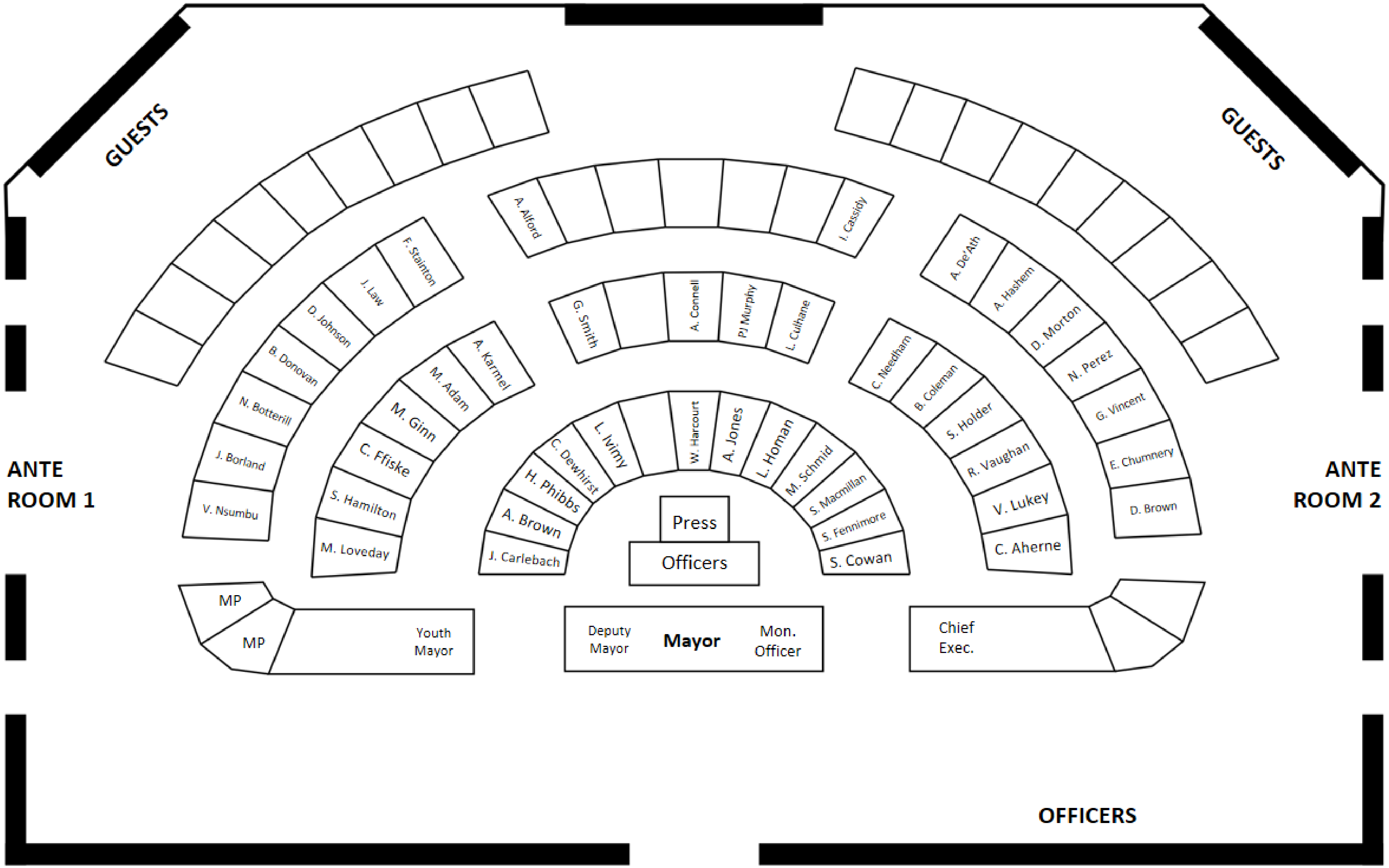
COUNCIL AGENDA

BUDGET COUNCIL MEETING

Wednesday 21 February 2018

COUNCIL CHAMBER SEATING 2017/18



COUNCIL CHAMBER FOYER

The Mayor – Councillor Michael Cartwright
Deputy Mayor – Councillor Mercy Umeh

ADDISON

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

ASKEW

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

AVONMORE & BROOK GREEN

David Morton (L)
Joe Carlebach (C)
Caroline Ffiske (C)

COLLEGE PARK & OLD OAK

Elaine Chumnery (L)
Wesley Harcourt (L)

FULHAM BROADWAY

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

FULHAM REACH

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

HAMMERSMITH BROADWAY

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

MUNSTER

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

NORTH END

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

PALACE RIVERSIDE

Marcus Ginn (C)
Donald Johnson (C)

PARSONS GREEN AND WALHAM

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

RAVENSCOURT PARK

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

SANDS END

Steve Hamilton (C)
Jacqueline Borland (C)
Jane Law (C)

SHEPHERDS BUSH GREEN

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

TOWN

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

WORMHOLT AND WHITE CITY

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

SUMMONS

Councillors of the London Borough of
Hammersmith & Fulham
are requested to attend the
meeting of the Council on
Wednesday 21 February 2018
at Hammersmith Town Hall, W6

The Council will meet at 7.00pm

13 February 2018
Town Hall
Hammersmith W6

Kim Dero
Chief Executive

London Borough of Hammersmith & Fulham

Full Council
Agenda

21 February 2018

Item		**Pages**
1.	**MINUTES**	1 - 23

To approve the minutes of the meeting held on 24 January 2018.

2. **APOLOGIES FOR ABSENCE**

3. **MAYOR'S/CHIEF EXECUTIVE'S ANNOUNCEMENTS**

4. **DECLARATIONS OF INTERESTS**

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

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

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

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

5. **PUBLIC QUESTIONS**

No public questions were submitted.

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

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COUNCIL MINUTES

ORDINARY COUNCIL MEETING

WEDNESDAY 24 JANUARY 2018

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PRESENT

Deputy Mayor – Councillor Mercy Umeh

Councillors:

Colin Aherne
Daryl Brown
Iain Cassidy
Ben Coleman
Adam Connell
Stephen Cowan
Larry Culhane
Sue Fennimore
Wesley Harcourt
Ali Hashem
Sharon Holder
Lisa Homan
Vivienne Lukey
Sue Macmillan
David Morton
PJ Murphy
Caroline Needham
Natalia Perez
Max Schmid
Rory Vaughan
Guy Vincent
Michael Adam
Adronie Alford
Jacqueline Borland
Nicholas Botterill
Andrew Brown
Joe Carlebach
Belinda Donovan
Caroline Ffiske
Marcus Ginn
Steve Hamilton
Lucy Ivimy
Donald Johnson
Alex Karmel
Harry Phibbs
Greg Smith
Frances Stainton

Under Standing Order 8.2 Councillor Colin Aherne moved, and it was unanimously agreed, that in the absence of the Mayor the Deputy Mayor preside over the meeting.

1. MINUTES

RESOLVED
That the minutes of the Council Meeting held on 14th November 2017 were confirmed and signed as an accurate record.

2. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors Michael Cartwright, Alan De'Ath, Andrew Jones, Charlie Dewhirst, Jane Law, Mark Loveday and Viya Nsumbu.

Apologies for lateness were received from Councillor Caroline Ffiske.

The Council wished Councillor Michael Cartwright a speedy recovery.

3. MAYOR'S/CHIEF EXECUTIVE'S ANNOUNCEMENTS

There were no announcements.

4. DECLARATIONS OF INTERESTS

Councillors Joe Carlebach, Wesley Harcourt and Lisa Homan declared interests in Special Motion 2 – Universal Credit, as trustees of the Hammersmith and Fulham Citizens Advice.

5. PUBLIC QUESTIONS (20 MINUTES)

5.1 Question 1 - Thames Tideway Tunnel

7.05pm – The Deputy Mayor called on Mr Matthew Uberoi who had submitted a question to the Leader of the Council, Councillor Stephen Cowan, to ask his question. The Leader responded. Mr Matthew Uberoi asked a supplementary question which was also answered.

6. ITEMS FOR DISCUSSION/COMMITTEE REPORTS

6.4 Party Appointment for the 2017-18 Municipal Year

The Mayor requested that the consideration of this additional report take precedence.

7.12pm - The report on the appointment of Councillor Alex Karmel as Opposition Whip for the remaining part of the 2017/18 Municipal Year was noted.

6.1 Council Tax Support Scheme 2018-19

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

Speeches on the report were made by Councillor Harry Phibbs (for the Opposition) and Councillor Max Schmid (for the Administration).

The report and recommendations were then put to the vote:

FOR	**UNANIMOUS**
AGAINST	0
NOT VOTING	0

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

7.13pm – RESOLVED

That the Council continues with its Council Tax support scheme with no changes from the current scheme.

6.2 **Council Tax Base and Collection Rate 2018-19**

7.19pm – The report and recommendations were formally moved for adoption by Councillor Max Schmid, Cabinet Member for Finance.

The report and recommendations were then put to the vote:

FOR	**UNANIMOUS**
AGAINST	0
NOT VOTING	0

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

7.19pm – RESOLVED

1.1 That Council approve the following recommendations for the financial year 2018/19:

(i) That the estimated numbers of properties for each Valuation Band as set out in this report be approved.

(ii) That an estimated Collection rate of 97.5% be approved.

(iii) That the Council Tax Base of 77,856 Band “D” equivalent properties be approved

(iv) To delegate authority to the Strategic Finance Director in consultation with the Cabinet Member for Finance, to determine the business rates tax base for 2018/19.

(v) To agree that the Council charge a 100% council tax premium on empty properties equating to 200% of the council tax payable. When regulations allow

1.2 In relation to the London Business Rates Pooling Pilot the London Borough of Hammersmith and Fulham resolves to:

(i) Approve and accept the designation by the Secretary of State as an authority within the London Business Rates Pilot Pool pursuant to 34(7)(1) of Schedule 7B Local Government Finance Act 1988.

(ii) Participate in the London Business Rates Pilot Pool with effect from 1 April 2018.

(iii) Delegate the authority's administrative functions as a billing authority in relation to the Non-Domestic Rating (Rates Retention) Regulations 2013, to the City of London Corporation acting as the Lead Authority.

(iv) Authorise the Lead Authority to sub-contract certain ancillary administrative functions regarding the financial transactions within the Pool to the GLA as it considers expedient.

(v) Delegate authority to the Chief Finance Officer, to agree the operational details of the pooling arrangements with the participating authorities.

(vi) Authorise the Chief Finance Officer to make any amendments to the Memorandum of Understanding, attached at Appendix 1, as may be required by the Secretary of State, and to enter into the final Memorandum of Understanding on behalf of the authority.

(vii) To authorise the Cabinet member for Finance to represent the authority in relation to consultations regarding the London Business Rates Pilot Pool consultative as may be undertaken by the Lead Authority pursuant to the Memorandum of Understanding.

6.3 **Adoption of the Local Plan**

7.20pm – The report and recommendations were formally moved for adoption by Councillor Wesley Harcourt, Cabinet Member for Environment, Transport and Residents Services.

The report and recommendations were then put to the vote:

FOR	**UNANIMOUS**
AGAINST	0
NOT VOTING	0

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

7.20pm – RESOLVED

1.1. That approval be given by Full Council for the adoption of the Local Plan incorporating the main modifications recommended by the Inspector (set out at Appendix 2) and the minor modifications (detailed at Appendix 3) and for adoption and publication of the Local Plan to take affect from 28th February 2018.

1.2. That approval be given by Full Council for the revocation of the supplementary planning guidance identified in paragraph 4.6 of this report and for revocation to take affect from 28th February 2018.

7. SPECIAL MOTIONS

7.21pm – Under Standing Order 15(e) 3, Councillor Alex Karmel moved a motion that Special Motions 5 and 6 take precedence on the agenda. The motion to give precedence was then put to the vote:

FOR	16
AGAINST	**21**
NOT VOTING	0

The motion was declared **LOST**.

7.1 **Special Motion 1 - Brexit**

7.22pm – Councillor Iain Cassidy moved, seconded by Councillor Adam Connell, the special motion in their names:

"It's now eighteen months since the referendum and it's now plain to see that Leave campaigners told the British people a pack of lies. We were told the negotiations would be easy but the Rt Hon David Davis MP, Secretary of State for Exiting the European Union, described Brexit being "as complicated as moon landing". We were told that by leaving the EU, we would save "£350 million a week" which would then be given to the NHS but instead we now see the madness of a government spending more of our taxes on Brexit than it is on our NHS or dealing with the horrendous increases in child and pensioner poverty. And people were told that Brexit would cut immigration, but the Rt Hon Michael Gove MP stated that Brexit could see Britain accept more immigrants albeit from outside of the EU.

Meanwhile:

- The UK economy is now the slowest growing economy in Europe, reducing the prosperity of the UK and Borough residents;
- Businesses within Hammersmith and Fulham, like those elsewhere in the UK, are cutting or delaying investment in new production and new jobs while they await the Brexit deal;
- Both private business and public-sector organizations such as the NHS are facing labour shortages;
- New investment in the Borough is being jeopardised and new job opportunities are being lost for residents in this Borough;
- Inflation caused by Brexit-related depreciation of the pound is driving up living costs for the poorest residents in this Borough and further squeezing living standard;
- The long-term prospects for the City of London remaining the most significant finance centre in the world have been undermined.

It's evident that Brexit will hurt all but the richest of our citizens. So, while Boris Johnson, Nigel Farage and Jacob Rees-Mogg are wealthy enough to avoid its consequences the rest of us, and our children, will most likely be poorer and less secure.

The Council agrees that the current rights of EU citizens living in the UK should always be fully protected.

At the Referendum over 70% of Borough residents voted to remain in the European Union and that nobody voted to spend £50 billion of tax payers' money on Brexit.

This Council calls on the government to abandon any plans for a hard Brexit and to give the British people a vote on whatever deal they end up getting along with the opportunity to vote on keeping the many benefits Britons currently enjoy by staying in the European Union."

Councillors Iain Cassidy and Adam Connell gave speeches on the special motion (for the Administration).

Under Standing Order 15(e) 6, Councillor Andrew Brown moved, seconded by Councillor Donald Johnson, an amendment to the special motion as follows:

"Delete from: "It's now eighteen months" …. to "and less secure".

After "fully protected", insert "This council further agrees to support residents of LBHF, who are from the other 27 EU countries, with any immigration issues they may be facing, and to fund this support, like other London Boroughs have done, such as Westminster and Wandsworth."

Speeches on the amendment to the special motion were made by Councillors Ben Coleman, PJ Murphy, Stephen Cowan and Max Schmid (for the Administration) – and Councillors Andrew Brown, Joe Carlebach, Nicholas Botterill and Lucy Ivimy (for the Opposition).

The amendment was then put to the vote:

FOR	16
AGAINST	**21**
NOT VOTING	0

The amendment was declared **LOST**.

Speeches on the substantive motion were made by Councillors Andrew Brown and Joe Carlebach (for the Opposition) and Councillors Caroline Needham, Lisa Homan, Stephen Cowan and Ben Coleman (for the Administration).

Councillor Iain Cassidy then made a speech winding up the debate before the special motion was put to the vote:

FOR	**21**
AGAINST	16
NOT VOTING	0

The special motion was declared **CARRIED**.

8.42pm – RESOLVED

It's now eighteen months since the referendum and it's now plain to see that Leave campaigners told the British people a pack of lies. We were told the negotiations would be easy but the Rt Hon David Davis MP, Secretary of State for Exiting the European Union, described Brexit being "as complicated as moon landing". We were told that by leaving the EU, we would save "£350 million a week" which would then be given to the NHS but instead we now see the madness of a government spending more of our taxes on Brexit than it is on our NHS or dealing with the horrendous increases in child and pensioner poverty. And people were told that Brexit would cut immigration, but the Rt Hon Michael Gove MP stated that Brexit could see Britain accept more immigrants albeit from outside of the EU.

Meanwhile:

- The UK economy is now the slowest growing economy in Europe, reducing the prosperity of the UK and Borough residents;
- Businesses within Hammersmith and Fulham, like those elsewhere in the UK, are cutting or delaying investment in new production and new jobs while they await the Brexit deal;
- Both private business and public-sector organizations such as the NHS are facing labour shortages;
- New investment in the Borough is being jeopardised and new job opportunities are being lost for residents in this Borough;
- Inflation caused by Brexit-related depreciation of the pound is driving up living costs for the poorest residents in this Borough and further squeezing living standard;
- The long-term prospects for the City of London remaining the most significant finance centre in the world have been undermined.

It's evident that Brexit will hurt all but the richest of our citizens. So, while Boris Johnson, Nigel Farage and Jacob Rees-Mogg are wealthy enough to avoid its consequences the rest of us, and our children, will most likely be poorer and less secure.

The Council agrees that the current rights of EU citizens living in the UK should always be fully protected.

At the Referendum over 70% of Borough residents voted to remain in the European Union and that nobody voted to spend £50 billion of tax payers' money on Brexit.

This Council calls on the government to abandon any plans for a hard Brexit and to give the British people a vote on whatever deal they end up getting along with the opportunity to vote on keeping the many benefits Britons currently enjoy by staying in the European Union.

7.2 **Special Motion 2 - Universal Credit**

8.42pm – Councillor Sue Fennimore moved, seconded by Councillor Lisa Homan, the special motion in their names:

"Universal credit is the most radical reform to the British welfare system since The Beveridge report in 1942.

The Council agrees that supporting people into sustainable work and careers is key to ending poverty for those who are able to work. Whilst universal credit is in principle an approach that could have genuinely helped achieve these aims and simplify the benefits system, its inception was ill-conceived by Iain Duncan Smith MP and its implementation has been badly executed. These fundamental flaws have caused considerable harm particularly to vulnerable people.

Since Universal Credit was fully rolled out in this borough, the food bank has reported a huge increase in its use and has projected a 100% increase in its distribution of food parcels and requests for support by the end of this financial year. This is just one of the consequences of this policy and one which the government should be ashamed of.

Further roll out across the country has been described as a 'disaster waiting to happen'.

This Council calls on Prime Minister, the Rt Hon Teresa May MP and Secretary of State for Work and Pensions, Esther McVey MP…

- to halt the roll-out of Universal Credit before it damages the lives of anymore of our residents.

- to listen to 'Citizens Advice' and other agencies who are publicly calling for this to happen before anymore households face financial devastation and the very real possibility of homelessness.

- to fix the inherent problems with the system and acknowledges the mistakes they made in its design.

- to stop ignoring those who are "just about managing" and listen to MPs of all parties who are deeply concerned about this reform.

- to acknowledge the vote in the House passed by 299 to zero in favour of halting Universal Credit.

- to listen to Housing Associations who say it could seriously affect their house building plans.

- to listen to private landlords who are refusing to rent properties to people who claim Universal credit because of its innate flaw in their ability to ensure they receive rent owed to them.

- put pressure on the DWP to significantly improve and provide proper help to those who are entitled it."

Speeches on the special motion were made by Councillors Sue Fennimore, Lisa Homan, Max Schmid and Natalia Perez (for the Administration) – and Councillors Harry Phibbs and Andrew Brown (for the Opposition).

Councillor Sue Fennimore then made a speech winding up the debate before the special motion was put to the vote:

FOR	**21**
AGAINST	16
NOT VOTING	0

The special motion was declared **CARRIED**.

9.12pm – RESOLVED

Universal credit is the most radical reform to the British welfare system since The Beveridge report in 1942.

The Council agrees that supporting people into sustainable work and careers is key to ending poverty for those who are able to work. Whilst universal credit is in principle an approach that could have genuinely helped achieve these aims and simplify the benefits system, its inception was ill-conceived by Iain Duncan Smith MP and its implementation has been badly executed. These fundamental flaws have caused considerable harm particularly to vulnerable people.

Since Universal Credit was fully rolled out in this borough, the food bank has reported a huge increase in its use and has projected a 100% increase in its distribution of food parcels and requests for support by the end of this financial year. This is just one of the consequences of this policy and one which the government should be ashamed of.

Further roll out across the country has been described as a 'disaster waiting to happen'.

This Council calls on Prime Minister, the Rt Hon Teresa May MP and Secretary of State for Work and Pensions, Esther McVey MP…

- to halt the roll-out of Universal Credit before it damages the lives of anymore of our residents.
- to listen to 'Citizens Advice' and other agencies who are publicly calling for this to happen before anymore households face financial devastation and the very real possibility of homelessness.
- to fix the inherent problems with the system and acknowledges the mistakes they made in its design.
- to stop ignoring those who are "just about managing" and listen to MPs of all parties who are deeply concerned about this reform.
- to acknowledge the vote in the House passed by 299 to zero in favour of halting Universal Credit.
- to listen to Housing Associations who say it could seriously affect their house building plans.
- to listen to private landlords who are refusing to rent properties to people who claim Universal credit because of its innate flaw in their ability to ensure they receive rent owed to them.
- put pressure on the DWP to significantly improve and provide proper help to those who are entitled it.

7.3 **Special Motion 3 - New Sands End Arts and Community Centre**

9.13pm – Councillor Ben Colemen moved, seconded by Councillor Sharon Holder, the special motion in their names:

“This Council welcomes the Labour administration’s scheme to build a new Sands End Arts and Community Centre. It recognises that this important new facility will provide new arts, cultural and community activities and will add to the wellbeing of residents and to civic life in Sands End.

The Council notes the stark contrast of this with the previous Conservative administration which closed the old Sands End Community Centre and sold it off to property speculators in the face of massive opposition from residents, including a 7,000-signature petition.

The Council is particularly grateful to the many residents who have helped with every stage of the development and design of the new Sands End Arts and Community Centre and welcomes the fact that the new centre will be run by local people for local people, with facilities and services chosen according to what they want.

The funding for this was negotiated by the Labour administration from Thames Tideway and Chelsea FC and we thank those organisations for their support.”

Councillors Ben Coleman and Sharon Holder gave speeches on the special motion (for the Administration).

Under Standing Order 15(e) 6, Councillor Steve Hamilton moved, seconded by Councillor Jacqueline Borland, an amendment to the special motion as follows:

“Delete all after: “This Council welcomes the”….

…and insert “scheme for new community facilities in South Park. The provision of community facilities were identified as an important part of the masterplan for South Park, which was developed in partnership with the Council and the Friends of South Park.

This Council is grateful to the many residents who have helped with the development and design of the new facilities. The Council is also thankful for the support from Thames Tideway, who are in part funding the scheme as part of the legacy requirements of their scheme.

This Council commits to complete the other areas of the masterplan for South Park, which have been delayed as the Council negotiated the community facilities. In particular, the Council agrees to resurface the paths, so that no more people are injured in the park.”

Speeches on the amendment to the special motion were made by Councillors Steve Hamilton and Jacqueline Borland (for the Opposition) – and Councillor Wesley Harcourt (for the Administration).

The amendment was then put to the vote:

FOR	16
AGAINST	**21**
NOT VOTING	0

The amendment was declared **LOST**.

Councillor Ben Coleman then made a speech winding up the debate before the substantive motion was put to the vote:

FOR	**20**
AGAINST	16
NOT VOTING	0

The special motion as amended was declared **CARRIED**.

9.40pm – RESOLVED

This Council welcomes the Labour administration's scheme to build a new Sands End Arts and Community Centre. It recognises that this important new facility will provide new arts, cultural and community activities and will add to the wellbeing of residents and to civic life in Sands End.

The Council notes the stark contrast of this with the previous Conservative administration which closed the old Sands End Community Centre and sold it off to property speculators in the face of massive opposition from residents, including a 7,000-signature petition.

The Council is particularly grateful to the many residents who have helped with every stage of the development and design of the new Sands End Arts and Community Centre and welcomes the fact that the new centre will be run by local people for local people, with facilities and services chosen according to what they want.

The funding for this was negotiated by the Labour administration from Thames Tideway and Chelsea FC and we thank those organisations for their support.

7.4 **Special Motion 4 - Thanking Commissioners**

9.41pm – Councillor Wesley Harcourt moved, seconded by Councillor Larry Culhane, the special motion in their names:

"This Council thanks all those that have given or are giving their time, expertise and wisdom as part of the many independent policy commissions that have been run by residents since 22nd May 2014. Those commissions include:

- The Airport Expansion Commission
- The Air Quality Commission
- The Biodiversity Commission
- The Business Commission

- The Disabled People’s Commission
- The Older People’s Commission
- The Poverty and Worklessness Commission
- The Residents’ Commission on Council Housing
- The Residents Hammersmith Town Centre Working Party
- The Rough Sleeping Commission
- The Town Hall Commission

The Council recognises that this work, undertaken by residents, has been an important part of the administration’s aim of seeking new ways of working with residents rather than doing things to them and that all the commissions have achieved significant and positive change that will continue to deliver benefits for the borough long into the future.”

Speeches on the special motion were made by Councillors Wesley Harcourt, Larry Culhane, Sue Macmillian and Rory Vaughan (for the Administration) – and Councillor Joe Carlebach (for the Opposition).

FOR	**Unanimous**
AGAINST	0
NOT VOTING	0

The motion was declared **CARRIED**.

10.04pm – RESOLVED

This Council thanks all those that have given or are giving their time, expertise and wisdom as part of the many independent policy commissions that have been run by residents since 22nd May 2014. Those commissions include:

- The Airport Expansion Commission
- The Air Quality Commission
- The Biodiversity Commission
- The Business Commission
- The Disabled People’s Commission
- The Older People’s Commission
- The Poverty and Worklessness Commission
- The Residents’ Commission on Council Housing
- The Residents Hammersmith Town Centre Working Party
- The Rough Sleeping Commission
- The Town Hall Commission

The Council recognises that this work, undertaken by residents, has been an important part of the administration’s aim of seeking new ways of working with residents rather than doing things to them and that all the commissions have achieved significant and positive change that will continue to deliver benefits for the borough long into the future.

7.5 **Special Motion 5 - Housing**

10.05pm – Councillor Harry Phibbs moved, seconded by Councillor Nick Botterill, the special motion in the names:

“This Council notes that according to figures provided by the Mayor of London:

1. Only 306 new affordable homes were completed over the past three and half years in Hammersmith and Fulham, an average of 87 a year.
2. A total of 1,162 new affordable homes were completed over the last 6 years of the previous Conservative administration, an average of 194 a year.

The Council regrets:

1. That the present Labour administration are completing affordable homes at less than half the rate of the previous administration.
2. Labour’s failure to meet the challenge of building enough affordable homes for local residents.”

Under Standing Order 15(e) 6, Councillor Lisa Homan moved, seconded by Councillor Ben Coleman, an amendment to the special motion:

“Delete all after “This Council” and add:

applauds the tough approach taken by the Labour administration that has resulted in it winning funds from developers to build the largest amount of genuinely affordable homes for Hammersmith & Fulham’s residents in ten years.

The council notes that the data quoted in the Conservative motion is out of date and not complete. It recognises that no social housing was built by the borough’s former Conservative administration and that while it built 611 properties between 2010-2014 its definition of “affordable” was simply not affordable for most Hammersmith & Fulham residents.

The Council supports the Labour administration who (despite the Conservative/Lib Dem government’s weakening of planning regulations on affordable housing and ending of government grant to build genuinely affordable homes) will have completed 717 genuinely affordable homes between 2014-2018.

The Council further notes that this is just the start and that the Labour administration has negotiated the necessary funds from developers to build many hundreds more genuinely affordable homes for borough residents early in the 2018-2022 term.

The Council notes that the Conservative administration offered thousands of council and housing association residents’ homes for sale to developers and that this policy was immediately stopped by the Labour administration.

The Council calls on the former Conservative council leader and his administration to hang his head in shame and apologise for doing this and in particular for the dreadful deal it did with Capital and Counties PLC (Capco) in selling 756 residents' homes on the West Kensington and Gibbs Green estates.

The Council notes with disgust that the Conservative administration sold the West Kensington and Gibbs Green estates:

- Against the wishes of the vast majority of residents
- For the knock-down price of just £105 million land payment while the Earls Court scheme (as it has become known) was valued at £12.05 billion at the time
- That in planning terms the two estates formed a ransom site for the larger scheme Capco says it always planned to build
- While agreeing an obligation for the council to cover all BuyBack and compensation costs for delivering vacant possession but failing to index link the funds it negotiated to do this with Capco in 2012 thus structuring a scheme that would have left the council many millions of pounds out of pocket.
- That the financial package negotiated by the Conservative administration in 2012 underestimated the cost of VP:
    - £60m was budgeted as the maximum required to buy all 171 leasehold and freehold homes
    - This excluded Housing Association homes (although there was a commitment made to rehouse HA tenants)
    - This is an average value of £350k per home
    - The council has purchased 26 homes to date at an average price of £552K, excluding compensation
    - The maximum total cost of VP as advised by GVA in 2017 is a range of £150m to £174m

The Council agrees that a full inquiry into this deal should be undertaken and supports the Labour administration's aim to get the estates back.

The Council furthermore recognises that the supply of affordable homes is significantly higher as the Labour administration has stopped all such council housing sells offs as well as building homes for residents."

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

FOR	**20**
AGAINST	16
NOT VOTING	0

The amendment was declared **CARRIED**.

The special motion as amended was then put to the vote:

FOR	**20**
AGAINST	16
NOT VOTING	0

The special motion as amended was declared **CARRIED**.

10.07pm – RESOLVED

This Council applauds the tough approach taken by the Labour administration that has resulted in it winning funds from developers to build the largest amount of genuinely affordable homes for Hammersmith & Fulham's residents in ten years.

The Council notes that the data quoted in the Conservative motion is out of date and not complete. It recognises that no social housing was built by the borough's former Conservative administration and that while it built 611 properties between 2010-2014 its definition of "affordable" was simply not affordable for most Hammersmith & Fulham residents.

The Council supports the Labour administration who (despite the Conservative/Lib Dem government's weakening of planning regulations on affordable housing and ending of government grant to build genuinely affordable homes) will have completed 717 genuinely affordable homes between 2014-2018.

The Council further notes that this is just the start and that the Labour administration has negotiated the necessary funds from developers to build many hundreds more genuinely affordable homes for borough residents early in the 2018-2022 term.

The Council notes that the Conservative administration offered thousands of council and housing association residents' homes for sale to developers and that this policy was immediately stopped by the Labour administration.

The Council calls on the former Conservative council leader and his administration to hang his head in shame and apologise for doing this and in particular for the dreadful deal it did with Capital and Counties PLC (Capco) in selling 756 residents' homes on the West Kensington and Gibbs Green estates.

The Council notes with disgust that the Conservative administration sold the West Kensington and Gibbs Green estates:

- Against the wishes of the vast majority of residents
- For the knock-down price of just £105 million land payment while the Earls Court scheme (as it has become known) was valued at £12.05 billion at the time
- That in planning terms the two estates formed a ransom site for the larger scheme Capco says it always planned to build
- While agreeing an obligation for the council to cover all BuyBack and compensation costs for delivering vacant possession but failing to index link the funds it negotiated to do this with Capco in 2012 thus structuring a scheme that would have left the council many millions of pounds out of pocket.
- That the financial package negotiated by the Conservative administration in 2012 underestimated the cost of VP:

- £60m was budgeted as the maximum required to buy all 171 leasehold and freehold homes
- This excluded Housing Association homes (although there was a commitment made to rehouse HA tenants)
- This is an average value of £350k per home
- The council has purchased 26 homes to date at an average price of £552K, excluding compensation
- The maximum total cost of VP as advised by GVA in 2017 is a range of £150m to £174m

The Council agrees that a full inquiry into this deal should be undertaken and supports the Labour administration's aim to get the estates back.

The Council furthermore recognises that the supply of affordable homes is significantly higher as the Labour administration has stopped all such council housing sells offs as well as building homes for residents.

7.6 **Special Motion 6 - Cycle Superhighway 9**

10.07pm – Councillor Joe Carlebach moved, seconded by Councillor Caroline Ffiske, the special motion in the names:

"This Council:

1. Notes the Special Motion passed at the Ordinary Council Meeting on 18 October 2017 in relation to the proposals for Cycle Superhighway 9.
2. Supports measures to reduce road congestion and pollution in Hammersmith & Fulham and to make cycling safer and healthier for all.
3. Is very concerned that the proposed route for Cycle Superhighway 9 does not meet those objectives and believes the route will cause misery to residents in and around Ravenscourt Park, King Street, Brook Green, Hammersmith Road, Sinclair Road and its surrounds, Avonmore and Olympia.
4. Is particularly concerned about the disproportionately negative impact the current proposals will have on elderly residents and residents with disabilities, and their ability to access and commute swiftly on local public transport.

This Council calls on the Mayor for London and the administration to:

1. Abandon the proposed route for Cycle Superhighway 9.
2. Re-examine alternative and better routes for Cycle Superhighway 9.
3. Explore alternative measures to improve cycling and to reduce congestion and air pollution for the benefit of all residents.
4. Engage in proper consultation with local businesses and residents."

Under Standing Order 15(e) 6, Councillor Wesley Harcourt moved, seconded by Councillor David Morton, an amendment to the special motion:

"Delete all after "This Council "(1st paragraph), and insert the following,

- Notes the previous administration left the north west of the borough without access to cycle hire schemes and had no plan for improving cycling infrastructure in the borough
- Notes this administration launched Hammersmith & Fulham's Council's first ever cycling strategy in July 2015, which set out to increase cycling by women and children and to increase cycling in the borough from 5% to 8%.
- Notes the aims within the Cycling Strategy to:
    1. Enhance and extend cycle routes to create a comprehensive network;
    2. Create more space for cycling to improve cycle safety;
    3. Reduce the dangers (and the perception of the dangers) of cycling and reduce conflicts, both between cyclists and motor vehicles and between cyclists and pedestrians; and
    4. Provide more cycle parking and cycle hire locations within the borough
- Notes that this administration has introduced the East Acton Quietway, the Brackenbury parklet, increased the number of cycle parking stands and secure cycle parking lockers.
- Notes this administration does things with residents not to them including:
    1. Introducing speaking rights for applicants and objectors at Planning Committee
    2. Setting up resident led Commissions on Airport Expansion, Air Quality, Biodiversity and others
    3. Giving a voice to residents in developing policy at PACs
- This administration took the unprecedented step of extending the consultation period for CS9 to allow for further suggestions and comments from local residents and businesses
- The council has already submitted concerns to TfL and will continue to do so as part of the extended consultation
- The extended consultation is still live, including an agenda item at the next CSERS PAC on Monday 29th January 2018
- Notes that the council, and not TfL, will make the final decision as to whether or not a proposal for a cycle superhighway, will go ahead

This Council therefore resolves that if the outcome of the consultation into CS9 is positive it will:

Work with residents, businesses and other stakeholders at each stage of the detailed design phase to ensure that any concerns are properly considered and dealt with in a way that is fair to drivers, safe for pedestrians and makes cycling safer and healthier."

