

# **COUNCIL AGENDA**

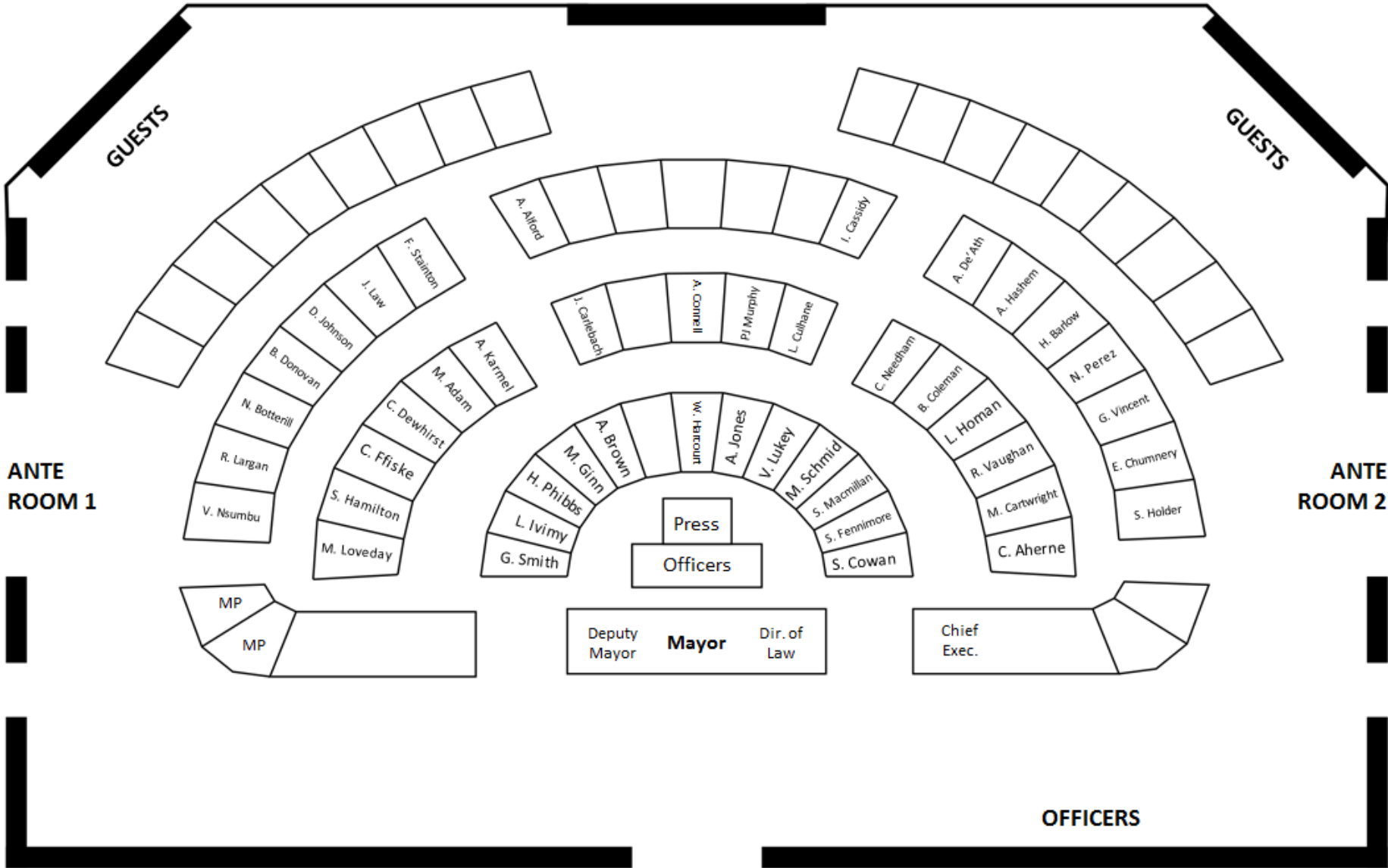
**BUDGET COUNCIL MEETING**

**Wednesday 24 February 2016**

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# COUNCIL CHAMBER SEATING 2015/16



GUESTS

GUESTS

ANTE ROOM 1

ANTE ROOM 2

Press

Officers

Deputy Mayor **Mayor** Dir. of Law

Chief Exec.

OFFICERS

COUNCIL CHAMBER FOYER



The Mayor Councillor Mercy Umeh  
Deputy Mayor Councillor Daryl Brown

ADDISON

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

HAMMERSMITH  
BROADWAY

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

RAVENS COURT PARK

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

ASKEW

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

MUNSTER

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

SANDS END

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

AVONMORE &  
BROOK GREEN

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

NORTH END

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

SHEPHERDS BUSH  
GREEN

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

COLLEGE PARK &  
OLD OAK

Elaine Chumnerly (L)  
Wesley Harcourt (L)

PALACE RIVERSIDE

Marcus Ginn (C)  
Donald Johnson (C)

TOWN

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

FULHAM BROADWAY

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

PARSONS GREEN AND  
WALHAM

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

WORMHOLT AND  
WHITE CITY

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

FULHAM REACH

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

# SUMMONS

Councillors of the London Borough of  
Hammersmith & Fulham  
are requested to attend the  
Budget Meeting of the Council on  
Wednesday 24 February 2016  
at Hammersmith Town Hall, W6

The Council will meet at 7.00pm.

16 February 2016  
Town Hall  
Hammersmith W6

Nigel Pallace  
Chief Executive

# Full Council Agenda

24 February 2016

<u>Item</u>		<u>Pages</u>
<b>1. MINUTES</b>		1 - 16
	To approve and sign as an accurate record the minutes of the Full Council meeting held on 27 January 2016.	
<b>2. APOLOGIES FOR ABSENCE</b>		
<b>3. MAYOR'S/CHIEF EXECUTIVE'S ANNOUNCEMENTS</b>		
<b>4. DECLARATIONS OF INTERESTS</b>		
	<p>If a Councillor has a disclosable pecuniary interest in a particular item, whether or not it is entered in the Authority's register of interests, or any other significant interest which they consider should be declared in the public interest, they should declare the existence and, unless it is a sensitive interest as defined in the Member Code of Conduct, the nature of the interest at the commencement of the consideration of that item or as soon as it becomes apparent.</p> <p>At meetings where members of the public are allowed to be in attendance and speak, any Councillor with a disclosable pecuniary interest or other significant interest may also make representations, give evidence or answer questions about the matter. The Councillor must then withdraw immediately from the meeting before the matter is discussed and any vote taken.</p> <p>Where Members of the public are not allowed to be in attendance and speak, then the Councillor with a disclosable pecuniary interest should withdraw from the meeting whilst the matter is under consideration. Councillors who have declared other significant interests should also withdraw from the meeting if they consider their continued participation in the matter would not be reasonable in the circumstances and may give rise to a perception of a conflict of interest.</p> <p>Councillors are not obliged to withdraw from the meeting where a dispensation to that effect has been obtained from the Audit, Pensions and Standards Committee.</p>	
<b>5. PUBLIC QUESTIONS (IF ANY)</b>		
	No public questions were received.	

## **6. ITEMS FOR DISCUSSION/COMMITTEE REPORTS**

- 6.1 REVENUE BUDGET AND COUNCIL TAX LEVELS 2016/17** 17 - 83  
The 2016/17 revenue budget proposals are set out, including:
- Council tax levels
  - Savings and growth proposals
  - Changes to fees and charges
  - Budget risks, reserves and balances
  - Equalities Impact Assessments
- 6.2 FOUR YEAR CAPITAL PROGRAMME 2016/17 TO 2019/20** 84 - 108  
This report presents the Council's four-year Capital Programme for the period 2016-20.
- 6.3 TREASURY MANAGEMENT STRATEGY REPORT 2016/17** 109 - 131  
This report sets out the Council's Treasury Management Strategy for 2016/17.
- 6.4 PAY POLICY OF THE LONDON BOROUGH OF HAMMERSMITH AND FULHAM 2016/17** 132 - 155  
The Council is required to prepare a pay policy statement for each financial year. This report seeks approval of the pay policy statement and pay schemes.
- 6.5 MEMBERS' ALLOWANCES SCHEME: ANNUAL REVIEW 2016** 156 - 166  
This report performs the statutory annual review of Members' allowances for the 2016/17 financial year. The annual review takes into account the recommendations made in the Independent Remuneration report to London Councils (June 2014).
- 6.6 TEMPORARY CHANGE OF POLLING STATION** 167 - 169  
This report seeks approval to temporarily move the polling station for ASA polling district from St. Saviour's Church, Cobbold Road, to Wendell Park School, Cobbold Road.
- 6.7 CHANGES TO THE COUNCIL CALENDAR** 170 - 171  
This report seeks approval to move the Full Council meeting originally scheduled for 26 October 2016 to 19 October 2016.
- 7. INFORMATION REPORTS - TO NOTE (IF ANY)**  
There are no information reports to note.



# **COUNCIL MINUTES**

**COUNCIL MEETING**

**WEDNESDAY 27 JANUARY 2016**





## PRESENT

The Mayor Councillor Mercy Umeh  
Deputy Mayor Councillor Daryl Brown

### Councillors:

Michael Adam	Charlie Dewhirst	Jane Law
Adronie Alford	Belinda Donovan	Mark Loveday
Colin Aherne	Sue Fennimore	Vivienne Lukey
Hannah Barlow	Caroline Ffiske	Sue Macmillan
Nicholas Botterill	Marcus Ginn	PJ Murphy
Andrew Brown	Steve Hamilton	Caroline Needham
Joe Carlebach	Wesley Harcourt	Viya Nsumbu
Iain Cassidy	Ali Hashem	Natalia Perez
Elaine Chumnerly	Sharon Holder	Harry Phibbs
Ben Coleman	Lisa Homan	Max Schmid
Adam Connell	Lucy Ivimy	Greg Smith
Stephen Cowan	Donald Johnson	Frances Stainton
Larry Culhane	Andrew Jones	Rory Vaughan
Alan De'Ath	Alex Karmel	Guy Vincent

### 1. MINUTES OF THE PREVIOUS MEETING

#### **RESOLVED**

That the minutes of the Council Meeting held on 21 October 2015 were confirmed and signed as an accurate record.

### 2. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors Michael Cartwright and Robert Largan.

Apologies for lateness were received from Councillor Joe Carlebach.

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

The Mayor announced the passing of former Mayor and Councillor Daniel Filson. Mr Filson was first elected as a Councillor in Hammersmith and Fulham's Coningham Ward in May 1982. He also represented Walham Ward and Normand

Ward before serving as Deputy Mayor in 1991 and Mayor in 1992. The Council observed a minute of silence in remembrance.

#### **4. DECLARATIONS OF INTERESTS**

In respect of Item 7.5 – Special Motion 5:

- Councillors Greg Smith and PJ Murphy declared non-pecuniary interests as Directors of Riverside Studios.
- Councillors Adam Connell, Hannah Barlow, Sue Fennimore, and Belinda Donovan declared non-pecuniary interests as Trustees of the Lyric Theatre.

In respect of Item 7.2 – Special Motion 2:

- Councillors Colin Aherne, Rory Vaughan, Lisa Homan, Andrew Jones, Wesley Harcourt, Adam Connell, Guy Vincent, Stephen Cowan, and Natalia Perez declared non-pecuniary interests as members of Unite the Union.
- Councillors Sharon Holder, Elaine Chumnerly, Larry Culhane, Ali Hashem, and Alan De’Ath declared non-pecuniary interests as members of the GMB.
- Councillor Guy Vincent declared a non-pecuniary interest as a member of The Law Society.
- Councillor Max Schmid and Sue Macmillian declared non-pecuniary interests as members of Community Union.

All members who declared interests considered that they did not give rise to a perception of a conflict of interest and, in the circumstances, it would be reasonable to participate in the relevant discussions and vote thereon.

#### **5. PUBLIC QUESTIONS (20 MINUTES)**

##### **5.1 Question 1 - Joint Venture to Re-develop Watermeadow Court and Edith Summerskill House**

7.08pm - The Mayor called on Andrew Johnson who had submitted a question to the Leader of the Council, Councillor Stephen Cowan, to ask his question. Councillor Andrew Jones responded on behalf of the Leader. Andrew Johnson asked a supplementary question which was also answered.

(A copy of the public question submitted and the response given are attached at Appendix 1 to these minutes).

#### **6. ITEMS FOR DISCUSSION/COMMITTEE REPORTS**

The Mayor informed Council that there was an amendment to Item 6.4 – Review of the Constitution. The proposed amendment to the officer scheme of delegation relating to the Town & Country Planning Act 1990, detailed in paragraph 5.2 of the report (and delegated function 215 in Appendix 1 attached to the report) had been withdrawn from consideration.

## 6.1 Council Tax Support Scheme 2016/17

7.16pm – The report and recommendations were formally moved for adoption by Councillor Max Schmid.

The report and recommendations were put to the vote:

<b>FOR</b>	<b>UNANIMOUS</b>
AGAINST	0
NOT VOTING	0

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

### 7.17pm – RESOLVED

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.
2. That the Council continues to assess out of work Universal Credit on full CTS.
3. For in work UC cases, the UC applicable amounts will form part of our calculation and any unearned and earned income will be subject to the normal 20% excess income calculation.

## 6.2 Council Tax Base and Collection Rate 2016-17

7.17pm – The report and recommendations were formally moved for adoption by Councillor Max Schmid.

The report and recommendations were put to the vote:

<b>FOR</b>	<b>Unanimous</b>
AGAINST	0
NOT VOTING	0

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

### 7.17pm – RESOLVED

That approval be given to the following recommendations for the financial year 2016/17:

1. That the estimated numbers of properties for each Valuation Band as set out in this report be approved.
2. That an estimated Collection rate of 97.5% be approved.
3. That the Council Tax Base of 74,041 Band “D” equivalent properties be approved
4. To delegate authority to the Strategic Director of Financial Corporate Services, in consultation with the Lead Member for Finance, to determine

the business rates tax base for 2016/17 as set out in section 11 of this report.

