

Cabinet

Agenda

MONDAY
14 JANUARY 2019
7.00 pm

COURTYARD ROOM
HAMMERSMITH
TOWN HALL
KING STREET
LONDON W6 9JU

Membership

Councillor Stephen Cowan, Leader of the Council
Councillor Sue Fennimore, Deputy Leader
Councillor Larry Culhane, Cabinet Member for Children and Education
Councillor Andrew Jones, Cabinet Member for the Economy and the Arts
Councillor Wesley Harcourt, Cabinet Member for the Environment
Councillor Max Schmid, Cabinet Member for Finance and Commercial Services
Councillor Ben Coleman, Cabinet Member for Health and Adult Social Care
Councillor Lisa Homan, Cabinet Member for Housing
Councillor Adam Connell, Cabinet Member for Public Services Reform
Councillor Sue Macmillan, Cabinet Member for Strategy

Date Issued
04 January 2019

If you require further information relating to this agenda please contact:
Katia Neale, Committee Coordinator, tel: 020 8753 2368 or email:
katia.neale@lbhf.gov.uk

Reports on the open Cabinet agenda are available on the Council's website: www.lbhf.gov.uk/councillors-and-democracy

PUBLIC NOTICE

The Cabinet hereby gives notice of its intention to hold part of this meeting in private to consider items (16 to 17) which are exempt under paragraph 3 of Schedule 12A to the Local Government Act 1972, in that they relate to the financial or business affairs of any particular person, including the authority holding the information.

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

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

DEPUTATIONS

Members of the public may submit a request for a deputation to the Cabinet on non-exempt item numbers **4-12** on this agenda using the Council's Deputation Request Form. The completed Form, to be sent to Kayode Adewumi at the above address, must be signed by at least ten registered electors of the Borough and will be subject to the Council's procedures on the receipt of deputations. **Deadline for receipt of deputation requests: Wednesday 9 January 2019.**

COUNCILLORS' CALL-IN TO SCRUTINY COMMITTEES

A decision list regarding items on this agenda will be published by **Wednesday 16 January 2019**. Items on the agenda may be called in to the relevant Accountability Committee. The deadline for receipt of call-in requests is: **Monday 21 January 2019 at 3.00pm**. Decisions not called in by this date will then be deemed approved and may be implemented.

A confirmed decision list will be published after 3:00pm on **Monday 21 January 2019**.

Cabinet Agenda

14 January 2019

<u>Item</u>	<u>Pages</u>
1. MINUTES OF THE CABINET MEETING HELD ON 3 DECEMBER 2018	6 - 16
2. APOLOGIES FOR ABSENCE	
3. DECLARATION OF INTERESTS	
<p>If a Councillor has a disclosable pecuniary interest in a particular item, whether or not it is entered in the Authority's register of interests, or any other significant interest which they consider should be declared in the public interest, they should declare the existence and, unless it is a sensitive interest as defined in the Member Code of Conduct, the nature of the interest at the commencement of the consideration of that item or as soon as it becomes apparent.</p> <p>At meetings where members of the public are allowed to be in attendance and speak, any Councillor with a disclosable pecuniary interest or other significant interest may also make representations, give evidence or answer questions about the matter. The Councillor must then withdraw immediately from the meeting before the matter is discussed and any vote taken.</p> <p>Where Members of the public are not allowed to be in attendance and speak, then the Councillor with a disclosable pecuniary interest should withdraw from the meeting whilst the matter is under consideration. Councillors who have declared other significant interests should also withdraw from the meeting if they consider their continued participation in the matter would not be reasonable in the circumstances and may give rise to a perception of a conflict of interest.</p> <p>Councillors are not obliged to withdraw from the meeting where a dispensation to that effect has been obtained from the Audit, Pensions and Standards Committee.</p>	
4. TREASURY MANAGEMENT STRATEGY MID-YEAR REVIEW REPORT 2018/19	17 - 26
5. CAPITAL PROGRAMME MONITOR & BUDGET VARIATIONS,	27 - 46

2018/19 (SECOND QUARTER)

- | | | |
|------------|---|------------------|
| 6. | CORPORATE REVENUE MONITOR 2018/19 MONTH 6 - 30 SEPTEMBER 2018 | 47 - 98 |
| 7. | COUNCIL TAX SUPPORT SCHEME 2019/20 | 99 - 115 |
| 8. | COUNCIL TAX BASE AND COLLECTION RATE 2019-20 AND DELEGATION OF THE BUSINESS RATE ESTIMATE | 116 - 125 |
| 9. | BUSINESS CASE & PROCUREMENT STRATEGY FOR THE HOUSING MANAGEMENT SYSTEM | 126 - 139 |
| 10. | BUSINESS CASE & PROCUREMENT STRATEGY IN RELATION TO URGENT REPAIR OF DISTRICT AND COMMUNAL HEATING SYSTEMS | 140 - 155 |
| 11. | AWARD OF WARDEN CALL CONTRACT | 156 - 160 |
| 12. | BUSINESS CASE & PROCUREMENT STRATEGY FOR THE PROCUREMENT OF A CONTRACTOR FOR LANDSCAPING WORKS AT HAMMERSMITH PARK | 161 - 170 |
| 13. | FORWARD PLAN OF KEY DECISIONS | 171 - 184 |
| 14. | EXCLUSION OF PRESS AND PUBLIC | |

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

- | | | |
|------------|--|--|
| 15. | EXEMPT MINUTES OF THE CABINET MEETING HELD ON 3 DECEMBER 2018 (E) | |
| 16. | BUSINESS CASE & PROCUREMENT STRATEGY IN RELATION TO URGENT REPAIR OF DISTRICT AND COMMUNAL HEATING SYSTEMS: EXEMPT ELEMENTS (E) | |
| 17. | AWARD OF WARDEN CALL CONTRACT - EXEMPT ASPECTS (E) | |

London Borough of Hammersmith & Fulham

Cabinet

Minutes



Monday 3 December 2018

PRESENT

Councillor Stephen Cowan, Leader of the Council
Councillor Sue Fennimore, Deputy Leader
Councillor Ben Coleman, Cabinet Member for Health and Adult Social Care
Councillor Adam Connell, Cabinet Member for Public Services Reform
Councillor Larry Culhane, Cabinet Member for Children and Education
Councillor Wesley Harcourt, Cabinet Member for the Environment
Councillor Andrew Jones, Cabinet Member for the Economy and the Arts
Councillor Lisa Homan, Cabinet Member for Housing
Councillor Max Schmid, Cabinet Member for Finance and Commercial Services

79. MINUTES OF THE CABINET MEETING HELD ON 5 NOVEMBER 2018

RESOLVED:

That the minutes of the meeting of the Cabinet held on 3 December 2018 be confirmed and signed as an accurate record of the proceedings, and that the outstanding actions be noted.

80. APOLOGIES FOR ABSENCE

Apologies for Absence were received from Councillor Sue Macmillan.

81. DECLARATION OF INTERESTS

There were no declarations of interest.

82. CORPORATE REVENUE MONITOR 2018/19 MONTH 5 - 31ST AUGUST 2018

RESOLVED:

1. To note the forecast General Fund outturn and require the Strategic Leadership Team and Cabinet to identify further mitigating actions that offset the forecast overspend.
2. To increase the sum set aside in reserves for the forecast overspend against the High Needs Block and Early Years Block Dedicated Schools Grant by £0.8m to £14.432m.

3. To note the HRA forecast underspend.

Reason for decision:

As set out in the report.

Alternative options considered and rejected:

As outlined in the report.

Record of any conflict of interest:

None.

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

None.

