on the Cabinet Agenda for 8th February 2016. It includes £117m for repairs and maintenance to existing Council Homes over the next four years. It maintains the same 2016/17 programme as included in last year's forecast but the programme for future years has had to be scaled back as a result of the Government's 1% reduction to rents each year for the next four years, which were not accompanied by any Government funding to bridge the resulting financial gap. For example the February 2015 four year capital programme report anticipated spending £44.1m in 2017/18 and £38.6m in 2018/19 on the Housing Capital Programme, now we expect to spend only £26.1m in 2017/18 and £21.1m in 2018/19. This means the Council will be spending £35.5m less on maintaining residents' homes in these two years alone. Full details are set out in the Financial Plan For Council Homes: The Housing Revenue Account Financial Strategy, 2016/17 Housing Revenue Account budget and 2016/17 Rent Reduction.
- 7.2 This programme is primarily funded by internal borrowing, an annual contribution to major repairs from revenue and use of existing balances.
- 7.3 The overall Housing Programme expenditure and resource forecast is summarised in Table 5, below. The detailed programme is included at appendix 1.

Table 5 – Housing Expenditure and Resource Forecast 2016-20

Housing Programme - Resource Summary

	Indicative Future Years			
	Indicative 2016/17 Budget	Indicative 2017/18 Budget	Indicative 2018/19 Budget	Indicative 2019/20 Budget
	£'000	£'000	£'000	£'000
Approved Expenditure				
Decent Neighbourhood Schemes	21,315	21,421	28,222	17,829
HRA Schemes	47,836	26,117	21,131	21,943
Total Housing Programme - Approved Expenditure	69,151	47,538	49,353	39,772
Funding				
Capital Receipts - Unrestricted	26,404	3,675	3,835	3,915
Capital Receipts - RTB (141)	2,039	1,320	856	1,422
Earls Court Buyback rental income	466	3,702	353	1,562
Earls Court Receipts recognisable	-	3,799	4,374	11,151
Housing Revenue Account (revenue funding)	3,048	-	-	-
Major Repairs Reserve (MRR)	17,377	17,820	18,325	18,873
Contributions Developers (S106)	3,450	-	-	-
Repayment of NHHT loan	800	-	-	-
Contributions from leaseholders	4,093	2,849	2,849	2,849
Internal Borrowing	11,474	14,373	18,761	-
Total Funding	69,151	47,538	49,353	39,772

Housing Capital Resource Balances

	2016/17 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000
Usable Capital Receipts				
Capital Receipts B/f	42,964	30,099	40,779	51,923
Generated in year	12,000	12,000	12,000	12,000
Used in Year	(2,039)	(1,320)	(856)	(1,422)
Capital Receipts C/f	52,925	40,779	51,923	62,501
<i>Of Which '141' Restricted</i>	<i>30,099</i>	<i>40,779</i>	<i>51,923</i>	<i>62,501</i>
<i>Associated deferred costs</i>	<i>409</i>	<i>409</i>	<i>409</i>	<i>409</i>
Deferred Capital Receipts				
Balance B/f	29,900	44,800	55,901	66,427
Receipts in Year	14,900	14,900	14,900	14,900
Recognition Profile		(3,799)	(4,374)	(11,151)
Balance C/f	44,800	55,901	66,427	70,176
<i>Associated deferred costs</i>	<i>4,257</i>	<i>4,257</i>	<i>4,257</i>	<i>4,257</i>

***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.*

7.4 For the period 2016-20 the Housing programme will be borrowing against internal resources (as shown against 'internal borrowing' in Table 5). This is principally

achieved through the use of cash associated with deferred capital receipts (capital receipts received in advance). Use of this money is classed as borrowing as, although cash is received from the purchaser, 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 (i.e. when land transfers). The total available to the HRA for the purposes of internal borrowing is shown in Table 6.

- 7.5 The forecast Housing Capital Finance Requirement (HRA CFR) is shown in Table 6, below.

Table 6 – Housing CFR Forecast 2016-20

HRA CFR Forecast	2015/16 £m	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m
Closing Forecast HRA CFR	210.01	221.48	235.86	254.61	254.61

- 7.6 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.

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. Site assembly is being developed in parallel with the scheme being progressed through detailed design, procurement and construction. This 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. 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 the residents of Council Homes to give them ownership of the land their homes are on. This is part of a wider commitment to devolving more control to the community.

The Economic Regeneration, Housing and The Arts Policy and Accountability meeting of 11th November 2014 requested the administration to establish a Residents Commission on Council Housing to consider the options for empowering residents to take local control over their homes and for maximising investment in existing and new council homes.

At the corresponding meeting on 3rd November 2015, the Residents Commission recommended that Cabinet pursue the transfer of the Council's housing stock to a resident-led Registered Provider which is constituted on the Community Gateway model.

On 7th December 2015 Cabinet accepted in full the Residents' Commission recommendations regarding:

- The future ownership of the council's housing stock;
- Means of increasing resident control over the ownership and management of council homes;
- Improvement of services to tenants and leaseholders

Cabinet also formally resolved to pursue, subject to a ballot, the transfer of the Council's housing stock to a resident-led Registered Provider which is constituted on the Community Gateway model. If the Council are successful in achieving this, a new Registered Provider would be able to both invest in the housing stock at levels that would not be viable if the stock were to be retained and also access funding to increase the provision of affordable housing within the Borough.

8.4 **Earl's Court**

The Council entered into a Conditional Land Sale agreement, (CLSA) on 23rd January 2013, with the developer Capital & Counties Properties Plc (CapCo), to include Council owned land including the West Kensington and Gibbs Green Estates. Full details can be found in the 3 September 2012 Cabinet Report. The trigger notice for the CLSA was served in November 2013; this means that the agreement is now unconditional, and CapCo have made a commitment to pay LBHF 5 annual instalments of £15m, with the first instalment having been paid at the end of December 2015.

8.5 Housing Development Programme

On 6th July 2015 Cabinet approved Phase 1 of the Housing Development Programme, to deliver 31 units of residential accommodation over 4 sites, financed by £10.8m Right-to-Buy and Section 106 receipts.

Feasibility studies for Phase 2 are now underway, but as the Housing Revenue Account borrowing headroom is fully utilised without consideration of further direct development, Phase 2 and beyond will need to compete with other finance intensive schemes (such as the redevelopment of Edith Summerskill House) for Section 106 resources.

8.6 Schools' Capital Programme

The Council continues to implement its Schools Organisation Strategy with expenditure in 2016/17 set to exceed £20m. The strategy continues to focus on expanding school places in light of increasing demand.

8.7 Old Oak and Park Royal Opportunity Area

As part of developing the business case for a High Speed 2 / Crossrail interchange at Old Oak Common the London Boroughs of Brent, Ealing and Hammersmith & Fulham and the GLA published a joint Vision for the Old Oak area to encourage appropriate development and to maximise regeneration benefits in the area. Since then the Old Oak and Park Royal Mayoral Development Corporation (OPDC) was established in April 2015 and is now the planning authority for the Old Oak and Park Royal Opportunity Area. The boundary of this area can be viewed on the OPDC's website at: https://www.london.gov.uk/sites/default/files/gla_migrate_files_destination/OPDC%20boundary%20-%2001_0.pdf

The council remains responsible for all other services such as waste collection, highways enforcement, car parking, parks management and maintenance etc. within the OPDC boundary. OPDC are currently drafting their Local Plan due to go out to the first round of public consultation in January 2015. The OPDC intend to adopt the Local Plan later in 2016. This will be used to assess any planning applications for development in the OPDC area. The council will be a statutory consultee for any planning applications submitted. An LBHF elected member is represented on the OPDC Planning Committee and the Leader of the Council also sits on the OPDC Board which is responsible for overseeing and decision making on the project. The Board meets every 2 months. Further information regarding the OPDC can be found at <https://www.london.gov.uk/about-us/organisations-we-work/old-oak-and-park-royal-development-corporation-opdc/about-opdc-0>

LBHF have successfully petitioned against H2Ss proposals for a Wetlands on Wormwood Scrubs and have secured £3.3m with a £3.9m cap to undertake alternative ecological enhancement works to the Scrubs which would be rolled out after Royal Assent anticipated to be in December 2016. The legal agreement is due to be finalised shortly. A further petition objecting to proposed works to re-routing the Stamford Brook Sewer through Wormwood Scrubs in Hs2's Additional Provision - AP4 is the subject of current discussions with HS2.

8.8 The Hammersmith 'Flyunder'

Following on from the Council's work in 2013/14, Transport for London (TfL) have undertaken further feasibility work on the 'Flyunder' and four other road tunnels in London. Detailed business cases have been prepared and submitted to the Treasury as part of the recent spending review. The next stage is anticipated to be the National Infrastructure Commission. TfL's more detailed business case work has identified a higher capital cost and a considerable funding shortfall. The Council is developing an Supplementary Planning Document (SPD) with the recently formed Hammersmith Residents Working party in order to establish a planning framework that would hopefully bring the Flyunder forward, along with significant improvements to the built environment in the town centre.

8.9 Shepherd's Bush Market

An appeal by the traders' association against the Shepherds Bush Market CPO is scheduled to be heard in the Court of Appeal in early March 2016. Despite the appeal, the developer Orion has served notice on the option agreement to draw down on the council land (former Spring Grove laundry site) which forms part of the regeneration project. The Council is working to establish the purchase price in line with the overage clause. The Council also continues to work with the market traders/Goldhawk Road shopkeepers and the developer to ensure that the unique historic market character and local businesses are protected, as well as requiring the developer to reach negotiated settlements to acquire the remaining land interests.

8.10 Hammersmith Bridge

The Council, in partnership with Transport for London (TfL), is currently looking at options to strengthen Hammersmith Bridge to allow double decker buses to use the bridge. The Council is undertaking an initial feasibility exercise with any final decision subject to a further Cabinet Decision and agreement with TfL. It is anticipated that any eventual project will be substantially funded by TfL.

8.11 Community Infrastructure Levy (CIL)

The Council has adopted its own CIL, which took effect on the 1st September 2015. This is a levy that local authorities can choose to charge on new developments in their area and in part replaces the use of Section 106 Agreements to support the provision of infrastructure. The CIL money collected must be used in enabling development by funding, operating and maintaining infrastructure. The Council is also obliged to use 15% of the CIL funds to deliver projects agreed with community (or 25% where there is an adopted neighbourhood plan in place). As yet, no funds have been received. The Mayor also charges a CIL which current funds Crossrail.

8.12 Flexible Use of Capital Receipts

For the period 1 April 2016 to 31 March 2020, the Government has granted new powers to local authorities whereby capital receipts can be spent more flexibly. Previously, capital receipts could only be spent on a narrow range of items such as capital expenditure or the repayment of debt. The new flexibility will enable local authorities to

also apply capital receipts to the costs of service reform. This has been broadly defined, however the Government, in their draft guidance, have specifically cited *'projects which are forecast to generate ongoing savings to an authority's, or several authorities', and/or to another public sector body's net service expenditure'*. This flexibility will only apply to capital receipts generated in the flexibility period (1 April 2016 to 31 March 2020).

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 2016/17.
- 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, Principal Solicitor, Commercial and Corporate Property 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).

- 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 2016/17.
- 11.5 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 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 Shared Services risk and assurance register which has been reviewed by the 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. The service maintains a register of key risks, where there may become significant they may be escalated onto the Shared Services risk register.

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

13. PROCUREMENT IMPLICATIONS

13.1 There are no direct procurement implications in relation to this report. Advice in relation to procurement and commercial considerations will be given as and when projects start.

13.2 Implications verified/completed by: Alan Parry, Interim Head of Procurement (Job-share). Telephone 0208 753 2581

14. IMPLICATIONS FOR BUSINESS

14.1 The Council’s Capital Programme represents significant expenditure within the Borough and consequently, where supplies are sourced locally, may impact either positively or negatively on local contractors and sub-contractors. Where capital expenditure increases, or is brought forward, this may have a beneficial impact on local businesses; conversely, where expenditure decreases, or is slipped, there may be an adverse impact on local businesses.

14.2 Implications completed by: Antonia Hollingsworth, Principal Business Investment Officer, Planning and Growth Dept. Tel: 020 8753 1698

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

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

LIST OF APPENDICES:

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 2016/17
- Appendix 5 - CIPFA Prudential Indicators 2016/17

APPENDIX 1 – Detailed Analysis by Service

Children's Services

	Indicative Budgets				Total Budget (All years) £'000
	2016/17 Budget £'000	2017/18 Budget £'000	2018/19 Budget £'000	2019/20 Budget £'000	
	Scheme Expenditure Summary				
Schools Organisational Strategy	20,824	2,670	140	-	23,634
Schools Window Replacement Project	9,375	9,375	250	-	19,000
Total Expenditure	30,199	12,045	390	-	42,634
Capital Financing Summary					
Specific/External or Other Financing					
Capital Grants from Central Government	18,094	2,600	140	-	20,834
Grants and Contributions from Private Developers (includes S106)	-	-	-	-	-
Capital Grants/Contributions from Non-departmental public bodies	-	-	-	-	-
Capital Grants and Contributions from GLA Bodies	-	-	-	-	-
Sub-total - Specific or Other Financing	18,094	2,600	140	-	20,834
Mainstream Financing (Internal Council Resource)					
Capital Receipts	2,730	70	-	-	2,800
General Fund Revenue Account (revenue funding)	-	-	-	-	-
Use of Reserves	-	-	-	-	-
Sub-total - Mainstream Funding	2,730	70	-	-	2,800
Borrowing	9,375	9,375	250	-	19,000
Funding to be identified/agreed	-	-	-	-	-
Total Capital Financing	30,199	12,045	390	-	42,634

Adult Social Care Services

	Indicative Budgets				Total Budget (All years) £'000
	2016/17 Budget £'000	2017/18 Budget £'000	2018/19 Budget £'000	2019/20 Budget £'000	
	Scheme Expenditure Summary				
Extra Care New Build project (Adults' Personal Social Services Grant)	957	-	-	-	957
Transforming Care (Winterbourne Grant)	300	-	-	-	300
Disabled Facilities Grant	450	450	450	450	1,800
Total Expenditure	1,707	450	450	450	3,057
Capital Financing Summary					
Specific/External or Other Financing					
Capital Grants from Central Government	957	-	-	-	957
Grants and Contributions from Private Developers (includes S106)	-	-	-	-	-
Capital Grants/Contributions from Non-departmental public bodies	300	-	-	-	300
Capital Grants and Contributions from GLA Bodies	-	-	-	-	-
Sub-total - Specific or Other Financing	1,257	-	-	-	1,257
Mainstream Financing (Internal Council Resource)					
Capital Receipts	450	450	450	450	1,800
General Fund Revenue Account (revenue funding)	-	-	-	-	-
Use of Reserves	-	-	-	-	-
Sub-total - Mainstream Funding	450	450	450	450	1,800
Borrowing	-	-	-	-	-
Total Capital Financing	1,707	450	450	450	3,057

APPENDIX 1 – Detailed Analysis by Service /cont.

Environmental Services

	Indicative Budgets				Total Budget (All years) £'000
	2016/17 Budget	2017/18 Budget	2018/19 Budget	2019/20 Budget	
	£'000	£'000	£'000	£'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	2,157	2,157	2,157	2,157	8,628
Controlled Parking Zones	275	275	275	275	1,100
Column Replacement	269	269	269	269	1,076
Carnwath Road	3,070	-	-	-	3,070
Parks Expenditure	500	500	500	500	2,000
Shepherds Bush Common Improvements	510	-	-	-	510
Total Expenditure	11,311	7,731	7,731	7,731	34,504
Capital Financing Summary					
Specific/External or Other Financing					
Capital Grants from Central Government	-	-	-	-	-
Grants and Contributions from Private Developers (includes S106)	510	-	-	-	510
Capital Grants/Contributions from Non-departmental public bodies	-	-	-	-	-
Capital Grants and Contributions from GLA Bodies	2,157	2,157	2,157	2,157	8,628
Sub-total - Specific or Other Financing	2,667	2,157	2,157	2,157	9,138
Mainstream Financing (Internal Council Resource)					
Capital Receipts	8,100	5,030	5,030	5,030	23,190
General Fund Revenue Account (revenue funding)	544	544	544	544	2,176
Use of Reserves	-	-	-	-	-
Sub-total - Mainstream Funding	8,644	5,574	5,574	5,574	25,366
Borrowing	-	-	-	-	-
Total Capital Financing	11,311	7,731	7,731	7,731	34,504

Libraries Services

	Indicative Budgets				Total Budget (All years) £'000
	2016/17 Budget	2017/18 Budget	2018/19 Budget	2019/20 Budget	
	£'000	£'000	£'000	£'000	
Scheme Expenditure Summary					
Hammersmith Library Refurbishment Project	250	-	-	-	250
Total Expenditure	250	-	-	-	250
Capital Financing Summary					
Specific/External or Other Financing					
Capital Grants from Central Government	-	-	-	-	-
Grants and Contributions from Private Developers (includes S106)	250	-	-	-	250
Capital Grants/Contributions from Non-departmental public bodies	-	-	-	-	-
Capital Grants and Contributions from GLA Bodies	-	-	-	-	-
Sub-total - Specific or Other Financing	250	-	-	-	250
Mainstream Financing (Internal Council Resource)					
Capital Receipts	-	-	-	-	-
General Fund Revenue Account (revenue funding)	-	-	-	-	-
Use of Reserves	-	-	-	-	-
Sub-total - Mainstream Funding	-	-	-	-	-
Borrowing	-	-	-	-	-
Total Capital Financing	250	-	-	-	250

Housing Capital Programme

Indicative Budgets

2016/17 Budget £'000	2017/18 Budget £'000	2018/19 Budget £'000	2019/20 Budget £'000	Total Budget (All years) £'000
----------------------------	----------------------------	----------------------------	----------------------------	--------------------------------------

Scheme Expenditure Summary

HRA Schemes:

Supply Initiatives (Major Voids)	939	-	-	-	939
Energy Schemes	3,961	2,150	1,885	2,057	10,053
Lift Schemes	6,373	5,101	2,687	94	14,255
Internal Modernisation	1,408	-	-	1,403	2,811
Major Refurbishments	16,565	12,202	11,874	13,746	54,387
Planned Maintenance Framework	9,071	-	-	-	9,071
Minor Programmes	8,346	6,707	5,722	6,694	27,469
ASC/ELRS Managed	1,173	950	823	888	3,834
Rephasing & Reprogramming	-	(993)	(1,860)	(2,939)	(5,792)
Subtotal HRA	47,836	26,117	21,131	21,943	117,027

Decent Neighbourhood Schemes:

Earls Court Buy Back Costs	10,506	16,378	24,128	13,782	64,794
Earls Court Project Team Costs	4,636	5,043	4,094	4,047	17,820
Housing Development Project	4,928	-	-	-	4,928
Other DNP projects	1,245	-	-	-	1,245
Subtotal Decent Neighbourhoods	21,315	21,421	28,222	17,829	88,787
Total Expenditure	69,151	47,538	49,353	39,772	205,814

Capital Financing Summary

Specific/External or Other Financing

Capital Grants from Central Government	-	-	-	-	-
Contributions from leaseholders	4,093	2,849	2,849	2,849	12,640
Grants and Contributions from Private Developers (includes S106)	4,250	-	-	-	4,250
Sub-total - Specific or Other Financing	8,343	2,849	2,849	2,849	16,890

Mainstream Financing (Internal Council Resource)

Capital Receipts (inc adj for deferred costs)	28,443	8,794	9,064	16,488	62,789
Housing Revenue Account (revenue funding)	3,514	3,702	353	1,562	9,131
Major Repairs Reserve (MRR) / Major Repairs	17,377	17,820	18,325	18,873	72,395
Sub-total - Mainstream Funding	49,334	30,316	27,742	36,923	144,315

Borrowing (Internal Borrowing)

	11,474	14,373	18,761	-	44,608
Total Capital Financing	69,151	47,538	49,353	39,772	205,814

APPENDIX 2 – Anticipated General Fund Capital Receipts

Year	Forecast receipts £'000s
2016/17	
Total 2016/17	13,330
2017/18	
Total 2017/18	9,840
2018/19	
Total 2018/19	3,840
2019/20	
Total 2019/20	3,840
Total All Years	30,850

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 CFR presented in Table 4 excludes the CFR associated with Finance Leases and PFIs as the financing costs of these elements are fully funded through revenue budgets.

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 2016/17

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.

¹ Options as given in the CLG statutory guidance

8. The guidance states for all capitalised expenditure incurred on or after 1 April 2008, which is (a) financed by borrowing or credit arrangements; and (b) treated as capital expenditure by virtue of either a direction under section 16(2)(b) of the 2003 Act or regulation 25(1) of the 2003 Regulations, the authority should make MRP in accordance with Option 3 Asset Life Method.
9. Asset life for MRP purposes shall be determined in the year that MRP commences and not be subsequently revised by the Executive Director of Finance and Corporate Governance.
10. The determination as to which scheme is funded from borrowing and which from other sources shall be made by the Executive Director of Finance and Corporate Governance. Where an asset is only temporarily funded from borrowing in any one financial year and it is intended that its funding be replaced with other sources by the following year, no MRP shall apply.
11. MRP commencement: When borrowing to provide an asset, the authority may treat the asset life as commencing in the year in which the asset first becomes operational. H&F's policy is to postpone beginning to make MRP until the financial year following the one in which the asset becomes operational. "Operational" here has its standard accounting definition. Investment properties should be regarded as becoming operational when they begin to generate revenues.
12. For any deferred costs of disposal debited to the Capital Adjustment Account, no MRP shall apply.
13. Capital Financing Requirement: Where the CFR was nil or negative on the last day of the preceding financial year, LBHF need not make any MRP in the current financial year.
14. Finance leases and PFI: In the case of finance leases and on-balance sheet PFI contracts, the MRP requirement would be regarded as met by a charge equal to the element of the rent/charge that goes to write down the balance sheet liability. Where a lease (or part of a lease) or PFI contract is brought onto the balance sheet, having previously been accounted for off-balance sheet, the MRP requirement would be regarded as having been met by the inclusion in the charge, for the year in which the restatement occurs, of an amount equal to the write-down for that year plus retrospective writing down of the balance sheet liability that arises from the restatement.
15. Housing assets: the duty to make MRP does not extend to cover borrowing or credit arrangements used to finance capital expenditure on housing assets.
16. The Executive Director of Finance and Corporate Governance is responsible for implementing the Annual Minimum Revenue Provision Statement and has managerial, operational and financial discretion necessary to ensure that MRP is calculated in accordance with regulatory and financial requirements and resolve any practical interpretation issues. The Executive Director of Finance and Corporate Governance may also make additional revenue provisions, over and above those set out in the statement, or set aside capital receipts to reduce debt liabilities should it be prudent for financial management of the HRA or the General Fund.

APPENDIX 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 2014/15 £'000	Revised 2015/16 £'000	Estimate 2016/17 £'000	Estimate 2017/18 £'000	Estimate 2018/19 £'000
General Fund	41,180	53,786	43,467	20,226	8,571
Housing	56,790	73,398	69,151	47,538	49,353
TOTAL	97,970	127,184	112,618	67,764	57,924

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 Strategic Finance Director will determine the actual financing of capital expenditure incurred once a year, after the end of the financial year.

	Actual 2014/15 £'000	Revised 2015/16 £'000	Estimate 2016/17 £'000	Estimate 2017/18 £'000	Estimate 2018/19 £'000
General Fund	45,180	44,260	42,167	37,919	39,788
General Fund (DSG Funded School Windows)	-	1,000	10,340	19,295	18,755
Housing Revenue Account	205,343	210,009	221,483	235,856	254,617
TOTAL	250,523	255,269	273,990	293,070	313,160

The GF CFR associated with the Schools' Windows Programme is shown separately because the Dedicated Schools Grant (DSG) will meet the borrowing costs associated with this 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 2014/15 £'000	Revised 2015/16 £'000	Estimate 2016/17 £'000	Estimate 2017/18 £'000	Estimate 2018/19 £'000
Net Borrowing	(112,401)	(118,103)	(105,177)	(82,595)	(87,159)
CFR	250,523	255,269	273,990	293,070	313,159
Net Borrowing Less than CFR	(362,924)	(373,372)	(379,167)	(375,665)	(400,318)

*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 2014/15 £'000	Revised 2015/16 £'000	Estimate 2016/17 £'000	Estimate 2017/18 £'000	Estimate 2018/19 £'000
General Fund	1.3%	1.4%	1.3%	1.3%	1.3%
Housing Revenue Account	13.9%	12.5%	11.6%	11.4%	10.7%

INCREMENTAL IMPACT OF CAPITAL INVESTMENT DECISIONS ON COUNCIL TAX AND HRA RENTS


The Council has forecast debt reduction savings for the General Fund resulting from the proposed capital programme. Therefore, this indicator is represented as: (Debt Reduction & debt restructuring savings) ÷ Taxbase (number of dwellings). This saving contributes towards the proposed Council Tax freeze in 2016/17 and the decision not to apply the Government's Social Care Precept to council tax payers.

	Estimate 2015/16 £	Estimate 2016/17 £	Estimate 2017/18 £
Council Tax Implication (£)	-7.64	-14.86	-18.23

The impact on the Housing Revenue Account Rents is assessed as nil. It is anticipated that all the new HRA investment will be funded without the need for external borrowing. In addition, the recent Government ruling to reduce HRA Rents effectively prevents rents from increasing.

BORROWING – AUTHORISED LIMIT & OPERATIONAL BOUNDARY

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

<p style="text-align: center;">London Borough of Hammersmith & Fulham</p> <p style="text-align: center;">CABINET</p> <p style="text-align: center;">8 FEBRUARY 2016</p>	
<p style="text-align: center;">CORPORATE REVENUE MONITOR 2015/16 MONTH 7- OCTOBER</p>	
<p style="text-align: center;">Report of the Cabinet Member for Finance – Councillor Max Schmid</p>	
<p>Open Report</p>	
<p>Classification: For Decision Key Decision: Yes</p>	
<p>Wards Affected: All</p>	
<p style="text-align: center;">Accountable Director: Hitesh Jolapara – Strategic Finance Director</p>	
<p>Report Author: Jade Cheung</p>	<p>Contact Details: Tel: 020 8753 3374 E-mail: Jade.Cheung@lbhf.gov.uk</p>

1. EXECUTIVE SUMMARY

- 1.1. The General Fund outturn forecast is an overspend of £3.365m (a decrease of £0.459m from month 6), with budget risks of £8.040m.
- 1.2. The HRA is forecast to underspend by £0.900m with HRA general reserves of £16.539m at year end. The HRA budget risks are £0.070m.
- 1.3. Due to the on-going implementation of the Agresso financial system the CRM7 forecast is not based on actual expenditure data taken from Agresso. CRM7 is focused on high risk areas and reflects discussions with service managers and information taken from other systems (e.g. Adult Social Care framework-i care payments & management system). Whilst this provides some assurance to the forecast figures it does expose the authority to a higher than normal financial risk. The longer the transition takes the greater the financial risk.

2. RECOMMENDATIONS

- 2.1. That the General Fund and HRA month 7 revenue outturn forecast be agreed.

- 2.2. That the drawdown of £1.445m from the Corporate demands and pressures reserve to fund the 2015/16 Children's Services demand pressures arising from unfunded new burdens imposed on the Council be agreed.
- 2.3. That all overspending departments to agree proposals/action plans for bringing spend in line with budget.

3. REASONS FOR DECISION

- 3.1. The decision is required to comply with the Councils' Financial Regulations.

4. CORPORATE REVENUE MONITOR (CRM) 2015/16 MONTH 7 GENERAL FUND

Table 1: General Fund Projected Outturn – Period 7

Department	Revised Budget At Month 7 £000s	Forecast Year End Variance At Month 7 £000s	Forecast Year End Variance At Month 6 £000s
Adult Social Care	60,766	1,238	1,323
Centrally Managed Budgets	25,221	(120)	(120)
Children's Services	46,697	3,234	3,331
Corporate Services	16,399	120	119
Environmental Services	45,416	49	180
Controlled Parking Account	(20,318)	(1,144)	(997)
Housing General Fund	6,694	(12)	(12)
Library Services (Shared Services)	3,221	0	0
Public Health Services	0	0	0
Net Operating Expenditure*	184,096	3,365	3,824
Key Risks		8,040	8,110

*note: figures in brackets represent underspends

- 4.1. Detailed variance and risk analysis by department can be found in appendices 1 to 8. Details of the main adverse variances can be found in appendices 1 (Adult Social Care), 3 (Children's Services), and 4 (Corporate Services).
- 4.2. The favourable variance for Centrally Managed Budgets excludes any unspent contingency funds. Currently £2.0m of contingency balances are uncommitted.

CORPORATE REVENUE MONITOR 2015/16 HOUSING REVENUE ACCOUNT

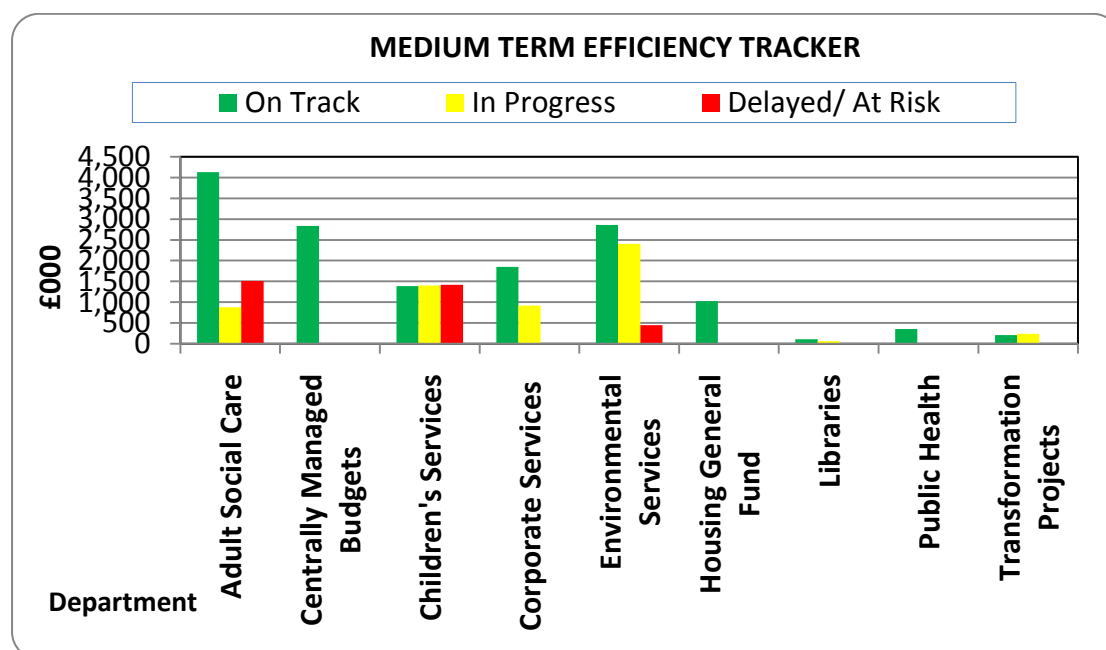
Table 2: Housing Revenue Account Projected Outturn - Period 7

Housing Revenue Account	£000s
Balance as at 31 March 2015	(13,165)
Add: Budgeted Contribution to Balances	(2,474)
Add: Forecast Underspend	(900)
Projected Balance as at 31st March 2016	(16,539)
Key Risks	70

4.3. Detailed variance and risk analysis can be found in Appendix 9.

5. MEDIUM TERM FINANCIAL STRATEGY EFFICIENCY TRACKER SUMMARY

5.1. The 2015/16 budget included efficiency proposals of £24m. Progress against these is summarised below and detailed in appendices 1 to 9.



6. VIREMENTS & WRITE OFF REQUESTS

6.1. Cabinet is required to approve all budget virements that exceed £0.1m.

6.2. A drawdown of £1.445m from the corporate demands and pressures reserve to fund the 2015/16 Children's Services demand pressures arising from unfunded new burdens imposed on the council is proposed (appendix 10).

7. CONSULTATION

7.1. N/A.

8. EQUALITY IMPLICATIONS

8.1. Adjustments to budgets are not considered to have an impact on one or more protected groups so an EIA is not required.

9. LEGAL IMPLICATIONS

9.1. There are no legal implications for this report.

10. FINANCIAL AND RESOURCES IMPLICATIONS

10.1. The General Fund outturn forecast at month 7 is for an overspend of £3.365m (a decrease of £0.459m from month 6). The forecast overspend excludes any application of the £2.0m of currently uncommitted contingency balances.

10.2. The HRA outturn forecast at month 7 is an underspend of £0.900m.

10.3. Due to the on-going implementation of the Agresso financial system the CRM7 forecast is not based on actual expenditure data taken from Agresso. CRM7 is focused on high risk areas and reflects discussions with service managers and information taken from other systems (e.g. Adult Social Care framework-i care payments & management system). Whilst this provides some assurance to the forecast figures it does expose the authority to a higher than normal financial risk. The longer the transition takes the greater the financial risk.