### 6.3 Contract Standing Orders 2016

7.18pm – The report and recommendations were formally moved for adoption by Councillor Ben Coleman.

The report and recommendations were put to the vote:

<b>FOR</b>	<b>UNANIMOUS</b>
AGAINST	0
NOT VOTING	0

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

### 7.17pm – RESOLVED

- 2.1. That Council adopt the revised Contract Standing Orders as set out in Appendix 1 to the report as part of the Council's Constitution.
- 2.2. That Council specifically approve the following changes in sections 8 and 17 of the revised CSOs:
  - a) That for all procurements in excess of £100,000, Chief Officers, acting on advice from Service Review Teams, must develop and present to full Cabinet for approval a commissioning and procurement strategy and supporting business case with options appraisal for the proposed procurement. (Appended CSOs 8.11.1)
  - b) That all commissioning strategies for procurements at or above £100,000 (except those relating to pensions) must be approved by full Cabinet prior to the commencement of any tendering process and agreed as a Key Decision. (Appended CSOs 8.12.1)
  - c) That the above commissioning and procurement strategy report to Cabinet must include the details contained in clause 8.11.1 (a) – (n) in the appended CSOs.
  - d) That the commissioning and procurement strategy report to Cabinet must detail the frequency of any interim reports to relevant lead Cabinet Members on the procurement as it proceeds. (Appended CSOs 8.12.2)
  - e) That the specific approval of the Commercial Director must be contained in the commissioning and procurement strategy report where it is the intention to create a framework agreement that other public bodies may call-off from. (Appended CSO 8.12.3)
  - f) That in normal circumstances for contracts valued at between £100,000 to below £5,000,000, and where:
    - i) the actual contract value is less than £5,000,000; and
    - ii) the returned tender falls within a +10% tolerance of the estimated financial value set out in the commissioning and procurement strategy report approved by Cabinet – the award decision will be delegated to the appropriate Cabinet Member(s).

- g) That where the conditions described in Recommendation 2.2(f) above do not apply or are not met, the contract award decision is reserved for full Cabinet.
  - h) That “normal circumstances” under 2.2(f) above means an automatic delegation unless the Cabinet decide they wish to reserve the contract award decision to the Cabinet. (Appended CSOs 17.3.1-17.3.3)
- 2.3. That in recognition of the need for a transition period from approval of the changes recommended in 2.2 above, and in order to enable adequate pre-Cabinet governance requirements to be met on imminent procurements, the CSO changes come into effect on 1st July 2016, with the Council implementing the new arrangement ahead of this date wherever practical during the transition period.
- 2.4. That Council approve delegated authority to the Cabinet Member for Finance and the Cabinet Member for Commercial Revenue and Resident Satisfaction to issue “Purchasing Guides” to help implement Council policy and set out good procurement practice. These guides will supplement the provisions contained in CSOs.

#### 6.4 **Review of the Constitution**

7.19pm – The report and recommendations were formally moved for adoption by The Leader of the Council, Councillor Stephen Cowan.

Speeches on the report were made by Councillors Lucy Ivimy and Alex Karmel (for the Opposition) and Stephen Cowan and PJ Murphy (for the Administration).

The report and recommendations were put to the vote:

<b>FOR</b>	<b>UNANIMOUS</b>
AGAINST	0
NOT VOTING	0

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

#### **7.25pm – RESOLVED**

To note that the proposed amendment to the officer scheme of delegation relating to the Town & Country Planning Act 1990, detailed in paragraph 5.2 of the report (and delegated function 215 in Appendix 1 attached to the report) had been withdrawn from consideration.

That the changes to the Officers Scheme of delegation to reflect new legislative changes in Appendix 1 of the report, as amended, be approved.

## 7. **SPECIAL MOTIONS**

7.26pm – Under Standing Order 15(e) iii, Councillor Colin Aherne moved and Councillor Larry Culhane seconded a motion that Special Motions 8, 4, 3, and 7 take precedence on the agenda. This was agreed.

### 7.1 **Special Motion 8 - Imperial Wharf Fulham Crossrail 2 Station**

7.27pm – Councillor Andrew Jones moved, seconded by Councillor Colin Aherne, the special motion in their names:

“This Council is aware of the significant developments in Sands End Ward that have already taken place and note further ones in the pipeline and therefore resolve to continue to lobby Crossrail 2 to construct a new station at Imperial Wharf Fulham that will allow for interchange with Crossrail 2. The upgrading of the West London Line has been a great success but it is now at full capacity at peak times. A new interchange station at Imperial Wharf will bring much needed improvements to rail travel in Fulham.”

Speeches on the special motion were made by Councillors Andrew Jones, Sharon Holder, and Lisa Homan (for the Administration) and Councillors Greg Smith, Steve Hamilton, Jane Law, Nicholas Botterill, and Mark Loveday (for the Opposition).

The motion was then put to the vote.

<b>FOR</b>	<b>UNANIMOUS</b>
AGAINST	0
NOT VOTING	0

The motion was declared **CARRIED**.

### **8.07pm – RESOLVED**

This Council is aware of the significant developments in Sands End Ward that have already taken place and note further ones in the pipeline and therefore resolve to continue to lobby Crossrail 2 to construct a new station at Imperial Wharf Fulham that will allow for interchange with Crossrail 2. The upgrading of the West London Line has been a great success but it is now at full capacity at peak times. A new interchange station at Imperial Wharf will bring much needed improvements to rail travel in Fulham.

### 7.2 **Special Motion 4 - Rejecting George Osborne's Stealth Tax**

8.08pm – Councillor Max Schmid moved, seconded by Councillor Colin Aherne, the special motion in their names:

“This Council notes that:

- The Labour administration was elected on a manifesto of reducing the cost of the council to residents.

- By cutting key fees and charges and being the only council in London to cut council tax last year, the administration is delivering on the promise of reducing the cost of the council to residents.
- The 2015 Conservative Party national manifesto had no provision to increase council tax and rather claimed that a Conservative Government would “help local authorities keep council tax low for hardworking taxpayers”.
- Regrettably, George Osborne proposed in the November 2015 Comprehensive Spending Review that instead of properly funding adult social care through national taxation they would recommend that local councils increase council tax through a ‘social care precept’.
- The Department for Communities and Local Government include the assumption in spending power projections for LBHF that and other councils that authorities apply the precept and increase their council tax every year by 2% during the current parliament.
- The Provisional Local Government Finance Settlement for 2016/17 sees a grant reduction of £8.2m for LBHF. In addition, the Government has imposed £2.885m of new responsibilities on LBHF without providing any corresponding funding .

The Council resolves to:

- Reject the Government’s recommendation that council tax increases by 2% per year every year.
- Call on the Government to honour its commitment to “help local authorities keep council tax low” rather than transferring more of the funding burden for social care to local taxpayers.”

Speeches on the special motion were made by Councillors Max Schmid, PJ Murphy, Vivienne Lukey, and Stephen Cowan (for the Administration) and Councillors Greg Smith and Harry Phibbs (for the Opposition).

The motion was then put to the vote:

<b>FOR</b>	<b>24</b>
AGAINST	19
NOT VOTING	0

The motion was declared **CARRIED**.

### **8:43pm – RESOLVED**

This Council notes that:

- The Labour administration was elected on a manifesto of reducing the cost of the council to residents.

- By cutting key fees and charges and being the only council in London to cut council tax last year, the administration is delivering on the promise of reducing the cost of the council to residents.
- The 2015 Conservative Party national manifesto had no provision to increase council tax and rather claimed that a Conservative Government would “help local authorities keep council tax low for hardworking taxpayers”.
- Regrettably, George Osborne proposed in the November 2015 Comprehensive Spending Review that instead of properly funding adult social care through national taxation they would recommend that local councils increase council tax through a ‘social care precept’.
- The Department for Communities and Local Government include the assumption in spending power projections for LBHF that and other councils that authorities apply the precept and increase their council tax every year by 2% during the current parliament.
- The Provisional Local Government Finance Settlement for 2016/17 sees a grant reduction of £8.2m for LBHF. In addition, the Government has imposed £2.885m of new responsibilities on LBHF without providing any corresponding funding .

The Council resolves to:

- Reject the Government’s recommendation that council tax increases by 2% per year every year.
- Call on the Government to honour its commitment to “help local authorities keep council tax low” rather than transferring more of the funding burden for social care to local taxpayers.

### 7.3 **Special Motion 3 - Calling on the Conservative Government to abandon its plans to cut up to 10% of funding from H&F schools**

8.44pm – Councillor Sue Macmillan moved, seconded by Councillor Alan De’Ath, the special motion in their names:

“This Council welcomes the excellent work done by Hammersmith and Fulham’s schools in providing a first class education for our children and young people.

The Council notes with concern that recent announcements by both the Chancellor, George Osborne, and the Secretary of State for Education, Nicky Morgan, have confirmed the Government’s intention to shift funding away from ‘overfunded’ authorities in London to ‘underfunded’ authorities elsewhere.

The Council further notes that if the proposed approach were adopted, it could mean a reduction of £10.9m (10.6%) in funding for Hammersmith and Fulham’s Schools and that Hammersmith and Fulham could be one of the worst affected local authorities in the Country.

This Council therefore calls on the Conservative Government to reverse these plans and ensure that Hammersmith and Fulham’s Schools are fully funded so that they can continue to provide an excellent education for the Borough’s children and young people.”



Speeches on the special motion were made by Councillors Sue Macmillan and Alan De'Ath (for the Administration).

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

1. Delete title and insert "Schools Funding".

2. Delete paragraphs (2) to (4) and insert:

"(2) Notes the government's plans to introduce the first ever national funding formula for schools, high needs and early years, with the detailed consultation beginning in 2016.

(3) When the details of the consultation become known, commits to working with Hammersmith & Fulham schools and Tri-borough partners to respond in detail to the consultation.

(4) Pledges to work to ensure:

(a) that any final formula recognises the particular funding requirements for the borough's schools, including pupil needs and cost differentials, and that;

(b) our local schools are fully funded to provide an excellent education for the Borough's children."

Speeches on the amendment to the special motion were made by Councillors Caroline Ffiske, Viya Nsumbu, and Donald Johnson (for the Opposition) and Councillor Sue Macmillan (for the Administration).

The amendment to the special motion was then put to the vote.

FOR	18
<b>AGAINST</b>	<b>24</b>
NOT VOTING	0

The amendment to the special motion was declared **LOST**.

Speeches on the substantive motion were made by Councillors Caroline Needham and Sue Macmillan (for the Administration).

The substantive motion was then put to the vote and a roll call was requested:

<b>FOR</b>	<b>AGAINST</b>	<b>NOT VOTING</b>
AHERNE	ALFORD	UMEH
BARLOW		ADAM
BROWN (D)		BOTTERILL
CASSIDY		BROWN (A)
CHUMNERY		DEWHIRST
COLEMAN		DONOVAN

CONNELL  
COWAN  
CULHANE  
DE'ATH  
FENNIMORE  
HARCOURT  
HASHEM  
HOLDER  
HOMAN  
JONES  
LUKEY  
MACMILLAN  
MURPHY  
NEEDHAM  
PEREZ  
SCHMID  
VAUGHAN  
VINCENT

FFISKE  
GINN  
HAMILTON  
IVIMY  
JOHNSON  
KARMEL  
LOVEDAY  
NSUMBU  
PHIBBS  
SMITH  
STANTON

<b>FOR</b>	<b>24</b>
AGAINST	1
NOT VOTING	17

The motion was declared **CARRIED**.

#### **9.19pm – RESOLVED**

This Council welcomes the excellent work done by Hammersmith and Fulham's schools in providing a first class education for our children and young people.

The Council notes with concern that recent announcements by both the Chancellor, George Osborne, and the Secretary of State for Education, Nicky Morgan, have confirmed the Government's intention to shift funding away from 'overfunded' authorities in London to 'underfunded' authorities elsewhere.

The Council further notes that if the proposed approach were adopted, it could mean a reduction of £10.9m (10.6%) in funding for Hammersmith and Fulham's Schools and that Hammersmith and Fulham could be one of the worst affected local authorities in the Country.

This Council therefore calls on the Conservative Government to reverse these plans and ensure that Hammersmith and Fulham's Schools are fully funded so that they can continue to provide an excellent education for the Borough's children and young people.

#### **7.4 Special Motion 7 - Neighbourhood Health Forums**

9.20pm – Councillor Sharon Holder moved, seconded by Councillor Rory Vaughan, the special motion in their names:

“This Council welcomes the fact that residents in Hammersmith and Fulham are being invited to come and have their say on local healthcare at Neighbourhood Health Care Forums.

These events will provide local residents a platform to air their views directly to the NHS.

As part of the Council’s healthcare priorities it is essential that the Council hears the views and experiences of local residents.”

Speeches on the special motion were made by Councillors Sharon Holder and Rory Vaughan (for the Administration).

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

Add the following:

“The Council recognises that the health needs of our vulnerable residents are often complex and diverse requiring specific detailed multidisciplinary care solutions.

The Council will make every effort to ensure that invitations are extended to groups representing our vulnerable residents and in particular those representing and working with children and adults with all forms of disabilities as well as the frail elderly.”

Speeches on the amendment to the special motion were made by Councillors Joe Carlebach and Andy Brown (for the Opposition) and Councillor Sharon Holder (for the Administration).

The amendment to the special motion was then put to the vote and a roll call was requested.