83. FACILITIES MANAGEMENT STRATEGY FOR TERMINATION OF TOTAL FACILITIES MANAGEMENT CONTRACT

RESOLVED:

1. That the Chief Executive, in consultation with the Cabinet Member for Finance and Commercial Services, be delegated authority to vary the Total Facilities Management Contract and enter into any legal agreement as is necessary in order to enable the contract to be terminated.
2. That the Chief Executive, in consultation with the Cabinet Member for Finance and Commercial Services, be delegated authority to terminate the Total Facilities Management contract once commercial terms have been finalised.
3. That the council's future facilities management maintenance and operations is undertaken by an in-house management team supported by in-house staff and specialist contractors.

Reason for decision:

As set out in the report.

Alternative options considered and rejected:

As outlined in the report.

Record of any conflict of interest:

None.

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

None.

84. AWARD OF H&FS NON-RESIDENTIAL PROPERTY WATER CONTRACT TO WATER PLUS

RESOLVED:

That Cabinet approves the contract to be awarded to Water Plus for a four-year period (with a penalty-free break clause after year two) at an estimated contract value of £0.92m over the 4-year period.

Reason for decision:

As set out in the report.

Alternative options considered and rejected:

As outlined in the report.

Record of any conflict of interest:

None.

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

None.

85. PROPOSED LOCAL DISCRETIONARY BUSINESS RATE RELIEF SCHEME 2018/19, 2019/20 & 2020/21

RESOLVED:

To approve the amended Local Discretionary Business Rate Relief Scheme to provide support, by way of the Government Grant, to certain ratepayers who face an increase in their Business Rates bills for the financial year 2018/19 through to 2020/21

Reason for decision:

As set out in the report.

Alternative options considered and rejected:

As outlined in the report.

Record of any conflict of interest:

None.

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

None.

86. APPOINTMENT OF CLIENT TECHNICAL ADVISOR HAMMERSMITH TOWN HALL REFURBISHMENT PROJECT

RESOLVED:

1.1. That Currie and Brown Consultancy be appointed as Client Technical Advisor for the Hammersmith Town Hall Refurbishment

Project at a fixed fee of **£361,477.40**. This is a fixed price contract for three years.

- a. That approval be given to appoint Currie & Brown for the Whole Refurbishment Project Scope of Services including Post Construction Stage Services. The key services for the stages are:
 - **Pre-Construction Stage:** (Surveys, Technical Work, Development of Client/Employers Technical Requirements for Detailed Design)
 - **Construction Delivery Stage** - including Project Management of the Fit-Out Phase of the programme
 - **Post Construction** – Commissioning Phase, Defects Period, After Care and Life Cycle Advice. This also includes advice on Operations and Maintenance
- 1.2. That the Construction, Fit Out and Post Construction Stages of this appointment proceeds once the overall scheme receives Planning Permission and subject to Cabinet Approval.
- 1.3. To approve a budget of **£261,477.40** for Construction, Fit Out and Post Construction stages of the Technical Advisor fees, taking the total budget for Technical Advisor fees proposed for all the stages of this three years programme to **£361,477.40**.
- 1.4. To note that Cabinet has already approved a budget of **£100,000.00** for the pre-construction stage (*surveys and technical works*) for this scheme. Please see: *West King Street Cabinet Report 9th July 2018 - [Report Item 2.8]*
- 1.5. That approval be granted to enable the Technical Advisor to mobilise and prepare for detailed pre-construction surveys and design works expected to start in late Autumn 2018.
- 1.6. That retrospective approval be given for the Procurement Process followed as advised in Item 12.3 of this report.

Reason for decision:

As set out in the report.

Alternative options considered and rejected:

As outlined in the report.

Record of any conflict of interest:

None.

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

None.

87. WEST KING STREET RENEWAL PROGRAMME: APPROVAL OF BUSINESS CASE AND DELIVERY STRATEGY

RESOLVED:

Councillor Cowan stated that this substantial new proposal followed a previous one where the developer demolished the local cinema before telling the Council they were no longer able to meet the contract to deliver homes. The Council had now achieved a better contract that would deliver 204 homes, with 52% affordable housing, which would change the nature of the Town Hall to a Civic Campus for many purposes, at no cost to the Council. Councillor Cowan congratulated Jo Rowland, the Strategic Director for Growth and Place, and her team for achieving this major tribute.

RESOLVED:

- 1.1. To approve the Strategic Outline Business Case for delivery of the West King Street Renewal Programme attached at Appendix 1 in the exempt part of the Cabinet agenda;
- 1.2. To approve a budget of £1.7 million to fund the client-side West King Street Renewal and Town Hall refurbishment programme delivery team for the period April 2019 to March 2023, to be funded from capital or revenue reserves, and delegate final confirmation of funding to the Strategic Director for Finance and Governance in consultation with the Leader of the Council and the Cabinet Member for Finance and Commercial Services;
- 1.3. To waive Contract Standing Order (CSO) 3 the CSO 8 for a procurement strategy to be approved for contracts over £100,000 for the two contracts (i) and (ii) below on the grounds that this is in the Council's overall interests due to there being insufficient time to obtain approval for the Procurement Strategy, and delegate authority to the Chief Executive in consultation with the Cabinet Member for the Economy and the Arts, to approve the award of the following services contracts, following CSO and EU procurement rules-compliant appointment exercises:
 - i. a client-side West King Street Renewal and Town Hall refurbishment programme delivery team; and
 - ii. services required to enable the relocation of Council services from the Town Hall site to alternative temporary or permanent locations (including move management and clearance services and CCTV network relocation services);
- 1.4. To approve an additional budget as set out in recommendation 2.4 in the exempt report, to fund the decant programme (i.e. the declutter of existing office accommodation, preparing staff, planning and undertaking physical moves), the staff resources required to effectively deliver the decant programme and the increased revenue costs of moving to decant accommodation for up to five years during the development period, to be funded from revenue reserves, and delegate final confirmation of reserves funding to be determined by the Strategic Director for Finance

and Governance in consultation with the Leader and the Cabinet Member for Finance and Commercial Services.

- 1.5. In relation to the procurement of furniture and fit out works for the decant properties, to waive in accordance with Contract Standing Order (CSO) 3:
- i. the requirement of CSO 8 for a procurement strategy to be approved for contracts over £100K, and
 - ii. the requirement of CSO 10 to seek competitive tenders,
- in both cases on the basis that this is in the Council's overall interests due to there being insufficient time to obtain approval for the Procurement Strategy or carry out a full tender exercise, and
- i. to delegate authority to the Chief Executive in consultation with the Cabinet Member for the Economy and the Arts, to approve the award of these contracts to the landlords of the final proposed decant properties.
- 1.6. To approve a property lease in Hammersmith up to the value as identified in recommendation 2.6 of the exempt report. This value includes associated facilities management costs to enable the relocation of specialist 24-hour services (CCTV, Careline, Borough Emergency Control Centre) and Parking Wardens from the Town Hall site, to be funded from reserves, and delegate final confirmation of funding to the Strategic Director for Finance and Governance in consultation with the Leader and the Cabinet Member for Finance and Commercial Services.
- 1.7. That authority be delegated to the Strategic Director, Growth and Place in consultation with the Assistant Director of Legal and Democratic Services to negotiate and finalise any legal documents necessary to enter into the agreements for the decant properties.
- 1.8. To delegate authority to the Strategic Director, Growth and Place in consultation with the Strategic Director for Finance and Governance, as recommended by the Head of Asset Strategy and Property Portfolio, to negotiate and enter into contractual arrangements for the disposal of land at the Bradmore Park Road Children's Centre, subject to the Council obtaining best consideration, and acquisition of the Quakers Meeting House within the site, for delivery by the JV of new accommodation for the Quakers.
- 1.9. To authorise the disposal of land at the former Bradmore Park Road Children's Centre pursuant to section 233 Town and Country Planning Act 1990.
- 1.10. To opt to tax the Council land, shown in the plan attached at Appendix 2, for VAT subject to meeting option to tax conditions;

Reason for decision:

As set out in the report.