The amendment was then put to the vote:

FOR **20**

AGAINST	16
NOT VOTING	0

The amendment was declared **CARRIED**.

The special motion as amended was then put to the vote:

FOR	**20**
AGAINST	16
NOT VOTING	0

The special motion as amended was declared **CARRIED**.

10.08pm – RESOLVED

This Council:

- Notes the previous administration left the north west of the borough without access to cycle hire schemes and had no plan for improving cycling infrastructure in the borough
- Notes this administration launched Hammersmith & Fulham's Council's first ever cycling strategy in July 2015, which set out to increase cycling by women and children and to increase cycling in the borough from 5% to 8%.
- Notes the aims within the Cycling Strategy to:
    1. Enhance and extend cycle routes to create a comprehensive network;
    2. Create more space for cycling to improve cycle safety;
    3. Reduce the dangers (and the perception of the dangers) of cycling and reduce conflicts, both between cyclists and motor vehicles and between cyclists and pedestrians; and
    4. Provide more cycle parking and cycle hire locations within the borough
- Notes that this administration has introduced the East Acton Quietway, the Brackenbury parklet, increased the number of cycle parking stands and secure cycle parking lockers.
- Notes this administration does things with residents not to them including:
    1. Introducing speaking rights for applicants and objectors at Planning Committee
    2. Setting up resident led Commissions on Airport Expansion, Air Quality, Biodiversity and others
    3. Giving a voice to residents in developing policy at PACs
- This administration took the unprecedented step of extending the consultation period for CS9 to allow for further suggestions and comments from local residents and businesses
- The council has already submitted concerns to TfL and will continue to do so as part of the extended consultation

- The extended consultation is still live, including an agenda item at the next CSERS PAC on Monday 29th January 2018
- Notes that the council, and not TfL, will make the final decision as to whether or not a proposal for a cycle superhighway, will go ahead

This Council therefore resolves that if the outcome of the consultation into CS9 is positive it will:

Work with residents, businesses and other stakeholders at each stage of the detailed design phase to ensure that any concerns are properly considered and dealt with in a way that is fair to drivers, safe for pedestrians and makes cycling safer and healthier.

7.7 **Special Motion 7 - Women's Suffrage**

10.09pm – Councillor Lucy Ivimy moved, seconded by Councillor Adronie Alford, the special motion in their names as amended:

“This Council notes:

1. The passage of the Representation of the People Act 1918 on 6 February 1918 with cross party support. The 1918 Act enabled the enfranchisement of women, permitting them to vote in local and national elections and to stand for election to Parliament for the first time.
2. The centenary of this great land mark in our democracy.
3. The involvement of local women in the war effort during the Great War of 1914 – 1918, especially as much of the work was hazardous and dangerous. This significant contribution to the nation underscored the value of women to the nation’s wellbeing, easing the path to women suffrage.
4. The contribution of Hammersmith and Fulham public figures at the forefront of the women’s suffrage movement, including Mary Lowndes who established The Artists' Suffrage League in 1907.

This Council resolves that in the centenary of women’s suffrage we commit to ensuring that the sacrifices and achievements of those local heroines and heroes who fought for equal suffrage are remembered and celebrated in our borough, in our schools and across our community.”

Under Standing Order 15(e) 6, Councillor Sue Fennimore moved, seconded by Councillor Caroline Needham, an amendment to the special motion:

“Delete everything after ‘This council notes’ and replace it with...

1. The Representation of the People’s act granted the vote to women in 1918 (not 1908) who were over the age of 30 and who owned property.
2. It was not until 1928 before women were given the same full equal voting rights as men.
3. Women in 2018 still do not enjoy equal pay, equal access and equal rights and still find themselves having to campaign to achieve this.

4. Across the world, women are fighting for justice and equality.

This Council recognises the enormous sacrifices of all those who fought for equal suffrage and will champion everything that they achieved, whenever and wherever it can.

It recognises that there is still a long way to go before we genuinely achieve true equality and it commits to doing all that it can to ensure that this is achieved.

It commits to continuing to celebrate "International Women's Day" as it has done since 2014.

It also commits to supporting the equal rights of women, including campaigns such as "End Period Poverty" and "End the Pay Gap" and calls on the Government to take action and put forward an agenda of legislation that will eradicate gender inequality from our society."

The amendment was then put to the vote:

FOR	**Unanimous**
AGAINST	0
NOT VOTING	0

The amendment was declared **CARRIED**.

The special motion as amended was then put to the vote:

FOR	**Unanimous**
AGAINST	0
NOT VOTING	0

The motion as amended was declared **CARRIED**.

10.08pm – RESOLVED

'This Council notes:

1. The Representation of the People's act granted the vote to women in 1918 (not 1908) who were over the age of 30 and who owned property.
2. It was not until 1928 before women were given the same full equal voting rights as men.
3. Women in 2018 still do not enjoy equal pay, equal access and equal rights and still find themselves having to campaign to achieve this.
4. Across the world, women are fighting for justice and equality.

This Council recognises the enormous sacrifices of all those who fought for equal suffrage and will champion everything that they achieved, whenever and wherever it can.

It recognises that there is still a long way to go before we genuinely achieve true equality and it commits to doing all that it can to ensure that this is achieved.

It commits to continuing to celebrate “International Women’s Day” as it has done since 2014.

It also commits to supporting the equal rights of women, including campaigns such as “End Period Poverty” and “End the Pay Gap” and calls on the Government to take action and put forward an agenda of legislation that will eradicate gender inequality from our society.

7.8 **Special Motion 8 - Hammersmith Flyunder**

10.10pm – Councillor Joe Carlebach moved, seconded by Councillor Greg Smith, the special motion in the names:

“This Council:

1. Resolves to work towards a tunnel replacement for the Hammersmith Flyover.

2. Recognises that it is important to run an effective cross-party campaign that demonstrates to the public and key government and GLA decision makers how all of the London Borough of Hammersmith and Fulham Council’s elected representatives back the Hammersmith Flyunder project.”

Under Standing Order 15(e) 6, Councillor Colin Aherne moved, seconded by Councillor Wesley Harcourt, an amendment to the special motion:

“Delete all after “This Council” and add:

This Council notes that the Labour administration is working to deliver a flyunder and set up the Hammersmith Residents Working Group to develop a new master plan for Hammersmith which has the flyunder intrinsic to any future development in Hammersmith.

The Council notes that the former Mayor Boris Johnson (Con) set no funds aside and had no project team working on the flyunder during which appears to have been little more than an empty PR stunt from that Conservative GLA administration.

The Council therefore agrees to continue working with residents and local businesses and to seek a private sector partner and an agreement with TfL to ensure that we get rid of the flyover, replace it with a flyunder and reconnect Hammersmith with the river.”

The amendment was then put to the vote:

FOR	**20**
AGAINST	16
NOT VOTING	0

The amendment was declared **CARRIED**.

The special motion as amended was then put to the vote:

FOR	**20**
AGAINST	16
NOT VOTING	0

The special motion as amended was declared **CARRIED**.

10.08pm – RESOLVED

This Council notes that the Labour administration is working to deliver a flyunder and set up the Hammersmith Residents Working Group to develop a new master plan for Hammersmith which has the flyunder intrinsic to any future development in Hammersmith.

The Council notes that the former Mayor Boris Johnson (Con) set no funds aside and had no project team working on the flyunder during which appears to have been little more than an empty PR stunt from that Conservative GLA administration.

The Council therefore agrees to continue working with residents and local businesses and to seek a private sector partner and an agreement with TfL to ensure that we get rid of the flyover, replace it with a flyunder and reconnect Hammersmith with the river.

7.9 **Special Motion 9 - Taxicards**

The motion was withdrawn.

Meeting started: 7.00 pm
Meeting ended: 10.12 pm

Mayor ....

Agenda Item 6.1

London Borough of Hammersmith & Fulham FULL COUNCIL 21 February 2018	
REVENUE BUDGET AND COUNCIL TAX LEVELS 2018/19	
Report of the Leader of the Council – Councillor Stephen Cowan	
Open Report	
Classification: For decision **Key Decision: Yes**	
Wards Affected: All	
Accountable Director: Hitesh Jolapara, Strategic Finance Director	
Report Author: Andrew Lord, Head of Strategic Planning and Monitoring	**Contact Details:** Tel: 020 8753 2531 E-mail: andrew.lord@lbhf.gov.uk

1. EXECUTIVE SUMMARY

1.1. The 2018/19 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 To freeze the Hammersmith & Fulham element of the council tax charge, and not apply the 3% increase modelled by the Government for the coming year.

2.2 To not apply the "social care precept" levy of 3% as modelled by the Government for the coming year.

2.3 To set council tax for 2018/19 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 2018/19
(b) The element of council tax charged by the Greater London Authority will be £294.23 per Band D property in 2018/19
(c) The overall Council Tax to be set at £1,022.04 per Band D property in 2018/19.
(d) The Social Care Precept set at nil

Category of Dwelling	**A**	**B**	**C**	**D**	**E**	**F**	**G**	**H**
Ratio	6/9 £	7/9 £	8/9 £	1 £	11/9 £	13/9 £	15/9 £	18/9 £
a) H&F	485.21	566.07	646.94	727.81	889.55	1,051.28	1,213.02	1,455.62
b) GLA	196.15	228.85	261.54	294.23	359.61	425.00	490.38	588.46
c) Total	**681.36**	**794.92**	**908.48**	**1,022.04**	**1,249.16**	**1,476.28**	**1,703.40**	**2,044.08**

2.4 To set the Council's own total net expenditure budget for 2018/19 at £138.944m.

2.5 To approve £6.5m new spend on key council services.

2.6 To approve fees and charges as set out in paragraph 6.1, including freezes for all parking charges, and all fees and charges in children's services, adult social care, housing, markets and libraries.

2.7 To approve the planned additional contribution of £0.620m to the Efficiency Projects Reserve and estimated contribution of £2.6m from the benefit receivable from the London 100% business rates retention pilot.

2.8 To note the budget projections, made by the Strategic Finance Director to 2021/22 in consultation with the Senior Leadership Team

2.9 To note 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 (section 14).

2.10 To authorise the Strategic Finance Director 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.

2.11 To require all Directors report on their projected financial position compared to their revenue estimates in accordance with the Corporate Revenue Monitoring Report timetable.

2.12 To authorise Directors to implement their service spending plans for 2018/19 in accordance with the recommendations within this report and the Council's Standing Orders, Financial Regulations and relevant Schemes of Delegation.

2.13 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 3% 'social care precept' or increasing council tax by 3% as assumed by Central Government. A tax freeze will provide a balanced budget whilst not increasing the burden on local taxpayers.

4.2 The council tax freeze has been delivered despite on-going government funding cuts and pressure from them to increase taxes. A continued reduction in the general grant receivable by Hammersmith and Fulham from **Central Government**. Grant funding[1] has been cut in each year since 2010/11. The total reduction since April 2010 to March 2018 has been £70m. In addition, there will be a further reduction in 2018/19 of £8.6m and further £5.2m cut is forecast in 2019/20. A fuller explanation of the funding forecast and spending power calculation is set out in Appendix I.

4.3 Growth of **£6.5m** has been provided to meet statutory obligations, demographic, service pressures and key resident priorities.

4.4 Savings of **£15.0m** are put forward to balance the 2018/19 budget. 40% of the savings relate to central support services and income from commercial activities.

[1] After allowance for changes in funding between grant and business rates.

4.5 The budget proposals mean that Hammersmith and Fulham residents will pay council tax at 6% below the level modelled (social care precept and for council tax) by the Government for 2018/19. 2018/19 is the third year of a four-year local government finance settlement that started in 2016/17. From 2016/17 to 2018/19 Government modelling has assumed an overall council tax increase of 13.3% of which 7% relates to use of the social care precept.

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[2]. The 2018/19 council tax requirement is £56.664m. The medium-term forecast, to 2021/22 is set out in Appendix B.

Table 1: The Council Tax Requirement	**£'000s**
Base gross budget rolled forward from 2017/18	**155,012**
Plus/Minus:	
Inflation (section 6)	5,207
Growth (section 6)	6,522
Savings and additional income (section 7)	-14,976
One-off Contribution to the Efficiency Projects Reserve	620
Earmarked Grant	
Gross Budget Requirement	**152,385**
Specific unringfenced grants (section 8)	-10,141
Use of developer contributions (section 8)	-3,300
Net Budget Requirement for 2018/19	**138,944**
Less:	
Revenue Support Grant (section 8)	0
Locally retained business rates (section 8)	-80,400
One off Collection Fund Surplus	-1,880
2018/19 Council Tax Requirement	**56,664**

6. INFLATION AND GROWTH

Inflation

6.1 Inflationary pressures have increased in the wider economy with the August Retail Price Index showing an increase of 3.9% compared to 1.8% last year. This

[2] 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 against a background of a devaluation in the pound, following the outcome of the European referendum. For 2018/19, the sum provided for overall inflation is £5.2m compared to £2.9m in 2017/18. The provision made is:

- **Price inflation** of £3.4m is provided for when there is a contract in place.

- **Pay inflation** of £1.8m. This provides for a 2% pay award in line with the latest offer from the Local Government Employers.

- **Fees and charges**

  - Parking, Adult Social Care, Children's Services, Markets, Libraries and Housing charges frozen.

  - A standard uplift of 3.9% based on the August Retail Price index for some remaining fees.

  - 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 3.9% 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: 2018/19 Growth Proposals

Department	£m
Adult Social Care	1.249
Children’s Services	1.803
Environmental Services	0.395
Corporate Services	0.310
Regeneration, Planning & Housing Services	1.356
Council Wide Budgets	1.409
Total Growth	**6.522**

Table 3: Categorisation of Growth

Growth Categories	£m
Government related	0.175
Other public bodies	0.015
Increase in demand/demographic growth	1.663
Resident Priority	1.836
Budget pressure	1.584
Living Wage Pressures	1.249
Total Growth	**6.522**

7. SAVINGS AND INCOME GENERATION

7.1 The saving proposals are detailed in Appendix C with the 2018/19 position summarised in Table 4.

Table 4: 2018/19 Savings Proposals

Department	£m
Adult Social Care	2.916
Children’s Services	2.086
Environmental Services	1.863
Libraries	0.100
Corporate Services	2.909
Regeneration, Planning & Housing Services	0.153
Public Health	2.000
Transformational	3.199
Total Savings	**15.226**
Less Savings accounted for in grant Resource forecast	-0.250
Net Savings	**14.976**

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

Table 5: Categorisation of 2018/19 Savings

Savings Categories	£m
Business Intelligence	0.410
Budget reduced in line with spend	0.165
Commercialisation	3.147
Estate rationalisation	0.128
Income	0.521
Outside investment secured (i.e. Section 106, NHS)	0.085
Prevention	1.608
Procurement / Commissioning	5.227
Service reconfiguration	3.066
Staffing / Productivity	0.870
Total Savings	**15.226**
Less Savings accounted for in grant Resource forecast	-0.250
Net Savings	**14.976**

8. EXTERNAL, DEVELOPER AND BUSINESS RATES FUNDING

8.1 The Government funding receivable is detailed in Appendix E. On a like-for like-basis 2018/19 funding is (in cash terms) £8.6m less than in 2017/18. The grant figures are based on the provisional Local Government Finance Settlement.

8.2 The Final Local Government Finance Settlement. was released on 7th February. It included an announcement that the Council will receive a new one-off Adult Social Care Support Grant of £0.574m. This will be allocated in the first Corporate Revenue Monitoring Report for 2018/19, along with any further grant changes, subject to the necessary due diligence.

8.3 **The Business Rates** forecast is set out in Appendix H. A Business Rates Revaluation was undertaken in 2017 by the Valuation Office Agency (a Government Body). It resulted in a 30% increase, before transitional reliefs, in the average rates payable in Hammersmith and Fulham. Subsequently there has been a marked increase in rates appeals for which £27m (of which £18m is the Council Share) needs to be set aside as a provision for 2018/19. By comparison the additional rates receivable from the Westfield expansion is estimated at £9m (of which the Council share is £6m).

8.4 Under the business rates system the Government guarantee that each authority will receive a minimum amount of funding (the safety net threshold) from business rates. For Hammersmith and Fulham the safety net threshold for 2018/19 is £80.4m. This sum is included in the 2018/19 budget and is made up of estimated rates income of £72.1m and safety net grant of £8.3m.

8.5 London Local Government has been working to take forward a **100% business rates retention** pilot for London from April 2018. The pilot will pool business rates across the 33 London Boroughs and Greater London Authority (GLA). Under such an arrangement London will keep 100% of any growth in business rates, though business rates valuations and levels would still be set by Government. Indicative modelling has suggested this may benefit Hammersmith and Fulham by £2.6m. In addition, a suggested £110m would be generated for a London wide investment pot.

8.6 At present Hammersmith and Fulham retains 30% of the business rates it collects with the balance paid to the Government and GLA. Under the proposed pilot the share retained by Hammersmith and Fulham would increase to 67% with the balance going to the GLA. The Council would not initially benefit from the increased share as there would be compensating adjustments (through grant cuts and payment of a tariff to Government). These adjustments are shown in Table 6. The benefit to Hammersmith and Fulham would be receiving a share of London's future business rates growth above the revised baseline.

Table 6 – Changes to Funding Streams from the Business Rates Pilot

	No-Pilot	With Pilot
Business Rates Baseline	77.9	157.8
Tariff payable to the Government	-18.8	-74.8
Funding Baseline	**59.1**	**83**
Revenue Support Grant	23.9	0
Total Hammersmith and Fulham Funding	**83**	**83**

8.7 Table 6 sets out the sums assumed by the Government in the 2018 Local Government Finance Settlement. The current Hammersmith and Fulham forecast for business rates income is £80.4m. Under the pilot scheme there is a guarantee that no authority will be worse off than under the present scheme.

8.8 The 100% business rates retention pool:

- Is a pilot and may not continue after 2018/19.
- Uses modelling based on an aggregation of high level estimates.
- Will not confirm final income until October 2019 in relation to 2018/19.

8.9 Greater clarity on the potential benefits from the pilot 100% business rates retention pool will be available in mid-February, after each Borough updates their 2018/19 business rates forecast. No benefit is allowed for within the current resource forecast. Once confirmed the sum receivable will be added to reserves.

8.10 **Property developments** have placed increased pressure on council services in recent years. Section 106 (S106) agreements containing planning obligations are entered between developers and the Council as the Local Planning Authority. Legislation controls the use of such obligations, 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.

8.11 The Council has entered into a significant number of S106 agreements. 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 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).

8.12 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. The Council has analysed all its S106 agreements that may give a financial benefit to determine which should be relied upon for budgeting purposes and which have flexibility in how they may be applied. 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.

8.13 The Council currently has section 106 receipts of £50.1m in hand with agreements in place for the receipt of future financial obligations of £201m. £72.4m of the future obligations are assessed as highly likely to be received by the close of 2021/22. The total amount of flexible funding in-hand, or highly likely to be received, is estimated to be a minimum of £72m by the close of 2021/22.

8.14 The 2018/19 budget assumes that £3.3m (an additional £0.7m compared to previous years) of expenditure will be funded from S106 resources with such funding on-going from 2018/19 to 2021/22. In addition, contributions of £1.7m per annum are assumed towards the provision of policing.

9 HAMMERSMITH AND FULHAM'S COUNCIL TAX REQUIREMENT

9.1 Council on 25 January formally agreed a Tax Base of 77,856 equivalent Band D properties for 2018/19. Therefore, the Council's element of the Council Tax can be calculated as follows:

$$\frac{\text{Total Council Tax Requirement}}{\text{Tax Base}} = \frac{£56.6645m}{77,856} = £727.81$$

9.2 This represents a freeze in the Hammersmith and Fulham element of the council tax charge.

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

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

$$\frac{\text{Preceptors Budget Requirement}}{\text{Tax Base}} = \frac{£22.9075m}{77{,}856} = £294.23$$

10.2 This represents an increase of £14.21.

11. OVERALL COUNCIL TAX REQUIREMENTS 2018/19

11.1 It is proposed to freeze Hammersmith and Fulham's element of the Council Tax in 2018/19. This will provide a balanced budget with £19m in General Fund balances (see section 14). The overall amount to be funded from the Council Tax is calculated as follows:

Table 7 – Overall 2018/19 Council Tax Requirement

	£000s
London Borough of Hammersmith & Fulham	56,664.5
Greater London Authority	22,907.5
Total Requirement for Council Tax	**79,572**

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 must be carried out for each of the valuation bands A to H, and are set out in the recommendations at the front of the report. The amount per Band D equivalent property is calculated as follows:

$$\frac{\text{Total Council Tax Requirement}}{\text{Tax Base}} = \frac{£79.572m}{77{,}856} = £1{,}022.04$$

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 the budget proposals have been reviewed by all the PAC Committees.

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 2018/19 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.
- Rigorous mechanisms will be in place to monitor sensitive areas of expenditure and the delivery of savings. Whilst existing monitoring arrangements have previously delivered consistent budget underspends the Council recognises that it faces an increasing financial challenge due to the combination of declining government grant, new burdens from government and demographic trends. The latest current year Monitoring Report (month 6) forecasts a gross overspend of £4.8m which will reduce to £2.3m should current mitigating actions be delivered. Officers are developing further

mitigating measures to close the remaining overspend and prevent future overspends.

- Key risks have been identified and considered.
- Prudent assumptions have been made about interest rates payable 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 2017/18 to re-align budgets where required with growth provided for 2018/19 to meet budget pressures.
- A review via the Strategic Leadership Team of proposed savings and their achievability.
- A Member review and challenge of all budget proposals.
- 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.
- Developer contributions fund some budget pressures. Such contributions can only be used once. Monitoring arrangements are in place to ensure that sufficient contributions are set aside to meet the budget assumptions.
- A process is in place for 2019/20, and beyond, to tackle underlying budget pressures.
- Review has been undertaken of the Moving On programme (the change to tri-borough shared services arrangements) with new structures costed and budgeted for within existing ongoing budgets, with some opportunities for savings resulting from Moving On included in this budget. A realignment of budgets will be required to reflect the new Hammersmith and Fulham structure and arrangements in due course.

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.

14.4 The key financial risks that face the Council have been identified and quantified (appendix D). They total £19.3m. Financial risks of £20.6m were identified when the 2017/18 Budget was set.

General Fund Balances

14.5 The Council's general balance stood at £19m as at 1 April 2017 and it is currently projected that this will not reduce in the current financial year.

This will leave general balances at over 11% of the 2018/19 gross budget requirement.

14.6 Given the on-going scale of change in local government funding, and risks facing the Council, the Strategic Finance Director considers that general balances need to be maintained within the range of £14m to £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. The latest position is set out in Table 8. In the Strategic Finance Director's view such reserves are adequate to deal with anticipated risks and liabilities.

Table 8 – General Fund Balances and Earmarked Reserves

	31/03/14 actual	**31/03/15 actual**	**31/03/16 actual**	**31/03/17 actual**	**31/03/18 forecast**
	£'m	£'m	£'m	£'m	£'m
General Balances	19.0	19.0	19.0	19.0	19.0
Earmarked Reserves	81.6	89.5	90.0	82.7	75.5
	100.6	**108.5**	**109.0**	**101.7**	**94.5**

14.8 The Council has used reserves to fund investment in transformation and efficiency and other significant one-off costs pressures. Examples in 2016/17 included investments in ICT, Invest to Save schemes such as LED street-lighting and mitigating the impact of the Managed Services project.

14.9 The 2018/19 base budget includes planned contributions of £0.75m to the Efficiency Projects Reserve and £0.8m to the IT Enablers Reserve. In addition, the proposed savings for 2018/19 (£15.0m) exceed the budget gap (£14.4m). This will enable a further contribution to Reserves of £0.6m. The sum due from the London 100% Business Rates retention pilot (estimated at £2.6m) will also be put to Reserves. **In total, the estimated contribution to Reserves for 2018/19 is £4.75m**. Uses of Reserves in 2018/19 will include taking forward the Integrated Family Support Service, taking forward new arrangements for the outsourced managed services programme and funding the Landlord Incentive scheme to support the provision of temporary accommodation.

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 2018/19 local authorities “will be required to seek the approval of their local electorate in a referendum if, compared with 2017/18, they set an increase in the relevant basic amount of council tax that is 3% or higher”. No such referendum is required for this Council.

14.11 In addition the Government has given power for Hammersmith and Fulham to charge a 3% social care precept in both 2018/19 and 2019/20. This sum is included in Government projections for Hammersmith and Fulham’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 2016/17, due to the receipt of higher than expected income, the Collection Fund was in surplus by £2.603m. The Hammersmith and Fulham share of this surplus is £1.880m and this is included within the 2018/19 budget proposals. The balance is payable to the Greater London Authority.

15. LEGAL IMPLICATIONS

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

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

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

15.4 Section 25 of the Local Government Act 2003, which came into force on 18 November 2003, requires the 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 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.

Implications verified by: Kevin Beale – Senior Corporate Lawyer

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

Appendix B – Medium Term Financial Forecast

Appendix C – Growth and Savings Proposals

Appendix D - Budget Risks

Appendix E – Government Grant Funding

Appendix F – Fees and Charges – exceptions to the standard 3.9% increase

Appendix G – Draft Equalities Impact Assessment

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

Appendix I – Reduction in Spending Power

APPENDIX A

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

		£'s
(a)	Being the aggregate of the amounts which the Council estimates for the items set out in section 31A (2) (a) to (f) of the Act.	780,965,889
(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.	(701,393,939)
(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.	79,571,950
(d)	Being the amount formally agreed by Council as the council tax base for 2018/19.	77,856
(e)	Being the amount at (c) divided by the amount at (d) above, calculated by the Council in accordance with Section 31B of the Act as the Basic amount of council tax (Band D) for the year.	1,022.04
(f)	Hammersmith and Fulham proportion of the Basic amount of its Council Tax (Band D)	727.81

(g) Valuation Bands – Hammersmith & Fulham Council:			
Band A	**Band B**	**Band C**	**Band D**
485.21	566.07	646.94	727.81
Band E	**Band F**	**Band G**	**Band H**
889.55	1,051.28	1,213.02	1,455.62

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

(h) Valuation Bands – Greater London Authority			
That it be noted that the following amounts in precepts issued to the Council in respect of the Greater London Authority, its functional and predecessor bodies, in accordance with Section 40 of the Local Government Finance Act 1992, for each of the categories of dwellings shown below:			
Band A	**Band B**	**Band C**	**Band D**
196.15	228.85	261.54	294.23
Band E	**Band F**	**Band G**	**Band H**
359.61	425.00	490.38	588.46

(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 2018/19 for each of the categories of dwellings shown below:			
Band A	**Band B**	**Band C**	**Band D**
681.36	794.92	908.48	1,022.04
Band E	**Band F**	**Band G**	**Band H**
1,249.16	1,476.28	1,703.40	2,044.08

Medium Term Budget Requirement **Appendix B**

	Year 1 2018/19 £'000	Year 2 2019/20 £'000	Year 3 2020/21 £'000	Year 4 2021/22 £'000
General Fund Base Budget	**158,137**	**158,137**	**158,137**	**158,137**
One off and historic budget adjustments	(3,125)	(3,125)	(3,125)	(3,125)
Net General Fund Base Budget	**155,012**	**155,012**	**155,012**	**155,012**
Contract and Income Inflation	3,432	7,000	10,500	14,000
New Burdens from Government				
Growth	6,522	6,961	6,976	6,686
Pay Award Contingency. (2% per annum)	1,775	3,550	5,325	7,100
Savings (1)	(14,976)	(17,205)	(18,257)	(18,257)
Contribution to Reserves	620	0	0	0
Current headroom	0	6,000	12,000	18,000
Gross Budget Requirements	**152,385**	**161,318**	**171,556**	**182,541**
Less:				
Developer Contributions	(3,300)	(3,300)	(3,300)	(3,300)
New Homes Bonus Grant and Other Revenue Grants	(10,141)	(11,377)	(11,377)	(11,377)
Revenue Grants	**(13,441)**	**(14,677)**	**(14,677)**	**(14,677)**
Net Budget Requirement	**138,944**	**146,641**	**156,879**	**167,864**
Resources				
Revenue Support Grant	0	17,131	13,983	12,078
Council Resources	137,064	115,311	117,167	119,060
Collection fund surplus	1,880	0	0	0
Gross Resources	**138,944**	**132,442**	**131,150**	**131,138**
Budget Gap	**0**	**14,199**	**25,728**	**36,726**
Risks	19,322	25,045	28,427	31,283

1) £250k of savings are built into the resources forecast. Details of these can be seen in the Corporate Services savings schedule.

Appendix C - Growth Savings

Adult Social Care

MTFS Growth		Budget Change			
Service	**Description**	**2018-19 Budget Change (£000's)**	**2019-20 Budget Change Cumulative (£000's)**	**2020-21 Budget Change Cumulative (£000's)**	**2021-22 Budget Change Cumulative (£000's)**
All	Departmental growth arising from demographic pressures and increased costs of social care	1,249	1,249	1,249	1,249
Total Growth		**1,249**	**1,249**	**1,249**	**1,249**

MTFS Savings		Budget Change			
Service	**Description**	**2018-19 Budget Change (£000's)**	**2019-20 Budget Change Cumulative (£000's)**	**2020-21 Budget Change Cumulative (£000's)**	**2021-22 Budget Change Cumulative (£000's)**
Integrated Care	Promoting Independence through social work practice. Reduction in Community Care spend as the council facilitates individual care and support plans for residents. Forensic assessment of where payments are not aligned to services provided for residents.	(747)	(1,397)	(1,397)	(1,397)
Strategic Commissioning & Enterprise	Major re-commissioning projects in the areas of Learning Disabilities Accommodation and Support; Mental Health Accommodation and Support. Day Care Services and Extra Care Housing.	(505)	(505)	(505)	(505)
Strategic Commissioning & Enterprise	An in-depth value for money assessment of the councils in-house care and support service portfolio	(75)	(75)	(75)	(75)
Strategic Commissioning & Enterprise	Dynamic Purchasing System.	(100)	(100)	(100)	(100)
Integrated Care	Improved transition and promoting independence.	(310)	(465)	(465)	(465)
Strategic Commissioning & Enterprise	Review of supporting housing programme	(130)	(130)	(130)	(130)
Strategic Commissioning & Enterprise	Improved targeting of prevention services and increased emphasis on using community assets to deliver better services for residents	(150)	(150)	(150)	(150)
Director	The Whole Systems Integration Programme with the NHS.	(700)	(700)	(700)	(700)
All	Review of workforce costs moving into single borough arrangement	(100)	(100)	(100)	(100)
Asset Based Approach to Transport	Transport: Review transport provision and policy across care type and consider opportunities to promote independence wherever possible.	(99)	(110)	(120)	(120)
Total Savings		**(2,916)**	**(3,732)**	**(3,742)**	**(3,742)**

Appendix C - Growth Savings

Childrens Services

MTFS Growth		Budget Change			
Service	**Description**	**2018-19 Budget Change (£000's)**	**2019-20 Budget Change Cumulative (£000's)**	**2020-21 Budget Change Cumulative (£000's)**	**2021-22 Budget Change Cumulative (£000's)**
Queens Manor Resource Centre	Project and specialist resources to develop the service offer of the Resource Centre for disabled children and their family	450	450	450	450
Children's and Adults - Travel Care and Support Contract	Extra cost above approved 17/18 growth of £270k. Approved through Leaders Urgency March 2017	344	344	344	344
Education	Developing a world class SEN Service, significantly improving the service received by residents	290	290	290	0
Family Services	Care Leavers Support	105	85	85	85
Family Services	Dubs children (unaccompanied child refugees)	239	298	313	313
Family Services	Contact and Assessment Team Management	212	212	212	212
Commissioning	Onside Youth Service	0	400	400	400
Education	Travel Care & Support	163	163	163	163
Total Growth		**1,803**	**2,242**	**2,257**	**1,967**

MTFS Savings		Budget Change			
Service	**Description**	**2018-19 Budget Change (£000's)**	**2019-20 Budget Change Cumulative (£000's)**	**2020-21 Budget Change Cumulative (£000's)**	**2021-22 Budget Change Cumulative (£000's)**
Family Services/Commissioning	Integrated Family Support Services (see cabinet report on 10th October 2016)	(1,000)	(1,000)	(1,000)	(1,000)
Family Services	Maximising Social Care Effectiveness (see cabinet report on 7th November 2016)	(644)	(1,248)	(1,748)	(1,748)
Family Services	Securing social housing placements for vulnerable young people to reduce payments to private landlords	(200)	(200)	(200)	(200)
Family Services	Efficiencies to Legal Costs	(50)	(50)	(50)	(50)
Family Services	Recognising existing budget underspend due to reduced number of placements	(75)	(75)	(75)	(75)
Education	Travel Care and Support – Travel Training	(67)	(67)	(67)	(67)
Education	Traded Income to Schools – Education Psychology	(50)	(50)	(50)	(50)
Total Savings		**(2,086)**	**(2,690)**	**(3,190)**	**(3,190)**

Appendix C - Growth Savings

Environmental Services

MTFS Growth		**Budget Change**			
Service	**Description**	**2018-19 Budget Change (£000's)**	**2019-20 Budget Change Cumulative (£000's)**	**2020-21 Budget Change Cumulative (£000's)**	**2021-22 Budget Change Cumulative (£000's)**
Emergency Planning	Contribution agreed by all London Borough chief executives. Permanent budget therefore required	15	15	15	15
Environmental Health - Residential	Increase Corporate Health & Safety Officers by 1 FTE (£65k) as well as strengthen management training (£15k) and external audit support from independent specialists (£20k). The additional resource will help the organisation work towards providing assurance and confidence to staff and the public that it is compliant with health and safety law around the services it provides, safe housing (permanent and temporary) for residents, robust client management of third parties (waste/housing/parks etc), safe corporate buildings for staff and users, and protection of staff and managers from corporate manslaughter.	100	100	100	100
Civic Accommodation	LBHF leases 145-155 King Street under a commercial lease. This growth is to cover the outcome of the rent review.	280	280	280	280
Total Growth		**395**	**395**	**395**	**395**