<b>FOR</b>	<b>AGAINST</b>	<b>NOT VOTING</b>
ADAM	AHERNE	UMEH
ALFORD	BARLOW	
BOTTERILL	BROWN (D)	
BROWN (A)	CASSIDY	
DEWHIRST	CHUMNERY	
DONOVAN	COLEMAN	
FFISKE	CONNELL	
GINN	COWAN	
HAMILTON	CULHANE	
IVIMY	DE’ATH	
JOHNSON	FENNIMORE	
KARMEL	HARCOURT	
LOVEDAY	HASHEM	
NSUMBU	HOLDER	
PHIBBS	HOMAN	
SMITH	JONES	

STANTON	LUKEY
	MACMILLAN
	MURPHY
	NEEDHAM
	PEREZ
	SCHMID
	VAUGHAN
	VINCENT

FOR	18
<b>AGAINST</b>	<b>24</b>
NOT VOTING	1

The amendment to the special motion was declared **LOST**.

Speeches on the substantive motion were made by Councillors Joe Carlebach and Andy Brown (for the Opposition) and Councillors Ben Coleman, Sue Fennimore, Stephen Cowan, and Sharon Holder (for the Administration).

The substantive motion was then put to the vote:

<b>FOR</b>	<b>UNANIMOUS</b>
AGAINST	0
NOT VOTING	0

The motion was declared **CARRIED**.

### **10.02pm – RESOLVED**

This Council welcomes the fact that residents in Hammersmith and Fulham are being invited to come and have their say on local healthcare at Neighbourhood Health Care Forums.

These events will provide local residents a platform to air their views directly to the NHS.

As part of the Council's healthcare priorities it is essential that the Council hears the views and experiences of local residents.

The Mayor called the guillotine and special motions 1, 2, 5, and 6 were withdrawn.

#### **7.5 Special Motion 1 - Crossrail 2 Station at Imperial Wharf**

The special motion was withdrawn.

#### **7.6 Special Motion 2 - London Underground Night Service**

The special motion was withdrawn.

**7.7 Special Motion 5 - Arts Strategy Consultation**

The special motion was withdrawn.

**7.8 Special Motion 6 - Cycling Strategy**

The special motion was withdrawn.

Meeting started: 7.00 pm  
Meeting ended: 10.07 pm

Mayor .....

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Minutes are subject to confirmation at the next meeting as a correct record of the proceedings and any amendments arising will be recorded in the minutes of that subsequent meeting.

## Appendix 1

### Public Question at Full Council on 27 January 2016

**Question 1** - 50/50 joint venture with Stanhope - this question is for Councillor Cowan.

*When LBHF entered into 50/50 joint venture with Stanhope in March 2014 to deliver hundreds of new homes across the borough, it was envisaged that planning applications to re-develop both Watermeadow Court and Edith Summerskill House would be submitted within 12 months. Yet nearly two years later, these sites stand empty and bricked-up, with no applications having been submitted. Since he formed his administration in May 2014, can he confirm when he, or any member of his cabinet, last attended a board meeting of the joint venture?*

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### **Response from the Cabinet Member for Economic Development and Regeneration, Councillor Andrew Jones**


Dear Mr Johnson,

Thank you for your enquiry. Following the entering into the conditional joint venture agreement by the previous administration the party identified to provide funding for the two opportunity sites exercised its right to take advice on whether the Council under the previous administration had acted ultra vires in creating a Limited Liability Partnership (LLP). Opinion provided to the funder by a leading QC concluded that the Council had acted ultra vires and that the transaction was at material risk of being wound up. The Council and its JV partner, following detailed discussions with their respective legal teams, sort a second opinion. The second opinion provided by QC refutes the original opinion and concluded that the Council had acted intra vires however as there are competing opinions it was recommended that the LLP be wound up and a new company be set up in its place. This has been a long process which requires full cabinet approval and the report is to be presented to Cabinet on 8<sup>th</sup> February 2016.

During this period the administration has also reviewed its housing strategy in order to provide housing to those most in need. The opportunity sites approved for redevelopment by the previous administration both contained social rented housing however the development plans included in the joint venture contract documents proposed no re-provision of this much needed housing tenure. Consequently the Administration has successfully negotiated a revision to the site specific development plans to include a significant proportion of social rented homes. This amendment also requires full Cabinet approval and is included in the report to be presented to Cabinet on 8<sup>th</sup> January 2016.

As a result of the uncertainty around whether the Council had acted ultra vires in setting up the LLP both parties deemed it prudent not to incur significant expenditure on consultant fees in relation to submitting a planning application. Having said this design work has advanced and pre-application discussions have been taking place with the planning authority. Due to the size of the proposed developments the schemes are referable to the Greater London Authority (GLA) who will need to approve the design and approach to tenure before a detailed planning application can be made. Due to the fact that the GLA are working through a significant volume of applications arranging a meeting to discuss our proposals has been difficult. However a meeting has now been set up on 16<sup>th</sup> February 2016 and the JV anticipates being in a position to submit a planning application in May/ June this year.

In relation to attendance at Board meetings as all previous board members have left the Council the necessary steps have had to be undertaken to appoint new members. During the period where the legal issues were being resolved no Board meetings were held, instead updates were received from officers so that members could monitor progress. Subject to Cabinet approval on 8<sup>th</sup> February 2016 the LLP will be wound up and the new company will be set up with new board members appointed. Board meetings will be held quarterly following the creation of the new company.

<p align="center"><b>London Borough of Hammersmith &amp; Fulham</b></p> <p align="center"><b>COUNCIL</b></p> <p align="center"><b>24 February 2016</b></p>	
<p align="center"><b>REVENUE BUDGET AND COUNCIL TAX LEVELS 2016/17</b></p>	
<p align="center"><b>Report of the Leader of the Council - Councillor Stephen Cowan</b></p>	
<p><b>Open Report</b></p>	
<p><b>Classification:</b> For Decision  <b>Key Decision:</b> Yes</p>	
<p><b>Wards Affected:</b> All</p>	
<p><b>Accountable Director:</b> Hitesh Jolapara, Strategic Finance Director</p>	
<p><b>Report Author:</b>          Andrew Lord, Head of Strategic Planning and Monitoring</p>	<p><b>Contact Details:</b>          Tel: 020 8753 2531          E-mail: <a href="mailto:andrew.lord@lbhf.gov.uk">andrew.lord@lbhf.gov.uk</a></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
<b>c) Total</b>	<b>669.21</b>	<b>780.74</b>	<b>892.27</b>	<b>1,003.81</b>	<b>1,226.88</b>	<b>1,449.95</b>	<b>1,673.02</b>	<b>2,007.62</b>

- 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 base<sup>1</sup>. The 2016/17 council tax requirement

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

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

<b>Table 1: The Council Tax Requirement</b>	<b>£'000s</b>
Base gross budget rolled forward from 2015/16	<b>167,400</b>
<b>Plus/Minus:</b>	
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
<b>Gross Budget Requirement</b>	<b>167,334</b>
Specific un-ring-fenced grants (section 8)	(11,827)
Use of developer contributions (section 8)	(2,000)
<b>Net Budget Requirement for 2016/17</b>	<b>153,507</b>
<b>Less :</b>	
Revenue Support Grant (section 8)	(38,453)
Locally retained business rates (section 8)	(60,029)
One off Collection Fund Surplus	(1,137)
<b>2016/17 Council Tax Requirement</b>	<b>53,888</b>

## 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 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**

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

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

**Table 3: Reasons for 2016/17 Budget Growth**

	<b>£'000s</b>
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
<b>Total Growth</b>	<b>6,341</b>

## 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**

<b>Department</b>	<b>Savings £'000s</b>
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
<b>Total All savings</b>	<b>15,857</b>
Less savings accounted for in the grant/resource forecast <sup>2</sup>	(455)
<b>Total Net Savings</b>	<b>15,402</b>

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

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<sup>2</sup> 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**

<b>Savings Area</b>	<b>£'000s</b>
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
<b>Grand Total</b>	<b>15,857</b>
Less savings accounted for in the grant/resource forecast	(455)
<b>Total Net Savings</b>	<b>15,402</b>

## **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.
- 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:

$\frac{\text{Total Council Tax Requirement}}{\text{Tax Base}} = \frac{\text{£53.888m}}{74,041} = \text{£727.81}$
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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. Much of this reduction is 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. This will provide a balanced budget 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	<b>£000s</b> 53,888
Greater London Authority	20,435
<b>Total Requirement for Council Tax</b>	<b>74,323</b>

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

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

<u>Total Council Tax Requirement</u>	=	<u>£ 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.

### **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 11% 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**

None.

### **LIST OF APPENDICES :**

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

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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:

<b>Band A</b>	<b>Band B</b>	<b>Band C</b>	<b>Band D</b>
184.00	214.67	245.33	276.00
<b>Band E</b>	<b>Band F</b>	<b>Band G</b>	<b>Band H</b>
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:

<b>Band A</b>	<b>Band B</b>	<b>Band C</b>	<b>Band D</b>
669.21	780.74	892.27	1,003.81
<b>Band E</b>	<b>Band F</b>	<b>Band G</b>	<b>Band H</b>
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
<b>Net General Fund Base Budget</b>	<b>166,103</b>	<b>166,103</b>	<b>166,103</b>	<b>166,103</b>
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)
<b>Net General Fund Base Budget</b>	<b>167,400</b>	<b>167,421</b>	<b>167,510</b>	<b>167,609</b>
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
<b>Gross Budget Requirements</b>	<b>167,334</b>	<b>157,711</b>	<b>150,510</b>	<b>146,077</b>
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)
<b>Revenue Grants</b>	<b>(13,827)</b>	<b>(12,664)</b>	<b>(9,362)</b>	<b>(8,882)</b>
<b>Net Budget Requirement</b>	<b>153,507</b>	<b>145,047</b>	<b>141,148</b>	<b>137,195</b>
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			
<b>Gross Resources</b>	<b>153,507</b>	<b>145,047</b>	<b>141,148</b>	<b>137,195</b>
<b>Budget Gap</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
(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)
<b>Savings Total</b>		<b>(5,321)</b>	<b>(6,794)</b>	<b>(6,794)</b>	<b>(6,794)</b>
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
<b>Growth Total</b>		<b>1,475</b>	<b>1,475</b>	<b>1,475</b>	<b>1,475</b>
Integrated Care	Independent Living Fund new burden responsibility	894	894	894	894
<b>New Burdens Requirement</b>		<b>894</b>	<b>894</b>	<b>894</b>	<b>894</b>

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)
<b>Savings Total</b>		<b>(3,227)</b>	<b>(4,193)</b>	<b>(5,283)</b>	<b>(5,283)</b>
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
<b>Growth Total</b>		<b>3,164</b>	<b>3,164</b>	<b>3,164</b>	<b>3,164</b>

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)
<b>Savings Total</b>		<b>(2,799)</b>	<b>(3,582)</b>	<b>(3,544)</b>	<b>(3,544)</b>
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
<b>Growth Total</b>		<b>269</b>	<b>260</b>	<b>190</b>	<b>190</b>

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)
<b>Savings Total</b>		<b>(265)</b>	<b>(265)</b>	<b>(265)</b>	<b>(265)</b>
<b>Growth Total</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

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)
<b>Savings Total</b>		<b>(20)</b>	<b>(20)</b>	<b>(20)</b>	<b>(20)</b>
Libraries & Archives	Increase in rent on archives storage at Lilla Huset	65	65	65	65
<b>Growth Total</b>		<b>65</b>	<b>65</b>	<b>65</b>	<b>65</b>

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)
<b>Savings Total</b>		<b>(2,720)</b>	<b>(6,420)</b>	<b>(6,420)</b>	<b>(6,420)</b>
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)
<b>Savings Shown Within Gross Resources</b>		<b>(455)</b>	<b>(675)</b>	<b>(675)</b>	<b>(675)</b>
<b>Total Corporate Services Savings</b>		<b>(3,175)</b>	<b>(7,095)</b>	<b>(7,095)</b>	<b>(7,095)</b>
H&F Direct	Investment in H&F Direct	150	150	150	150
H&F Direct	Concessionary Fares Growth	78	328	578	828
<b>Growth Total</b>		<b>228</b>	<b>478</b>	<b>728</b>	<b>978</b>



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)
<b>Savings Total</b>		<b>(1,050)</b>	<b>(11,383)</b>	<b>(22,360)</b>	<b>(31,652)</b>
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
<b>Growth Total</b>		<b>1,140</b>	<b>4,960</b>	<b>4,970</b>	<b>4,970</b>

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)
<b>Adult Social Care</b>					
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
<b>Adult Social Care Total</b>		<b>2,846</b>	<b>4,344</b>	<b>5,043</b>	<b>5,043</b>

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)
<b>Children's Services</b>					
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
<b>Children's Services Total</b>		<b>404</b>	<b>404</b>	<b>404</b>	<b>404</b>

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)
<b>Environmental Services</b>					
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
<b>Environmental Services Total</b>		<b>2,348</b>	<b>2,158</b>	<b>2,080</b>	<b>2,069</b>

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)
<b>Housing Dept</b>					
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
<b>Housing Dept Total Risks</b>		<b>1,679</b>	<b>3,893</b>	<b>6,406</b>	<b>7,730</b>

**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)
<b>Corporate Services</b>					
Finance	Local Council Tax Support Scheme (impact of government welfare changes)	500	500	500	500
<b>Corporate Services Total</b>		<b>500</b>	<b>500</b>	<b>500</b>	<b>500</b>

**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)
<b>Centrally Managed Budgets</b>					
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
<b>Centrally Managed Budgets Total</b>		<b>2,460</b>	<b>6,740</b>	<b>8,240</b>	<b>9,740</b>