Alternative options considered and rejected:

As outlined in the report.

Record of any conflict of interest:

None.

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

None.

88. CIVIL PENALTIES AS AN ALTERNATIVE TO PROSECUTION FOR HOUSING ACT OFFENCES

RESOLVED:

1. To approve the use of the powers provided by the Housing and Planning Act 2016 and authorise the Interim Assistant Director for Regulatory Services to use these powers.
2. To approve the statement of principles policy in relation to civil penalties as an alternative to prosecution, contained in Appendix A, including the charges for Civil Penalty Notices.
3. To approve that the revenue arising from civil penalties and Rent Repayment Orders will be retained within the Environmental Health Department to meet the legal or administrative costs and expenses incurred in, and associated with, discharging its enforcement functions under Parts 1–4 of the Housing Act 2004 or under Part 2 of the 2016 Act, in relation to the private rented sector.
4. To approve the amendment to the Council's Environmental Health Enforcement Policy, which will be updated to take account of the enforcement powers introduced by the 2016 Act.

Reason for decision:

As set out in the report.

Alternative options considered and rejected:

As outlined in the report.

Record of any conflict of interest:

None.

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

None.

89. H&F HOUSING: COMPLIANCE AND ASSET MANAGEMENT STRATEGY

RESOLVED:

1. To approve the Asset Management Strategy as set out in appendix A.
2. To delegate approval to Strategic Director of Growth and Place in consultation with the Cabinet Member for Housing of the annual delivery plan to achieve the objectives set out in the Asset Management Strategy.
3. To delegate to the Strategic Director of Growth and Place to put in place necessary measures to consult with residents on the Asset Management Strategy.

Reason for decision:

As set out in the report.

Alternative options considered and rejected:

As outlined in the report.

Record of any conflict of interest:

None.

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

None.

90. REFORMING SPECIALIST HOUSING

RESOLVED:

1. That Cabinet agrees the strategic framework in relation to the Specialist Housing Programme, and its key principle of the right home with the right support at the right time as the basis to improve outcomes for residents.
2. That Cabinet approves a waiver of the Contract Standing Orders requirement to seek competitive tenders prior to contract award to enable the Council to directly award a range of contracts to incumbent providers. This will enable holistic, strategic commissioning of the Specialist Housing pathway.
3. That Cabinet agrees that officers will present further reports which will set out full procurement strategies and strategic business cases in relation to the care leavers and young people, rough sleeping, and mental health pathways.
4. To approve a direct award of contracts to providers, as set out in table 1 in the exempt report, to enable a consolidated strategic re-commissioning approach.

Reason for decision:

As set out in the report.

Alternative options considered and rejected:

As outlined in the report.

Record of any conflict of interest:

None.

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

None.

91. FORWARD PLAN OF KEY DECISIONS

The Key Decision List was noted.

92. EXCLUSION OF PRESS AND PUBLIC

RESOLVED:

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

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

93. FACILITIES MANAGEMENT STRATEGY FOR TERMINATION OF TOTAL FACILITIES MANAGEMENT CONTRACT: EXEMPT ASPECTS (E)

RESOLVED:

That the report be noted.

Reason for decision:

As set out in the report.

Alternative options considered and rejected:

As outlined in the report.

Record of any conflict of interest:

None.

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

None.

94. **AWARD OF H&FS NON-RESIDENTIAL PROPERTY WATER CONTRACT TO WATER PLUS: EXEMPT ASPECTS (E)**

RESOLVED:

That the recommendations contained in the exempt report be approved.

Reason for decision:

As set out in the report.

Alternative options considered and rejected:

As outlined in the report.

Record of any conflict of interest:

None.

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

None.

95. **APPOINTMENT OF CLIENT TECHNICAL ADVISOR HAMMERSMITH TOWN HALL REFURBISHMENT PROJECT: EXEMPT ASPECTS**

RESOLVED:

That the appendix be noted.

Reason for decision:

As set out in the report.

Alternative options considered and rejected:

As outlined in the report.

Record of any conflict of interest:

None.

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

None.

96. **WEST KING STREET RENEWAL PROGRAMME: APPROVAL OF BUSINESS CASE AND DELIVERY STRATEGY: EXEMPT ASPECTS (E)**

RESOLVED:

That the recommendations contained in the exempt report be approved.

Reason for decision:

As set out in the report.

Alternative options considered and rejected:

As outlined in the report.

Record of any conflict of interest:

None.

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

None.

97. REFORMING SPECIALIST HOUSING: EXEMPT ASPECTS (E)

RESOLVED:

That the recommendation contained in the exempt report be approved.

Reason for decision:

As set out in the report.

Alternative options considered and rejected:

As outlined in the report.

Record of any conflict of interest:

None.


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

None.

Meeting started: 7.00 pm
Meeting ended: 7.06 pm

Chair

Agenda Item 4

<p>London Borough of Hammersmith & Fulham</p> <p>CABINET</p> <p>14 JANUARY 2019</p>	
TREASURY MANAGEMENT STRATEGY MID-YEAR REVIEW REPORT 2018/19	
Report of the Cabinet Member for Finance and Commercial Services: Councillor Max Schmid	
Open Report	
Classification – For decision	
Key Decision: Yes	
Consultation	
Wards Affected: ALL	
Accountable Director: Hitesh Jolapara, Strategic Director of Finance and Governance Phil Triggs, Director of Treasury and Pensions	
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 purpose of this report is to:

- update Members on the delivery (six-month point to 30 September 2018) of the 2018/19 Treasury Management Strategy approved by Council on 5 February 2018; and
- note the Annual Treasury Management Strategy 2018-19 mid-year review.

1.2. Treasury management comprises:

- managing the Council's borrowing to ensure funding of the Council's future capital programme is at optimal cost;

- investing surplus cash balances arising from the day-to-day operations of the Council to obtain an optimal return while ensuring security and liquidity.
- 1.3. This report complies with CIPFA's Code of Practice on Treasury Management, and covers the following:
- a review of the Council's investment portfolio for 2018/19 to include the treasury position as at 30 September 2018;
 - a review of the Council's borrowing strategy for 2018/19;
 - a review of compliance with Treasury and Prudential Limits for the first six months of 2018/19;
 - an economic update for the first part of the 2018/19 financial year.
- 1.4. The Council has complied with all elements of the Treasury Management Strategy Statement (TMSS).

2. RECOMMENDATIONS

- 2.1. To note the Annual Treasury Management Strategy 2018/19 mid-year review.

3. REASONS FOR DECISION

- 3.1. This report presents the Council's mid-year Treasury Management Strategy half-year review for 2018/19 in accordance with the Council's Treasury Management Practices. It is a regulatory requirement for this report to be presented to the Council.

4. TREASURY POSITION AS AT 30 SEPTEMBER 2018

- 4.1. As at 30 September 2018, net cash invested was £94m, a decrease of £28m on the position at 31 March 2018 as shown below:

	30 September 2018	31 March 2018	31 March 2017
	£m	£m	£m
Total borrowing	217	217	225
Total cash invested	(311)	(339)	(327)
Net cash invested	(94)	(122)	(102)

- 4.2. The decrease in net cash reflects the forecast pattern of the Council's cash flows and largely relates to the timing of grants, council tax and business rates received.