MTFS Savings		**Budget Change**			
Service	**Description**	**2018-19 Budget Change (£000's)**	**2019-20 Budget Change Cumulative (£000's)**	**2020-21 Budget Change Cumulative (£000's)**	**2021-22 Budget Change Cumulative (£000's)**
Transport & Highways	Cycle street furniture initiative on major routes	(50)	(75)	(75)	(75)
Transport & Highways	Transport Planning Consultancy	(10)	(11)	(11)	(11)
Transport & Highways	Savings through the roll out of Light Emitting Diode Lighting across the borough	(164)	(164)	(164)	(164)
Leisure & Parks	Provide a digital genealogy service for Cemetery & Bereavement services	(2)	(5)	(10)	(10)
Network Assurance	Introduce formal licensing process for placing advertising boards on the public highway to reduce street clutter	(20)	(20)	(20)	(20)
Network Assurance	Review administrative and enforcement arrangements for skips and building material licences	(10)	(10)	(10)	(10)
Highways Projects	Review Highways Team - replace temporary staff with permanent staff	(10)	(32)	(32)	(32)
Highways Projects	Introduce new charge for Transport and Highways design work relating to major planning applications	(20)	(20)	(20)	(20)
Leisure & Parks	Review events currently held in open spaces to improve the income they deliver to the council while reducing any adverse impacts	(20)	(50)	(50)	(50)
Parking	'Deep dive' review of the Parking service	(45)	(45)	(45)	(45)
Parking	Increase income from advertising on Pay & Display parking machines	(20)	(20)	(20)	(20)
Parking	Consequences of Major Changes to Infrastructure for Paid-for Parking	(500)	(500)	(500)	(500)

MTFS Savings		Budget Change			
Service	**Description**	**2018-19 Budget Change (£000's)**	**2019-20 Budget Change Cumulative (£000's)**	**2020-21 Budget Change Cumulative (£000's)**	**2021-22 Budget Change Cumulative (£000's)**
Facilities Management	Review energy contract	(60)	(60)	(60)	(60)
Facilities Management	Review Total Facilities Management client side arrangements - increase number of apprentices	(20)	(20)	(20)	(20)
Facilities Management	Maximise commercial rent income	(180)	(180)	(180)	(180)
Facilities Management	Review Total Facilities Management client side arrangements	(22)	(43)	(43)	(43)
Facilities Management	Review water supply contract	(20)	(20)	(20)	(20)
Facilities Management	Contractual reductions in the Total Facilities Management contract	(75)	(75)	(75)	(75)
Facilities Management	Review the Total Facilities Management contract - variations resulting from disposed buildings	(53)	(53)	(53)	(53)
Environmental Health Residential	New external funding for Air Quality	(60)	(60)	(60)	(60)
Environmental Health Residential	Increase Noise and Nuisance income	(3)	(5)	(5)	(5)
Environmental Health Commercial	Increase Pest Control income	(5)	(5)	(5)	(5)
Environmental Health Commercial	Increase Licensing income	(5)	(5)	(5)	(5)
Community Safety	New external funding for Neighbourhood Watch Scheme	(5)	(5)	(5)	(5)
Community Safety	Review Stray Dog contract	(4)	(4)	(4)	(4)
Registrars	Increase Registrar income through new service offer	(6)	(10)	(10)	(10)
Events	Review major event contracts	(27)	(27)	(27)	(27)
Commercial Waste	Increase commercial waste income.	(49)	(49)	(49)	(49)
Commercial Waste	Increase income from private land and road street cleansing	(5)	(5)	(5)	(5)
Waste Disposal	Targeted increase in recycling	(120)	(120)	(120)	(120)
Waste Management	End bi-borough working for senior waste and enforcement managers	(5)	(5)	(5)	(5)
Waste Contract	Review the waste collection contract	(159)	(159)	(159)	(159)
Executive, Support & Finance	Review Senior Management	(80)	(80)	(80)	(80)
Total Savings		**(1,863)**	**(1,972)**	**(1,977)**	**(1,977)**

Appendix C - Growth Savings

Libraries

MTFS Savings		**Budget Change**			
Service	**Description**	**2018-19 Budget Change (£000's)**	**2019-20 Budget Change Cumulative (£000's)**	**2020-21 Budget Change Cumulative (£000's)**	**2021-22 Budget Change Cumulative (£000's)**
Libraries	Libraries: reduce running costs while maintaining or increasing opening hours through better use of technology	(100)	(100)	(100)	(100)
Total Savings		**(100)**	**(100)**	**(100)**	**(100)**

Appendix C - Growth Savings

Corporate Services

MTFS Growth		Budget Change			
Service	**Description**	**2018-19 Budget Change (£000's)**	**2019-20 Budget Change Cumulative (£000's)**	**2020-21 Budget Change Cumulative (£000's)**	**2021-22 Budget Change Cumulative (£000's)**
ICT	Software licenses	95	95	95	95
Commercial	Investment in the Commercial Team to generate income and contract management savings listed below	215	215	215	215
Total Growth		**310**	**310**	**310**	**310**

MTFS Savings		Budget Change			
Service	**Description**	**2018-19 Budget Change (£000's)**	**2019-20 Budget Change Cumulative (£000's)**	**2020-21 Budget Change Cumulative (£000's)**	**2021-22 Budget Change Cumulative (£000's)**
Procurement & Information Technology Strategy	Information Technology - New contract arrangements	(1,100)	(1,600)	(1,600)	(1,600)
Electoral Services	Electoral Registration - Reduced print and back office costs by enabling canvassers to use tablets to register people at point of contact	(5)	(5)	(5)	(5)
Human Resources	Human Resources Core Team - reduce costs including transactional work	(20)	(20)	(20)	(20)
Delivery and Value	Reduction in spend on councillors	(50)	(50)	(50)	(50)
Delivery and Value	Governance and Scrutiny - reduction in staffing in Governance & Scrutiny, Innovation & Change Management and Community Investment teams	(150)	(150)	(150)	(150)
Delivery and Value	Leaders Office - reduction in staffing	(50)	(50)	(50)	(50)
Delivery and Value	Leaders Office - reduction in supplies and services budget	(5)	(5)	(5)	(5)
H&F Direct	Improved performance management - Revenues and Benefits	(158)	(158)	(158)	(158)
H&F Direct	Call Centre Improvements including Robotic Process Automation	(237)	(237)	(237)	(237)
H&F Direct	Reduction in spend on management	(46)	(46)	(46)	(46)
H&F Direct	Other Initiatives	(40)	(40)	(40)	(40)
H&F Direct	Reduction in Postage & Printing	(30)	(30)	(30)	(30)
Legal services	Review of fees and charges ensuring full cost recovery	(50)	(50)	(50)	(50)
Human Resources	Human Resources - reduction in staffing costs	(100)	(100)	(100)	(100)
Human Resources	Recharge to pension fund - increase budget to match current recharge levels	(74)	(74)	(74)	(74)
Finance	Recharge to pension fund - increase budget to match current recharge levels	(15)	(15)	(15)	(15)
Finance	Finance trainee scheme - change scheme to also include finance apprentices from the local area	(10)	(10)	(10)	(10)
Finance	Reduction in external audit fees	(30)	(30)	(30)	(30)
Audit, Risk, Fraud & Insurance	Contribution from HRA for corporate investigation group in line with activity	(275)	(275)	(275)	(275)
Corporate review of recharges	Recharges review	(54)	(54)	(141)	(141)

Appendix C - Growth Savings

MTFS Savings		Budget Change			
Service	**Description**	**2018-19 Budget Change (£000's)**	**2019-20 Budget Change Cumulative (£000's)**	**2020-21 Budget Change Cumulative (£000's)**	**2021-22 Budget Change Cumulative (£000's)**
Commecial	Business Intelligence - Freedom Pass Reviews	(160)	(160)	(160)	(160)
Total Savings (excluding savings in gross resources)		**(2,659)**	**(3,159)**	**(3,246)**	**(3,246)**
Commercial	Business Intelligence - revenue savings from internal work in council	(250)	(500)	(750)	(750)
Savings shown within Gross Resources		**(250)**	**(500)**	**(750)**	**(750)**
Total Savings		**(2,909)**	**(3,659)**	**(3,996)**	**(3,996)**

Regeneration, Planning and Housing Services General Fund

MTFS Growth		Budget Change			
Service	**Description**	**2018-19 Budget Change (£000's)**	**2019-20 Budget Change Cumulative (£000's)**	**2020-21 Budget Change Cumulative (£000's)**	**2021-22 Budget Change Cumulative (£000's)**
Housing Solutions	Structural Budget Deficit - Increase in client numbers	400	400	400	400
Housing Solutions	Non-achievement of 2017-18 savings due to unfavourable temporary accommodation rental market trends	956	956	956	956
Total Growth		**1,356**	**1,356**	**1,356**	**1,356**

MTFS Savings		Budget Change			
Service	**Description**	**2018-19 Budget Change (£000's)**	**2019-20 Budget Change Cumulative (£000's)**	**2020-21 Budget Change Cumulative (£000's)**	**2021-22 Budget Change Cumulative (£000's)**
Economic Regeneration	Repurposing of One Place, using Section 106 income	(60)	(60)	(60)	(60)
Economic Regeneration	Additional Income from Commercial Units	(28)	(28)	(28)	(28)
Adult Learning & Skills	New courses in Adult Learning & Skills	(20)	(20)	(20)	(20)
Adult Learning & Skills	Standard uplift of Adult Learning fees in line with inflation	(27)	(27)	(27)	(27)
Planning	Planning Initiatives--making sure large developers pay appropriate planning fees	(18)	(18)	(18)	(18)
Total Savings		**(153)**	**(153)**	**(153)**	**(153)**

Appendix C - Growth Savings

Public Health

MTFS Savings		Budget Change			
Service	**Description**	**2018-19 Budget Change (£000's)**	**2019-20 Budget Change Cumulative (£000's)**	**2020-21 Budget Change Cumulative (£000's)**	**2021-22 Budget Change Cumulative (£000's)**
	Public Health investment in services that improve the health of residents, applying savings from better procurement and contract management	(2,000)	(2,000)	(2,000)	(2,000)
Total Savings		**(2,000)**	**(2,000)**	**(2,000)**	**(2,000)**

Appendix C - Growth Savings

Centrally Managed Budgets

MTFS Growth		**Budget Change**			
Service	**Description**	**2018-19 Budget Change (£000's)**	**2019-20 Budget Change Cumulative (£000's)**	**2020-21 Budget Change Cumulative (£000's)**	**2021-22 Budget Change Cumulative (£000's)**
Bank	Bank Charges- Growth to cover lost income from credit card chages due to changes in Governemnt legislation	70	70	70	70
Net Cost of Borrowing	Capital Financing and Treasury Management due to low interest rates.	250	250	250	250
Corporate - MSP (GF)	HR & Payroll growth based on estimated costs	477	477	477	477
Corporate - MSP (GF)	ICT growth based on estimated costs	323	323	323	323
Corporate - MSP (GF)	Finance growth based on estimated costs	60	60	60	60
Corporate - MSP (GF)	Income Management Solution	166	166	166	166
Corporate - MSP (GF)	MSP contract payment	63	63	63	63
Total Growth		**1,409**	**1,409**	**1,409**	**1,409**

Appendix C - Growth Savings

Transformational Workstreams

MTFS Savings		**Budget Change**			
Service	**Description**	**2018-19 Budget Change (£000's)**	**2019-20 Budget Change Cumulative (£000's)**	**2020-21 Budget Change Cumulative (£000's)**	**2021-22 Budget Change Cumulative (£000's)**
Commercial	Savings from better contract management	(1,000)	(1,000)	(1,000)	(1,000)
Commercial	Business Intelligence - commercial income	(1,249)	(1,249)	(1,249)	(1,249)
Commercial	Ethical Debt Joint Venture	(600)	(600)	(600)	(600)
Commercial	Agency contract management	(200)	(200)	(200)	(200)
Cross Cutting	Contact Channel Improvements	(150)	(350)	(800)	(800)
Total Savings (excluding savings in gross resources)		**(3,199)**	**(3,399)**	**(3,849)**	**(3,849)**

Departmental Risk/Challenges

Department & Division	Short Description of Risk	Risk 2018/19 Value (£000's)	2019/20 Value (£000's)	2020/21 Value (£000's)	2021/22 Value (£000's)	Mitigation
Adult Social Care						
Integrated Care	Demographic pressures on Adult Social Care services continue to increase as the population gets older. We continue to experience increases in numbers during future financial years.	1,321	1,321	1,321	1,321	The March 17 Local Government settlement announced a new improved Better Care Fund (iBCF) support for Adult Social Care. We will aim to mitigate the pressures from this funding.
Integrated Care	There is an estimated shortfall in the s.75 Health Commissioning budgets which are under significant financial pressures. Following discussions with Health, the LA have been advised the financial liability will rest with the organisation responsible for the resident.	1,800	1,800	1,800	1,800	The department has commissioned a piece of work to explore the health requirements of local residents to ensure these are being met and funded by the appropriate body.
Integrated Care	Commissioners are continuing to receive requests for inflationary increases from providers above that which has already been built into the base budget	190	190	190	190	The Commercial and Innovation team will negotiate with providers on the inflationary increases to be awarded and this will need to be managed through this process. The Care Market is particularly fragile with a number of factors which are affecting the price-service delivery model.
All	Year on year savings from Transformation Commissioning Programme are increasingly difficult to deliver	900	900	900	900	The department has a transformational programme review group which will review all saving programmes and check progress on delivery.
Integrated Care	Increased costs associated with the payment of the London and National Minimum Wage for care workers who work sleep-in shifts in the social care sector.	200	200	200	200	There is a risk that providers will require extra monies in order to cover the backdating of these payments. It is expected that backdating could go back as far as 6 years, costing ASC c. £200k - £1 million. In order to mitigate this we have made clear that ASC will not consider backdating any payments from before this financial year. We would, however, be happy to support providers lobbying position that central Govt who decided on this policy should make funding available to address the issue.
Adult Social Care Total		**4,411**	**4,411**	**4,411**	**4,411**	

		Risk				
Department & Division	**Short Description of Risk**	**2018/19 Value (£000's)**	**2019/20 Value (£000's)**	**2020/21 Value (£000's)**	**2021/22 Value (£000's)**	**Mitigation**
Centrally Managed Budgets						
Land Charge Income	Land Charge income is dependant on housing market activity. If this continues to be depressed in 2018/19 there is a risk that income may be under budget	250	250	250	250	The Land Charge team is a small team so there isn't scope to reduce costs to compensate for reduced activity. Therefore compensatory underspends elsewhere in Centrally managed budgets will be looked at to mitigate this risk.
Pay award contingency	Pay award increases to 2.5% rather than the 2% offered by the employers	425	425	425	425	This is a council wide budget so a wide range of options will be looked at if this risk materialises
Net Cost of Borrowing	Interest rates remain low and income from investing cash balances are under budget.	500	500	500	500	Investment opportunities will be investigated by the treasury management team.
Centrally Managed Budgets Total		**1,175**	**1,175**	**1,175**	**1,175**	
Children's' Services						
Tower Hamlets related claims	The likely liability, should all connected carers apply for re-imbursement of carers fees (in line with the Tower Hamlets judgement), as far back as 2011, has been estimated to be in the region of £2.1m. Three families (6 children) have now brought claims via the same solicitors totalling £141k, but we continue to hold the risk.	2,100	2,100	2,100	2,100	
Looked After Children	New high cost placements. Recent cases have occurred in 2017-18 with annual costs of up to £0.360m.	1,000	1,000	1,000	1,000	
Children with disabilities	New high cost placements.	tbc	tbc	tbc	tbc	
Children's' Services Total		**3,100**	**3,100**	**3,100**	**3,100**	
Corporate Services						
H&F Direct	Loss of court cost income (element previously collected by enforcement agents)	10	100	100	100	Work closely with 1st Credit
H&F Direct	Unknown operational cost of ethical debt collection replacing nil operational cost of enforcement agents	tbc	tbc	tbc	tbc	Workshops being held with 1st Credit to understand costing model and a request has been made for these costs to be centralised.
Commercial Directorate	Underachievement of income target	0	200	200	200	Marketing plan, advertising, networking, joint sales approach with the Ethical Debt Collection Joint Venture, dynamic supply/demand assessment, continual product development, training/coaching, collaboration with internal departments and weekly sales forecasting

Department & Division	Short Description of Risk	Risk 2018/19 Value (£000's)	2019/20 Value (£000's)	2020/21 Value (£000's)	2021/22 Value (£000's)	Mitigation
ICT Services	Savings from contracts less than anticipated	tbc	tbc	tbc	tbc	Ensure tender process is run effectively and risks of delay in delivery are managed. Consider use of reserves.
Corporate Services Total		**10**	**300**	**300**	**300**	
Environmental Services (Inc CPA)						
Highways & Projects	WIFI income budget will not be achieved	133	133	133	133	Currently working closely with Arqiva on new initiatives to increase revenue for the Council.
Highways & Projects	Bay Media Advertising Contract	59	59	59	59	Highways have recently taken this over and working with BayMedia to increase advertising including introducing monthly contract management meetings.
Highways & Projects	2015/16 MTFS - Sponsored information boards on the highway	50	50	50	50	Combined project with Cycling Initiative. Currently working on designs for both and going to LDG for approval. Are working to develop marketing strategy and have attend industry seminars were there is a great interest in this proposal.
Highways & Projects	2017-18 MTFS - TTS15 - Cycle street furniture initiative	75	75	75	75	as above
Parks & Open Spaces	Reactive Repairs – Grounds Maintenance – The budget of £110k may prove inadequate	50	50	50	50	Other funding sources are being considered, with Building Property Management colleagues, to fund additional costs of infrastructural assets, which need replacing.
Transport & Highways	Staff time recharges to projects fail to cover salaries expenditure in full	200	200	200	200	Managers will ensure prompt logging of new projects and that officers update time sheets in good time
Transport Planning & Development	Street works/Highways license Fixed Penaly Notice (FPN) income changes due to changes in the law	90	90	90	90	SW FPN's income is down because of operational guidance issued by DfT rather than change in law. Highway FPN income is down due to us being more robust in our inspection regime. Income is directly linked to amount of work carried out and how utilities perform so income could be more or less than budget
Transport Planning & Development	Transport Planning Consultancy income will not be achieved	65	65	65	65	Work is underway to generate revenue
Parking	Parking suspensions income may fall if the wider economy slows, leading to reduce property development activity and reduced demand for parking bay suspensions.	1,000	1,000	1,000	1,000	Parking fees not set to raise income, so no mitigation proposed

Department & Division	Short Description of Risk	Risk				Mitigation
		2018/19 Value (£000's)	2019/20 Value (£000's)	2020/21 Value (£000's)	2021/22 Value (£000's)	
Parking	Receipts from moving traffic offence penalty charge notices will fall if driver behaviour improves.	1,000	1,000	1,000	1,000	Reducing offences is the object of moving traffic penalties, so a reduced income would be a sign of success
Parking	Risk of delay in introducing call-back function	45	45	45	45	The service would consider making other adjustments to its staffing.
Asset Strategy and Portfolio Management	Unfunded revenue costs incurred in appropriation of General Fund assets to HRA as well as transactions costs for transfer of assets for community benefits.	50	50	50	50	Housing colleagues will agree to ongoing revenue funds for assets transferring from General Fund to HRA
Building Control	There is an income shortfall on Building Control. This is primarily due to the current recession in the construction industry as a result of the uncertainties surrounding Brexit and the increased competition from the private approved inspectors.	150	150	150	150	Further opportunities being explored to identify new commissions (internal and external)
Facilities Management	There is a project that is being planned which is designed to increase the overall specification for all Health and Safety and Compliance works across the Hammersmith and Fulham Estates. The costs for these works are not contained within the existing TFM budget.	500	250	150	100	There is a short life programme that will report to senior officers and ensure it is understood the ongoing liability and some of this work may be picked up as part of Corporate Planned maintenance programme
Rent and Other Properties	Lyric Theatre - Unfunded repairs and maintenance costs above the agreed cap of £50k	100	100	100	100	A monitoring programme will be put in place for this figure
EH Private Housing - Selective/Additional Licensing	New private housing licensing income does not cover the additional administration costs in full	300	300	300	300	Closely monitor to ensure that expenditure is reduced in line with any reductions in income. Report progress on this Commercial business case to the Commercial Board
Registrars	Loss of Nationality Checking Service income, resulting from Home Office shift to online digital services	45	45	45	45	Identify alternative income generating potential within the service area, although this may be limited (look to other boroughs for opportunities). Seek support from the Commercial Team to increase income as far as possible.
Events and Lettings	Filming income budgets not delivered in full	125	125	125	125	Fully mobilise and exploit new filming and events location library. Work with the Commercial Team to maximise sales.

Department & Division	Short Description of Risk	Risk 2018/19 Value (£000's)	2019/20 Value (£000's)	2020/21 Value (£000's)	2021/22 Value (£000's)	Mitigation
Waste Disposal	Waste disposal rates and tonnages increase by more than budgeted	-	645	1,014	1,383	Regular finance review and reporting through DMT. Continue to progress action plans to target reductions in general waste tonnages and increase recycling.
Ducting Contract	Risk that the current ducting concession contract terminates/reduces at the February 2018 contract review point, with no alternative provider or substitution	290	290	290	290	Work with the Commercial Director and concession holder to identify new large contracts. Regular finance review to monitor concession holder's performance. Set aside departmental reserves.
Various	Loss of commercial income due to refurbishment of Hammersmith Town Hall	794	794	794	794	Continue to raise with the project lead and Strategic Director for Finance to ensure that any financial losses are provided for in the project business case and costings
Various	Commercial income savings not achievable due to market conditions	220	220	220	220	Work with the Commercial Director to develop and implement plans. Regular finance review to monitor service demand. Report through DMT and Commercial Board
Environmental Services (Inc CPA) Total		**5,341**	**5,736**	**6,005**	**6,324**	
Libraries & Archives Shared Service						
Libraries	Due to the need for a consultation and the lead in time to introduce technology there is a possibility that this will not achieve a full year saving in 2018/19.	50	-	-	-	
Libraries & Archives Shared Service Total		**50**	**0**	**0**	**0**	
Public Health Services						
None to report						
Public Health Services Total		**0**	**0**	**0**	**0**	
Regeneration, Planning & Housing Services						
Temporary Accommodation	Overall Benefit Cap	278	278	278	278	
Temporary Accommodation	Direct Payments (Universal Credit)	998	1,551	2,137	2,367	
Temporary Accommodation	Increase in the number of households in Temporary Accommodation - based on current forecast	-	391	782	1,173	

Department & Division	Short Description of Risk	Risk 2018/19 Value (£000's)	2019/20 Value (£000's)	2020/21 Value (£000's)	2021/22 Value (£000's)	Mitigation
Temporary Accommodation	Increase in the number of households in Temporary Accommodation - extra 100 each year above current forecast	651	1,421	2,257	3,009	
Temporary Accommodation	Loss of Temporary Accommodation Management Fee on Housing Benefit Subsidy - the Flexible Homelessness Support Grant will be received in 2018/19 but Government has not confirmed whether funding will be available from 2019/20 onwards.	-	1,930	2,022	2,115	
Temporary Accommodation	Inflationary pressures on Temporary Accommodation landlord costs, based on an extra 1.5% rental inflation	270	545	824	1,107	
Temporary Accommodation	Large families in B&B	258	482	707	931	
Temporary Accommodation	Direct Lettings Incentive payments - risk in future years (the incentive payments will be funded from the Temporary Accommodation earmarked reserve in 18/19 as no growth has been granted)		600	600	600	
Temporary Accommodation	Homelessness Reduction Bill - increase in households in temporary accommodation - extra 70 each year	506	1,095	1,692	2,256	
Temporary Accommodation	The Governments High value void sales policy as legislated for in Housing & Planning Act 2016 - based on a reduction of available accommodation of 10 homes per year as an illustative number	-	106	213	213	
Economic Development Learning and Skills (EDLS)	Section 106 funding for Economic Development - no formal confirmation, Cabinet report in January, receipt of funds. Investment team, Work Matters, One Place	750	750	750	750	
EDLS	Devolution of Adult Education Budget to London Mayor	-	unknown	unknown	unknown	
EDLS	Affordable housing and regeneration projects - feasibility studies on GF land	450	100	100	100	

Department & Division	Short Description of Risk	Risk 2018/19 Value (£000's)	2019/20 Value (£000's)	2020/21 Value (£000's)	2021/22 Value (£000's)	Mitigation
EDLS	New Homes Bonus funding for Economic Development, contingent on extension of NHB contract to December 2019. Consists of £342k for Investment Team staffing and Brilliant Business Awards and other activities; Work Matters (£280k) for staffing, activities relating to employment disability, employment hub, estate skills audit, job fayre, community employment outreach; £18k for One Place running costs including IT software.	640	640	640	640	
EDLS	Skills Funding Agency grant reduction (the grant is £2.7m in 2017/18)	TBC	TBC	TBC	TBC	
EDLS	Adult Learning: Recharge for repairs costs from Amey (£88k)	88	88	88	88	
EDLS	Adult Learning: A recommendation from OFSTED to increase staffing levels (£23k)	23	23	23	23	
EDLS	Adult Learning: A historical correction to sessional staff pay increases (£15k)	15	15	15	15	
EDLS	Adult Learning: MTFS saving of £95k - contingent on extension of NHB grant	95	95	95	95	
EDLS	Adult Learning: Rent increase at Normand Croft	13	13	13	13	
EDLS	Adult Learning: Provision for unexpected events	100	100	100	100	
Regeneration, Planning & Housing Services	Risk of abortive costs from affordable housing feasibility studies on General Fund land not being pursued	100	100	100	100	
Regeneration, Planning & Housing Services		**5,235**	**10,323**	**13,436**	**15,973**	
Grand Total		**19,322**	**25,045**	**28,427**	**31,283**	

Government Resources Summary				
Unringfenced resources	2017/18	2018/19	2019/20	
	£'000	£'000	£'000	
Revenue Support Grant	**29,499**	**23,427**	**17,131**	For 2018/19 this will be part of business rates.
Other Unringfenced grants				
New Homes Bonus Grant	7,831	6,747	7,326	
Housing Benefit Administration Grant	1,273	1,020	969	estimated for 19/20
Localised Council Tax Support Administration Grant	364	338	321	estimated for 19/20
Education Support Grant	582	0	0	
Special Educational Needs Implementation	139	0	0	
Independent Living Fund	821	796	772	
Compensation for change in business rates multiplier	744	1,240	1,862	switch to CPI from RPI in 2018/19
Total Other Unringenced Grants	**11,754**	**10,141**	**11,250**	
One-Off Funding				
Adult Social Care Support Grant	922	0	0	
Total Unringfenced Grants	**42,175**	**33,568**	**28,381**	
Reduction in Unringenced grants		**8,607**	**5,187**	
Ringfenced Grants allocated within Departmental Budgets				
Flexible Homelessness Support Grant	3,527	3,381	tbc	
Homelessness Reduction Act - new Burden	225	206	199	
Lead Local Authorities Flood Grant	42	45	48	
Better Care Fund	5,128	7,051	8,814	
Public Health	22,338	21,764	21,189	
Total Specific Grants	**31,260**	**32,447**		

Environmental Services Fees and Charge 2018-19

Exceptions to the inflationary 3.9% increase

Directorate	Service	Fee Description	Sub Category	2017-18 Fee (£)	2018-19 Fee (£)	% Change	Reason for exception to inflationary increase
Parking	Parking Permits	Individual's first permit (6mths)		71.00	71.00	0.0%	Parking fees are frozen
	Parking Permits	Individual's second permit (6mths)		260.00	260.00	0.0%	
	Parking Permits	Individual's first permit (Yearly)		119.00	119.00	0.0%	
	Parking Permits	Individual's second permit (Yearly)		497.00	497.00	0.0%	
	Parking Permits	Discounted permit charges (Green vehicles)		60.00	60.00	0.0%	
	Parking Permits	Business first permit (6mths)		464.00	464.00	0.0%	
	Parking Permits	Business second permit (6mths)		735.00	735.00	0.0%	
	Parking Permits	Business first permit (Yearly)		791.00	791.00	0.0%	
	Parking Permits	Business second permit (Yearly)		1,310.00	1,310.00	0.0%	
	Parking Permits	Doctors		125.00	125.00	0.0%	
	Parking Pay and Display	Zone A		2.80	2.80	0.0%	
	Parking Pay and Display	Zone A - Visitor's		1.80	1.80	0.0%	
	Penalty Charge Notices	More Serious		130.00	130.00	0.0%	
	Penalty Charge Notices	Less Serious		80.00	80.00	0.0%	
	Towaway			200.00	200.00	0.0%	
	Suspension of Parking Bay	1-5 Days		40.00	40.00	0.0%	
	Suspension of Parking Bay	6-42 Days		60.00	60.00	0.0%	
	Suspension of Parking Bay	43 days +		80.00	80.00	0.0%	
	Community Safety	Motorcycle Recovey	Individual	50.00	50.00	0.0%	Price freeze as current price is reasonable
	Community Safety	Stray Dogs	Return of Stray Dogs to Owners	25.00	25.00	0.0%	Charge set in statute
	Community Safety	Stray Dogs	Statutory fee	25.00	25.00	0.0%	
	Community Safety	Stray Dogs	Administration Fee	25.00	25.00	0.0%	
	Community Safety	Stray Dogs	Kennelling (per day)	12.50	12.50	0.0%	Price freeze as published charges have not yet been implemented
	Neighbourhood Wardens	Patrols	Neighbourhood Warden Patrols (per hour)	100.00	100.00	0.0%	Price freeze as main customer base is Registered Social Landlords
	Anti Social Behaviour	Investigations	Casework (per hour)	100.00	100.00	0.0%	Price freeze to remain competitive.
	Anti Social Behaviour	Investigations	Professional Witness Service (per hour)	50.00	50.00	0.0%	
	Anti Social Behaviour	Camera hire	Pin hole camera hire - charge per day	10.00	10.00	0.0%	Price freeze as LBHF is new to the market so wish
	Anti Social Behaviour	Camera hire	Pin hole camera with briefcase hire - charge per day	25.00	25.00	0.0%	
	Anti Social Behaviour	Camera hire	Lipstick camera hire - charge per day	10.00	10.00	0.0%	
	Anti Social Behaviour	Camera hire	Lipstick camera with briefcase hire - charge per day	25.00	25.00	0.0%	
	Anti Social Behaviour	Camera hire	Door viewer camera hire - charge per day	10.00	10.00	0.0%	
	Anti Social Behaviour	Camera hire	Door viewer camera with briefcase hire - charge per day	25.00	25.00	0.0%	
	Anti Social Behaviour	Camera hire	Large zoom camera hire - charge per day	15.00	15.00	0.0%	
	Anti Social Behaviour	Camera hire	Large zoom camera with briefcase hire - charge per day	25.00	25.00	0.0%	

Environmental Services Fees and Charge 2018-19

Exceptions to the inflationary 3.9% increase

Directorate	Service	Fee Description	Sub Category	2017-18 Fee (£)	2018-19 Fee (£)	% Change	Reason for exception to inflationary increase
	Anti Social Behaviour	Camera hire	Polecam hire - charge per day	50.00	50.00	0.0%	to remain competitive
	Anti Social Behaviour	Camera hire	Door viewer camera (housed) hire - charge per day	15.00	15.00	0.0%	
	Anti Social Behaviour	Camera hire	Metal hide with camera hire - charge per day	25.00	25.00	0.0%	
	Anti Social Behaviour	Camera hire	Notice board camera hire - charge per day	25.00	25.00	0.0%	
	Anti Social Behaviour	Camera hire	Fire sign camera hire - charge per day	25.00	25.00	0.0%	
	Anti Social Behaviour	Camera hire	Motion sensor camera hire - charge per day	20.00	20.00	0.0%	
	Anti Social Behaviour	Camera hire	Briefcase camera plus audio hire - charge per day	50.00	50.00	0.0%	
	Anti Social Behaviour	Camera hire	Camera equipped vehicle hire - charge per day	50.00	50.00	0.0%	
	CCTV	4G Deployable CCTV cameras	Survey (per hour)	25.00	25.00	0.0%	
	CCTV	4G Deployable CCTV cameras	Individual PoleCam (set up)	400.00	400.00	0.0%	
	CCTV	4G Deployable CCTV cameras	Individual PoleCam (charge per day)	100.00	100.00	0.0%	
	CCTV	4G Deployable CCTV cameras	Individual PoleCam (charge per week)	600.00	600.00	0.0%	
	CCTV	4G Deployable CCTV cameras	Individual PoleCam (charge per calendar month)	1,800.00	1,800.00	0.0%	
	CCTV	4G Deployable CCTV cameras	Two PoleCams (set up)	600.00	600.00	0.0%	
	CCTV	4G Deployable CCTV cameras	Two PoleCams (charge per day)	180.00	180.00	0.0%	Price freeze as LBHF is new to the market so wish to remain competitive
	CCTV	4G Deployable CCTV cameras	Two PoleCams (charge per week)	1,000.00	1,000.00	0.0%	
	CCTV	4G Deployable CCTV cameras	Two PoleCams (charge per calendar month)	3,000.00	3,000.00	0.0%	
	CCTV	Footage analysis	Forensic review of recorded footage (per hour)	30.00	30.00	0.0%	
Environmental Health, Community Safety & Emergency Services	CCTV	Footage analysis	Forensic review of recorded footage (per day)	200.00	200.00	0.0%	
	Registrars	Notices	Notice of marriage/civil partnership	35.00	35.00	0.0%	
	Registrars	Notices	Notice of marriage/civil partnership (subject to Home Office referral)	47.00	47.00	0.0%	
	Registrars	Notices	Consideration of Divorce/Dissolution (outside of British Isles) by LRS	50.00	50.00	0.0%	
	Registrars	Notices	Consideration of Divorce/Dissolution (outside of British Isles) by GRO	75.00	75.00	0.0%	
	Registrars	Notices	Waiver (reduce 28 day notice period)	60.00	60.00	0.0%	Statutory fees, no increase
	Registrars	Notices	RG's Licence	15.00	15.00	0.0%	