<b>Provisional Local Government Finance Settlement</b>					
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
<b>Total on a Like for Like Basis</b>	<b>57,620</b>	<b>49,385</b>	<b>40,163</b>	<b>30,789</b>	<b>24,013</b>
Cash Reduction		-8,235	-17,457	-26,831	-33,607
Percentage Reduction		-14%	-30%	-47%	-58%
	2015/16	2016/17	2017/18	2018/19	2019/20
<b>New Homes Bonus and Other Revenue Grants</b>	£'000	£'000	£'000	£'000	£'000
Flood Defence Grant	115	0	0	0	0
					0 Rolled into RSG Assumes 5% reduction per annum
Housing Benefit Administration Grant	1,415	1,285	1,221	1,160	1,102
					from 17/18
Localised Council Tax Support Administration Grant	336	319	303	288	274
					Assumes 5% reduction per annum
Local Reform & Community Voices	124	0	0	0	0
					0 Rolled into RSG
Council Tax Support New Burdens Grant	52	0	0	0	0
					Assume ended
Care Act - NEW duties	840	0	0	0	0
					0 Rolled into RSG
Reallocated New Homes Bonus Grant	183	0	0	0	0
					0 Rolled into RSG
2014/15 Council Tax Freeze Grant	609	0	0	0	0
					0 Rolled into RSG
2015/16 Council Tax Freeze Grant	618	0	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
<b>Specific Revenue Grants</b>	<b>5,724</b>	<b>2,836</b>	<b>2,524</b>	<b>2,248</b>	<b>1,975</b>
New Homes Bonus Grant	4,105	8,096	8,140	5,114	4,907
<b>Total Revenue and New Homes Bonus Grant on a Like for Like Basis</b>	<b>9,829</b>	<b>10,932</b>	<b>10,664</b>	<b>7,362</b>	<b>6,882</b>
<b>Funding for New Burdens</b>					
Independent Living Fund		895			
					Assumed
<b>Total Including New Burdens</b>	<b>9,829</b>	<b>11,827</b>	<b>10,664</b>	<b>7,362</b>	<b>6,882</b>
Specific Grants allocated within Departmental Budgets					
<b>Better Care</b>	13,148				
Better Care Increase			831	4,425	7,515
					15/16 adjusted for new responsibilities
<b>Public Health</b>	23,433	22,903	22,338		
<b>Dedicated Schools Grant</b>	131,775	132,354			

Fee Description	2015/16 Charge (£)	2016/17 Charge (£)	Proposed Variation (%)	Total Estimated Income Stream for 2016/17	Comment/Explanation
<b>1. Meals Service</b>					
<b>Meals service charges - 33% reduction.</b>	<b>£3.00</b>	<b>£2.00</b>	<b>↓ -33.0%</b>	£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.
<b>1. Careline Alarm Gold Service (Pendant) - Emergency Response &amp; Monitoring Service</b>					
Provided to Private Homeowners and Private tenants	£22.89	£22.89	→ 0.0%	£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	
<b>2. Careline Alarm Silver Service (Pendant) - Monitoring Service only</b>					
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	
<b>3. Careline Alarm Gold Service (Pull cord) - Emergency Response &amp; Monitoring Service</b>					
(A) Provided to Registered Social Landlord Sheltered Accommodations (RSL Financed)	£1.56	£1.56	→ 0.0%	£22,900	



Fee Description	2015/16 Charge (£)	2016/17 Charge (£)	Proposed Uplift (%)	Total Estimated Income Stream for 2016/17	Reason for uplift
<b>School Meal Fees</b>					
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%		
<b>Professional Development Centre</b>					
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
<b>Adult Education</b>					
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%		
<b>Private Sector Leasing</b>					
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.
<b>Bed and Breakfast Temporary Accommodation</b>					
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 will be proposed to Full Council on 24th 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.

Data from SALT returns shows 35% of those receiving long term services at end of March 2015 were in the 18-64 age range and 65% were over 65. For short term services the figures are 17% in the 18-64 age range and 83% were over 65. The combined figures were 27% in the 18-64 age range and 73% were over 65. It is not possible to compare this to the 9% in the overall population (2011 Census) aged over 65 as that figure includes children.

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:

	<b>H&amp;F 2016/17 Savings</b>
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**

	<b>H&amp;F2016/17 Savings</b>
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 re-procuring 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 re-procuring of Contracts £0.190m

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

	<b>H&amp;F2016/17 Savings</b>
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.**

	<b>H&amp;F 2016/17 Savings</b>
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.**

	<b>H&amp;F 2016/17 Savings</b>
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 1<sup>st</sup> 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, re-procurements 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 indicatives. 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**

### **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 3<sup>rd</sup> 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..

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.

## 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	15,999	19.9



or disability		
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.

## 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%			
<b>Overall Totals</b>	<b>12,741</b>	<b>3,841</b>	<b>16,584</b>	<b>197,759</b>	<b>40,596</b>	<b>238,355</b>

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 <b>54.86%</b>	Number of male only claimants = 1863 or <b>31.91%</b>	Number of claiming couples = 773 or <b>13.24%</b>
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 <b>55.05%</b>	Number of male only claimants = 3,218 or <b>29.79%</b>	Number of claiming couples = 1,636 or <b>15.16%</b>
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 <b>49.84%</b>	Number of male only claimants = 1356 or <b>40.51%</b>	Number of claiming couples = 319 or <b>9.53%</b>

## **Council Tax Exemptions (that apply and that do not apply)**

Further information can be found on our website and a summary of exemptions is given here:

### **Council tax - exemptions**

#### **Exemptions and empty property discounts**

Some properties are exempt from council tax. The different classes of exemption are listed below.

#### **Properties occupied by:**

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

#### **Unoccupied properties that:**

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

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

Note: Those who feel they are entitled to an exemption are encouraged to contact the Council and information on how to do that is in the following link: [http://www.lbhf.gov.uk/Directory/Advice\\_and\\_Benefits/Council\\_tax/Exemptions/35774\\_Council\\_Tax\\_Exemptions.asp?LGNTF=13](http://www.lbhf.gov.uk/Directory/Advice_and_Benefits/Council_tax/Exemptions/35774_Council_Tax_Exemptions.asp?LGNTF=13)

**Council tax discounts and exemptions that no longer apply from 1st April 2013**

**Some discounts / exemptions no longer apply**

From 1st April 2013 the following discounts and exemptions previously granted under statutory regulations will no longer apply to properties in Hammersmith & Fulham:

- **Class A exemption** (previously for 12 months), for empty property requiring or undergoing major structural repair works or alterations to make them habitable
- **Class C exemption** (previously for 6 months), for empty unfurnished property
- **10% discount** - (previously for an unlimited period), for second homes or long term empty property.

Information can be found

here: [http://www.lbhf.gov.uk/Directory/Advice\\_and\\_Benefits/Council\\_tax/Exemptions/179569\\_Council\\_tax\\_discounts\\_and\\_exemptions\\_that\\_no\\_longer\\_apply\\_from\\_1st\\_April\\_2013.asp](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 - Business Rates Funding Baseline	38,453 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.	59,512
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	517 <sup>1</sup>
Step 6	Less allowance for the cost of collection	556
Step 7	Locally Retained Business rates (Step 3 less step 4 add step 5 less step 6)	56,512
Step 8	The difference between what LBHF expects to retain in 2016/17 (step 7) and the government target (step 2)	(97)

<sup>1</sup> The total business rates identified in the budget report includes this £517k.



## Spending Power Reduction

### The 2016/17 Local Government Finance Settlement

1. The Local Government Finance Settlement was released on February 8th. The key Hammersmith and Fulham figures are summarised in Table 1 and Table 2.

**Table 1 – Un-ring-fenced Government Funding**

	2015/16	2016/17
<b>Confirmed Allocations</b>	£'000s	£'000s
Revenue Support Grant	47,791	38,453
New Homes Bonus Grant	4,105	8,096
Other Un-ring-fenced Grants	5,724	2,836
<b>Total</b>	<b>57,620</b>	<b>49,385</b>
Grant fall - cash		-8,235
Grant fall – cash terms %		-14.3%
<b>Grants for New Burdens</b>		
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 6.2

<p><b>London Borough of Hammersmith &amp; Fulham</b></p> <p><b>COUNCIL</b></p> <p><b>24 February 2016</b></p>	 <p>h&amp;f hammersmith &amp; fulham</p>
<b>FOUR YEAR CAPITAL PROGRAMME 2016/17 TO 2019/20</b>	
<b>Report of the Cabinet Member for Finance - Councillor Max Schmid</b>	
<b>Open Report</b>	
<b>Classification:</b> For Decision <b>Key Decision:</b> Yes	
<b>Wards Affected:</b> All	
<b>Accountable Director:</b> Hitesh Jolapara, Strategic Finance Director	
<b>Report Author:</b> Christopher Harris, Head of Finance (Corporate Accountancy & Capital)	<b>Contact Details:</b> Tel: 0208 753 6440 E-mail: <a href="mailto:christopher.harris@lbhf.gov.uk">christopher.harris@lbhf.gov.uk</a>

## 1. EXECUTIVE SUMMARY

- 1.1. This report presents the Council's four-year Capital Programme for the period 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
<b>Total</b>	<b>5.48</b>

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

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

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

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

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	
<b>Approved Expenditure</b>					
<b>Ad Hoc Schemes:</b>					
Schools Organisation Strategy [CHS] (mainstream element)*	2,730	70	-	-	2,800
Carnwath Road [ENV]	3,070	-	-	-	3,070
<b>Rolling Programmes:</b>					
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
<b>Total Mainstream Programmes</b>	<b>11,824</b>	<b>6,094</b>	<b>6,024</b>	<b>6,024</b>	<b>29,966</b>
<b>Available and Approved Resource</b>					
Capital Receipts (total available)	13,330	9,840	3,840	3,840	30,850
General Fund Revenue Account	544	544	544	544	2,176
<b>Available Mainstream Resource</b>	<b>13,874</b>	<b>10,384</b>	<b>4,384</b>	<b>4,384</b>	<b>33,026</b>
<b>In-year surplus/(deficit)</b>	<b>2,050</b>	<b>4,290</b>	<b>(1,640)</b>	<b>(1,640)</b>	
<b>Surplus/(deficit) brought-forward</b>	-	<b>2,050</b>	<b>6,340</b>	<b>4,700</b>	
<b>Surplus/(deficit) carried forward</b>	<b>2,050</b>	<b>6,340</b>	<b>4,700</b>	<b>3,060</b>	

\*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 approved by Cabinet in 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
<b>Approved Expenditure</b>				
Decent Neighbourhood Schemes	21,315	21,421	28,222	17,829
HRA Schemes	47,836	26,117	21,131	21,943
<b>Total Housing Programme - Approved Expenditure</b>	<b>69,151</b>	<b>47,538</b>	<b>49,353</b>	<b>39,772</b>
<b>Funding</b>				
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
<b>Internal Borrowing</b>	<b>11,474</b>	<b>14,373</b>	<b>18,761</b>	<b>-</b>
<b>Total Funding</b>	<b>69,151</b>	<b>47,538</b>	<b>49,353</b>	<b>39,772</b>

### Housing Capital Resource Balances

	2016/17 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000
<b>Usable Capital Receipts</b>				
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)
<b>Capital Receipts C/f</b>	<b>52,925</b>	<b>40,779</b>	<b>51,923</b>	<b>62,501</b>
<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>
<b>Deferred Capital Receipts</b>				
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)
<b>Balance C/f</b>	<b>44,800</b>	<b>55,901</b>	<b>66,427</b>	<b>70,176</b>
<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 7<sup>th</sup> 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 6<sup>th</sup> 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](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 **Planning Obligations**

The Council has continued to enter into section 106 agreements with developers seeking planning permission for developments, and as such this will continue to be a significant source of funding for capital projects. In the last two years the Council has also renegotiated the terms of a number of existing agreements with developers to enhance the amount secured for eligible spend in the Borough. The value of the additional Section 106 funding secured through these renegotiations has exceeded £50m.

In addition to Section 106 Agreements, the Council has adopted a borough Community Infrastructure Levy (CIL), which is a tariff on new developments based on a floor space calculation on new dwellings and developments of more than 100 metres square. In the first 5 months of it being in force, the Council has issued £998K, albeit that the receipt of this money is dependent on developments commencing on site. At present the Council is required to spend 15% of any receipts on priorities agreed with the

community, with the remainder available to spend on Infrastructure which enables development to take place, together with its operation and maintenance.