Investments

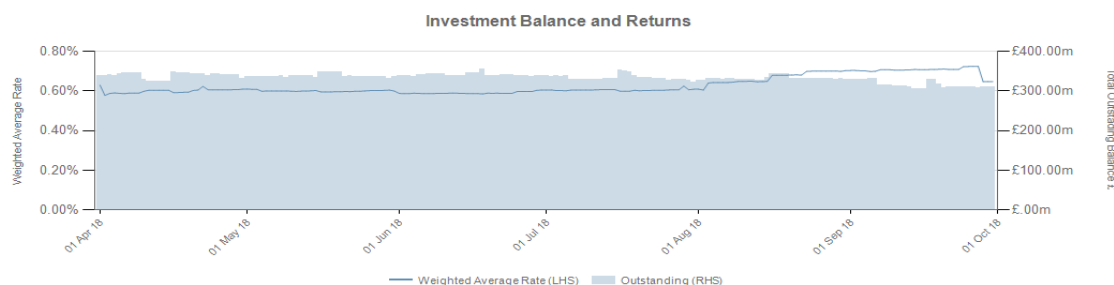
- 4.3. The Council's Annual Investment Strategy, which forms part of the annual Treasury Management Strategy Statement (TMSS) for 2018/19, was

approved by the Council on the 5 February 2018. The Council's policy objective is the prudent investment of cash balances to achieve optimum returns on investments subject to maintaining adequate security of capital and a level of liquidity appropriate to the Council's projected need for funds over time.

- 4.4. The table below provides a breakdown of investments, together with comparisons for the previous two financial year ends.

	30 September 2018	31 March 2018	31 March 2017
	£m	£m	£m
Money Market Funds	65	84	38
Call Accounts	2	0	3
Notice Accounts	50	70	33
Term Deposits	82	115	45
Bonds	52	30	208
Enhanced Cash Funds	60	40	0
Total cash invested	311	339	327

- 4.5. Liquidity is managed through the use of Call Accounts and Money Market Funds providing same day liquidity. The average level of funds available for investment in the first six months of 2018/19 was £334m.
- 4.6. Daily investment balances have varied from a high of £352m in mid-July 2018 to a low of £307m in mid-September 2018 as shown on the shaded area in the chart below.
- 4.7. The Enhanced Cash Funds (ECF) average return as at 30 September 2018 is approximately 0.35%. Portfolio wide average returns have increased from 0.63% to 0.65% as shown by the solid line in the chart.



- 4.8. There are two non-specified one-year fixed term deposits with the London Borough of Sutton (£7.5m at 1% in January 2018) and Dudley Metropolitan Borough Council (£10m at 1.25% in March 2018) where the interest will be paid on maturity, with the remainder of the investments being specified. All investments complied with the Annual Investment Strategy.
- 4.9. Appendix 1 provides a full list of the Council's investment limits and exposures as at 30 September 2018.

Borrowing

- 4.10. At 30 September 2018, the Council's long-term borrowing amounted to £217m and was well within the Prudential Indicator for external borrowing, namely that borrowing should not exceed the Capital Financing Requirement¹ (CFR) for 2018/19 of £305m.
- 4.11. Currently the Council is internally borrowed by £60m because it has used internal resources to fund capital expenditure.
- 4.12. The TMSS for 2018/19 stated the Council had no immediate requirement to undertake new borrowing due to the high level of cash holdings. However, officers are monitoring market conditions and reviewing the need to borrow at current low rates if a requirement is identified for either the General Fund or Housing Revenue Account (HRA).
- 4.13. The table below shows the Council's external borrowing as at 30th September 2018, split between the General Fund and HRA.

External borrowing	30 September 2018		31 March 2018	
	Balance	Rate	Balance	Rate
	£m	%	£m	%
General Fund	37	4.86	37	4.86
HRA	180	4.86	180	4.86
Total borrowing	217	4.86	217	4.86

- 4.14. No new borrowing was undertaken in the first half of 2018/19.

5. COMPLIANCE WITH TREASURY LIMITS AND PRUDENTIAL INDICATORS

- 5.1. During the financial year to 30 September 2018, the Council operated within the Treasury Limits and Prudential Indicators set out in the TMSS and Budget approved by Council on 5 February 2018 as set out below.

¹ The CFR measures the Council's underlying need to borrow for capital purposes.

PI ref	Indicator	2018/19 indicator	2018/19 actual	Indicator met?
1	Net financing need	£113m	£98m	Met
2	Capital Financing Requirement (CFR)	£322m	£305m	Met
3	Net debt vs CFR	£109m underborrowing	£88m underborrowed	Met
4	Ratio of financing costs to revenue stream	GF 0.14% HRA 29.25%	GF 0.14% HRA 29.25%	Met
5	Impact of new capital investment decisions on housing rents	£0.00 decrease in average rent per week	£0.00 decrease in average rent per week	Met
6a	Authorised limit for external debt	£345m	£217m	Met
6b	Operational debt boundary	£290m	£217m	Met
6c	HRA debt limit	£255m	£255m removed October 2018	Met
7	Working capital balance	£0m	£0m	Met
8a	Upper limit for fixed interest rate borrowing	£120m	£17.5m	Met
8b	Upper limit for variable rate borrowing	£0m	£0m	Met
8c	Limit on surplus funds invested	£120m	£17.5m	Met
9	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%	Met Met

Capital expenditure and borrowing limits

- 5.2. Capital expenditure to 30 September 2018 was £29.850m for both the General Fund and the HRA against a latest forecast for the whole year of £91.342m.
- 5.3. External borrowing was well within the Capital Financing Requirement, Authorised Borrowing Limit and the Operational Boundary as shown in the table above:
- The Authorised Limit is a level for which the external borrowing cannot be exceeded without reporting back to Full Council. It therefore provides sufficient headroom such that in the event that the planned capital programme required new borrowing to be raised over the medium term, if interest rates were deemed favourable and a thorough risk analysis determined, the cost of carry was appropriate, this borrowing could be raised ahead of when the spend took place.
 - The Operational Boundary is set at a lower level and should take account of the most likely level of external borrowing. Operationally, in accordance with CIPFA best practice for Treasury Risk Management, a

liability benchmark is used to determine the point at which any new external borrowing should take place. As a result of the significant level of cash balances, it is deemed unlikely that any new borrowing will be required in the foreseeable future.

- 5.4. The purpose of the maturity structure of borrowing indicator is to highlight any potential refinancing risk that the Council may be facing if any one particular period there was a disproportionate level of loans maturing. The table below shows that the maturity structure of the Council's borrowing as at 30 September 2018 was within the limits set and does not highlight any significant issues.

Maturity structure of borrowing	Upper Limit (%)	Lower Limit (%)	Actual as at 30 September 2018 (%)
Under 12 months	15	0	2
12 months and within 24 months	15	0	4
24 months and within 5 years	60	0	7
5 years and within 10 years	75	0	14
10 years and above	100	0	73

- 5.5. The purpose of the interest rate exposure indicators is to demonstrate the extent of exposure to the Council from any adverse movements in interest rates. The table at paragraph 5.1 shows that the Council is not subject to any adverse movement in interest rates as it only holds fixed interest borrowing.
- 5.6. The average rate on the fixed interest borrowing is 4.86% with an average redemption period of 22 years. This reflects the historical legacy of borrowing taken out some years ago which is now higher than PWLB interest rates for comparable loans if they were taken out now. Officers have considered loan re-financing but premiums for premature redemption are prohibitively high, making this option poor value for money.

Investment limits

- 5.7. Specified investments are limited to a maximum maturity of less than one year. Non-specified investment have a maturity of one year and over. Investments in non-specified investments are currently at £17.5 million within the limit of £120m. Officers continue to seek appropriate longer-term investment opportunities.
- 5.8. Whilst the short duration is within approved limits, there is scope within the Investment Strategy to extend the duration of investments for up to five years. Using longer duration investments and possibly marginally lower credit ratings is likely to increase the yield of the investment portfolio.