10.4. Implications verified/completed by: Jade Cheung.

11. IMPLICATIONS FOR BUSINESSES

11.1. To our knowledge nothing within this report impacts on local businesses.

12. RISK MANAGEMENT

12.1. Details of actions to manage financial risks are contained within departmental appendices (1-9).

13. PROCUREMENT AND IT STRATEGY IMPLICATIONS

13.1. N/A

LOCAL GOVERNMENT ACT 2000

LIST OF BACKGROUND PAPERS USED IN PREPARING THIS REPORT

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

List of Appendices

- Appendix 1 Adult Social Care Revenue Monitor
- Appendix 2 Centrally Managed Budgets
- Appendix 3 Children's Services Revenue Monitor
- Appendix 4 Corporate Services Revenue Monitor
- Appendix 5 Environmental Services Revenue Monitor
- Appendix 5a Controlled Parking Account Revenue Monitor
- Appendix 6 Housing Department General Fund Revenue Monitor
- Appendix 7 Library Services (Shared Services) Monitor
- Appendix 8 Public Health Services Monitor
- Appendix 9 Housing Revenue Account Monitor
- Appendix 10 Virements

APPENDIX 1: ADULT SOCIAL CARE**BUDGET REVENUE MONITORING REPORT – PERIOD 7****1: Variance by Departmental Division**

Departmental Division	Revised Budget	Variance Month 7	Variance Month 6	Variance Analysis
	£000s	£000s	£000s	
Integrated Care	45,546	1,407	1,585	<p>Similar to the previous year, there are increasing pressures on the Home Care Packages and Direct Payments budgets as part of the out of hospital strategy, to support customers at home and avoid hospital admission or to enable early discharge. This has led to an increase in home care costs above that which would have normally occurred. There is a projected overspend of £1,647,000 which is partially offset by CIS one off Investment allocation of (£358,000) and Care Act funding of (£557,000) to £732,000. Since the commencement of the year there have been an increase in customer numbers of 123 in 2015/16 which accounts for the significant increase in the projected overspend.</p> <p>The department jointly with the CCG have commissioned a piece of work to understand the pressures on the health system and what is causing the overspend in homecare. There will be additional cost pressures on the Homecare budget with the tendering of the new Home care contracts during 2015/16 - both from an increase in prices to improve quality and a potential increase in demand, although this is excluded from the current projections. The modelling of the effects of the contract will also include mitigations such as negotiating a contribution from the CCG and potential economies from new ways of working.</p>

Departmental Division	Revised Budget	Variance Month 7	Variance Month 6	Variance Analysis
	£000s	£000s	£000s	
				<p>There is an underspend in the PFI budget of (£294,000) in 2015/16 due to an out of court settlement reached with Care UK under the PFI contract in April 2015. This settlement resulted in significant one off savings for the Council and for Health. The Council saved (£1.66m) which was reflected in the outturn figures in 2014/15.</p> <p>Within the Learning Disability (LD) Service, there is a net projected overspend of £259,000. The on-going total overspend in LD services would be £732,000 which has been offset by one off budget virement of £473,000 from earmarked reserve. The main reasons for the overspend is pressure of £198,000 of 7 new day centre clients. Since last month there has been an increase of a net 3 new customers within LD Placements costing £128,000. The department has commenced a management review of the high cost placements to see if any meet Continuing Health Care.</p> <p>Within Mental Health services, the net projected overspend is £3,000. The Placements budget shows a continued reduction in customer numbers since the commencement of this year and is projecting an underspend of (£257,000). This is offset by pressures in Home Care of £155,000 and in Supporting Living with four new customers with a projected overspend of £105,000.</p> <p>There are pressures continuing in the Assistive Equipment Technology budget with a projected overspend of £20,000 due to the out of hospital strategy and the additional spending on the CIS to prevent entry into hospital. The total projected overspend was £120,000 which has been offset by one off budget virement of (£100,000) from earmarked reserve. From 2015/16, there</p>

Departmental Division	Revised Budget	Variance Month 7	Variance Month 6	Variance Analysis
	£000s	£000s	£000s	
				<p>is CCG funding from the CIS model to assist with the budgetary pressure. There is an income shortfall of £280,000 on Careline services, which has been fully funded by one off budget virement from earmarked reserve.</p> <p>Within the ASC 2015/16 base budget is an MTFS efficiency of £2m following the negotiations with health over the first year of the Better Care Fund. The £2m efficiency target has various target measures to deliver this saving which include avoidance of care in residential and nursing placement, reduction in home care hours, saving from jointly commissioning section 75 contracts and securing lower prices from placement providers.</p> <p>To date the department is projecting the delivery of the following against this target:</p> <p>Reductions in residential and nursing placements is moving in the right direction with some reduction in volumes of placements with savings of (£516,000) factored in. There is a projected underspend of (£650,000) from cost which meet benefit jointly commissioned social and health outcomes.</p> <p>After allowing for these two favourable variance, this leaves a net shortfall of £834,000.</p>
Strategic Commissioning & Enterprise	7,087	228	197	<p>There is a projected overspend of £62,000 from Supporting People procurement savings mainly resulting from MTFS projects that cannot be progressed, offset by £80,000 funding from the SP reserve. There is £80,000 unachievable in MTFS savings relating to Advocacy in the commissioning third sector payment services which can be funded from the pressures & reserve fund. Since last month report, there has been work undertaken on the S.113</p>

Departmental Division	Revised Budget	Variance Month 7	Variance Month 6	Variance Analysis
	£000s	£000s	£000s	
				recharges resulting in a net projected overspend of £117,000 which is partly offset by a projected under spend of (£52,000) within Meals services.
Finance & Resources	7,351	0	0	
Executive Directorate	782	(13)	(75)	There is a projected underspend of (£75,000) within the workforce development training budgets which is offset by a S113 salaries recharge overspend of £62,000 .
Total	60,766	1,622	1,707	
Funding from Pressures and Demand Reserve		(384)	(384)	Cabinet approved drawdown of £853,000 on 7 th September and £384,00 on 2 nd of November of the total requested amount of £1,237,000. The total ASC Pressures & Demand Reserve at the commencement of the financial year was £4.4m. After allowing for the total drawn down of £1.237m, the balance of the reserve of £3.163m is available for any future demand pressures
Variance Post Reserve Funding	60,766	1,238	1,323	

2: Key Risks

Risk Description	Lower Limit	Upper Limit
	£000s	£000s
There is an aging population as growth is expected to be 1% per annum. The budget has been set with no overall growth for this financial year.		450
Increase in inflationary pressures for Older People, Physical Disabilities & Learning disabled people		150
Increase in demand Learning disabled transitions placements and care packages as no growth has been budgeted for.		150
Total		750

3: MTFS Progress (with explanations of schemes Delayed or at Risk)

Adult Social Care	MTFS Target	On Track	In Progress	Delayed/ At Risk
	£000s	£000s	£000s	£000s
Total MTFS Savings	6,514	4,134	875	1,505
Schemes Delayed / At Risk	£000s	Reason		
	875	Discussions are on-going with the service providers and at this stage are expected to be delivered		
	1,505	Factored into the month 7 projections to be managed as part of the overall departmental budget.		

4: Supplementary Monitoring Information (Action Plans, Virement requests or key concerns)

Adult Social Care (ASC) is projecting a net overspend of £1,238,000 as at end of period 7, this is an decrease in the overspend of £85,000 compared to the period six projected overspend of £1,323,000. The Department is expected to deliver savings of £6,514,000 in this financial year and at this stage of the year 63% are on track to be delivered in full.

Similar to last month's report, the projections should be treated with caution due to difficulties experiencing of the introduction of the Agresso new Managed Services system.

5. Action Plan to Monitor Budget Overspend.

The Department has commenced work with budget managers to produce action plans to reduce overspend and bring the budget to break-even. In addition, the ASC Transformation Programme reviews progress on a two-weekly basis of the projects and programmes which will bring about the savings, with deep dives to check on progress.

The reviews have focused on the LD budget overspend, the emerging supported living customers and the review of home care costs pressures.

The Executive Director and Deputy Executive Director have commenced funding negotiations with Health colleagues for 2016/17, in liaison with the LBHF Director for Finance. The department's expectation is funding will be available from Health to contribute to the Home care costs as part of the out of hospital strategy to support customers at home and avoid hospital admission or to enable early discharge. The department will review the operational service model if sufficient funding is not available.

6. Transfer of Independent Living Fund (ILF) to Local Authorities

Hammersmith and Fulham took responsibility for the payment of Independent Living Fund (ILF) to 48 customers on 1st July 2015. These customers have had annual reviews of their Adult Social Care needs by social workers and have been kept informed via a series of meetings and letters regarding the transfer of ILF. The unringfenced grant determination issued by the Department of Communities and Local Government confirmed funding for LBHF of £671,292, which covers the ILF payments of the 48 ILF customers for the period 1st July 2015 to 31st March 2016.

This grant has been vired into the ASC budget to fund the full ILF financial requirements for 2015/16. This has been actioned and now included in the ASC net budget.

The grant determination also advises that funding beyond April 2016 will be decided as part of the next Government spending review. The financial commitments from 2016/17 is estimated at an annual figure of £894,458.

APPENDIX 2: CENTRALLY MANAGED BUDGETS**BUDGET REVENUE MONITORING REPORT – PERIOD 7****1: Variance by Departmental Division**

Departmental Division	Revised Budget	Variance Month 7	Variance Month 6	Variance Analysis
	£000s	£000s	£000s	
Corporate & Democratic Core	5,857	(20)	(20)	Audit fees are forecast to be under budget.
Housing and Council Tax Benefits	(91)	0	0	
Levies	1,570	0	0	
Net Cost of Borrowing	1,082	0	0	
Other Corporate Items (Includes Contingencies, Insurance, Land Charges)	6,967	0	0	
Pensions & Redundancy	9,836	(100)	(100)	Unfunded pension costs (from historic redundancies) forecast to be under budget.
Total	25,221	(120)	(120)	

Page 157

2: Key Risks

Risk Description	Lower Limit	Upper Limit
	£000s	£000s
Shared Services Office Accommodation Costs	0	720
Land Charge Income risk due to housing market activity levels.	0	100
Total	0	820

3: MTFS Progress (with explanations of schemes Delayed or at Risk)

Centrally Managed Budgets		MTFS Target	On Track	In Progress	Delayed/ At Risk
		£000s	£000s	£000s	£000s
Total MTFS Savings		2,833	2,833		
Schemes Delayed / At Risk		£000s	Reason		

4: Supplementary Monitoring Information (Action Plans, Virement requests or key concerns)

Land charge income held on suspense codes is now being processed weekly so the risks identified above relating to Land Charge income are entirely due to the risk of volatility in housing market activity.

APPENDIX 3: CHILDREN'S SERVICES**BUDGET REVENUE MONITORING REPORT – PERIOD 7****1: Variance by Departmental Division**

Departmental Division	Revised Budget	Variance Month 7	Variance Month 6	Variance Analysis
	£000s	£000s	£000s	
Family Services	30,023	2,704	2,612	<p>Demand-led placement pressures continue to present significant challenges to contain within current budgets, for which the directorate is forecasting a pressure of £1,347k in Period 7. Many of the reported pressures have arisen as a result of legislative and/or regulatory changes imposed by Central Government resulting in a number of areas being underfunded. £1,296k of these demand-led pressures at CRM 7 can be explained as detailed as below and further outlined in the key concerns area:</p> <p>£70k as a result of a change in Case Law requiring a change in the level of our provision (Southwark Judgement); £330k as the additional & consequential cost of a child Staying Put with a carer over the age of 18; £371k for Unaccompanied Asylum Seeking Children (UASC) due to underfunding from the Home Office; £234k impact of Secure Remand on Leaving Care and high cost cohorts; £291k regarding 21+ Increase in Education costs of young people who have been Looked After Children (LAC), returning to Education post 21 years of age.</p> <p>There are staffing cost pressures across the service of £368k. Within this</p>

Departmental Division	Revised Budget	Variance Month 7	Variance Month 6	Variance Analysis
	£000s	£000s	£000s	
				<p>pressure, £246k is in relation to the LAC and Leaving Care teams as expenditure on agency workers has been higher than expected due to difficulties in the recruitment to permanent posts. £135k of the LAC pressure is directly attributable to social work on UASC cases.</p> <p>LAC numbers are not falling as has been anticipated in year – there are 10 additional LAC in care that are unexpected at this stage based on the assumption that we would have 15 less LAC in the year. In addition, the delay of the Semi-Independent Living (SIL) contact implementation has meant the full year effect has not been realised this year, although this should take effect in full next year. (£243k)</p> <p>A further £220k pressure is now forecast in Youth Offending services, mainly as a result of the impact of the new Government’s recent decision to reduce Youth Justice grant funding by 14%.</p> <p>The Multi Agency Safeguarding Hub (MASH) continues to present an unfunded budget pressure of £185k as the expected reduction in assessments has not materialised. This is being reviewed by the service with a view to reducing expenditure to manage this pressure.</p> <p>A shortfall of income at the Haven short break residential unit is forecast as a result of non-achievable MTFS target resulting in a pressure of £125k, pressures on Virtual Schools as a result of a shortfall on the MTFS target and a reduction in grant funding of £173k, plus pressures in relation to Serious Review case costs of £43k.</p>

Departmental Division	Revised Budget	Variance Month 7	Variance Month 6	Variance Analysis
	£000s	£000s	£000s	
				The movement from month 6 is mainly as a result of an increase in forecast expenditure on home care and sessional carers.
Schools Commissioning and Education Services	4,531	49	196	<p>A pressure of £243k is forecast as a result of the requirement for additional unfunded posts required to support service stability through the conversion of SEN Statements into the new Education, Health and Care Plan (EHCP) format. There are also additional pressures within Education Psychology and SEN service team costs of £85k.</p> <p>This pressure is partially mitigated by projected underspends across the Schools Improvement service (£208k), and in the Attendance, Children employment and Elective home education (ACE) team (£58k), plus other small underspends within the directorate (£13k).</p>
Children's Commissioning	5,290	272	272	Pressure on salaries due to delayed implementation of restructure to Jan 2016 and additional costs associated with transition to new structure of £467k partially mitigated by in year savings on LAC Designated Nurse (£140k) and Fulham College budgets. (£55k)
Safeguarding, Review and Quality Assurance	1,737	209	251	<p>After review, the service has indicated that some of the MTFs target may be achievable and is projecting that the Local Safeguarding Children's Board (LSCB) will not result in an in-year cost pressure, thus a £42k favourable movement from last month.</p> <p>The projected overspend is due to staffing costs pressures within the Safeguarding team, mainly as a result of previous years MTFs target not being achieved in full.</p>
Finance & Resources	5,116	0	0	There are pressures in relation to delivery of savings within the Finance team due to the delay in full implementation of the Managed Services project, plus costs to support the development of major projects and

Departmental Division	Revised Budget	Variance Month 7	Variance Month 6	Variance Analysis
	£000s	£000s	£000s	
				service reviews within Family and Children's Services and ICT team costs. These pressures are offset by additional rental income.
Total	46,697	3,234	3,331	

2: Key Risks

Risk Description	Lower Limit	Upper Limit
	£000s	£000s
Delay in Commissioning restructure	200	256
21+ Increase in Education	305	350
Staying Put	245	300
Consequential Costs of Staying Put Arrangements	85	125
18+ Children With Disabilities not meeting ASC criteria	0	80
Impact of Secure Remand on Leaving Care	234	295
Serious Case Review Costs	45	50
Unaccompanied Asylum Seeking Children 18+ (unfunded 25 FTEs)	506	550
No Recourse to Public Funds	0	50
Southwark Judgement	70	70
Delayed start to Assessment Contract	0	25
ICT Costs	30	100
New users to SEN Transport service	0	50
LAC and Leaving Care Team	115	225
Tower Hamlets Kinship Fee Payments	0	149

Risk Description	Lower Limit	Upper Limit
	£000s	£000s
Multi Systemic Therapy (MST) contribution	0	50
Total	1,835	2,725

3: MTFS Progress (with explanations of schemes Delayed or at Risk)

Children's Services	MTFS Target	On Track	In Progress	Delayed/ At Risk
	£000s	£000s	£000s	£000s
Total MTFS Savings	4,199	1,386	1,400	1,413
Schemes Delayed / At Risk	£000s	Reason		
People Portfolio Savings	128			
Commissioning staff reduction	140	Full implementation of new structure to take place by January 2016		
IFA Review	250	The profile of the current LAC population and the un-availability of suitable in-house foster carers has meant an over reliance on more expensive Independent Fostering Provider placements. Strategies to increase the pool of available in-house foster carers are currently being scoped.		
Finance Restructure	250	Delay in the proposed restructure of the service as resources are retained for the full implementation of the Managed Services project.		
Better support to foster carers to reduce residential need	250	There has been an increase in the number of children presenting with complex needs and requiring residential placement in 15/16, in some cases where fostering placements have proved to be unsustainable, there has been no other alternative available to the service.		
Substitution funding (Education DSG, PHS, Troubled Families)	200	Saving not yet implemented.		

10 more relative placements	70	The service is exploring the availability and willingness of connected persons to care for LAC children in all appropriate cases, however this target remains difficult to achieve.
New model for Respite overnight care (The Haven)	125	Saving not yet implemented.

4: Supplementary Monitoring Information (Action Plans, Virement requests or key concerns)

The departmental overspend has reduced by £97k since month 6. The Department will continue to seek opportunities to mitigate overspends related to non-pressure items throughout the remainder of the year in order to minimise overspends as much as possible.

The majority of these pressures relate to changes in practice forced by legislation and regulation changes introduced by the Coalition Government for which inadequate funding has been distributed to local authorities to meet the additional liability. Decisions taken by the current Government will also impact on local services. The reduction in Justice Funding impacts directly on the funding of our Youth Offending Service.

Some pressures have been present for a number of years such as Southwark Judgement costs which have been appropriately identified as demand-growth and have been fully funded from corporate contingency. However the department has sought to contain other pressures, which had not been identified as growth, within Children’s Services budgets through underspends elsewhere in the department or use of specific provisions. Provisions had been made on the balance sheet for Secure Remand and Leaving Care pressures. Expenditure on children who have No Recourse to Public Funds (NRPF) has been covered by prior years’ asylum balances which is considered appropriate given the overlap of the client base, however this is being exhausted and the pressure is now being felt in-year.

Staying Put is a relatively new pressure, as is the rise of Remand Children presenting for Leaving Care services. There are also pressures relating to staffing levels in the LAC team.

The following table sets out the impact that the above pressures have had on the department’s finances.

Service Area	2015/16 Budget (£000s)	2015/16 Pressures (£000s)
Leaving Care -		
Southwark Judgement	600	70
No Recourse to Public Funds	200	0
21+ increase in education	70	305
Unaccompanied Asylum Seeking Children18+	0	371
Unaccompanied Asylum Seeking Children18+ (staffing)	0	135
Staying Put	71	245
Staying Put (Consequential Costs)	25	85
18+ CWD not meeting ASC criteria	80	0
Impact of Secure Remand on LC	0	234
Looked After Children -		
Secure Remand	200	0
Permanency		
Increasing Adoption Arrangements	117	0
Increasing Special Guardianship Orders arrangements	254	0
Total	1,617	1,445

At present, we have 5 children who were taken into care as a direct result of concerns over Child Sexual Exploitation (CSE). These children are typically moved away from their local area and we forecast that we are currently spending £362k towards their placement costs. In addition, 2 children who were Looked After Children (LAC) have had to be moved to different placements due to ongoing concerns over CSE, with a resulting increase in the placement forecasts of £117k from the previous year.

Within the Commissioning directorate, there are potential opportunities in Youth, Health Commissioning and funding on Fulham College (£202k) to mitigate the current overspend, but these are still being assessed and will be confirmed later in the year.

Budget Virement

A budget virement of £1,445k is proposed fund the 2015/16 spending pressures arising from new burdens imposed by Government, as identified above. This virement will be funded from the corporate demands and pressures reserve. Work has been undertaken to map the cost of these new burdens in future years so that they can be reflected in future budgets.

APPENDIX 4: CORPORATE SERVICES**BUDGET REVENUE MONITORING REPORT – PERIOD 7****1: Variance by Departmental Division**

Departmental Division	Revised Budget	Variance Month 7	Variance Month 6	Variance Analysis
	£000s	£000s	£000s	
H&F Direct	19,252	230	230	The main pressure remains a projected £200k shortfall in court costs recovery (due to an expected reduction in recovery resulting from Agresso delays and a shortfall against income targets). Work continues to mitigate budget pressures elsewhere.
Innovation & Change Management (ICM)	(5)	0	0	Work continues to mitigate the previously reported risks.
Legal and Electoral Services	(183)	0	(41)	The legal services recharging model is nearing completion and the outturn is expected to be within budget.
Finance & Audit	265	0	0	No change.
Shared ICT Services & Procurement	(2,630)	0	0	Expected to be within budget, provided budget virements are made for special projects that were funded centrally in previous years.
Executive Services	(716)	0	0	No change.
Human Resources	393	(110)	(70)	This is due to the early achievement of next year £80K savings and use of graduates and holding vacancies
Delivery and Value	23	0	0	An action plan to mitigate the previously reported pressure in historic budgets due to lack of income streams against past MTFs savings is being developed and is currently offset by other service underspend.
Total	16,399	120	119	

2: Key Risks

None to report that have not been reported elsewhere.

3: MTFS Progress (with explanations of schemes Delayed or at Risk)

Finance & Corporate Services		MTFS Target	On Track	In Progress	Delayed/ At Risk
		£000s	£000s	£000s	£000s
Total MTFS Savings		2,762	1,845	917	
Schemes Delayed / At Risk		£000s	Reason		

APPENDIX 5: ENVIRONMENTAL SERVICES**BUDGET REVENUE MONITORING REPORT – PERIOD 7****1: Variance by Departmental Division**

Departmental Division	Revised Budget	Variance Month 7	Variance Month 6	Variance Analysis
	£000s	£000s	£000s	
Cleaner, Greener & Cultural Services	20,935	(1,143)	(1,123)	<p>(£1,091k) Waste Disposal – Western Riverside Waste Authority (WRWA) has been able to freeze waste disposal tonnage prices for 2015/16 and as a result we are expecting to underspend by £457k on overall waste tonnages. Year to date total waste tonnages are broadly in line with last year, but recycle tonnage have reduced by an average 4%. No commodity income from the sale of recycle is forecast (only £50k was achieved last year). An additional £634k one off rebate has also been received relating to the period 2011/2012 to 2014/15, arising from the treatment of government payments to electricity generators set out in the contract between WRWA and Cory. We do not know at this stage whether such payments will flow in the future.</p> <p>(£61k) Waste Policy – staffing underspends due to vacancies pending implementation of a new structure.</p> <p>£9k Other net overspends</p>
Safer Neighbourhoods	8,904	620	611	<p>£120k Transport – The Transport budgets are set on the assumption that the Passenger Transport service would be brought back in house for 2015/16, meaning £100k p.a. additional management and repair income for the Transport workshop. This is not likely now so the full year shortfall is included in the forecast.</p> <p>£54k Coroners Service - Pressure due mostly to increased legal fees for high profile cases and one off office moves (potentially to be funded corporately). Partially offset by savings on undertakers contract</p>

Departmental Division	Revised Budget £000s	Variance Month 7 £000s	Variance Month 6 £000s	Variance Analysis
				<p>£71k Mortuary - £46k pressure on salaries due to additional resource required to deal with high volume of cases and £25k MTFS target for digital autopsies not expected to be achieved due to delays in implementation.</p> <p>£70k Hammersmith All Weather Pitch – the arrangements for the leisure facility have been reviewed and it is not expected that the prior year saving in this area will now be achieved. A growth item is proposed in the 2016/17 MTFS.</p> <p>£279k Phoenix Fitness Centre – invest to save. The £319k one off investment required to deliver ongoing annual savings of £350k is included in the forecast. This was approved by Cabinet.</p> <p>£26k Other net overspends</p>
Customer & Business Development	600	13	11	<p>£81k Registrars – Forecast income shortfall of £138k, partially offset by £57k staffing underspend due to vacant posts. Resourcing and opening hours currently under review with the aim of maximising income generating potential and reducing the forecast overspend before year end.</p> <p>£195k Ducting contract - Risk that the underground ducting concession contract will not achieve the income target in full.</p> <p>(£193k) Commercial Waste – mostly due to waste disposal charges attributable to commercial waste being less than budget.</p> <p>(£77k) Director post – early delivery of 2016/17 MTFS saving</p> <p>£7k Other net overspends</p>
Former ELRS Directorate & Resources	(104)	64	113	<p>£153k People Portfolio Saving – the savings target is not expected to be met, neither in this year nor in future years.</p> <p>(£51k) Executive Director post – early delivery of 2016/17 MTFS saving</p> <p>(£38k) Other net underspends - executive support posts to be realigned.</p>

Departmental Division	Revised Budget £000s	Variance Month 7 £000s	Variance Month 6 £000s	Variance Analysis
Building & Property Management (BPM)	(1,960)	839	838	<p>The adverse variance in BPM relates to the following:</p> <p>£745k in Advertising Hoardings – Income shortfall being closely monitored and options to increase income are being explored.</p> <p>£69k in Civic Accommodation – This is due to a combination of a difficult rental income target and an anticipated overspend on utilities.</p> <p>£132k Valuation Services – It is expected that the Property Disposal section will overspend due to costs incurred on properties that will not be sold.</p> <p>£27k Technical Support – Staffing overspend.</p> <p>The above overspends will be offset mainly by the following:-</p> <p>(£63k) Facilities Management – (£57k) of this favourable variance is due to the staffing restructure in BPM Professional Services. There is a further underspend of (£20k) from the EC Harris contract. However, the sum of these underspends is offset by an overspend of £10k in the Carbon Reduction Section where a budget reduction is assumed.</p> <p>(£71k) Building Control – This is due to additional income from large building schemes.</p>
Transport & Highways	12,684	(314)	(253)	<p>(£240k) Network management – (£181k) of the variance is due to income from permits and fines. There is a further surplus of (£59k) from Gazetteer income.</p> <p>(£64k) Underspend from a staffing restructure.</p>
Planning	2,622	(70)	(61)	<p>The favourable position is mainly from higher than expected levels of income from Planning Regeneration projects. However, there is a risk of possible reductions in funding from Regeneration schemes due to complexity and delays. This is not included in the forecast. (ref: Risks table below)</p>
Environmental Health	3,480	21	26	<p>(£63k) Pest Control income is forecast to be greater than budgeted and an £85k shortfall is expected for Licensing income.</p>

Departmental Division	Revised Budget	Variance Month 7	Variance Month 6	Variance Analysis
	£000s	£000s	£000s	
Former TTS Support Services	(590)	18	18	
Total	45,416	49	180	

2: Key Risks

Risk Description	Lower Limit	Upper Limit
	£000s	£000s
Due to the delay in the sales to cash module in Agresso becoming operational the department is still catching up with sales invoicing, which increases the likelihood of bad debts. This is a particular risk where services have already been provided but invoicing was delayed (e.g. events and filming).	0	300
Risk that central government funding will not be secured for the additional Coroner and Mortuary costs associated with the terror attacks in Tunisia (LBHF share of the West London costs).	0	100
If there is a continuing shortfall for the rest of the year in advertising hoarding income on certain sites.	0	670
Risk of increase in write off due to late billing (if bad debts were 20% of first quarter's income).	0	500
If a legal challenge on license fees is successful.	0	42
There is a risk of possible slippage on Regeneration schemes due to complexity and delays.	0	310
Total	0	1,922

3: MTFFS Progress (with explanations of schemes Delayed or at Risk)

Environmental Services		MTFS Target	On Track	In Progress	Delayed/ At Risk
		£000s	£000s	£000s	£000s
Total MTFFS Savings		5,702	2,855	2,403	444
Schemes Delayed/ At Risk	£000s	Reason			
Increased income from CCTV ducting contract	160	See table one			
Income from digital autopsies	25	See table one			
Advertising Hoarding Income	200	Lower than expected income from Advertising Hoardings sites.			
LED lighting and Column replacement maintenance budgets	59	Street lighting LED pilots are running, and plans are in place to extend this. In the current year, only 41% of the savings are expected to be achievable.			

4: Supplementary Monitoring Information (Action Plans, Virement requests or key concerns)

The main financial problems that have arisen this year are the drop in advertising hoardings income, and the pressures in Safer Neighbourhoods. Set out in the above main tables, are the proposed actions to address these problems. The financial position is being assisted significantly by the underspend in waste disposal due mostly to the one off waste disposal rebate from Western Riverside Waste Authority. Environmental Services are achieving an early implementation of senior management savings which have been brought forward from 2016/17.

A number of other pressure areas exist. Budget growth is in the plans for 2016/17 for Hammersmith All Weather pitch (ongoing) and an invest to save bid will be submitted for the one off pressures on the Phoenix Fitness Centre. It is expected that the People Portfolio target will be reviewed council wide to determine whether this is deliverable in the longer term. The pressures on the Coroners Service, Mortuary and Passenger Transport income will continue to be reviewed and reported.

Property Services are actively exploring the possibility of renting out Civic Accommodation to increase rental income, with some recent success. There is also continued monitoring of the expenditure on properties that have been disposed of, and those that are no longer being sold.

Progress in all budget areas will continue to be regularly monitored by the management team. Where there are significant variances, remedial actions and financial controls (as set out in this report) are being applied to contain actuals within budget for Environmental Services as a whole.

APPENDIX 5a: CONTROLLED PARKING ACCOUNTS (CPA)**BUDGET REVENUE MONITORING REPORT – PERIOD 7****1: Variance by Departmental Division**

Departmental Division	Revised Budget	Variance Month 7	Variance Month 6	Variance Analysis
	£000s	£000s	£000s	
Pay & Display (P&D)	(12,229)	1,124	1,105	Pay and display receipts are lower in the first seven months of 2015-16 than they were in the same period last year. Other boroughs in London are seeing similar reductions.
Permits	(4,690)	68	11	The amount received for parking permits to the end of October is similar to the previous year.
Civil Enforcement Officer (CEO) Issued Penalty Charge Notice (PCN)	(6,814)	645	721	The number of PCNs issued in the first seven months of 2015-16 is 9% lower than in the same period last year. This has resulted in a forecast shortfall against budget.
Bus Lane PCNs	(915)	(677)	(760)	There has been an increase in the numbers of PCNs issued in the first seven months of the year as compared with the same period in the previous year. This has led to a forecast surplus against budget.
CCTV Parking PCNs	0	(52)	(56)	New legislation came into effect in 2015-16 to no longer allow the enforcement of parking through the use of CCTV, except in certain limited circumstances. The budget has been adjusted to reflect this.
Moving Traffic PCNs	(4,814)	(1,321)	(1,032)	The number of PCNs issued in the first seven months of 2015-16 is higher than the same period in the previous year. This has led to a forecast surplus against budget.
Parking Bay Suspensions	(2,423)	(855)	(844)	Income from parking bay suspensions has continued at the level seen last year. The budget for income was increased by £863k for 2015-16.

Departmental Division	Revised Budget	Variance Month 7	Variance Month 6	Variance Analysis
	£000s	£000s	£000s	
Towaways and Removals	(352)	48	53	Receipts from towaways are at a similar level to the previous year.
Expenditure and Other Receipts	11,919	(124)	(195)	Staffing is forecast to underspend by £124k. The forecast is based on the actual spend in the first 7 months, with the assumption that the vacant posts are filled for an average of 4 months in 2015-16.
Total	(20,318)	(1,144)	(997)	

2: Key Risks

None to report.

3: Supplementary Monitoring Information (Action Plans, Virement requests or key concerns)

Officers will continue to keep a close eye on the performance of Parking income and expenditure and in particular review regularly Suspension income which may change at short notice due to fluctuations in demand.

APPENDIX 6: HOUSING DEPARTMENT - GENERAL FUND**BUDGET REVENUE MONITORING REPORT – PERIOD 7****1: Variance by Departmental Division**

Departmental Division	Revised Budget	Variance Month 7	Variance Month 6	Variance Analysis
	£000s	£000s	£000s	
Housing Options, Skills & Economic Development	6,758	(12)	(12)	<p>This mainly relates to:</p> <ul style="list-style-type: none"> a reduction in procurement costs (£195k) following the expiry of an expensive lease for temporary accommodation (this relates to an early achievement of MTFS savings to be delivered in 2016/17); a reduction in the net costs of Bed and Breakfast (B&B) accommodation of (£348k) due to lower average client numbers (101 forecast compared to 175 in the original budget) which is offset by a predicted overspend of £397k as a result of inflationary pressures on rents for suitable temporary accommodation from private sector landlords; a £134k salary overspend as a result of long term sickness in the Reviews and Complex Cases team.
Housing Strategy & Regeneration	7	0	0	
Housing Services	43	0	0	
Strategic Housing Stock Options Appraisal - General Fund				
Finance & Resources	(114)	0	0	
Total	6,694	(12)	(12)	

2: Key Risks

Risk Description	Lower Limit	Upper Limit
	£000s	£000s
Temporary Accommodation Procurement Costs – recent months have seen increased difficulties in containing the inflationary cost pressures associated with procuring suitable temporary accommodation from private sector landlords. Officers are continuing to make use of incentive payments to private landlords in mitigating this risk. This cost pressure has been further exacerbated by the withdrawal of properties by some landlords due to late payments as a result of the Managed Services implementation.	141	346
Managed Services – the general lack of data available from the system, the lack of systems assurance and reconciliation reporting, the time taken to resolve payment issues, the opportunity cost of officer time in managing issues arising and other factors are expected to have both a financial and non-financial impact on the Council.	Unknown	Unknown
Total	Unknown	Unknown

Page 178 **3: MTFS Progress (with explanations of schemes Delayed or at Risk)**

Housing Department	MTFS Target	On Track	In Progress	Delayed/ At Risk
	£000s	£000s	£000s	£000s
Total MTFS Savings	1,023	1,023		
Schemes Delayed / At Risk	£000s	Reason		

4: Supplementary Monitoring Information (Action Plans, Virement requests or key concerns)

The Housing and Regeneration department currently expects the overall outturn for the year 2015/16 to produce a favourable variance of (£12k). There is no movement since last month. It should be noted that it has not been possible to complete detailed budget monitoring via Agresso this month due to the delay on the roll out of key monitoring reports. However, finance officers have met with Heads of Service in order to identify significant variances from budget and to ensure that appropriate management action is taken in order to contain cost pressures. Nevertheless, there remains a significant risk to the accuracy of forecasts until Managed Services is fully implemented. Further detail relating to the issues arising as a result of Managed Services are outlined in the Key Risks section above.

APPENDIX 7: LIBRARY SERVICES (SHARED SERVICES)**BUDGET REVENUE MONITORING REPORT – PERIOD 7****1: Variance by Departmental Division**

Departmental Division	Revised Budget	Variance Month 7	Variance Month 6	Variance Analysis
	£000s	£000s	£000s	
Libraries Shared Service	3,221	0	0	At this stage forecast is to budget
Total	3,221	0	0	

2: Key Risks

Risk Description	Lower Limit	Upper Limit
	£000s	£000s
Reduced income from customer fees and changes due to less demand for increasingly obsolete product formats (DVDs, CDs etc.)	10	30
Increased premises and utility costs including Westfield	10	30
Total	20	60

3: MTFS Progress (with explanations of schemes Delayed or at Risk)

Libraries Shared Services	MTFS Target	On Track	In Progress	Delayed/ At Risk
	£000s	£000s	£000s	£000s
Total MTFS Savings	162	107	55	
Schemes Delayed / At Risk	£000s	Reason		

4: Supplementary Monitoring Information (Action Plans, Virement requests or key concerns)

At this stage in the year, no significant financial issues causing an unmitigated pressure are foreseen.