#### **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 Council 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.	Monitoring documents	Christopher Harris ext 6440	Finance Department, Room 10, HTH

**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	
	<b>Scheme Expenditure Summary</b>				
Schools Organisational Strategy	20,824	2,670	140	-	23,634
Schools Window Replacement Project	9,375	9,375	250	-	19,000
<b>Total Expenditure</b>	<b>30,199</b>	<b>12,045</b>	<b>390</b>	<b>-</b>	<b>42,634</b>
<b>Capital Financing Summary</b>					
<b>Specific/External or Other Financing</b>					
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	-	-	-	-	-
<b>Sub-total - Specific or Other Financing</b>	<b>18,094</b>	<b>2,600</b>	<b>140</b>	<b>-</b>	<b>20,834</b>
<b>Mainstream Financing (Internal Council Resource)</b>					
Capital Receipts	2,730	70	-	-	2,800
General Fund Revenue Account (revenue funding)	-	-	-	-	-
Use of Reserves	-	-	-	-	-
<b>Sub-total - Mainstream Funding</b>	<b>2,730</b>	<b>70</b>	<b>-</b>	<b>-</b>	<b>2,800</b>
<b>Borrowing</b>	<b>9,375</b>	<b>9,375</b>	<b>250</b>	<b>-</b>	<b>19,000</b>
<b>Funding to be identified/agreed</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Capital Financing</b>	<b>30,199</b>	<b>12,045</b>	<b>390</b>	<b>-</b>	<b>42,634</b>

### 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	
	<b>Scheme Expenditure Summary</b>				
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
<b>Total Expenditure</b>	<b>1,707</b>	<b>450</b>	<b>450</b>	<b>450</b>	<b>3,057</b>
<b>Capital Financing Summary</b>					
<b>Specific/External or Other Financing</b>					
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	-	-	-	-	-
<b>Sub-total - Specific or Other Financing</b>	<b>1,257</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,257</b>
<b>Mainstream Financing (Internal Council Resource)</b>					
Capital Receipts	450	450	450	450	1,800
General Fund Revenue Account (revenue funding)	-	-	-	-	-
Use of Reserves	-	-	-	-	-
<b>Sub-total - Mainstream Funding</b>	<b>450</b>	<b>450</b>	<b>450</b>	<b>450</b>	<b>1,800</b>
<b>Borrowing</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Capital Financing</b>	<b>1,707</b>	<b>450</b>	<b>450</b>	<b>450</b>	<b>3,057</b>

## 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	
<b>Scheme Expenditure Summary</b>					
Planned Maintenance/DDA Programme	2,500	2,500	2,500	2,500	10,000
Footways and Carriageways	2,030	2,030	2,030	2,030	8,120
Transport For London Schemes	2,157	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
<b>Total Expenditure</b>	<b>11,311</b>	<b>7,731</b>	<b>7,731</b>	<b>7,731</b>	<b>34,504</b>
<b>Capital Financing Summary</b>					
<b>Specific/External or Other Financing</b>					
Capital Grants from Central Government	-	-	-	-	-
Grants and Contributions from Private Developers (includes S106)	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
<b>Sub-total - Specific or Other Financing</b>	<b>2,667</b>	<b>2,157</b>	<b>2,157</b>	<b>2,157</b>	<b>9,138</b>
<b>Mainstream Financing (Internal Council Resource)</b>					
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	-	-	-	-	-
<b>Sub-total - Mainstream Funding</b>	<b>8,644</b>	<b>5,574</b>	<b>5,574</b>	<b>5,574</b>	<b>25,366</b>
<b>Borrowing</b>	-	-	-	-	-
<b>Total Capital Financing</b>	<b>11,311</b>	<b>7,731</b>	<b>7,731</b>	<b>7,731</b>	<b>34,504</b>

### 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	
<b>Scheme Expenditure Summary</b>					
Hammersmith Library Refurbishment Project	250	-	-	-	250
<b>Total Expenditure</b>	<b>250</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>250</b>
<b>Capital Financing Summary</b>					
<b>Specific/External or Other Financing</b>					
Capital Grants from Central Government	-	-	-	-	-
Grants and Contributions from Private Developers (includes S106)	250	-	-	-	250
Capital Grants/Contributions from Non-departmental public bodies	-	-	-	-	-
Capital Grants and Contributions from GLA Bodies	-	-	-	-	-
<b>Sub-total - Specific or Other Financing</b>	<b>250</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>250</b>
<b>Mainstream Financing (Internal Council Resource)</b>					
Capital Receipts	-	-	-	-	-
General Fund Revenue Account (revenue funding)	-	-	-	-	-
Use of Reserves	-	-	-	-	-
<b>Sub-total - Mainstream Funding</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Borrowing</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Capital Financing</b>	<b>250</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>250</b>

## 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
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### 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)
<b>Subtotal HRA</b>	<b>47,836</b>	<b>26,117</b>	<b>21,131</b>	<b>21,943</b>	<b>117,027</b>

#### 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
<b>Subtotal Decent Neighbourhoods</b>	<b>21,315</b>	<b>21,421</b>	<b>28,222</b>	<b>17,829</b>	<b>88,787</b>
<b>Total Expenditure</b>	<b>69,151</b>	<b>47,538</b>	<b>49,353</b>	<b>39,772</b>	<b>205,814</b>

### 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
<b>Sub-total - Specific or Other Financing</b>	<b>8,343</b>	<b>2,849</b>	<b>2,849</b>	<b>2,849</b>	<b>16,890</b>

#### 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
<b>Sub-total - Mainstream Funding</b>	<b>49,334</b>	<b>30,316</b>	<b>27,742</b>	<b>36,923</b>	<b>144,315</b>

#### Borrowing (Internal Borrowing)

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

## APPENDIX 2 – Anticipated General Fund Capital Receipts

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

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

### **The Capital Financing Requirement (CFR)**

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

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

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

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

The 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 2<sup>1</sup>) – this is a continuation of current practice.

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

7. Where capital expenditure is incurred from 1 April 2008 and on an asset financed wholly or partly by self-funded borrowing, the MRP is to be made in instalments over the life of the asset in accordance with Option 3 Asset Life Method – this method spreads the cost over the estimated life of an asset. Under this method LBHF may in any year make additional voluntary revenue provision, in which case they may make an appropriate reduction in later years’ levels of MRP.

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<sup>1</sup> 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 Strategic Finance Director.
10. The determination as to which scheme is funded from borrowing and which from other sources shall be made by the Strategic Finance Director. 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 Strategic Finance Director 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 Strategic Finance Director may also make additional revenue provisions, over and above those set out in the statement, or set aside capital receipts to reduce debt liabilities should it be prudent for financial management of the HRA or the General Fund.

## APPENDIX 5 - PRUDENTIAL INDICATORS

### CAPITAL EXPENDITURE

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

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

### 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.

	<b>Actual 2014/15 £'000</b>	<b>Revised 2015/16 £'000</b>	<b>Estimate 2016/17 £'000</b>	<b>Estimate 2017/18 £'000</b>	<b>Estimate 2018/19 £'000</b>
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
<b>TOTAL</b>	<b>250,523</b>	<b>255,269</b>	<b>273,990</b>	<b>293,070</b>	<b>313,160</b>

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:

	<b>Actual 2014/15 £'000</b>	<b>Revised 2015/16 £'000</b>	<b>Estimate 2016/17 £'000</b>	<b>Estimate 2017/18 £'000</b>	<b>Estimate 2018/19 £'000</b>
Net Borrowing	(112,401)	(118,103)	(105,177)	(82,595)	(87,159)
CFR	250,523	255,269	273,990	293,070	313,159
<b>Net Borrowing Less than CFR</b>	<b>(362,924)</b>	<b>(373,372)</b>	<b>(379,167)</b>	<b>(375,665)</b>	<b>(400,318)</b>

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

## **RATIO OF FINANCING COSTS TO NET REVENUE STREAM**

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

	<b>Actual 2014/15 £'000</b>	<b>Revised 2015/16 £'000</b>	<b>Estimate 2016/17 £'000</b>	<b>Estimate 2017/18 £'000</b>	<b>Estimate 2018/19 £'000</b>
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.

	<b>Estimate 2015/16 £</b>	<b>Estimate 2016/17 £</b>	<b>Estimate 2017/18 £</b>
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><b>London Borough of Hammersmith &amp; Fulham</b></p> <p><b>COUNCIL</b></p> <p><b>24 February 2016</b></p>	
<b>TREASURY MANAGEMENT STRATEGY REPORT 2016/17</b>	
<b>Report of the Cabinet Member for Finance – Councillor Max Schmid</b>	
<b>Open Report</b>	
<b>Classification:</b> For Decision <b>Key Decision:</b> Yes	
<b>Wards Affected:</b> All	
<b>Accountable Executive Director:</b> Hitesh Jolapara, Strategic Finance Director	
<b>Report Author:</b> Halfield Jackman, Treasury Manager	<b>Contact Details:</b> Tel: 0207 641 4354 E-mail: <a href="mailto:hjackman@westminster.gov.uk">hjackman@westminster.gov.uk</a>

## 1. EXECUTIVE SUMMARY

- 1.1 The report sets out the Council’s Treasury Management Strategy for 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 is 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 is given to pay the Housing Revenue Account (HRA) investment income on unapplied HRA receipts and other HRA cash balances calculated at the average rate of interest (approximately 0.60% 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 CIPFA<sup>1</sup> 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-specified<sup>2</sup> approach. The Council is likely only to consider non-specified investments where an investment is made for longer than one year.
- 3.7 The CIPFA recommendations contained in the Code of Practice and Cross-Sectoral Guidance Notes issued as a revised version in 2011 for Treasury Management in the Public Services require that each Local Authority has a Treasury Management Policy Statement that is approved by the Full Council. This is set out in Appendix A of this report.

### **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:

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

<sup>2</sup> Specified and non-specified investments are defined in Section 6.19 and 6.20

- 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 payrolls<sup>3</sup> 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

<sup>3</sup> 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)

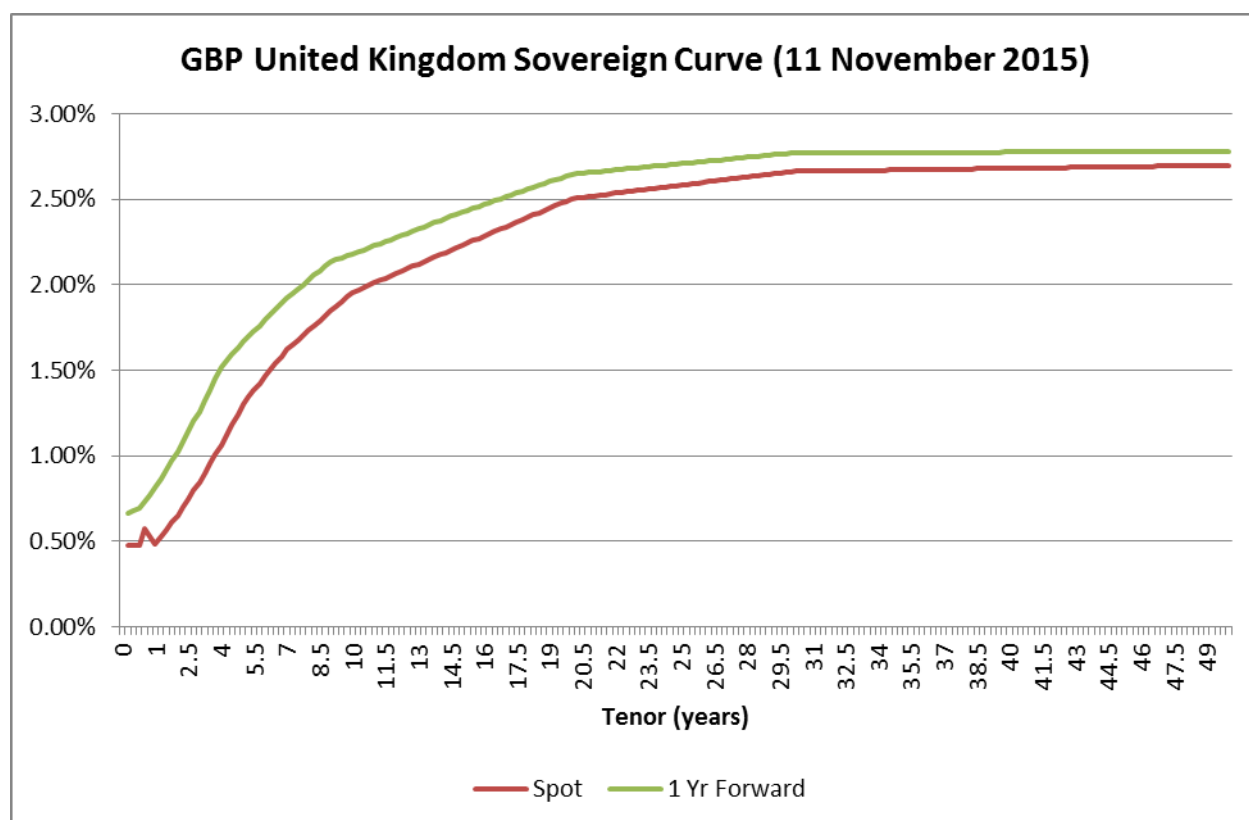
pace in quarter 3. However, the recent downbeat Chinese and Japanese news has raised questions as to whether the ECB will need to boost its QE programme if it is to succeed in significantly improving growth in the EZ and getting inflation up from the current level of around zero to its target of 2%.

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.



Source: Bloomberg as at 17 Nov 2015

## 5. CURRENT TREASURY POSITION

5.1 At the 20<sup>th</sup> 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)

£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

- 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



<b>£'000 External Borrowing only</b>	<b>2015/16</b>	<b>2016/17 Estimate</b>	<b>2017/18 Estimate</b>	<b>2018/19 Estimate</b>	<b>2019/20 Estimate</b>
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.**

<b>Closing CFR only £'000</b>	<b>2015/16 Estimate</b>	<b>2016/17 Estimate</b>	<b>2017/18 Estimate</b>	<b>2018/19 Estimate</b>	<b>2019/20 Estimate</b>
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
<b>TOTAL CFR</b>	<b>255,269</b>	<b>273,990</b>	<b>293,070</b>	<b>313,160</b>	<b>314,185</b>

## **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 Swaps<sup>4</sup> (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.

<sup>4</sup> 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)

## **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.
- 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.

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

<b>Institution Type</b>	<b>Minimum Long Term Credit Rating Required 2016/17 (S&amp;P / Moodys / Fitch)</b>	<b>Maximum Individual Counterparty Investment limit 2016/17 (£m)</b>	<b>Maximum tenor of deposit / investment 2016/17</b>	<b>Changes from the 2015/16 Strategy</b>
<b>Non-UK Bank</b> 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 Types<sup>5</sup>

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)
- (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.

<sup>5</sup> Appendix B provides more detail on the various asset classes.