6. THE ECONOMY AND INTEREST RATES

- 6.1. The first half of 2018/19 has seen UK economic growth post a modest performance, but sufficiently robust for the Monetary Policy Committee (MPC) to unanimously (9-0) vote to increase the Bank Rate on 2 August 2018 from 0.50% to 0.75%. Although growth looks as if it will only be modest at around 1.5% in 2018, the Bank of England's August 2018 Quarterly Inflation Report forecast that growth will pick up to 1.8% in 2019, albeit there were several caveats, mainly related to whether or not the UK achieves an orderly withdrawal from the European Union on 29 March 2019.
- 6.2. Some MPC members have expressed concerns about a build-up of inflationary pressures, particularly with the pound falling in value against both the US dollar and the euro. The Consumer Price Index (CPI) measure of inflation dropped to 2.4% in September 2018 due to increases in volatile components, and is expected to fall back to the 2% inflation target over the next two years, given a scenario of minimal increases in the Bank Rate. The MPC has indicated that the Bank Rate would need to be in the region of 1.5% by March 2021 for inflation to stay on track. Financial markets are currently pricing in the next increase in the Bank Rate for the second half of 2019.
- 6.3. Given the UK economy is very much services sector driven, an increase in household spending power is likely to feed through into providing some support to the overall rate of economic growth in the coming months. This tends to confirm that the MPC were right to start on a cautious increase in the Bank Rate in August 2018 as it views wage inflation in excess of 3% as increasing inflationary pressures within the UK economy. However, the MPC will need to tread cautiously before increasing the Bank Rate again, especially given all the uncertainties around Brexit.
- 6.4. There is a degree of uncertainty surrounding the UK's departure from the European Union. Depending on the outcome, this could result in a potential loosening of monetary policy and therefore medium to longer dated gilt yields could rise on the expectation of a weaker pound and concerns around inflation picking up.

7. PRUDENTIAL INDICATORS

- 7.1. The Local Government Act 2003 requires the Council to have regard to the Prudential Code and to set Prudential Indicators for the next three years to ensure that the Council's capital investment plans are affordable, prudent and sustainable. These are contained within this report.

8. EQUALITY IMPLICATIONS

- 8.1. The report is for noting so there are no equality implications as a result of this report.
- 8.2. Implications completed by Peter Smith, Head of Policy & Strategy, tel. 020 8753 2206.

9. LEGAL IMPLICATIONS

- 9.1. There are no legal implications arising from this report.
- 9.2. Implications completed by: Rhian Davies, Assistant Director of Legal and Democratic Services, tel 020 8753 2729.

10. FINANCIAL IMPLICATIONS

- 10.1. This report is wholly of a financial nature.
- 10.2. Implications verified by Emily Hill – Assistant Director (Corporate Finance), tel. 020 873 3145.

11. IMPLICATIONS FOR BUSINESS

- 11.1 The Council's borrowing and investment activity is presented to 30 September 2018. This represents significant expenditure within the Borough and, consequently, where supplies are sourced locally, changes in borrowing or investment may impact either positively or negatively on local contractors and sub-contractors. Where capital expenditure increases, or is brought forward, this may have a beneficial impact on local businesses; conversely, where expenditure decreases, or is slipped, there may be an adverse impact on local businesses.
- 11.2 Implications verified/completed by: Albena Karameros, Economic Development Team, tel. 07739 316 957.

12. RISK MANAGEMENT

- 12.1. Treasury Management contributes to all the Council Values and Delivery of Objectives. Management of treasury risks are commensurate to the risk appetite of the Council. The effective understanding, control and management of the many aspects of risk associated with treasury management are essential to achieving an authority's objectives. Risk management is therefore embedded throughout treasury guidance, policies and practices.
- 12.2. Treasury risks present themselves in many forms, from failure to optimise performance by not taking advantage of opportunities, to managing exposure to changing economic circumstances, most recently the situation is somewhat uncertain due to this Government's negotiations over the UK's departure from the European Union as expressed in paragraph 6.5 of this report. In adopting a policy of managing risk, an authority is determining its level of risk acceptance.
- 12.3. The key challenge is to understand, identify, monitor and manage risks in a planned and effective way. Local authorities are required to report annually to full council on their treasury management strategy (TMS) before the start of the year, which sets the objectives and boundaries for the approach to treasury activity.

- 12.4. The authority supplements this with treasury management practice schedules (TMPs), which set out the practical arrangement to achieve those objectives. The TMPs inform the day-to-day practices applied to manage and control treasury activities. Local authorities are typically financially risk averse and greatly value stability in order to form council tax and housing rent levels, through to general fund and HRA budgets.
- 12.5. Implications verified by: Michael Sloniowski, Risk Manager, tel. 0208 753 2587.

13. COMMERCIAL IMPLICATIONS

- 13.1. There are no procurement implications arising from this report.
- 13.2. Implications verified/completed by: Andra Ulianov, Procurement consultant, tel. 020 8753 2284.

14. IT IMPLICATIONS

- 14.1. There are no IT implications arising from this report.
- 14.2. Implications verified/completed by: Tina Akpogheneta, Interim Head of Strategy and Strategic Relationship Manager, te. 020 8753 5748.

15. BACKGROUND PAPERS USED IN PREPARING THIS REPORT

No.	Description of Background Papers	Name/Ext of holder of file/copy	Department/ Location
	Treasury Management Strategy Statement 2018/19 - <i>published</i>	Phil Triggs	Shared Services Treasury and Pensions

LIST OF APPENDICES:


Appendix 1: Investment Limits and Exposures at 30 September 2018.

Appendix 1

Limits and exposures as at 30 September 2018

Category	Limit per Counterparty (£m)	Duration Limit	Counterparty Name	Current Exposure (£m)
UK Government (Gilts/T- Bills/Repos)	Unlimited	Unlimited	UK Government Treasury Bill	19.3
			UK Government Treasury Bill	5.8
			UK Government Treasury Bill	20.0
			UK Government Treasury Bill	6.8
Rated UK Building Societies (A-/A3/A)	£30m	3 years	Coventry Building Society	20.0
UK Local Authorities	£20m per local authority; £100m in aggregate	3 years	Fife Council	5.0
			London Borough of Sutton	7.5
			Stockport Metropolitan Borough Council	20.0
			Dudley Metropolitan Borough Council	10.0
Money Market Funds	£30m per fund. £200m Total	Up to three day notice	Federated Sterling Liquidity Fund	30.0
			Morgan Stanley Liquidity 3	30.0
			BlackRock ICS Institutional Liquidity Heritage Dis	4.7
Enhanced Cash Funds	£20m per fund. £60m in total	Up to seven day notice	Payden & Rygel Sterling Reserve	19.9
			Royal London Asset Mgmt Cash Plus	20.0
			Federated Prime Rate Cash Plus	20.0
UK Banks (A-/A3/A-)	£50m	3 years	Lloyds Bank	25.0
			Goldman Sachs Intl Bank	20.0
UK Banks (AA-/ Aa3/ AA-) or UK Government ownership greater than 25%	£70m	5 years	National Westminster Bank	1.8
Non-UK Banks (AA-/ Aa2/ AA-)	£50m	3 years	Svenska Handelsbanken	25.0
Total				310.8

Agenda Item 5

<p>London Borough of Hammersmith & Fulham</p> <p>CABINET</p> <p>14 JANUARY 2019</p>	
<p>CAPITAL PROGRAMME MONITOR & BUDGET VARIATIONS, 2018/19 (SECOND QUARTER)</p>	
<p>Report of the Cabinet Member for Finance and Commercial Services – Councillor Max Schmid</p>	
<p>Open Report</p>	
<p>Classification: FOR DECISION</p> <p>Key Decision: Yes</p>	
<p>Wards Affected: ALL</p>	
<p>Accountable Executive Director: Hitesh Jolapara, Strategic Director of Finance and Governance</p>	
<p>Report Author: Emily Hill, Assistant Director, Corporate Finance Andrew Lord, Head of Strategic Planning and Monitoring Ariana Murdock, Principal Accountant</p>	<p>Contact Details: Tel: 0208 753 2531 Email: andrew.lord@lbhf.gov.uk</p>

1. EXECUTIVE SUMMARY

- 1.1. The report provides a financial update on the Council's capital programme and seeks approval for budget variations, as at the end of the second quarter amounting to a net increase in 2018/19 of £15m. **This increase is primarily due to newly approved schemes being added to the programme** and represents 20.1% of the previously agreed 2018/19 capital programme. This report sets out the overall position of the capital programme.
- 1.2. Forecast General Fund capital receipts for the period 2018/19-2021/22 have reduced by £4.7m in comparison to forecast £10.6m at first quarter. This is primarily due to some of the receipts slipping to 2022/23.
- 1.3. The amendments to the capital programme have impacted on the Council's forecast capital debt (Capital Financing Requirement – CFR). The updated General Fund figures are set out below.