APPENDIX 8: PUBLIC HEALTH SERVICES**BUDGET REVENUE MONITORING REPORT – PERIOD 7****1: Variance by Departmental Division**

Departmental Division	Revised Budget	Variance Month 7	Variance Month 6	Variance Analysis
	£000s	£000s	£000s	
Sexual Health	6,410	(112)	(112)	Estimated underspends on Chlamydia and youth services' contracts.
Substance Misuse	5,464	(47)	(47)	Various minor underspends including homeless outreach and drug testing.
Behaviour Change	2,753	(383)	(383)	Estimated underspends in Behaviour Change services, including health checks, smoking cessation and Community Champions.
Intelligence and Social Determinants	89	(40)	(40)	Underspend caused by delay in commencing new projects.
Families and Children Services	5,135	(270)	(270)	Variance due to the 0-5 programme which was transferred to LBHF in Period 7; actual figures replacing the original estimates included the budgeted figures.
Public Health Investment Fund (PHIF)	2,185	616	616	Updated for latest position.
Salaries and Overheads	1,435	(200)	-	Salaries and vacancy monitoring identify savings for 15/16 year.
Drawdown from Reserves	(783)	(818)	(1,018)	Variance is the balancing figure of all the other differences.
Public Health – Grant	(20,855)	1,417	1,417	Confirmed grant cut based on Department of Health consultation responses.
Public Health 0-5 Programme Grant (from Oct 2015)	(1,833)	(163)	(163)	Variance due to the 0-5 programme (see Families & Children's above).
Total	0	0	0	

2: Key Risks

Risk Description	Lower Limit	Upper Limit
	£000s	£000s
In-year Public Health Grant cut, based on Department of Health preferred calculation (confirmed)	1,417	1,417
Total	1,417	1,417

3: MTFS Progress (with explanations of schemes Delayed or at Risk)

Public Health Service	MTFS Target	On Track	In Progress	Delayed/ At Risk
	£000s	£000s	£000s	£000s
Total MTFS Savings	350	350		
Schemes Delayed / At Risk	£000s	Reason		

Page 181

The £350,000 MTFS target is achieved by reducing the budgeted contribution from the General Fund from £350,000 in 2014/15 to zero in 2015/16.

Other contributions from Public Health to the MTFS, take the form of replacement funding in other council departments who are contributing to Public Health outcomes. These savings are reported within those departments.

4: Supplementary Monitoring Information (Action Plans, Virement requests or key concerns)**Department of Health Consultations**

The DH consultation process to determine how the national £200M grant cut should be applied has ended. The Department confirmed their preferred method of a flat 6.2% would be applied. The position at month 7 includes the reduction in grant, which will be funded from the PH reserves.

In addition to the consultation on the in-year cuts, we have received a 2nd consultation (8th October) regarding the formula used to calculate LA's share of the Public Health Grant. Our evaluation concluded that there would be little effect from the change, as the formula was just the method of allocating the unknown future grant cuts.

Re-procurement

A number of large contracts will come to an end during this financial year. This, combined with the possible need to re-procure early following the announcement of cuts to the Public Health Grant, will mean that PH need to identify the necessary resources to achieve this in the given time frame.

APPENDIX 9: HOUSING REVENUE ACCOUNT**BUDGET REVENUE MONITORING REPORT – PERIOD 7****1: Variance by Departmental Division**

Departmental Division	Revised Budget	Variance Month 7	Variance Month 6	Variance Analysis
	£000s	£000s	£000s	
Housing Income	(77,484)	(500)	(500)	It is anticipated that there will be an underspend on the bad debt provision for rental income on Council homes, primarily as a very prudent allowance was made in the budget for the impact of Welfare Reform. The full impact of welfare reform has not been felt yet and the Government has not rolled out Universal Credit at the speed allowed for in our budget.
Finance and Resources	15,164	(225)	(250)	Underspends on salaries (£75k) and IT projects (£150k) are expected.
Housing Services	9,578	0	0	
Commissioning and Quality Assurance	3,119	0	0	
Strategic Housing Stock Options Appraisal HRA	0	0	0	
Property Services	2,163	0	0	
Housing Repairs	13,748	0	0	
Housing Options	369	(20)	(20)	
HRA Central Costs	0	0	0	
Adult Social Care	48	0	0	
Regeneration	267	0	0	
Safer Neighbourhoods	578	0	0	
Housing Capital	29,976	(155)	(155)	This relates to additional interest receivable on HRA balances following a review of the average interest rate on short term investments and the forecast balances expected within the HRA general reserve, major repairs reserve and Decent Neighbourhoods Fund.
(Contribution to)/	(2,474)	(900)	(925)	

Departmental Division	Revised Budget	Variance Month 7	Variance Month 6	Variance Analysis
	£000s	£000s	£000s	
Appropriation From HRA General Reserve				

2: Key Risks

Risk Description	Lower Limit	Upper Limit
Managed Services: the general lack of data available from the system, the lack of systems assurance and reconciliation reporting, the time taken to resolve payment issues, the delay in implementing the system for leaseholder service charges, delayed and missing cash files preventing rent arrears from being managed and the associated bad debt risk, the opportunity cost of officer time in managing issues arising and other factors are expected to have both a financial and non-financial impact on the department.	unknown	unknown
Housing Repairs - There is a risk of approx. £70k for the CCTV (Chroma Vision) contract where there is no budget provision and where an additional request has been made for further funding by corporate colleagues and a business case is awaited.	70	70
Total	Unknown	Unknown

Page 184

3: MTFS Progress (with explanations of schemes Delayed or at Risk)

Housing Revenue Account	MTFS Target	On Track	In Progress	Delayed/ At Risk
	£000s	£000s	£000s	£000s
Total MTFS Savings	2,187	2,187		
Schemes Delayed / At Risk	£000s	Reason		

4: HRA General Reserve

	B/Fwd	Budgeted (Contribution to)/Appropriation from General Reserve	HRA Variance (Surplus)/ Deficit	Forecast C/F
	£000s	£000s	£000s	£000s
HRA General Reserve	(13,165)	(2,474)	(900)	(16,539)

5: Supplementary Monitoring Information (Action Plans, Virement requests or key concerns)

The Housing Revenue Account currently forecasts an under-spend of (£900k) for 2015/16, an adverse movement of £25k since last month. The main reason for the movement is a reduction in the forecast underspend for IT project and programme costs of £25k.

Page 185 Cabinet are requested to approve the setting aside of £340k of the underspend within an earmarked reserve for the purposes of part-funding a project to enable rollout of parking controls on housing land. This initiative will deliver benefits for residents in the form of effective parking controls on housing land.

Cabinet are also requested to approve the setting aside of £250k of the underspend within an earmarked reserve to fund training and project management expertise to support the service improvement programme set out in the report “Transforming the customer experience of the housing service” presented at Cabinet on 7th December 2015.


It should be noted that it has not been possible to complete detailed budget monitoring via Agresso this month due to the delay on the roll out of key monitoring reports. Whilst BT has released these reports to LBHF, they still cannot be accessed by key staff. However, finance officers have met with Heads of Service in order to identify significant variances from budget and to ensure that appropriate management action is taken in order to contain cost pressures. **Nevertheless, there remains a significant risk to the accuracy of forecasts until Managed Services is fully implemented.**

Further detail relating to the issues arising as a result of Managed Services are outlined in the Key Risks section above.

APPENDIX 10 - VIREMENT REQUEST FORM**BUDGET REVENUE MONITORING REPORT – PERIOD 7**

Details of Virement	Amount (£000)	Department
GENERAL FUND:		
To fund Children's Services demand pressures from the Corporate Demands & Pressures Reserve	1,445/ (1,445)	CHS / CMB
Total General Fund Virements (Debits)	1,445	
HRA:	0	
Total HRA Virements (Debits)	0	

Departmental Name Abbreviations	
CMB	Centrally Managed Budgets
CHS	Children's Services

<p>London Borough of Hammersmith & Fulham</p> <p>CABINET DECISION</p> <p>8 FEBRUARY 2015</p>	
<p>CORPORATE PLANNED MAINTENANCE PROGRAMME 2016/2017</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: Yes</p>	
<p>Wards Affected: All</p>	
<p>Accountable Director: Maureen McDonald-Khan - Building and Property Management</p>	
<p>Report Author:</p> <p>Sebastian Mazurczak Professional & Property Services Team Leader Building & Property Management Division</p>	<p>Contact Details: Tel: 0208 753 1707 E-mail: Sebastian.mazurczak@bhf.gov.uk</p>

1. EXECUTIVE SUMMARY

- 1.1 The purpose of this report is to provide proposals for the delivery and funding of the 2016/2017 Corporate Planned Maintenance Programme (CPMP) for the Council's property portfolio. The cost of the works which constitutes the programme is divided between revenue and capital funding.
- 1.2 From the 1st October 2013 the CPMP has been delivered as part of the Shared Services Total Facilities Management (TFM) contract awarded to Amey Community Ltd (referred to as AMEY) with the majority of works and professional services being delivered directly by AMEY on the basis of a single source delivery model (Works and Professional Services).
- 1.3 The Capital programme budget of £2.5 million is based upon the maintenance requirements identified from the condition surveys undertaken by AMEY in 2013/2014. The £2.5 million capital allocation has been split with £1.175 million (Works and Fees) allocated to works which are ring-fenced to the TFM contract and undertaken by AMEY. The remainder of the CPMP (Capital Programme)

£1.325 million will be allocated to projects identified under the LBHF accommodation strategy, such as Hammersmith Town Hall, and service department requirements, along with supplementing the core works arising from the condition surveys. These works will contribute to the continued reduction of the council's maintenance backlog.

- 1.4 All works will be the subject of close scrutiny by the appropriate body at the time in respect to obtaining best value and only works of an essential nature will be undertaken. It should also be noted that the final commitment of any individual capital project over £25,000 is subject to a Cabinet Member Decision or Key Decision subject to the value of works.

2. RECOMMENDATIONS

- 2.1 That the 2016/2017 CPMP be approved subject to any amendments as agreed for operational reasons by the Strategic Director of Finance, the Director for Building and Property Management, with the final commitment of any individual project over £25,000 subject to a Cabinet Member Decision or Key Decision depending on the value of works.
- 2.2 That the 2016/2017 CPMP be monitored incorporating operational changes made by the Strategic Director of Financial Corporate Services and the Director for Building and Property Management, via progress reports to the Corporate Asset Delivery Team and the appropriate Cabinet Member.
- 2.3 That the 2016/2017 CPMP monitoring report be prepared for the Cabinet Member every quarter to show any deviations over or under £5,000 compared to the original key decision report for the year. Projects with variations under £5,000 are to be reported in the summary as a financial adjustment within the report.

3. REASONS FOR DECISION

- 3.1 The reason for this decision is to provide proposals for the delivery and funding of the programme and to obtain approval for the 2016/2017 CPMP, which is a fundamental element of the Council's strategy for dealing with the backlog of maintenance in response to the Corporate Asset Management Plan.

4. INTRODUCTION AND BACKGROUND

- 4.1 The CPMP is an annual programme of works to be carried out to Council properties (excluding Housing and CHSD Properties) that have their own separate Capital and Revenue budgets. The CPMP is made up of two main elements. The first element being revenue-funded works primarily covering servicing, associated repairs and testing of plant and equipment within buildings. A large element of this is required to meet statutory obligations (fire alarms, emergency lighting, electrical testing, boilers, lifts, portable electrical appliances, control of Legionella and Asbestos Management) and is therefore unavoidable. The second element is the Council's capital funded projects, refurbishment works, the replacement of plant and equipment identified from the condition surveys and bids from departments.

- 4.3 The council's CPMP (Capital) is delivered via the TFM contract and the budget is split with £1.175 million funding the TFM pledge, for works that arise from the condition survey programme each year. These works will contribute to a continuation in the reduction of the council's backlog maintenance figure in accordance with the Corporate Asset Management Plan and Carbon Reduction Programme. The remainder of the CPMP (capital) programme will be allocated to projects identified under the LBHF accommodation strategy, such as Hammersmith Town Hall, and service department requirements, along with supplementing the core works arising from the condition survey programme.
- 4.4 The opportunity will also be taken to incorporate, where feasible, improvements to energy efficiency (e.g. new controls, more efficient equipment, Smart metering or higher levels of insulation) and improvements to access for disabled people (deaf alerts to fire alarms, accessible heights for controls, contrasting colours etc.). The CPMP programme also co-ordinates and links to the Council's Removal of Physical Barriers (Disability Discrimination Act) programme in the provision of lifts, ramps and accessible toilets.
- 4.5 In 2014 the Council's accommodation strategy has further progressed, having vacated Cambridge House in August 2014, and works completed on programme to vacate 77 Glenthorne Rd in March 2015, the result of which is an annual saving of £1.6m on the rent and service charges for these leased in properties. As a consequence of these asset rationalisation outcomes, Hammersmith Town Hall complex (HTH & HTHX) has accommodated some staff (Shared Services Adult Social Care, Fostering and Adoption) formerly in Glenthorne Road. The refurbishment and remodelling of Hammersmith Town Hall will result in the Town Hall being able to accommodate substantially more staff through more flexible working in a more efficient open plan layout.
- 4.6 The proposed works to HTH will achieve three major objectives for the council, which are to improve the internal and infrastructure fabric of the Town Hall, which will reduce the current and backlog maintenance for this building, address its responsibilities to maintain this Grade 2 Listed Building and contribute to optimising the occupancy and use of the Town Hall complex.
- 4.7 In recent years the council has only undertaken high priority or health and safety works to the Town Hall and consequently the Town Hall has not benefited from regular investment to maintain the fabric and infrastructure of the building. However CPMP funds have been set aside, in lieu of at least some of these works, in past year's CPMP's and in the CPMP proposal for 2016/2017. These funds and those from the King Street redevelopment scheme S106 agreement will provide much needed resources and will significantly contribute to the required investment in the Town Hall, as well as new council offices to replace the town hall extension. Improved resident and staff access to the building will also be achieved by the provision of two lifts as well as a capital contribution towards the required works to the fabric and infrastructure of the Town Hall.

5. PROPOSAL AND ISSUES

- 5.1 From 1st October 2013 the delivery of the CPMP has changed with the revenue programme of maintenance, statutory compliance management, inspection, associated works and overall responsibility being delivered via the TFM contract awarded to Amey.
- 5.2 As a result of the new delivery model, the format of the CPMP has been adapted to reflect the revised approach to prioritisation. The programme has been split to show the capital expenditure allocated directly under the TFM contract and the residual capital sum to be allocated against a range of projects as previously described.
- 5.3 As in previous years the programme also provides indicative projects for first consideration for funding in 2017/2018 and 2018/2019. However the programmes for 2017/2018 and 2018/2019 are already over-subscribed and hence there is little or no opportunity to bring forward projects currently identified in the un-funded programmes. This will therefore need to be reviewed and prioritised to match the available resources and will subsequently be the subject of the CPMP 2017/2018 report this time next year.
- 5.4 Therefore, as in previous years, it is proposed that in order to deal with any operational changes to buildings or if urgent but un-funded works become apparent through the year, the programme be subject to change and scheme substitution by the Strategic Director of Financial Corporate Services and the Director for Building and Property Management in conjunction with Corporate Asset Delivery Team (CADT).
- 5.5 The budget allocation against each capital scheme is at this stage indicative and subject to change as detailed design, consultation, and procurement are carried out. Historically some projects have cost more and others less than their initial budget allocation but the overall programme is managed in accordance with the agreed protocol. The commitment of any individual capital project over £25,000 is subject to a Cabinet Member Decision (subject to endorsement at Cabinet briefing) providing the scheme falls within the criteria laid down in Contract Standing Orders (Ref 9.4). The overall spend on the programme and forecasted outturns (Capital and Revenue) are monitored via the General Fund, Capital Programme and Revenue Budget monthly reports to Cabinet.

6. FUNDING

- 6.1 The budget for planned maintenance in 2016/2017 comprises £2.5 million capital. This sum must be considered provisional at this stage, as final funding approval will not be obtained until February 2016 at Budget Council. The sum makes allowance within as variables which funds the unavoidable plant maintenance and statutory compliance responsibilities and other non-capital maintenance works. The sums have been based on current known risk register and previous years' work load experience.
- 6.2 The Council's CPMP continues to address the issue of backlog maintenance. The level of funding will predominately deal with essential health and safety works, items to maintain wind and weather tightness but will not eradicate the backlog

maintenance. The backlog maintenance continues to be taken into account through the rationalisation of the Council's property portfolio, helping to identify those properties for disposal or refurbishment. The forward capital programme has prioritised and maintained the allocated £2.5 million capital funding for this purpose in order to continue to address and manage the backlog maintenance.

7. OPTIONS AND ANALYSIS OF OPTIONS

7.1 Current And Future Service Delivery Model

7.2 As part of TFM the CPMP delivery management, professional services and associated construction works are delivered by the TFM contractor AMEY, on the basis of a single source delivery (Works and Professional Services).

7.3 The majority of construction works (excluding general and compliance maintenance) were previously undertaken under the Measured Term Contract (MTC), however since 1st October 2013 these works have been carried out by Amey under the TFM contract. The option to implement the break clause in the MTC contract was adopted and consequently no new works have been committed under this contract, with the three framework contractors that were available at the time.

7.4 General and compliance maintenance was previously delivered by a mixture of contractors and Works Practice (Direct Labour Organisation) and wherever practicable, the option to implement the break clause was implemented or in a limited number of cases, contracts have been novated across to Amey.

7.5 The professional services are now delivered directly under the TFM contract on a design & build basis. Amey not only provide the various construction related services for all building maintenance, statutory compliance and construction projects up to a maximum value of £250,000, but will also provide the full range of professional services necessary to deliver the overall TFM package. It should also be noted that the overall project/programme management and monitoring role will be performed by the appropriate body at the time.

8. CONSULTATION

8.1 The CPMP has been developed in consultation with the service departments and the council's current technical advisers AMEY via the LINK.

8.2 Energy savings will be achieved on projects identified under the Energy initiatives (including the installation of SMART Auto Meter Reading) within the 2016/17 programme .

9. EQUALITY IMPLICATIONS

9.1 There are no equality implications associated with this programme as the works are, in some cases, ensuring the Council meets its statutory obligations

9.2 Implications verified/completed by: Sebastian Mazurczak, Professional and Property Services - 020 8753 1707

10. IMPLICATIONS FOR BUSINESS

- 10.1 The council holds risk registers from conditions surveys carried out by ACL. The CPMP 2016/2017 will provide investment to carry out essential works as identified by risk where required, to properties resided by third party organisations. The purpose of the allowance is to enable the continued use of the properties thereby protecting income generation. Each situation will be reviewed and considered on a case to case basis.
- 10.2 Implications verified/completed by: Sebastian Mazurczak, Professional and Property Services - 020 8753 1707

11. LEGAL IMPLICATIONS

- 11.1 The Council is obliged to carry out essential maintenance works included in the CPMP for the welfare of its residents and to manage the risks at the various sites covered under it.
- 11.2 The Council should ensure that individual projects are procured in accordance with the EU Procurement Rules and the Council's contract standing orders. Use of TFM contract to deliver the CPMP would be in compliance with the Council's procurement law obligations.
- 11.3 The recommendations are accordingly endorsed.
- 11.4 Implications verified/completed by: Babul Mukherjee, Senior Solicitor (Contracts) – Tel. 0207 351 3410

12. FINANCIAL AND RESOURCES IMPLICATIONS

- 12.1 Provision of £2.5 million will be set aside within the 2016/17 Capital Programme for the Corporate Planned Maintenance Budget. The creation of this budget is subject to Budget Council approval which is expected to take place in February 2016.
- 12.2 Implications verified/completed by: Gary Hannaway, Head of TTS Finance – Tel. 0208 753 6071

13. RISK MANAGEMENT

- 13.1 Risk associated with the delivery of the programme are to be managed within the services existing risk management framework. This means that the service will identify any principal risks to the achievement of objectives, record them and undertake that they are allocated, measured, reviewed and mitigated. The programme contributes positively to the management of property, environmental risk and maintaining our statutory health and safety duty. It is noted on the Council's Shared Services risk register, number 8, managing statutory duty. Where property related health and safety risks are identified they are now inform a risk register shared with the Shared Services Corporate Safety Unit and Council's Safety Committee at which a representative of Amey attends.

13.2 Comments verified by Michael Sloniowski, Shared Services Risk Manager. Tel. 0208 753 2587.

14. PROCUREMENT AND IT STRATEGY IMPLICATIONS

14.1 The Council's Contract Standing Orders (CSO) requires that Cabinet approval is given for all tender acceptances or orders to be placed under existing framework agreements where the value equals or exceeds £100,000. An exemption to this provision is contained in CSO 12.6 & 12.6.1 whereby the appropriate Cabinet Member(s) can approve such tenders or orders where the actual value equals or is below the estimated value and that estimated value has previously been approved by the Cabinet as a key decision.

14.2 Implications verified/completed by: Robert Hillman, Procurement Consultant – tel. 020 8753 1538


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

	Brief Description of Background Papers	Name/Ext of holder of file/copy	Department / Location
1.	None		

LIST OF APPENDICES:

None

Agenda Item 10

<p>London Borough of Hammersmith & Fulham</p> <p>CABINET</p> <p>8 FEBRUARY 2016</p>	
<p>FINANCIAL PLAN FOR COUNCIL HOMES: THE HOUSING REVENUE ACCOUNT FINANCIAL STRATEGY, 2016/17 HOUSING REVENUE ACCOUNT BUDGET AND 2016/17 RENT REDUCTION</p>	
<p>Report of the Cabinet Member for Housing – Councillor Lisa Homan</p>	
<p>Open Report</p>	
<p>Classification - For Decision Key Decision: Yes</p>	
<p>Wards Affected: All Wards</p>	
<p>Accountable Lead Director: Kathleen Corbett, Joint Lead Director for Housing & Director of Finance and Resources (Housing & Regeneration)</p>	
<p>Report Author: Kathleen Corbett, Director of Finance and Resources (Housing & Regeneration)</p>	<p>Contact Details: Tel: 020 8753 3031 E-mail: kathleen.corbett@lbhf.gov.uk</p>

1. EXECUTIVE SUMMARY

- 1.1. This report covers the 2016/17 budget for the Council's homes (also known as the annual Housing Revenue Account (HRA) budget) including a reduction in rents for Council homes of 1% for 2016/17.

The Council uses all of the money from rents and other income it receives from council tenants to pay for the cost of managing and maintaining council homes and to cover the interest on its housing debt (in the same way someone would pay their mortgage). The Government has said it will not provide any further funding for improving council homes.

- 1.2. Council homes are accounted for in the HRA. This covers services provided to tenants and leaseholders in properties owned¹ by the Council that are paid for by tenants' rent, tenants' service charges, leaseholders' service charges and any other associated income from land held for "housing purposes". The HRA

¹ Includes properties held on a long lease

was established by an Act of Parliament² to ensure that council tax payers cannot subsidise council rents and nor can council rents subsidise council tax. Tenants and leaseholders who live in council-owned properties pay council tax separately for other council services.

- 1.3. In April 2012, the Government abolished the HRA subsidy system. Previously, the Government made a payment to the Council to help cover the cost of interest payments on our housing debt and the costs of managing and maintaining council homes. The Government has now stopped this payment. In return, the Council's debt was reduced in 2012. This debt reduction was based on a calculation carried out by Government to work out the amount of debt the rent the Council received from tenants would be able to repay over 30 years, after allowing for the cost of managing and maintaining the homes. This calculation assumed there would be rent increases every year linked to a measure of inflation known as the Retail Price Index (RPI) + ½%.
- 1.4. Prior to May 2014, the Council sold council homes to fund a significant part of the HRA's financial plan. This practice ended with the change of Administration and a new Financial Plan for Council Homes was approved in January 2015. This plan covered a 40-year period and maintained the same level of proposed investment in council homes over the four years 2015/16 – 2018/19 as the previous HRA business plan approved by Cabinet in February 2014, but without relying on the disposal of homes that became vacant when a tenant moved (known as voids). In order to enable this level of investment, tenants agreed to a rent increase linked to a measure of inflation known as the Consumer Price Index (CPI)³+1% with an additional £1 rent increase for tenants who pay less than target rent and for tenants' service charges to be increased in line with CPI only. The previous administration's policy was for a higher rent increase of RPI⁴+1/2%+£2 which at historic RPI / CPI differentials is approximately the same as a CPI+1%+£2 rent increase.
- 1.5. However in the Summer Budget statement of 8th July 2015, the Chancellor of the Exchequer announced that social housing rents will be reduced by 1% each year for four years from April 2016. The unfunded Government decision will result in lower rent levels than those used by Government to calculate the debt reduction they gave the Council in 2012. Average rents will be £18 per week lower than previously predicted by 2019/20. No additional funding was provided by Government to compensate the HRA for this change in rent, and the Council is also unable to subsidise the HRA.
- 1.6. While lower rents might be good news for tenants in the short term, due to the fact that rent levels determine how much money is available to pay for the management and maintenance of Council Homes and no replacement funding is being made available by the Government, it means there is a lot less money available to pay for maintenance. Even though further savings and additional commercial income are included in the plan, if the level of planned repairs and

² Failure to adhere to this statutory guidance can render the council's Annual Report and Accounts subject to challenge and/or qualification by the District Auditor.

³ The rent increase for April 2015 was based on the Consumer Prices Index as at September 2014 (1.2%). CPI is another measure of inflation that is calculated each month by Government. It is normally lower than RPI.

⁴ RPI is another measure of inflation which historically generally runs at between ½% and 1% higher than CPI

maintenance in Council homes approved in January 2015 is maintained, this would result in a shortfall in the long term financial plan for Council homes of £76m over the next ten years if council stock is not transferred to a Registered Provider (see paragraphs 1.8 and 1.9 below) It would also leave no head room in the debt cap severely restricting the Councils ability to develop new homes on its estates. Officers continue to look for additional income and savings on both the revenue and capital budgets to cover the gap; however, the scale of the shortfall in the first ten years (equivalent to finding an additional £7.6m per year) is such that this is unlikely to cover the shortfall.

- 1.7. This report therefore sets out the Council's plans to re-phase necessary major works in order to produce a balanced 40 year long term financial plan for Council homes, while maintaining the already promised level of planned repairs for 2016/17. This will enable the Council to continue to manage Council homes without compromising the condition of the homes in the immediate future while continuing to seek a long-term solution to the problem.
- 1.8. This report needs to be considered in conjunction with the report approved by Cabinet on 7th December 2015, which accepted in full the Residents' Commission recommendations and resolved to formally pursue the transfer of the Council's housing stock to a resident-led Registered Provider which is constituted on the Community Gateway model. The Residents' Commission also concluded that: "It is clear from the stock condition survey and financial modelling that meeting the investment needs of the housing stock, especially if there is to be any prospect of raising standards and keeping pace with lifestyle aspirations over the next generation, cannot be achieved without finding extra resources. If the Council retains ownership, the debt cap is a dead hand on the standard of its accommodation; if access to private borrowing is to be secured through a stock transfer, the problem of the outstanding debt on the HRA needs to be resolved".
- 1.9. The Cabinet's agreement to progress plans to transfer the Council's homes to a new organisation would potentially, if achieved, enable the investment required to repair and improve the Council's homes without re-phasing over the term of the business plan.
- 1.10. This report considers what the financial position would be if transfer did not happen.

2. RECOMMENDATIONS

- 2.1. To endorse the revised long term 40 Year Financial Plan for Council Homes as set out in section 8 of this report.
- 2.2. To approve the Housing Revenue Account 2016/17 budget for Council homes as set out in Appendix 1.
- 2.3. To note the 1% reduction in rents for each of the four years commencing in April 2016 the potential £76 million reduction in planned repairs required over the next 10 years as a result of this if the housing stock is not transferred to a Registered Provider.

- 2.4. To approve a freeze in tenant service charges at 2015/16 levels as set out in section 9 of this report.
- 2.5. To endorse the HRA Medium Term Financial Strategy which plans to deliver further on-going annual revenue savings of £0.9million per annum by 2016/17, rising to £2.4million per annum by 2020/21, with savings coming principally from back office costs.
- 2.6. To note that £5.9m of housing debt is due to mature in 2016/17 and to approve the refinancing of £5.5m during 2016/17, in order to both meet the investment in repairs and improvements to Council homes, and to balance the gap in the financial plan that is a result of the combined effect of recent changes in central Government social housing policy and the latest stock condition survey.
- 2.7. To note that the water regulator OFWAT is not due to confirm the increase in tenants' water charges until January 2016, and therefore to delegate authority to the Lead Director of Housing (Director of Finance & Resources (Housing & Regeneration) to agree the average increase in water charges as set out in section 14.
- 2.8. To approve a freeze in the communal heating charge at 2015/16 rates as set out in section 14 of this report.
- 2.9. To approve a freeze in parking charges as set out in section 14 of this report.
- 2.10. To approve a freeze in garage charges as set out in section 14 of this report.
- 2.11. To note the risks outlined in section 11 of this report.

3. REASONS FOR DECISION

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

4. INTRODUCTION

- 4.1. The decision by the Chancellor of the Exchequer to reduce social housing rents by 1% each year for four years from April 2016, without any accompanying compensation to the HRA, means that the current approved Financial Plan for Council Homes is no longer viable and the Council's approved investment plans can no longer be realised under the current financial strategy. Based on the level of planned repairs and investment in current Council homes approved in January 2015 and taking account of the investment requirements from a recently completed stock condition survey, after allowing for further savings and additional income, the Council would need to take out additional borrowing of more than £76million during the next 10 years over and above the existing debt

cap⁵ of £255m. However, the Council is unable to borrow above the level of the debt cap.

- 4.2. Unless the stock is transferred to a Registered Provider, the opportunity to get more money in is restricted as the majority of the income received in the HRA is from tenants' rents, tenants' service charges and leaseholder service charges. Tenants' and leaseholder service charges are linked to costs incurred and rent reductions for the next four years are set by legislation. Other income in the HRA for 2016/17 from commercial rents, advertising income and garages is currently forecast at £3m, £250,000 (9%) higher than for 2015/16 mostly due to additional advertising income.
- 4.3. Cumulative on-going annual savings delivered in the five years to 31st March 2016 were £10.9m and a future savings programme is already set to deliver on-going additional savings of £0.9m from 2016/17 rising to £2.4m by 2019/20 (i.e. £13.3m cumulative annual savings since the return of management to the Council in 2011). This means there is little scope for further savings without compromising service delivery, although the Council will of course continue to seek opportunities for additional savings.
- 4.4. Therefore, after discussion with the Housing Representatives Forum and following comments received at the Economic Regeneration, Housing and The Arts Policy & Accountability Committee on 1st December 2015, the Council is proposing to re-phase necessary major works to a much later period to produce a balanced 40 year long term financial plan for Council homes. This would mean that if there is not a stock transfer we will continue to have a significant repairs backlog and that this backlog starts to grow. It means that there is a risk that, not only will the condition of the Council's homes deteriorate, but that the day to day repair costs will start to increase.
- 4.5. The revised plan for major works in the event of their not being a stock transfer postpones the equivalent of window and door replacements to 4,400 homes, roof renewals for 2,650 homes, 4,400 new heating systems, 1,750 electrical rewires, 1,750 new kitchens and 1,100 new bathrooms.
- 4.6. The detailed revised plan for major works for the next ten years at estate level will be presented to tenants at the Housing Representatives Forum in January 2016 and to individual Tenants' and Residents' Associations. This plan will set out in detail the work we will be able to do on each estate and what work we have had to postpone. The plan will as far as possible take into account the views expressed by tenants. The plan will also be subject over time to changes as a result of emerging issues, including any further Government policy changes.
- 4.7. In addition to the risk that the condition of the Council's homes will deteriorate and that the day to day repair costs will start to increase, there are a number of other financial risks including:

⁵ The HRA debt cap is the Government-restricted borrowing limit. This is £255m for the Council.

- that in 2021 rents continue to be enforced by statute and that the Council is unable to return to the rent policy agreed last year with tenants of CPI plus 1% plus £1. This would lead to further reductions in planned repairs over the next fifteen years;
- the impact of Welfare Reform on income and bad debts, specifically the additional reduction in the benefit caps, the reduction in housing benefit for single tenants in social housing who are under 35, and direct payments to tenants when they move to Universal Credit;
- the impact of higher void rates in future years on income, maintenance, and management if the Government was to force the Council to use fixed term tenancies for all new tenants;
- a general property market risk on the HRA balances where accounting rules for impairment and revaluation losses / gains mean that any adverse movements may result in a charge to the HRA if there are insufficient revaluation reserves held;
- additional Health and Safety requirements;
- a general market risk on re-procurement and recruitment that contract prices might come in higher than expected, this risk is higher in better economic conditions
- the current HRA business plan is sensitive to fluctuations in the income and costs associated with the Land Sale Agreement for the West Kensington and Gibbs Green Estates.

4.8 There were two other announcements made by Government last Summer which are also likely to result in additional significant long-term financial risks to both the HRA and the General fund. However, the detailed regulations are not available at the time of writing and it has not been possible to incorporate the likely impact of them fully into the Long Term Financial Plan for Council Homes. They are:

- the Government's plan to force the sale of high value empty council homes with the proceeds being paid over to central Government. This is likely to have an adverse impact on the availability of social housing in the borough putting pressure on the General Fund budgets even if a one for one affordable rented replacement is provided in borough. The loss of stock will reduce economies of scale in the HRA and, depending on the exact nature of the regulations and the properties sold, result in a net loss and constrain proper asset management within the HRA.
- the requirement to charge market or near market rents to tenants where the household income is more than £40,000 in London (also known as "Pay to Stay"). The Council will have to pay this money over to central Government. Risks include:
 - administrative costs not covered by any allowance made by Government.

- increased bad debt costs where households are unable to pay the higher rents, especially because of other pre-existing financial commitments.
- increased voids as tenants who have to pay higher rents choose to move away.
- loss of social tenancies as a result of Right to Buy's increasing the cost of temporary accommodation in the General Fund.
- a disincentive for tenants of Council homes to work.

4.9 These risks have to be viewed in conjunction with the level of HRA general reserves held, where a prudent level of reserves is important to support long term investment planning in the context of a property portfolio of 17,000 properties with an existing use value of £1.1billion. HRA reserves had fallen to £3.1m as at 31st March 2011, but following the implementation of the HRA financial strategy in January 2012, significant progress has been made with HRA reserves as at 31st March 2016 now predicted to have increased to £16.6m. However, they will only be equivalent to 21% of turnover, compared with the average for London Housing Authorities of 23%⁶. This level of reserves provides insufficient cover against unanticipated events such as those that might arise from the risks noted above but represents good progress towards our current target reserves level of £20million by 2022.

5. STATUTORY CONTEXT

5.1 The HRA was established by statute to ensure that council tax payers cannot subsidise council rents and nor can council rents subsidise council tax. Failure to adhere to this statutory guidance can render the council's annual report and accounts subject to challenge and/ or qualification by the District Auditor.

5.2 The HRA ring-fence was introduced in Part IV of the Local Government and Housing Act 1989, and was designed to ensure that rents paid by local authority tenants accurately reflect the cost of associated services. This act specifies that expenditure and income relating to property listed in section 74 of the Local Government and Housing Act 1989 (that is houses and buildings provided for the provision of accommodation including the land on which they sit, excluding leases taken out for less than 10 years to provide temporary accommodation) must be accounted for in the HRA. Schedule 4 of the Act (as amended by section 127 of the Leasehold Reform, Housing and Urban Development Act 1993) specifies the allowable debits and credits. The Housing (Welfare Services) Order 1994 further specifies more detail on the welfare services which must be accounted for outside the HRA.

5.3 The Local Government and Housing Act 1989 also specified that it is unlawful to approve a budget which will result in a debit position on HRA reserves.

6. ASSET MANAGEMENT

6.1 HRA reform sought to ensure the costs of managing housing stock were supported by the income produced by that stock rather than annual transfers

⁶ Based on turnover for the financial year 2014/15, see Appendix 7.

between central and local government. It therefore provided the opportunity for the Council to adopt a pro-active asset management approach to creating a 40 year investment plan, including allowing for future investment needs, remodelling, rationalising and reinvestment in assets.