## 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).

<b>Institution Type</b>	<b>Minimum Credit Rating Required (S&amp;P / Moodys / Fitch)</b>	<b>Maximum Individual Counterparty Investment limit (£m)</b>	<b>Maximum tenor of deposit / investment</b>
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
<b>Total</b>	<b>345</b>	<b>345</b>	<b>345</b>	<b>345</b>	<b>345</b>	<b>345</b>

- 9.3 The Operational Boundary is the focus of day to day treasury management activity within the authority and is set at £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
<b>Total</b>	<b>288</b>	<b>290</b>	<b>290</b>	<b>290</b>	<b>290</b>	<b>290</b>

- 9.4 The HRA CFR is required to remain within a 'Debt Cap' as set by the Department for Communities and Local Government as part of the transition to HRA self-financing. The Council's debt cap is currently set at £254.62m.
- 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 8<sup>th</sup> 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:

<b>Area of Responsibility</b>	<b>Council / Committee / Officer</b>	<b>Frequency</b>
Treasury Management Strategy	Full Council	Annually, at meeting before the start of the financial year.
Scrutiny of Treasury Management Strategy	Audit, Pensions and Standards Committee	Annually
Treasury Management Strategy: Mid-year report	1. Audit, Pensions and Standards Committee 2. Finance and Delivery PAC	Annually, after the first half of the financial year
Treasury Management Strategy: Updates / revisions at other times	1. Audit, Pensions and Standards Committee 2. Finance and Delivery PAC 3. Full Council	As and when required
Treasury Out-turn Report	1. Audit, Pensions and Standards Committee 2. Finance and Delivery PAC 3. Full Council	Annually, after year-end
Treasury Management Monitoring Reports	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**

<b>No.</b>	<b>Description of Background Papers</b>	<b>Name/Ext of holder of file/copy</b>	<b>Department/ Location</b>
1.	Financial monitoring documents & Capital Programme Monitor & Budget Variations 2015/16 (2nd Quarter) report	Christopher Harris Tel: 0208 753 6440	Finance Department, 2 <sup>nd</sup> Floor, HTH Extension

## **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.

**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.

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.

## Credit Ratings

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

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



## Approved Countries For Investments

November 2015

### AAA

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


### AA+

- Finland
- Hong Kong
- Netherlands
- UK
- USA

**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

# Agenda Item 6.4

<b>London Borough of Hammersmith &amp; Fulham</b> <b>COUNCIL</b> 24 February 2016		 hammersmith & fulham
<b>PAY POLICY OF THE LONDON BOROUGH OF HAMMERSMITH AND FULHAM 2016/17</b>		
<b>Report of the Leader of the Council – Councillor Stephen Cowan</b>		
<b>Open Report</b>		
<b>Classification:</b> For Decision <b>Key Decision:</b> No		
<b>Wards Affected:</b> None		
<b>Accountable Executive Director:</b> Nigel Pallace, Chief Executive		
<b>Report Author:</b> Debbie Morris, Director for Human Resources	<b>Contact Details:</b> Tel: 020 8753 3068 E-mail: <a href="mailto:debbie.morris@lbhf.gov.uk">debbie.morris@lbhf.gov.uk</a>	

## 1. EXECUTIVE SUMMARY

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

## 2. RECOMMENDATIONS

- 2.1 That Council is recommended to approve the pay policy statement for 2016/17 as set out in the attached document.
- 2.2 That Council endorses the pay schemes attached as Appendices 1, 2 and 3 of the pay policy.

## 3 REASONS FOR DECISION

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

## **4 INTRODUCTION AND BACKGROUND**

- 4.1 Under Section 38(1) of the Localism Act 2011, the council is required to prepare a pay policy statement for each financial year. This pay policy statement must be approved by Council. The provisions of the Act do not apply to local authority schools.
- 4.2 Approved pay policy statements must be published on the council's website as soon as reasonably practicable after being approved. The Act also requires that the council includes in its pay policy statement, its approach to the publication of and access to information relating to the remuneration of chief officers. Remuneration includes salary or payment for a contract for services, expenses, bonuses, and performance related pay as well as severance payments. The definition of chief officers includes the head of paid service, statutory chief officers, non-statutory chief officers and those who report to them.
- 4.3 Section 38(1) of the Act also requires the council to set out its policy on remuneration for its highest paid staff alongside its policies towards its lowest paid employees. In particular, it requires the council to explain what it thinks the relationship should be between the remuneration of its chief officers and other employees and to set out policy on the lowest paid (outlined in the paragraph on 'Definitions' within the pay policy). The council must include its current policy towards maintaining or reaching a specific pay multiple, within its broader policy on how pay and reward should be fairly dispersed across its workforce.
- 4.4 So far as other elements of senior remuneration are concerned, including bonuses, performance related pay (PRP), severance payments and the payment of fees for election duties, the council must also make it clear what approach it takes to the setting and publishing of these.
- 4.5 The pay policy statement must also deal with a number of aspects of re-employment of staff. The council must explain its policy in relation to the payment of salary and pension to the same individual. It must also set out its policy in relation to the re-employment of chief officers who have retired and may be re-employed on a contract for services.
- 4.6 The council must in setting pay policy statements, have regard to the guidance issued by the Secretary of State for Communities and Local Government. This includes the Local Government Transparency Code 2015 issued pursuant to section 2 of the Local Government, Planning and Land Act 1980 and guidance under section 40 of the Localism Act of February 2012 and February 2013 which requires relevant authorities to prepare pay policy statements. Due regard has been had to the guidance in the preparation of this policy.
- 4.7 The policy statement must be approved by a resolution of Council. Once in force, it must be complied with although it may be amended by Council during the financial year. It must always be published on the council's website as soon as reasonably practicable after approval or amendment.

## **5 PROPOSAL AND ISSUES**

5.1 The Government guidance for local authorities on the preparation of a pay policy statement recommends the calculation and publication of an authority's pay multiple. That is the relationship between the median earnings figure in the organisation and the remuneration of its highest paid officer.

5.2 The median is defined as that earnings figure at which there are an equal number of officers' earnings figures above and below it. The highest paid officer in H&F is the Chief Executive.

6 The remuneration of the highest paid officer is divided by the median earnings figure to arrive at the pay multiple. At the start of 2016 this ratio is 5.9 the same as in 2015. This is because there has been no national pay award for staff since 1 January 2015 when a 15 month pay award to 31 March 2016 was implemented.

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

7.1 Not applicable

## **8 CONSULTATION**

8.1 None

## **9 EQUALITY IMPLICATIONS**

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

## **10 LEGAL IMPLICATIONS**

10.1 The statutory requirements set out in Chapter 8 of Part 1 of the Localism Act 2011 (Sections 38-43) are summarised in the report and the pay policy statement. The pay policy statement complies with the statutory requirements.

10.2 Implications verified/completed by Tasnim Shawkat, Director of Law. Tel: 0208 753 2700

## **11 FINANCIAL AND RESOURCES IMPLICATIONS**

11.1 This report sets out the status quo on pay within the council, therefore there are no additional financial implications arising from the report as resultant costs can be contained within existing budgets.

11.2 Implications verified/completed by Hitesh Jolapara, Strategic Director for Corporate Financial Services.

## 12 RISK MANAGEMENT

None

## 13 PROCUREMENT AND IT STRATEGY IMPLICATIONS

None

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

<b>No.</b>	<b>Description of Background Papers</b>	<b>Name/Ext of holder of file/copy</b>	<b>Department/ Location</b>
1.	Council Pension Policy	Debbie Morris, Shared Director for Human Resources (LBHF & RBKC)	Hammersmith Town Hall
2.	Council guidance on performance related pay	Tel: 020 8753 3068	

### **LIST OF APPENDICES:**

Appendix 1 - NJC Salary Scales and SMG Pay Ranges

Appendix 2 - Senior Manager Performance Scheme (SMG 3)

Appendix 3 - Senior Manager Performance Scheme (SMG 1 and 2)

Appendix 4 - Statement of Local Employer Pension Policy April 2014

Appendix 5 – Chief Executive Pay Multiple

## **PAY POLICY STATEMENT**

### **London Borough of Hammersmith and Fulham (H&F)**

#### **1. Fairness and Transparency**

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

#### **2. Vision and Values**

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

#### **3. Pay Design**

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

- 3.4 The pay ranges for all staff and the senior manager performance schemes are set out in the attached Appendices 1, 2 and 3.
- 3.5 There are a number of additional performance related pay schemes for certain other groups of staff that pay up to 10% of salary. These groups are:
- Civil Enforcement
  - Commercial Waste
  - Corporate Anti-Fraud Service
  - Development Management
  - Pest Control
  - Rental Income
  - Commercial Director
  - Strategic Commissioners and Service Managers in Adult's Commissioning Services

Market supplements have been agreed for Heads of Service in ICT reviewable every two years and for Heads of Service in Adult's Commissioning Services.

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



#### **4. Other Rewards**

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

#### **5. Pension and Severance Payments**

- 5.1 A week's pay for the purpose of calculating a statutory redundancy payment is calculated in accordance with sections 220 to 229 of the Employment Rights Act 1996 and the council exercises discretion to waive the statutory weekly pay limit. Under the provisions of the Local Government (Early Termination of Employment) Discretionary Compensation (England and Wales) Regulations 2006, the actual amount of a week's pay is used. A week's pay is the amount of pay that the employee is entitled to, for working their normal contractual hours and any variable items of pay are averaged over the last 12 weeks ending on the calculation date.
- 5.2 Calculation of a full-time week's pay is subject to a locally agreed minimum, currently £530.03. This is approximately equal to 1.5 x H&F Minimum Earnings Guarantee, a local policy which ensures that no employee earns less than £342.44 per week.
- 5.3 The number of weeks redundancy is based on age and length of service at leaving and is subject to a statutory limit of 30 weeks pay.
- 5.4 Staff are entitled to join the Local Government Pension Scheme (LGPS) and will receive their pension at their normal retirement age, with an additional entitlement to leave with a reduced pension at age 55. Pension payments will be released early in certain circumstances including redundancy and ill health retirements provided the appropriate criteria of the local pension policy are met. There is a separate, published policy on pension payments. This is updated from time to time in line with any changes to pension regulations.
- 5.5 Arising from the auto-enrolment regulations, a change took effect to joining arrangements from 1 April 2013; new starters are enrolled into the LGPS, subject to certain conditions, unless they choose to opt out. Staff who opted out of the LGPS before 1 April 2013 will not be auto-enrolled until 1<sup>st</sup> October 2017 but may opt to join the LGPS at any time.
- 5.6 Under the LGPS, certain staff may request flexible retirement whereby they can retire early and continue to work on a part-time basis or on a

reduced salary. The council retains the discretion to agree such arrangements as they are not a right.

5.7 The fact that an individual is already receiving a pension under the LGPS regulations does not prevent the council from appointing them. However if an employee is in receipt of a pension from a previous employer that is a member of the LGPS and they are recruited by the council, they must notify their pension provider of re-employment, even if they elect not to join the pension scheme here. It is the pension provider's responsibility to review their pension and if necessary make any reduction due to the level of earnings.

5.8 The Government has announced that it proposes to bring in a cap of £95,000 on exit payments for public sector organisations including Local Government. The proposed regulations are made under powers conferred on them by section 153A (1) of the Small Business, Enterprise and Employment Act 2015. The earliest that the proposed changes could be implemented are April 2016 although a more realistic date may be October 2016.

5.9 The core elements of the proposal are to:

- Apply a £95,000 cap on the total value of exit payments
- Apply the cap to all forms of voluntary and compulsory exit payments; ex gratia payments and special severance payments; other benefits granted as part of the exit process; employer costs in providing early unreduced access to pension and payments of compensation in lieu of notice and payments relating to cashing up of outstanding entitlements.

5.10 Draft Regulations ("The Public Sector Exit Payment Regulations 2016") have already been published under s153C Small Business, Enterprise and Employment Act 2015. Neither s153C nor the draft regulations are currently in force and the implementation date is not yet known.

5.11 The draft regulations at Part 3 grant a power to relax the restriction on payment of exit payments, i.e. to waive the cap. That power can only be exercised by Full Council. It is anticipated that a report will be taken to Full Council seeking a decision to waive the cap. However the terms of the waiver are not yet known as the draft Regulation 11 specifies that the exercise of the power under s153C (1) must be in accordance with statutory guidance issued by the Treasury and no such guidance has yet been issued.

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

The council publishes details of remuneration of chief officers in the Annual Statement of Accounts and on the council's website. The

council also publishes information about the level of remuneration of other senior staff on its website. This information is published for all senior staff on annual earnings of £50,000 or more.

## **7. Definitions**

- 7.1 The pay ranges for senior staff reflect the need to recruit and retain good staff. Annual increases for these staff reflect the nationally agreed salary increases.
- 7.2 The Localism Act requires the council to define its lowest paid employees. The council has a minimum earnings guarantee (MEG) and this is now paid by the council at a full-time equivalent hourly rate of £9.51, which represents our lowest paid employee (National Minimum Wage is currently £6.70 per hour and the London Living Wage is £9.40 per hour). The council will keep its policy with regard to its lowest paid staff under review and has recently applied for accreditation as a Living Wage employer. Those on the council's Graduate Placement Scheme administered by the University of London are paid at the London Living Wage.
- 7.3 In addition, the council is required to publish the pay multiple between the highest paid employee and the median salary of the workforce. The current multiple is 5.9. At present, the council deems this multiple to be appropriate and within an acceptable ratio of 10:1. The policy with regard to the pay multiple will be kept under review.
- 7.4 The council has workers on zero hours contracts. This is an employment contract between an employer and a worker, where the employer is not obliged to provide the worker with any minimum, working hours and the worker is not obliged to accept any of the hours that are offered. This is entered into by written, mutual agreement and by understanding. The arrangement is not an exclusive one and people are free to work elsewhere, should they so choose.