Appendix F - Fees Charges Exceptions

Environmental Services Fees and Charge 2018-19

Exceptions to the inflationary 3.9% increase

Directorate	Service	Fee Description	Sub Category	2017-18 Fee (£)	2018-19 Fee (£)	% Change	Reason for exception to inflationary increase
	Registrars	Conversion of a Civil Partnership into Marriage	At Register Office	45.00	45.00	0.0%	
	Registrars	Conversion of a Civil Partnership into Marriage	Completing the declaration	27.00	27.00	0.0%	
	Registrars	Conversion of a Civil Partnership into Marriage	Signing the declaration in a religious building registered for same sex couples	91.00	91.00	0.0%	
	Registrars	Civil Marriage/Civil Partnership/Naming Ceremonies/Vow Renewals (including rehearsals)	Attendance at the Register Office	46.00	46.00	0.0%	
	Registrars	Civil Marriage/Civil Partnership/Naming Ceremonies/Vow Renewals (including rehearsals)	Marble Gallery - Saturdays	650.00	650.00	0.0%	Increased last year. Current fee is competitive
	Registrars	Fee for attendance at places of Worship		86.00	86.00	0.0%	
	Registrars	Copy certificates	Copy certificate at time of registration	4.00	4.00	0.0%	
	Registrars	Copy certificates	Copy certificate in current register	7.00	7.00	0.0%	Statutory fees, no increase
	Registrars	Copy certificates	Copy certificate from historical records	10.00	10.00	0.0%	
	Registrars	Copy certificates	Copy certificate from historical records - administration fee	5.00	5.00	0.0%	
	Registrars	Copy certificates	While You Wait service for copy certificates - Price on application	40.00	40.00	0.0%	Current fee is competitive
	Registrars	Copy certificates	24hr service for copy certificates - Price on application	30.00	30.00	0.0%	
	Registrars	Fees for Changes to Initial Registration	Consideration of Space 17	40.00	40.00	0.0%	
	Registrars	Fees for Changes to Initial Registration	Consideration of Corrections by LRS	75.00	75.00	0.0%	Statutory fees, no increase
	Registrars	Fees for Changes to Initial Registration	Consideration of Corrections by GRO	90.00	90.00	0.0%	
	Registrars	Cancellation & Booking Changes	Non-refundable deposit per notice	35.00	35.00	0.0%	
	Registrars	Cancellation & Booking Changes	Non-refundable deposit for ceremony bookings	100.00	100.00	0.0%	Current fee is competitive
	Registrars	Cancellation & Booking Changes	Amendment administration fee for ceremony bookings	35.00	35.00	0.0%	
	Transport	Parts		Cost + 10.5%	Cost + 10.5%	0.0%	
	Transport	Fuel - Diesel / Petrol / LPG		Cost + 8.5 to 10.5%	Cost + 8.5 to 10.5%	0.0%	
	Transport	Ad Hoc Vehicle Hire		Cost + 10.5%	Cost + 10.5%	0.0%	Current charging methodology is competitive
	Transport	Management and Administration Charge		Total Cost (excluding Fuel and NSEs) + 10.5%	Total Cost (excluding Fuel and NSEs) + 10.5%	0.0%	
	Transport	Labour Rate per hour (prices starting at)		from £45	from £45	0.0%	

Fee Description	2017/18 Charge (£)	2018/19 Charge (£)	Proposed Variation (%)	Total Estimated Income Stream for 2017/18	Total Estimated Income Stream for 2018/19	Reason For Variation Not At Standard Rate
Private Sector Leasing						
Private Sector Leasing Water Charges	**Varies**	**Varies**	Subject to water company increase, expected in January 2018	Nil	Nil	The charge is determined by the annual increase set by the water companies.
Private Sector Leasing Rent (average per week)	**£276.96 as at 1st October 2016**	**£257.04 as at 22 November 2017**	na	£10.8m (2017/18 Estimates, based on 782 units with 4% void at the weekly rent of £276.96)	£11.8m (2018/19 Estimates, based on 921 units with 4% void at the weekly rent of £257.04)	Since April 2012, the PSL rent threshold has been based on the January 2011 Local Housing Allowance (LHA). The LHA varies according to changes in market rents, the location of the property and its bedroom size. The threshold formula was 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. From April 2017, the £40 was removed from the formula, the new threshold is 90% of January 2011 LHA and subject to a cap of £460 on Inner London and Outer South West London BRMA and a cap of £335 on the other BRMAs. PSL tenants living in a Universal Credit Implementation Area will have their rent threshold based on 100% of the April 2015 LHA. By October 2017, 10% of the Council's PSL tenants were subject to the April 2015 LHA.
Bed and Breakfast Temporary Accommodation						
B & B Rent Single/Family (Average per week)	**£213.46 as at 1st October 2016**	**£204.64 as at 1st October 2017**	na	£1.5m (2017/18 Estimates, based on 134 tenants at a weekly rent of £213.46)	£2.0m (2018/19 Estimates, based on 190 tenants at a weekly rent of £204.64)	Since April 2012, the B&B rent threshold has been based on the January 2011 Local Housing Allowance (LHA). From April 2017, the B&B rent threshold will be based on the April 2015 LHA to reflect the implementation of Universal Credit. 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	**£10.56**	**£10.56**	0.0%	£257.04 as at 22 November 2017	£104,300 (2018/19 Estimates, based on 190 tenants	From the 7th November 2016, the benefits caps were reduced from £26,000 per annum to £23,000 for Lone parents and Couples households and from £18,200 to £15,410 for Singles, in London. Any increase in fees is likely to be irrecoverable.
B & B Amenity Charges - Two Adults	**£13.51**	**£13.51**	0.0%			
B & B Amenity Charges - Single Adult & Children	**£11.14**	**£11.14**	0.0%			
B & B Amenity Charges - Two Adults and Children	**£14.07**	**£14.07**	0.0%			
B & B Amenity Charges - Three Adults and Children	**£17.12**	**£17.12**	0.0%			
B & B Amenity Charges - Four Adults and Children	**£19.94**	**£19.94**	0.0%			
B & B Amenity Charges - any additional adult	**£2.92**	**£2.92**	0.0%			

Fee Description	2017/18 Charge (£)	2018/19 Charge (£)	Proposed Variation (%)	Total Estimated Income Stream for 2017/18	Total Estimated Income Stream for 2018/19	Reason For Variation Not At Standard Rate
A4 black and white - self service	£0.10	£0.10	0.0%	9,800	9,800	All are in long term decline as customers switch to downloads and other digital formats and an increase would be counter-productive, and likely to lead to lower use and further reduced income
A3 black and white - self service	£0.20	£0.20	0.0%			
A4 black and white - assisted service	£0.20	£0.20	0.0%			
A3 black and white - assisted service	£0.40	£0.40	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	7,800	All are in long term decline as customers switch to downloads and other digital formats and an increase would be counter-productive, and likely to lead to lower use and further reduced income
Miscellaneous Sales	various	various	0.0%	4,300	4,300	
Internet Income	£0.50	£0.50	0.0%	31,700	31,700	
Library Fines	various	various	0.0%	50,200	50,200	
Lost / Damaged Charges	various	various	0.0%	2,400	2,400	
Video / DVD Hire Income	various	various	0.0%	35,700	35,700	
Hall Lets / Room Hire	per hour	per hour	0.0%	15,000	15,000	
Property Rent	Annual	Annual	0.0%	10,000	10,000	
Sale Items - guide prices - No VAT Charged - Withdrawn items	per hour	per hour	0.0%	3,600	3,600	

Equality Impact Analysis (EIA) of main budget proposals for 2018/19

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 21 February 2018.

For 2018/2019, 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 Council Tax remaining at the current level 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 2018/19 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

It is proposed that council tax remains at its current level for 2018/19 which means that there is no new impact resulting from the setting of council tax for this budgetary year, either positive or negative.

Council tax has remained frozen in Hammersmith & Fulham for 3 years.

The government allows local authorities to raise council tax by up to 5.99% of which 3% would have to be ring fenced for spending on social care ("the social care precept"). Beyond 5.99%, with 3% ring-fenced, then a referendum would need to be held. This means that the Council needs to assess the impact of not taking the option of an additional precept. Were the Council to do so up to the 3% maximum allowed for 2018/19, it would mean that the Council would have £1.7m additional income ring-fenced for spending on adult social care (ASC).

People who use Adult Social Care services comprise individuals 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 nearly 11% of the population are 65 or over.

Data from Short and Long Term Care (SALT) returns shows that 44% of those receiving long term services at end of March 2017 were in the 18-64 age range and 56% were 65 or over. The corresponding figures for those receiving short term services were 28% and 72%. Across both long-term and short-term services, 39% of customers were aged 18-64 and 61% aged 65+.

70% of carers assessed by the Council are female carers (compared to 51% of the population as a whole), so carers are disproportionately more likely to be female. For ASC residential and nursing placements and for community based services, 38% of customers are from Black, Asian, mixed or other ethnicity groups, 58% of customers are White and 4% remain unclassified. This is based on published information in the SALT 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 was 32%, so these groups are marginally over-represented among service users (as BAME groups tend to have poorer health than those from the White ethnic groups, after accounting for age differences). 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 unlikely 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 £1.7 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 growth and increasing of Improved Better Care funding totalling of £2.250m, details of which are set out in paragraph 4.1.6 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 £1.7m income could, though, be used for: (i) providing further additional discretionary ASC services; and/or (ii) meeting any non-anticipated ASC budget pressures, e.g., 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 2018/19. 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 3%. A detailed equality impact analysis of the effect of reducing council tax was undertaken for the purposes of the 2015/16 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 the 2015/16 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 about £30.00 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 15,408 LCTS claimants, approximately 55% are female (higher than the proportion of females in the borough population , which was 51.3% according to the 2011 Census). Pensioners are also disproportionately represented (35% of LCTS claimants, but only 11% 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

3% increase on a property banded at G would result in an increase of about £51 per year.

As such, introducing the social care precept by 3% 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 £1.7m ring-fenced income for ASC services.

4. Analysis of overall impact of the proposed budget

4.1 Adult Social Care

Adult Social Care has a number of financial challenges, both locally and nationally. Since 2010/11, there has been a significant reduction in funding. Meanwhile, people are living longer and residents are being discharged from hospital much earlier. Both of these are very positive, however people are living longer with more complex needs, and those leaving hospital earlier have a greater acuity of need. Both cases require more intensive social care support for longer which has substantial financial implications.

4.1.1 Efficiencies, Growth and Fees and Charges

The 2018/19 proposals are detailed in this report. They are grouped departmentally into Front door & demand management, Strategic Commissioning, Whole system integration and other efficiencies. ASC delivered a number of efficiencies in 2017/18 totalling £1.9m. The proposals in 2018/19 of £2.9m are an extension of existing proposals without any anticipated adverse impact on people who use the services.

4.1.2 The Front Door and Demand Management Programme -Savings of £0.897m

Promoting independence through social work practice. Careful and creative facilitation of care and support planning. Forensic assessment of where payments are not aligned to services provided and/or residents £0.747m

This project relates to the consistency, quality, and creativity of social work practice so that the potential for independence is at the front and centre of assessments and reviews and associated care and support costs are avoided.

As delivery of savings is increasingly challenging, the continuing approach is being supported by a range of additional provisions including the Front Door and Demand Management Programme, a strengthened approach to annual reviews, a review of the capability of the Learning Disabilities service to undertake this work and the extension of housing allocation and adaptations provisions.

Savings associated with this proposal are counterbalanced by growth plans so that unavoidable market and demographic cost increases are provided for. The changes are therefore considered to have a neutral impact.

Improved targeting of prevention services and increased emphasis on using community assets to deliver savings £0.150m

The Front Door and Demand Management Programme was established in July 2016 to join up and digitalise services and integrate commissioning budgets for front door and prevention services. Savings will be delivered through a combination of digital development, re-commissioning and contract management.

<u>4.1.3 The Commissioning Strategy Programme – Savings of £1.219m</u>

Major re-commissioning projects in the areas of Learning Disabilities and Mental Health Accommodation and Support; Day Care Services and Extra Care Housing £0.505m

The re-commissions will go to the market to seek re-designed services that better promote independence and personalised services moving away from the rigid and fixed approaches to providing care and support. Services will also be re-commissioned within the context of a wider review of care pathways. Co-production with key partners and residents will drive the process. There will also be continuing work to manage down costs with block contract and high-volume spot contract providers. This work is on track, although delivery of savings is dependent on the market response and cannot be assured until later stages of the retender process.

The procurement framework requires ASC to consider EIA implications of re-commissions in a proportionate way which will be done in due course. Savings for the recommission programme are counterbalanced by growth plans so that unavoidable market and demographic cost increases are provided for and a neutral impact is therefore expected.

Remodel In-House Service Portfolio £0.075m

In-depth value for money assessment of the Council's in-house care and support service portfolio of seven services including day care, respite and home visiting services.

The review will be undertaken to assess any remaining opportunities for improving efficiency and the long-term market position of in-house services. In year one, limited efficiency reductions which have no impact on the service offer were undertaken. An options paper for more substantive changes is currently in draft form.

Once a steer has been provided, associated EIA implications can be considered further.

Dynamic Purchasing System (DPS) £0.100m

The project focusses on the procurement and implementation of a DPS, an electronic mini tendering system for regular purchases of residential care placements. This improves access to a wider market and the best price in an automated way. Residents will be provided with a placement that will clearly support their assessed needs and agreed outcomes. This will be provided in a more transparent process as quotes will be provided electronically rather than being telephone based.

The proposal will have a neutral impact in terms of equalities regarding access, choice and control for a resident's care placement. It is hoped that the system will allow the Council to reach out to a greater number of homes than previously.

Review of Supporting Housing Programme £0.130m

Commissioners are currently exploring options to transfer the commissioning and contracting responsibilities and/or procure contracts.

Overall, the impact on vulnerable groups is adjudged as neutral or positive as service continuity will be maintained and there will be additional types of support available for people to access.

Improved Transition and Promote Independence £0.310m

It is essential that the process for young disabled people transitioning into adulthood is improved through the development of an integrated transition service between children's and adult's services and a more co-ordinated response. Early, multi-disciplinary co-ordinated planning from age 14 and improved case tracking will enable young disabled people to reach their life goals and aspirations locally, within a value for money framework.

This work considers diverse needs through all the key stages. Savings associated with this proposal are counterbalanced by growth plans so that unavoidable market and demographic cost increases are provided for resulting in a neutral impact.

Asset Based Approach to Transport £0.099m

This piece of work will review the transport provision and policy across care type and consider opportunities to promote independence wherever possible.

4.1.4 The Whole Systems Integration Programme – Savings of £0.700m

A joint commissioning and review of services with the NHS including people with a Learning Disability, Mental Health issue and intermediate care. Work to provide details of options to achieve savings is now being facilitated with a shared benefits delivery map that caters for 2018/19 requirements on both sides. Any potential equalities impact will be considered as part of this process.

4.1.5 Other - Review of workforce costs £0.99m

A complete review of cost management will be undertaken, particularly agency and interim provisions. Work is on target to finalise the savings plan as the service moves into a single borough.

We anticipate that there would be a neutral impact on our staff as there will be no staff reductions.

4.1.6 Growth

4.1.6.1 Improved Better Care Fund (IBCF) £7.051m in 2018/19 (£1.001m increase from 2017/18)

In the 2017 spring budget, new money was announced for Adult Social Care through the Improved Better Care Fund totalling £7.051m. The purpose of the grant is to meet Adult Social Care needs and reduce pressures on the NHS.

The Improved Better Care Fund will have a positive impact on all Adult Social Care residents as:

- It will enable the Department to continue to implement the out of hospital strategy and this will impact residents positively as they are able to live independently for longer.
- It will enable the service to manage and meet increased demand and acuity of needs.
- It will help providers with staff retention and therefore ensure continuity of care for residents which will have a positive impact on their wellbeing.
- The additional budget received will be used to fund eligible young adults who transition into social care services.

4.1.6.2 Council Funded Growth for contract inflation- £1.249m

There are further contractual inflation pressures of at least 3% for a range of ASC services. This has led to an increase in prices from the market providers. Headroom funding is required to bring ASC budgets in line with the anticipated 2018/19 contract prices.

The additional funding will enable the service to manage this demand and continue to provide free Homecare services. It will also help providers with staff retention and therefore ensure continuity of care for people who use adult social care services, this will have a positive impact on their wellbeing. This will also enable the Department to stay competitive in the placement procurement market.

4.1.7 Fees and Charges

Meals on Wheels: No change in charge proposed

LBHF provides a meal service for residents of the borough and charges a flat rate contribution towards the service (£2 per meal). 59% of those receiving meals are female and BAME groups account for 26%.

Meals services are provided to residents by the contractor Sodexo Ltd. This is part of a contract framework agreement with Sodexo Ltd and Hammersmith and Fulham Council is the lead authority. The contract commenced on 8th April 2013 and covers a five-year period. There is now six months remaining on this contract and the service is proposed to extend for a further 12 months to allow time to development of a new model for April 2019.

Our procurement framework requires us to consider EIA implications of re-commissions in a proportionate way and this will happen in due course.

Maintaining the current price is expected to have a positive impact on BAME user groups as well as other users as a price freeze will improve their financial position and overall wellbeing.

Careline: No change in charge proposed

There is no change proposed in the Careline charge for 2018/19, this will be the second year the carline charges will remain unchanged. This will have a positive impact as it will improve the financial position of residents in real terms.

4.2 Public Health

The impact of 2018-19 efficiencies proposals is detailed in this report. They are grouped into transformation projects, procurement and contract efficiencies, reconfiguration of services and other efficiencies. With reconfiguration and procurement activity, detailed EIAs will be carried out at the time the proposals are in development when the potential impact can be fully assessed. For transformation projects, the savings will be re-invested into other council departments where Public Health outcomes are achieved. All expenditure and savings will be contained within the ring-fenced Public Health Grant Budget and earmarked reserves.

4.2.1 Sexual Health Services

2017-18 Budget	2018-19 Proposed Budget	2018-19 Savings
£5,554k	£4,803k	(£751k)

The majority of the saving is gained from the re-design and re-procurement of the genito-urinary medicine (GUM) contract, which will promote channel shift to online and postal sampling rather than clinical sampling. This will commence on 1st April 2018 with the savings arising from the channel-shift activity, in addition to lower tariff costs for testing.

The re-designed service will continue to offer open access and ensure that the services are accessible to all, therefore there should be no changes for those groups who hold protected characteristics.

4.2.2 Substance Misuse Services

2017-18 Budget	2018-19 Proposed Budget	2018-19 Savings
£4,570k	£3,761k	(£809k)

The newly procured detox placement contracts have coped with the levels of demand in the borough. Therefore, the £116K allocated from the risk and transformation fund (held to address any pressures from new contracts) is not required.

The remaining savings arise from redesigned services and elimination of service duplications, in addition to planned contract savings. The redesigned services provided the opportunity to strive for disabled friendly premises and will enable disabled friendly refurbishment: inclusion of ramps, wide door frames, info in braille, U-loop, lifts or wheelchair friendly design.

The most common age of service users is 30-40, with many having been in treatment for long periods of time. Re-commissioned services have renewed focus on engaging older drinkers, which is shown to be cost effective by avoiding long term care and health interventions later on.

The prevalence of substance misuse issues amongst some of the more marginalised ethnic groups, accompanied by cultural stigma and shame associated with substance misuse, has led to commissioned services which focus on engaging BAME substance misusers into treatment. Services are provided on an in-reach basis at venues best suited to meet the needs of this group and staff members will be knowledgeable in the cultures individuals are from. Service information and advice is available in a wide range of languages.

4.2.3 Behaviour Change

2017-18 Budget	2018-19 Proposed Budget	2018-19 Savings
£2,396k	£1,596k	(£800k)

Within Behaviour Change, an element of activity is for Health Checks, which are aimed at older residents within the borough. As part of efficiency proposals, the Health Trainers element of Health Checks has ended. This activity was operating below the levels anticipated and so a decision was taken to not renew the activity when the original contract ceased.

There is also a reduction to the funding of the nicotine replacement therapy within smoking cessation. This is open access and residents can access support and guidance through the successful Kick It smoking cessation programme,

There will be no adverse impact and residents accessing the service will not notice any difference.

4.2.4 Families and Children

2017-18 Budget	2018-19 Proposed Budget	2018-19 Savings
£6,216k	£5,300k	(£916k)

The majority of services within Families and Children’s provide universal services to families with children. The efficiency proposals are related to Childhood Obesity contracts.

The proposal to not renew the contracts was made as the activity is delivered in schools by other services, therefore a more efficient approach to delivering obesity prevention activity in schools can be found.

<u>4.3 Children’s Services</u>

4.3.1 Savings Proposals

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

There remains an aim within the Council to ensure required savings take place alongside innovative and improved service delivery wherever possible. Where individual savings relate to staffing efficiencies, re-procurements or other major programmes, appropriate procedures will ensure equality impacts are assessed and responded to. A number of the developments described have already been subject to a detailed EIA or will be carried out at a point at which these implications can be fully assessed.

4.3.2 Family Services. £1.969m

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

Family Services and Cross Cutting Savings	H&F 2018/19 Savings
Maximising Social Care Effectiveness	£0.644m
Integrated Family Support Services	£1.000m
Securing social housing placements for vulnerable young people	£0.200m
Efficiencies to Legal Costs	£0.050m
Reduced need for adoption placements due to keeping families together	£0.075m

Family Services continue to improve services with an increasing focus on family preservation approaches which enable more children to remain with their families. This has a significant and positive impact upon overall outcomes for children and the cost of supporting them. This complements the wide ranging Focus on Practice programme which is providing the workforce with additional skills to maximise their potential to secure effective and sustainable change, reducing re-referrals and escalating children through the system where required. This will build upon a locally developed approach to intensive working with families which has demonstrated its effectiveness in diverting children from care.

Work undertaken in relation to housing for vulnerable young people, aims to provide an increased and improved range of cost effective local accommodation options closer to their families, community and support services, and incudes those with key protected characteristics and some of the most marginalised and stigmatised young people e.g. complex needs and disabilities, Care Leavers and young mothers. A number of potential properties have been identified for development with good quality low cost semi-independent living accommodation for Care Leavers becoming available from early 2018.

A number of initiatives under the Children's Social Care Effectiveness programme (e.g. edge of care resource, specialist adolescent service, increasing time for social work practice, early identification) are ensuring that the quality and timeliness of interventions are not unduly and adversely disrupting the family lives of already economically disadvantaged and vulnerable residents, and by a 'right service right time' approach avoiding unnecessary escalation of need and cost. This helps improve the lives and outcomes of individuals spanning a diverse range of protected characteristics including a marked comparative prevalence of single mother households in the referral profile to Children's Social Care and outlier national and London-wide performance in relation to adolescents who are excluded from school, enter the Criminal Justice System and become Looked After. Impact to date includes a reduced rate of 10-17 year olds entering care, a decreased spend on placements of 670k from 16/17, and as at end of Q2, pro-rata savings targets being met.

In addition, there will be further exploration of opportunities to reduce spend on legal costs associated with proceedings in the Family Courts, changing the balance of which services are provided and when to avoid unnecessary costs. Because of ongoing strategies to reduce the number of children entering care, there are already robust monitoring processes in place which will track the impact upon relevant protected characteristics. It is known that 72% of the borough's current looked after children are from BAME backgrounds so it will be important to monitor whether children in this cohort equally benefit from the positive impact of being supported to remain with or return to their birth families where appropriate. Baselines are available and it is anticipated that the demand management programme will have a positive impact upon older children who are also currently overrepresented.

Family Services and Children's Commissioning are in the process of redesigning universal and targeted services as part of a whole system service strategy with specialist services. This will lead to integration of practice and workforces across a range of family and health services, budgets and the different thresholds of support provided.

Alongside this a number of savings are planned to existing early help services from 2017/18 as part of the first stage of Integrated Family Support. Management savings have been identified and efficiencies in the management of youth provision made through better systems and processes rather than through reducing levels of services to local children and families (and hence with no equality impacts expected).

An EQIA was completed for the Family Support Services as part of the March 2017 Cabinet paper. Further service design work has been completed for Phase 1 which continues to focus on strengthening existing service provision and realising savings through service integration and reduced duplication. Following transfer, an updated EQIA will be completed as a collaborative process with the new FSS management team, ahead of further savings being realised.

4.3.3 Education and Schools. £0.117m

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

Education and Disability Savings	H&F 2018/19 Savings

Travel Care and Support – Travel Training	£0.067m
Traded Income to Schools – Education Psychology	£0.050m

The need to make further savings has been lessened by income generation from Educational Psychology traded services. These actions have been assessed against the equality impact criteria and it has been concluded that there will be a neutral impact on equalities.

Development of an independent travel training programme will provide some young people who have special educational needs (some of whom will have the protected characteristic of disability) with the confidence to travel alone, enhancing their independence and access to opportunities while reducing the costs which result from specialist travel arrangements. It is therefore anticipated that the equality impact of this will be positive.

4.3.4 Growth Proposals. £1.861m

Children's Services Budget Growth 2018/19 Proposed	**H&F 2018/19 Growth**
Queens Manor Resource Centre - develop the service in co-production with partners and families.	£0.450m
SEN Service Enhancement	£0.290m
Travel Care and Support Service Arrangements - Change the existing delivery arrangements to improve service standards and sovereign accountability.	£0.507m
Council tax allowance for care leavers (allowed for within councgil tax base report	£0.058m
Care Leavers Support	£0.105m
DUBs	£0.239m
Contact and Assessment Team Management	£0.212m

Planned growth will impact upon two cohorts of children, young people with disabilities and those who are looked after children or care leavers. The development of The Queens Manor resource centre for children with disabilities will provide a new, specialist service offer including additional early intervention and targeted provision. The centre will contribute to plans to avoid unnecessarily placing children who have the protected characteristic of disability away from their families out of borough and support better transitions to adulthood and relevant local services where required.

The creation of a sovereign Special Education Needs and Disability Service as a result of the Moving On agenda delivers the opportunity to transform the delivery of services for children and young people with Special Educational Needs, most of whom are disabled. The Children and Families Act requires whole life pathway planning from effective early intervention (to improve support to families and improve outcomes as point of diagnosis in turn to reduce the need for expensive longer term interventions), inclusion and timely support in education provision, co-production with parents and young people (a key finding of the Hammersmith and Fulham Disability Commission), effective planning for adulthood with a focus on planning for independence and employment with reduced reliance on support from adult social care for many and effective transition into adult services when necessary. The service enhancements build on the Early Support and Early Intervention model to deliver longer term benefits and improved outcomes. These service enhancements will deliver significant improvements to children and young adults with disabilities and their carers whose rights are also protected.

The Council is committed to improving travel care and support which is a statutory service provided to the most vulnerable children, young people and adults in the borough. It introduced the London Living Wage, disaggregating from shared services and improving quality elements of the specification. The result of this commitment has had a direct and beneficial impact on outcomes and services for children and young people as retention rates have increased, schools and day services have given consistent positive feedback, and the service to parents and carers has been continuous.

A new department is being created – Public Services Reform. This will encompass all transformation, innovation, commissioning and strategy development across Adult Social Care, Children's Services, Public Health and corporate transformation. This new department will support, reform and revitalise services for residents in our borough. Through a whole-system model, we will deliver outcomes, lead service and corporate transformation, and improve efficiency and financial value across the council.

Meanwhile there are planned developments of services for looked after children and care leavers including improvements to services for unaccompanied asylum seeking children, provision of support until the age of 25 and introduction of a council tax allowance for care leavers who are resident in the borough. All of these will contribute to an enhanced service offer for a group of young people within which the protected characteristics of race and disability are overrepresented.

4.4 Environmental Services

4.4.1 Environmental Services is targeting efficiencies of £1.9m from 2018/19. The majority of the savings proposed are concerned with generating new commercial income, reducing contract spend, and efficiencies in supplies and services spend. As such, there are no adverse equality implications for any particular groups with protected characteristics. Where there are staff changes leading to savings, Equality Impact Assessments are carried out as part of the reorganisation process.

4.4.2 Environmental Services is seeking budget growth of £0.4m from 2018/19. This will largely fund increased accommodation costs, as well as address existing budget pressures. There are no associated equalities implications. Additional investment is requested for the Corporate Health and Safety service. This funding is intended to strengthen public and staff assurance that the Council provides legally compliant and safe services.

4.5 Corporate Services

Corporate Services intends to achieve savings of £6.108m from 2018/19. The majority of these savings relate to generating new commercial income, managing and procuring contracts more effectively and efficiencies relating to back office staff and functions. As such there are no adverse equality implications for any particular 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 proposals which are being developed to deliver these savings will result in more efficient delivery of services to our residents and frontline services or increased revenue to the council. When these transformational initiatives are being finalised full Equality Impact Assessments will be reviewed before completion.

Efficiency	**Amount £m**
Business Intelligence (external income)	(1,249)
Information Technology - New contract arrangements	(1,100)
Savings from better contract management	(1,000)
Ethical Debt Joint Venture - income from partners	(600)
Roll out of automated processes and call centre improvements in H&F Direct	(395)
Reduction in back office staff and supplies and services budgets	(460)
Recognition of historical underspends	(165)
Business Intelligence (internal savings)	(410)
Increase recharge to the HRA for Corporate Investigation Group	(275)
Review of expenditure on agency costs across the council	(200)
Review of recharges	(104)
Contact Channel Improvements	(150)
Grand Total	**(6,108)**

Growth of £0.310m has been awarded for anticipated increases in IT licensing costs (£0.095m) and salary costs for the Commercial Directorate (£0.215m). The growth awarded for increased salary costs has been offset by an increased income budget for Business Intelligence external income.

4.6 Regeneration, Planning & Housing Services

Growth

Increase in client numbers: £400k

The Council increasingly finds itself in a challenging position to balance costs associated with Temporary Accommodation (TA) procurement and management while acquiring an affordable supply of accommodation to meet the growing demand for housing.

The forecast average number of clients in PSL and B&B temporary accommodation for 17/18 is 1,058. This compares with the budgeted figure of 916. The additional cost of providing accommodation and managing these additional numbers is £400k.

In addition to the 1,058, there are a further 309 clients in hostels, Temporary on Licence and Housing Association as Landlord schemes giving a total of 1,367 clients. Given the forecast total number of clients in temporary accommodation for future years is expected to increase to 1,419 (March 18), 1,501 (March 19) and 1,582 (March 20), there is a risk of further costs in excess of the budget. This could mean a further £810k in 18/19, £857k in 19/20 and £903k in 20/21.

This growth will help ensure that the current number of homeless clients can be supported in temporary accommodation. It does not take into consideration any further increase in client numbers nor does it take account of the introduction of the Homelessness Reduction Act in April 2018.

This growth will help to protect our most vulnerable residents in temporary accommodation and prevents potential homelessness which would result from the impact of Welfare Reform.

The effect on clients is expected to be positive as the Council will be in a better position to maintain its ongoing duty to provide temporary accommodation to qualifying households.

Temporary Accommodation – cost of procuring homes: £956k

Multiple schemes and initiatives have been explored with different housing providers from the voluntary and commercial sector but it’s not been possible to deliver the saving originally envisaged in 2017/18.

There has been little change to the current mix of property within the Temporary Accommodation portfolio so the equality impact on individuals or client groups will be neutral.

Efficiency Savings

Repurposing of One Place: £60k

This relates to realigning the One Place team with the new Industrial Strategy to deliver work and skills outreach in the community, linking people directly with jobs and training opportunities. There is no reduction in resource as the funding will be drawn from Section 106 and Payment by Results income sources. The equality impact on individuals or client groups is expected to be neutral.

Additional income from commercial units: £28k

This relates to improved commercial portfolio management leading to an increase in income. No significant equalities impact is expected.

Additional income from Planning enforcement fees: £18k

This involves following other boroughs in increasing charging for development which takes place outside of permission. This is not expected to have any negative equality impacts.

New courses in ALSS: £20k

This relates to expanding the range of courses as part of the Council's adult learning offer. This is not expected to have any negative equality impacts.

4.7 Libraries

4.7.1 Savings

There is a savings target for Libraries of £100k for 2018/19.

Reduce running costs while maintaining or increasing hours through better use of technology - £100k

The Council is committed to keeping its four libraries open for long hours and supporting the community-run libraries. Front-line services have been made more sustainable by improving efficiency, creating sustainable revenue streams, working in partnership with other services and increasing community involvement.

The Council wishes to maintain its current library provision, maintaining or extending the long opening hours that make them accessible and useful to all communities in Hammersmith and Fulham.

To achieve the savings required in 2018/19, we propose to introduce new technology in libraries which will enable us to continue to have our libraries open for longer hours while reducing running costs. The technology (called "smart open") can enable safe and secure libraries whilst requiring fewer staff to be present at some times of the day. It would build on self-service technology already in place in the borough's libraries.

We would emphasise that this is not aimed at reducing library opening hours—indeed there is an ambition to increase opening hours—or making staff redundant, and any savings would be achieved through natural turnover of staff. We would also engage widely with staff and library users to ensure that any changes reflect the needs of our users and are supported by fully trained staff.

To allow for full engagement and consultation, we are planning that the new technology will not be introduced until the autumn of 2018 at the earliest. The concept is widely used in UK academic libraries and has been in place in public libraries in Scandinavia and Ireland for some years. It has been or will be introduced in a number of UK public library services including Barnet, Camden and Brighton & Hove. We are learning from their experience in planning any changes.

Further work on this proposal will be required, which will include analysing what times of the day require higher levels of customer support, managing customer reaction, staff engagement and ensuring that safeguarding, security and support for vulnerable residents are fully considered and addressed before any proposal is trialled, but this technology has potential to both extend hours and cut costs. Further analysis will be required before the full nature of the impact of this technology can be assessed, and will be dependent on how widely the technology is used. A detailed EIA will be prepared for this proposal as work progresses.

Fees & Charges

It is proposed that there are no increases to fees within Libraries. It is considered that although there is a general decline in income streams across Libraries, with areas such as fines already high compared with most other authorities, any further increases could be a barrier to customers using the service.

5. Conclusion on impact on the budget

5.1 Adult Social Care

Consideration of the Public Sector Equality Duty and the equalities implications of any proposed decision is an inherent part of the department's decision making since most ASC customers will have physical support, and/or learning disability and/or mental health needs.