	Last Forecast (2018/19 Q1)	Current Forecast
General Fund CFR	£m	£m
2018/19 Closing CFR *	54.65	75.46
2021/22 Closing CFR *	71.11	98.82

* Headline CFR excludes Schools Windows, PFI, leases and deferred costs of disposal

The net increase in 2018/19 GF CFR is due to:

207 King Street site acquisition (approved in Sept 2018)	£16.1m
New ICT Desktop Strategy (approved in March 2018)	£ 3.3m
Appropriation of Edith Summerskill site from HRA (approved in October 2018)	£ 3.8m
Corporate Planned Maintenance re-profiling - budget brought forward from 2019/20 (as per Q2 forecast)	£ 0.7m
Increase in capital receipts forecast for 2018/19	£ (3.1)m
Total movement in GF CFR	£20.8m

Further increase in CFR by the end of 2021/22 is due to slippage of some of the capital receipts to 2022/23 and reduction in overall forecast of future receipts. The impact of CFR changes on the revenue budget will continue to be monitored and provided for within the Council's financial strategy.

- 1.4. The proposals for King Street West and Hammersmith Town Hall refurbishment continue to be taken forward. The approved capital programme includes a budget envelope of £50m, to provide operational flexibility, for taking forward major projects (which include King Street West and Hammersmith Town Hall). Use of this budget is subject to relevant Member approval, agreement of funding sources and sign-off of an appropriate business case. Expenditure above the £50m envelope will require approval by Full Council. To date £16.1m has been approved for purchase of 207 King Street site. The current CFR forecast excludes the remaining £33.9m budget envelope.
- 1.5. The Cabinet (March 2018) approved the Council's Desktop Strategy and related works within a budget envelope of £5.785m. This is to be funded from a combination of the Invest to Save reserves, HRA contributions, capital funding and S106 contributions. The capital element is currently estimated at £3.7m, being the revised forecast from £4m estimated in initial approval (GF element £3.3m and HRA £0.4m). Should relevant expenditure not be capitalised it will need to be funded from reserves. This will reduce the funds available to fund other priorities and commitments and therefore this report recommends capitalisation.
- 1.6. Cabinet approved on 6th July 2015 a scheme to develop a number of new social housing units on various sites (including Becklow Gardens) in Hammersmith and Fulham under direct delivery. Further approval to go ahead with Jepson House development was obtained via a Leader's Urgency report on 26th April 2017. Since the approval, £0.93m of expenditure has been capitalised (£0.38m for Becklow Gardens and £0.55m for Jepson House) financed by combination of S106, 1-4-1 Right-to-Buy (RtB) receipts and HRA capital receipts. Following the recent review of the schemes, the delivery of the schemes will now be through the Affordable Housing Delivery Framework rather than directly by the Council and will be the subject of a further Cabinet decision. On this basis no capital financing from the HRA will be required, as the selected Housing Association partner would receive

RtB grant funding (in form of 1-4-1 RtB receipts). The change of delivery strategy for both sites will require a write-off of already capitalised expenditure of £0.93m and reimbursement of funding sources. It is proposed that this write-off is funded from an earmarked reserve so there will be no adverse impact on the annual HRA revenue budget. As 30% of capitalised expenditure was funded by 1-4-1 RTB receipts, there is a risk that write off of the expenditure might trigger repayment of retained receipts (including any interest).

- 1.7. Within the overall capital programme there has been slippage of £6.9m regarding the Housing Revenue Account. £5.5m of slippage relates to HRA schemes and £1.4m to Decent Neighbourhoods.
- 1.8. Since the last monitoring report at Quarter 1, the Government have announced the abolition of the HRA debt cap. This means that a government limit will no longer be imposed on the HRA Capital Financing Requirement. Instead each local authority will need to ensure that its HRA capital expenditure plans are affordable and that all borrowing is prudent and sustainable in accordance with the Prudential Code for Capital Finance in Local Authorities. This change will be taken account of within the development of the future capital programme.
- 1.9. The Council needs to carefully consider its VAT partial exemption calculation and the risk of breaching the partial exemption threshold which would likely cost the Council between £2-£3m. Capital projects represent the bulk of this risk. The Council remained below the threshold in 2017/18 however there remains a risk of breaching the threshold in 2018/19 and future years if the position is not carefully managed on an ongoing basis.

2. RECOMMENDATIONS

- 2.1. To approve the proposed budget variations to the capital programme totalling £15m (summarised in Table 1 and detailed in Appendix 2).
- 2.2. To approve use of £42k of Short Breaks capital grant to reduce the funding shortfall for the Queen's Manor project.
- 2.3. To approve capitalisation of ICT desktop strategy costs of £3.7m of which £3.3m is to be funded from GF mainstream resources and £0.4m from HRA contributions.
- 2.4. To approve write-off of capitalised expenditure to date of £0.383m for Becklow Gardens and £0.547m for Jepson House as these schemes will now be delivered through the Affordable Housing Delivery Framework rather than directly by the Council. The write-off will be funded from HRA earmarked reserves.

3. REASONS FOR DECISION

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

4. CAPITAL PROGRAMME 2018-19 – Q2 OVERVIEW

- 4.1. The Council's capital programme as at the end of the second quarter 2018/19 – including proposed variations – is summarised in Table 1 below. A full analysis of elements of the programme funded from internal Council resource is included in section 6.