## **8 Remuneration Committee**

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

## **9. Council Role**

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

**NJC SALARY SCALES**

Grade	Spine Point	Basic Salary p.a. 01/01/2015 - 31/03/2016
Scale 1B	6	16,524
	7	16,680
Scale 1C	8	17,055
	9	17,439
	10	17,733
Scale 2	11	18,612
	12	18,933
	13	19,335
Scale 3	14	19,644
	15	19,977
	16	20,367
	17	20,775
Scale 4	18	21,120
	19	21,780
	20	22,452
	21	23,145
Scale 5	22	23,658
	23	24,252
	24	24,936
	25	25,620
Scale 6	26	26,337
	27	27,108
	28	27,879
SO1	29	28,845
	30	29,697
	31	30,525
S02	32	31,323
	33	32,157
	34	32,964
PO1	33	32,157
	34	32,964
	35	33,579
	36	34,380
PO2	35	33,579
	36	34,380
	37	35,253
	38	36,186
PO3	38	36,186
	39	37,257
	40	38,151
	41	39,069
PO4	41	39,069
	42	39,981
	43	40,896
	44	41,811
PO5	44	41,811
	45	42,672
	46	43,620
	47	44,544
PO6	46	43,620
	47	44,544
	48	45,462
	49	46,359
PO7	49	46,359
	50	47,283
	51	48,207
	52	49,128
PO8	51	48,207
	52	49,128
	53	50,064
	54	51,045
PO9	54	51,045
	55	52,041
	56	53,037
	57	54,021
PO10	56	53,037
	57	54,021
	58	55,005
	59	55,989

**SMG PAY RANGES**

Senior Management Grade	Pay Range Minimum	Pay Range Maximum
SMG3 (Heads of Service)	55,227	72,615
SMG2 - Zone 1 (Director)	80,371	100,847
SMG2 - Zone 2 (Director)	87,463	104,803
SMG1 (Executive Director)	117,729	158,620



Our Values:

**Responsive; Innovative; Collaborative; Enterprising; Serving our Public**

## **SENIOR MANAGER PERFORMANCE SCHEME (SMG3)**

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

**The scheme has been designed around four principles:**

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

**The scheme will:**

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

**Performance is assessed in two ways:**

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

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

**To summarise:**

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

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

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

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

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

as well as the additional two elements for managers:

- People and Service management
- Leadership and Engagement

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

### SMG3 salary progression table

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

The intention of these progression matrices is as follows:

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

## Eligibility

### **Managers appointed during the reporting year**

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

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

### **Managers who leave H&F**

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

### **Managers who are unwell during the reporting period**

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

### **Managers who are absent on maternity leave during the reporting year**

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

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

## **Calculation of PRP Pay**

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



## Moderation of PRP Pay

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

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

## The H&F Individual Performance Management cycle

The Individual Performance Management cycle comprises a 4 Step process.

### Step 1 – Objective setting and development planning

To consider what you need to achieve. During this step you will set **5** clear objectives to work on throughout the year. You will also create a Personal Development Plan (PDP) to ensure that you have all the knowledge, skills and support you need to succeed.

### Step 2 – Staying on track

A reminder that you need to have regular 1:1s with your manager in order to consider your progress and help you stay on track. These meetings should take place at least once a month for most roles.

### Step 3 – Mid year review

The purpose of the interim review is to help you consider your overall progress in preparation for your appraisal (Step 4) and to gain actionable feedback to help you succeed. It is also an ideal opportunity to consider how you are doing against your job competencies. The interim review meeting normally takes place in November.

### Step 4 – The appraisal

This is an end-of-year review which helps you take stock of what you've achieved and determine how well you've done. It is an opportunity to learn from your successes as well as those things that haven't gone so well – and to incorporate that learning into your work going forward. Steps 2 and 3 help ensure that there are no surprises at this stage.

**Appraisal to be conducted by 31 March for senior managers.**



Our Values:

**Responsive; Innovative; Collaborative; Enterprising; Serving our Public**

## **SENIOR MANAGER PERFORMANCE SCHEME (SMG1&2)**

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

**The scheme has been designed around four principles:**

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

**The scheme will:**

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

**Performance is assessed in two ways:**

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

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

**To summarise:**

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

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Competency Rating Scale	
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as well as the additional two elements for managers:

- People and Service management
- Leadership and Engagement

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

### SMG1 and SMG2 salary progression table

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

The intention of these progression matrices is as follows:

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

## Eligibility

### **Managers appointed during the reporting year**

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

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

### **Managers who leave H&F**

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

### **Managers who are unwell during the reporting period**

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

### **Managers who are absent on maternity leave during the reporting year**

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

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

### **Calculation of PRP Pay**

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

### **Moderation of PRP Pay**

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

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

## The H&F Individual Performance Management cycle

The Individual Performance Management cycle comprises a 4 Step process.

### Step 1 – Objective setting and development planning

To consider what you need to achieve. During this step you will set **5** clear objectives to work on throughout the year. You will also create a Personal Development Plan (PDP) to ensure that you have all the knowledge, skills and support you need to succeed.

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**Appraisal to be conducted by 31 March for senior managers.**

## **STATEMENT OF LOCAL EMPLOYER PENSION POLICY APRIL 2014**

This statement applies to all employees of The London Borough of Hammersmith and Fulham, who are eligible to be members of the Local Government Pension Scheme. There are four specific matters on which the Council needs to declare its local policy as an employer and two specific matters on which the Council needs to declare its local policy as an administering authority. These are set out below.

### **1. Discretion of employer to award additional pension**

*Regulation 31 LGPS Regs 2013*

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

#### ***Local policy:***

The Council will consider use of this regulation to award additional pension on the recommendation of the Director of Human Resource ( DHR) if the DHR finds that an employee can demonstrate that awarding additional pension will lead to actual cash saving for the Council which always fully offset the cost of awarding additional pension. If the DHR considers that this has not been demonstrated then the request will be refused and will not be referred to the relevant committee.

Where the discretion is exercised the cost to the pension fund is to be reimbursed within one month of a resolution being made

### **2. Discretion to permit flexible retirement**

*Regulation 30(6 and 30(8)) LGPS Regs 2013*

This regulation enables an employer to let an employee aged 55 or more reduce his/her hours or grade and receive immediate payment of all or part payment of the pension benefits to which that member would be entitled in respect of that employment, adjusted by the amount shown as appropriate in actuarial guidance issued by the Secretary of State.

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

#### **Local Policy**

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

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

The Council wishes to support employees who wish to have a gradual transition to full retirement via a reduction in working hours or a reduction in responsibility, so will be minded to support applications from members who have attained age 60. In all cases, support will be required from the employing department who will need to submit a business case detailing how the service will be maintained. The DHR will consider such requests in conjunction with the Chief Executive and the Director for Finance.

### **3. Discretion to waive in whole or in part any actuarial reduction**

*Regulation 30(8) LGPS Regs 2013*

This regulation gives the employer discretion to waive in whole or in part any actuarial reduction that would be required where a LGPS CARE scheme member, who has attained age 55 or more, elects to receive immediate payment of a retirement pension in relation to an employment, if that member is not an employee in local government services in that employment

#### **Local Policy**

No waiver of actuarial reduction will be made in such a case.

### **4. Permitting additional pension contributions**

*Regulation 16 LGPS Regs 2013*

Regulation 16 gives the employer discretion to fund in whole or in part the scheme member's lump sum contribution to pay Additional Pension Contributions (APCs) to cover a period of absence from work on child-related leave, reserve forces leave or because of illness or injury. In the event of the employer exercising its discretion to fund in whole or in part the absence, it also permits the administering authority to require a medical report from the applicant, to show that he/she is in reasonably good health.



The Council will only in exceptional circumstances fund in whole or in part pension contributions to cover a period of absence with employer permission. Consideration will be given to the circumstances of each individual case and will include reasons for the absence e.g. unplanned change in circumstances or bereavement. The Council will always require a medical report from an applicant- obtained at the applicant's cost – before agreeing any additional pension contributions.

## **5. Awarding Death Grant payments**

*Regulation 40 LGPS Regs 2013*

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

### **Local Policy**

The Council will decide to whom death grants should be paid, taking into account, but not limited to any expression of wish form. Where there is no expression of wish form or an existing nomination, which may no longer reflect the member's intentions, (for example there is a subsequent marriage, divorce or children), letter of administration or grant of probate may be requested.

## **6. Paying Child Pensions**

*Schedule 1 LGPS Regs 2013*

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


### **Local Policy**

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

### Chief Executive Pay Multiple

Organisation Name	URL	Effective Date	Pay Multiple Factor	Remuneration Value	Pay Multiple Ratio	Period	Model Calculation
London Borough of Hammersmith & Fulham	<a href="http://opendatacommunities.org/lbhf">http://opendatacommunities.org/lbhf</a>	02.02.2015	The result of the salary of the Chief Executive divided by the median salary of the whole workforce	The Chief Executive's total salary is £194,250 comprising base salary of £185,000 plus an estimated 5% PRP for the 2016-17 financial year. The median salary of the whole workforce is £32,964.	5.89	01.04.2016 to 31.03.2017	1

# Agenda Item 6.5

<b>London Borough of Hammersmith &amp; Fulham</b>		 hammersmith & fulham
<b>COUNCIL</b> <b>24 February 2016</b>		
<b>MEMBERS' ALLOWANCES SCHEME: ANNUAL REVIEW 2016</b>		
<b>Report of the Leader of the Council - Councillor Stephen Cowan</b>		
<b>Open Report</b>		
<b>Classification:</b> For Decision <b>Key Decision:</b> No		
<b>Wards Affected:</b> All		
<b>Accountable Director:</b> Kim Dero, Director of Delivery and Value		
<b>Report Author:</b> Kayode Adewumi, Head of Governance and Scrutiny	<b>Contact Details:</b> Tel: 020 8753 2499 E-mail: <a href="mailto:kayode.adewumi@lbhf.gov.uk">kayode.adewumi@lbhf.gov.uk</a>	

## 1. EXECUTIVE SUMMARY

- 1.1. This report performs the statutory annual review of Members' allowances for the 2016/17 financial year. The annual review takes into account the recommendations made in the Independent Remuneration report to London Councils (June 2014).

## 2. RECOMMENDATIONS

- 2.1. That the Members' Allowances Scheme 2016/17 as set out in Appendix 1 be adopted.

## 3. REASONS FOR DECISION

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

## 4. INTRODUCTION AND BACKGROUND

### Annual Review

- 4.1. In June 2014, the Administration agreed to reduce the Special Responsibility Allowance (SRA) paid to Members by 10% and that under the scheme only one SRA will be paid to a Councillor in respect of duties undertaken. In line with Administration's priorities, it is recommended that the basic and special responsibility allowances are frozen for the 2016/17 financial year and remain the same as the 2014/15 scheme with no additional Special Responsibility

Allowance (SRA) recommended. The new scheme will take effect from 1 April 2016.

## **5. PROPOSAL AND ISSUES**

### **Independent Remuneration Panel's Report**

- 5.1. The Council is formally required to undertake a review of its members' allowances scheme each financial year. Any changes in allowances are required to take into account the recommendations of a local independent panel on remuneration for Councillors. Where a scheme includes a provision for an automatic uplift, the operation of this provision may only be relied on for a period of four years before reference must again be made to a local independent remunerator's report and recommendations.
- 5.2. The Local Authorities (Members' Allowances) (England) Regulations 2003 ('the Regulations') authorise the establishment by the Association of London Government (now London Councils) of an independent remuneration panel to make recommendations in respect of the members' allowances payable by London boroughs. Such a panel ('the Panel') was established and reported in 2001, 2003, 2006, 2010 and 2014. The Regulations requires a review of the scheme every four years as a minimum. A summary of their last recommendations and the Council's response is attached at Appendix 2.
- 5.3. The Council has formally taken into account the recommendations of the local Independent Panel on Remuneration for Councillors issued in June 2014. It was decided that the Council would continue to set its own SRA in line with local conditions and retain its own basic rate allowance.
- 5.4. In line with the Independent Remuneration Panel's recommendations:
  - only one SRA is paid to a councillor in respect of duties with the same authority. Where a Councillor is entitled to two SRAs, he or she will be paid the highest allowance.
  - the Council recognises the need for Dependent Carers payments to have regard to local circumstances and the nature of specialist care. The ordinary carer should be remunerated at not less than the London living wage hourly rate and payment should be made at a higher rate when specialist skills or care is required to attend meetings.

### **Annual Local Government Pay Settlement**

- 5.5. Although the Panel did not recommend a Councillor allowance increase, it continued to recommend that members' allowances be pegged to the annual local government pay settlement. Such pegging will ensure that councillors can receive annual increases which are in line with those received by staff.
- 5.6. In line with administration's priorities, the Council agreed in June 2014 to reduce the Special Responsibility Allowance by 10% and freeze the basic allowance at the 2014/15 level. Both allowances will continue to be frozen in 2016/17.

## Level of Allowances

- 5.7. The Panel thought it appropriate that Leaders should receive an allowance approximating to the salary of a Member of Parliament. We believe that the Independent Remuneration Panel's recommendation would prove considerably more costly to local council taxpayers and be unsustainable. Set out in Appendix 3 are the SRA and Basic allowances paid by our Shared Services partners. Data shows that our Councillors in many areas receive lower allowances than their counterparts.

<b>Special Responsibility Allowance</b>	<b>LBHF</b>	<b>Westminster</b>	<b>RBKC</b>
The Leader	£32,186.70	£ 35,000.00	£ 55,317.00
Policy & Accountability Committees	£5,564.70	£ 8,000.00	£ 15,655.00
Planning and Development Control Committees	£5,564.70	£ 4,000.00	£ 30,300.00
Audit, Pensions and Standards Committee	£5,564.70	£ 8,000.00	£ 6,034.00
Licensing Committee	£5,564.70	£ 8,000.00	£ 20,497.00
Lead Members	£2,700.00	£ 3,000.00	£ 4,545.00
<b>Basic Allowance</b>	<b>£8940</b>	<b>£9000</b>	<b>£10810</b>

## 6 REVIEW OF OTHER ALLOWANCES

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

### Dependent Carer Allowance

- 6.2 Dependant carer allowance is payable in respect of expenses incurred for the care of a Councillor's children or dependants in attending meetings of the authority, its Executive, Committees and Sub-Committees and in discharging the duties set out in paragraph 7 of the Regulations. The Panel had recommended payment at not less than the London living wage, and (on presentation of proof of expense) payment should be made at a higher rate when specialist nursing skills are required. This remains the same.