The proposed efficiencies and savings do not have any negative equalities impacts on individuals or groups with protected characteristics. Whereas a number of the planned initiatives will have a positive impact on those with protected characteristics, such as the Independence First project and the growth to meet underlying budget pressures which will enable the department to continue to implement the out of hospital strategy, enabling those with protected characteristics to live independently for longer. As well as enabling the service to meet increased demand and acuity of needs the growth will help providers with staff retention, with resulting continuity of care for service users, plus the additional budget available to fund transitional clients.

The department will carry out full EIA assessments on specific initiatives in line with the decision-making and governance processes before final decisions are taken on proposals.

5.2 Public Health

The vast majority of the efficiencies proposals have a neutral equalities impact. The substance misuse services continuing to focus on greater engagement with BAME substance misusers has a positive equalities impact.

5.3 Children's Services

The majority of the savings proposals have a neutral equalities impact. The focus on family preservation and reducing the number of children entering care is likely to have a positive equalities impact as 72% of the borough's looked after children are from BAME backgrounds.

There are no predicted negative equalities impacts arising from changes proposed for schools. It is likely that the independent travel programme will continue to have a positive equalities impact.

The department's growth proposals are likely, primarily, to have either a positive equalities impact, with a few instances of neutral equalities impact. The continued development of the Queens Manor Resource centre, the SEN service enhancement, the improvement to travel care and support and the enhanced service offer for care leavers will all have a positive equalities impact.

5.4 Environmental Services

The department has not identified any negative qualities implications arising from its budget proposals.

5.5 Corporate Services

The majority of proposed departmental savings are concerned with back office staff and functions and will have no equalities impact on front line service users. Any proposals affecting staff will be informed by full EIAs before the relevant decision is made.

The proposed savings from generating new commercial income, more effective procurement and other initiatives will have a positive effect on all adults in the borough who pay Council Tax and the additional funding generated will support front line services

5.6 Regeneration, Planning & Housing Services

The department has not identified any negative qualities implications arising from its budget proposals.

5.7 Libraries

The department has not identified any negative qualities implications arising from its budget proposals. A detailed EIA will be prepared in respect of the introduction of SmartOpen technology as the work progresses.

5.8 Conclusion

Overall the collective budget proposals are likely to have a neutral equalities impact although identified above are some proposals which are likely to have positive equalities impacts.

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

Ultimately if, on further analysis, it is decided that any particular proposed policy would have an unreasonable detrimental impact on any protected group then H&F could, if it considered it appropriate, use reserves or virements to subsidise those services in 2018/19.

Appendix 1

Population Data

The data in this Appendix 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 December 2016]
- Live Births by Usual Area of Residence: ONS 2012 (e.g. for pregnancy and maternity) Crown Copyright Reserved [from NOMIS December 2016]
- H&F Framework-i
- Kairos in Soho, London's LGBT Voluntary Sector Infrastructure Project,2007

Table 4: Age

QS103EW ONS		
Age (2016)	Numbers	%
0-4	11,571	6.4
5-10	12,544	7.0
11-16	9,408	5.2
17-24	17,573	9.8
25-39	56,913	31.7
40-49	26,604	14.8
50-64	26,135	14.6
65-74	10,602	5.9
75+	8,304	4.6

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 children dependent	17,295	21.5
Dependent children in household: All ages	18,479	22.9
Dependent children in household: Age 0 to 4	9,083	11.3
One person in household with a long-term health problem or disability	15,999	19.9
One person in household with a long-term health problem or disability: With dependent children	2,809	3.5
One person in household with a long-term health problem or disability: No dependent children	13,190	16.4

Table 6: Disability

Framework-i / Mosaic	
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:	5.9 registrations per 1000 people aged 18+
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 She herds Bush Green:	4.0 registrations per 1000 people the highest

Table 7: Sex
Usual resident population

KSIOIEW ONS		
Variable	2016	
	number	%
All usual residents	179,654	100.0
Males	88,783	49.4
Females	90,871	50.6

Table 8: Race / Ethnicity

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	21,534	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)

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

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	
52.5	6.7	12.3	31.1	37.6	88.6	84.1	29.0	2.2

Table 11: Marriage and Civil Partnership Status

KS103EW ONS		
Marital Status	2011	
	number	%
All usual residents aged 16+	152,863	100.0
Single (never married or never registered a same-sex civil partnership)	85,433	55.9
Married	45,248	29.6
In a registered same-sex civil partnership	743	0.5
Separated (but still legally married or still legally in a same-sex civil partnership)	4,425	2.9

Divorced or formerly in a same-sex civil partnership which is now legally dissolved	11 ,386	7.4
Widowed or surviving partner from a same-sex civil partnership	5,628	3.7

Table 12: Living arrangements

QS108EW, ONS		
Living Arrangement	2011	
All categories: Living arrangements	151,028	
Living in a couple: Total	60,569	40.1
Living in a couple: Married	40,917	27.1
Living in a couple: Cohabiting (opposite-sex)	17,046	11.3
Living in a couple: In a registered same-sex civil partnership or cohabiting same-sex	2,606	1.7
Not living in a couple: Total	90,459	59.9
Not living in a couple: Single (never married or never registered a same-sex civil partnership)	68,170	45.1
Not living in a couple: Married or in a registered same-sex civil partnership	3,820	2.5
Not living in a couple: Separated (but still legally married or still legally in a same-sex civil partnership)	3,698	2.4
Not living in a couple: Divorced or formerly in a same-sex civil partnership which is now legally dissolved	9,517	6.3
Not living in a couple: Widowed or surviving partner from a same-sex civil partnership	5,254	3.5

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

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

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

Appendix 2

LCTS Claimant Data

Table 1: Composition of LCTS claimants in LBHF

	Level of benefit	Weekly payment				
	Full	Partial	Total	Full	Partial	Total
Pensioners	3,966	1,367	5,333	£61,293.34	£9,485.12	£70,778.46
	74%	26%	100%			
Non-Pensioners	7,888	2187	10,075	£120,274.04	£21,228.03	£141,502.07
	78%	22%	100%			
Households with children	2,801	1,136	3,397	£46,270.49	£11,554.20	£57,824.69
	71%	29%	100%			
Households with disabled adult	3,517	231	3,748	£53,450.62	£1,272.27	£54,721.89
	97%	3%	100%			
Households with children and disabled adult	512	53	565	£6,190.45	£1,060.94	£7,251.39
	91	9	100			
Households without children and disabled adult	6,053	3,324	9,277	£91,173.65	£60,086.94	£151,260.59
	65%	35%	100%			
Overall Totals	**11,854**	**3,554**	**15,408**	**£181,567.38**	**£30,713.15**	**£212,280.53**

Table 2: the composition of I-CTS 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	15,408			
Total number of pensioner claims (includes households with a disabled adult where the disability premium has been awarded	5,333	Number of female only claimants = 2963 or **56%**	Number of male only claimants = 1675 or **31%**	Number of claiming couples = 695 or **13%**
Total number of non-pensioner claims (includes households with a disabled adult where the disability premium has been awarded	10,075	Number of female only claimants = 5,519 or **55%**	Number of male only claimants = 3,037 or **30%**	Number of claiming couples = 1519 or **15%**
Households with a disabled adult (where the disability premium has been awarded) as a standalone group of the total number of claims	4,188	Number of female only claimants = 2,077 or **49%**	Number of male only claimants = 1,701 or **41%**	Number of claiming couples = 410 or **10%**

Appendix 3

Council Tax Exemptions

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

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: https://www.lbhf.gov.uk/council-tax/contact-us

The Business Rates Retention Scheme for Hammersmith and Fulham

		2018/19 £m
Step 1	**Business Rates Baseline** Notification from the government of the business Rates they expect LBHF to collect	157.5
Step 2	**Tariff** Payable to Government.	(74.6)
Step 3	**Funding Baseline** The income from business rates that government modelling assumes LBHF will retain	82.9
Step 4	**Actual LBHF Forecast of Business Rates Income** This is the initial forecast for 2018/19. Due to the impact of appeals it is significantly below what the government assume	72.1
Step 5	**Safety Net Threshold** Under the 100% Business Rates Retention pilot for London there is a guarantee that no Borough will receive less than 97% of their funding baseline (step 2). This compares to 92.5% for previous years.	80.4
Step 6	**Safety Net Compensation** Sum Receivable by LBHF to bring it to the safety net threshold (step 5 less Step 4)	8.3

The LBHF share of business rates income included in the 2018/19 budget is £80.4m. This is the minimum sum guaranteed by the safety net threshold. This is £2.5m lower than the funding baseline (step 3) assumed by the Government.

Appendix I

Spending Power Reduction

The Provisional 2018/19 Local Government Finance Settlement (LGFS)

1. The key Hammersmith and Fulham figures from the provisional settlement are summarised in Table 1 and Table 2.

Table 1 – Unringfenced Government Funding

	2017/18	2018/19
Confirmed Allocations	£'000s	£'000s
Revenue Support Grant[1]	29,499	23,427
New Homes Bonus Grant	7,831	6,747
Other Unringfenced Grants	3,923	3,394
Total	**42,175**	**33,568**
Grant fall - cash		**-8,607**
Grant fall – cash terms %		**-20%**

Table 2 - Ring-fenced Funding Allocations

	2017/18	2018/19
	£000s	£'000s
Public Health Grant	22,338	21,764
Improved Better Care Fund	5,128	7,055
Flexible Homelessness Support Grant	3,527	3,381
Other	267	247
	31,260	**32,447**

2 The government place restrictions on how Public Health Grant and better care funding are used. These grants are allocated to Departmental Budgets before the calculation of the Council budget requirement.

2018/19 Spending Power

3 In 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 increase is lower than the London and national average..

[1] In 2018/19 the RSG is receivable as part of business rates. It is shown within Table 1 to enable a like for like comparison

Table 3 – Government Spending Power Calculation.

	2017/18	2018/19
LBHF	-1.6%	+0.7%
London Average	-1.5%	+1.0%
National	-1.3%	+1.5%

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 3% social care precept. Hammersmith and Fulham will not make this levy.
   - It assumes that authorities will increase council tax by 3%. Hammersmith and Fulham has a council tax freeze.

6 As set out in Table 4 when account is taken of the above factors the local spending power reduction for Hammersmith and Fulham is estimated at 6.3%.

Table 4 – LBHF Spending Power Reduction

	£'m
Government Spending Power Calculation 2017/18	**157.2**
Government Spending Power Calculation 2018/19	**158.2**
Less:	
Council Tax Freeze	(1.7)
No Use of the Adult Social Care Precept	(1.7)
Inflation Provision	(5.2)
Increase in Demographic Pressure	(1.7)
Adjusted LBHF Spending Power Calculation 2018/19	**147.9**
Adjusted Reduction	**9.3**
	-6.3%

Agenda Item 6.2

London Borough of Hammersmith & Fulham FULL COUNCIL 21 February 2018	
FOUR YEAR CAPITAL PROGRAMME 2018/19	
Report of the Leader of the Council – Councillor Stephen Cowan	
Open Report	
Classification: For Decision **Key Decision:** Yes	
Wards Affected: All	
Accountable Director: Hitesh Jolapara, Strategic Finance Director	
Report Author: Andrew Lord, Head of Strategic Planning and Monitoring	**Contact Details:** Tel: 0208 753 2531 Email: Andrew.lord@lbhf.gov.uk

1. EXECUTIVE SUMMARY

1.1. This report presents the Council's four-year Capital Programme for the period 2018-22. The programme for this period totals £282.5m.

1.2. The gross programme for 2018/19 totals £113.4m. This comprises the General Fund Programme of £37.3m and the Housing Programme of £76.1m.

1.3. The report updates the Minimum Revenue Provision (MRP) Policy for the Council. The CIPFA Prudential Indicators have been updated to meet statutory requirements for 2018/19 and are detailed in the Treasury Management Strategy Statement 2018/19 which is presented elsewhere on this Agenda.

1.4. The programme includes a proposal for the annual rolling programme of £0.5m for Parks to be met from Section 106 resources. The Section 106 funding has been agreed to 2019/20. For 2020/21 and beyond this is subject to future confirmation.

1.5. The Government's new Flexible Use of Capital Receipts provisions came into force in April 2016 (detailed guidance in Appendix 5) and mean the Council can opt to make use of up to £7.1m of capital receipts to fund Invest to Save schemes. However, this would come at revenue cost of £32k per £1m capitalised. A final decision on whether or not to make use of this flexibility will be delegated to the Strategic Finance Director, in consultation with the Cabinet Member for Finance, as part of the closure of the 2017/18 Accounts process.

2. RECOMMENDATIONS

2.1. To approve the General Fund Capital Programme budget at £37.3m for 2018/19 (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 2018/19 General Fund 'Mainstream' Programme as set out in Table 3 (paragraph 5.2) and specifically as follows:

- Capital receipts and internal borrowing amounting to £4.98m to fund the Council's rolling programmes as follows:

	£m
Disabled Facilities Grant [RPHS]	0.45
Planned Maintenance/DDA Programme [ENV]	2.50
Footways and Carriageways [ENV]	2.03
Total	**4.98**

- Contributions from revenue amounting to £0.521m to fund the Council's rolling programmes as follows:

	£m
Controlled Parking Zones [ENV]	0.275
Column Replacement [ENV]	0.246
Total	**0.521**

- Section 106 funding amounting to £0.5m to fund the Council's rolling programmes as follows:

	£m
Parks Capital Programme [ENV]	0.50
Total	**0.50**

2.3. To note existing capital receipts funded schemes previously approved, but now scheduled for 2018/19 (paragraph 5.2, Table 3):

<u>One off schemes:</u>

- Schools' Organisation Strategy - £0.03m
- Carnwath Road - £ 3.07m

<u>Rolling programmes:</u>

- Planned Maintenance/DDA Programme – £6.96m

2.4. To approve the Housing Programme at £76.1m for 2018/19 as set out in Table 5 (paragraph 7.3) and Appendix 1.

2.5. To delegate the potential application of 2017/18 capital receipts (totalling £7.1m) under the Government's new Flexible Use of Capital Receipts provisions to fund

Invest to Save schemes in 2017/18 and 2018/19 (as identified in Appendix 5). The final decision on whether to make use of any of this flexibility is delegated to the Strategic Finance Director, in consultation with the Cabinet Member for Finance, as part of the closure of the 2017/18 Accounts process.

2.6. To approve an additional budget envelope of £50m, from 2017/18 onwards, to provide operational flexibility, for taking forward the major projects set out in section 8 of the Report. Use of this budget will be subject to relevant Member approval, agreement of funding sources and sign-off of an appropriate business case.

2.7. To approve the revised annual Minimum Revenue Provision policy statement for 2018/19 in Appendix 4.

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 2018/19 to 2021/22, as summarised in Table 1 below. A detailed analysis of specific schemes by service is included in Appendix 1.

Table 1 - Capital Programme 2018/19 to 2021/22

		Indicative Budgets			
	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000	Total Budget (All years) £'000
CAPITAL EXPENDITURE					
Children's Services	19,800	300	-	-	**20,100**
Adult Social Care	20	937	-	-	**957**
Environmental Services	15,417	10,778	7,208	7,208	**40,611**
General Fund Schemes under Housing Management	2,050	950	450	450	**3,900**
Sub-total (Non-Housing)	**37,287**	**12,965**	**7,658**	**7,658**	**65,568**
HRA Programme	45,540	34,126	34,065	25,390	**139,121**
Decent Neighbourhoods Programme	30,583	23,676	16,875	6,632	**77,766**
Sub-total (Housing)	**76,123**	**57,802**	**50,940**	**32,022**	**216,887**
Total Expenditure	**113,410**	**70,767**	**58,598**	**39,680**	**282,455**
CAPITAL FINANCING					
Specific/External Financing:					
Government/Public Body Grants	8,061	3,464	2,157	2,447	**16,129**
Developers Contributions (S106)	9,285	1,200	16,950	-	**27,435**
Leaseholder Contributions (Housing)	4,390	3,860	4,048	3,460	**15,758**
Sub-total - Specific Financing	**21,736**	**8,524**	**23,155**	**5,907**	**59,322**
Mainstream Financing (Internal):					
Capital Receipts - General Fund	1,920	8,050	1,920	1,920	**13,810**
Capital Receipts - Housing*	24,538	13,024	8,965	4,495	**51,022**
Revenue funding - General Fund	521	521	521	521	**2,084**
Revenue Funding - HRA	4,563	9,700	5,172	5,000	**24,435**
Major Repairs Reserve (MRR) [Housing]	16,165	15,797	15,805	16,546	**64,313**
Sub-total - Mainstream Funding	**47,707**	**47,092**	**32,383**	**28,482**	**155,664**
Internal Borrowing	43,967	15,151	3,060	5,291	**67,469**
Total Capital Financing	**113,410**	**70,767**	**58,598**	**39,680**	**282,455**

**Includes use of brought-forward receipts*

4.2. The forecast above for specific and external resource is based on known allocations at December 2017. 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 by Government beyond 2018/19. Once this is confirmed, General Fund capital expenditure is likely to increase. In addition, the capital receipts figures will be updated as they become known.

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, Parks and Footways and Carriageways;
- The planned refurbishment of Hammersmith Town Hall (within existing resources from the rolling Planned Building Maintenance programme).
- A budget envelope of £50m is also proposed to provide operational flexibility for the major projects set out in section 8. This is not currently shown within Table 2 but will be included within future monitoring reports as projects are brought forward.

Table 2 – General Fund Capital Programme 2018-22

		Indicative Budgets			
	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000	Total Budget (All years) £'000
CAPITAL EXPENDITURE					
Children's Services	19,800	300	-	-	**20,100**
Adult Social Care	20	937	-	-	**957**
Environmental Services	15,417	10,778	7,208	7,208	**40,611**
General Fund Schemes under Housing Management	2,050	950	450	450	**3,900**
Total Expenditure	**37,287**	**12,965**	**7,658**	**7,658**	**65,568**
CAPITAL FINANCING					
Specific/External Financing:					
Government/Public Body Grants	8,061	3,194	2,157	2,157	**15,569**
Developers Contributions (S106)	3,651	1,200	-	-	**4,851**
Sub-total - Specific Financing	**11,712**	**4,394**	**2,157**	**2,157**	**20,420**
Mainstream Financing (Internal):					
Capital Receipts - General Fund	1,920	8,050	1,920	1,920	**13,810**
Revenue funding - General Fund	521	521	521	521	**2,084**
Sub-total - Mainstream Funding	**2,441**	**8,571**	**2,441**	**2,441**	**15,894**
Internal Borrowing	23,134	-	3,060	3,060	**29,254**
Total Capital Financing	**37,287**	**12,965**	**7,658**	**7,658**	**65,568**

5.2 Table 3 below shows the projects funded from internal resource and comprises the completion of existing schemes and the continuation of rolling programmes.

Table 3 – General Fund Mainstream Programme 2018-22

	Budget 2018/19 £'000	Indicative Budgets: Budget 2019/20 £'000	Budget 2020/21 £'000	Budget 2021/22 £'000	Total Budget (All years) £'000
Approved Expenditure					
Ad Hoc Schemes:					
Schools Organisation Strategy [CHS] (mainstream element)	25	-	-	-	**25**
Hammersmith Town Hall Refurbishment (Mainstream Element/CPMP) [ENV]	6,274	1,000	-	-	**7,274**
Carnwath Road [ENV]	-	3,070	-	-	**3,070**
Rolling Programmes:					**-**
Disabled Facilities Grant [Housing]	450	450	450	450	**1,800**
Planned Maintenance/DDA Programme [ENV]	3,190	1,500	2,500	2,500	**9,690**
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]	246	246	246	246	**984**
Total Mainstream Programmes	**12,490**	**8,571**	**5,501**	**5,501**	**32,063**
Financing					
Capital Receipts	1,920	9,120	1,920	1,920	**14,880**
General Fund Revenue Account	521	521	521	521	**2,084**
Increase/(Decrease) in Internal Borrrowing	10,049	(1,070)	3,060	3,060	**15,099**
Total Financing	**12,490**	**8,571**	**5,501**	**5,501**	**32,063**

5.3 The Secretary of State for Communities and Local Government issued guidance in March 2016, which gives local authorities greater freedom on how they can use capital receipts. For the period 2016/17 to 2018/19 they can be used to fund any expenditure on projects that are designed to generate revenue savings and/or transform service delivery. This freedom has been extended for a further 3 years as part of the 2018 Local Government Finance Settlement. For 2017/18 forecast capital receipts are £7.1m. These could be applied to fund some of the existing commitments of £8.4m that are due to be met from the Efficiency Projects Reserve. For each £1m drawn down the future MRP charge will increase by £0.032m. A decision on whether receipts are used for this purpose will be made at the financial year end by the Strategic Finance Director in consultation with the Cabinet Member for Finance. Further details on this are set out in Appendix 5. Use of receipts for this purpose is not included in the current mainstream forecast (Table 3).

5.4 A summary of forecast 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 costs of disposals of assets may be incurred, which can be difficult to predict in some cases. Where capital receipts are not available, the mainstream programme will be funded from temporary increases in internal borrowing.

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 is explained in more detail in Appendix 3 and the Council's 2018/19 MRP policy is set-out in Appendix 4.

6.2 The current MRP calculations are becoming increasingly complex and require detailed tracking of past financial decisions. It is proposed that a simplified methodology be adopted for 2017/18 onwards that is based on the weighted useful life of all General Fund assets. Advantages of the new methodology are:

- It provides more accurate and simplified MRP calculations whilst still retaining a prudent provision
- Enables easier profiling of MRP costs to support revenue budget setting
- Supports good practice and follows recommended statutory guidance
- May be updated should asset lives change significantly

6.3 The change in the methodology will reduce the MRP charge from 4% to 3.24%.

6.4 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 2018/19 is £56.98m. This is due to the need to fund the mainstream programme of £10.049m from internal borrowing, as set out in Table 3, less the in-year MRP payment. The largest sum is the £6.724m that has been accumulated over recent years from the rolling planned maintenance budget for the refurbishment of Hammersmith Town Hall. Any capital receipts received during the year may be applied to lower the closing CFR. In addition, the council may opt to apply additional Section 106 or CIL identified during the year to fund elements of the capital programme to reduce the closing CFR.

6.5 The current forecast for the General Fund CFR is shown in Table 4 below. The calculation of the gross CFR also requires adjustments to be made regarding Finance Lease and PFI liabilities. This is also shown in Table 4 .

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

General Fund CFR Forecast	2017/18 Forecast £m	2018/19 Forecast £m	2019/20 Forecast £m	2020/21 Forecast £m	2021/22 Forecast £m
Closing CFR (Excluding DSG-funded Schools Windows borrowing)	47.06	56.98	55.47	58.13	60.70
Closing CFR (DSG-funded Schools Windows borrowing)	6.73	19.55	18.76	18.01	17.29
Other Items (PFIs, Finance Leases etc)	10.85	10.65	10.45	10.25	10.05
Total Closing CFR	**64.64**	**87.18**	**84.68**	**86.39**	**88.05**

7. THE HOUSING CAPITAL PROGRAMME

7.1 The Housing Capital Programme is based on the Financial Plan for Council Homes which is being submitted to Cabinet for approval in February 2018. It includes £124m over four years for major works to be carried out on existing properties and £15m for Fire Safety Plus[1]. It also includes approved plans to deliver new affordable homes as well as the costs relating to Earls Court.

7.2 The programme is primarily funded by Internal Borrowing, Revenue Contributions appropriated to the Major Repairs Reserve, S106, capital receipts from both Right-to-Buy (RTB) and sales of surplus non-dwelling sites and revenue contributions to capital from the general Housing Revenue Account reserves. 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 2018-22

Housing Programme - Resource Summary		Indicative Budgets		
	2018/19 Budget £'000	2019/20 Budget £'000	2020/21 Budget £'000	2021/22 Budget £'000
Approved Expenditure				
Decent Neighbourhood Schemes	30,583	23,676	16,875	6,632
HRA Schemes	45,540	34,126	34,065	25,390
Total Housing Programme - Approved Expenditure	**76,123**	**57,802**	**50,940**	**32,022**
Available and Approved Resource				
Capital Receipts - Unrestricted	6,903	4,617	4,741	4,495
Capital Receipts - RTB (141)	17,635	8,408	4,224	-
Housing Revenue Account (revenue funding)	4,563	9,700	5,172	5,000
Major Repairs Reserve (MRR)	16,165	15,797	15,805	16,546
Contributions Developers (S106)	5,634	-	16,950	-
Repayment of NHHT loan	-	270	-	290
Contributions from leaseholders	4,390	3,860	4,048	3,460
Internal Borrowing	20,833	15,151	-	2,231
Total Funding	**76,123**	**57,802**	**50,940**	**32,022**

Housing Capital Resource Balances		Indicative Budgets		
	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000
Usable Capital Receipts				
Capital Receipts B/f	31,683	16,345	13,137	14,413
Generated in year	9,200	10,086	10,242	4,495
Used in Year	(24,538)	(13,294)	(8,965)	(4,495)
Capital Receipts C/f	**16,345**	**13,137**	**14,414**	**14,413**
Of Which '141' Restricted	*16,345*	*13,137*	*14,413*	*14,413*
Associated deferred costs	399	399	399	399
Deferred Capital Receipts (Earl's Court)				
Balance B/f	59,700	74,600	89,500	89,500
Receipts in Year	14,900	14,900		
Balance C/f	**74,600**	**89,500**	**89,500**	**89,500**
Associated deferred costs	*6,978*	*7,865*	*8,769*	*9,839*

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.

[1] Part of the £20m budget agreed by Full Council on 18 October 2017, the remaining £5m being forecast to be spent in 2017/18

7.4 For the period 2018-22 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 Earls Court deferred capital receipts from land sales (capital receipts received in advance of the transfer of the land title). Use of this money is classed as borrowing as, although cash is received from the purchaser, the receipt is only deemed usable for capital funding purposes as land transfers to the purchaser. This does not prevent the Council from spending the cash it receives. This borrowing unwinds when the receipt becomes usable (i.e. when land transfers).

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

Table 6 – Housing CFR Forecast 2018-22

HRA CFR Forecast	2017/18 Forecast £m	2018/19 Forecast £m	2019/20 Forecast £m	2020/21 Forecast £m	2021/22 Forecast £m
Closing Forecast HRA CFR (excluding deferred costs of disposal)	204.84	225.68	240.83	240.83	243.06
Deferred Costs of Disposal	6.47	7.38	8.26	9.17	10.24
Closing Forecast HRA CFR (including deferred costs of disposal)	211.31	233.05	249.09	250.00	253.30

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. MAJOR PROJECTS

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 their current progress. Operational flexibility, that enables the Council to act in an agile way to opportunities that may arise, is required to progress the schemes and a budget envelope of £50m is provided within the capital programme. Schemes will be charged against this budget subject to relevant Member approval, agreement of funding sources and sign-off of an appropriate business case. Following these approvals, changes to the detail of the Capital Programme will be reported to the next Full Council. Until schemes and funding sources are confirmed no allowance is made within the CFR forecast for any internal borrowing.

8.2 King Street Regeneration/Hammersmith Town Hall Refurbishment

In November 2017, the Council announced new plans for major regeneration of the King Street area which will also include redevelopment of Hammersmith Town Hall. The Council's development partner is not-for-profit housing provider A2 Dominion. Rogers Stirk Harbour + Partners, one of the world's leading firms of architects, have been commissioned to work up a new scheme. The proposals include:

- A modern new cinema
- At least 50 per cent genuinely-affordable housing for local residents
- Demolishing the Town Hall extension
- A new public space in front of a restored Town Hall
- Staying within the massing and height of the former scheme
- New affordable, flexible office space for business start-ups
- A new arts quarter alongside new cafes, shops and restaurants
- Improved green spaces to help link King Street to the riverside
- Inclusive design to ensure excellent disability access
- Measures to green the environment and minimise the buildings' carbon footprint.

Following public consultation held in November 2017, a planning application will be submitted in the coming months.

8.3 **Earl's Court**

The Council entered into a Conditional Land Sale agreement (CLSA), on 23 January 2013, with the developer Capital & Counties Properties Plc (CapCo), to include Council owned land including the West Kensington and Gibbs Green Estates. Full details can be found in the 3 September 2012 Cabinet Report. The trigger notice for the CLSA was served in November 2013 however, the administration continues to work for a better deal for local residents and the programme has been rephased to reflect those renegotiations.

8.4 **Housing Development Programme**

On 6 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. The Phase 1 tendering process has been re-run as the originally selected bidder failed to meet contract performance standards. This has resulted in slippage of development expenditure.

The Council's retained Right -to -Buy receipts must be spent within a specified time frame and can only fund up to 30% of the costs of developing or acquiring properties. To ensure that the Council does not have to return these receipts to MHCLG, but uses those to enable the delivery of affordable rented housing in the borough, future housing programmes will be delivered via the Affordable Housing Framework that has been approved by Cabinet on 6 February 2017. Although the Affordable Housing Framework report does not specify the cost of the scheme, £15m provision has been made in the Capital Programme (£12m in 2018/19 and £3m in 2019/20). Full financial appraisals and appropriate Cabinet reports and decisions will need to be completed for each individual site as it comes forward.

8.5 **Schools' Capital Programme**

The Council continues to implement its Schools Organisation Strategy with the Schools' Capital programme expected to exceed £5.6m in 2018/19. The strategy continues to focus on expanding school places in light of increasing demand.

8.6 **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. More detailed information about the project can be found on the OPDC's website at: https://www.london.gov.uk/about-us/organisations-we-work/old-oak-and-park-royal-development-corporation-opdc

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.

8.7 **ARK Swift**

The Council is in discussions with ARK schools' charity, who lease the ARK Swift primary school in White City from the Council, over proposals for the redevelopment of the site to include improved replacement facilities and new homes. The Council is considering its role in the ownership and management of the homes.

8.8 **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 precise scope of the works will be assessed in the coming months. Timescales and costs for the refurbishment will be confirmed once this assessment work has been completed. The refurbishment work will include overall strengthening of the structure and an improved road surface, benefitting motorists and cyclists. Ahead of this work, two week-long sets of interim repairs were completed in February and October 2017. It is anticipated that the project will be funded by TfL.

8.9 **Community Infrastructure Levy (CIL)**

The Council has adopted its own CIL, which took effect on 1 September 2015. This is a levy that local authorities can choose to charge on new developments in their area and in part replaces the use of Section 106 Agreements to support the provision of infrastructure.

To date the Council has received £1.96m of Borough CIL with estimated £1.12m due to be received by the end of 2017/18. Due to the current economic circumstances, it is harder to predict the future CIL receipts, however based on current performance, it is considered prudent to assume that in excess of £4m will be collected in the next financial year with the figure increasing in following years.

Council CIL can be used for the delivery, operation, maintenance and repair of infrastructure to support development in the borough. There are obligations to spend 15% on projects agreed with the community (or 25% where there is a neighbourhood plan in place). There is no legislative framework to define how this is done. To achieve this agreement, the Council has implemented a CIL page on Spacehive to enable community groups to put forward projects and the members of the public to contribute to, as a mechanism of achieving agreement.

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 2018/19.

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.

Implications verified/completed by: Fawad Bhatti, Policy and Startegy Officer, HCD Policy and Strategy, Tel: 020 8753 3437.

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, Tel:020 7361 2211.

11. FINANCIAL IMPLICATIONS

11.1 This report is of a wholly financial nature. The financial 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, amendments over £5m requiring approval by Full Council. The Council will also explore use of capital investments to secure future efficiencies.

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 the Treasury Management Strategy Statement 2018/19. 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 2018/19.

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 Cabinet has adopted the following VAT policy to aid the management of the Partial Exemption position:

- Projects should be 'opted-to-tax' where this option is available and is of no financial disadvantage to the Council.
- If an option-to tax is unavailable it is advised that any avoidable, new projects incurring exempt VAT are deferred for the present time.
- 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.

11.6 VAT Implications verified/completed by: Christopher Harris, Chief Accountant, Corporate Finance, Tel: 020 8753 6440.

12. RISK MANAGEMENT

12.1 The report content presents a balanced and measured profile of the main aspects, risks and issues relating to the Capital Programme and its deliverables. The exposure to property market conditions, consultation requirements, potential delays due to legal challenge, gaining planning consent, protracted negotiations, or exchange of contracts with potential purchasers are known risks and these are outlined in the report. Each may affect the likelihood or timeliness of expenditure meeting projected receipts. Mitigation is undertaken on a case by case basis and it is the responsibility of departments to capture risks that may affect the successful delivery of capital projects contained in their programme in their departmental registers. A number of significant opportunity risks to regenerate areas of the borough have previously been considered on the Council's risk and register which has been reviewed by the Strategic Leadership Team. 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 Corporate risk register.

12.2 Implications verified/completed by: Michael Sloniowski, Shared Services Risk Manager, Tel: 020 8753 2587.

13. COMMERCIAL 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). Tel: 020 8753 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. Projects contained in the capital programme are approved on individual basis and the business implications for each of them are considered in more detail in their specific reports.

14.3 Implications completed by: Prema Gurunathan, Economic Development Manager, Regeneration, Planning and Housing Services Dept. Tel: 020 8753 3111

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

None.

LIST OF APPENDICES:

Capital Budget Monitoring and Financing Information:

Appendix 1 - Council Capital Programme by Service Area
Appendix 2 - General Fund Anticipated Capital Receipts
Appendix 3 - The Capital Financing Requirement (CFR) and Pooling of Housing Capital Receipts
Appendix 4 - Minimum Revenue Provision (MRP) Statement 2018/19
Appendix 5 - Flexible Use of Capital Receipts Guidance

APPENDIX 1 – Detailed Analysis by Service

Children's Services		Indicative Budgets			
	2018/19 Budget £'000	2019/20 Budget £'000	2020/21 Budget £'000	2021/22 Budget £'000	Total Budget (All years) £'000
Scheme Expenditure Summary					
Lyric Theatre Development	1,100	-	-	-	1,100
Schools Organisational Strategy	5,615	300	-	-	5,915
Schools Window Replacement Project	13,085	-	-	-	13,085
Total Expenditure	**19,800**	**300**	**-**	**-**	**20,100**
Capital Financing Summary					
Specific/External or Other Financing					
Capital Grants from Central Government	4,184	-	-	-	4,184
Grants and Contributions from Private Developers (includes S106)	1,406	300	-	-	1,706
Capital Grants/Contributions from Non-departmental public bodies	1,100	-	-	-	1,100
Sub-total - Specific or Other Financing	**6,690**	**300**	**-**	**-**	**6,990**
Mainstream Financing (Internal Council Resource)					
Capital Receipts	25	-	-	-	25
Sub-total - Mainstream Funding	**25**	**-**	**-**	**-**	**25**
Borrowing - non school windows	-	-	-	-	-
Borrowing - school windows	13,085	-	-	-	13,085
Total Capital Financing	**19,800**	**300**	**-**	**-**	**20,100**

Adult Social Care Services

	2018/19 Budget £'000	Indicative Budgets 2019/20 Budget £'000	2020/21 Budget £'000	2021/22 Budget £'000	Total Budget (All years) £'000
Scheme Expenditure Summary					
Extra Care New Build project (Adults' Personal Social Services Grant)	20	937	-	-	957
Total Expenditure	**20**	**937**	**-**	**-**	**957**
Capital Financing Summary					
Specific/External or Other Financing					
Capital Grants from Central Government	20	937	-	-	957
Sub-total - Specific or Other Financing	**20**	**937**	**-**	**-**	**957**
Total Capital Financing	**20**	**937**	**-**	**-**	**957**

APPENDIX 1 – Detailed Analysis by Service /cont.