Table 1 – LBHF Capital Programme 2018-22 with proposed 2018/19 Q2 Variations

	Analysis of Movements (Revised budget to Q2)					Indicative Future Years Analysis				
	Revised Budget 2018/19 (Q1) £'000	Slippages from/(to) future years £'000	Addition/(Reduction) £'000	Transfers £'000	Total Variations £'000	Revised Budget 2018/19 (Q2) £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000	Total Budget (All years) £'000
CAPITAL EXPENDITURE										
Children's Services	11,863	-	98	-	98	11,961	12,071	-	-	24,032
Adult Social Care	1,389	-	-	-	-	1,389	937	-	-	2,326
Residents' Services	17,027	675	2,025	-	2,700	19,727	17,804	7,208	7,208	51,947
Finance & Governance	930	-	3,700	-	3,700	4,630	-	-	-	4,630
General Fund Schemes under Housing management	3,652	(958)	16,360	-	15,402	19,054	3,295	450	450	23,249
Sub-total (Non-Housing)	34,861	(283)	22,183	-	21,900	56,761	34,107	7,658	7,658	106,184
HRA Programme	23,335	(5,492)	-	-	(5,492)	17,843	45,332	31,854	34,961	129,990
Decent Neighbourhoods Programme	16,162	(1,526)	97	-	(1,429)	14,733	19,399	25,947	18,664	78,743
Sub-total (Housing)	39,497	(7,018)	97	-	(6,921)	32,576	64,731	57,801	53,625	208,733
Total Expenditure	74,358	(7,301)	22,280	-	14,979	89,337	98,838	65,459	61,283	314,917
CAPITAL FINANCING										
Specific/External Financing:										
Government/Public Body Grants	14,153	436	321	-	757	14,910	4,176	2,157	2,447	23,690
Grants and Contributions from Private Developers (includes S106)	13,192	(2,359)	2,019	-	(340)	12,852	10,175	11,304	5,896	40,227
Leaseholder Contributions (Housing)	5,040	(395)	-	-	(395)	4,645	4,112	3,871	4,240	16,868
Sub-total - Specific Financing	32,385	(2,318)	2,340	-	22	32,407	18,463	17,332	12,583	80,785
Mainstream Financing (Internal):										
Capital Receipts - General Fund	2,749	-	-	3,101	3,101	5,850	-	-	-	5,850
Capital Receipts - Housing*	14,390	(642)	103	-	(539)	13,851	14,496	14,869	10,627	53,843
Revenue funding - General Fund	582	-	-	-	-	582	521	521	521	2,145
Revenue Funding - HRA	-	-	-	-	-	-	0	5,172	5,500	10,672
Major Repairs Reserve (MRR) [Housing]	16,213	(6,041)	-	-	(6,041)	10,172	21,967	15,921	16,668	64,728
Earmarked Reserves (Revenue)	2,089	1,025	407	-	1,432	3,521	6,185	-	-	9,706
Sub-total - Mainstream Funding	36,023	(5,658)	510	3,101	(2,047)	33,976	43,169	36,483	33,316	146,944
Internal Borrowing	5,950	675	19,430	(3,101)	17,004	22,954	37,206	11,644	15,384	87,188
Total Capital Financing	74,358	(7,301)	22,280	-	14,979	89,337	98,838	65,459	61,283	314,917

4.2. A net variation to the 2018/19 programme of £15m is proposed, increasing total budgeted expenditure from £74.3m to £89.3m. Of the proposed net variation, £(7.3)m relates to slippages to future financial years. The remaining £22.3m variation relates primarily to growth in the programme where new schemes have been approved, external funding sources have now been confirmed or associated forecast funding has increased. A detailed analysis of proposed variations for approval is included at Appendix 2.

4.3. The capital programme presented here for 2018/19 and future years is based on approved projects and known funding allocations. These currently exclude Hammersmith Town Hall refurbishment (except £7.4m previously approved as part of Corporate Planned Maintenance Programme budget and £16.1m 207 King Street purchase) and any other large projects which might be approved in the future. The indicative future years analysis (2019 onwards) will be updated as pipeline schemes are 'firmed-up'; these future years remain subject to approval in future capital programmes. Departments such as Children's Services, whose capital programme has traditionally depended on external specific grants, will be updated as and when future grants are confirmed.

4.4. Future Capital Financing Requirement (CFR) and Minimum Revenue Provision (MRP) values will be revised once the full costing and financing of the Hammersmith Town Hall refurbishment and any other future projects is known.

5. CAPITAL FINANCE REQUIREMENT (CAPITAL DEBT)

- 5.1. The Capital Finance Requirement (CFR) measures the Council's long-term indebtedness. The current forecast for General Fund Headline¹ CFR (excluding schools' windows borrowing) is **£75.46m** at the end of 2018/19. The increase of £20.81m in CFR in comparison to 2018/19 first quarter is mainly due to the new £3.3m budget for Desktop Strategy scheme for which the option of capitalising was raised in March 2018, £16.1m acquisition of land at 207 King Street approved and completed in September 2018 and £3.8m appropriation of Edith Summerskill site from HRA to GF approved in October 2018. Table 2 below presents the forecast CFR position.

Table 2 – General Fund CFR at Q2 2018/19 (including future years forecast)

GENERAL FUND CFR ANALYSIS	2017/18	2018/19	2019/20	2020/21	2021/22
CFR EXCLUDING SCHOOLS WINDOWS	£m	£m	£m	£m	£m
Opening Capital Finance Requirement (CFR)	47.25	50.48	75.46	90.78	94.87
Revenue Repayment of Debt (MRP)	(0.17)	(0.28)	(0.40)	(0.90)	(1.03)
Mainstream Programme (Surplus)/Shortfall	3.41	21.45	15.73	4.98	4.98
Appropriation of Edith Summerskil from HRA	-	3.80	-	-	-
Closing Capital Finance Requirement (CFR)	50.48	75.46	90.78	94.87	98.82
SCHOOLS WINDOWS					
Opening Capital Finance Requirement (CFR)	3.57	6.63	8.00	19.42	18.64
Revenue Repayment of Debt (MRP)	(0.09)	(0.13)	(0.32)	(0.78)	(0.75)
Internal Borrowing (Schools Window Replacement)	3.14	1.50	11.74	-	-
Closing Capital Finance Requirement (CFR)	6.63	8.00	19.42	18.64	17.90
Total Headline Capital Finance Requirement (CFR)	57.11	83.45	110.20	113.51	116.71
Finance leases/PFI/ Deferred costs of disposal	10.33	9.53	8.73	7.93	7.13
Total Closing CFR	67.44	92.98	118.93	121.44	123.84

- 5.2. The General Fund CFR remains heavily dependent on the timing and certainty of capital receipts forecasts. Where receipts are not available to fund mainstream expenditure, and no other sources of funding can be found, internal borrowing will increase. This will increase the CFR.
- 5.3. Current calculation of Minimum Revenue Provision (MRP) assumes that 207 King Street and Edith Summerskill sites have been acquired/appropriated to GF for development purposes and therefore charging MRP on these balances will be deferred until the year after completion date, as permitted by the Statutory Guidance on Minimum Revenue Provision. The MRP is forecast to increase by £0.12m in 2019/20 and by £0.75m in 2022/23. This forecast will be updated as further schemes are approved.
- 5.4. The CFR is sensitive to any future transfer of assets between the HRA and the General Fund (a process known as 'appropriation').
- 5.5. The Council is also reviewing how it can most effectively deliver the future efficiency programme. This may require additional capital investment.
- 5.6. These combined issues may result in further general fund revenue pressures.

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

5.7. The Housing Revenue Account (HRA) CFR is shown in Table 3 below:

Table 3 – HRA CFR at Q2 2018/19 (including future years forecast)

HRA CFR Forecast	2017/18 £m	2018/19 £m	2019/20 £m	2020/21 £m	2021/22 £m
Closing Forecast HRA CFR (excluding deferred costs of disposal)	204.85	204.85	214.58	221.25	231.65
Deferred Costs of Disposal	5.42	6.01	7.15	8.32	9.68
Closing Forecast HRA CFR (including deferred costs of disposal)	210.26	210.86	221.74	229.57	241.33

6. GENERAL FUND – MAINSTREAM PROGRAMME AND CAPITAL RECEIPTS

6.1. The General Fund mainstream programme cuts across the departmental programmes and represents schemes which are funded from internal Council resource. It is effectively the area of the programme where the Council has the greatest discretion. The mainstream programme is summarised in Table 4 below.