- 6.2 In January 2015, the Council approved a Financial Plan for Council Homes which included annual rent increases that were more affordable to tenants than those in the previous Administration's business plan. Despite lower planned rent increases than under the previous policy, when coupled with a savings programme and a prudential approach to borrowing this plan enabled the Council to catch up the repairs backlog and maintain the Council's homes to a good standard without selling any of the Council's homes.
- 6.3 However, the Chancellor's decision to reduce rents in the social housing sector by 1% every year for four years from April 2016 without providing any compensation to the HRA has meant that the programme of planned works and catch-up of the repairs backlog included in the last approved Long term Financial Plan for Council Homes can no longer be delivered unless the stock is transferred to a Registered Provider. Financial modelling of the effect of the Chancellor's decision shows that, after allowing for additional income and some further savings as set out elsewhere in this report, the Council would need additional borrowing of more than £76million during the next 10 years over and above the existing debt cap of £255m. Officers continue to look for additional income and savings on both the revenue and capital budgets to cover the gap, however the scale of the shortfall in the first ten years (equivalent to £7.6m per year) is such that this is unlikely to fully cover the shortfall.
- 6.4 As the Council is not permitted to borrow above the debt cap, the financial plan re-phases necessary major works to a much later period to produce a balanced 40 year long term financial plan for Council homes and severely restricts the Council's ability to develop. Therefore, it would mean that if the stock is not transferred to a Registered Provider there would be a significant repairs backlog and that this backlog starts to grow. It means that there is a risk that, not only will the condition of homes deteriorate, but that the day to day repair costs will start to increase. This will require careful management and prioritisation.
- 6.5 This revised plan maintains a level of investment for 2016/17 in line with the investment plans approved by Cabinet in January 2015 in the "Financial Plan for Council Homes". This allows the condition of the homes to be maintained while the Council continues to seek other solutions. In future years, however, if there is not a stock transfer the revised financial plan requires a postponement in planned work originally scheduled to take place within the first ten years (2015/16 – 2024/25) equivalent to postponing window and door replacements to 4,400 homes, roof renewals for 2,650 homes, 4,400 new heating systems, 1,750 electrical rewires, 1,750 new kitchens and 1,100 new bathrooms.
- 6.6 The revised detailed plan for major works for the next ten years will be presented to tenants at the Housing Representatives Forum in January 2016. Estate plans for their area will be presented to each Tenants' and Residents' Associations. The plan will set out in detail the work we will be able to do on each estate and what work we have had to postpone. The plan will as far as

possible take into account the views expressed by tenants and will also be subject over time to changes as a result of emerging issues, including any further Government policy changes.

7. BUDGET SETTING CONTEXT

7.1 A detailed analysis and review of the budgets has again been conducted and a zero-based approach taken to setting all budgets for 2016/17.

8. FINANCIAL STRATEGY

8.1 The overall strategic financial objectives for the HRA approved by Cabinet in January 2015 were:

- to enable the financing of a viable on-going repairs programme that improves and maintains the stock in good repair, catching up the repairs backlog by 2018;
- to fund this by undertaking a programme of prudential borrowing whilst financing both the annual interest of new and existing debt and repayments of the principal debt on maturity (£205.3m as at 1st April 2015) over 40 years⁷;
- to ensure tenants only receive affordable increases in rent and other charges that are significantly lower than those included in the February 2014 HRA Business Plan.
- to increase the HRA reserves balance to protect against future shocks or unanticipated events to the current average level of reserves held by London authorities as a percentage of turnover of 21% by 2022. This will mean reserves increase to £20 million by 2022.
- to free resources for investment in new initiatives including new housing supply whilst improving service standards.

8.2 The 1% rent reduction every year for four years from April 2016 without compensation to the HRA means that the above strategic financial objectives cannot be fully achieved unless there was a stock transfer to a Registered Provider. The Council would need additional borrowing of more than £76million during the next 10-15 years over and above the existing debt cap. Therefore, after allowing for additional income and some further savings as set out elsewhere in this report, some major works have been re-phased to a much later period to produce a balanced 40 year long term financial plan for Council homes which does not depend on the sale of empty Council homes.

⁷ All loans are from the Public Works Loan Board. It should be noted that early repayment of debt results in a substantial penalty charge at a punitive rate. Unless the debt is repaid as part of a debt restructuring exercise where it would generally be replaced by other loans this results in a substantial charge to revenue which the HRA cannot support. For example the penalty charge for repaying all the current debt would be approximately £49million, equivalent to 24% of the debt repaid.

- 8.3 The Council does not propose reducing the level of general reserves or the general reserves target as in the context of a “business” managing 17,000 properties with an existing use value of circa £1.1 billion and an unrestricted open market value in excess of £4 billion there remains an inadequate level of reserves of circa £16.6 million (predicted as at 1st April 2016), equivalent to less than 12 weeks rent.
- 8.4 This not only provides insufficient cover against unanticipated events, but also encourages short term decision making rather than well planned and pro-active asset management. A further period of time will be required to rebuild the balances held from the currently predicted figure of circa £16.6 million as at 1st April 2016 to a level which can provide a secure basis for sustained and effective planned investment in the stock that should lead to higher levels of customer satisfaction.
- 8.5 Accordingly, it is proposed to revise the strategic financial objectives for the HRA as follows:
- to enable the financing of a viable on-going repairs programme that focusses on maintaining the basic fabric of the Council’s homes and ensuring that all health and safety requirements are met. The repairs programme will be prioritised to provide safe and weather-proof homes.
 - to fund this by undertaking a programme of prudential borrowing whilst financing both the annual interest of new and existing debt and repayments of the principal debt on maturity (£192.3m as at 1st April 2016) over 40 years⁸;
 - to continue to seek opportunities to raise additional income and to find further efficiencies which do not impact on service delivery to bridge the gap in the planned works programme;
 - to ensure tenants only receive affordable increases in rent and other charges that are significantly lower than those included in the February 2014 HRA Business Plan;
 - to increase the HRA reserves balance to protect against future shocks or unanticipated events to the current average level of reserves held by London authorities as a percentage of turnover of 23% by 2027. This will mean reserves increase to at least £21.5 million⁹ by 2027;
 - to continue to endeavour to free resources for investment in new initiatives including new housing supply whilst improving service standards.

⁸ All loans are from the Public Works Loan Board. It should be noted that early repayment of debt results in a substantial penalty charge at a punitive rate. Unless the debt is repaid as part of a debt restructuring exercise where it would generally be replaced by other loans this results in a substantial charge to revenue which the HRA cannot support. For example the penalty charge for repaying all the current debt would be approximately £49million, equivalent to 24% of the debt repaid.

⁹ The profile for the initial years is shown in Appendix 2, reserves do not build up evenly, the level at which they build increases after 2022.

- 8.6 The 40 year time span is used because the Council borrows from the Public Works Loans Board for up to 50 years and a substantial proportion (41%) of the Council's current housing debt is not due for repayment until after 30 years with 9% of the Council's current housing debt not being due for repayment for over 40 years.
- 8.7 The business plan is sensitive to both the differential between CPI and RPI and to increases in both indices and to fluctuations in the income and costs associated with the Land Sale Agreement for the West Kensington and Gibbs Green Estates.
- 8.8 The effect of the revised financial strategy including the 1% decrease in rents for Council Homes can be seen in the 5 year Income and Expenditure account presented at Appendix 2.

9. BENCHMARKING

- 9.1 The rent reduction will result in average rents being lower by nearly £17.67 per week after four years (from 2019/20) than the average rent predicted in the financial plan approved in January 2015. The average rent for our Council Homes of £109.02¹⁰ per week is already lower than that of most other central London Boroughs:

Local Housing Authority	Weekly Rent 2015/16
	£
Southwark	101.99
Lambeth	110.31
Tower Hamlets	111.38
Camden	114.04
Islington	115.89
Kensington & Chelsea	123.81
Westminster	124.95
Wandsworth	126.70

- 9.2 Further, only 6% of the Council's homes have currently converged to target rent.

10. RENTAL INCOME

Rents & Tenant Service Charges

Rents

- 10.1 The draft Budget for Council Homes for 2016/17 shown in Appendix 1 assumes tenant rents reduce in line with the new rent reduction of 1%. The application of

¹⁰ 2015/16 budgeted average rent is £109.02 per week for Hammersmith & Fulham

this requirement leads to an average rental reduction of 1.00% and an average combined reduction in rent and tenants' service charges of 0.93%.

Tenant Service Charges

- 10.2 Fixed service charges were implemented and de-pooled from rents in April 2012. This approach has the advantage of giving tenants a high level of transparency regarding the service they can expect whilst minimising the administrative burden and resulting costs that would be generated by operating variable service charges for tenants. The use of fixed service charges rather than variable also ensures that tenants do not receive any unexpected bills for service charges¹¹ thereby making it easier for tenants to budget.
- 10.3 The tenant service charge is normally inflated as part of the annual rent setting process. For 2015/16 it these charges will be frozen.
- 10.4 Tenants will receive notification of their service charges as part of their rent increase letter in February 2016.

Combined Impact

- 10.5 The combined effect of the above rent and tenants' service charge proposals will reduce the average rent and tenants' service charge by 0.93%. Together with a number of adjustments, this will reduce rental income in the HRA by £1.013m in 2016/17.
- 10.7 It should be noted that no allowance has been made within the net rental budget for the potential sales arising from the Government's proposal to force the sale of council houses in high-value areas to finance a new right to buy for housing association tenants. This has been identified as a risk (see section 11).
- 10.8 An analysis of the weekly reduction across all tenants is shown in the following table:

Rent & Tenant Service Charges Reduction per week (£)	Number of Dwellings
Up to £1	5,165
Between £1.01 and £2	7,068
Between £2.01 and £3	4
Between £3.01 and £4	1
Total	12,238

- 10.9 The rent and service charges for properties under licence and hostels are also subject to the rent reduction, the net average reduction in these charges is

¹¹ Unfortunately because of OFWAT regulations this approach is not possible with water and sewerage charges, these have to be subject to an annual reconciliation process which can result in an additional charge for tenants

0.71%. This net average reduction represents the combined effect of an average rent decrease of 1% and a freeze on service charges.

Bad Debts, Voids and Welfare Reform

Voids

- 10.10 In line with current performance, voids have been budgeted for in 2016/17 at 1.8% of the gross rent roll.

Welfare Reform

- 10.11 The response of individual households to the Government's programme of Welfare Reform may impact on the Council's ability to collect rental income and will therefore result in increased bad debt charges in the HRA. Direct payments of benefits to social housing tenants as part of Universal Credit, the Government's plans to reduce the overall benefit cap in London to £23,000 per annum, the restriction of housing benefit for single people who are under 35 to the shared accommodation rate for social housing tenants and the freezing of working age benefits and tax credits are all expected to result in an increase in rent arrears.
- 10.12 Direct Payments are being implemented as tenants move on to Universal Credit. The Council is one of the ten pathfinder areas for Universal Credit, the initial pilot implementation which commenced on 28th October 2013 was only for a limited number of claimants (newly unemployed single people) and excluded those who were previously in receipt of housing benefit.
- 10.13 In June 2014, the Department for Work and Pensions (DWP) expanded the cohort of eligible claimants for Universal Credit to include couples without children and included some categories of claimants previously in receipt of housing benefit. Currently, all singles, couples with or without children, or lone parents making new claims for subsistence benefit or those who have had a break in their previous claim are eligible for Universal Credit. Although the programme set out by DWP is subject to regular change, it is anticipated that during 2016 all new benefit claimants across the country will claim Universal Credit instead of the legacy benefits it replaces. Further, the majority of the remaining legacy caseload is expected to be moved over to Universal Credit during 2016 and 2017. This means that in 2016/17 some new and existing claimants will be entitled to benefit to cover their housing costs which may potentially impact on rent collection rates.
- 10.14 It is difficult to quantify the final potential impact; however, the Council is expected to gain "trusted partner" status which will enable the identification of Universal Credit claimants as they arise. Due to the difficulty in estimating the financial impact, both an allowance for an additional bad debt provision and a risk is included in the 2016/17 budget. A bad debt charge of £900k has been included for 2016/17 plus an additional allowance of £1,800k to provide for the financial impact of the Government's plans under Welfare Reform as outlined above. This gives a total budgetary provision for bad debt of £2.70m. There is a risk that the migration of tenants to Universal Credit moves at a faster pace than

initially expected – this risk for 2016/17 has been included in the HRA key financial risks set out in Appendix 6.

11. RISKS

- 11.1 Appendix 6 summarises the risks to the HRA, the key risks are discussed below. All significant risks are included on the Housing Department risk register. The following risks can be specifically quantified and a judgement has been made when determining the numbers used in the HRA budget.

Welfare Reform

- 11.2 As explained in section 10, an increase has been made in the bad debt provision to provide for the potential impact on rent collection rates as a result of how individual households may respond to the various strands of the Government's Welfare Reform programme.
- 11.3 However, there remains some risk because though the Council has made provision for the inevitability that arrears will increase, it is very difficult to quantify the level of risk for direct payments. Given that the households involved are on very low income levels it is likely that the majority of this increase in arrears would be uncollectable and the annual exposure is estimated in the region of between £5.3m and £8.8m per annum for 2016/17, assuming mitigating actions are in place. The maximum level of exposure is far higher; the total annual rent paid directly to the Council for HRA properties by Housing Benefit is approximately £41.6m. In terms of mitigation the Council is actively promoting payment by direct debit/ standing order to tenants and is working towards gaining "trusted partner" status with the DWP as part of a detailed rent collection strategy, as well as having in place arrangements to support tenants in managing their money. Under the proposed "trusted partner" scheme, the Council will be able to apply directly to the DWP for "alternative payment arrangements" (APAs) for individual tenants before they fall into significant arrears. The APA would enable benefits for housing costs to be paid directly to the Council.

Right to Buy Disposals

- 11.4 The business plan currently assumes that Council homes will be sold under the Right to Buy at the rate of 40 homes per annum from 2016/17 and then falling back to 20 homes per annum from 2017/18 onwards. This takes account of the current level of discount available, though there is a risk that unbudgeted levels beyond the Council's control could impact on the net income due to the HRA. The annual exposure is estimated at £1.1m and is based on an assumption that the level of applications currently projected (250) all progress to RTB sales.

Pay to Stay

- 11.5 Government plans to require councils to charge market or near market rents to tenants where the household income is more than £40,000 in London. This policy is known as "Pay to Stay". The Council will have to pay this money over to central Government. The risks include:

- o administrative costs not covered by any allowance made by Government;
- o increased bad debt costs where households are unable to pay the higher rents, especially because of other pre-existing financial commitments;
- o increased voids as tenants who have to pay higher rents choose to move away;
- o loss of social tenancies as a result of Right to Buy's increasing the cost of temporary accommodation in the General Fund.
- o a disincentive to work.

11.6 The full details of this have not been published by Government at the time of writing. The Council has estimated the potential financial risk to be £6.5m with an ongoing annual risk of £2.4m.

Other risks

11.7 There are also a number of risks, some of which apply more to future years. Again, these are detailed in Appendix 4, with a brief summary below:

- that in 2021 rents continue to be enforced by statute and the Council will continue to have no local choice in rent setting and be unable to return to the rent policy agreed with tenants last year. This would lead to further reductions in planned repairs over the next ten to fifteen years resulting in a deterioration of the Council's homes and higher repairs and maintenance costs;
- the Government's plan to force the sale of high value empty council homes with the proceeds being paid over to central Government. This is likely to have a significant adverse impact on the availability of social housing in the borough putting pressure on the General Fund budgets, reducing economies of scale in the HRA and, depending on the exact nature of the regulations and the properties sold, result in a net loss and constrain proper asset management within the HRA. The full details of this have not been published by Government at the time of writing.
- the impact of higher void rates in future years on income, maintenance, and management if the Government was to force the Council to use fixed term tenancies for all new tenants;
- a general property market risk in regard to the HRA balances where accounting rules for impairment and revaluation losses / gains mean that any adverse movements may result in a charge to the HRA if there are insufficient revaluation reserves held;
- additional Health and Safety requirements and the impact of failing to comply on insurance cover;
- other maintenance risks including the risk of a large uninsured incident;
- a general market risk on re-procurement and recruitment, that prices might come in higher than expected, the risk of which is higher in better economic conditions. This includes corporate contracts which are recharged to the HRA via service level agreements;
- other changes in central Government policy towards social housing;
- short term loss of income due to increased levels of Right To Buys, in the longer term it is possible to adjust costs but there is a short term impact;

- the current HRA business plan is sensitive to fluctuations in the income and costs associated with the Land Sale Agreement for the West Kensington and Gibbs Green Estates.
- the implementation of Managed Services and its impact on service delivery, most notably in terms of risks to income collection, arrears management and the associated bad debt risk, financial and management reporting, systems assurance and reconciliation reporting, the time taken to resolve payment issues, the delay in implementing the system for leaseholder service charges, the opportunity cost of officer time in managing issues arising and other factors;
- a risk to future savings expected to be delivered in accordance with the HRA five year savings plan, especially in relation to savings focussed on reducing corporate overheads for IT and premises;
- any mid-year review of corporate service level agreement costs may impact adversely on the HRA particularly if contracts are retained in-house resulting in higher than expected FTE numbers.

12. CAPITAL CHARGES

- 12.1 The two main components of capital charges are the cost to the HRA of borrowing that has taken place to fund the capital programme, including the Decent Homes Programme, and the cost to the HRA of depreciation charges.
- 12.2 In line with the latest revised 40 year HRA business plan, it is planned to repay £5.9m of debt due to mature in 2016/17 and to refinance £5.5m of debt during 2016/17. Due to a favourable difference in the rate of interest payable between the debt repaid and the refinanced debt, the effect of this net reduction in debt is expected to result in the annual interest cost in 2016/17 reducing to £9.7m (from £10.7m in 2015/16). The level of borrowing proposed within the Financial Plan for Council Homes is predicted to increase until 2025/26 before falling back over the term of the business plan. The plan for the next 10 years borrowing is set out in Appendix 8.
- 12.3 The Council's policy has been to use the Major Repairs Allowance (MRA) as a proxy for depreciation in the HRA for housing properties and this practice will not change for 2016/17. CLG's Settlement Payments Determination includes a five-year transitional period during which time Councils may use the uplifted MRA. The Council has subscribed to the transitional period and 2016/17 will be the final year of operation. The increase in the depreciation charge for dwellings for 2016/17 is £0.6million taking the budget required to £17.4million.
- 12.4 The transitional arrangements exclude non-dwellings depreciation which under previous accounting rules had no net effect on the HRA bottom line. For 2016/17, this charge has reduced by £31k resulting in a budget of £231k.
- 12.5 The transitional arrangements also exclude protection from a change in accounting regulations which means that impairment and revaluation losses on non-dwellings hit the bottom line if not contained within the revaluation reserve. This has been included in the risks schedule and is further elaborated on in Appendix 6.

13. INFLATION

- 13.1 The Council's contracts for repairs and maintenance with MITIE and for housing management and estate services with Pinnacle attract annual inflation. The annual uplift is based on the September CPI¹² prior to the beginning of the financial year in question. CPI as at September 2015 is negative, at -0.1%. Therefore, the budgets for these contracts have been reduced accordingly by a total of £16k.
- 13.2 However, inflation of £76k has been provided for a number of other contracts, mostly relating to energy procurement. All other inflationary pressures have been accommodated within the existing envelope of resources.

14. FEES, CHARGES, AND OTHER INCOME

Heating Charges

- 14.1 Tenants and leaseholders who receive communal heating (around 2,025 properties in total) pay a weekly charge towards the energy costs of the scheme. The Council meets the costs of heating in the year, and recharges tenants and leaseholders based on an estimated cost and usage.
- 14.2 The Council is part of the LASER energy procurement group, which purchases energy on behalf of 48 local authorities. A system of flexible procurement is used which should ensure that LASER tenders for new energy contracts on a rolling basis, so that it can purchase when rates are low.
- 14.3 As the new energy contract rates are not expected to be received until after this report is published, an estimate has been prepared in consultation with the Council's Estate Services function who have provided an indication of the new contract rate the Council can expect to achieve. Based on this estimate, combined with the need to balance the heating account for the year, no increase in charges is proposed for 2016/17.

Garage and Parking Space Rents

- 14.4 Garages are currently let on a weekly basis at a flat rate of £23.08 for a car garage and £17.31 for a motorcycle garage. No changes to charges are proposed.
- 14.5 The level of charges among other neighbouring London Councils vary. For example, equivalent weekly charges for garages are between £12.93 and £76.26 in Kensington and Chelsea, £11.00 and £60.00 in Camden, £6.61 and £132.25 in Westminster and £14.29 and £34.80 in Wandsworth. Prices for garages rented privately within Hammersmith & Fulham range from £1,800 to £2,500 per annum.

¹² Consumer Prices Index

- 14.6 Parking charges vary depending on whether the licensee is a Council tenant, a Right to Buy leaseholder or a non-Right to Buy leaseholder. The current average weekly rent for a parking space let to a Council tenant is £2.72.
- 14.7 Following changes in law that limit the Council's powers to enforce parking on housing estates by private contractors, the Council is undertaking a review of parking on all housing estates in the borough with a view to introducing enforceable parking controls. Following a consultation process with residents of seven estates, Cabinet in November 2015, approved the introduction of Traffic Management Orders on five of these estates, four of which are planned to be implemented on a phased basis before the end of March 2016. A further phase of consultations with residents from housing estates will commence from January 2016 and the findings and recommendations arising will be presented to Cabinet during 2016. Therefore no change in parking charges are being recommended as part of this report. It should also be noted that the level of income assumed for parking charges for 2016/17 takes account of the changes in law and on-going review of parking.

Water Charges

- 14.8 The Council collects income from and pays charges on behalf of tenants and leaseholders. The Council calculates the price at which water and sewerage services are resold to tenants to ensure that the amounts billed to tenants and leaseholders are in accordance with OFWAT's (the Water Services Regulation Authority) guidelines. In summary, OFWAT requires that "anybody reselling water or sewerage services should charge no more than the amount they are charged by the company". The guidelines allow for an administration charge to be added.
- 14.9 The annual review of charges involves comparing the amount the Council charged tenants for water and sewerage during the previous financial year with the amount the Council was charged by Thames Water plus an administration charge. This involves working closely with Thames Water in ensuring that the charges made to the Council for metered properties are in line with the actual water used.
- 14.10 Following completion of the review of water charges for 2014/15 to ensure charges are in line with usage and taking into account the net impact of the actual increase applied last year to tenants charges, compared to the increase applied by Thames Water, the average increase to tenants' water charges before any annual increase for 2016/17 is applied (as advised by OFWAT) is 0.4%. Within this, 10,041 tenants will see an average increase of 6.0% and 2,429 tenants will receive an average reduction of 19.5%.
- 14.11 The increase advised by OFWAT for 2016/17 will need to be overlaid on top of the above adjustment. Thames Water have advised that OFWAT are expected to confirm the agreed changes to water and sewerage service charges for 2016/17 in January 2016. It is therefore proposed that any change to the water charges be agreed following OFWAT's approval in January 2016 and it is recommended that authority be delegated to the Lead Director of Housing (Director of Finance & Resources) to approve the increase in water charges in

line with the increase set out in 14.10 above overlaid with OFWAT's decision. This will ensure that the Council fulfils its legal obligation to recover the water charges in full.

- 14.12 Although OFWAT have not provided any information on the maximum acceptable increase for 2016/17, they have previously advised that any increase for 2014/15 would be limited to the previous November's RPI plus 1.4%. The latest published data confirms that at October 2015 RPI was 0.7%. Assuming a cap above RPI of 1.4% is applied, this would limit any increase for tenants to 2.1%, in addition to the adjustment before any annual increase outlined above. Based on this scenario, the average increase for tenants would be 2.5%. Within this, 10,236 tenants will see an average increase of 7.4% and 2,138 tenants will receive an average reduction of 25%.

Advertising Income

- 14.13 The budget for income generated from advertising hoardings located on Housing land has been increased by £173k to £631k. This increase has resulted from the implementation of a strategy to identify opportunities for new hoarding sites (expected to generate additional income of £200k) offset by an increase in management fees of £27k. Opportunities for identifying new hoardings sites are being investigated on an on-going phased basis.

- 14.14 Legal and accounting advice has confirmed that the income and expenditure associated with advertising hoardings on HRA land should be accounted for within the HRA.

Rents on Shops

- 14.15 The budget for commercial property rents for 2016/17 has been increased by £40k to £1.383m. This increase is in respect of the likely level of lettings achievable in the current climate in accordance with the terms of the associated leases and informed assumptions from Valuation & Property Services. The budget set for HRA commercial property incorporates a forecast void rate of 11%, based on the valuers views, to allow for economic conditions. Additionally, the budgeted increase in bad debt provision has been set at £92k for 2016/17.

15. CONSULTATION

- 15.1 Tenants and residents have been consulted on the significant impact on the Council's financial plans for the HRA of the 1% reduction in rents for each of the next four years via the Borough Forum on 13th October 2015 and via the Housing Representatives Forum on 20th October 2015 and 17th November 2015.
- 15.2 Tenants and residents were also consulted on the plans at the Economic Regeneration, Housing and the Arts Policy & Accountability Committee on 1st December 2015 in order that the committee could comment on the implications in advance of any formal decision being taken by Cabinet on 11th January 2016.

16. EQUALITY IMPLICATIONS

- 16.1 The Equalities Impact Assessment (EIA) shows that the rent reduction is expected to be positive or neutral for protected groups. However, the postponement of major works may impact disproportionately on groups whose homes are more adversely affected by the postponement of major works, especially those who may be disproportionately represented in council stock. However, the Council considers that the main driver of the change in the plan for major works is due to the reduction in rents and largely outside of the Council's control.
- 16.2 It is not possible for the Council to mitigate the effects by funding the shortfall in rental income from other resources as the Council needs to maintain a viable financial plan. However, the Council plans to take into account the views expressed by tenants on detailed estate plans of major works for their area. Officers will also be on hand to help tenants and their households in ensuring that tenants' homes are safe, warm and weather-proof.

17. LEGAL IMPLICATIONS

- 17.1 The Local Government and Housing Act 1989 requires the Council to maintain a Housing Revenue Account (HRA). Section 76 of this Act imposes "ring-fencing" arrangements in respect of the HRA and places a duty on the Council to prevent a debit balance arising in HRA. The sums which can be debited from and credited to the HRA are prescribed by law. It is not possible for a local housing authority to subsidise rents from its General Fund.
- 17.2 As set out in the report the Welfare Reform and Work Bill requires that registered providers of social housing must reduce the amount of rent payable by a tenant of social housing by at least 1% per annum over 4 years, commencing in 2016. This statutory provision will restrict the ability of the Council to set rents.
- 17.3 Implications verified/completed by: Janette Mullins, Principal Solicitor (Housing Litigation), Finance & Corporate Services.

18. FINANCIAL AND RESOURCES IMPLICATIONS

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

19. RISK MANAGEMENT

- 19.1 The principal risks are detailed in section 11 of this report, these are included in the departmental risk register.

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.	Housing Representatives Forum papers, 17 th November 2015 - published	Kathleen Corbett Ext 3031	Housing and Regeneration Department, 3 rd Floor Town Hall Extension, King Street, W6 9JU
2.	HRA Financial Plan for Council Homes, Economic Regeneration, Housing & The Arts Public Accountability Committee, 1st December 2015 - published	Kathleen Corbett Ext 3031	Housing and Regeneration Department, 3 rd Floor Town Hall Extension, King Street, W6 9JU

Appendix 1
2016/17 Draft Housing Revenue Account Budget

Division	2015/16 Revised Budget	2015/16 Forecast Outturn ¹	2016/17 Proposed Budget
	£000s	£000s	£000s
Housing Income	(77,484)	(77,984)	(76,571)
Housing Services	9,578	9,578	11,417
Commissioning & Quality Assurance	3,119	3,119	1,638
Safer Neighbourhoods	578	578	578
Adult Social Care	48	48	48
Housing Repairs	13,748	13,748	13,869
Property Services	2,163	2,163	2,404
Regeneration	267	267	237
Housing Options	369	349	343
Finance & Resources	9,661	9,436	9,188
Corporate Service Level Agreement Charges	5,503	5,503	5,963
Capital Charges	29,976	29,821	29,825
(Contribution to)/ Appropriation from HRA General Reserve	(2,474)	(3,374)	(1,061)
Opening Balance on HRA General Reserve	(13,165)	(13,165)	(16,539)
Closing Balance on HRA General Reserve	(15,639)	(16,539)	(17,600)

¹As per Corporate Revenue Monitor for month 7, due to be presented to Cabinet on 11th January 2016

Appendix 2

5 Year Business Plan for Housing Revenue Account 2016/17 - 2020/21					
HRA revenue projections	2016/17 Proposed Budget £000s	2017/18 Projection £000s	2018/19 Projection £000s	2019/20 Projection £000s	2020/21 Projection £000s
Income	(76,571)	(75,777)	(75,294)	(76,101)	(76,985)
Expenditure before savings and growth	72,365	75,434	76,888	78,070	79,040
Base HRA surplus for the year	(4,206)	(343)	1,594	1,969	2,055
Efficiencies*	(922)	(1,685)	(1,987)	(2,535)	(2,595)
Growth	1,019	1,127	1,146	1,165	1,185
Surplus before additional capital programme contribution	(4,109)	(901)	753	599	645
Available for Revenue Contribution to Capital Outlay or growth	3,048	0	0	0	0
Surplus for the year after additional capital programme contribution	(1,061)	(901)	753	599	645
HRA balance at year end	(17,600)	(18,501)	(17,748)	(17,149)	(16,504)

* Note that all figures including efficiencies are inflated in line with business planning assumptions

NB: the increase in income in 2019/20 is due to a 53 week rent year

Appendix 3

HRA MTFS Saving Plan

Housing Revenue Account 5 year Savings Plan	Risk to Delivery	16/17	17/18	18/19	19/20	20/21
		£000s	£000s	£000s	£000s	£000s
Original Efficiency Plan: additional reduction across all divisions		60	60	60	60	60
Additional savings programme focused primarily on reducing corporate overheads for IT and premises.		0	750	1000	1000	1000
Additional savings on core costs resulting from better stock condition and better customer service.		0	0	0	500	500
Remove temporary growth for MTFS		250	250	250	250	250
Remove temporary growth for MITIE		500	500	500	500	500
Removal of Executive Director post		112	112	112	112	112
Base savings programme		922	1,672	1,922	2,422	2,422

Appendix 4 Efficiencies & Income Movements

Efficiencies		
Division	Description	Amount £000s
Housing Services	Original Efficiency Plan: additional reduction across all divisions	60
		60
Finance & Resources	Deletion of senior management post	112
Finance & Resources	Remove temporary growth for MTFS	250
Finance & Resources	Remove temporary growth for MITIE	500
		862
Total		922

Item	Housing Income £
2015/16 Base Budget	(77,485)
Other Adjustments	
Decrease in dwelling rents and tenant service charges	1,013
Increase in allowance for bad debts	531
Additional Advertising Income	(202)
Increase in Leaseholder Service Charges	(143)
Additional income to recover increased Leaseholder insurance charge	(76)
Increase due to new parking and garage initiatives	(201)
Net adjustments for other figures	(8)
2016/17 Base Budget	(76,571)

NB: Leaseholders can only be charged for costs actually incurred

Appendix 5 Growth

Division	Description	Amount £000s
Property Services	Staffing	250
	Income from recharging leaseholders	(116)
	Asbestos surveys and works	110
	Garages repairs	25
	MITIE contract	7
		276
Housing Services	Garages - additional resourcing funded by additional lettings income	79 / (79)
	Estate Services - minor reorganisation	24
		24
Finance & Resources	Finance - minor reorganisation	98
	Leaseholder Services - minor reorganisation	22
	Utilities Officer	49
	H&F InTouch - temporary growth (one year)	35
		204
Corporate Services	Resourcing Residents' Commission recommendations	100
	Increases in employers' national insurance	182
	Increases in Corporate Service Level Agreement charges	232
		514
Total Growth		1,018

The Enforcement team is being expanded to ensure improved service delivery to leaseholders and other external customers. The budget for asbestos surveys and works is being aligned with expected activity levels required to comply with regulations.

The Garages team within Housing Services is being supported to achieve additional income from garage lettings.

The Finance & Resources team is being strengthened to ensure that a responsive and high quality service can be maintained as volumes of work increase, this is especially important as finances tighten as a result of the 1% rent decreases.

Additional funding is requested to support the implementation of the Residents' Commission recommendations, this is set out in detail in the 7th December 2015 report to Cabinet. Further, there is a need to fund the requirement for employers to pay a higher level of national insurance contributions following changes to state pensions. Finally, the cost of corporate service level agreement charges has increased due to the combined effect of an increase in the number of FTEs in the HRA and an increase in IT costs.

Appendix 6: Key Risks 2016/17	Lower Limit £000s	Upper Limit £000s	Worst Case £000s	Future Risk £000s
Quantifiable Risks				
Welfare Reform - an increase has been made in the bad debt provision to provide some protection against the impact on rent collection rates as a result of the additional reduction in the benefit caps as part of the Government's Welfare Reform programme. However, there remains some risk as follows: - it is not possible at this stage to quantify the exact level of risk for direct payments as this depends on the rate of migration to the new system.	0	15,900	41,600	?
Right to Buy Disposals - a level of Right to Buy disposals (40 per annum from 2016/17 and then falling back to 20 per annum from 2017/18) has been assumed within the business plan. This takes account of the increased level of discount on RTB disposal levels, though there is a risk that unbudgeted levels beyond the Council's control could impact on the net income due to the HRA. The upper limit and worst case risks set out here are based on an assumption that the level of applications currently projected (250) all progress to RTB sales. The future risk assumes that there are 80 or more RTB sales each year.	0	1,092	1,092	416
Costs of administering "Pay to Stay" - the Government is proposing that housing authorities will be required to charge market or near market rents to tenants where the household income is in excess of £40,000 in London. The Council faces a risk in terms of the additional administrative costs;	809	3,237	6,474	2,434
Pension opt-in - this relates to the risk of all staff opting to join the local government employer pension scheme.	0	14	14	14
Total Quantifiable Risks	809	20,243	49,180	?

Appendix 6: Key Risks 2016/17

Unquantifiable Risks

Continuation of social housing rent reductions beyond the four year period - this relates to the risk that in 2021 rents continue to be enforced by statute and that the Council is unable to return to the rent policy agreed last year with tenants of CPI plus 1% plus £1. This would lead to further reductions in planned repairs over the next ten to fifteen years resulting in a deterioration of the Council's homes and higher repairs and maintenance costs.