Environmental Services

	Indicative Budgets				
	2018/19 Budget £'000	2019/20 Budget £'000	2020/21 Budget £'000	2021/22 Budget £'000	Total Budget (All years) £'000
Scheme Expenditure Summary					
Planned Maintenance/DDA Programme	3,190	1,500	2,500	2,500	9,690
King Street -Town Hall Redevelopment	6,274	1,000	-	-	7,274
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	246	246	246	246	984
Carnwath Road	-	3,070	-	-	3,070
Shepherds Bush Common Improvements	400	-	-	-	400
Parks Expenditure	845	500	-	-	1,345
Total Expenditure	**15,417**	**10,778**	**7,208**	**7,208**	**40,611**
Capital Financing Summary					
Specific/External or Other Financing					
Grants and Contributions from Private Developers (includes S106)	1,245	500	-	-	1,745
Capital Grants and Contributions from GLA Bodies	2,157	2,157	2,157	2,157	8,628
Sub-total - Specific or Other Financing	**3,402**	**2,657**	**2,157**	**2,157**	**10,373**
Mainstream Financing (Internal Council Resource)					
Capital Receipts	1,445	7,600	1,470	1,470	11,985
General Fund Revenue Account (revenue funding)	521	521	521	521	2,084
Sub-total - Mainstream Funding	**1,966**	**8,121**	**1,991**	**1,991**	**14,069**
Borrowing	10,049	-	3,060	3,060	16,169
Total Capital Financing	**15,417**	**10,778**	**7,208**	**7,208**	**40,611**

APPENDIX 1 – Detailed Analysis by Service /cont.

General Fund Schemes under Housing management	Indicative Future Years Analysis				
	2018/19 Budget £'000	2019/20 Budget £'000	2020/21 Budget £'000	2021/22 Budget £'000	Total Budget (All years) £'000
Scheme Expenditure Summary					
General Fund Schemes under Housing management:					
Disabled Facilities Grant	450	450	450	450	1,800
Sands End Community Centre	1,600	500	-	-	2,100
Total Expenditure	**2,050**	**950**	**450**	**450**	**3,900**
Capital Financing Summary					
Specific/External or Other Financing					
Grants and Contributions from Private Developers (includes S106)	1,000	400	-	-	1,400
Capital Grants/Contributions from Non-departmental public bodies	600	100	-	-	700
Sub-total - Specific or Other Financing	**1,600**	**500**	**-**	**-**	**2,100**
Mainstream Financing (Internal Council Resource)					
Capital Receipts (GF)	450	450	450	450	1,800
Sub-total - Mainstream Funding	**450**	**450**	**450**	**450**	**1,800**
Total Capital Financing	**2,050**	**950**	**450**	**450**	**3,900**

APPENDIX 1 – Detailed Analysis by Service /cont.

Housing Capital Programme

	2018/19 Budget £'000	2019/20 Budget £'000	2020/21 Budget £'000	2021/22 Budget £'000	Total Budget (All years) £'000
		Indicative Budgets			
Scheme Expenditure Summary					
HRA Schemes:					
Supply Initiatives (Major Voids)	447	-	-	-	447
Energy Schemes	3,597	2,350	1,725	2,150	9,822
Lift Schemes	4,100	4,250	1,650	500	10,500
Internal Modernisation	250	500	1,750	2,000	4,500
Major Refurbishments	12,407	17,686	20,000	12,000	62,093
Minor Programmes	8,759	8,340	7,940	7,640	32,679
ASC/ELRS Managed	980	1,000	1,000	1,100	4,080
Fire Safety Plus	15,000	-	-	-	15,000
Subtotal HRA	**45,540**	**34,126**	**34,065**	**25,390**	**139,121**
Decent Neighbourhood Schemes:					
Earls Court Buy Back Costs	4,062	2,665	2,797	6,632	16,156
Earls Court Project Team Costs	926	907	925	1,095	3,853
Housing Development Project	8,554	2,675	-	-	11,229
Other HRA	375	6	-	-	381
Stanhope Joint Venture	5,592	15,330	14,078	-	35,000
Affordable Housing Delivery Framework	12,000	3,000	-	-	15,000
Subtotal Decent Neighbourhoods	**31,509**	**24,583**	**17,800**	**7,727**	**81,619**
Total Expenditure	**77,049**	**58,709**	**51,865**	**33,117**	**220,740**
Adjustment for deferred costs	**(926)**	**(907)**	**(925)**	**(1,095)**	**(3,853)**
Total Net Expenditure	**76,123**	**57,802**	**50,940**	**32,022**	**216,887**
Capital Financing Summary					
Specific/External or Other Financing					
Contributions from leaseholders	4,390	3,860	4,048	3,460	15,758
Grants and Contributions from Private Developers (includes S106)	5,634	-	16,950	-	22,584
Capital Grants/Contributions from Non-departmental public bodies	-	270	-	290	560
Sub-total - Specific or Other Financing	**10,024**	**4,130**	**20,998**	**3,750**	**38,902**
Mainstream Financing (Internal Council Resource)					
Capital Receipts	24,538	13,024	8,965	4,495	51,022
Housing Revenue Account (revenue funding)	4,563	9,700	5,172	5,000	24,435
Major Repairs Reserve (MRR) / Major Repairs	16,165	15,797	15,805	16,546	64,313
Sub-total - Mainstream Funding	**45,266**	**38,521**	**29,942**	**26,041**	**139,770**
Borrowing (Internal Borrowing)	20,833	15,151	-	2,231	38,215
Total Capital Financing	**76,123**	**57,802**	**50,940**	**32,022**	**216,887**

APPENDIX 2 – Anticipated General Fund Capital Receipts

Year/Property	Forecast Receipts £'000s		Deferred Costs of Disposal reserved £'000s
2018/19			
Total 2018/19	**1,920**		**-**
2019/20			
Total 2019/20	**9,120**		**566**
2020/21			
Total 2019/20	**1,920**		**-**
2021/22			
Total 2020/21	**1,920**		**-**
Total All Years	**14,880**		**566**

APPENDIX 3 - THE CAPITAL FINANCING REQUIREMENT (CFR) AND POOLING OF HOUSING CAPITAL RECEIPTS

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 funds these from grants, capital receipts or 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 it has effectively borrowed internally. **The CFR should therefore be thought of as the total of internal and external borrowing**.

Pooling and Types of Receipt

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

1. Right to Buy (RTB) - 75% of capital receipts arising from the disposal of a dwelling through Right to Buy are paid over to the Government (pooled). This applies to disposals and to the principal element of repayments on loans (usually mortgages) granted by the authority for RTB or other purchases of HRA properties. The Council can 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 2018/19

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. There is a consultation on the statutory guidance to be applied in 2018/19. The MRP will, over time, reduce the CFR.

3. The statutory guidance lists a number of options for calculating MRP. 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.

4. No MRP is required in respect of the Housing Revenue Account (HRA).

Annual MRP Statement – frequency of update and approval

5. The Secretary of State recommends that before the start of each financial year, Hammersmith and Fulham 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"

6. 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:

7. MRP is calculated using Option 1 - Regulatory Method. 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. For the expenditure above Adjustment A, the MRP rate will be calculated based on useful asset lives .

Capital Expenditure incurred after 1 April 2008 (unsupported borrowing):

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. This method spreads the cost over the estimated life of an asset.

9. 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.

10. 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. The Council'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.

11. 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.

12. 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 this Statement and with regulatory and financial requirements and resolve any practical interpretation issues.

APPENDIX 5 – FLEXIBLE USE OF CAPITAL RECEIPTS GUIDANCE

1. The Secretary of State for Communities and Local Government issued guidance in March 2016, giving local authorities a greater freedom with how capital receipts can be used to finance expenditure. This Direction allows for the following expenditure to be treated as capital:

"Qualifying expenditure is expenditure on any project that is designed to generate ongoing revenue savings in the delivery of public services and/or transform service delivery to reduce costs and/or transform service delivery in a way that reduces costs or demand for services in future years for any of the public sector delivery partners. Within this definition, it is for individual local authorities to decide whether or not a project qualifies for the flexibility."

2. There is a wide range of projects that could generate qualifying expenditure and the list below is not prescriptive. Examples of projects include:

    - Sharing back-office and administrative services with one or more other council or public sector bodies;
    - Investment in service reform feasibility work, e.g. setting up pilot schemes;
    - Funding the cost of service reconfiguration, restructuring or rationalisation (staff or non-staff), where this leads to ongoing efficiency savings or service transformation;
    - Driving a digital approach to the delivery of more efficient public services and how the public interacts with constituent authorities where possible;
    - Improving systems and processes to tackle fraud and corruption in line with the Local Government Fraud and Corruption Strategy – this could include an element of staff training;
    - Setting up commercial or alternative delivery models to deliver services more efficiently and bring in revenue (for example, through selling services to others).

3. Expenditure is only eligible if it has been incurred in the period between 0 April 2016 - 31 March 2019 and it can be funded from capital receipts generated only during this period. The proposal to extend this period for another three years was announced in the Local Government Settlement on 19th December 2017.

4. In order to comply with this Direction, the Council must consider the Statutory Guidance issued by the Secretary of State. This Guidance requires authorities to prepare, publish and maintain a Flexible Use of Capital Receipts Strategy with the initial strategy being effective from 1st April 2016 with future Strategies included within future Annual Budget documents.

5. There is no prescribed format for the Strategy, the underlying principle is to support local authorities to deliver more efficient and sustainable services by extending the use of capital receipts to support the revenue costs of reform projects

6. The Statutory Guidance for the Flexible Use of Capital Receipts states that the Strategy should include a list of each project which plans to make use of the capital receipts flexibility, together with the expected savings that the project will

realise. The Strategy should also include the impact of this flexibility on the affordability of borrowing by including updated Prudential Indicators.

7. The Council has reviewed the Flexible Use of Capital Receipts guidance and identified the following schemes as meeting the eligibility criteria laid out in the guidance document, in that they are forecast to generate on-going revenue savings through reducing costs of service delivery:

Efficiency Projects delivering Savings that May be Capitalised

Business Case	Amount £'000s	Annual Savings when Fully Implemented £000's	Notes
ASC Shared Services Strategic Business Case	841	5,571	The restructuring of the ASC service is forecast to deliver Cumulative savings of £18m over 4 years. The approval for this spend was taken by Cabinet on 6th of July 2015
Focus on Practice - Innovation Fund Grant	330	4,200	Focus on practice will deliver savings of up to £4.2m per annum by 2019/20. Approval for this spend was made by Cabinet on 3rd December 2014
Integrated Family Support Service (IFSS)	1,465	1,500	The Integrated Family Support Service is expected to deliver savings of £1.5m per annum. Approval for this funding was given by Cabinet on 10th October 2016
Maximising Children's Social Care Effectiveness	1,612	1,500	Maximising Children's' Social Care effectiveness will delver savings of £1.5m per annum. This business case was approved by Cabinet on 7th of November 2016
Approval of Business Case 4: Transforming Services for Children and Young People with Special Educational Needs(SEN) & Disabilities	563	224	This business case is forecast to deliver savings of £1,500k by 2018/19. Cabinet approved this business case on 7th November 2016
Creation of H&F Social Letting Agency	200	180	The creation of a social letting agency will deliver savings of up to £180k per annum through cost avoidance. This was approved by Cabinet on 7th November 2016
Business Intelligence Infrastructure	784	1,200	Business Intelligence initiatives continue to deliver savings form freedom passes to single person discounts. This funding will be used to continue to deliver these savings and additional savings of £1.2m per annum. The business case was approved by Cabinet on the 6th of Feb 2017
ICT Desktop Strategy	2,150	4,700	The desktop strategy will contribute to the ICT savings of over £4.7m per annum. The business case was approved by Cabinet on 6th Feb 2017
Funding Of Commercial Management Initiative	450	3,600	The implementation of Commercial Management initiatives will lead to £13m of savings by end of 2022/23. The business case was approved by Cabinet on 6th of November 2017
Total Funding Required for Savings Projects	**8,395**		

8. The capital programme is reviewed annually and approved by Full Council in the budget setting cycle in February each year. Any new eligible schemes will be included in this report, with clear indication that they will be fully or part-funded by the flexible use of eligible capital receipts.

9. Any changes to this programme during the year will be presented back to Cabinet, and notified to the DCLG, as per the requirements of the guidance.

Agenda Item 6.3

London Borough of Hammersmith & Fulham **FULL COUNCIL** **21 February 2018**	
TREASURY MANAGEMENT STRATEGY STATEMENT 2018/19	
Report of the Cabinet Member for Finance – Councillor Max Schmid	
Open Report	
Classification: For Decision **Key Decision: Yes**	
Wards Affected: All	
Accountable Director: Hitesh Jolapara, Strategic Finance Director	
Report Author: Phil Triggs, Director of Treasury and Pensions	**Contact Details:** Tel: 0207 641 4136 E-mail: ptriggs@westminster.gov.uk

1. EXECUTIVE SUMMARY

1.1 The Local Government Act 2003 requires the Council to:

- set out a statement of its treasury management strategy for borrowing, having regard to the Prudential Code and setting out Prudential Indicators for the next three years to ensure that the Council's capital investment plans are affordable, prudent and sustainable.

- prepare an Annual Investment Strategy, setting out the Council's policies for managing its investments and for giving priority to the security and liquidity of those investments.

The Treasury Management Strategy Statement and Annual Investment Strategy must both have regard to guidance issued by the Department of Communities and Loval Government (DCLG) and must be approved by the full Council.

1.2 This report sets out the Council's proposed Treasury Management Strategy and Annual Investment Strategy for 2018/19, and authorises the Strategic Finance Director to deliver the treasury management activities set out in the report.

1.3 The report is also designed to demonstrate compliance with the Local Government Act 2003, other regulations and statutory guidance for ensuring that the Council's borrowing and investment plans are prudent, affordable and sustainable, and comply with statutory requirements.

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, in consultation with the Cabinet Member for Finance, be authorised to manage the Council's cash flow, borrowing and investments in 2018/19 in line with this report.

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 revised Annual Investment Strategy set out in Appendix E.

3. BACKGROUND

3.1 The Council is required to set a balanced budget, which means that income raised during the year is budgeted to meet expenditure. Part of the treasury management operation is to ensure that:

- The Council's capital programme and corporate investment plans are adequately funded;
- Cash flow is adequately planned, with cash being available when needed to discharge the Council's legal obligations and to deliver Council services;
- Surplus monies are invested wisely, in counterparties or financial instruments commensurate with the Council's low risk appetite, providing security of capital and adequate liquidity before considering investment return.

3.2 Treasury Management Strategies provide a guide to the borrowing needs of the Council, essentially 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, using cash flow surpluses, or restructuring any debts previously entered into to meet Council risk or cost objectives.

3.3 The Council has formally adopted CIPFA's Code of Practice on Treasury Management. The Code of Practice and Cross Sectoral Guidance Notes issued in 2009 and 2011 require that each Local Authority has a Treasury Management Policy Statement that is approved by the Full Council, and this is set out in Appendix A.

3.4 The Council also follows other key requirements of the Code as set out in Appendix B.

3.5 Prospects for interest rate changes and investment returns have been considered in developing and updating the Council's Treasury Management Strategies. Market commentators are forecasting an increase in interest rates across all maturities, but a limited increase rather than a material change. The Council's treasury management advisors, Link Asset Services (formerly Capita Asset Services), are currently forecasting a modest increase in rates to 0.75% by the end of 2018 from the current 0.50% base rate (see Appendix C for more details).

3.6 The importance of external economic factors is also a key driver in external parties setting rates and also availability of instruments in which to invest and borrow. Appendix D sets out the present views of our Treasury Consultants, Link Asset Services.

3.7 Sections 4 to 6 of this report comprise the Council's Treasury Management Strategy which covers three main areas as summarised below:

1. <u>Borrowing</u>

- Overall borrowing strategy
- Limits on external borrowing
- Maturity structure of borrowing
- CFR projections
- Affordability
- The Minimum Revenue Provision (MRP) policy
- Policy on borrowing in advance of need
- Debt rescheduling

2. <u>Capital spending plans</u>

- Capital spending plans
- Housing Revenue Account borrowing needs.
- Other investment opportunities

3. <u>Managing cash balances and investments</u>

- The current cash position
- Cash flow forecast
- Prospects for investment returns
- Council policy on investing and managing risk

- Balancing short and longer term investments

- Annual Investment Strategy

3.8 Section 7 of the report summarises the key prudential indicators. These provide a reference point or “dashboard” so that senior officers and Members can easily identify whether approved treasury management policies are being applied correctly in practice and take corrective action as required.

3.9 The Annual Investment Strategy in Appendix E provides more detail on how the Council’s surplus cash investments are to be managed in 2018/19. Approved schedules of specified and non-specified investments will be updated following consideration by Members and finalisation of 2018/19 budget plans. Changes from the previous year are summarised below:

Limit	Changes proposed	Rationale
UK Local Authorities	Increase individual loan limit from £20m to £30m and the overall cap from £100m to £200m	Local authorities are good credit quality as they are tax-backed, and subject to a strong regulatory financial regime. All loans to authorities are subject to a balance sheet check and review of their accounts to ensure capacity to repay, and all need to be approved by the Director of Treasury and Pensions and the Strategic Director of Finance.
Rated UK Building Societies	Increase limit from £20m to £30m and extend duration from 1 to 3 years	Five UK building societies are credit rated. Using credit rated building societies ensures that the Council is only investing in investment grade entities. Through the longer duration the Council will be able to generate improved yield.

Limit	Changes proposed	Rationale
Enhanced Money Funds	Individual limit increase from £20m to £25m and the overall limit from £60m to £100m	These are regulated funds with a high degree of liquidity and strong credit rating. The returns are on average 20-25 bps above standard money market fund rates.
Green Energy Bonds	Increase duration from 5 to 10 years	The return comes from holding the bond for a longer duration. When the Green Energy Bonds were included in the TMSS for 2017/18, the limit was an estimate. Preliminary work on these bonds during the year indicates that duration would typically be around 7 years.

3.10 These elements cover the requirements of the Local Government Act 2003, the CIPFA Prudential Code, the CIPFA Treasury Management Code and CLG Investment Guidance.

BORROWING

Overall borrowing strategy

4.1 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 very low and counterparty risk is high. The HRA's funding requirements differ from the General Fund's and internal borrowing in the HRA may be required in the future.

4.2 The Council's main objective when borrowing money is to strike an appropriate balance between securing low interest costs and achieving cost certainty over the period for which funds are required.

4.3 Given the significant cuts to public expenditure and, in particular, to local government funding, the Council's borrowing strategy continues to address the key issue of affordability without compromising the long-term stability of the debt portfolio. The key factors influencing the 2018/19 strategy are:

- forecast borrowing requirements;
- the current economic and market environment; and
- interest rate forecasts.

4.4 The Council is currently maintaining an under-borrowed position. This means that capital expenditure has not been fully funded from loan debt as other funding streams (such as government grants and third party contributions, use of Council reserves and cash balances and capital receipts) have been employed where a vailable. This policy has served the Council well over the last few years while investment returns have been low and counterparty risk has been relatively high.

Limits on external borrowing

4.5 The Prudential Code requires the Council to set two limits on its total external debt, as set out in Table 1 below. The limits have remained at the same level compared with the 2017/18 Treasury Management Strategy Statement (TMSS) to reflect slippage in the capital programme from previous years. The limits are:

- **Authorised Limit for External Debt (Prudential Indicator 7a):** This is the limit prescribed by section 3(1) of the Local Government Act 2003, representing the maximum level of borrowing which the Council may incur. It reflects the level of external debt which, while not desired, could be afforded in the short term, but may not be sustainable in the longer term.

- **Operational Boundary (Prudential Indicator 7b):** This is the limit which external debt is not normally expected to exceed. The boundary is based on current debt plus anticipated net financing need for future years.

Table 1: Overall borrowing limits

2016/17		2017/18	2018/19	2019/20	2020/21	2021/22
Actual		Forecast	Estimate	Estimate	Estimate	Estimate
£		£	£	£	£	£
	Authorised Limit for External:					
345	Borrowing and other long term liabilities	345	345	345	345	345
	Operational Boundary for:					
275	Borrowing	275	275	275	275	275
15	Other long term liabilities	15	15	15	15	15
290	**Total**	**290**	**290**	**290**	**290**	**290**

Maturity structure of borrowing

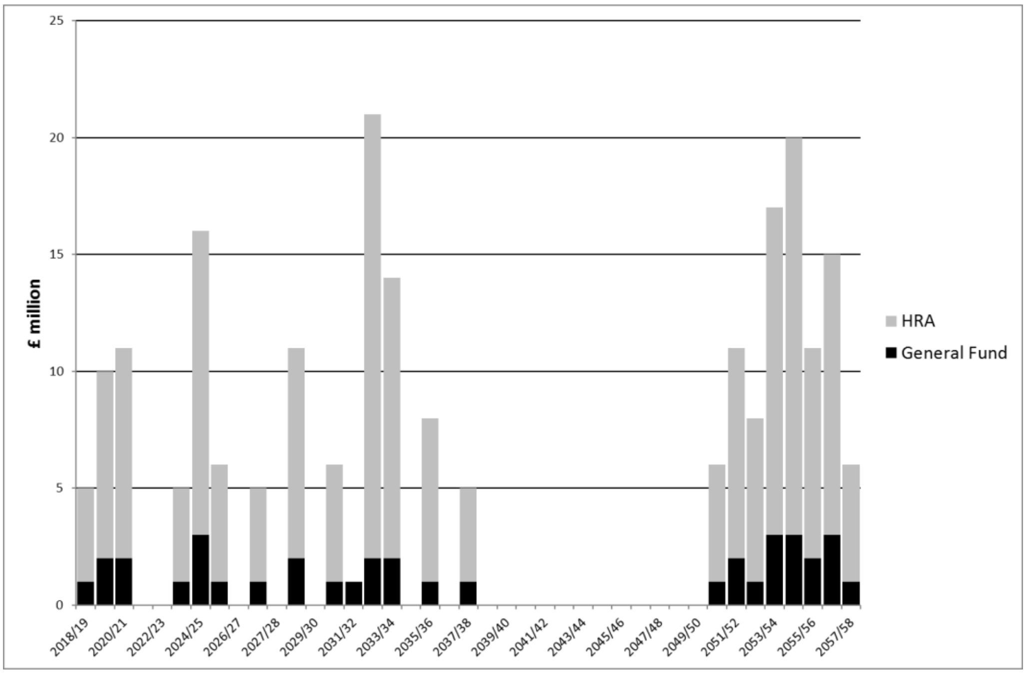
4.6 Managing the profile of when debt matures is essential for ensuring that the Council is not exposed to large fixed rate sums falling due for refinancing within a short period, and thus potentially exposing the Council to additional cost. Table 2 below sets out current upper and lower limits for debt maturity which are unchanged from 2017/18.

Table 2: Debt maturity profile limits

Actual Maturity at 30 Sep 2017		Lower Limit	Upper Limit
%		%	%
0	Under 12 months	0	15
2	12 Months and within 24 Months	0	15
10	24 Months and within 5 years	0	60
14	5 Years and Within 10 Years	0	75
74	10 Years and Above	0	100

Maturity profile of long-term borrowing

4.7 The chart below shows that the principal repayment profile for current council borrowing remains within these limits.



Capital Financing Requirement (CFR)

4.8 The CFR measures the extent to which capital expenditure has not yet been financed from either revenue or capital resources. Essentially, it measures the Council's underlying borrowing need. Each year, the CFR will increase by the amounts of new capital expenditure not immediately financed.

4.9 Table 3 shows that the CFR will increase over the medium term. Consequently, the capital financing charge to revenue will increase, reflecting the capital spending plans.

Table 3a: Capital Financing Requirement forecast

2016/17 Actual £m		2017/18 Forecast £m	2018/19 Estimate £m	2019/20 Estimate £m	2020/21 Estimate £m	2021/22 Estimate £m
	CFR as at 31 March					
62	General Fund Closing CFR (detail in Table 3b)	65	87	85	86	88
211	Closing Forecast HRA CFR (including deferred costs of disposal)	211	233	249	250	253
273	**TOTAL**	**276**	**320**	**334**	**336**	**341**
	Annual Change					
51	General Fund	3	22	(2)	1	2
11	HRA	0	22	16	1	3
62	**TOTAL**	**3**	**44**	**14**	**2**	**5**

4.10 A more detailed analysis of the closing Forecast CFR is shown below:

Table 3b: General Fund Capital Financing Requirement forecast (detailed)

2016/17 Actual £m		2017/18 Forecast £m	2018/19 Estimate £m	2019/20 Estimate £m	2020/21 Estimate £m	2021/22 Estimate £m
47	General Fund CFR excluding DSG funded borrowing	47	57	55	58	61
4	DSG funded borrowing for schools windows	7	19	19	18	17
11	PFI and Finance lease liabilities	11	11	10	10	10
62	**TOTAL**	**65**	**87**	**84**	**86**	**88**

4.11 The schools window replacement programme is a £20m programme. The increase in MRP arising from this spend is to be met by top-slicing the schools DSG allocation.

4.12 The current capital programme does not include provision for the King Street Regeneration and Town Hall refurbishment developments and therefore the CFR forecasts above exclude the impact of these schemes.

4.13 Table 4 below confirms that the Council's gross debt does not exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for current year and the following two financial years. This allows some flexibility for limited early borrowing for future years, but ensures that borrowing is not undertaken for revenue purposes.

Table 4: Borrowing compared to the Capital Financing Requirement

2016/17 Actual £m		2017/18 Forecast £m	2018/19 Estimate £m	2019/20 Estimate £m	2020/21 Estimate £m	2021/22 Estimate £m
225	Gross Projected Debt	217	213	203	192	192
255	Capital Financing Requirement	276	320	334	336	341
30	**Under / (over) borrowing**	**59**	**107**	**131**	**144**	**149**

Affordability

4.14 The objective of the affordability indicators is to ensure that the level of investment in capital assets proposed remains within sustainable limits and, in particular, the impact on the Council's "bottom line" as reflected in the impact on council tax and rent levels. Table 5 below sets out the expected ratio of capital financing costs to income for both General Fund and HRA activities:

Table 5: Ratio of capital financing costs to income

2016/17		2017/18	2018/19	2019/20	2020/21	2021/22
Actual		Forecast	Estimate	Estimate	Estimate	Estimate
%		%	%	%	%	%
0.56	General Fund	0.10	0.14	0.45	0.41	0.50
31.25	HRA	30.93	29.25	27.05	26.17	25.65

4.15 For 2017/18 and 2018/19, gross capital financing charges (loan interest, MRP and finance and PFI payments) for the General Fund capital programme are largely outweighed or balanced by income from investments and the commercial property portfolio.

4.16 The capital financing charges arising from the HRA capital programme increase in line with the forecast increased income, hence capital charges as a proportion of the HRA net revenue stream will remain fairly steady.

4.17 Table 6 below sets out the incremental impact of the capital programme (by itself) on the council tax requirement and housing rents.

Table 6: Impact of capital investment decisions on council tax requirement and housing rents

2016/17		2017/18	2018/19	2019/20	2020/21	2021/22
Actual		Forecast	Estimate	Estimate	Estimate	Estimate
£		£	£	£	£	£
(13.63)	Increase / (Decrease) in Council Tax(band D) per annum	8.43	12.33	0.00	5.87	5.73
(1.19)	Increase / (Decrease) in housing rent per week	(0.01)	0.00	0.00	0.00	0.00

4.18 For the General Fund capital programme, the ratio of capital financing costs to income is relatively low as shown in Table 6 above, and there is a limited impact on council tax reflecting the relatively modest capital programme.

4.19 Similarly, there is limited impact on housing rents from the HRA capital programme as shown in Table 6.

Minimum Revenue Provision (MRP) Policy

4.20 Capital expenditure is generally defined as expenditure on assets that have a life expectancy of more than one year. The accounting approach is to spread the cost over the estimated useful life of the asset. The mechanism for spreading these costs is through an annual MRP. The MRP is the means by which capital expenditure, which is financed by borrowing or credit arrangements, is funded by Council Tax.

4.21 Regulation 28 of the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003, as amended (Statutory Instrument (SI) 3146/2003) requires full Council to approve a Minimum Revenue Provision (MRP) Statement setting out the policy for making MRP and the amount of MRP to be calculated which the Council considers to be prudent. In setting a level which the Council considers to be prudent, the Guidance states that the broad aim is to ensure that debt is repaid over a period reasonably commensurate with that over which the capital expenditure provides benefits to the Council.

4.22 The Council's proposed MRP policy for 2018/19 is reported at Appendix 4 of the Four Year Capital Programme 2018/19 – 2021/22.

Borrowing in advance of need

4.23 The Council has the power to borrow in advance of need in line with its future borrowing requirements under the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003, as amended. Any decision to borrow in advance will be within forward approved Capital Financing Requirement estimates, and will be considered carefully to ensure that value for money can be demonstrated, and that the Council can ensure the security of such funds. Currently, there are no plans to incur any additional external borrowing in the medium term.

4.24 Risks associated with any borrowing in advance of activity will be subject to prior appraisal and subsequent reporting through the mid-year or annual reporting mechanism.

Debt rescheduling

4.25 As short term borrowing rates will be considerably cheaper than longer term fixed interest rates, there may be opportunities to generate savings by switching from long term debt to short term debt. However, these savings will need to be considered in the light of the current treasury position and the cost of debt repayment (premiums incurred).

4.26 The reasons for any rescheduling to take place will include:

- generating cash savings and / or discounted cash flow savings;
- helping to fulfil the treasury strategy; and
- enhancing the balance of the portfolio by amending the maturity profile and/or the balance of volatility.

4.27 Consideration will also be given to identifying the 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.

4.28 Any rescheduling will be reported to the Stragetic Finance Director and the lead cabinet Member.

CAPITAL

Capital spending plans

5.1 The Prudential Code requires that any borrowing and investment decisions are taken in the light of capital spending plans and consideration of how that proposed capital expenditure will be purchased. The Council's capital expenditure plans have been reported in the Four-Year Capital Programme 2018/19-2021/22 reported elsewhere on the Committee's agenda, both in terms of those agreed previously, and those forming part of the current budget cycle. This section will be updated as the capital programme plans are firmed up during the budget cycle.

5.2 Any slippage against the capital programme will impact on the figures reported throughout this report.

Housing revenue account

5.3 Borrowing for the HRA has to remain within the HRA Debt Limit (prescribed in the HRA Self Financing Determinations 2012) as detailed in the table below. Borrowing for the HRA is measured by the HRA CFR.

Table 7: HRA borrowing

2016/17 Actual £		2017/18 Forecast £	2018/19 Estimate £	2019/20 Estimate £	2020/21 Estimate £	2021/22 Estimate £
334	HRA Debt Limit	334	334	334	334	334
211	HRA CFR	211	233	249	250	253
123	**Headroom**	**123**	**101**	**85**	**84**	**81**

5.4 For the period 2017/18 to 2020/21, based on the planned four-year capital programme and other sources of capital resources, borrowing will be funded principally from internal resources.

5.5 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.

5.6 The total available to the HRA for the purposes of internal borrowing (headroom) is the difference between the HRA CFR and the debt limit each year. This is shown in Table 7 above.

5.7 Full details of the Housing Revenue Account's likely borrowing requirements is set out in the Financial Plan for Council Homes approved by Cabinet on the 6th February 2017.

Other investment opportunities

5.8 As well as investing in assets owned by the Council and used in the delivery of services, the Council also invests, or may invest, where appropriate, in:

- Infrastructure projects, such as green energy;

- Loans to third parties;

- Shareholdings in limited companies and joint ventures.

5.9 Such investments are treated as expenditure for treasury management and prudential borrowing purposes, even though they do not create physical assets in the Council's accounts. Appropriate budgets in respect of these activities will be agreed as part of the Council's budget setting and ongoing monitoring processes and considered as part of the Investment Strategy.

MANAGING CASH BALANCES

Current position and cash flow forecast

6.1 Table 8 below shows that cash balances have increased by £27m in the past six months which is mainly due to income such as council tax, business rates and grants received in advance. The cash largely comprises the Council's usable reserves, capital receipts and unspent grants. Whilst the level of cash has increased during the current financial year, it is expected to decline to £330m by the year-end.

Table 8: Cash position at 30 September 2017

As at 31 March 2017			As at 30 September 2017	
Principal	Average Rate		Principal	Average Rate
£m	%		£m	%
		Investments		
327	0.45	Specified	354	0.43
0	0.00	Non-Specified	0	0.00
327		**Total**	**354**	
		Borrowing		
225	5.01	Public Works Loan Board	217	4.86
225		**Total**	**217**	

6.2 The Council aims to manage daily cash flow peaks and troughs to achieve a nil current account balance throughout the year. As such the average yearly surplus cash balances should be fully invested throughout. The medium-term cash flow forecast shows that the Council has a substantial positive cashflow position with an average cash position fluctuating around £270m for the medium term.

Prospects for Investment Returns

6.3 Investment returns on cash based deposits are likely to remain low during 2018/19 and beyond. Borrowing interest rates were on a downward trend during most of 2016; they fell sharply to historically low levels after the EU referendum and then even further after the MPC meeting of August 2016 when a new package of quantitative easing purchasing of UK gilts was announced. In November 2017, the MPC raised rates from 0.25% to 0.50%.