### Travel & Subsistence

- 6.3 Travel allowances are payable (at the same rates as employees) for duties undertaken away from the Town Halls when discharging duties under paragraph 8 of the Regulations. There will be no payment for intra Borough travel under this scheme unless where a member requires assistance to discharge his or her duties due to ill health or other circumstances approved by the Monitoring Officer. Taxis can be taken by Members who attend approved outside bodies and committee meetings out of the borough. Travel allowance is not payable for intra borough travel such as the use of Public Transport, Car mileage or payment of a Cycle allowance. It is considered that Councillors do not need an allowance to undertake journeys within the Borough to attend to their duties.
- 6.4 Therefore, this remains unchanged.

## **Sickness, Maternity and Paternity Allowance**

- 6.5 Where a Member is entitled to a Special Responsibility Allowance, it will continue to be paid in the case of sickness, maternity and paternity leave in the same way as employees.
- 6.6 Council is requested to adopt the Scheme set out at Appendix 1 effective from 1 April 2016 subject to any changes which might arise.

## **7 LEGAL IMPLICATIONS**

- 7.1 Under Regulation 5 of the Local Authorities (Members' Allowances) (England) Regulations 2003, the Council has the powers to agree the amount it pays its members. The proposals contained within the report are in line with the Local Government Act 2000 and appropriate regulations.

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

## **8. FINANCIAL AND RESOURCES IMPLICATION**

- 8.1 The Strategic Finance Director can confirm that there is sufficient provision in the existing budget to fund the costs as contained in this report.
- 8.2 Implications verified by: Andrew Lord. Head of Strategic Planning and Monitoring, Corporate Finance, 020 8753 2531

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

None.

## Members' Allowances Scheme 2016-17 [Effective from 1<sup>st</sup> April 2016]

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This scheme is made in accordance with the Local Authorities (Members' Allowances) (England) Regulations 2003 ("the Regulations") for 2016–2017 and subsequent years. The allowances scheme has been prepared having regard to the report of the Independent Panel on the Remuneration of Councillors in London established by London Councils on behalf of all London Councils, co-authored by Sir Rodney Brooke CBE DL (Chair), Steve Bundred and Anne Watts CBE, and published in June 2014.

### 1. Basic Allowance

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

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

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

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

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

### 2. Special Responsibility Allowances

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

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

The Leader	£32,186.70
Deputy Leader	£26,816.40
Other Cabinet members (8)	£21,454.20
Chief Whip (where not a member of Cabinet)	£21,454.20
Deputy Chief Whip (2)	£5,564.70
Chair of Policy & Accountability Committees (5)	£5,564.70
Leader of the Opposition	£16,086.60
Deputy Leader of the Opposition	£5,564.70
Opposition Whip	£5,564.70

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

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

### 3) Other Allowances

#### a) *Dependent Carer Allowance*

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

(1) £4.70 per half hour before 10 pm; £5.31 per half hour after 10 pm (not payable in respect of a member of the Councillor's household).

#### b) *Travel & Subsistence*

Travel allowances are payable (at the same rates as employees) for duties undertaken away from the Town Halls when discharging duties under paragraph 8 of the Regulations. There will be no payment for intra Borough travel under this scheme unless where a member requires assistance to discharge his or her duties due to ill health or other circumstances approved by the Monitoring Officer. Taxis can be taken by Members who attend approved outside bodies and committee meetings out of the borough

##### (1) Public Transport

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

##### (2) Car mileage

45 pence per mile.

##### (3) Subsistence

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

#### c) **Sickness, Maternity and Paternity Allowance**

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



#### **4) Annual Increase**

The allowances in this scheme apply to the financial year 2016/17. All allowances have been frozen at the 2014/15 level.

#### **5) Election to forego allowances**

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

#### **6) Time limit for claims**

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

#### **7) Withholding of allowances**

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

#### **8) Membership of more than One Authority**

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

#### **9) Non Entitlement to more than One SRA**

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

#### **10) Pensions**

No Members of the Council shall be entitled to membership of the Local Government Pension Scheme in accordance with Section 7 of the Superannuation Act 1972.

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

### **Co-optees**

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

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

### **Independent Members**

The London Borough of Hammersmith and Fulham shall pay an allowance to one of the two appointed Independent Members at a flat rate allowance of £504 per annum payable by equal monthly instalments of £42.00 on the 15<sup>th</sup> of each month.

	<b>LBHF</b>	<b>Westminster</b>	<b>RBKC</b>
The Leader	£32,186.70	£ 35,000.00	£55,317.00
Deputy Leader	£26,816.40	£ 17,500.00	£36,772.00
Other Cabinet members	£21,454.20	£ 10,000.00	£35,752.00
Chief Whip	£21,454.20	£ 10,000.00	£35,752.00
Deputy Chief Whip	£5,564.70	£ -	£ -
Policy & Accountability Committees	£5,564.70	£ 8,000.00	£15,655.00
Leader of the Opposition	£16,086.60	£ 8,000.00	£20,497.00
Deputy Leader of the Opposition	£5,564.70	£ 4,000.00	
Opposition Whip	£5,564.70	£ 4,000.00	£ 6,034.00
Councillor Member on Adoption and Fostering Panel	£5,564.70	£ 3,000.00	£5,564.70
Planning and Development Control Committees	£5,564.70	£ 4,000.00	£30,300.00
Audit, Pensions and Standards Committee	£5,564.70	£ 8,000.00	£ 6,034.00
Pensions Sub Committee	£0.00	£ 2,000.00	£ 6,034.00
Licensing Committee	£5,564.70	£ 8,000.00	£20,497.00
The Mayor	£10,729.80	£ 23,500.00	£ 9,838.00
Deputy Mayor	£5,564.70	£ -	£ -
Lead Members (2) – Contracts, and Hospitals and Health Care	£2,700.00	£ 3,000.00	£ 4,545.00

Basic Allowance	8940	9000	10810
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### **Report of the Independent Panel - Recommendations of the Remuneration of Councillors in London 2014**

#### **Pensions**

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

#### **External Paid Appointments**

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

#### **Chair of the Health and Well Being Board**

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

#### **Lead Member for Children's and Adult Services**

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

#### **Sickness, Maternity and Paternity Leave**

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

#### **Travel and Subsistence Allowances**

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

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

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

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

### **Dependants' Carers' Allowance**


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

### **The Current Financial And Political Climate**

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

### **Level of Allowances**

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

<p><b>London Borough of Hammersmith &amp; Fulham</b></p> <p><b>COUNCIL</b></p> <p><b>24 February 2016</b></p>	
<p><b>CHANGE OF POLLING STATION</b></p>	
<p><b>Report of the Returning Officer – Nigel Pallace</b></p>	
<p><b>Open Report</b></p>	
<p><b>Classification:</b> For Decision  <b>Key Decision:</b> No</p>	
<p><b>Wards Affected:</b> Askew</p>	
<p><b>Accountable Director:</b> Tasnim Shawkat, Director of Law</p>	
<p><b>Report Author:</b>  Martina Reid, Deputy Electoral Services Manager</p>	<p><b>Contact Details:</b>  Tel: 020 8753 2640  E-mail: <a href="mailto:martina.reid@lbhf.gov.uk">martina.reid@lbhf.gov.uk</a></p>

## 1. EXECUTIVE SUMMARY

- 1.1. To outline the recommendation of the Returning Officer that a temporary change of polling arrangements for ASA polling district from the London Mayor and Assembly Elections 5 May 2016.

## 2. RECOMMENDATIONS

- 2.1. That the polling place for ASA polling district be temporarily moved from St Saviour's Church, Cobbold Road to Wendell Park School, Cobbold Road.

## 3. REASONS FOR DECISION

- 3.1. The Electoral Administration Act 2006 introduced a cycle of regular statutory reviews and prescribes that Electors are given such reasonable and accessible facilities for voting as are practicable. The venue used during the 2015 elections is no longer available and therefore requires us to seek an alternative.

#### **4. INTRODUCTION AND BACKGROUND**

- 4.1. Under the Representation of the People Act 1983, the Council has a duty to divide the borough into polling districts and to designate a polling place for each district. It also has to keep these arrangements under review. A Polling Place is defined as “a geographical area in which a polling station is located”. It is widely accepted to be a specific building identified for the purpose, which the Local Authority is responsible for determining. A Polling Station is the actual area where the process of voting takes place, and must be located within the polling place designated for the particular polling district for which the Returning Officer is responsible for determining.

#### **5. PROPOSAL AND ISSUES**

- 5.1. To temporarily change the polling station for polling district ASA from St Saviours Church, Cobbold Road to Wendell Park School, Cobbold Road. St Saviours Church, Cobbold Road has informed the Returning Officer that the church hall is not available on 5 May. The main church was made available, but it does not, in the Returning Officer’s opinion offer good access for voters with disabilities and lighting is insufficient. There are also safeguarding issues concerning the nursery using the building during an election. Wendell Park School is available and the head teacher is content for their premises to be used. Wendell Park School has been used as a polling station at previous elections.

#### **6. OPTIONS AND ANALYSIS OF OPTIONS**

- 6.1. An alternative venue, the main church at St Saviours Church has been suggested. This would require the installation of an external ramp for disabled access, additional internal and external lighting. The Returning Officer has taken the view that Wendell Park School should be used as an alternative as it has good disabled access, lighting and good facilities for both voters and polling station staff.

#### **7. CONSULTATION**

- 7.1. Local Ward Councillors and Returning Officer.

#### **8. EQUALITY IMPLICATIONS**

- 8.1. There is level and excellent access to Wendell Park School. The alternative venue proposed, the main church at St Saviours Church, does not have good access. The installation of an external ramp would be required for disabled access.

#### **9. FINANCIAL AND RESOURCES IMPLICATIONS**

- 9.1. The cost of using St Saviours Church as a polling station would be in the region of £500.

Implications completed by: Martina Reid tel: 020 8753 2640

**10. IMPLICATIONS FOR BUSINESS**

10.1. Wendell Park School has an unallocated inset day that will be used to accommodate polling on 5 May.

Implications completed by: Martina Reid tel: 020 8753 2640

**11. RISK MANAGEMENT**

11.1. There are no additional risks associated with the recommendations.

Implications completed by: Martina Reid tel: 020 8753 2640

**12. IT STRATEGY IMPLICATIONS**

12.1. There are no relevant implications.

Implications completed by: Martina Reid tel: 020 8753 2640

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


<b>No.</b>	<b>Description of Background Papers</b>	<b>Name/Ext of holder of file/copy</b>	<b>Department/ Location</b>
1.	Polling Arrangements Review 2013	Martina Reid x2640	FCS, Electoral Services, Room 28 Hammersmith Town Hall

**LIST OF APPENDICES:**

None



# Agenda Item 6.7

<b>London Borough of Hammersmith &amp; Fulham</b>  <b>COUNCIL</b>  24 February 2016	 hammersmith & fulham
<b>Changes to the Council Calendar</b>	
<b>Report of the Leader of the Council - Councillor Stephen Cowan</b>	
<b>Open Report</b>	
<b>Classification:</b> For Decision <b>Key Decision:</b> No	
<b>Wards Affected:</b> All	
<b>Accountable Director:</b> Kim Dero, Director Of Delivery and Value	
<b>Report Author:</b> Kayode Adewumi, Head of Governance and Scrutiny	<b>Contact Details:</b> Tel: 020 8753 2499 E-mail: <a href="mailto:kayode.adewumi@lbhf.gov.uk">kayode.adewumi@lbhf.gov.uk</a>

## 1. EXECUTIVE SUMMARY

- 1.1. The Full Council meeting scheduled on Wednesday 26 October 2016 falls during school holidays. This reports seeks approval to move the meeting to Wednesday 19 October 2016 to allow Members and officers time off with their families, where required.

## 2. RECOMMENDATIONS

- 2.1 That the meetings published in the Council calendar be held on the following new dates:
  - Cabinet – Monday 10<sup>th</sup> October 2016
  - Conservative Group - Wednesday 12<sup>th</sup> October
  - Labour Group – Monday 17<sup>th</sup> October
  - Full Council - Wednesday 19<sup>th</sup> October 2016

## 3. REASONS FOR DECISION

- 3.1 The Council has the power to change the date of its meetings.

## 4. INTRODUCTION AND BACKGROUND

- 4.1 The Council calendar of meetings was agreed in June 2014. It has subsequently been noticed that the Full Council meeting scheduled on

Wednesday 26 October 2016 falls during school holidays. It is proposed that the meeting be moved to Wednesday 19 October 2016. In order to accommodate this change, the following meetings will also be moved:-

- Cabinet from 17<sup>th</sup> October to 10<sup>th</sup> October
- Conservative Group from 19<sup>th</sup> October to 12<sup>th</sup> October
- Labour Group from 24<sup>th</sup> October to 17<sup>th</sup> October

## **5. EQUALITY IMPLICATIONS**

- 5.1 A date outside the school holidays is considered to be more accessible to councillors and officers with caring/dependency responsibilities. The equalities implications of this decision has been considered to be neutral.

## **6. LEGAL IMPLICATIONS**

- 6.1 The Council may hold its meetings at such hour, on such days and at such a place as the Council may determine. This change allows the Council to continue to carry out its business lawfully.

- 6.2 Implications verified by: Tasnim Shawkat, Director of Law (020 8753 2700)

## **7 FINANCIAL AND RESOURCES IMPLICATIONS**

- 7.1 There are no direct financial implications.

- 8.1 Implications verified/completed by: Kayode Adewumi, Head of Governance and Scrutiny (020 8753 2499)

## **8 RISK MANAGEMENT**

- 9.1 There are no significant risk management implications for this report.

- 9.2 Implications verified/completed by: Kayode Adewumi, Head of Governance and Scrutiny (020 8753 2499)

## **9 PROCUREMENT AND IT STRATEGY IMPLICATIONS**

- 10.1 There are no procurement of IT strategy implications.

- 10.2 Implications verified/completed by: Kayode Adewumi, Head of Governance and Scrutiny (020 8753 2499)

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

None.