Sales of council houses in high-value areas - the Government's plan to force the sale of high value empty council homes with the proceeds being paid over to central Government. This is likely to have a significant adverse impact on the availability of social housing in the borough putting pressure on the General Fund budgets, reducing economies of scale in the HRA and, depending on the exact nature of the regulations and the properties sold, result in a net loss and constrain proper asset management within the HRA. The full details of this have not been published by Government at the time of writing.

Accounting for impairment and revaluation losses / gains - changes in accounting rules following self-financing regarding impairment and revaluation losses / gains mean that any adverse movements that cannot be funded by revaluation reserves will be an actual charge to the HRA bottom line. The current level of revaluation reserves of £138m represents 10.8% of the current stock valuation of £1,277m, so an impairment / revaluation loss of 10.8% would have to be suffered before the HRA would be affected.

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

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

Appendix 6: Key Risks 2016/17

Unquantifiable Risks

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

Other changes in central Government policy towards social housing

Land Sale Agreement for the West Kensington and Gibbs Green Estates - the current HRA business plan is very sensitive to fluctuations in the income and costs associated with the Land Sale Agreement for the West Kensington and Gibbs Green Estates. This includes the timing of land transfers as income cannot be realised in accounting terms until land is transferred. Previously the business plan had sufficient headroom to be able to accommodate this but recent movements in both this project and Edith Summerskill House mean that this headroom has been utilised.

The implementation of Managed Services and its impact on service delivery - most notably in terms of risks to income collection, arrears management and the associated bad debt risk, financial and management reporting, systems assurance and reconciliation reporting, the time taken to resolve payment issues, the delay in implementing the system for leaseholder service charges, the opportunity cost of officer time in managing issues arising and other factors

Medium Term Financial Strategy - a risk to future savings expected to be delivered in accordance with the HRA five year savings plan, especially in relation to savings focussed on reducing corporate overheads for IT and premises.

**Appendix 7: London Local Housing Authorities
General Reserves as a % of Turnover**

Local Housing Authority	Turnover 2014/15	General Reserve at 31st March 2015	General Reserve as a % of Turnover
	£m	£m	%
H&F	80.7	13.2	16%
Shared Services London Housing Authorities			
RBKC	57.4	21.5	37%
Westminster	92.6	50.0	54%
Other Neighbouring London Housing Authorities			
Brent	56.6	4.4	8%
Ealing	68.4	4.9	7%
Harrow	31.9	4.6	14%
Hounslow	82.9	31.8	38%
Hillingdon	63.3	30.6	48%
Wandsworth	137.8	114.1	83%
Other London Local Housing Authorities			
Barking & Dagenham	106.8	8.7	8%
Camden	169.5	41.0	21%
Croydon	93.2	15.3	16%
Enfield	66.5	13.5	20%
Greenwich	120.2	18.1	15%
Hackney	139.5	10.2	7%
Haringey	111.1	38.6	35%
Islington	180.1	13.5	7%
Lambeth	186.1	10.0	5%
Lewisham	88.9	35.9	40%
Newham	115.1	20.1	17%
Redbridge	29.1	5.9	20%
Southwark	290.2	29.5	10%
Waltham Forest	59.8	3.9	7%
Barnet	62.7	14.9	24%
Kingston upon Thames	32.1	3.3	10%
Sutton	38.3	6.4	17%
Tower Hamlets	89.1	20.1	23%
Average of Shared Service Authorities			36%
Average of Shared Services & Other Neighbouring Authorities			34%
Average of all 27 London Local Housing Authorities			23%

Appendix 8 Housing Revenue Account Borrowing Plans 2015/16 - 2025/26

		Borrowing	Debt	Additional	Borrowing	Housing	Internal
Year		Opening	Repayments	Required	Bal/Cfwd	Capital	Borrowing
		£000s pa	£000s pa	£000s pa	£000s pa	Requirement	£000s pa
1	2015.16	205,302	13,020	0	192,282	207,182	14,900
2	2016.17	192,282	5,866	5,488	191,904	221,944	30,040
3	2017.18	191,904	6,150	8,711	194,465	235,607	41,141
4	2018.19	194,465	3,784	12,268	202,949	254,617	51,668
5	2019.20	202,949	8,042	4,293	199,201	254,617	55,416
6	2020.21	199,201	9,461	7,695	197,434	252,851	55,416
7	2021.22	197,434	-	5,141	202,575	239,532	36,956
8	2022.23	202,575	-	0	202,575	239,532	36,956
9	2023.24	202,575	3,548	22,151	221,178	248,600	27,422
10	2024.25	221,178	13,009	19,026	227,195	254,617	27,422
11	2025.26	227,195	-	0	227,195	240,612	13,417


Note: the HRA's total borrowings are restricted by the Government-imposed debt cap which is set at £254,617,000.

**Appendix 9: Central London Local Housing Authorities
Weekly Rents: 2015/16**

Local Housing Authority	Weekly Rent 2015/16
	£
Lewisham	98.42
Southwark	101.99
Hackney	102.63
Greenwich	104.59
Hammersmith & Fulham	109.02
Lambeth	110.31
Tower Hamlets	111.38
Camden	114.04
Islington	115.89
Kensington & Chelsea	123.81
Westminster	124.95
Wandsworth	126.70
Average	111.98

Source: directly sourced from Councils

Agenda Item 11

<p>London Borough of Hammersmith & Fulham</p> <p>CABINET</p> <p>8 FEBRUARY 2016</p>	
<p>VARIATION TO THE STRUCTURE AND CONTRACTUAL TERMS OF THE JOINT VENTURE VEHICLE</p>	
<p>Report of the Cabinet Member for Economic Development and Regeneration, Councillor Andrew Jones and the Cabinet Member for Housing, Councillor Lisa Homan</p>	
<p>Open Report</p> <p>A separate report on the exempt part of the Cabinet agenda provides exempt financial information.</p>	
<p>Classification - For Decision</p> <p>Key Decision: YES</p>	
<p>Wards Affected: All</p>	
<p>Accountable Director: Juliemma McLoughlin, Director for Planning & Growth</p>	
<p>Report Author: Matthew Doman, Development Manager</p>	<p>Contact Details: Tel: 020 8753 4547 E-mail: matthew.doman@lbhf.gov.uk</p>

1. EXECUTIVE SUMMARY

- 1.1. The Council established HFS Developments LLP as a joint venture vehicle with Stanhope Plc in March 2014 and entered into contractual documentation relating to the governance and business of HFS Developments LLP (the “LLP” or “JV”) at such time.
- 1.2. This report requests approval for the following:
 - for the Council, as a Member of the LLP, to take such actions as are necessary to wind up the LLP and for the Council to take such actions as are necessary to establish a new company limited by shares (the “New Company”) in its place, with the Council becoming a shareholder in the New Company alongside Stanhope Plc;

- to approve the amended Site Specific Development Plan for Edith Summerskill House (“ESH”) such that they can be adopted by the LLP (or, if applicable, the New Company);
- for the Council to take such actions as are necessary to approve the allocation of affordable housing grant funding to enable the redevelopment of ESH;
- for the Council to take such actions as are necessary to terminate the contractual documentation entered into with the LLP and enter into new contractual arrangements with the New Company with such variations as are required to enable the development of ESH by a Registered Provider of affordable housing (RP), and other variations, including a contractual obligation on the Council to reimburse the New Company for costs associated with meeting the conditions at ESH in the unlikely event that the Council withdraws the allocation of affordable housing grant funding referred to above;
- to approve the allocation of additional funds to complete the decant process of ESH and the demolition of WMC;
- to approve the undertaking of the necessary steps required to carry out and complete the demolition of ESH.

2. RECOMMENDATIONS

- 2.1. That approval be given for the Council to take such actions as are necessary to wind up the LLP and to establish a new company, with the Council becoming a shareholder in the New Company alongside Stanhope Plc.
- 2.2. That delegated approval be granted to the Cabinet Member for Economic Development and Regeneration, in conjunction with the Director for Planning and Growth to enable the appointment of the Council’s directors to the New Company and any other decision that is required so as to effect the foregoing recommendations, including the approval of any amendments to existing contracts, termination of existing contracts and approval of new contracts required to effect the foregoing.
- 2.3. That the revised SSDP ESH, as set out at Appendix 1 of the exempt report on the exempt Cabinet agenda, be approved so they can be adopted by the LLP (or, if applicable, the New Company).
- 2.4. That approval for the appointment by the Council (as a member or shareholder of the JV) of an RP partner by the JV be delegated to the Cabinet Member for Economic Development and Regeneration in conjunction with the Director for Planning and Growth and the Lead Directors of Housing.

- 2.5. That approval be given for the Council to directly undertake the demolition of ESH.
- 2.6. That approval be given to undertake a procurement exercise to appoint a demolition contractor to undertake the demolition of ESH.
- 2.7. That approval for the appointment of the demolition contractor and any consultant appointments required in respect of the demolition of ESH be delegated to the Cabinet Member for Economic Development and Regeneration in conjunction with the Director for Planning and Growth.
- 2.8. That approval be given to the Council providing a contractual obligation to reimburse the JV its costs (capped at £2m for ESH and £2.5m for WMC) for fees incurred in achieving planning consent in the unlikely event that the opportunity sites are not redeveloped. In this scenario the land will be returned to the Council free from adverse rights and with detailed planning consent.
- 2.9. That approval be given for the Council to incur additional consultancy fees for ongoing legal and professional advice as set out below:

Legal Advice	£100,000
Valuation Advice	£ 75,000
Financial Advice	£ 10,000
Other Professional Advice	£ 15,000

As costs incidental to the disposal of assets, these may be offset against capital receipts that ensue.

- 2.10. That approval to incur any additional fees in relation to the Council meeting its obligations under the terms of the conditional JV agreement be delegated to the Cabinet Member for Economic Development and Regeneration, in conjunction with the Director for Planning and Growth and the Lead Directors of Housing as Edith Summerskill House is designated as Housing Land.
- 2.11. To note that if negotiations with remaining leaseholders at ESH prove unsuccessful a compulsory purchase order (CPO) will be required to facilitate development.

3. REASONS FOR DECISION

- 3.1 To remedy the funding issues encountered as a result of competing QC opinions on whether the Council's power to participate in the JV with Stanhope Plc via a limited liability partnership (i.e. HFS Developments LLP) presents a material risk of the transaction being challenged.
- 3.2 Approval by the Council of the revised SSDP is required under the existing contractual documentation relating to the JV.

- 3.3 To make amendments to the contractual documents as a result of the revised development proposals currently being contemplated by the JV which require approval by the Council.
- 3.4 The JV requires certainty that funding will be available to enable them to commit funds to satisfying the conditions required to bring forward the development.
- 3.5 The appraisals carried out by the JV indicate that ESH will require a significant amount of grant funding in order to deliver a 100% affordable development.
- 3.6 By undertaking the demolition of ESH the Council is able to:
- remove some of the development risk that could potentially affect delivery;
 - potentially accelerate delivery as it can bring forward the demolition; and
 - make cost savings as the Council will be able to recover the VAT associated with the demolition works.

4. INTRODUCTION AND BACKGROUND

- 4.1 On 28 March 2014 various agreements were entered into between the Council, Stanhope Plc (“Stanhope”), HFH Ventures UK Limited and HFS Developments LLP (“the Agreements”).
- 4.2 The purpose of these arrangements was to appoint a private sector partner to participate in the redevelopment of council owned sites for the provision of new housing over a 15 year period. The first sites to be developed are sites known as Watermeadow Court (“WMC”) and Edith Summerskill House (“ESH”). The Agreements also envisage further sites (“future sites”) to be identified for possible development as the project progresses.
- 4.3 The Agreements were conditional on a number of matters, including the JV securing funding. The Conditional Joint Venture Agreement entered into between the Council, Stanhope, HFH Ventures UK Limited and HFS Developments LLP also allows for an opportunity site to be transferred to a third party once such conditions are satisfied where the parties agree to do so.
- 4.4 Since the Agreements were entered into, the following matters have arisen:
- i. the Council and Stanhope have discussed the principle of varying the existing JV arrangements to enable 100% affordable housing

to be provided at ESH, on the basis that this will allow an overall greater number of affordable housing to be achieved by the JV. A corresponding reduction of affordable housing is now envisaged at WMC with a commuted sum to be required from the JV in lieu of such provision to enable planning requirements to be met.

- ii. the parties have agreed in principle that a Registered Provider (“RP”) be appointed by the JV to deliver the development of ESH;
- iii. It is proposed that the funding of the delivery of ESH by the RP be funded by grant funding and the Council will (subject to the RP satisfying the necessary statutory requirements for the provision of such funds) either provide the funding, or where it unilaterally withdraws such funding, reimburse the JV’s costs reasonably incurred in respect of satisfying the conditionality in the Sale Agreements (capped at £2m ESH and £2.5m for WMC). In the event of the latter ESH and WMC will return to Council ownership.
- iv. the Council and Stanhope wish to wind up the LLP and establish the New Company

5. PROPOSAL AND ISSUES

The changes to the JV arrangements raise specific issues that need to be carefully considered. These are summarised below:

5.1 Changes to the JV Structure

The Agreements currently envisage delivery of specified “opportunity sites” by the JV constituted as a Limited Liability Partnership. The Agreements include a number of conditions, one of which is a funding condition, so that the JV has to secure funding for the development of the relevant Opportunity Site. Following exchange of the Conditional Joint Venture Agreement, in the JV’s discussions with a potential funder, the funder raised a concern as to whether the Council was permitted to enter into an LLP structure. Whilst the Council’s legal advisors have advised that an LLP structure was permitted, in order to avoid this concern being raised by other funders in the future, the parties wish to change the structure at this stage so that the JV is constituted as a company. Therefore, the proposal is that HFS Developments LLP is wound up and a New Company (constituted with the Council and Stanhope as 50/50 Shareholders) is formed and which will take the place of the LLP going forward.

5.2 Changes to the Conditional Period in the Agreement and consequential amendments to the Agreement

To allow for the revised planning approach, and mitigate risk of a planning application refusal, it is proposed that the conditional period of the Agreement be extended. Further provision that allows for reversion to the

initial approach in relation to affordable housing in the event that planning is not achieved is also proposed (40% affordable housing on either site)

5.3 Changes to the approach to the delivery of Affordable Units

The SSDPs for both ESH and WMC envisage affordable housing being delivered at both ESH and WMC in accordance with the Council's usual minimum requirements of 40% affordable housing delivery. It is now proposed that the SSDPs be varied so that ESH is to be developed for 100% affordable housing. WMC will be developed for 100% open market housing with no on-site affordable provision but it is proposed that a commuted sum payment be made to facilitate the delivery of the off-site affordable housing at ESH.

5.4 Appointment of the RP

The proposal is that the delivery of the affordable housing at ESH is to be delivered by an RP appointed by the JV. The Agreement permits the transfer of an Opportunity Site (and the novation of the Agreement) to a third party approved by the parties.

It is proposed that the JV appoint the RP via a procurement process that is in accordance with the procurement policy agreed by the JV partners.

6. OPTIONS AND ANALYSIS OF OPTIONS

6.1 The options considered for the delivery of new affordable housing on WMC and ESH were:

1. Retain the existing SSDPs which propose a mix of private sale and discount market sale units on both ESH and WMC with all units being developed and sold by the JV.
2. To change the affordable element on both ESH and WMC to social rent in line with the Council's new housing strategy.
3. To change the tenure mix to 100% market sale on WMC and 100% social rent on ESH with ESH reverting to Council ownership and the social rent units being let and managed by the Council.
4. To change the tenure mix to 100% market sale on WMC and 100% social rent on ESH with ESH being transferred to an RP who will own and manage the building.

RETAIN EXISTING SSDPs

6.2 The existing SSDPs contain a tenure split of 60% private market sale and 40% discount market sale units for both WMC and ESH. This approach

no longer meets the Council's affordable housing strategic objects where the provision of social rent housing is to be prioritised.

CHANGE TENURE

- 6.3 Changing the tenure of the affordable units on both WMC and ESH to social rent was considered however the impact on viability for both schemes as a result of the cost of providing the necessary social units meant that the number of affordable units would have been significantly reduced.
- 6.4 In addition, as ESH is to be a tower block development, a mixed tenure approach that includes 40% social rent would create design problems which would impact on the overall number of units that could be delivered. Other issues raised included that it could be more difficult to attract private buyers as a result of the high proportion of social rent tenants; that the market value of the units for private sale would be greatly reduced which would affect the number of affordable units the scheme could support; and the ability of purchasers to find mortgage providers would also be affected.

SINGLE TENURE APPROACH

- 6.5 In order to maximise the provision of social rent a single tenure approach to both WMC and ESH has been considered. Due to the fact that ESH is better serviced by transport and amenities, and the fact that greater sales figures can be generated at WMC the proposal is that ESH delivers 100% affordable homes and WMC 100% private sales.
- 6.6 Early discussions with the GLA have suggested that a tower containing 100% social rent units is unacceptable therefore an approach that includes intermediate rent is being proposed. Currently the proposal is for 80% social rent and 20% intermediate rent but that is subject to planning and agreement with the GLA.

COUNCIL RETAINS ESH

- 6.7 For the Council to retain ESH the JV will have to develop the site with grant funding being provided by the Council to fund the net cost of construction. The Council's legal advice suggests that although not prohibited under State Aid rules this approach does carry a greater risk than if the Council were to grant fund an RP.
- 6.8 This approach is also likely to necessitate the need for the Council to borrow funds, albeit on a relatively short term basis, in order to complete the development which may not be possible due to the capital funding restrictions created by the Housing Revenue Account Debt cap. The Council would also have to bear the development risk under this approach.

TRANSFER TO AN RP

- 6.9 If ESH is transferred to an RP the RP will be responsible for the development and the risk is transferred from the JV to the RP.
- 6.10 The Council will be able to grant fund the RP to cover the net cost of delivering the completed scheme as 100% affordable.
- 6.11 The Council will retain 100% nomination rights and will be able to restrict the tenure and rent levels charged. Currently the proposal is for 80% social rent and 20% intermediate rent but that is subject to planning and agreement with the GLA.
- 6.12 The RP will be responsible for the maintenance and management of the building.

7. CONSULTATION

- 7.1 The proposals included within this report have been reached after detailed consultation was undertaken with Cabinet Members and legal advisors.

8. EQUALITY IMPLICATIONS

- 8.1 An Equality Impact Assessment was completed prior to the creation of the JV which established that due to the procurement process undertaken by the Council to appoint a private sector partner and to dispose of the opportunity sites, there are no negative equality implications.
- 8.2 The redevelopment of the opportunity sites has a number of positive equality implications as the existing properties have been vacant for a number of years and the buildings are largely uninhabitable. The new developments will increase the supply of new homes in the Borough with a mix of Social and Intermediate Rent and private market sales.
- 8.3 Implications verified/completed by: Matthew Doman, Development Manager, Planning and Growth x4547.

9. PLANNING IMPLICATIONS

- 9.1 The S106 contributions that are required to enable the redevelopment of the Council owned sites specified for affordable housing purposes would be an appropriate use of the funds, as they were secured for either affordable housing or social and physical infrastructure purposes in the Borough. The timetable for payment/receipt of the funds is considered to be realistic and the triggers for payment will be monitored.
- 9.2 Implications verified/completed by: Peter Kemp, Planning Change Manager, Planning and Growth, x6970
- 9.3 Under the provisions in the Town and Country Planning (Mayor of London) Order 2008 the planning applications would be referable to the

Mayor and planning permission cannot be issued without his direction to do so. The Mayor has the discretion on referrals to direct refusal or 'call-in' the application for his determination. This potentially increases the planning risk.

- 9.4 The London Plan seeks the creation of mixed and balanced communities by delivering a range of tenures on each development. In light of this the Mayor requires the maximum reasonable amount of affordable housing to be provided on-site (40% minimum in LBHF), unless exceptional circumstances exist. A contribution in lieu of on-site provision should only be accepted where this would have significant benefits to affordable housing delivery. There will need to be robust justification to demonstrate that there are exceptional reasons for accepting the contribution in lieu of on-site provision.
- 9.5 The WMC planning application would need to be supported by a Viability Assessment to demonstrate that the financial contribution is the maximum reasonable amount that the development can afford. This would need to be assessed by an independent viability assessor on behalf of the Local Planning Authority.
- 9.6 Any planning permission at WMC would be subject to a Section 106 Agreement and would include clauses to ensure that the financial contribution could only be used for affordable housing delivery in the Borough. To reduce planning risk it may be necessary to link the two developments in the Section 106 as part of demonstrating the exceptional case for accepting the contribution in lieu of on-site affordable provision at WMC.
- 9.7 The proposed affordable tenure split of 80% social rent and 20% intermediate at ESH would more closely align with the London Plan requirements.
- 9.8 Implications verified/completed by: Steven Roberts, Principal Complex Applications Officer, Planning and Growth, x3315.

10. LEGAL IMPLICATIONS

- 10.1 The proposed changes to the Agreement raise the following legal implications (please note procurement implications are addressed in section 13 below):

STATE AID

- 10.2 Consideration has been given to potential State Aid implications that may result from the change in approach. Issues are likely to arise at two levels, these being as follows:

- at the level of the JV on the basis that it is being alleviated of planning obligations that would normally be imposed on developments of this nature; and
 - at the level of the RP in relation to payments to be made by the Council to cover the cost of social housing that will be in the ownership of the RP.
- 10.3 State Aid rules require the application of State resources, which can include planning requirements for the delivery of social housing as part of any development, to be undertaken in a manner that ensures no additional benefit is gained by the party in receipt of the resource.
- 10.4 Where there is to be a commuted sum rather than the on-site provision of social housing, even if at a rate equal to the costs of delivering such social housing, there may still be a benefit to the developer due to an increase in value resulting from the absence of affordable housing. This could raise potential arguments that the Council is waiving usual planning requirements due to its involvement in the JV.
- 10.5 The Council will need to be satisfied that the commuted sum applied to WMC is at a level that negates any benefit from not only alleviation of the cost of providing 100% affordable housing at ESH, but also the increase in the value of WMC due to it having no social housing. It is essential that there is a clear audit trail setting out its decision making to show this is in line with planning legislation.
- 10.6 Services of general economic interest (SGEI) are economic activities that public authorities identify as being of particular importance to citizens and that would not be supplied (or would be supplied under different conditions) if there were no public intervention. The provision of social housing can be regarded as a public service obligation and funding the RP to compensate for the costs of delivery is permitted and does not constitute State Aid if applied correctly. This includes where the compensation is limited to the “net costs” of performance of the SGEI.
- 10.7 The Council needs to show that the recipient of the grant funding under the SGEI is not being overcompensated as a result of its delivery. Scrutiny of grant applications and the provision for reconciliation during the SGEI should mitigate this.
- 10.8 Eversheds has provided advice on the applicable rules and any funding agreement between parties will be drafted so as to comply with the requirements of the SGEI Decision.
- 10.9 Implications verified/completed by: Tim London, Solicitor at Eversheds

VIRES

- 10.10 In order to fund the two opportunity sites Stanhope Plc had secured funding from HFH UK Ventures Limited (AIMCo) subject to conditions being met. Following entering into the Conditional Joint Venture Agreement AIMCo exercised its right to take advice on whether, in creating the LLP, the Council had acted ultra vires
- 10.11 AIMCo received Counsel advice from David Elvin QC stating that in his opinion the creation of the LLP posed a material risk of the transaction being set aside as the Council had acted ultra vires in entering into such arrangements.
- 10.12 Eversheds recommended a second opinion be sought. In his opinion, received on 17th June 2015, James Goudie QC refutes Elvin's claims and confirms that because the purpose of the transaction was housing and regeneration, rather than a commercial purpose, the Council had acted intra vires and it was not necessary to establish a company for the delivery of the Council's objectives.
- 10.13 Goudie's opinion confirms the advice received from Eversheds prior to entering into contract arrangements however, as a result of the competing Counsel opinions, the Council and Stanhope consider that the best way to move forward is to wind up the LLP and create a company. The reason for doing this is to remove any uncertainty potential funders may have as a result of competing views on the issue.
- 10.14 The legal basis for the revised structure covering both the substantive proposal and the methodology is
1. The powers in relation to housing and regeneration contained in the Housing Act 1985 and the Town and Country Planning Act 1990
 2. The powers of land disposal contained in the Local Government Act 1972 including the obligation to secure the best consideration reasonably obtainable.
 3. The ancillary powers contained in section 111 of the Local Government Act 1972
 4. The power of general competence contained in section 1 of the Localism Act
 5. The powers contained in the Local Government Finance Act 2003
- 10.15 Implications verified/completed by: Denis Cooper, Solicitor at Eversheds

11. FINANCIAL AND RESOURCES IMPLICATIONS

- 11.1 As set out in the exempt report on the exempt Cabinet agenda.

12. RISK MANAGEMENT

- 12.1 The risks in relation to a procurement challenge are set out in section 13 below. Eversheds is providing advice on how to mitigate potential risk items and contract amendments will be kept to a minimum to limit challenge.
- 12.2 The risk that the JV is unable to achieved detailed planning consent on the revised SSDP proposals will be mitigated as follows:
- i. Detailed discussions with planning officers and the GLA are and will be undertaken in order to reach an acceptable position prior to the submission of a planning application.
 - ii. It is proposed that a commuted sum payment for WMC in lieu of the onsite provision of affordable housing be made to allow for 100% private housing at WMC. This commuted some can contribute to the cost of provision at ESH or be used for additional affordable housing within the Borough.
 - iii. An extension to the conditional period to allow for revised planning approach is also proposed. This will enable an appeal or reversion to the original affordable housing proposals if planning permission is refused.
- 12.3 Financial risks are identified in section 11 and will be closely monitored throughout the project cycle.
- 12.4 The risks in relation to State Aid are covered in section 10. Eversheds is advising on this matter and the funding agreement will be drawn up to meet the necessary obligations.
- 12.5 There is also a risk that, should the land be transferred, the selected RP fails to deliver in accordance with the development obligations placed upon it in relation to ESH. This risk will be mitigated by the JV undertaking a robust procurement exercise to ensure that the selected RP partner has a significant track record of similar successfully completed development schemes and the financial and technical capabilities to undertake the project. There is also provision that if the RP is unable to deliver the JV can step in and complete the development.
- 12.6 Implications verified/completed by: (Matthew Doman, Development Manager, Planning and Growth, x4547).

13. PROCUREMENT IMPLICATIONS

- 13.1 The new procurement regulations¹ require a new procurement process where “substantial changes”² are made to a contract that is regulated by

¹ *The Public Contracts Regulations 2015 (the "Regulations") came into force on 26 February 2015 and implement Directive 2014/24/EU*

the Regulations and provide for a right of termination to be implied into a contract where an awarded contract without a new procurement. Substantial changes include changes that:

- if they had been made as part of the initial procurement would have allowed for the admission of other candidates or could have resulted in a different outcome;
- result in a change to the economic balance of the contract in favour of the contractor in a manner not provided for in the original contract; or
- extend the contract scope.

In Eversheds' analysis there is a risk that the proposed variations have made the project more viable resulting in an economic benefit accruing to Stanhope and also that could have impacted on the outcome of the procurement (i.e. a different a woman identified). In looking at the proposed variations Eversheds comments have included that:

- to mitigate the risk of non-compliance with the Regulations the change to the structure from an LLP to a limited company must not change the economic balance for the project in Stanhope's favour;
- as bidders understood there to be a 40% affordable housing requirement for both WMC and ESH and based their submissions on this, that had the changes now contemplated, including to the SSDP, been conveyed during the initial procurement could arguably have impacted submissions received and on the evaluation outcome of the initial procurement. Similarly the provision of the costs contribution as described above at paragraph 5.5 could have impacted on proposals;
- there is a risk that the introduction of the RP to deliver 100% affordable housing at ESH and the Council taking responsibility for the clearance of the ESH site has the effect of decreasing the risk of delivery of the scheme and/or increasing profit to Stanhope; and
- the position is made more complex given the intention is that the Council grant fund the RP. The availability of this funding may have impacted on bidders proposals during the procurement and care must be taken to ensure such the provision of the funding does not constitute a breach of the Regulations as the direct award of a public works contract.

Given the factors above it is not possible to determine that there is no risk of challenge associated with the agreeing to the proposed variations.

13.2 Implications verified/completed by: Leyna Stewart, Solicitor at Eversheds

² Which could relate to a single change or arise because of the cumulative impact of a number of changes when taken together

- 13.3 Procurement of works and services by the JV will seek to maximise social return on investment, in particular focusing on job creation and training opportunities for the local community and the Borough, investment in local communities and support for local supply chains.

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


	Description of Background Papers	Ext of holder of file/copy	Department/ Location
	None		

LIST OF APPENDICES (contained in the exempt report on the exempt Cabinet agenda)

Appendix 1: Revised SSDP for Edith Summerskill House

Appendix 2: Cashflows and Finances

Agenda Item 12

<p>London Borough of Hammersmith & Fulham</p> <p>CABINET</p> <p>8 FEBRUARY 2016</p>	
<p>DIRECT AWARD OF A CONTRACT FOR THE PROVISION OF OLDER PEOPLE'S FLOATING SUPPORT</p>	
<p>Report of the Cabinet Member for Health and Adult Social Care - Councillor Vivienne Lukey</p>	
<p>Open Report</p> <p>A separate report on the exempt part of the Cabinet agenda provides exempt financial information.</p>	
<p>Classification - For Decision Key Decision: YES</p>	
<p>Wards Affected: All</p>	
<p>Accountable Executive Director: Liz Bruce, Executive Director of Adult Social Care and Health</p>	
<p>Report Author: Julia Copeland, Senior Commissioner Adult Social Care</p>	<p>Contact Details: Tel: 020 8753 1203 E-mail: julia.copeland@lbhf.gov.uk</p>

1. EXECUTIVE SUMMARY

- 1.1 On 22 January 2016 the Leader of the Council and the Cabinet Member for Health and Adult Social Care approved a waiver of the Council's Contract Standing Order (CSO's) of the requirement to seek competitive tenders to enable the direct award of a contract to the recommended organisation identified in the exempt report. The justification for the waiver is set out in 3.1.

- 1.2 This report requests Cabinet to approve the direct award of a contract to the recommended organisation identified in the exempt report. The contract expires on 31 March 2016.
- 1.3 The contract provides support on a temporary basis to older people living in different types of housing in LB Hammersmith & Fulham including sheltered housing and includes helping a person to manage in their accommodation, such as understanding utility bills; filling in forms; getting maintenance and repairs sorted out; accessing other services; making and keeping the home safe.
- 1.4 The Council is continuing to review preventative services for older people to ensure we are delivering good quality, person-centred services that help people to remain independent for as long as possible and to meet our new responsibilities under the Care Act 2014. This wider review will need to consider the role of housing support in the future model of older people's preventative services. Therefore it is necessary to extend the current contract arrangements in order to provide continuity of service to vulnerable people while we consult with customers and stakeholders and develop our future commissioning and procurement strategy for housing support services for older people.

2. RECOMMENDATIONS

- 2.1 That approval be given to a direct award of a contract to the recommended organisation identified in the exempt report for the period and cost as set out in Table 1 in the exempt report.

3. REASONS FOR DECISION

- 3.1 It is in the Council's best interest to have waived the Contract Standing Orders of the requirement to seek competitive bids because the direct award of a contract to the recommended organisation identified in the exempt report (as set out in Table 1 in the exempt report) will enable officers time to complete the review of the recommended organisation and other services and determine the future commissioning requirements for older people's preventative services to ensure improved outcomes and value for money.

4. BACKGROUND

- 4.1 In 2010, sheltered housing services were remodelled: wardens were replaced by Specialist Housing Officers providing an enhanced housing management service funded through housing service charges and on 1 October 2010, a flexible floating support service targeted at individuals needing support to remain independent in their own homes was introduced funded through the Adult Social Care Supporting People budget
- 4.2 The Council aspired to offer older people a choice of provider and used the West London Alliance Home Support Framework Agreement to call-off the

organisations identified in the exempt report to deliver these services to vulnerable older people living in all types of housing tenure in the borough.

4.3 A strategic review of the services in 2013 concluded that housing support for older people provided valuable preventive services; relieved pressures on other services and helped reduce isolation. However, a number of inefficient practices and required improvements were identified and in 2014 a joint Adult Social Care and Housing Older People's Housing Support Board was established to implement the changes to improve outcomes and value for money. The major developments have included:

- Closer working between housing and adult social care.
- Following consultation with older people in sheltered housing a remodel of the drop-in advice surgeries to better target people in need.
- The procurement of a new service to pilot a Befriending and Community Engagement service for older people in the borough to help reduce social isolation and better target housing support resources.

4.4 The revised schedule of surgeries and the new pilot Befriending and Community Engagement Service will continue to be reviewed during 2016/17 and it is not possible to predict what our longer term needs will be without a proper evaluation of the impact of the changes to existing services, taking account of customer feedback and value for money considerations.

4.5 In addition, a joint review of sheltered housing between Adult Social Care and Housing is currently taking place, exploring how to better work together, and how to deliver integrated services. This is due to report to Cabinet Members in April 2016 and the findings, conclusions and recommendations are expected to be central to shaping the way forward. More time is therefore required to consult with customers and third sector provider organisations to develop and commission the service models for the future.

5. PROPOSAL AND ISSUES

5.1 It is proposed that the Council directly awards a contract to the recommended organisation identified in the exempt report, as set out in Table 1 in the exempt report, while officers develop the future commissioning and procurement strategy.

5.2 The timetable for a future procurement is set out in Table 2:

Table 2

Task	Date
Review of revised surgery schedule	Oct – Dec 2015 (completed)
Review of Befriending and Community Engagement Service	April/May 2016
Development of future service model options following review of sheltered housing	July – Nov 2016
Appraisal of options and consultation with customers & third sector providers	Dec 2016 – Feb 2017
Re-let strategy agreed	March 2017
Prepare ITT documents	April/May 2017
Issue ITT	June 2017
Evaluation	July/Aug 2017
Governance	Sept - Nov 2017
Award	Dec 2017
Implementation	March 2018

6 OPTIONS AND ANALYSIS

6.1 As set out in the exempt report on the exempt Cabinet agenda.

7. PROCUREMENT IMPLICATIONS

7.1 A prior waiver of the requirement to seek competitive bids was approved on 22 January 2016 in accordance with Section 3 of the Contract Standing Orders which states that a prior approval has to be obtained and agreed by the Cabinet Member and the Leader of the Council.

7.2 Having obtained the waiver it is for Cabinet to approve the direct award of the contract to provide older people's housing support to the recommended organisation identified in the exempt report, as the value of the contract is over £100,000.

7.3 The report recommends a pragmatic interim solution, by way of a formal contractual arrangement, that seeks to ensure continuity of a sensitive front-line service, whilst at the same time delivering improved quality, efficiency and sustainability while the Council undertakes a competitive tendering exercise to deliver improved outcomes and better value for money in the future. The Interim Head of Procurement supports the report's recommendations.