6.4 Gilt yields have since been volatile due to a rise in concerns around a ‘hard Brexit’, the fall in the value of sterling, and an increase in inflation expectations. The Council is therefore committed to investigating and pursuing alternatives to cash-based investments where it is considered prudent to do so.

Council policy on investing and managing risk

6.5 The aim is to manage risk and reduce the impact of any adverse movement in interest rates on the one hand but, at the same time, not setting the limits to be so restrictive that they impair opportunities to reduce costs or improve performance.

Balancing short and longer term investments

6.6 During the first half of 2017/18, there have been no investments of surplus funds for more than 364 days. The 2017/18 Annual Investment Strategy permits investing for more than 365 days. Using longer term maturity investments should improve yields.

Table 9: Investment limits

2016/17		2017/18	2018/19	2019/20	2020/21
Actual		Forecast	Estimate	Estimate	Estimate
£m		£m	£m	£m	£m
	Upper limit for fixed interest rate exposure				
217	Net principal re fixed rate borrowing	217	213	203	192
	Upper Limit for variable rate exposure				
0	Net Principal for variable rate borrowing	0	0	0	0
0	Upper Limit for principal sums invested for more the 364 days	120	120	120	120

Annual Investment Strategy

6.7 The Council holds significant invested funds, representing income received in advance of expenditure, balances and reserves. During the first half of the current year, the Council’s average investment balance has been around £346m and the cash flow projections show this pattern is expected to continue in the coming year.

6.8 The Local Government Act 2003 requires the Council to prepare an Annual Investment Strategy, setting out the Council’s policies for managing its investments and for giving priority to the security and liquidity of those investments. This strategy is set out in Appendix E.

6.9 Investments are made with reference to the core balance, future cash flow requirements and the outlook for interest rates. The Council's investment priorities will always be security first, liquidity second, then return.

SUMMARY OF PRUDENTIAL INDICATORS (PIs)

7.1 The purpose of prudential indicators (PIs) is to provide a reference point or "dashboard" so that senior officers and Members can:

- easily identify whether approved treasury management policies are being applied correctly in practice; and
- take corrective action as required.

7.2 As the Council's S151 officer, the Strategic Finance Director has a responsibility to ensure that appropriate PIs are set and monitored and that any breaches are reported to Members.

7.3 The Strategic Finance Director has confirmed that the PIs set out below are all expected to be complied with in 2017/18 and he does not envisage at this stage that there will be any difficulty in achieving compliance with the suggested indicators for 2018/19.

PI ref	Para ref		2016/17 actual	2017/18 forecast	2018/19 proposed
1	5.1	Capital expenditure	£71m	£100m	£113m
2	4.9	Capital Financing Requirement (CFR)	£273m	£276m	£322m
3	4.13	Net debt vs CFR	£30m underborrowing	£59m underborrowing	£109m underborrowing
4	4.14	Ratio of financing costs to revenue stream	GF 0.56% HRA 31.25%	GF 0.10% HRA 30.93%	GF 0.14% HRA 29.25%
5	4.17	Incremental impact of new capital investment decisions on council tax	£13.63 decrease in Band D council tax charge per annum	£8.43 increase in Band D council tax charge per annum	£12.33 increase in Band D council tax charge per annum
6	4.17	Impact of new capital investment decisions on housing rents	£1.19 decrease in average rent per week	£0.01 decrease in average rent per week	£0.00 increase in average rent per week
7a	4.5	Authorised limit for external debt	£345m	£345m	£345m
7b	4.5	Operational debt boundary	£290m	£290m	£290m
7c	5.3	HRA debt limit	£255m	£255m	£255m
8	6.2	Working capital balance	£0m	£0m	£0m
9	6.6	Limit on surplus funds invested for more than	£120m	£120m	£120m

		364 days (i.e. non-specified investments)			
10	4.6	Maturity structure of borrowing	Upper limit under 12 months - 15% Lower limit 10 years and above - 100%	Upper limit under 12 months - 15% Lower limit 10 years and above - 100%	Upper limit under 12 months - 15% Lower limit 10 years and above - 100%

7.4 CIPFA is currently updating the Prudential Code and Treasury Management Code to take effect for 2018/19. This TMSS has been prepared based on the current versions of these Codes and will be updated when the revised Codes are published.

FINANCIAL IMPLICATIONS

8.1 The comments of the Strategic Finance Director and the Head of Corporate Accountancy and Capital are contained within this report.

8.2 This report is wholly of a financial nature.

8.3 Implications completed by Phil Trigg,s Tri-Borough Director of Treasury and Pensions , 020 7641 4136

LEGAL IMPLICATIONS

9.1 The legal implications are contained within the body of the report.

9.2 Implications completed by Joyce Golder, Principal Solicitor, 020 7361 2181

10. EQUALITY IMPLICATIONS

10.1 There will be no negative implications for protected groups arising from the Treasury Management Strategy.

10.2 Implications completed by Peter Smith, Head of Policy & Strategy, tel. 020 8753 2206.

11. IT IMPLICATIONS

11.1 There are no IT technical implications for the council.

11.2 Implications verified by: Veronica Barella, interim Chief Information officer, Tel 020 8753 2927

IMPLICATIONS FOR BUSINESS

12. There are no business implications for the council.

12.1 Implications for Business completed by: David Burns, Interim Head of Economic Developmeny (Regeneration, Planning and Housing Services)

Appendices

Appendix A: Treasury Management Policy Statement
Appendix B: Meeting CIPFA requirements
Appendix C: Interest Rate Prospects
Appendix D: Economic Update
Appendix E: Annual Investment Strategy
Appendix F: Credit Ratings
Appendix G: Approved countries investment list

LIST OF BACKGROUND PAPERS USED IN PREPARING THIS REPORT

Treasury Management Strategy Statement 2017/18 (approved by Council February 2017)
Local Authorities (Capital Finance and Accounting) (England) Regulations 2003, as amended
DCLG guidance on minimum revenue provision 2003
DCLG guidance on local government investments March 2010
CIPFA Prudential Code for capital finance in local authorities 2011
CIPFA Treasury Management Code of Practice 2011

If you have any queries about this report of wish to inspect any of the background papers please contact:

Phil Triggs, Tri-Borough Director of Treasury and Pensions
Tel 020 7641 4136
E-mail ptriggs@westminster.gov,uk

APPENDIX A

THE TREASURY MANAGEMENT POLICY STATEMENT

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

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

This Council defines its Treasury Management activities as:

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

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

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

APPENDIX B

MEETING CIPFA REQUIREMENTS

The Council has formally adopted CIPFA's Code of Practice on Treasury Management (updated November 2011) and complies with the requirements of the Code as detailed below:

- Maintaining a Treasury Management Policy Statement setting out the policies and objectives of the Council's treasury management activities
- Maintaining a statement of Treasury Management Practices that sets out the manner in which the Council will seek to achieve these policies and objectives
- Presenting the Full Council with an annual Treasury Management Strategy Statement, including an annual investment strategy and Minimum Revenue Provision policy for the year ahead (this report), a half year review report and an annual report (stewardship report) covering compliance during the previous year
- A statement of delegation for treasury management functions and for the execution and administration of treasury management decisions (see below).
- Delegation of the role of scrutiny of treasury management activities and reports to a specific named body. At the London Borough of Hammersmith and Fulham, this role is undertaken by the Audit, Pensions and Standards Committee.

Treasury Management Delegations and Responsibilities

The respective roles of the Council, Cabinet, Audit, Pensions and Standards Committee, and of the Section 151 officer and the Director of Treasury and Pensions are summarised below. Further details are set out in the Statement of Treasury Management Practices.

Council

Council will approve the annual treasury management strategy statement, including borrowing and investment strategies. In doing so, Council will establish and communicate its appetite for risk within treasury management having regard to the Prudential Code.

Cabinet

Cabinet will recommend to Council the annual treasury strategy, including borrowing and investment strategies and receive a half-year report and annual outturn report on treasury activities. Cabinet also approves revenue budgets, including those for treasury activities.

Audit, Pensions and Standards Committee

This committee is responsible for ensuring effective scrutiny of treasury strategy and policies.

Section 151 Officer

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.

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.

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.

Director of Treasury and Pension Fund

Has responsibility for the execution and administration of treasury management decisions, acting in accordance with the Council's Treasury Policy Statement and CIPFA's 'Standard of Professional Practice on Treasury Management'.

Treasury Team

Undertakes day-to-day treasury investment and borrowing activity in accordance with strategy, policy, practices and procedures.

Training

The CIPFA code requires the S151 officer to ensure that Members with responsibility for making treasury management decisions and for scrutinising treasury functions to receive adequate training. The training needs of all officers are reviewed periodically as part of the Learning and Development programme. Officers attend various seminars, training sessions and conferences during the year and appropriate Member training is offered as and when needs and suitable opportunities are identified.

Monitoring and Reporting

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

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

The Council will adopt the following reporting arrangements in accordance with the requirements of the revised code:

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

APPENDIX C

PROSPECTS FOR INTEREST RATES

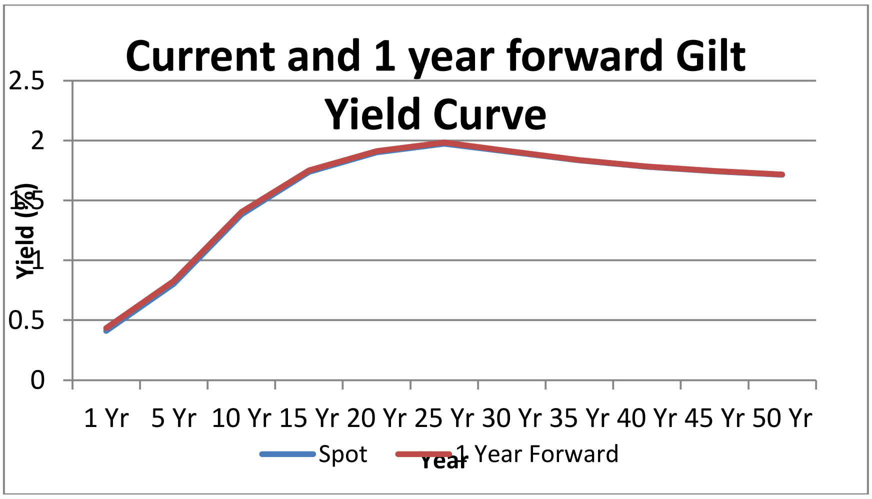
1. The Council has appointed Link Asset Services as its treasury advisor and part of their service is to assist the Council to formulate a view on interest rates. The following table gives our central view.

	NOW	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21
BANK RATE	0.50	0.50	0.50	0.50	0.50	0.75	0.75	0.75	0.75	1.00	1.00	1.00	1.25	1.25	1.25
3 month LIBID	0.40	0.40	0.40	0.40	0.40	0.60	0.60	0.60	0.70	0.90	0.90	1.00	1.20	1.20	1.20
6 month LIBID	0.45	0.50	0.50	0.50	0.60	0.80	0.80	0.80	0.90	1.00	1.00	1.10	1.30	1.30	1.40
12 month LIBID	0.65	0.70	0.80	0.80	0.90	1.00	1.00	1.10	1.10	1.30	1.30	1.40	1.50	1.50	1.60
5 yr PWLB	1.50	1.50	1.60	1.60	1.70	1.80	1.80	1.90	1.90	2.00	2.10	2.10	2.20	2.30	2.30
10 yr PWLB	2.10	2.10	2.20	2.30	2.40	2.40	2.50	2.60	2.60	2.70	2.70	2.80	2.90	2.90	3.00
25 yr PWLB	2.70	2.80	2.90	3.00	3.00	3.10	3.10	3.20	3.20	3.30	3.40	3.50	3.50	3.60	3.60
50 yr PWLB	2.40	2.50	2.60	2.70	2.80	2.90	2.90	3.00	3.00	3.10	3.20	3.30	3.30	3.40	3.40

2. Link Asset Services undertook its last review of interest rate forecasts on 9 August 2017 after the quarterly Bank of England Inflation Report. There was no change in MPC policy at that meeting. However, the MPC meeting of 14 September 2017 revealed a sharp change in sentiment whereby a majority of MPC members said they would be voting for an increase in Bank Rate "over the coming months".

3. The November 2017 MPC meeting increased the Base Rate from 0.25% to 0.50%. Link Asset services have suggested that interest rates may increase by a further 0.25% in the last quarter of 2018.

4. The graph below shows the current UK Gilt curve, together with the one-year forward Gilt curve (i.e. current market expectations for the Gilt rates in twelve months' time).



Source: Bloomberg 20 October 2017

5. Against this background and the risks within the economic forecast, caution will be adopted with the 2018/19 treasury operations. The Treasury Management team will continue to monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances (within their approved remit).

6. If it were considered that there was a significant risk of a sharp fall in long and short term rates (e.g. due to a marked increase of risks around relapse into recession or of risks of deflation), long term borrowings will be postponed, and potential rescheduling from fixed rate funding into short term borrowing will be considered.

7. Because the council existing borrowing is on fixed interest terms the Council is protected from future interest rate raises. However, any new borrowing would reflect current market rates which may fluctuate.

APPENDIX D

ECONOMIC UPDATE

UK: After the UK economy surprised on the upside with strong growth in 2016, growth in 2017 has been disappointingly weak: quarter 1 came in at only +0.3% (+1.7% y/y) and quarter 2 was +0.3% (+1.5% y/y) which meant that growth in the first half of 2017 was the slowest for the first half of any year since 2012. The main reason for this has been the sharp increase in inflation, caused by the devaluation of sterling after the referendum, feeding increases in the cost of imports into the economy. This has caused, in turn, a reduction in consumer disposable income and spending power and so the services sector of the economy, accounting for around 75% of GDP, has seen weak growth as consumers cut back on their expenditure. However, more recently there have been encouraging statistics from the manufacturing sector which is seeing strong growth, particularly as a result of increased demand for exports. It has helped that growth in the EU, our main trading partner, has improved significantly over the last year. However, this sector only accounts for around 11% of GDP so expansion in this sector will have a much more muted effect on the average total GDP growth figure for the UK economy as a whole.

The Monetary Policy Committee (MPC) meeting of 14 September 2017 surprised markets and forecasters by suddenly switching to a much more aggressive tone in terms of its words around warning that Bank Rate will need to rise. The Bank of England Inflation Reports during 2017 have clearly flagged up that they expected CPI inflation to peak at just under 3% in 2017, before falling back to near to its target rate of 2% in two years' time. Inflation actually came in at 2.9% in August 2017, (this data was released on 12 September 2017), and so the Bank revised its forecast for the peak to over 3% at the 14 September 2017 meeting MPC. This marginal revision can hardly justify why the MPC became so aggressive with its wording; rather, the focus was on an emerging view that with unemployment falling to 4.3%, the lowest level since 1975, and improvements in productivity being so weak, that the amount of spare capacity in the economy was significantly diminishing towards a point at which they now needed to take action. In addition, the MPC took a more tolerant view of low wage inflation as this now looks like a common factor in nearly all western economies as a result of increasing globalisation. This effectively means that the UK labour faces competition from overseas labour, e.g., in outsourcing work to third world countries, and this therefore depresses the negotiating power of UK labour. However, the Bank was also concerned that the withdrawal of the UK from the EU would effectively lead to a decrease in such globalisation pressures in the UK, and so would be inflationary over the next few years.

At the 2 November meeting 2017, the MPC duly delivered a 0.25% increase in Bank Rate. It also gave forward guidance that they expected to increase the Bank Rate only twice more in the next three years to reach 1.0% by 2020. This is, therefore, not quite the 'one and done' scenario but is, nevertheless, a very relaxed rate of increase prediction in the Bank Rate in line with previous statements that the Bank Rate would only go up very gradually and to a limited extent. However, some forecasters are flagging up that they expect growth to accelerate significantly towards the end of 2017 and then into 2018. This view is based primarily on the coming fall in inflation, (as the effect of the effective devaluation of sterling after the EU referendum drops out of the CPI statistics), which will bring to an end the negative impact on consumer spending power. In addition, a strong export performance will compensate for weak services sector growth. If this scenario was indeed to materialise, then the MPC would be likely to accelerate its pace of increases in Bank Rate during 2018 and onwards.

EU: Economic growth in the EU, (the UK's biggest trading partner), has been lacklustre for several years after the financial crisis, despite the ECB eventually cutting its main bank rate to -0.4% and embarking on a massive programme of QE. However, growth picked up in 2016 and now looks to have gathered ongoing substantial strength and momentum thanks to this stimulus. GDP growth was 0.5% in quarter 1 (2.0% y/y) and 0.6% in quarter (2.3% y/y). However, despite providing massive monetary stimulus, the European Central Bank is still struggling to get inflation up to its 2% target and in August 2017 inflation was 1.5%. It is therefore unlikely to start on an upswing in rates until possibly 2019.

USA: Growth in the American economy has been volatile in 2015 and 2016. 2017 is following that path again with quarter 1 coming in at only 1.2% but quarter 2 rebounded to 3.1%, resulting in an overall annualised figure of 2.1% for the first half year. Unemployment in the US has also fallen to the lowest level for many years, reaching 4.4%, while wage inflation pressures and inflationary pressures in general have been building. The Fed has started on a gradual upswing in rates with three increases since December 2016 and there could be one more rate rise in 2017 which would then lift the central rate to 1.25 to 1.50%. There could then be another four more increases in 2018. At its June meeting, the Fed strongly hinted that it would soon begin to unwind its $4.5 trillion balance sheet holdings of bonds and mortgage backed securities by reducing its reinvestment of maturing holdings.

China: Economic growth has been weakening over successive years and, despite repeated rounds of central bank stimulus, medium term risks are increasing. Major progress still needs to be made to eliminate excess industrial capacity and the stock of unsold property, and to address the level of non-performing loans in the banking and credit systems.

Japan: Struggles to stimulate consistent significant growth and to get inflation up to its target of 2% continue, despite huge monetary and fiscal stimulus. It is also making little progress on fundamental reform of the economy.

APPENDIX E

ANNUAL INVESTMENT STRATEGY

1. The Council holds significant invested funds, representing income received in advance of expenditure, balances and reserves. During the first half of the current year, the Council's average investment balance has been around £346m and the cash flow projections shows this pattern is expected to continue in the forthcoming year. Investments are made with reference to the core balance, future cash flow requirements and the outlook for interest rates.

2. The Council's investment policy has regard to the DCLG's Guidance on Local Government Investments ("the Investment Guidance") and the 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, then return.

3. In accordance with the above guidance and to minimise the risk to investments, the Council applies minimum acceptable credit criteria to generate a list of highly creditworthy counterparties, which will provide security of investments, enable diversification and minimise risk. The key ratings used to monitor counterparties are the Short Term and Long Term ratings.

Investment returns and time limits

4. The Bank Rate was increased in November 2017 from 0.25% to 0.50%. The question then remains as to whether or not they will stop at this point for a lengthy pause, or will launch into a series of further rate increases in 2018 and beyond. The Bank Rate forecasts for financial year ends (March) are:

   2018/19: 0.50%
   2019/20: 0.75%
   2020/21: 1.00%
   2021/22: 1.25%
   2022/23: 1.50%

5. The suggested budgeted investment earnings rates for returns on investments placed for periods up to 100 days during each financial year are as follows

   2018/19: 0.50%
   2019/20: 0.75%
   2020/21: 1.00%
   2021/22: 1.25%
   2022/23: 1.50%

   Source: Link Asset Services

Investment time limits

6. This limit is set with regard to the Council's liquidity requirements and to reduce the need for early sale of an investment. For the year 2018/19, the proposed limit of investments for over 364 days is £120m as set out in table 11 of the TMSS.

Investment Policy

7. The Council's officers recognise that ratings should not be the sole determinant of the quality of an institution and that it is important to assess continually 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.

8. Other information sources used will include the financial press, share price and other such information pertaining to the banking sector to establish the most robust scrutiny process on the suitability of potential investment counterparties.

Creditworthiness Policy

9. The primary principle governing the Council's investment criteria is the security of its investments, although the yield or return on the investment is also a key consideration. After this main principle, the Council will ensure that:

   - It maintains a policy covering both the categories of investment types it will invest in, criteria for choosing investment counterparties with adequate security and monitoring their security; and
   - It has sufficient liquidity in its investments. For this purpose it will set out procedures for determining the maximum periods for which funds may prudently be committed. These procedures also apply to the Council's prudential indicators covering the maximum principal sums invested.

10. The Strategic Finance Director will maintain a counterparty list in compliance with the following criteria and will revise the criteria and submit them to Council for approval as necessary. These criteria are separate to those which determine which types of investment instrument are either specified or non-specified as they provide an overall pool of counterparties considered high quality which the Council may use, rather than defining what types of investment instruments are to be used.

11. The Council takes into account the following relevant matters when proposing counterparties:

   - the financial position and jurisdiction of the institution;
   - the market pricing of credit default swaps[1] for the institution;

[1] Credit Default Swaps (CDS) are tradable instruments where the buyer receives a pay-out from the seller if the party to whom the CDS refers (often a financial institution) has a "credit event" (e.g. default, bankruptcy, etc.). The price of the CDS gives an indication to the market's view of likelihood: the higher the price the more likely the credit event.

- any implicit or explicit Government support for the institution;
- Standard & Poors, Moodys and Fitch short and long term credit ratings;
- Sovereign ratings to select counterparties from only the most creditworthy countries; and
- Core Tier 1 capital ratios [2].

12. Changes to the credit rating will be monitored and, in the event that a counterparty is downgraded and does not meet the minimum criteria specified in Appendix E, the following action will be taken immediately:

- no new investments will be made;
- existing investments will be recalled if there are no penalties; and
- full consideration will be given to recall or sale existing investments which would be liable to penalty clause.

Specified and Non-specified investments

13. The DCLG Guidance on Local Government Investments made under section 15(1) of the Local Government Act 2003, places restrictions on Local authorities around the use of specified and non-specified investments. A specified investment is defined as an investment which satisfies all of the conditions below:

- The investment and any associated cash flows are denominated in sterling;
- The investment has a maximum maturity of one year;
- The investment is not defined as capital expenditure; and
- 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.

14. Investments with UK local authorities are deemed to be high credit quality because of the strong regulatory financial framework within which local authorities are required to operate and which mitigates against the risk of default, summarised below:

- The requirement to set a balanced budget annually under sections 31A and 42A of the Local Government Finance Act 1992;
- The requirement to budget for a minimum level of reserves including risk under the Local Government Act 2003;
- The requirement for the S151 officer to issue a statutory report in the event that the authority intends to not set an adequate level of reserves or intends to undertake a course of action which he considers to be unlawful;
- The requirement for long-term borrowing to be solely for capital expenditure;

[2] The Tier 1 capital ratio is the ratio of a bank's core equity capital to its total risk-weighted assets (RWA). Risk-weighted assets are the total of all assets held by the bank weighted by credit risk according to a formula determined by the Regulator (usually the country's central bank). Most central banks follow the Basel Committee on Banking Supervision (BCBS) guidelines in setting formulae for asset risk weights. The Core Tier 1 ratios for the four UK banks that the Council uses are: Barclays: 10.2%, HSBC: 11.2%, Lloyds: 12.0% and RBS: 10.8%.

- The cap on excessive borrowing through the operation of the limits in the Prudential Code;
- All borrowing has to be secured on revenues of a local authority rather than assets.

15. A non-specified investment is any investment that does not meet all the conditions above. In addition to the long-term investments listed in the table at the end of Appendix E, the following non-specified investments that the Council may make include:

- **Green Energy Bonds:** Investments in solar farms are a form of Green Energy Bonds that provide a secure enhanced yield. The investments are structured as unrated bonds and secured on the assets and contracts of solar and wind farms. Before proceeding with any such investment, internal and external due diligence will be undertaken in advance of investments covering the financial, planning and legal aspects.

- **Loans:** The Council may consider advancing loans (as a form of investment) to organisations delivering services for the Council where this will lead to the enhancement of services to Council Stakeholders. The Council will undertake due diligence checks to confirm the borrower's creditworthiness before any sums are advanced and will obtain appropriate levels of security or third party guarantees for loans advanced. The Council would expect a return commensurate with the type and duration of the loan. All loans would need to be in line with the Council's Scheme of Delegation and Key Decision thresholds levels.

- **Shareholdings in limited companies and joint ventures:** The Council may invest in three forms of company:

  - Small scale businesses aimed at promoting economic growth in the area. Individual investments are no more than £0.5m and the aim is for these to be self-financing over the medium term. Any such loans will be subject to due diligence and the Council's Scheme of Delegation and Key Decision thresholds levels..

  - Trading vehicles which the Council has set up to undertake particular functions. Currently the Council has interests in the following companies: Lyric Theatre Hammersmith Ltd, Hammersmith and Fulham Urban Studies Centre, Hammersmith and Fulham Bridge Partnership, HFS Developments LLP, HFS Developments 2 LLP, LBHF Ventures Ltd, LBHF Joint Ventures Ltd and LBHF Family Support Services Ltd. These are not held primarily as investments but to fulfil Council service objectives. Any new proposals will be subject to due diligence as part of the initial business case. As these are not to be held primarily as investment vehicles, then there is an expectation that they will break even.

  - Trading vehicles held for a commercial purpose where the Council is obliged to undertake transactions via a company vehicle. These will be wholly owned subsidiaries of the Council with the aim of diversifying the investment portfolio risk.

16. For any such investments, specific proposals will be considered by the Director of Treasury and Pensions, and the Strategic Finance Director in consultation with the lead Cabinet Member for Finance and approvals to be in accordance with the Council's Constitution and governance processes, after taking into account:

- cash flow requirements
- investment period
- expected return
- the general outlook for short to medium term interest rates
- creditworthiness of the proposed investment counterparty
- other investment risks
- due diligence review

17. The value of non-specified investments will not exceed their investment allocation.

18. All investments with local authorities will be subject to due diligence review of their accounts and financial health by the Director of Treasury and Pensions.

Country of Domicile

19. The current TMSS allows deposits / investments with financial entities domiciled in the following countries: Australia, Canada, Denmark, Finland, France, Germany, Hong Kong, Luxembourg, Netherlands, Norway, Singapore, Sweden, Switzerland, UK and USA. This list will kept under review and any proposed changes to the policy reported to the next meeting

Schedule of investments

20. The current criteria for providing a pool of high quality short, medium and long-term, cash-based investment counterparties along with the time and monetary limits for institutions on the Council's counterparty list are in the table below:

21. The counterparties and specific limits, have been reviewed and updated.

All investments listed below must be sterling denominated

Investments	Minimum Credit Rating Required (S&P/Moody's/Fitch)	Maximum Individual Counterparty Investment Limit £m	Maximum tenor	Changes from the 2017/18 TMSS
DMO Deposits	Government Backed	Unlimited	6 months	No change
UK Government (Gilts/T-Bills/Repos)	Government Backed	Unlimited	Unlimited	No change
Supra-national Banks, European Agencies	LT: AA-/Aa3/AA-	£100m	5 years	No change
Covered Bonds*	LT: AA+/Aa1/AA+	£100m	5 years	No change
Network Rail	Government guarantee	unlimited	Oct-52	**£200m maximum**
TfL	LT: AA/Aa/AA	£100m	3 years	No change
GLA	N/A	GLA : £100M	3 years	No change
UK Local Authorities (LA)	N/A	LA : £30m per LA, per criteria £100m in aggregate	3 years	**Increased from £20m to £30m per LA and aggregate from £100m to £200m**
Commercial Paper issued by and European Corporates	LT: AA-/Aa3/AA- ST: F2/P-2/A-3	£20m per name £80m in aggregate	1 year	No change
Money Market Funds (MMF)	LT: AAA By at least one of the main credit agencies	£30m per Fund Manager £200m in aggregate	3 day notice	No change
Enhanced Money Funds (EMF)	LT: AAA By at least one of the credit agencies ST: F2/P-2/A-3 ST: F2/P-2/A-3	£25m per fund manager, £100m in aggregate	Up to 7 day notice	**Increased from £20m to £25m per fund manager and aggregate from £60m to £100m**

Investments	Minimum Credit Rating Required	Maximum Individual Counterparty Investment Limit	Maximum tenor	Changes from the 2017/18 TMSS
	S&P/Moody's/Fitch	£m		
UK Bank (Deposit/Certificate Deposit/Short Dated Bonds)	LT: AA-/Aa3/AA- (UK Government Ownership greater than 25%)	£70m	5 years	No change
UK Bank (Deposit/Certificate Deposit/Short Dated Bonds)	LT: A-/A3/A	£50m	3 years	No change
Non UK Bank (Deposit/Certificates of Deposit/Short Dated Bonds)	LT: AA-/Aa2/AA-	£50m	3 years	No change
	ST: F2/P-2/A-3			
	LT: A/A2/A ST: F2/P-2/A-3	£30m	1 years	No change
Green Energy Bonds	Internal and External due diligence	Less than 25% of the total project investment or maximum of £20m per bond. £50m in aggregate	10 years	**Increase from 5 to 10 years**
Rated UK Building Societies	LT: A-/A3/A ST: F2/P-2/A-3	£30m	3 year	**Increased from £20m to £30m per Building Society Extension of duration from 1 to 3 years**
Approved countries investments list:	See Appendix G			

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

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

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

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

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

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

APPENDIX F

CREDIT RATINGS

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

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

APPENDIX G

APPROVED COUNTRIES FOR INVESTMENTS

The list of approved countries set out below is based on the credit ratings as at 1 December 2017. Countries included on the approved list are those whose lowest rating, from Moodys, Fitch and Standard & Poors, meet or exceed the UK's credit rating of AA.

Country	Lowest rating
Australia	AAA
Canada	AAA
Denmark	AAA
Germany	AAA
Finland	AA+
France	AA
Hong Kong	AA+
Luxembourg	AAA
Netherlands	AAA
Norway	AAA
Singapore	AAA
Sweden	AAA
Switzerland	AAA
UK	AA
USA	AA+

The change from the 2017/18 list of approved countries is the inclusion of France.

London Borough of Hammersmith & Fulham **FULL COUNCIL** **21 FEBRUARY 2018**	
PAY POLICY OF THE LONDON BOROUGH OF HAMMERSMITH AND FULHAM 2018/19	
Report of the Cabinet Member of Finance – Councillor Max Schmid	
Open Report	
Classification - For Decision **Key Decision: No**	
Wards Affected: None	
Accountable Executive Director: Kim Dero, Chief Executive	
Report Author: Mark Grimley – Interim Director of Human Resources and Organisation Development	**Contact Details:** Tel: 020 8753 3592 Mark Grimley@lbhf.gov.uk

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 2018/9 as set out in the attached document.

2.2. That Council endorses the pay schemes attached as Appendices 1, 2 and 3 to the Pay Policy Statement.

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. It should be noted that the pay scales cited are for the year 2017/18 as the national pay award for 2018/19 has yet to be agreed.

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 reemployment 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 reemployed 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 pay 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.

5.3. The remuneration of the highest paid officer is divided by the median earnings figure to arrive at the pay multiple. At the start of 2018 this multiple is 4.7.

6. EQUALITY IMPLICATIONS

6.1. 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.

6.2. Implications verified by: Peter Smith, Head of Policy and Strategy – Tel: 020 8753 2206

7. LEGAL IMPLICATIONS

7.1. 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.

7.2. Implications completed by Rhian Davies Chief Solicitor (Litigation and Social Care)

8. FINANCIAL IMPLICATIONS

8.1. 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.

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

9. RISK MANAGEMENT

9.1. None.

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

10. IMPLICATIONS FOR BUSINESS

10.1. None.

11. COMMERCIAL IMPLICATIONS

11.1. None.

11.2. Implications verified/completed by Michael Hainge, Commercial Director

12. IT IMPLICATIONS

12.1. None.

12.2. Implications verified/completed by Veronica Barella, Chief Information Officer.

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. 2.	Council Pension Policy Council guidance on performance related pay	Mark Grimley – Interim Director of Human Resources and Organisation Development Tel: 020 8753 3068	Hammersmith Town Hall

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

PAY POLICY STATEMENT

LONDON BOROUGH OF HAMMERSMITH AND FULHAM

1. CONTEXT

1.1. Hammersmith and Fulham 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 intended that once approved this pay policy statement will be published to ensure transparency and fulfil its obligations under section 38 (1) of the Localism Act 2011.

1.2. As a broad principle, the Council adopts the terms and conditions of employment for Chief Officers that apply to NJC staff (Green Book) and the local variations within the Councils staff handbook.

1.3. The Council's Chief Executive as Head of Paid Service, is responsible for ensuring the Council meets its duties for appointment on merit, the terms and conditions of employment, compliance with the Council's Standing Orders for the appointment and remuneration of staff and with the requirements set out in the Local Government and Housing Act 1989.

2. VISION AND BEHAVIOURS

2.1. The Council's vision is to be the best council in the country. In order to ensure leadership and management of the highest standards, managers have a document that sets out the behaviours which the council requires employees to demonstrate.

2.2. The vision, desired 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. FAIR PAY

3.1. For the purposes of this Pay Policy Statement, the Council is required to define and set out the relationship and definition of the lowest paid employee. The Council's pay and grading structure is set out in Appendix One.

3.2. The lowest paid worker is defined as those on the lowest spinal column point of the NJC salary scales, which is scale 1B spine point 6 which is £18,222, and is therefore the Council's lowest pay point including apprentices. The Council became an accredited Living Wage Employer in February 2016. Under the terms of the Council's accreditation, this means that no directly employed Council staff will earn less than the London Living Wage. This includes any directly employed interns, or apprentices. The FTE pay for the lowest paid worker is therefore £18,222 from 1

April 2017, based on our standard working week of 36 hours. The Head of Paid Service is paid at £169,000.

3.3. This places a ratio between the lowest paid and highest paid employee at 1:9.2 as at 1st April 2018, (national pay award pending).

4. CHIEF OFFICER PAY

4.1. This section sets out the Council's policy in relation to Chief Officer remuneration and benefits as set out in the Localism Act 2011.

4.1.1. The Council's Chief Officer Structure is set out within the Constitution of the Council and the Constitution is updated with any changes to statutory posts. All statutory roles are designated within the Chief Officer structure.

4.2. Levels and elements of remuneration for each Chief Officer:

4.2.1. Each Chief Officer will receive a basic salary as defined by the Council's pay and grading structures commensurate with their level of responsibilities.

4.2.2. Each Chief Officer role will be graded using the Hay Job Evaluation methodology based on the published role profiles and organisational structures to determine the grade of the posts within the councils grading structure for Chief Officers

4.2.3. The council has the following pay ranges for Chief Officer posts:

- Heads of service are graded at SMG 3 and the pay range is from £56,337 - £74,062
- Directors are graded at SMG2 and the pay range is from £81,987 – £106,910
- Executive Directors are graded at SMG1 and the pay range is £107,060 to £161,808

4.2.4. Each Chief Officer will receive the same local terms and conditions of employment as set out in the NJC (Green Book) employees.

4.2.5. Where market supplements and additional payments for Chief Officers are considered necessary, they will be time limited to a maximum of two years from their commencement. The terms of additional payments (not including relocation expenses) will be agreed by the Chief Officer Appointments Committee, including the application of Market Factor Supplements.

4.2.6. Extensions beyond two years will also require the approval from the Chief Officer Appointments Committee and will be reported as an exception to the Council's published Pay Policy Statement, in the Statement of Accounts.

4.3. Recruitment and remuneration on engagement of Chief Officers

4.3.1. Chief Officers will be remunerated at the evaluated grade for the role on commencement of service.

4.3.2. As required by law, the appointment and remuneration of Chief Officers who are Strategic Directors and who report direct to the Head of Paid Service, is determined by the Council Members through the Chief Officer Appointments Committee, except where there is specific delegation otherwise agreed through Council.

4.4. Increases and additions to remuneration for each Chief Officer

4.4.1. The Council will review each role profile and remuneration of Chief Officers prior to any recruitment or at the creation or substantive change to the existing role.

4.4.2. Increases to pay scales and ranges for Chief Officers on JNC for Chief Officers will occur through any national pay award.

4.5. Performance-related pay (PRP) for Chief Officers

4.5.1. The most senior staff at Chief Officer level (|SMG 1, 2 and 3 grades) have, locally determined salary ranges, which include an element of PRP. Each year subject to an assessment of overall performance, these staff can receive a performance related consolidated base salary increase and thus move up through their pay range until the maximum of their pay range is reached. At this point, any balance in the recommended pay increase is paid as a one-off, non-consolidated payment.

4.5.2. In addition, achievement of targets set can result in a further one off non-consolidated payment. There is the potential to earn up to 10% of existing salary based on performance against targets. However, in exceptional circumstances a higher award can be paid, where sustained exceptional performance can be evidenced.

4.5.3. Individual performance is assessed in two ways:

- Against the Council's values and behaviours, including the new senior manager behavioural indicators that were introduced as part of the refresh of the PRP arrangements

- On the basis of an overall assessment of achievements against targets, the numbers on which there are no longer any caps.

4.6. Chief Officer pay on termination of contract or end of office

4.6.1. Chief Officers will receive their contractual entitlement for termination payments. These entitlements are the same for NJC staff (Green Book). Where the Council is terminating the contract of employment, pay in-lieu of notice (PILON) or paid leave may be granted by the Director for Human Resources and Organisational Development.

4.6.2. Redundancy pay for Chief Officers is calculated at the statutory minimum.

4.7. Benefits in Kind

4.7.1. Chief Officers do not receive any benefits in kind. Any benefits, gifts or hospitality must be properly authorised and recorded in accordance with the Officer's Code of Conduct.

4.8. Charges, fee and professional registrations

4.8.1. Professional fees and charges will be made on behalf of statutory officers and deputy statutory officers in respect of their requirement to be registered to practice with the relevant body.

4.9. Increases and enhancement to pension entitlement

4.9.1. The Council's Chief Officers are entitled to become members of the Local Government Pension Scheme (LGPS) or NHS Pension Scheme. Payments and entitlements are subject to LGPS Regulations or NHS Pension Scheme Regulations. The Council does not enhance pensions or provide added-years to Chief Officers beyond their basic entitlements.

4.9.2. Pension strain costs are borne by the Authority on the redundancy of a Chief Officer in line with all other employees. The Council policy limits the maximum cost of redundancy and pension strain to a maximum of three times the annual salary for payback or complies with legislation at the time. Any situation likely to exceed this amount will be resolved by the Council's Chief Officer Appointments Committee at the point of dismissal.

4.10. Other amounts payable

4.10.1. The award of other payments within the Council's pay policies will be agreed with the Chief Officer Appointments Committee and reported in the Statement of Accounts.

4.11. Chief Officer Policies

4.11.1. Policies adopted for application to the NJC staff (Green Book) will apply to Chief Officers with the exception of matters related to non-executive functions of the Council in relation to Chief Officers such as appointment, investigations and disciplinary action, employment appeals and dismissal.

4.12. Terms and conditions

4.12.1. Chief Officer terms and conditions will mirror those for NJC staff (Green Book). No more or less favourable terms or treatment shall be afforded to Chief Officers in respect of terms and conditions of employment.

4.13. Superannuation (Employer's pension contribution)

4.13.1. The rate of superannuation contributions is determined by the Local Government Pension Scheme Regulations.

4.13.2. Superannuation payments are made by the employer into the Local Government Pension Scheme (LGPS. The rate of contribution is defined by the LGPS and is applicable to all employees (including chief officers). The latest Local Government Pension Scheme Regulations 2014 were introduced from 1 April 2014. There will be 9 employee contribution bandings between 5.5% and 12.5%.

4.14. Returning Officer Fees

4.15. The designation and duties of the Returning Officer and Electoral Registration Officer are independent of the Council. Officers undertaking these duties may claim for the appropriate allowance. The Council will designate the officer for these purposes.

5. STAFFING RESOURCES

5.1. The Council uses the following different staffing resources:

- Permanent staff on the establishment
- Temporary fixed term contracts to fill posts on the establishment
- Interims employed through service contracts to fill posts on the establishment
- Interims where there is no established post. For example, where temporary specialist skills are needed to undertake a time limited complex project.

6. REMUNERATION OF INTERIM AND TEMPORARY STAFF

6.1.1. Where interim resources are determined to be required for a specific role within the Council, a procurement process is followed. Typically, sourcing is carried out through the Managed Supplier arrangements provided by the Council's procured supplier, through UK Government Framework contracts tendered through OJEU processes, other OJEU compliant frameworks, or Council standard low value procurement processes. Procurement Officers are fully involved in these processes.

6.2. When interim staff are required, the costs of these are subject to competitive marketplace processes. HR/Procurement officers are fully involved and aware of all interim appointments in order to assure quality.

6.3. The Chief Officer Appointments Committee has responsibility for the appointment and remuneration of Chief Officers who are Strategic Directors and who report direct to the Head of Paid Service except where there is specific delegation otherwise through Council. The Council will aim to pay for these services at a rate as close as possible to total employment costs of directly employed staff performing a comparable role, given prevailing market conditions.

6.4. Where the Chief Officer Appointments Committee makes a temporary or interim appointment to an established post, then the appointing person or body will have discretion to settle remuneration in line with current market factors.

6.5. For other posts where the Council requires an interim resource, which is not a Chief Officer, which may or may not be on the establishment, the Council will aim to pay for these services at a rate of pay as close as possible to total employment costs of directly employed staff performing a comparable role, given prevailing market conditions. However, the appointing person will have discretion to settle salary or fees in line with current market factors. Any such arrangements require authorisation from the Head of Paid Service, Director for Human Resources and Organisational Development and Strategic Director for Corporate Services.

7. CONTRACT FOR SERVICES

7.1. On occasion it will be more appropriate to engage interim staff through the use of a contract for services. Unlike staff employed under contracts of employment, the relevant guidance from the Department for Communities and Local Government does not require such appointments to be approved by Council. However, where such posts are classified as Chief Officers for pay policy purposes, those posts should appear in the Statement of Accounts. To ensure that the Council is open and transparent it is proposed to provide details of any such contract where the daily rate equivalent paid by the Council to the contractor (and excluding procurement costs) exceeds £500 per day for duration of more than three months.

8. PUBLICATION

8.1. Upon approval by the Council, this statement will be published on the Council's Website and will also be available in additional formats by request.

8.2. Chief Officer remuneration (actual payments) will be reported in the Council's Annual Statement of Accounts.

8.3. Payments in respect of the use of interim management services are also available in the Annual Statement of Accounts where the daily rate equivalent paid by the Council exceeds £500 per day for more than a period of three months. These payments include all agency fees, and exclude VAT.

8.4. In addition, for employees where the full time equivalent salary is £50,000 or more, excluding employer superannuation contributions, the Council's Annual Statement of Accounts will include the number of employees in bands of £5,000

APPENDIX 1

NJC SALARY SCALES

Grade	Spine Point	Basic Salary p.a. 01/04/2017 - 31/03/2018 - £
Scale 1B	6	18,222
	7	18,384
Scale 1C	8	18,747
	9	19,050
	10	19,311
Scale 2	11	19,347
	12	19,665
	13	20,001
Scale 3	14	20,310
	15	20,580
	16	20,907
	17	21,252
Scale 4	18	21,546
	19	22,218
	20	22,902
	21	23,610
Scale 5	22	24,135
	23	24,738
	24	25,437
	25	26,136
Scale 6	26	26,865
	27	27,654
	28	28,440
SO1	29	29,424
	30	30,294
	31	31,140
S02	32	31,953
	33	32,802
	34	33,627
PO1	33	32,802
	34	33,627
	35	34,254
	36	35,070
PO2	35	34,254
	36	35,070
	37	35,961
	38	36,912
PO3	38	36,912
	39	38,007
	40	38,919
	41	39,855
PO4	41	39,855
	42	40,785
	43	41,718
	44	42,651
PO5	44	42,651
	45	43,530
	46	44,496
	47	45,438
PO6	46	44,496
	47	45,438
	48	46,377
	49	47,292
PO7	49	47,292
	50	48,234
	51	49,176
	52	50,115
PO8	51	49,176
	52	50,115
	53	51,069
	54	52,071
PO9	54	52,071
	55	53,088
	56	54,102
	57	55,107
PO10	56	54,102
	57	55,107
	58	56,112
	59	57,114

SMG PAY RANGES

Senior Management Grade	Pay Range Minimum - 1st April 2017 - 31st March 2018 - £	Pay Range Maximum - 1st April 2017 - 31st March 2018 - £
SMG3 (Heads of Service)	56,337	74,062
SMG2 - Zone 1 (Director)	81,987	102,874
SMG2 – Zone 2 (Director)	89,221	106,910
SMG1-lower (SLT)	107,060	121,200
SMG1-upper (Executive Director)	120,095	161,808

Appendix 2

Senior Manager Behavioural Indicators:
Cross-functional collaboration; Resident/Customer Focus; Innovation; Leadership; Action orientation and delivery of the Administration's programme

SENIOR MANAGER PERFORMANCE SCHEME (SMG3)

1. Introduction

The Senior Manager Appraisal Performance Scheme was revised in April 2016 and provides managers with clear objectives, regular feedback and opportunities for development. The revised performance related pay scheme arrangements will continue to have two elements, although the way in which these are assessed will change, with achievement of targets affecting **both.**

The two elements are:

- Non-Consolidated Annual Performance Bonus – based on assessment of your overall achievement against all targets for your role.

- Consolidated Base Salary Pay Progression – based on an assessment of the consistent demonstration of the desired senior manager behavioural indicators, using evidence based examples:

The scheme has been designed to ensure that we have arrangements that:

- Underpin and support business needs;
- Encourage high performance and service delivery; and
- Deliver value for money

The scheme will also:

- 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.

2. The H&F Individual Performance Management cycle

The Individual Performance Management cycle comprises a 4 Step process.

Step 1	**Objective setting and development planning**	• Set clear objectives to work on throughout the year • 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**	• 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**	• Consider your overall progress in preparation for your appraisal (Step 4) and to gain actionable feedback to help you succeed. • Consider how you are doing against your job competencies. • The mid year review meeting normally takes place in October.
Step 4	**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.

3. Performance Assessment

Performance is assessed in two ways:

3.1 Overall Achievement against all Targets

There is no cap on the number of targets that can be set. A rating is given based on an overall assessment of achievement against all targets which links to the payment of a non-consolidated Annual Performance Bonus payment. There is the potential to earn up to 10% of base pay and there is also discretion for a higher award for sustained exceptional performance.

The bonus awards payable are calculated as a percentage of existing salary as follows:

Performance Rating	**Percentage Award**
5 (exceptional performance against all targets)	8-10%
4 (targets met and some exceeded)	5-7%
3 (most targets met)	3-4%
2 (mixed performance, only some targets met)	0%
1 (limited effectiveness in meeting targets)	0%

3.2 Consistent Demonstration of Senior Manager Behavioural Indicators (see Appendix A for detail)

H & F Senior Managers are required to exhibit the desired senior manager behaviours in everything they do, including the requirement to demonstrate that they are managing their service well and providing leadership to their staff.

- ✓ Cross-Functional Collaboration
- ✓ Resident/Customer Focus
- ✓ Innovation
- ✓ Action Orientation and Delivery of the Administration's Programme
- ✓ Leadership

To qualify for consolidated base salary pay progression (paid via increments) through the SMG 3 pay scale, you will have to have achieved at least a 'three' on achievement of targets and assessed against your consistent demonstration of the five senior manager behavioural indicators, using evidence based examples.

4. Pay Progression (Consolidated Increase in Base Salary)

- You will only qualify for a consolidated pay award if you score at least a ‘three’ on achievement of targets.
- For those that qualify, you will then be scored again against your consistent demonstration of the desired behaviours.

For senior managers who receive either a one or two rating, they will be ineligible to receive any pay progression.

Rating based on behaviour	Incremental progression, including cost of living (COL)
5	2 x increment
4	1.5 x increment
3	1 x increment
2	0 x increment
1	0 x increment

The purpose of the pay progression table is to enable H&F to recognise and reward senior managers on the basis of their contribution to the achievement of the organisations objectives. This means that:

- Exceptional and highly effective performers receive a higher award
- Consistently effective performers receive a standard award
- Those who are generally effective with some inconsistencies or those with limited effectiveness and below receive no progression.

5. 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 2016, they would not receive any pay progression until April 2018 (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 (i.e. 31st March) will not receive any PRP payment i.e. no pay progression or bonus payment.

- **Managers who are unwell during the reporting period** - An assessment of overall achievement against annual targets for your role and against consistent demonstration of the five senior manager behavioural indicators 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 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 plus any pay additions 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 rating of performance as this affects both base and bonus pay. For SMG 3 this is normally done through the H&F Senior Leadership Team (SLT).

APPENDIX A – Behavioural Indicators for Senior Management Roles

Cross-Functional Collaboration	Works collaboratively and effectively in partnership, across functions both internally with LBHF (e.g. matrix working) and externally with a range of partner organisations and sectors where appropriate e.g. NHS, Voluntary Third Sectors, Contractors, other boroughs Provides evidence and/or examples of where: • they have worked in partnership and collaboratively across departments and with external stakeholders/customers. • partnership/collaborative working has led to measurably improved service delivery. • cross-functional collaboration has delivered financial savings for the authority. • increased joined-up service delivery has been achieved across teams and other organisations. • they have influenced another borough to deliver for us
Resident/Customer Focus	Puts residents and customers at the heart of everything they do, lead by example and take pride in serving our public well Provides evidence and/or examples of where they: • engage meaningfully with residents and customers on service design and implementation. • positively learn from complaints leading to service improvements, with this culture embedded in their own service area • demonstrate increase in number of service compliments received and other positive feedback from residents • have achieved increased levels of customer satisfaction • put in place an expected set of minimum guaranteed standards for service delivery in their teams and have developed an improvement plan to raise standards and deliver continuous improvement • drive improvements and efficiencies, providing for better service delivery and customer experience, reducing failure demand • ensure that social inclusion is at the heart of service delivery
Innovation	Embrace change and constantly seeks ways to improve the way we work Provides evidence and/or examples of where: • they exhibit a positive approach to change and new ways of working • they encourage staff to be innovative and think creatively about how services can be delivered more effectively and efficiently. • they show innovative practice and where this has made a demonstrable difference in the way that services have or will be provided in the future. • staff ideas have been put into practice, where there is an absence of staff complaints that their ideas and suggestions are not listened to or taken seriously.

Action Orientation and Delivery of the Administration's Programme	Demonstrably seen to be auctioning/delivering on the Administration's key objectives and priorities, utilising a variety of skills, knowledge and experience to improve the delivery of the Authority's services both internally and externally, in a cost effective manner • provides evidence and/or examples to support how service delivery is meeting the Council's key priorities e.g. putting social inclusion at the heart of everything that we do. • provides evidence to support that they have put arrangements in place to achieve all of the actions within Service Improvement Plans as appropriate. • demonstrably able to evidence the use of Commercial/Business Acumen in the provision of their services. • evidence of delivering service transformation to meet the Administration's and key stakeholder needs. • positive informal member feedback.
Leadership	Leads high performing teams by engaging employees • Provides evidence and/or examples of where they: • know how to motivate their staff e.g. positive feedback from staff feeling motivated • develop and communicate a clear vision and direction for their service delivery • provide staff with the context for change and actively encourage them to embrace it • coach and build capability, capacity and resilience within their team • invest time in meeting and communicating with staff through 1:1s, team meetings and performance appraisals; identify and make time to understand staff's strengths and what motivates them. • are demonstrably seen to be acting upon the outcomes of things such as the 'Your Voice' survey. • consistently exhibit behaviours consistent with corporate vision to be the best • enjoy absence of negative feedback from staff survey regarding engagement and leadership • make an effective contribution to the collective executive team's leadership driving cultural change and continuous improvement across the council.

Senior Manager Behavioural Indicators:
Cross-functional collaboration; Resident/Customer Focus; Innovation; Leadership; Action orientation and delivery of the Administration's programme

SENIOR MANAGER PERFORMANCE SCHEME (SMG1&2)

1. Introduction

The Senior Manager Appraisal Performance Scheme was revised in April 2016 and provides managers with clear objectives, regular feedback and opportunities for development. The revised performance related pay scheme arrangements will continue to have two elements, although the way in which these are assessed will change, with achievement of targets affecting **both.**

The two elements are:

- Non-Consolidated Annual Performance Bonus – based on assessment of your overall achievement against all targets for your role.

- Consolidated Base Salary Pay Progression – based on an assessment of the consistent demonstration of the desired senior manager behavioural indicators, using evidence based examples:

The scheme has been designed to ensure that we have arrangements that:

- Underpin and support business needs;
- Encourage high performance and service delivery; and
- Deliver value for money

The scheme will also:

- 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.

2. The H&F Individual Performance Management cycle

The Individual Performance Management cycle comprises a 4 Step process.

Step 1	**Objective setting and development planning**	• Set clear objectives to work on throughout the year • 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**	• 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**	• Consider your overall progress in preparation for your appraisal (Step 4) and to gain actionable feedback to help you succeed. • Consider how you are doing against your job competencies. • The mid year review meeting normally takes place in October.
Step 4	**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.

3. Performance Assessment

Performance is assessed in two ways:

3.1 Overall Achievement against all Targets

There is no cap on the number of targets that can be set. A rating is given based on an overall assessment
of achievement against all targets which links to the payment of a non-consolidated Annual Performance Bonus payment. There is the potential to earn up to 10% of base pay and there is also discretion for a higher
award for sustained exceptional performance.

The bonus awards payable are calculated as a percentage of existing salary as follows:

Performance Rating	Percentage Award
5 (exceptional performance against all targets)	8-10%
4 (targets met and some exceeded)	5-7%
3 (most targets met)	3-4%
2 (mixed performance, only some targets met)	0%
1 (limited effectiveness in meeting targets)	0%

3.2 Consistent Demonstration of Senior Manager Behavioural Indicators (see Appendix A for detail)

H & F Senior Managers are required to exhibit the desired senior manager behaviours in everything they do, including the requirement to demonstrate that they are managing their service well and providing leadership to their staff.

- ✓ Cross-Functional Collaboration
- ✓ Resident/Customer Focus
- ✓ Innovation
- ✓ Action Orientation and Delivery of the Administration's Programme
- ✓ Leadership

4. Pay Progression (Consolidated Increase in Base Salary)

- You will only qualify for a consolidated pay award if you score at least a 'three' on achievement of targets.
- For those that qualify, you will then be scored again against your consistent demonstration of the desired behaviours.

For senior managers who receive either a one or two rating, they will be ineligible to receive any pay progression.

SMG 1 and 2 – Pay Progression Table Position in Pay Band				
Rating based on behaviour	First Quartile	Second Quartile	Third Quartile	Fourth Quartile
5	5%	4%	3%	3%
4	4%	3%	2%	2%
3	3%	2%	1.5%	1.5%
2	0	0	0	0
1	0	0	0	0

The purpose of the pay progression matrix is to enable H&F to recognise and reward senior managers on the basis of their contribution to the achievement of the organisations objectives. This means that:

- Exceptional and highly effective performers receive a higher award
- Consistently effective performers receive a standard award
- Those who are generally effective with some inconsistencies or those with limited effectiveness and below receive no consolidated base salary pay progression.

5. Eligibility

- **Managers appointed during the reporting year -** New appointments will normally be to the minimum of the appropriate SMG 1 or SMG 2 pay range. 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 2016, they would not receive any pay progression until April 2018 (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 (i.e. 31st March) will not receive any PRP payment i.e. no pay progression or bonus payment.

- **Managers who are unwell during the reporting period** - An assessment of overall achievement against annual targets for your role and against consistent demonstration of the five senior manager behavioural indicators 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 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 plus any pay additions, actually paid to the employee during the year i.e. the period 1st April to 31st March. Hence for those who work part-time, or part year 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 rating of performance, as this affects both consolidated base salary pay increases and non-consolidated, one-off performance bonus awards. For SMG1s and SMG 2s, this is done by the Chief Executive in conjunction with the Leader.

APPENDIX A – Behavioural Indicators for Senior Management Roles

Cross-Functional Collaboration	Works collaboratively and effectively in partnership, across functions both internally with LBHF (e.g. matrix working) and externally with a range of partner organisations and sectors where appropriate e.g. NHS, Voluntary Third Sectors, Contractors, other boroughs Provides evidence and/or examples of where: • they have worked in partnership and collaboratively across departments and with external stakeholders/customers. • partnership/collaborative working has led to measurably improved service delivery. • cross-functional collaboration has delivered financial savings for the authority. • increased joined-up service delivery has been achieved across teams and other organisations. • they have influenced another borough to deliver for us
Resident/Customer Focus	Puts residents and customers at the heart of everything they do, lead by example and take pride in serving our public well Provides evidence and/or examples of where they: • engage meaningfully with residents and customers on service design and implementation. • positively learn from complaints leading to service improvements, with this culture embedded in their own service area • demonstrate increase in number of service compliments received and other positive feedback from residents • have achieved increased levels of customer satisfaction • put in place an expected set of minimum guaranteed standards for service delivery in their teams and have developed an improvement plan to raise standards and deliver continuous improvement • drive improvements and efficiencies, providing for better service delivery and customer experience, reducing failure demand • ensure that social inclusion is at the heart of service delivery
Innovation	Embrace change and constantly seeks ways to improve the way we work Provides evidence and/or examples of where: • they exhibit a positive approach to change and new ways of working • they encourage staff to be innovative and think creatively about how services can be delivered more effectively and efficiently. • they show innovative practice and where this has made a demonstrable difference in the way that services have or will be provided in the future. • staff ideas have been put into practice, where there is an absence of staff complaints that their ideas and suggestions are not listened to or taken seriously.

Action Orientation and Delivery of the Administration's Programme	Demonstrably seen to be auctioning/delivering on the Administration's key objectives and priorities, utilising a variety of skills, knowledge and experience to improve the delivery of the Authority's services both internally and externally, in a cost effective manner • provides evidence and/or examples to support how service delivery is meeting the Council's key priorities e.g. putting social inclusion at the heart of everything that we do. • provides evidence to support that they have put arrangements in place to achieve all of the actions within Service Improvement Plans as appropriate. • demonstrably able to evidence the use of Commercial/Business Acumen in the provision of their services. • evidence of delivering service transformation to meet the Administration's and key stakeholder needs. • positive informal member feedback.
Leadership	Leads high performing teams by engaging employees • Provides evidence and/or examples of where they: • know how to motivate their staff e.g. positive feedback from staff feeling motivated • develop and communicate a clear vision and direction for their service delivery • provide staff with the context for change and actively encourage them to embrace it • coach and build capability, capacity and resilience within their team • invest time in meeting and communicating with staff through 1:1s, team meetings and performance appraisals; identify and make time to understand staff's strengths and what motivates them. • are demonstrably seen to be acting upon the outcomes of things such as the 'Your Voice' survey. • consistently exhibit behaviours consistent with corporate vision to be the best • enjoy absence of negative feedback from staff survey regarding engagement and leadership • make an effective contribution to the collective executive team's leadership driving cultural change and continuous improvement across the council.

Appendix 4

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 £6,755
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.

Agenda Item 6.5

London Borough of Hammersmith & Fulham FULL COUNCIL 21 February 2018	
MEMBERS' ALLOWANCES SCHEME – ANNUAL REVIEW 2018	
Report of the Leader of the Council - Councillor Stephen Cowan	
Open Report	
Classification: For Decision **Key Decision:** No	
Wards Affected: All	
Accountable Director: Sarah Thomas – Director of Delivery and Value	
Report Author: Kayode Adewumi, Head of Governance and Scrutiny	**Contact Details:** Tel: 020 8753 2499 E-mail: kayode.adewumi@lbhf.gov.uk

1. EXECUTIVE SUMMARY

1.1. This report performs the statutory annual review of Members' allowances for the 2018/19 financial year. The annual review takes into account the recommendations made in the Independent Remuneration report to London Councils (January 2018).

2. RECOMMENDATIONS

2.1. That the Members' Allowances Scheme 2018/19 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 2018/19 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 2018.

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, 2014 and in January 2018. The Regulations requires a review of the scheme every four years as a minimum. A summary of their recommendations 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 January 2018. It was decided that the Council would continue to set its own Special Responsibility Allowance 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.

- every borough should have an ongoing programme of member training and development and that members should be expected to participate.

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 2018/19.

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. However, in line with the administration's policy, this allowance was reduced by 10% in 2014 and has been frozen each year since.

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 to be set at 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.

6.3 In line with the Independent Remuneration Panel's recommendation, 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 of £10.20 per hour and payment should be made at a higher rate when specialist skills or care is required to attend meetings.

Travel & Subsistence

6.4 Travel allowances are payable (at the same rates as employees) for duties undertaken away from the Town Hall 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, disability or any 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. 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 on the same terms as employees.

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.

7.2 Implications verified by: Rhian Davies, Monitoring Officer, 020 7641 2729

8. FINANCIAL IMPLICATIONS

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: Danielle Wragg Finance Business Partner & Corporate Projects, 020 8753 4287

9. EQUALITY IMPLICATIONS

9.1 The equalities implications of this decision have been considered to be neutral.

9.2 Implications verified by: Peter Smith, Head of Policy and Strategy – Tel: 020 8753 2206

10. BUSINESS, COMMERCIAL AND IT IMPLICATIONS

10.1 There is no direct business, commercial or IT implications.

10.2 Implications completed by: Kayode Adewumi, Head of Governance and Scrutiny – Tel: 020 8753 2499

11. BACKGROUND PAPERS USED IN PREPARING THIS REPORT

None.

Appendix 1

Members' Allowances Scheme 2018-19
Effective from 1 April 2018

This scheme is made in accordance with the Local Authorities (Members' Allowances) (England) Regulations 2003 ("the Regulations") for 2018–2019 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 January 2018.

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.

	No.	Basic Allowance	Total
All Councillors	46	£8,940	£411,240

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:

Position	No	SRA Entitlement	Total SRA
The Leader	1	£32,186.70	£32,186.70
Deputy Leader	1	£26,816.40	£26,816.40
Other Cabinet members	6	£21,454.20	£128,725.20
Chief Whip (where not a member of Cabinet)	1	£21,454.20	£21,454.20
*Deputy Chief Whip (2)	1	£5,564.70	£5,564.70
Chair of Policy & Accountability Committees	5	£5,564.70	£27,823.50
Leader of the Opposition	1	£16,086.60	£16,086.60
Deputy Leader of the Opposition	1	£5,564.70	£5,564.70
Opposition Whip	1	£5,564.70	£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 (4)	3*	£5,564.70	£16,694.10
The Mayor	1	£10,729.80	£10,729.80
Deputy Mayor	1	£5,564.70	£5,564.70
Lead Members – Contracts, and Hospitals and Health Care	2	£2,700.00	£5,400.00
Total			£308,175.30

*This portfolio holder receives only one SRA in respect of duties undertaken.

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

Dependent Carer Allowance

3.1 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.

a) £5.10 per half hour before 10 pm; £5.70 per half hour after 10 pm (not payable in respect of a member of the Councillor's household).

Travel and Subsistence

3.2 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, disability 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

Public Transport

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

Car mileage

b) 45 pence per mile.

Subsistence

c) 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.

Sickness, maternity and paternity allowance

d) 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 on the same terms as employees.

4. Annual increase

4.1 The allowances in this scheme apply to the financial year 2018/19. All allowances have been frozen at the 2014/15 level.

5. Election to forego allowances

5.1 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

6.1 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

7.1 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

8.1 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

9.1 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

10.1 No Members of the Council shall be entitled to membership of the Local Government Pension Scheme.

11. Allowances for co-opted members and independent members of The Audit, Pensions and Standards Committee

Co-optees

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

11.2 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

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

Appendix 2

Report of the Independent Panel - Recommendations of the Remuneration of Councillors in London 2018

Level of Basic Allowance

We reluctantly accept that, in the current financial climate, it would be inappropriate to recommend a general increase in members' allowances (beyond the annual updating). Pegging an annual increase to staff pay awards will ensure that councillors can receive annual increases which are in line with those received by staff. We therefore recommend that the Basic Allowance be set at £11,045. We believe that it remains sensible to frame recommendations which are common across London.

Special Responsibility Allowances

For the same reasons which prompt us to peg the Basic Allowance, we recommend that the special responsibility allowance for a Leader should be in accordance with our former recommendation, plus the subsequent local government staff pay awards, i.e. £57,085.

Interpretation of the Scheme

We reiterate our view that no more than 50% of councillors should receive a special responsibility allowance.

We also continue to believe that no member should receive more than one special responsibility allowance though we accept that there might exceptionally be special circumstances where allocation of more than one Special Responsibility Allowance might be justified, e.g. where members undertake a number of different time-consuming roles such as sitting on licensing hearings.

Training and Support

The responsibilities of councillors are substantial, extensive and complex. We have mentioned the Grenfell Tower tragedy as a chilling instance of those responsibilities. We believe that every borough should have an ongoing programme of member training and development and that members should be expected to participate.

We believe that members should be provided with logistical and clerical support to help them deal with their workload.

Barriers to being a councillor

- **Allowance for care of dependents.**

It is important that obstacles to becoming a councillor should be removed wherever possible. Child care costs can be a significant deterrent to service as a councillor. We repeat our strong view that in appropriate cases when they undertake their council duties, councillors should be entitled to claim an allowance for care of dependents.

- **Dependents' carers' allowance**

The dependents' carers' allowance should be set at the London living wage but (on presentation of proof of expense) payment should be made at a higher rate when specialist nursing skills are required.

- **Special Responsibility Allowances in the case of sickness, maternity and paternity leave**

We also repeat our belief that members' allowances schemes should 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 basic out-of-pocket expenses incurred by councillors, including intra-borough travel costs and expenses. The members' allowances scheme should, however, provide for special circumstances, such as travel after late meetings or travel by councillors with disabilities. The scheme should enable councillors to claim travel expenses when their duties take them out of their home borough, including a bicycle allowance.

Allowances for Mayor or Civic Head

Many councils include the allowances for the mayor (or civic head) and deputy in their members' allowance scheme. However these allowances do serve a rather different purpose from the 'ordinary' members' allowances, since they are intended to enable the civic heads to perform a ceremonial role. There are separate statutory provisions (Sections 3 and 5 of the Local Government Act 1972) for such allowances and councils may find it convenient to use those provisions rather than to include the allowances in the members' allowance scheme.

Update for inflation

We continue to recommend that for a period of four years the allowances we recommend should be updated annually in accordance with the headline figure in the annual local government pay settlement.

Agenda Item 6.6

London Borough of Hammersmith & Fulham **FULL COUNCIL** **21 FEBRUARY 2018**	
CALENDAR OF MEETINGS 2017/18	
Report of the Leader of the Council - Councillor Stephen Cowan	
Open Report	
Classification: For Decision **Key Decision:** No	
Wards Affected: All	
Accountable Director: Sarah Thomas, Director for Delivery and Value	
Report Author: Kayode Adewumi, Head of Governance and Scrutiny	**Contact Details:** Tel: 020 8753 2499 E-mail: kayode.adewumi@lbhf.gov.uk

1. EXECUTIVE SUMMARY

1.1. This report requests approval to cancel the last cycle of meetings in the 2017/18 Council Calendar with the exception of the meetings of Cabinet.

2. RECOMMENDATIONS

2.1 That the following meetings be cancelled: -

- Planning and Development Control Committee – 17 April 2018.
- Community Safety, Environment and Residents Services Policy and Accountability Committee - 18 April 2018.
- Children and Education Policy and Accountability Committee – 23 April 2018.
- Health, Adult Social Care and Social Inclusion Policy and Accountability Committee – 24 April 2018.

3. REASONS FOR DECISION

3.1 The Council has the power to agree and cancel the date of its meetings.

4. INTRODUCTION AND BACKGROUND

4.1 The meeting listed above are being cancelled due to the closeness to the local elections.

5. EQUALITY IMPLICATIONS

5.1 There are none.

5.2 Implications completed by: Kayode Adewumi, Head of Governance and Scrutiny (020 8753 2499)

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: Rhian Davies – Monitoring Officer, 020 7641 - 2729

7 FINANCIAL IMPLICATIONS

7.1 There are no direct financial implications.

7.2 Implications completed by: Kayode Adewumi, Head of Governance and Scrutiny (020 8753 2499)

8 COMMERCIAL, IT AND RISK MANAGEMENT IMPLICATIONS

8.1 There are no significant risk management, commercial or IT implications for this report.

8.2 Implications completed by: Kayode Adewumi, Head of Governance and Scrutiny (020 8753 2499)

LOCAL GOVERNMENT ACT 2000
BACKGROUND PAPERS USED IN PREPARING THIS REPORT

None.