7.4 Procurement Comments verified by Joanna Angelides, Procurement Consultant, 020 8753 2586

8. CONSULTATION

8.1 During the strategic review of the service in 2013, the following customers and stakeholders were consulted about the current service and its future:

- LBHF Housing Options
- Customers and staff of the recommended organisation identified in the exempt report
- Sheltered Housing Specialist Housing Officers
- Adult Social Care operational teams

9. EQUALITY IMPLICATIONS

9.1 We do not consider that there will be any adverse equality implications for protected groups as a result of the proposals in this report. Overall the impact on older people is adjudged as neutral or positive as service continuity and improvements will be secured.

10. BUSINESS IMPLICATIONS

10.1 The recommended organisation identified in the exempt report has been providing care and support services for residents in Hammersmith & Fulham for over 30 years. The direct award of a contract to extend housing support services to older people will enable the continued partnership between the recommended organisation identified in the exempt report and the Council to deliver valuable services for local vulnerable people.

11. RISKS

11.1 The Adult Social Care Department maintains a register of risks which are reviewed periodically by the Senior Leadership Team. Market Testing is a Strategic risk on the Council's Shared Services Risk Register, risk number 4. This is described as delivering high quality commissioned services at the best cost to the taxpayer, compliance with public procurement regulations and potential sanctions where this has not been done.

11.2 The following operational risk is associated with the direct award of the contract to the recommended organisation identified in the exempt report.

Issue Identified	Risk	Potential Impact	Likelihood	Mitigating factors
Awarding direct contracts without competition	Risk of challenge from providers on West London Framework Agreement	Medium	Low	A competitive procurement exercise will be conducted in 2017 and a break clause will be exercised in the event of a challenge

11.3 Comments verified by Mike Sloniowski Shared Services Risk Manager 02087532587

12. LEGAL IMPLICATIONS

- 12.1 The housing support services to vulnerable older residents services described in this report are classified as Social and Other Specific Services under the Public Contracts Regulations 2015 (the Regulations) and are below the threshold of Euros 750,000 thereunder for such services meaning therefore that such services are only subject to a light touch regime under the Regulations. The Council fulfilling its transparency and non-discriminatory obligations is permitted to undertake appropriate procedure to arrange delivery of such services including direct award.
- 12.2 The report mentions that the Council has statutory obligations to continue to deliver such services under the Care Act 2014 and for the reasons mentioned in the body of the report it is justifiable to seek a waiver of the Contract Regulations to extend the current contracts for two years while service requirements are assessed prior to undertaking a competitive procurement. Accordingly, the recommendation to waive the Contract Standing Orders to grant extension of extant contract, preferably with a suitable break clause, is endorsed.
- 12.3 It cannot be said with certainty that there is no risk of challenge. However any cross-border interest in these contracts is unlikely, i.e. European providers would not be interested in bidding as the services of the type described in this report to provide housing support services to vulnerable older residents tend to be delivered by local providers which do not attract cross border interest.
- 12.4 In mitigation, it is noted that the direct award is to permit continuity of services whilst the requirements of the Care Act 2014 are implemented and a strategic review of preventative and related services is undertaken to understand the requirements of the services to be tendered for. During the proposed extension period, a competitive tender will be conducted with new contract for such revised services expected to be in place from 1 April 2018.
- 12.5 Legal implications verified by Babul Mukherjee, Senior Solicitor (Contracts) 02073613410.


13. FINANCIAL AND RESOURCES IMPLICATIONS

- 13.1 As set out in the exempt report on the exempt Cabinet agenda.

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.	Supporting People Older People's Housing Support Services Contract Extensions 24.9.14 - published	Julia Copeland	ASC

Agenda Item 13

<p>London Borough of Hammersmith & Fulham</p> <p>CABINET</p> <p>8 FEBRUARY 2016</p>	
<p>APPROVAL TO PROCEED TO PROCUREMENT OF GENITOURINARY MEDICINE (GUM)</p>	
<p>Report of the Cabinet Member for Health and Adult Social Care - Councillor Vivienne Lukey</p>	
<p>Open Report</p> <p>A separate report on the exempt part of the Cabinet agenda provides exempt financial information.</p>	
<p>Classification - For Decision Key Decision: YES</p>	
<p>Wards Affected: All</p>	
<p>Accountable Executive Director: Liz Bruce, Executive Director of Adult Social Care and Health</p>	
<p>Report Author: Gaynor Driscoll Head of Commissioning Substance Misuse, Sexual Health and Offender Health</p>	<p>Contact Details: Tel: 0207 361 2418 E-mail: Gaynor.driscoll@rbkc.gov.uk</p>

1. EXECUTIVE SUMMARY

- 1.1 The commissioning of Genitourinary Medicine (GUM) and Contraception Sexual Health Services (CaSH) are mandatory services for Local Authorities. Residents can attend any open access service for the screening and treatment of Sexually Transmitted Infections (STI). HIV treatment is commissioned by NHS England. This open access requirement results in financial uncertainty for Local Authorities as the level of activity is unpredictable.

- 1.2 The commissioning of a transformed GUM service model London is part three of a sexual health commissioning and transformation programme of work. The first part is the local community based sexual health remodelling and reprocurement which has been agreed to be progressed with significant savings made through the redesign of services and reduction in contracts. The second part is the pan London web based procurement being led by Camden on behalf of the London Sexual Health Transformation collaborative. Both the community and web based initiatives will be implemented in advance of the proposed GUM transformation and are key to the preventative and demand management.
- 1.3 The London Transformation Programme includes 29 London Boroughs with each borough retaining their sovereignty. The boroughs are collaborating to develop a new GUM delivery model. The aim is to commission the services so that the system is operating under new Local Authority contracts by April 2017. See appendix 1 for the briefing provided by the programme director for the collaborative to all participating authorities chief executives. The key outcomes are to
- improve the patient experience
 - improve sexual health outcomes thus reducing demand
 - provide successful cost effective delivery of excellent services across the capital.
- 1.4 The case for change developed by the collaborative focused on the following themes:
- No single London council has sufficient leverage with the large Health providers to deliver significant system-level change.
 - London has the highest rates of Sexually Transmitted Infections (STI's) in England and the three boroughs have amongst the highest rates of STIs nationally Appendices 2 and 3
 - Access to these mandatory services is variable across London and significant numbers of residents from every London borough are accessing services located in Hammersmith & Fulham, Kensington and Chelsea, and Westminster.
 - Approx. 70% of users of local GUM provision are non-residents and our interdependencies across London are particularly high. Therefore we need to commission within a collaborative framework whilst retaining sovereignty.
 - Patient flows and the lack of a 'helicopter view' within individual services make it difficult for councils to have sufficient assurance over quality and safety.
 - Growth in demand for these services and costs of healthcare are likely to significantly outpace the available Public Health Grant.

- Participating councils have identified the need to develop models that will allow them to meet increasing demand within decreasing resources.
- 1.5 The London Sexual Health Transformation Board agreed that the procurement and commissioning is led on a sub-regional basis allowing for Local Authorities to determine the most appropriate procurement process. The list of the sub regions is shown in appendix 4 the three boroughs form its own area referred to as the inner north west sub region. This decision was taken due to the range and number of current GUM service providers in London and the political complexity of procuring on behalf of 29 London boroughs to balance local and regional needs. This has resulted in the three boroughs Public Health department to commission and procure on behalf of the London collaborative within the current collaborative framework arrangements.
- 1.6 H&F will call off on its own sovereign contract and each contract will have a stipulated notice period. The contract will also include a clause to enable variations to be made if the financial position worsens prior to the contract end.
- 1.7 The proposed approach for the three boroughs is to commission mandatory GUM services on behalf of the collaborative and procure a revised model of delivery by March 2017. Alongside procurement we will aim to locally negotiate efficiencies and develop an interim service model prior to the transformation being completed.
- 1.8 It should be noted the process for competitively procuring these services is relatively untested and there are doubts whether a market for GUM services exists. Current local providers are considered centres of excellence alongside some other acute trusts in London and therefore are confident of interest in continuing to deliver these services.
- 1.9 This paper is requesting that Hammersmith and Fulham borough
- approve the procurement of GUM services for the inner north west London sub region on behalf of the London sexual health transformation collaborative.
 - To support the Council's ongoing participation in the 29 London borough collaborative.
- 1.10 Local Authorities are facing unprecedented challenges to provide improved quality of service provision whilst at the same time dealing with increased demand and a backdrop of limited or reduced financial resources. Section 7.4 table 1 shows that approx. 50% of people currently using GUM provision could have their needs met through the cheaper provision available through community

or web based resources. This mitigates the predicted growth of between 4% and 8% demand for GUM provision.

- 1.11 It is anticipated that 20% - 30% cash releasing savings can be achieved through this procurement process. The transformation of the GUM service delivery model is necessary to address both the rising demand on sexual health and the financial limitations. We believe these savings could be realised over a period of three years from implementation of the new system through:
- diverting low and medium threshold cases from GUM to community or web based initiatives
 - pricing structures renegotiated
 - outcome focused contracts and tight performance management systems.
- 1.12 A timetable for delivery of the changes, with the proposed timeframes of procurement can be found in appendix 5.
- 1.13 There are a number of interdependencies between the participating Local Authorities on delivering the transformation project. This requires timely approvals of the recommendations by Local Authorities to deliver the system changes required.

2. RECOMMENDATIONS

- 2.1 To support the Council's ongoing participation in the 29 London borough collaborative.
- 2.2 To agree to progress with the procurement of mandatory open access GUM provision within the three boroughs on behalf of the 29 participating authorities in the London Sexual Health Transformation (LSHT) collaborative as outlined in option 2 below. Each authority retains sovereignty within the collaborative arrangements.
- 2.3 To agree that the procurement process is progressed on behalf of the London collaborative in line with current framework arrangements.
- 2.4 To agree that LBHF continue to commit to the inter local authority agreement regarding the London collaborative. This agreement will sets out the liabilities and obligations of each authority across London.

3. REASON FOR DECISION

- 3.1 Procurement will allow for local health services to
- target resources effectively based on the changing trends and needs.
 - implement a comprehensive procurement plan

- clarify service offers and better manage demand
 - divert individuals from the expensive GUM services to the pan London web based initiatives and the redesigned community based provision.
- 3.3 The number of residents living with HIV is increasing. Since 2010, the number has grown by 13% in H&F. Newly diagnosed HIV infections are high in comparison to the rest of London although there is variation among our three boroughs.
- 3.4 The number of STIs is increasing across the three boroughs. Newly diagnosed STIs are in the top ten in comparison to the rest of London.
- 3.5 Current contracts are due for renewal 31 March 2017. The procurement of the new model is timetabled to deliver by this date. However we are mindful of the lack of contingency if we miss this deadline.

4. OPTIONS AND ANALYSIS

4.1 A full analysis of the options has been completed and the impact of reductions to the public health grant has been considered. The preferred option is option 2 below.

4.2 Option 1 – Do nothing the current system remains unchanged

Under the present system the Local Authorities would continue with current arrangements and seek to extend contracts.

Benefits of option 1

- Avoids the cost associated with the partnership and collaborative working.
- Avoids the need to formally procure or negotiate new tariffs and change contracts.
- Minimal disruption to current provision.

Challenges of option 1

- The current system is financially unsustainable. Growth in activity and costs of GUM services will mean Local Authorities will have to make cuts to other public health services to subsidise the mandatory open access provision.
- The three boroughs will have poor oversight and less influence on service quality and clinical governance if no longer a part of the collaborative.
- Efficiencies would be difficult to identify.

- Negotiation of contracts and tariffs is time consuming and would not provide a system overview if we acted outside the collaborative.
- There are limited risk sharing opportunities of acting as three boroughs alone.

4.3 **Option 2** –To approve the procurement of GUM services for the inner north west London sub region on behalf of the London transformation collaborative.

The model supports London wide transformation of GUM services. Lead commissioners will have greater control of the design and costs of local provision and services can be responsive to emerging needs.

Benefits of option 2

- Ensures greater consistency and equity of service offer across London.
- Supports the patient flows and manages demand across London.
- Opportunity to redesign service provision for London that is achievable within the suggested timeframe.
- Local Authorities have improved visibility on trends for their residents and improved ability to control costs.
- Service providers accountable for delivery on outcomes and not on numbers accessing the services.

Challenges of option 2

- risk to the collaborative if we are out of sync with procurement and the go live dates across other London sub regions.
- risk of TUPE and estate management issues if current acute trusts are unsuccessful and will not release clinical sites for use by a new provider.
- The model has a number of interdependencies with other Local Authority community and web based sexual health commissioned services to reduce the demand within GUM services.
- The market is limited or not ready for a major transformation programme
- Level of change required would involve significant culture change that could disrupt timeframes and may require additional resources in the short term. It could involve double running of services during implementation.

5. BACKGROUND

- 5.1 The London Sexual Health Transformation (LSHT) project was initiated in June 2014. The project evolved from work that had been undertaken by the West London Alliance (WLA) and the three boroughs in 2013/14 to agree prices and terms and conditions for GUM services with the major NHS providers in North West London. In 2014/15 the work expanded to include Camden, Islington and Haringey.
- 5.2 The 12 councils working together were successful in negotiating acceptable tariff prices for GUM and in implementing standard service specifications and common Key Performance Indicators (KPIs). By taking this joint approach the councils achieved an avoided cost of £2.6m (9.1%) in 2013/14 and avoided cost of £2.5m (6.5%) in 2014/15. Further councils joined and currently there are 29 councils included in the collaboration.
- 5.3 The draft case for change, referred to in 1.3 in the executive summary, indicated that current GUM provision in London is not sustainable and the traditional GUM services must transform service delivery. This will better manage demand and refocus GUM provision to the more complex and higher levels of need. The draft case for change also demonstrated that collaboration across London Councils would be required to deliver the system transformation.
- 5.4 The number of GUM units across London is 34 and the London collaborative will be seeking to consolidate this provision and to commission services with an outcome focus to ensure robust quality and to improve effectiveness together with closer financial scrutiny.
- 5.5 GUM services are currently based on cost and volume. The accessibility impacts negatively on the Local Authorities ability to predict service demand and manage budgets. We intend to mitigate this through tighter contract controls and clearer service level agreements where providers can be held to account where they are not meeting expectations.
- 5.6 The rapid growth in GUM services has been consistent since the Local Authorities became the commissioning body, with no additional uplift to the Public Health Grant.
- 5.7 The market for commissioning these services is relatively limited Local Authorities who have gone through procurement recently have found the market is not ready, resulting in their current providers negotiating new terms and not addressing the transformation required. Whilst this is a risk we believe we have centres of excellence locally and would expect to receive tenders from our two local providers at least.

6. PROPOSAL

- 6.1 The sexual health system is complex and requires transformation in order to move asymptomatic low need individuals from acute GUM provision to community based and technologically driven diagnostic provisions such as online web based tools. This is expected to lead to significant drop in the demand for costly GUM services thus releasing estimated savings of between 20 and 30%.
- 6.2 The Three boroughs public health commissioning team acting on behalf of the London collaborative will develop a transformative service delivery model to achieve the system change required through the proposed procurement. This model will take account of the need to be outcome focused and to ensure the redesigned community based systems are in place to deliver the low to medium threshold services with GUM only commissioned for complex service provision.

7. CONSULTATION

- 7.1 The work of the collaborative has involved extensive consultation with providers, clinicians, stakeholders and service users. Further co-production and consultation will be on-going to develop a sustainable system across London.
- 7.2 Clinicians from nearly all London GUM services attended a workshop in Central London on 14th May 2015. There was important feedback and some of the key messages from clinicians are:
- Integrated GUM, reproductive health and contraception services are better for patients but integration is not supported by current commissioning or payment arrangements.
 - Clinicians want to be able to influence commissioning and get to a position where there is stability in contracts which would enable them to develop their services.
 - The importance of protecting open access and improving public health outcomes.
 - London has some world class services and there is significant innovation and capability in the system. It is important to build on this and ensure that good features are retained in any future service model.
 - Working together to build a sustainable system for sexual health is a shared objective.
- 7.3 A survey questionnaire was developed by the London Sexual Health Transformation Programme team Between 20 April and 8 May 2015 the team undertook the paper and online survey for service users receiving a total of 1,437 responses across all clinics.

7.4 Table 1 below is the high level summary of the responses:

Why did you visit the sexual health service?	1437 responses
I have symptoms that I think are a STI and want to be tested	33.4%
I don't have symptoms but I attend regularly for sexual health tests*	29.6%
I am starting a new relationship and I want a sexual health test*	18.9%
I need contraception (including emergency contraception)*	13.6%
I have been contacted by a partner or a doctor and told I might have a STI	8.0%
I came for tests before and have a follow up appointment	10.0%
I am worried or have questions about sexual health*	3.6%

* these categories could all be dealt with through community or web based provision

8. EQUALITY

- 8.1 GUM services are open access and mandatory services for all Local Authorities to provide.
- 8.2 A full Equalities Impact Assessment has been completed by the LSHT Programme Board and will be revisited and updated as part of the new proposals for service provision.

9. RISKS

- 9.1 No formal procurement process has been undertaken prior to the transfer of responsibilities to the Local Authority. The proposed procurement will allow services to provide the sustainability needed to achieve the Local Authorities ambition of reducing the cost of acute GUM services.
- 9.3 The Public Health Service maintains a risk register that is reviewed periodically and contains the more significant risks to the business. Market testing, achieving best value at best possible cost for the local taxpayer, is a strategic risk on the Shared Services Risk Register, risk number 4.
- 9.4 The London collaborative has maintained a shared risk register highlighting some of the key risks to the transformation being successful. These include

- Lack of agreement between boroughs which undermines the ability to deliver system change at a consistent level
- Delays in signing the collaborative approach for the additional collaborative commissioning of a web based advice, screening and referral system and a partner notification system.
- Market destabilisation if London is not clear about the objectives and new delivery models.
- Increased demand on budgets if transformation is not delivered.

Risk Implications completed by:

Michael Sloniowski Shared Services Manager ext. 020 8753 2597

10. LEGAL IMPLICATIONS

- 10.1 Health and Social Services are Schedule 3 services for the purposes of the Public Contracts Regulations 2015 (Regulations). Schedule 3 services are subject to the “light touch regime”, if the value of the contract exceeds the current threshold of £625,050.00. As the value of the proposed contracts exceeds the current threshold for Schedule 3 services, the authorities are required to comply with the requirements set out in the Regulations, which include the requirement to advertise the contract opportunity on OJEU.
- 10.2 Legal Services will be available to assist throughout the procurement process.

Legal Implications completed by: Kar-Yee Chan, Solicitor (Contracts), Shared Legal Services, 0208 753 2772

11. FINANCIAL IMPLICATIONS

- 11.1 As set out in the exempt report on the exempt Cabinet agenda.

12 BUSINESS IMPLICATIONS

- 12.1 There are no business implications in relation to this proposed procurement however there is considerable social value.

13 PROCUREMENT IMPLICATIONS

- 13.1 The Strategic Procurement report for Public Health has been agreed by officers of the Contracts Approval Board, where colleagues at Hammersmith and Fulham Kensington and Chelsea and Westminster provided input and advice in its formulation.

- 13.2 The Public Contracts Regulations 2015 (the Regulations) came into force at the end of February and implement revisions to the European public procurement regime as it applies in the UK.
- 13.3 The services that are the subject of this report used to be classified as “Part B” services under the previous Regulations of 2006; this meant that they were exempt from the requirement to tender them in accordance with those previous regulations, provided that there was not likely to be cross-border interest. This distinction has now been abolished. Health and social services are now classified as Schedule 3 services as described in legal implications above.

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

London Sexual Health Transformation project

Update November 2015

Background

This is the second of our regular monthly update briefings about this project, set up to work in partnership to deliver a new commissioning model for open access sexual health services across much of the capital, including Genito-Urinary Medicine (GUM) (services for the screening and treatment of Sexually Transmitted infections (STIs) and Sexual and Reproductive Health Services (SRH) (community contraceptive services). The aim of the transformation project is to design, agree and procure a system that will deliver measurably improved and cost effective public health outcomes, meet the increasing demand and deliver better value.

The Case for Change

As stated previously, there are a number of compelling reasons why this transformation project is necessary.

1. The need for sexual health services in London is significantly higher than the England average, and has risen significantly in recent years.
2. There are noticeable variations in access and activity across London boroughs, with high numbers of residents from across London accessing services in central London.
3. Given London's complex pattern of open access services, there are important advantages for London boroughs to transform and commission services together
4. We must continue to ensure strong clinical governance, safeguarding and quality assurance arrangements are in place for commissioning open access services
5. We want to respond to current and future financial challenges, and ensure we are making the best use of resources available

New Boroughs Join the Transformation Project

We are pleased to announce that four new boroughs have now joined the collaborative. Havering, Hounslow, Kingston and Richmond have now signed up to be part of the partnership, which means that there are now 26 London boroughs working together to improve sexual health services across the city.

This is very good news. The more boroughs we have as part of the work as we progress will of course mean greater buying power and better coordination of services for patients.

Cabinet Discussions

The Business Case has been concluded and cabinet papers are being presented at Council Cabinet meetings starting this month. Each of the cabinet meetings are being asked for

- Approval to take part in a joint procurement process organised on a sub-regional basis to commission sexual health GUM services
- Approval to join a pan London procurement of a web based system to include a front end portal for advice, guidance and access to services including access to home/self-sampling kits for sexually transmitted infections
- Approval to join a pan London procurement of a confidential partner notification system

So far one borough has received delegated authority and agreement from their cabinet, with most other discussions planned for the December cycle of meetings. A small number are taking the paper in the New Year.

Service Specification

We have been joined by Meroe Bleasdille from the Service Development Team at Public Health England. She is now working with the Clinical Sub Group to develop the detailed service specification to inform the procurement process.

Integrated Tariff

Discussions are continuing on integrated tariff. The plan is to see if, when and where it can best be introduced as the project continues.

Collaborative Agreement

The programme board is also continuing discussions about the collaborative agreement. This is important as it will clarify the partnership principles that we will all work to.

Information and engagement

Further engagement activity is taking place to test out our assumptions and help to nuance the model and manage implication as necessary.

We held a very positive workshop with commissioners in early October and a similar meeting for clinicians is planned for mid-November. In some boroughs we are looking to work with Healthwatch to use any existing networks they might have to help us test out the business model with patients and others and we are also distributing a simple survey via council websites. One focus group with service users has taken place and another is planned for later this month. We will also be contributing to a seminar for

elected members in January and will be re working the West London Alliance web site to provide easier access to our documents and information.

Timeline

The business case and papers seeking cabinet support from boroughs will all have been to cabinet meetings by the end of January 2016. This would allow us to start the formal procurement process in February, award the contract by the end of the year and start the new service in April 2017.

For further details on the project please contact

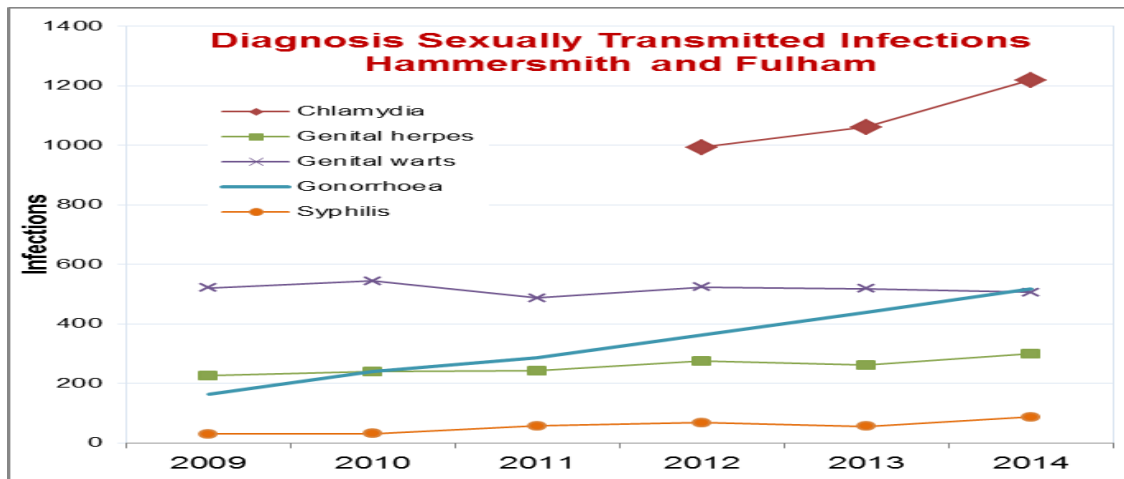
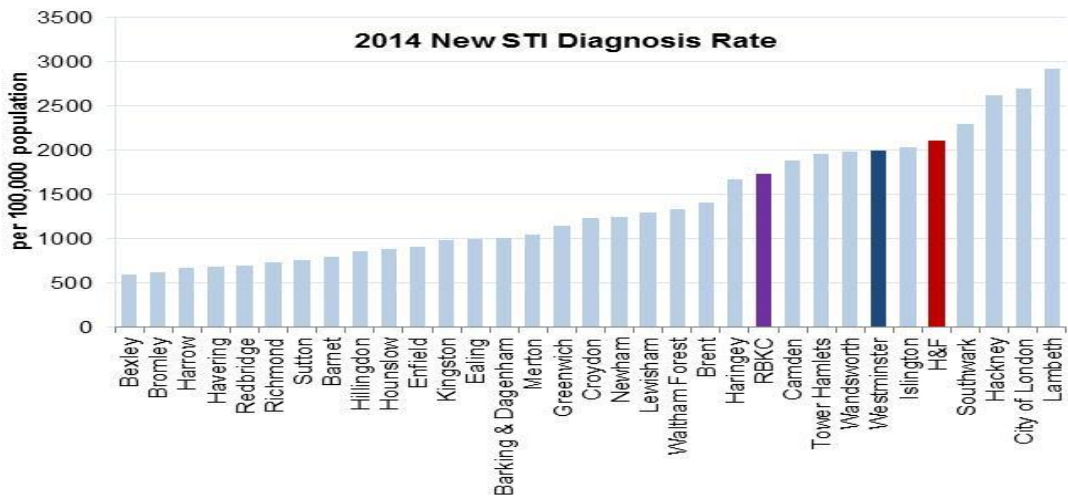
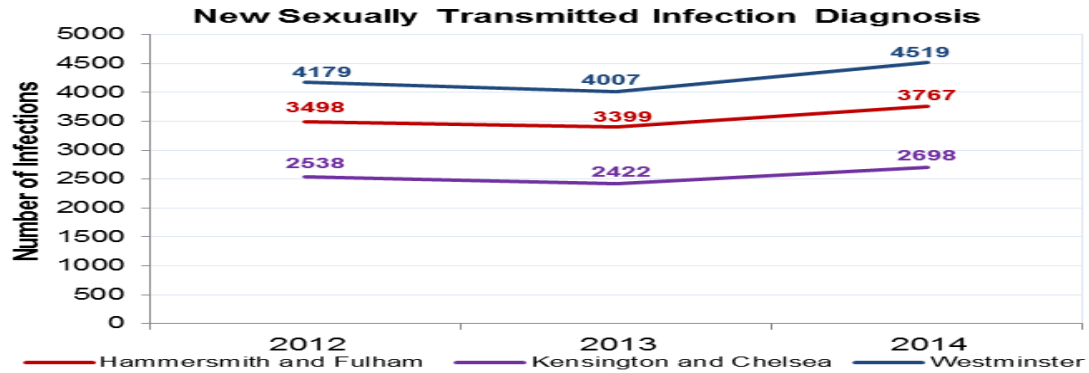
Dr Andrew Howe, Programme Director, 07535 624828, Andrew.Howe@harrow.gov.uk

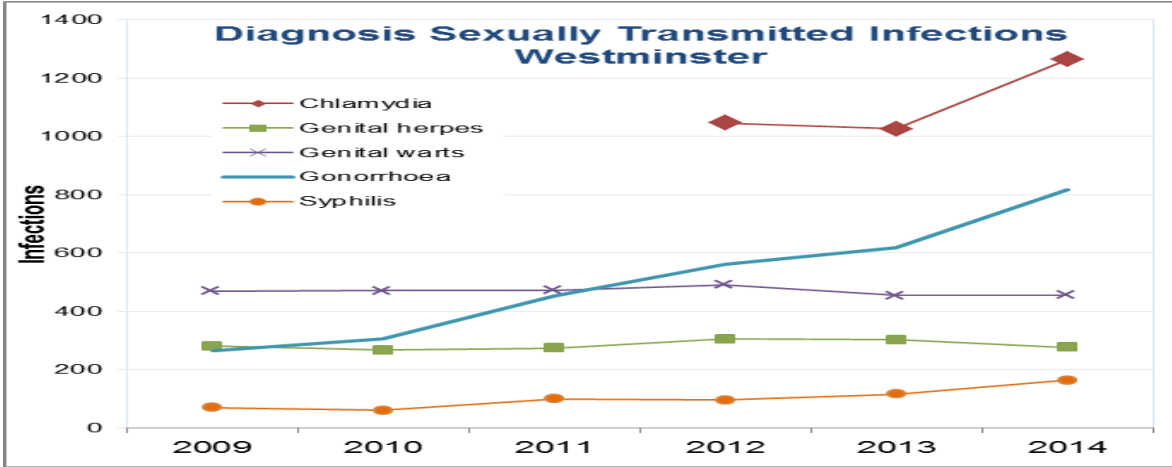
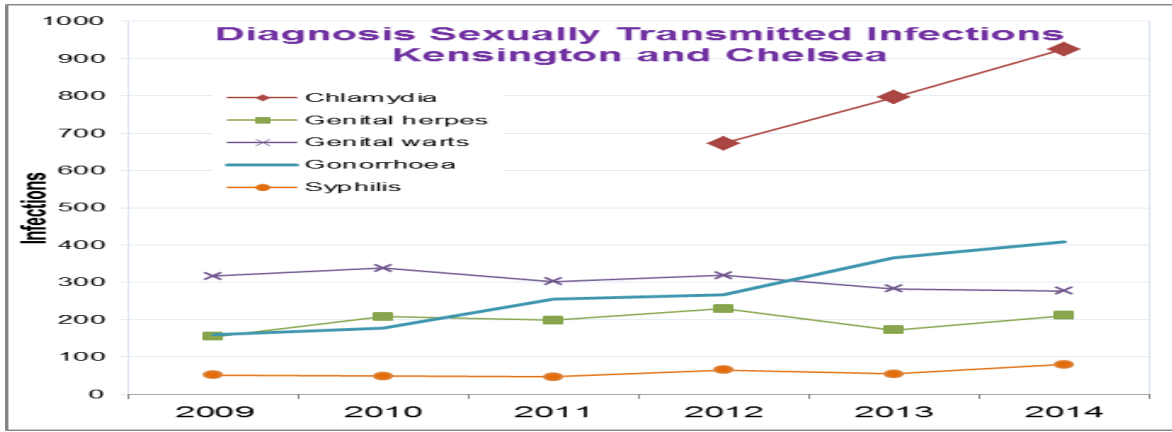
Mary Cleary, Project Lead, 07948 506 584, mary.clearlyons@cluthamanagement.com

Mark Wall, Communications Lead, 0790 999 3278 mark@markwall.co.uk

Appendix 2

Trends in Sexually Transmitted Infection Rates

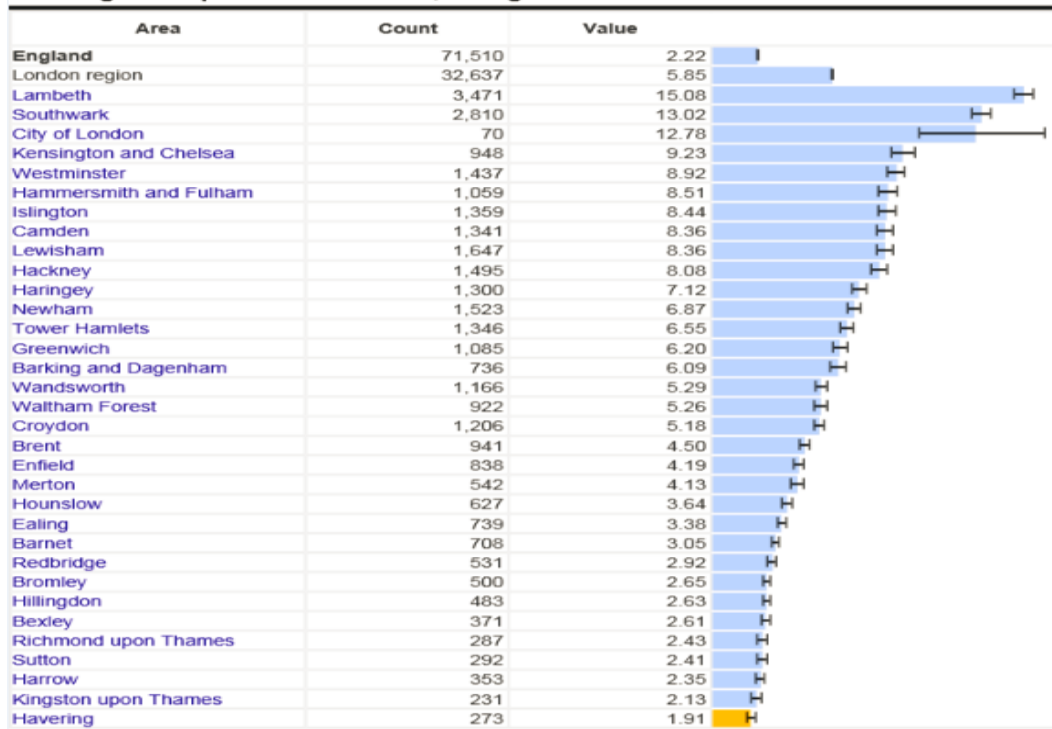




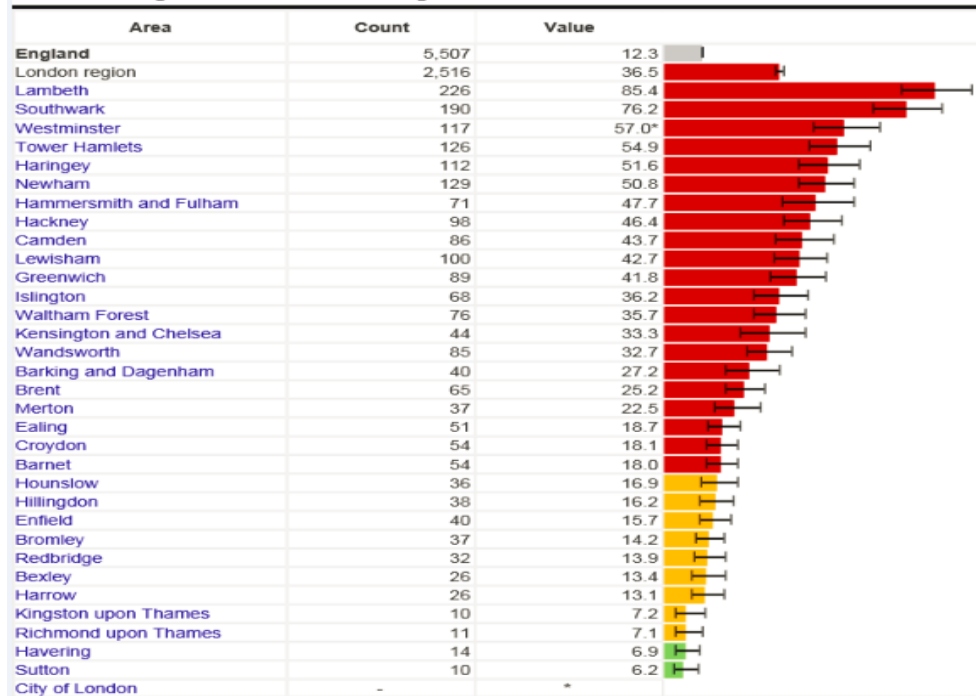
Appendix 3

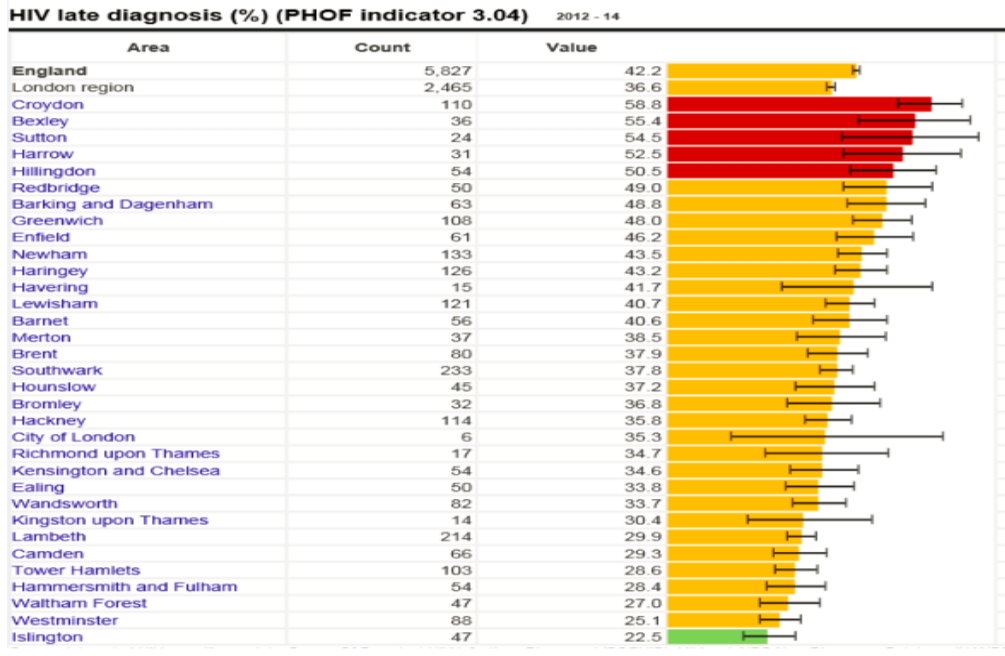
Trends in HIV

HIV diagnosed prevalence rate / 1,000 aged 15-59 2014



New HIV diagnosis rate / 100,000 aged 15+ 2014





Source: PHE Fingertips. Source: Integrated HIV surveillance data: Survey Of Prevalent HIV Infections Diagnosed (SOPHID), HIV and AIDS New Diagnoses Database (HANDD), CD4 Surveillance Scheme (CD4) and the new HIV and AIDS reporting system (HARS) held by the HIV & STI Department, National Infection Service, PHE. <https://www.gov.uk/government/collections/hiv-surveillance-data-and-management>

Appendix 4

London sub regions

North West London – NWL	North Central London - NCL
Brent, Harrow, Ealing, Hounslow & Hillingdon invited to participate -H&F, K&C, Westminster constitute inner north west London.	Barnet, Camden, Enfield, Haringey, Islington.
North East London – NEL	
Redbridge, Newham, Tower Hamlets, Hackney, Waltham Forest and City. B&D, Havering Invited to participate	
South West London - SWL	South East London – SEL
Wandsworth & Merton. Kingston, Croydon, Sutton, Richmond invited to participate. Hounslow could opt to work in this sub region	Lambeth, Southwark and Lewisham. Greenwich, Bromley, Bexley invited to participate

● London GUM Clinic

- 1 Archway Sexual Health Clinic (GUM)
- 2 Barking Hospital
- 3 Barnet Hospital
- 4 Beckenham Hospital
- 5 Central Middlesex Hospital
- 6 Charing Cross Hospital
- 7 Croydon University Hospital
- 8 Dean Street Clinic
- 9 Ealing Hospital, Pasteur Suite
- 10 Guy's Hospital
- 11 Homerton Hospital
- 12 John Hunter Clinic
- 13 King's College Hospital NHS Foundation Trust
- 14 Kingston Hospital
- 15 Margaret Pyke Centre (GUM)
- 16 Mortimer Market Centre
- 17 Newham General Hospital
- 18 Northwick Park Hospital
- 19 Queen Mary's Hospital (GUM)
- 20 Queen's Hospital
- 21 St Ann's Hospital
- 22 St Bartholomew's Hospital
- 23 St George's Hospital (GUM)
- 24 St Helier Hospital
- 25 St Mary's Hospital London
- 26 St Thomas' Hospital
- 27 The Royal Free Hospital
- 28 The Royal London Hospital
- 29 Town Clinic
- 30 Trafalgar Clinic
- 31 Tudor Centre
- 32 Waldron Health Centre
- 33 West Middlesex University Hospital
- 34 Whipps Cross University Hospital



SHS Participation

● NWL - Invited to participate	● SWL - Invited to participate
● NCL - Participating	● SEL - Participating
● NWL - Participating	● NEL - Invited to participate
● SWL - Participating	● SEL - Invited to participate




Appendix 5

Timetable for procurement

Meeting Title	Date of Meeting	Report	Report Submission Date	Final Report to be submitted to	Notes
Coco	30 th November 2015	Approval to proceed	November 2015	Selena Douglas	Agreed to progress
PH Cabinet Members Steering group or individual Members briefings	8 th December 2015	Approval to proceed	December	All three cabinet members individually	All three lead members agreed to support through individual briefings in December
H&F Business Board	30 th December 2015	Approval to proceed	9 th December	Pinakin Patel	Amendments required before progressed
H&F Political Meeting	11 th January 2016	Approval to proceed	5 th January 2016		
H&F Cabinet	8 th February 2016	Approval to proceed			
Coco	22 nd February 2016	Procurement Strategy			
Procurement Contracts Approval Board (CAB)	1 st March 2016	Procurement Strategy			
OJEU notice	April 2016	N/A			
PQQ/ITT evaluation	June – Sep 2016	N/A			
CoCo	TBC	Award report			
Procurement Contracts Approval Board	TBC	Award Report			

Meeting Title	Date of Meeting	Report	Report Submission Date	Final Report to be submitted to	Notes
(CAB)					
H&F Business Board	TBC	Award Report			
H&F Political Meeting	TBC	Award Report			
PH Cabinet Members Steering group or individual Members briefings	TBC	Award Report			
H&F Cabinet	TBC	Award report			Subject to no grant of delegated authority

Executive Decision Report

Decision maker(s) at each authority and date of Cabinet meeting, Cabinet Member meeting or (in the case of individual Cabinet Member decisions) the earliest date the decision will be taken	<i>Cabinet</i> Date of decision: <i>8 February 2016</i> Key Decision List 39 – Period covered: February 2016 (published 11 December 2015)	
	<i>Cabinet Member for Voluntary Organisations and Resident Engagement</i> Date of decision (i.e. not before): <i>TBC</i> Forward Plan reference: 04612/15/V/AB	 <p>THE ROYAL BOROUGH OF KENSINGTON AND CHELSEA</p>
	<i>Director for Adult Social Care</i> Date of meeting or formal issue (i.e. not before): <i>TBC</i>	 <p>City of Westminster</p>
Report title (decision subject)	Procurement of Local Healthwatch Services for RBKC, H&F and WCC	
Reporting officer	<i>Tony Redpath, Director of Strategy and Local Services</i>	
Key decision	Yes	
Access to information classification	Open Report A separate report on the exempt part of the Cabinet agenda provides exempt financial information.	

1. EXECUTIVE SUMMARY

- 1.1. This report provides information on the outcome of the commissioning process for Local Healthwatch (LHW) services in the Royal Borough of Kensington and Chelsea (RBKC), London Borough of Hammersmith and Fulham (LBHF) and Westminster City Council (WCC).
- 1.2. The report recommends that each of the three councils enters into a contract with the recommended service provider to deliver Local Healthwatch services in each borough

2. RECOMMENDATIONS

2.1 For the London Borough of Hammersmith and Fulham

- That Cabinet notes that the award of contract is recommended by the Tri-Borough Contracts Approval Board and the Director of Delivery and Value;
- That Cabinet agrees to the award of a contract for the provision of Local Healthwatch Services to Hestia Housing and Support in association with Local Healthwatch Central West London for the fixed period of 1 April 2016 to 31 March 2018 with the option to extend the contract until 31 March 2019; and
- That approval on whether to extend the contract to a third year be delegated to the Cabinet Member for Health and Adult Social Care.

2.2 For the Royal Borough of Kensington and Chelsea

- That this report be exempt from disclosure by virtue of the Local Government Act 1972 Schedule 12A, Part 1, paragraph 3 (as amended) in that it contains information relating to the financial or business affairs of any particular person (including the authority holding that information);
- That the Cabinet Member for Resident Engagement and Voluntary Organisations, notes that the award of contract is recommended by the Tri-Borough Contracts Approval Board and Director of Strategy and Local Services; and
- That the Cabinet Member for Resident Engagement and Voluntary Organisations, agrees to the award of a contract for the provision of Local Healthwatch Services to Hestia Housing and Support in association with Local Healthwatch Central West London for the fixed period of 1 April 2016 to 31 March 2018 with the option to extend the contract until 31 March 2019.

2.3 For Westminster City Council

- In view of the value of the new contract being below the required threshold for a decision by Westminster's Cabinet Member for Adults & Public Health, the decision will be delegated to the Executive Director of Adult Social Care. The Cabinet Member for Adults & Public Health has been fully briefed on the contract award.

3. REASONS FOR DECISION

- 3.1. Officers are seeking a decision from the appropriate Cabinet Members to award the contract as a single contract for a period of two plus one years based on the tender submission received as part of a joint commissioning process.

4. BACKGROUND

- 4.1. The Health and Social Care Act 2012 requires local authorities to establish Local Healthwatch services in their areas. The requirements set out in the Act mean the LHW will be expected to:

- Obtain the views of the wider community about their needs for and experience of local health and social care services and make those views known to those involved in the commissioning, provision and scrutiny of health and social care services;
- Promote and support the involvement of a diverse range of people in the monitoring, commissioning and provision of local health and social care services through membership of local residents and service users. This should include non-members and information flow between members and non-members;
- Make reports and recommendations about how those services could or should be improved;
- Play an active part in supporting the development of the Council's information and advice strategy being developed as part of the whole system integrated health and social care offer and to ensure Care Act compliance;
- Provide information and advice to the public about accessing health and social care services and choice in relation to aspects of those services;
- Represent the views of the whole community, patients and service users on Health and Well-being Board;
- Make the views and experiences of the broad range of people and communities known to Healthwatch England helping it to carry out its role as national champion; and
- Make recommendations to Healthwatch England to advise the Care Quality Commission to carry out special reviews or investigations into areas of concern (or, if the circumstances justify it, go direct to the CQC with their recommendations, for example if urgent action were required by the CQC).

5. PROPOSAL AND ISSUES

- 5.1. The Department of Health's guidance states that it is up to each local authority to decide how it will commission and fund its Local Healthwatch. In the three authorities, full procurement was considered appropriate for the following reasons:

- The outcome of the discussions with stakeholders identified a preference for a commissioning process to identify an independent service;
- The skills and expertise needed to deliver a Local Healthwatch service is best drawn through a competitive process which requires an organisation to demonstrate its capability to do so; and
- There is also the need to ensure fairness and transparency so that the best possible outcome is achieved for all three boroughs and the communities they serve.

5.2. THE PROCUREMENT PROCESS

- 5.2.1 The open procurement procedure was approved by relevant Cabinet members from the three Councils following which the contract was advertised to the market throughout the European Union as well as the UK
- 5.2.2 Nine organisations accessed the procurement documents through CapitalEsourcing. Tender submissions for Local Healthwatch services closed on 12 November with one bid submitted. The bid is a partnership arrangement between Hestia Housing and Support and Local Healthwatch Central West London.
- 5.2.3 A tender evaluation panel was established and members independently reviewed the tender submission. The panel was made up of officers from the three Councils with lead responsibilities for Local Healthwatch and Adult Social Care.
- 5.2.4 Clarifications were sought from Hestia on matters relating to the bid and commissioners are satisfied with the responses given.
- 5.2.5 Deliberations of the evaluation panel are now complete and the panel has concluded that the bid from Hestia Housing and Support meets all the necessary requirements set out in the evaluation criteria.
- 5.2.6 Appendix A sets out commercially sensitive information from the bidder and the evaluation panel's scores.

6. OPTIONS AND ANALYSIS

- 6.1 The options for how Local Healthwatch services could be commissioned were explored through extensive discussions with appropriate officers and Cabinet Members. These discussions have led to the outcome and recommendations set out in this report.
- 6.2 In addition to Local Healthwatch, under section 223A of the Act, each local authority must arrange appropriate independent advocacy services in relation to its area. The three authorities have decided to commission this service through a pan-London procurement exercise and therefore the advocacy services do not feature in the Service Specification for Local Healthwatch services.

7. CONSULTATION

- 7.1 The strategic approach and the Service Specification were the subject of extensive consultation with senior officers and Cabinet Members.
- 7.2 The Service Specification (which stipulates the nature of the contract being a shared service via a single contract) has had input from relevant officers from the service departments which Local Healthwatch services has/would ordinarily be expected to interact with.
- 7.3 In addition to Cabinet Members and officers, Scrutiny Committee (or equivalent) members also commented on the draft Service Specification. Feedback from all parties was then incorporated into the final version of the Service Specification
- 7.4 The delivery plan which will be agreed with the successful bidder will be informed by feedback from consultation with the general public on Local Healthwatch services.

8. EQUALITY IMPLICATIONS

- 8.1 The current contractor, who is also the preferred bidder for this contract, has been delivering Local Healthwatch services with no known equalities issues.
- 8.2 Healthwatch works to represent the interests of people who use (or otherwise rely on) health and social care services in the three boroughs. As such, Healthwatch activities especially benefit those residents who are vulnerable either through mental or physical illness or disability, or who have caring responsibilities. LHW therefore has a positive effect on addressing inequality.

9. PROCUREMENT IMPLICATIONS

- 9.1 The receipt of only one tender was not entirely unexpected. Several of the organisations that accessed the contract notice were companies and the law restricts providers to social enterprises. In addition, Local Healthwatch services are specialised and by definition, local in nature.
- 9.2 The procurement has been executed in accordance with European law and Regulations 74-76 of the Public Contracts Regulations 2015. Upon acceptance of the recommendations contained in this report, a Contract Award Notice will be published in the Official Journal of the European Union in due course.

10. LEGAL IMPLICATIONS

- 10.1 Local Healthwatch services are a statutory requirement under the Health and Social Care Act 2012 and the proposed services fall within Social and Other Specific Services in Chapter 3 of the Public Contracts Regulations 2015 which are subject to a light touch regime under the said Regulations.

- 10.2 Local Healthwatch organisations must be a body corporate which is a social enterprise and they must satisfy such criteria as may be prescribed by the regulations made by the Secretary of State.
- 10.3 The procurement exercise undertaken using an Open Procedure was in compliance with the participating boroughs' transparency obligations for this joint procurement. The joint approach has been confirmed by the authorised representatives of the three participating boroughs with each borough retaining their sovereignty in the joint service contract with the selected provider.
- 10.4 Accordingly, the recommendations in the report are endorsed by Shared Legal Services.
- 10.5 Legal information in this report has been confirmed by Babul Mukherjee, Shared Legal Services.

11. FINANCIAL AND RESOURCES IMPLICATIONS

- 11.1 The contract will be for two years with a one year optional extension for continuation or termination.
- 11.2 Budgets for each of the three boroughs for 2016/17 are as follows:
- RBKC - £153,000
 - Hammersmith and Fulham - £140,000
 - Westminster City Council - £157,000
- 11.3 The above figures are subject to funding from central government through the Local Government Settlement. Funding for Local Healthwatch services is made up of funding that used to be allocated to its predecessor (Local Involvement Network) and the new Local Reform and Community Voice Grant, both of which are non-ring fenced. Finance Managers from each of the three boroughs have confirmed local arrangements for each of the amounts stated above.
- 11.4 Budgets available to each of the three local authorities for 2016/17 were made known within the documentation to tenderers and accordingly, the bid received falls within the upper limits of the budget for each local authority.
- 11.5 Finance information confirmed by: Lyn Myers, Group Finance Manager, RBKC; Edwin Thomas, Interim Finance Manager, LBHF; and Avishka Kumarasinghe, ASC Finance Business Partner, WCC.

12. RISKS AND OPTIONS

- 12.1 The commissioning of Local Healthwatch services is a statutory duty. Acceptance of the recommendation will fulfil that duty.

12.2 A rejection of the recommendation will necessitate a new procurement. Having advertised the opportunity as widely as possible, there is nothing to suggest that a different outcome is likely.

13. BUSINESS IMPLICATIONS

13.1 Under the terms of the Health and Social Care Act, Local Healthwatch organisations must be a non-profit making 'body corporate'. Hestia Housing and Support is a charity with a base in north Kensington and, under the terms of the current contract, is the host organisation for Healthwatch Central West London, which covers Hammersmith & Fulham, Kensington and Chelsea and Westminster. In the new contract, this relationship will be a partnership, ensuring that Healthwatch services in all three boroughs continue to be managed and operated locally.

Tony Redpath
Director of Strategy and Local Services, RBKC


Kim Dero
Director for Delivery and Value, LBHF

Liz Bruce
Executive Director for Adult Social Care, WCC

Local Government Act 1972 (as amended) – Background papers used in the preparation of this report: None

Contact officer(s): *Monsur Khan, Community Engagement Projects Manager, Royal Borough of Kensington and Chelsea, Tel: 020 7598 4631, Email: monsur.khan@rbkc.gov.uk*

Agenda Item 15

<p>London Borough of Hammersmith & Fulham</p> <p>CABINET</p> <p>8 FEBRUARY 2016</p>	
<p>CONTRACT AWARD FOR THE VEHICLE POUND AND REMOVAL SERVICES</p>	
<p>Report of the Cabinet Member for Environment, Transport & Residents Services – Councillor Wesley Harcourt</p>	
<p>Open Report</p> <p>A separate report on the exempt part of the Cabinet agenda provides exempt financial information.</p>	
<p>Classification - For Decision Key Decision: YES</p>	
<p>Wards Affected: All</p>	
<p>Accountable Director: Mahmood Siddiqi, Director for Transportation and Highways</p>	
<p>Report Author: Andrew Vennard, Shared Assistant Head of Parking Services</p>	<p>Contact Details: Tel: 0208 753 3768 E-mail: andrew.vennard@rbkc.gov.uk</p>

1. EXECUTIVE SUMMARY

- 1.1 On 16 February 2015, following the two borough (LBHF and RBKC) review of parking enforcement, Members agreed to keep the on-street parking enforcement service in house whilst RBKC decided to retender its own parking enforcement service. It was, though, agreed by both Boroughs that a shared service for the provision of tow trucks and a pound facility would be mutually beneficial. It was therefore agreed that the two Boroughs would jointly tender for this service. On 28 September 2015, Members approved the Business Case for the Re-procurement of Vehicle Removal and Pound Services.
- 1.2 The procurement exercise was conducted using the open procedure in accordance with the requirements of the Public Contracts Regulations 2015. The Capital eSourcing Portal was used to manage this process.
- 1.3 The procurement exercise was led by the Royal Borough of Kensington and Chelsea (acting as the “Contracting Authority” for the purposes of the Public Contracts Regulations 2015). However, this was a joint procurement exercise and officers from both Councils were involved in the process.
- 1.4 The OJEU notice and Contract Terms were published on 14 October 2015. On 16 October 2015, the Invitation to Tender (ITT) and Pre-qualification Questionnaire (PQQ) were published.
- 1.5 Carrying out a joint procurement has enabled a single project team, including Legal Services and Procurement to develop the specification and Contract Terms. This has saved an estimated 25% of internal resource time when compared to running two separate procurement exercises.
- 1.6 Having a single Contract allows officers from both boroughs to work on LBHF and RBKC matters without additional training, special access being given or having to share systems across the boroughs, which attracts additional costs. Furthermore, the Contract maintains individual borough sovereignty that means policies can remain separate, where desired.
- 1.7 Tenderers were given the opportunity to submit questions for clarification before the closing date for receipt of tenders on 27 November 2015. The final tenders were supported by fully priced technical submissions. Robust evaluation was undertaken by officers from both Councils with 40% of the marks awarded for price and 60% awarded for quality. This report recommends the appointment of NSL Services Ltd (NSL) who scored highest in the evaluation, for the total contract sum of £1.29m to provide the Vehicle Removal and Car Pound Service. Of this figure, LBHF’s share will be 37% which amounts to £474k per annum.

2. RECOMMENDATIONS

- 2.1 That the London Borough of Hammersmith and Fulham (LBHF) authorise the Royal Borough of Kensington and Chelsea (RBKC) to award a shared contract for vehicle pound management and removals and relocation services to NSL at a

total cost to LBHF of £474,000 per annum over 12 years. The contractual arrangements between the two boroughs will be set out in the in the inter authority agreement.

3. REASONS FOR DECISION

- 3.1 The current Vehicle Removal and Pound Services Contracts in both LBHF and RBKC will expire in 2016. We are therefore required to renew them in accordance with the Councils' Contract Regulations.

4. BACKGROUND

- 4.1 In June 2013, the Members in LBHF and RBKC approved the establishment of a Shared Service Parking Office. Both boroughs have separate contracts for vehicle removal and Pound related services. LBHF's current Contractor is the Mansfield Group. RBKC's current Contractor is NSL Services Ltd.
- 4.2 LBHF's Contract with the Mansfield Group, formerly called On-time Services, commenced in January 2013. In 2014-15, the Mansfield Group processed 2,302 relocations and 1,177 removals in LBHF. The Contract expires in December 2016. It cannot be extended. A new Contract needs to be in place ahead of this date to ensure continued enforcement in the borough.
- 4.3 RBKC's Contract with NSL Services Ltd, the incumbent supplier, expires in July 2016. One possibility is that LBHF's Contract with Mansfield is terminated six month early to tie in with this date. Alternatively, it may be preferable to let the Contract run its course so as to enable a phased implementation.
- 4.4 The leading suppliers in the market have not changed significantly since the boroughs last conducted their separate procurement exercises. However, the pricing models, technology and the way the services are delivered have changed. The main change identified during our soft market testing exercises, which was included in the specifications, was to introduce a 12-year Contract term – the initial Contract will operate for four years with the option to extend for a further three years, plus three years, plus two years. This long-term offer appeals to the market. The review points will enable all parties to assess the quality of the service and identify changes to enable further efficiencies and operational enhancements. A 12-year term will also bring the end of the Vehicle Pound and removals Contract into alignment with end of the Parking IT Contract that was awarded in 2015.
- 4.5 The soft market testing exercise also confirmed officers' belief that securing suitable land for an alternative pound would be very difficult given the exceptionally high level of demand for development.

5. PROPOSAL AND ISSUES

Regulated procurement approach

- 5.1 The procurement exercise was conducted using the open procedure in accordance with the requirements of the Public Contracts Regulations 2015. A statutory contract notice was placed with the *Official Journal of the European Union* (OJEU) and the opportunity was advertised on the Capital eSourcing Portal.
- 5.2 The procurement exercise was led by the Royal Borough of Kensington and Chelsea (acting as the “Contracting Authority” for the purposes of the Public Contracts Regulations 2015). However, this was a joint procurement exercise and officers from both Councils were involved in the process.
- 5.3 The OJEU notice and Contract Terms were published on 14 October 2015. On 16 October 2015, the ITT and PQQ were published.
- 5.4 Tenderers were given the opportunity to submit questions for clarification before the closing date for receipt of tenders on 27 November 2015.
- 5.5 A separate report is being prepared for approval in RBKC on 8 February 2016. If the Members in both Councils agree to the officers’ recommendation that RBKC award the Contract to NSL they will be notified on or around 22 February 2016 following the ‘call in period’ required by RBKC. The unsuccessful bidders will be informed of the outcome at the same time.

Supplier Selection and Award Proposal

- 5.6 Bids were received from three established suppliers:
 - Company A
 - Company B
 - Company NSL
- 5.7 The identities of the anonymised companies above are displayed in the exempt part of this report on the exempt Cabinet agenda.
- 5.8 NSL Services Ltd currently provides both the on-street parking enforcement services and the pound management and vehicle removal service on behalf of the Royal Borough of Kensington and Chelsea.
- 5.9 The Contract specifications outlined the desired provision of a joint removal and enforcement service for LBHF and RBKC. Bidders were informed both Councils require that the service provider will manage all subsequent removal or relocation processes from point of notification of an offending vehicle by the on street Civil Enforcement Officers. Under the proposed Contract, both Councils will operate a similar relocation and removal process.

- 5.10 At all times both Councils' sovereignty will be maintained with PCN issuance being appropriate depending on location and Borough.
- 5.11 Bidders were also advised that the Councils are seeking to provide a shared service based at one location rather than the separate arrangements that are in place today. The Contractor will also provide a decant pound service to both Councils as part of this service.
- 5.13 Each of the three bidders that submitted tenders met the criteria in the PQQ. The criteria revolved around a bidder's experience of delivering similar services to large authorities. The three bidders also met the financial checks that the Councils' use to establish a supplier's suitability.
- 5.14 The evaluation exercise was undertaken by officers representing LBHF's Parking Service and RBKC's Parking Service. The scoring system was weighted with quality given 60% of the marks and price 40%, as agreed in September 2015.
- 5.15 Of the 60% awarded to quality, this was distributed as follows:
- General service – 9%
 - Locations of Work – 2%
 - Core Service Hours – 1%
 - Operational Bases/Car Pound – 4%
 - Vehicles – 5%
 - Staffing and Personnel – 5%
 - Training/Quality – 3%
 - Uniforms and OBCEO Equipment – 2%
 - Employees' Conduct – 2%
 - IT and Radio Equipment – 4%
 - Issue of PCNs – 2%
 - Vehicle Removals and Relocations – 5%
 - Monitoring and Reporting – 3%
 - Scrap and auction – 1%
 - Persistent Evaders – 1%
 - Disaster Recovery/Business Continuity – 3%
 - Complaint Handling – 2%
 - Fraud Detection – 2%
 - Damage to Vehicles – 2%
 - Abandoned Vehicles – 2%
- 5.16 For the purpose of this document percentages have been rounded to the nearest whole number. The results are set out in the Table below.

Quality and Price Evaluation Scores

	Max Score	Bidder A	Bidder B	NSL
Quality	60%	38%	32%	45%
Price	40%	32%	36%	40%
Total Score	100%	70%	68%	85%

- 5.17 The scores above show that Bidder A and Bidder B scored 70% and 68% respectively when the quality score and price score are combined. However, NSL's score is considerably higher at 85%.
- 5.18 Comments from Strategic Procurement, Finance and Legal Services have been taken into account. The officers who undertook the quality evaluation met at the Moderation Meetings where they agreed a consensus score for each answer. An officer from the Tri-borough Strategic Procurement Team (TBPT) Chaired the Moderation Meetings. A second officer from the TBPT acted as an observer.

6. OPTIONS AND ANALYSIS

- 6.1 In addition to the core requirement to operate a vehicle removal and pound service, the bidders were invited to offer responses to the following optional items:
- the proposed opening times for the car pound and the level of hours the service would require.
 - any alternative proposals to the Pound premises that the Council is providing and their reasoning behind the suggestion(s).
- 6.2 NSL's bid scored the highest of the three bidders for quality and represents excellent value for money. The car pound opening hours when the new Contract commences will be:
- Monday to Saturday 07:00 to 24:00
 - Sunday 08:00 to 18:00
- 6.3 The current LBHF pound opening hours are 07:00 to 24:00 Monday to Saturday but it is closed on Sundays. RBKC's pound currently provides a 24/7 service and this will be a change for them. From their experience and vehicle collection time

analysis, NSL believe the hours referred to provide a cost effective option for both Councils and convenience for owners / drivers who need to visit the pound.

6.4 NSL suggests an annual review the opening hours of the car pound with the Councils to ensure the service continues to meet the needs of residents and visitors. **Officers from both Councils recommend that the annual review option is taken up by the two Councils.**

6.5 In respect of alternative proposals to the Council's car pound, NSL reviewed its existing pound facilities across London for suitable alternatives. However, they do not believe that any of them are suitable for the Councils for one or more of the following reasons:

- proximity to the boroughs to attend to relocation and removal activities
- convenience for customer collection
- available space for use by the Councils
- cost of hiring additional space.

6.6 **Officers from both Councils recommend that this option is not pursued any further with NSL.**

7. **BENEFITS OF THE RECOMMENDED SUPPLIER**

7.1 The key benefits of NSL's offer are that:

- the Councils will work with a service provider that will manage a vehicle pound as well as relocating vehicles and removing vehicles parked in contravention across the boroughs in a cost effective manner
- they are familiar with the streets and roads in LBHF as they currently operate in the borough under a nationwide DVLA enforcement contract to combat road tax evasion
- will ensure deployed enforcement resources (drivers and On-board Civil Enforcement Officers), vehicles and associated equipment to fully meet the Councils' requirements for relocations and removals to meet the Key Performance Indicators (KPIs)
- have established proven procedures to lift and move vehicles that ensure all aspects of Health & Safety for the vehicle, members of the public and members of staff are maintained
- they will provide a service that will be unaffected by breakdowns or servicing/maintenance requirements as they will utilise spare vehicles from their fleet of over one hundred vehicles which can also be used for special events
- have a proven dynamic vehicle tracking system to monitor where vehicles are deployed and driving standards and to help minimise impacts on the environment
- have standard tachograph procedures used to ensure drivers hours of work remain within the legal regulations

- will use Hand Held Computers integrated with the Councils' IT system, including despatch control, to deliver an integrated solution
- will provide a value for money service through the shared use of the decant Pound in Mitcham
- will provide a local management team and staff who will utilise their local knowledge to provide a high quality, efficient and flexible operation with clear accountability for delivering service levels
- have support from a number of professional in-house support functions including; fleet, human resources, learning and development, information technology, finance, professional standards unit, legal, property, PR and marketing.
- have comprehensive policies, procedures and audit processes which will ensure compliance with the Councils' requirements and continue to protect the Councils' reputations whilst delivering customer excellence
- have a stable, high quality and well trained workforce in line with their Investors in People (IiP) Gold standard accreditation
- will manage performance to meet the Council's KPIs and report using comprehensive daily, weekly and monthly returns allowing the Councils and NSL management to respond quickly to trends
- will provide a high quality service that is rigorously measured, managed and continuously improved by a range of self-monitoring quality management tools.

Implementation timetable

- 7.2 Detailed work on the implementation will commence in February subject to Contract Award. The new Contract will commence on 4 July 2016. During this phase a detailed timetable, governance and deployment plan will be established. The need to implement as quickly as possible will be balanced with the need to mitigate risks and ensure minimal disruption to services in both boroughs.
- 7.3 In addition to regular meetings between officers and NSL's management, the Contract has built in break / review points in years four, seven and 10. This provides strategic points for the Councils and NSL to assess performance and look for mutually beneficial ways to improve the value for money and quality of service being received, taking into account developments in the parking industry or the Councils' circumstances.

8. CONSULTATION

- 8.1 This report has been developed in consultation with Elected Members and the Parking Service's Procurement Board. The latter includes representation from
- Parking Services
 - Legal Services
 - Procurement
 - Transport and Technical Services' Project Officers

8.3 There is no resident / user forum for Parking Services.

9. EQUALITY IMPLICATIONS

9.1 Schedule 9 of the Contract documents advised bidders that, 'The Service Provider shall not discriminate directly or indirectly, or by way of victimisation or harassment, against any person on grounds of colour, race, nationality, or ethnic or national origins contrary to the Equality Act 2010 and the Public Sector Equality Duty (PSED) 2011.'

9.2 NSL's tender stated that it is committed to ensuring that the resources and talents of all its colleagues are utilised to the full and that no job applicant or colleague receives less favourable treatment in any aspects of employment and training on the grounds of age, gender, ethnic origin, nationality, colour, religious belief, marital status, sexual orientation, pregnancy and maternity, disability or health problem, which cannot be shown to be relevant to the performance of the job.

9.3 The Company is committed to equality of opportunity and to the elimination of unlawful discrimination in employment. This policy applies to each colleague irrespective of any protected characteristics as covered by the Equality Act 2010. All members of the staff colleagues should follow the letter and spirit of Equality, Diversity and Equal Opportunities.

9.4 All of the above applies to members of the public who come in to contact with the service as well as employees.

10. SUSTAINABILITY / ENVIRONMENTAL CONSIDERATIONS

10.1 The removal trucks that NSL propose for use on this Contract will comply with local emission standards and TfL's emission standards. The vehicle tracking system will provide local management with fuel consumption / emission data that will help support the Councils' policies. NSL is a member of the Fleet Operators Recognition Scheme and they will include this Contract in their membership. This scheme aims to improve fleet activity in the UK and includes an element on operating in a way that minimises NSL's environmental impact. NSL also proposes to provide drivers with effective training materials to improve the environmental impact of the enforcement vehicles. The uniforms that NSL staff wear will be recycled securely to support the Councils' environmental policies and help maintain our reputation in this respect.

11. SOCIAL VALUE CONSIDERATION

11.1 In accordance with the Public Services (Social Value) Act 2012 the Council, as part of this procurement considered (a) how what is proposed to be procured might improve the economic, social and environmental well-being of the relevant

area, and, (b) how, in conducting the process of procurement, it might act with a view to securing the that improvement.

- 11.2 By removing illegally parked vehicles that are obstructively or dangerously parked, the Council can help improve road safety and traffic flow. Improved traffic flow also helps to reduce air pollution. In the Contract Specification we encouraged the use of environmentally friendly tow trucks with reduced emissions.

12. LEGAL IMPLICATIONS

- 12.1 The services to be provided to the Councils under the proposed contract are incidental to statutory functions and therefore lawful for the Councils to enter into. The procurement process described in this report complies with the Public Contracts Regulations 2015. The standing orders of RBKC (as lead authority) have been followed in respect of this procurement process.
- 12.2 The two boroughs will agree and enter into an inter-authority agreement (IAA) to ensure their respective obligations are met in respect of the Contract and the IAA will be signed prior to RBKC entering into the Contract with the Contractor.
- 12.3 There are no TUPE implications as a result of the recommendations in the report for the three LBHF staff who are employed as On-board Civil Enforcement Officers on the tow trucks in the Borough.
- 12.4 Staff employed by the incumbent Contractor, the Mansfield Group, will be subject to TUPE and will transfer to the successful Contractor from the service commencement date.
- 12.5 Legal Services will advise on the early termination of the LBHF contract with Mansfield. It appears that the contract can be terminated at any time (following the second anniversary of the contract) upon giving six calendar months' written notice without any liability arising on LBHF.

Legal implications provided by Alka Kingham-Senior, Senior Solicitor, Legal Shared Services tel; 07818 562798

13. FINANCIAL AND RESOURCES IMPLICATIONS

- 13.1 The Shared Director for Finance (ELRS and TTS) comments that the award of the Contract to NSL for an annual sum of £1.29m per annum provides the best overall value. Of this, LBHF's share will amount to £474k. This excludes the cost of the pound facility. The Contract includes a provision for an ongoing review of operational efficiency and costs. It should therefore deliver lower operating costs over the contract period.

- 13.2 The annual cost will be funded from the existing Parking revenue budget. Detailed financial evaluation of the tendered prices and its impact on the Council's budget is set out in the exempt report on the exempt Cabinet agenda.

Comments provided by Gary Hannaway, Head of Finance, TTS - 0208 753 6700

14. PROCUREMENT AND ICT STRATEGY IMPLICATIONS

Procurement implications

- 14.1 The Tender has been conducted in accordance with RBKC's Contract Regulations and the Public Contract Regulations 2015. The project was undertaken using the Council's e-tendering system. The bids were evaluated by a team of eight officers from both LBHF and RBKC. Moderation meetings were held to agree scores and they were chaired by the Interim Head of Procurement, LBHF.

Comments provided/verified by Alan Parry, Interim Head of Procurement, LBHF. 020 8753 2581.

ICT strategy implications

- 14.2 There are no ICT strategy implications as a result of the recommendations in the report.

15. PROPERTY IMPLICATIONS

- 15.1 LBHF's Pound is owned by TfL. RBKC owns the property at Lots Road from which their pound currently operates but this has been allocated for development within the next three to five years. This being the case, Lots Road will not be available for use once that development commences.
- 15.2 Parking Services are looking to operate from a single site in future and as such, Property representatives from both Councils, in conjunction with service representatives are actively seeking an alternative, long term location for this joint facility.
- 15.3 In the meantime LBHF's operation will be relocated to Lots Road until a suitable, new premises has been identified.
- 15.4 The property issue above was communicated to all bidding parties as part of the tender process.

LOCAL GOVERNMENT ACT 2000

LIST OF BACKGROUND PAPERS USED IN PREPARING THIS REPORT

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

NOTICE OF CONSIDERATION OF A KEY DECISION

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

NOTICE OF THE INTENTION TO CONDUCT BUSINESS IN PRIVATE

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

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

KEY DECISIONS PROPOSED TO BE MADE BY CABINET ON 8 FEBRUARY 2016 AND AT FUTURE CABINET MEETINGS UNTIL APRIL 2016

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

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

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

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

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

If you have any queries on this Key Decisions List, please contact

Katia Richardson on 020 8753 2368 or by e-mail to katia.richardson@lbhf.gov.uk

Access to Cabinet reports and other relevant documents

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

Decisions

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

Making your Views Heard

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

LONDON BOROUGH OF HAMMERSMITH & FULHAM: CABINET 2015/16

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

Key Decisions List No. 40 (published 31 December 2015)

KEY DECISIONS LIST - CABINET ON 8 FEBRUARY 2016

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

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

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

Decision to be Made by (Cabinet or Council)	Date of Decision-Making Meeting and Reason	Proposed Key Decision Most decisions are made in public unless indicated below, with the reasons for the decision being made in private.	Lead Executive Councillor(s), Wards Affected, and officer to contact for further information or relevant documents	Documents to be submitted to Cabinet <i>(other relevant documents may be submitted)</i>
8 February 2016				
Cabinet	8 Feb 2016	<p>Borough-wide 20 mph limit</p> <p>The report details;</p> <p>(i) evidence of the operation of 20 mph limits in the UK to date, (ii) the results of public consultation on a possible Borough-wide 20 mph limit in H & F, (iii) results of technical appraisals within H & F.</p> <p>The report will make a recommendation and will seek Cabinet approval on:</p> <p>a. whether to install a 20 mph speed limit Borough-wide (excepting Transport for London roads), or b. whether to install more 20 mph speed limits in the Borough excepting some Borough roads, or c. not to proceed with further 20 mph speed limits.</p>	Cabinet Member for Environment, Transport & Residents Services	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
	Reason: Affects 2 or more wards		Ward(s): All Wards	
Cabinet	8 Feb 2016	<p>Community Asset Proposal</p> <p>Report seeking authority to secure and protect the use of properties for community use</p> <p>PART OPEN</p> <p>PART PRIVATE Part of this report is exempt from disclosure on the grounds that it contains information relating to the financial or business affairs of a</p>	Leader of the Council	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
	Reason: Expenditure more than £100,000		Ward(s): All Wards	

Decision to be Made by (Cabinet or Council)	Date of Decision-Making Meeting and Reason	Proposed Key Decision Most decisions are made in public unless indicated below, with the reasons for the decision being made in private.	Lead Executive Councillor(s), Wards Affected, and officer to contact for further information or relevant documents	Documents to be submitted to Cabinet (<i>other relevant documents may be submitted</i>)
		particular person (including the authority holding that information) under paragraph 3 of Schedule 12A of the Local Government Act 1972, and in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.		
Cabinet	8 Feb 2016 Reason: Expenditure more than £100,000	<p>Commissioning the Local Healthwatch service</p> <p>The Health and Social Care Act 2012 requires a local Healthwatch service to be provided in each local authority area that has social care responsibilities. The existing contract comes to a close at the end of the 2015/16 financial year and this report seeks approval for a new contractual arrangement for 2016/17 and 2017/18, with an option to extend to 2018/19.</p> <p>PART OPEN</p> <p>PART PRIVATE Part of this report is exempt from disclosure on the grounds that it contains information relating to the financial or business affairs of a particular person (including the authority holding that information) under paragraph 3 of Schedule 12A of the Local Government Act 1972, and in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.</p>	<p>Cabinet Member for Health and Adult Social Care</p> <p>Ward(s): All Wards</p> <p>Contact officer: Tom Conniffe Tel: 020 8753 2195 Tom.Conniffe@bhf.gov.uk</p>	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
Cabinet	8 Feb 2016 Reason: Affects 2 or more wards	<p>Emission Linked Parking Permits</p> <p>A report reviewing the current parking permit structure and recommending options to change the residents parking permit structure to a sliding scale of charges based on emissions produced by the vehicle</p>	<p>Cabinet Member for Environment, Transport & Residents Services</p> <p>Ward(s): All Wards</p> <p>Contact officer: Edward Stubbing Tel: 020 8753 4651 Edward.Stubbing@lbhf.gov.uk</p>	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be

Decision to be Made by (Cabinet or Council)	Date of Decision-Making Meeting and Reason	Proposed Key Decision Most decisions are made in public unless indicated below, with the reasons for the decision being made in private.	Lead Executive Councillor(s), Wards Affected, and officer to contact for further information or relevant documents	Documents to be submitted to Cabinet (other relevant documents may be submitted)
		<p>PART OPEN</p> <p>PART PRIVATE Part of this report is exempt from disclosure on the grounds that it contains information relating to the financial or business affairs of a particular person (including the authority holding that information) under paragraph 3 of Schedule 12A of the Local Government Act 1972, and in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.</p>		considered.
Cabinet	<p>8 Feb 2016</p> <p>Reason: Expenditure more than £100,000</p>	<p>Direct Award of a Contract for Provision of Older People's Floating Support to Notting Hill Housing</p> <p>Directly award a contract to Notting Hill Housing in order to extend the current floating support service for older people to March 2018</p> <p>PART OPEN</p> <p>PART PRIVATE Part of this report is exempt from disclosure on the grounds that it contains information relating to the financial or business affairs of a particular person (including the authority holding that information) under paragraph 3 of Schedule 12A of the Local Government Act 1972, and in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.</p>	<p>Cabinet Member for Health and Adult Social Care</p> <p>Ward(s): All Wards</p> <p>Contact officer: Julia Copeland Tel: 0208 753 1203 julia.copeland@lbhf.gov.uk</p>	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
Cabinet	<p>8 Feb 2016</p> <p>Reason: Expenditure more than £100,000</p>	<p>Corporate Planned Maintenance Programme 2016/2017</p> <p>Budget Approval.</p> <p>PART OPEN</p> <p>PART PRIVATE Part of this report is exempt from</p>	<p>Cabinet Member for Finance</p> <p>Ward(s): All Wards</p> <p>Contact officer: Nigel Brown Tel: 020 8753 2835</p>	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation

Decision to be Made by (Cabinet or Council)	Date of Decision-Making Meeting and Reason	Proposed Key Decision Most decisions are made in public unless indicated below, with the reasons for the decision being made in private.	Lead Executive Councillor(s), Wards Affected, and officer to contact for further information or relevant documents	Documents to be submitted to Cabinet (other relevant documents may be submitted)
		disclosure on the grounds that it contains information relating to the financial or business affairs of a particular person (including the authority holding that information) under paragraph 3 of Schedule 12A of the Local Government Act 1972, and in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.	Nigel.Brown@lbhf.gov.uk	and / or background papers to be considered.
Cabinet	8 Feb 2016 Reason: Affects 2 or more wards	Corporate Revenue Monitor Month 7 - October To report the forecast revenue outturn at end of October 2015. To request budget virements.	Cabinet Member for Finance Ward(s): All Wards Contact officer: Gary Ironmonger, Hitesh Jolapara Tel: 020 8753 2109, Tel: 020 8753 2501 Gary.Ironmonger@lbhf.gov.uk, hitesh.jolapara@lbhf.gov.uk	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
Cabinet Full Council	8 Feb 2016 24 Feb 2016 Reason: Affects 2 or more wards	Revenue Budget and Council Tax Levels 2016/17 The 2016/17 revenue budget proposals are set out regarding: <ul style="list-style-type: none"> • 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. 	Leader of the Council Ward(s): All Wards Contact officer: Andrew Lord, Gary Ironmonger Tel: 020 8753 2531, Tel: 020 8753 2109 andrew.lord@lbhf.gov.uk, Gary.Ironmonger@lbhf.gov.uk	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
Cabinet	8 Feb 2016 Reason: Expenditure more than	Contract award for provision of Vehicle Removal and Pound Service Permission for H&F to jointly award Lot 2 of RBKC's parking on-	Cabinet Member for Environment, Transport & Residents Services Ward(s): All Wards	A detailed report for this item will be available at least five working days before the date of the meeting and

Decision to be Made by (Cabinet or Council)	Date of Decision-Making Meeting and Reason	Proposed Key Decision Most decisions are made in public unless indicated below, with the reasons for the decision being made in private.	Lead Executive Councillor(s), Wards Affected, and officer to contact for further information or relevant documents	Documents to be submitted to Cabinet (other relevant documents may be submitted)
	£100,000	<p>street enforcement contract for the provision of vehicle removal and pound services.</p> <p>PART OPEN</p> <p>PART PRIVATE Part of this report is exempt from disclosure on the grounds that it contains information relating to the financial or business affairs of a particular person (including the authority holding that information) under paragraph 3 of Schedule 12A of the Local Government Act 1972, and in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.</p>	<p>Contact officer: Matt Caswell, David Taylor Tel: 020 8753 2708, Tel: 020 8753 3251 Matt.Caswell@lbhf.gov.uk, david.taylor@lbhf.gov.uk</p>	<p>will include details of any supporting documentation and / or background papers to be considered.</p>
Cabinet	<p>8 Feb 2016</p> <hr/> <p>Reason: Expenditure more than £100,000</p>	<p>Genitourinary Medicine (GUM) Transformation Programme</p> <p>Approval to proceed report for the commissioning of GUM services across London.</p> <p>PART OPEN</p> <p>PART PRIVATE Part of this report is exempt from disclosure on the grounds that it contains information relating to the financial or business affairs of a particular person (including the authority holding that information) under paragraph 3 of Schedule 12A of the Local Government Act 1972, and in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.</p>	<p>Cabinet Member for Health and Adult Social Care</p> <hr/> <p>Ward(s): All Wards</p> <hr/> <p>Contact officer: Gaynor Driscoll Tel: 0207 361 2418 gaynor.driscoll@rbkc.gov.uk</p>	<p>A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.</p>
Cabinet	<p>8 Feb 2016</p> <hr/> <p>Reason: Expenditure more than £100,000</p>	<p>Provision of Shared ICT Services Support 2015/16</p> <p>Shared ICT Services working requires staff from H&F, RBKC and WCC to work at sites across the three local authorities. This means that H&F have to provide support to H&F staff at non-H&F</p>	<p>Cabinet Member for Finance</p> <hr/> <p>Ward(s): All Wards</p> <hr/> <p>Contact officer: Geoff Hay Tel: 0208 753 4223</p>	<p>A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation</p>

Decision to be Made by (Cabinet or Council)	Date of Decision-Making Meeting and Reason	Proposed Key Decision Most decisions are made in public unless indicated below, with the reasons for the decision being made in private.	Lead Executive Councillor(s), Wards Affected, and officer to contact for further information or relevant documents	Documents to be submitted to Cabinet (other relevant documents may be submitted)
		<p>council locations, and HFBP also have to deal with incidents raised by WCC and RBKC for their staff based in H&F locations.</p> <p>PART OPEN</p> <p>PART PRIVATE Part of this report is exempt from disclosure on the grounds that it contains information relating to the financial or business affairs of a particular person (including the authority holding that information) under paragraph 3 of Schedule 12A of the Local Government Act 1972, and in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.</p>	geoff.hay@lbhf.gov.uk	and / or background papers to be considered.
Cabinet	<p>8 Feb 2016</p> <p>Reason: Expenditure more than £100,000</p>	<p>Variation To The Structure And Contractual Terms Of The Joint Venture Vehicle</p> <p>The report requests approval for the Council to undertake the necessary steps required to implement changes to the JV arrangements and to approve the revised development plans for the opportunity sites</p> <p>PART OPEN</p> <p>PART PRIVATE Part of this report is exempt from disclosure on the grounds that it contains information relating to the financial or business affairs of a particular person (including the authority holding that information) under paragraph 3 of Schedule 12A of the Local Government Act 1972, and in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.</p>	<p>Cabinet Member for Economic Development and Regeneration</p> <p>Ward(s): All Wards</p> <p>Contact officer: Matthew Doman Tel: 02087534547 Matthew.Doman@lbhf.gov.uk</p>	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.

Decision to be Made by (Cabinet or Council)	Date of Decision-Making Meeting and Reason	Proposed Key Decision Most decisions are made in public unless indicated below, with the reasons for the decision being made in private.	Lead Executive Councillor(s), Wards Affected, and officer to contact for further information or relevant documents	Documents to be submitted to Cabinet (<i>other relevant documents may be submitted</i>)
Cabinet	8 Feb 2016	<p>Financial Plan for Council Homes: The Housing Revenue Account Financial Strategy, 2016/17 Housing Revenue Account Budget and 2016/17 Rent Reduction</p> <p>This report deals with:</p> <ul style="list-style-type: none"> • the 1% decrease in rents for Council Homes which is being forced on the Council by central Government for each of the next four years; • how, although initially this looks like good news for tenants, the 1% decrease in rents has a significant impact on the ability of the Council to carry out repairs and improvements on Council homes; • changes to the long-term 40 year financial plan for the Council's homes as a result of the 1% decrease in rents forced on the Council by central Government; • the 2016/17 budget for the Council's homes (also known as the annual Housing Revenue Account (HRA) budget) including a reduction in rents for Council homes of 1% for 2016/17, 	Cabinet Member for Housing	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
	Reason: Affects 2 or more wards		Ward(s): All Wards	
Cabinet	8 Feb 2016	<p>Capital Programme Monitor & Budget Variations, 2015/16 (Third Quarter)</p> <p>This report provides a financial update on the Council's Capital Programme and seeks approval for budget variations as at the end of the third quarter, 2015/16.</p>	Cabinet Member for Finance	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
	Reason: Expenditure more than £100,000		Ward(s): All Wards	
Cabinet Full Council	8 Feb 2016	<p>Four Year Capital Programme 2016/17 to 2019/20</p> <p>This report presents the Council's four-year Capital Programme for the period 2016-20.</p>	Cabinet Member for Finance	A detailed report for this item will be available at least five working days before the date of the meeting and will include details
	Reason: Expenditure more than		Ward(s): All Wards	

Decision to be Made by (Cabinet or Council)	Date of Decision-Making Meeting and Reason	Proposed Key Decision Most decisions are made in public unless indicated below, with the reasons for the decision being made in private.	Lead Executive Councillor(s), Wards Affected, and officer to contact for further information or relevant documents	Documents to be submitted to Cabinet (<i>other relevant documents may be submitted</i>)
	£100,000		Contact officer: Christopher Harris Tel: 020 8753 6440 Harris.Christopher@lbhf.gov.uk	of any supporting documentation and / or background papers to be considered.
Cabinet	8 Feb 2016 Reason: Affects 2 or more wards	Garage Review – Amendment of Licence, Charging and Lettings Policy This report sets out some proposed changes to the current garage licence agreement, and the charging policy. PART OPEN PART PRIVATE Part of this report is exempt from disclosure on the grounds that it contains information relating to the financial or business affairs of a particular person (including the authority holding that information) under paragraph 3 of Schedule 12A of the Local Government Act 1972, and in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.	Cabinet Member for Housing Ward(s): All Wards Contact officer: Jennifer Liang, Paul Danek Tel: 020 8753 1925 jennifer.liang@lbhf.gov.uk, paul.danek@lbhf.gov.uk	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
Cabinet	8 Feb 2016 Reason: Affects 2 or more wards	Approval to Delegate Acceptance of Tenders Submitted for the Provision of New Homes via Lot 2 of the Framework for the provision of New Temporary Accommodation To ask Cabinet to delegate to the relevant Cabinet Members the authority to approve tenders received under Lot 2 of the Temporary Accommodation procurement framework PART OPEN PART PRIVATE Part of this report is exempt from disclosure on the grounds that it contains information relating to the	Cabinet Member for Housing Ward(s): All Wards Contact officer: Mike England Tel: 020 8753 5344 mike.england@lbhf.gov.uk	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.

Decision to be Made by (Cabinet or Council)	Date of Decision-Making Meeting and Reason	Proposed Key Decision Most decisions are made in public unless indicated below, with the reasons for the decision being made in private.	Lead Executive Councillor(s), Wards Affected, and officer to contact for further information or relevant documents	Documents to be submitted to Cabinet (<i>other relevant documents may be submitted</i>)
		financial or business affairs of a particular person (including the authority holding that information) under paragraph 3 of Schedule 12A of the Local Government Act 1972, and in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.		
7 March 2016				
Cabinet	7 Mar 2016 Reason: Affects 2 or more wards	Corporate Strategy 2015-18 A new Corporate Plan for H&F, setting seven key priorities and new corporate objectives to deliver on over the next three years.	Leader of the Council Ward(s): All Wards Contact officer: Peter Smith Tel: 020 8753 2206 peter.smith@lbhf.gov.uk	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
Cabinet	7 Mar 2016 Reason: Expenditure more than £100,000	Bridge Academy Development Further to the 2014 Cabinet agreement for a Bi-Borough alternative provision hub school on the Bridge and Greswell Centre site, this report asks Members to approve an LBHF-focused provision part-funded by LBHF. PART OPEN PART PRIVATE Part of this report is exempt from disclosure on the grounds that it contains information relating to the financial or business affairs of a particular person (including the authority holding that information) under paragraph 3 of Schedule 12A of the Local Government Act 1972, and in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.	Cabinet Member for Children and Education Ward(s): Palace Riverside Contact officer: Ian Turner Tel: 020 7605 8337 Ian.Turner@rbkc.gov.uk	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.

Decision to be Made by (Cabinet or Council)	Date of Decision-Making Meeting and Reason	Proposed Key Decision Most decisions are made in public unless indicated below, with the reasons for the decision being made in private.	Lead Executive Councillor(s), Wards Affected, and officer to contact for further information or relevant documents	Documents to be submitted to Cabinet (other relevant documents may be submitted)
Cabinet	7 Mar 2016	<p>Call-off from the Framework Agreement for Information Technology and Communications</p> <p>Call-off from the Framework Agreement for Information Technology and Communications, data networks, telephony and unified communications from a new service provider</p> <p>PART OPEN</p> <p>PART PRIVATE Part of this report is exempt from disclosure on the grounds that it contains information relating to the financial or business affairs of a particular person (including the authority holding that information) under paragraph 3 of Schedule 12A of the Local Government Act 1972, and in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.</p>	Cabinet Member for Finance	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
	Reason: Expenditure more than £100,000		Ward(s): All Wards	
Cabinet	7 Mar 2016	<p>Banking Services Contract - Tender and Award Process</p> <p>The purpose of this report is to summarise the process for re-tendering the Council's Banking Contract and to obtain approval to delegate the decision of the eventual award to the Lead Member for Finance.</p> <p>PART OPEN</p> <p>PART PRIVATE Part of this report is exempt from disclosure on the grounds that it contains information relating to the financial or business affairs of a particular person (including the authority holding that information) under paragraph 3 of Schedule 12A of the Local Government Act 1972, and in all the circumstances of the case, the public interest in maintaining the exemption</p>	Cabinet Member for Finance	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
	Reason: Expenditure more than £100,000		Ward(s): All Wards	

Decision to be Made by (Cabinet or Council)	Date of Decision-Making Meeting and Reason	Proposed Key Decision Most decisions are made in public unless indicated below, with the reasons for the decision being made in private.	Lead Executive Councillor(s), Wards Affected, and officer to contact for further information or relevant documents	Documents to be submitted to Cabinet (other relevant documents may be submitted)
		outweighs the public interest in disclosing the information.		
Cabinet Full Council	7 Mar 2016 18 May 2016 Reason: Budg/pol framework	Libraries Future Delivery And Saving This report considers options to deliver Libraries service.	Cabinet Member for Environment, Transport & Residents Services Ward(s): All Wards Contact officer: Mike Clarke, Donna Pentelow, Sue Harris Tel: 020 7641 2199, Tel: 020 8753 2358, Tel: 020 8753 4295 mclarke1@estminster.gov.uk, donna.pentelow@lbhf.gov.uk, Sue.Harris@lbhf.gov.uk	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
Cabinet	7 Mar 2016 Reason: Income more than £100,000	Serco Novation A request was received from Serco to novate the Waste, Recycling and Street Cleansing Services Contract to a new subsidiary following a decision to consolidate their core business. The Council's prior consent is required before any novation or assignment can take place. PRIVATE This report is exempt from disclosure on the grounds that it contains information relating to the financial or business affairs of a particular person (including the authority holding that information) under paragraph 3 of Schedule 12A of the Local Government Act 1972, and in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.	Cabinet Member for Environment, Transport & Residents Services Ward(s): All Wards Contact officer: Kathy May Tel: 020 7341 5616 kathy.may@rbkc.gov.uk	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.

Decision to be Made by (Cabinet or Council)	Date of Decision-Making Meeting and Reason	Proposed Key Decision Most decisions are made in public unless indicated below, with the reasons for the decision being made in private.	Lead Executive Councillor(s), Wards Affected, and officer to contact for further information or relevant documents	Documents to be submitted to Cabinet (other relevant documents may be submitted)
Cabinet	7 Mar 2016	Street Lighting LED Lantern Replacement Bulk replacement of highway street lights with LED lanterns to provide energy and carbon savings, reducing maintenance and capital budgets	Cabinet Member for Environment, Transport & Residents Services	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
	Reason: Expenditure more than £100,000		Ward(s): All Wards	
	Contact officer: Ian Hawthorn Tel: 020 8753 3058 ian.hawthorn@lbhf.gov.uk			
Cabinet	7 Mar 2016	School Meals shared services project The School Meals commissioning project is a shared services procurement to provide school meals across each of the following boroughs: the London Borough of Hammersmith and Fulham (LBHF), the Royal Borough of Kensington and Chelsea (RBKC) and Westminster City Council (WCC). PART OPEN PART PRIVATE Part of this report is exempt from disclosure on the grounds that it contains information relating to the financial or business affairs of a particular person (including the authority holding that information) under paragraph 3 of Schedule 12A of the Local Government Act 1972, and in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.	Cabinet Member for Children and Education	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
	Reason: Affects 2 or more wards		Ward(s): All Wards	
	Contact officer: Labibun Nessa-O'Sullivan, Hannah Lloyd Tel: 020 7641 3743, Tel: 07739 316605 Lnessa-O'Sullivan@westminster.gov.uk, Hannah.Lloyd@rbkc.gov.uk			
Cabinet	7 Mar 2016	Commissioning and Procurement Strategy for Speech and Language Therapy Services for Hammersmith and Fulham The report will set out recommendations for a joint commissioning approach with	Cabinet Member for Children and Education	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation
	Reason: Expenditure more than £100,000		Ward(s): All Wards	
	Contact officer: Sarah Bright, Labibun			

Decision to be Made by (Cabinet or Council)	Date of Decision-Making Meeting and Reason	Proposed Key Decision Most decisions are made in public unless indicated below, with the reasons for the decision being made in private.	Lead Executive Councillor(s), Wards Affected, and officer to contact for further information or relevant documents	Documents to be submitted to Cabinet (other relevant documents may be submitted)
		Health Services for Early Years, Education and Health. The paper will consider the procurement options and summarise the service model.	Nessa-O'Sullivan Tel: 07770 702 347, Tel: 020 7641 3743 sarah.bright@lbhf.gov.uk, Lnessa-O'Sullivan@westminster.gov.uk	and / or background papers to be considered.
Cabinet	7 Mar 2016 Reason: Expenditure more than £100,000	Commissioning and Procurement Strategy for Children's Centre Services for Hammersmith and Fulham This report sets out and seeks approval for a strategy to extend and modify the existing Children's Centre contracts for 1 year.	Cabinet Member for Children and Education Ward(s): All Wards Contact officer: Sarah Bright, Yacoba Godwyll Tel: 07770 702 347, Tel: 020 8753 2433 sarah.bright@lbhf.gov.uk, Yacoba.Godwyll@lbhf.gov.uk	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
Cabinet	7 Mar 2016 Reason: Affects 2 or more wards	Corporate Revenue Monitor Month 8 - November To report the revenue outturn forecast as at the end of November. To request budget virements.	Cabinet Member for Finance Ward(s): All Wards Contact officer: Hitesh Jolapara, Gary Ironmonger Tel: 020 8753 2501, Tel: 020 8753 2109 hitesh.jolapara@lbhf.gov.uk, Gary.Ironmonger@lbhf.gov.uk	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
Cabinet	7 Mar 2016 Reason: Expenditure more than £100,000	Award of a Contract for provision of a Contact Centre To approve recommendation(s) to award a contract to provide a Contact Centre post October 2016. PART OPEN PART PRIVATE Part of this report is exempt from disclosure on the grounds that it contains information relating to the financial or business affairs of a particular person (including the authority holding that information)	Cabinet Member for Finance Ward(s): All Wards Contact officer: Hitesh Jolapara Tel: 020 8753 2501 hitesh.jolapara@lbhf.gov.uk	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.

Decision to be Made by (Cabinet or Council)	Date of Decision-Making Meeting and Reason	Proposed Key Decision Most decisions are made in public unless indicated below, with the reasons for the decision being made in private.	Lead Executive Councillor(s), Wards Affected, and officer to contact for further information or relevant documents	Documents to be submitted to Cabinet (other relevant documents may be submitted)
		under paragraph 3 of Schedule 12A of the Local Government Act 1972, and in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.		
Cabinet	7 Mar 2016 Reason: Affects 2 or more wards	HRA Housing Capital Programme 2016/17 to 2018/19 This report provides specific details of the proposed 2016/17 Housing Capital Programme and proposes budget envelopes for the following two years	Cabinet Member for Housing Ward(s): All Wards Contact officer: Stephen Kirrage Tel: 020 8753 6374 stephen.kirrage@lbhf.gov.uk	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
Cabinet	7 Mar 2016 Reason: Expenditure more than £100,000	Public Health, School Nurse Service, Direct Award Public Health services, including services for 5-19 year olds, became the responsibility of Local Authorities on the 1st of April 2013. The School Nurse service is currently delivered by Central London Community Healthcare (CLCH). This report seeks approval for one year direct award of contract using terms and conditions that have been approved for use, for the School Nurse services from 1st April 2016 until 31st March 2017 in order to allow time for a robust service redesign and tendering process. These services need to continue through the direct award option as the terms and conditions of the existing contracts do not have an extension option that can be exercised. PART OPEN PART PRIVATE Part of this report is exempt from disclosure on the grounds that it	Cabinet Member for Health and Adult Social Care Ward(s): All Wards Contact officer: Gaynor Driscoll, Elizabeth Dunsford Tel: 0207 361 2418, gaynor.driscoll@rbkc.gov.uk , edunsford@westminster.gov.uk	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.

Decision to be Made by (Cabinet or Council)	Date of Decision-Making Meeting and Reason	Proposed Key Decision Most decisions are made in public unless indicated below, with the reasons for the decision being made in private.	Lead Executive Councillor(s), Wards Affected, and officer to contact for further information or relevant documents	Documents to be submitted to Cabinet (<i>other relevant documents may be submitted</i>)
		contains information relating to the financial or business affairs of a particular person (including the authority holding that information) under paragraph 3 of Schedule 12A of the Local Government Act 1972, and in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.		
Cabinet	7 Mar 2016 Reason: Affects 2 or more wards	<p>Award Of Contracts For Section 75 Services In Adult Social Care Integrated Learning Disability Teams To Central London Community Health Trust</p> <p>London Borough Of Hammersmith And Fulham - Award Of Contract For Section 75 Services In Adult Social Care Integrated Learning Disability Teams To Central London Community Health Trust. The Contract Is For The Health Staff Element Of The Integrated Teams</p> <p>PART OPEN</p> <p>PART PRIVATE Part of this report is exempt from disclosure on the grounds that it contains information relating to the financial or business affairs of a particular person (including the authority holding that information) under paragraph 3 of Schedule 12A of the Local Government Act 1972, and in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.</p>	<p>Cabinet Member for Health and Adult Social Care</p> <p>Ward(s): All Wards</p> <p>Contact officer: Christine Baker Tel: 020 8753 1447 Christine.Baker@lbhf.gov.uk</p>	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
Cabinet	7 Mar 2016 Reason: Affects 2 or more wards	<p>Guidance For Assessing Young People Aged 19 And Above For Continuing In Education With An Education Health And Care Plan</p> <p>To agree initial guidance for assessing the need of young people aged 19 and above who</p>	<p>Cabinet Member for Children and Education</p> <p>Ward(s): All Wards</p> <p>Contact officer: Ian Heggs, Steve Comber Tel: 020 7745 6458, Tel:</p>	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation

Decision to be Made by (Cabinet or Council)	Date of Decision-Making Meeting and Reason	Proposed Key Decision Most decisions are made in public unless indicated below, with the reasons for the decision being made in private.	Lead Executive Councillor(s), Wards Affected, and officer to contact for further information or relevant documents	Documents to be submitted to Cabinet (<i>other relevant documents may be submitted</i>)
		have requested the support of an education, health and care plan.	020 8753 2188 ian.heggs@lbhf.gov.uk, Steve.Comber@lbhf.gov.uk	and / or background papers to be considered.
11 April 2016				
Cabinet	11 Apr 2016 Reason: Affects 2 or more wards	Hammersmith & Fulham Arts Strategy 2015 - 2022 Hammersmith and Fulham is home to a cutting edge and vibrant arts and culture scene. We want to grow our dynamic and diverse landscape so that the creativity, production and skills development of the arts boosts our creative economy. In this paper we highlight the economic benefits of being a destination for the creative industries and the health and social benefits of participating in and creating art - from singing with dementia patients to offering diversionary activities for troubled teenagers. We also summarise our progress to date and set out our suggested actions and priorities for the future.	Cabinet Member for Economic Development and Regeneration Ward(s): All Wards Contact officer: Donna Pentelow Tel: 020 8753 2358 donna.pentelow@lbhf.gov.uk	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
Cabinet	11 Apr 2016 Reason: Affects 2 or more wards	Corporate Revenue Monitor Month 9 - December To report the forecast outturn position as at the end of December. To request budget virements	Cabinet Member for Finance Ward(s): All Wards Contact officer: Hitesh Jolapara, Gary Ironmonger Tel: 020 8753 2501, Tel: 020 8753 2109 hitesh.jolapara@lbhf.gov.uk, Gary.Ironmonger@lbhf.gov.uk	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
Cabinet	11 Apr 2016 Reason: Affects 2 or more wards	Economic Development and Growth Strategy Economic Development and Growth Strategy	Cabinet Member for Economic Development and Regeneration Ward(s): All Wards Contact officer: Sally Agass, Beth Morgan	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation

Decision to be Made by (Cabinet or Council)	Date of Decision-Making Meeting and Reason	Proposed Key Decision Most decisions are made in public unless indicated below, with the reasons for the decision being made in private.	Lead Executive Councillor(s), Wards Affected, and officer to contact for further information or relevant documents	Documents to be submitted to Cabinet (<i>other relevant documents may be submitted</i>)
			Tel: 020 8753 4982, Tel: 020 8753 3102 Sally.Agass@lbhf.gov.uk, beth.morgan@lbhf.gov.uk	and / or background papers to be considered.

NOTICE OF CONSIDERATION OF AN ADDITIONAL KEY DECISION PROPOSED TO BE MADE BY CABINET ON 8 FEBRUARY 2016 (published on 19 January 2016)

In accordance with paragraph 9 of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012, the Cabinet hereby gives notice of a Key Decision which it intends to consider at its next meeting..

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

The decision may be called in by Councillors; if a decision is called-in, it will not be capable of implementation until a final decision is made.

Decision to be Made by (Cabinet or Council)	Date of Decision-Making Meeting and Reason	Proposed Key Decision Most decisions are made in public unless indicated below, with the reasons for the decision being made in private.	Lead Executive Councillor(s), Wards Affected, and officer to contact for further information or relevant documents	Documents to be submitted to Cabinet (<i>other relevant documents may be submitted</i>)
Cabinet	8 Feb 2016	Treasury Management Strategy report This report provides the outline of the Council's Treasury Management Strategy for 2016/17. This decision must go to Cabinet on 8 February because it must be approved by Budget Council on 24 February.	Cabinet Member for Finance	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
Full Council	24 Feb 2016		Ward(s): All Wards	
	Reason: Affects 2 or more wards		Contact officer: Halfield Jackman Halfield.Jackman@lbhf.gov.uk	