Table 4 – General Fund Mainstream Programme 2018-22 with proposed 2018/19 Q2 Variations

	Revised Budget 2018/19 (Q1) £'000	Variations (Q2) £'000	Revised Budget 2018/19 (Q2) £'000	Indicative Budget 2019/20 £'000	Indicative Budget 2020/21 £'000	Indicative Budget 2021/22 £'000	Total Budget (All years) £'000
Approved Expenditure							
Ad Hoc Schemes:							
Hammersmith Town Hall Refurbishment (Mainstream Element/CPMP) [RES]	594		594	5,833	936	-	7,363
Invest to Save-Flexible Use of Capital Receipts	930	-	930	-	-	-	930
Acquisition of Cinema Site		16,137	16,137	-	-	-	16,137
Desktop Strategy [F&G]	-	3,293	3,293	-	-	-	3,293
Carnwath Road [RES]	-	-	-	3,070	-	-	3,070
Rolling Programmes:							
Disabled Facilities Grant [ASC]	303	-	303	1,102	450	450	2,305
Planned Maintenance/DDA Programme [RES]	1,906	675	2,581	3,693	1,564	2,500	10,338
Footways and Carriageways [RES]	3,054	-	3,054	2,030	2,030	2,030	9,144
Parks Programme [RES]	410	-	410	-	-	-	410
Total Mainstream Programmes	7,197	20,105	27,302	15,728	4,980	4,980	52,989
Financing							
Capital Receipts	2,749	3,101	5,850	-	-	-	5,850
Increase/(Decrease) in Internal Borrowing	4,448	17,004	21,452	15,728	4,980	4,980	47,139
Total Financing	7,197	20,105	27,302	15,728	4,980	4,980	52,989

6.2. The 2018/19 mainstream programme has increased by £20.1m in comparison to previously forecast budget of £7.2m. This is mainly due to a re-profiling of the Planned Maintenance programme and newly approved expenditure being added to the programme (ICT desktop strategy and 207 King Street site purchase).

6.3. Forecast General Fund capital receipts for 2018/19 are currently £5.85m. £0.2m of deferred disposal costs have been accrued in respect of anticipated General Fund disposals. These costs are netted against the receipt when received (subject to certain restrictions). In the event that a sale does not proceed these costs must be written back to revenue.

6.4. Capital receipts forecast for 2018/19 has increased by £3.1m in comparison to the previous quarter mainly due to overage payments now forecast for 2018/19 instead of 2019/20 and anticipated amount of £4.7m being higher than initial forecast of £2m.

6.5. Cabinet received an update on the King Street Renewal scheme on 9th July. The approved capital programme includes a budget envelope of £50m, to provide operational flexibility, for taking forward major projects (which include King Street

West and Hammersmith Town Hall). Use of this budget is subject to relevant Member approval, agreement of funding sources and sign-off of an appropriate business case. Expenditure above the £50m envelope will require approval by Full Council.

- 6.6. Queens Manor Resource Centre project within Schools Organisation Strategy scheme is forecast to overspend by £100k in 2018/19 with further shortfall in funding of £250k. This overspend is not included in the current Capital Programme as it is awaiting approval. However, it is proposed that £42k of uncommitted Short Breaks capital grant is used to reduce the funding gap. Funding for the remaining overspend amount is yet to be identified.
- 6.7. Cabinet (March 2018) approved the Council's Desktop Strategy, and related works, within a budget envelope of £5.785m. This to be funded from a combination of the Invest to Save reserves, HRA contributions, capital funding and S106 contributions. The capital element is currently estimated at £3.7m (GF element £3.3m and HRA £0.4m) and approval is now required to include this in the capital programme. The alternative would be to meet such expenditure from either the revenue budget or reserves. The latest (month 6) forecast is that the 2018/19 revenue budget is overspending by £4.9m whilst the reserves forecast indicates that if the planned work on the Investment Strategy does not quickly and successfully grow our income and reserves, or a reprioritisation is not agreed, the current commitments and plans will exceed the funds available by 2021/22.

7. HOUSING CAPITAL PROGRAMME

- 7.1. Housing Capital expenditure for 2018/19 is forecast to outturn at £32.6m and for the four-year programme to 2021/22 spend is to be £208.7m. The expenditure and resource analysis of the Housing Programme is summarised in Table 5 below:

Table 5 – Housing Capital Programme 2018-22 with proposed 2018/19 Q2 Variations

	2018/19 Revised Budget (Q1) £'000	Total Variations (Q2) £'000	2018/19 Revised Budget (Q2) £'000	Indicative 2019/20 Budget £'000	Indicative 2020/21 Budget £'000	Indicative 2021/22 Budget £'000
Approved Expenditure						
Decent Neighbourhood Schemes	16,162	(1,429)	14,733	19,399	25,947	18,664
HRA Schemes	23,335	(5,492)	17,843	45,332	31,854	34,961
Total Housing Programme - Approved Expenditure	39,497	(6,921)	32,576	64,731	57,801	53,625
Available and Approved Resource						
Capital Receipts - Unrestricted	7,546	11	7,557	5,588	6,070	4,090
Capital Receipts - RTB (141)	6,844	(549)	6,295	8,909	8,799	6,537
Housing Revenue Account (revenue funding)	-	-	-	-	5,172	5,500
Major Repairs Reserve (MRR)	16,213	(6,041)	10,172	21,967	15,921	16,668
Contributions Developers (S106)	1,584	(971)	613	7,963	11,304	5,896
Repayment of NHHT loan	270	-	270	270	-	290
Contributions from leaseholders	5,040	(395)	4,645	4,112	3,871	4,240
Use of reserves (Fire Safety EMR)	2,000	1,025	3,025	6,185	-	-
Internal Borrowing	-	-	-	9,737	6,664	10,404
Total Funding	39,497	(6,920)	32,577	64,731	57,801	53,625

- 7.2. The Decent Neighbourhoods Fund contains the Council's Housing Capital Receipts which in accordance with the change in capital regulations, effective from 1 April 2013 must be used for Housing or Regeneration purposes and shows how the Council plans to reinvest those receipts in Housing and Regeneration.
- 7.3. The 2018/19 – 2021/22 Housing Capital Programmes are fully funded however the capital financing requirement (CFR) is expected to rise to £241.4m.

7.4. Forecast spend for 2018/19 Housing HRA Schemes is £17.8m, £5.5m below the Quarter 1 revised budget of £23.3m. This is due to:

- Slippage to future years because of delays in work starting while ongoing compliance checks happen on the planned programme.
- £3.6m of the fire safety plus reserve has been directed towards funding the cost of Fire Wardens which cannot be capitalised therefore reducing the Fire Safety Plus capital budget envelope. The Fire Safety capital budget will be reviewed, and possibly increased, as the scope of the programme develops.

7.5. The forecasts will be refined as the precise specification of building regulations required for fire safety emerge. Presently these are unclear and will remain so until the public enquiry over Grenfell Tower is concluded. The Council is working on a procurement framework that will enable delivery of the revised programme. An Asset Management Strategy is to be presented to Cabinet in December, which will help clarify the direction of a compliance based capital programme going forward.

7.6. Included in the HRA schemes are the following Health & Safety related works:

Decent Neighbourhoods Programme Capital Monitoring - 2018/19					
HRA Capital Programme: Specific Compliance and Health & Safety Spend					
2018-19 budget, latest forecast and spend at P-6 (September 2018)					
Health and Safety related spend included in the minor works programme plus Estate CCTV	Original Full Year Budget	2018/19 Q1 Revised Budget	Full year forecast at September 2018	Forecasted variance to original budget	Actual Spend to September 2018
	£'000	£'000	£'000	£'000	£'000
APPROVED SCHEMES					
Fire safety Improvements	1,700	1,111	1,088	(612)	
Fire Safety Plus Capital Works	15,000	2,000	3,025	(11,975)	490
Warden Call System Upgrade	882	414	4	(878)	4
Roseford, Woodford, Shepherds extract systems		26	26	26	15
Edward Woods communal extract system	200	200		(200)	
Estate CCTV	180	1,098	926	746	89
Melrose Terrace controlled access					
Controlled Access continuing programme	750	249		(750)	
Total	18,712	5,097	5,069	(13,643)	598

Decent Neighbourhoods Programme Capital Monitoring - 2018/19						
HRA Capital Programme: Health & Safety Related Spend in other sections of the HRA Capital Programme						
2018-19 budget, latest forecast and spend at P-6 (September 2018)						
	Original Full Year Budget	2018/19 Q1 Revised Budget	Full year forecast at September 2018	Forecasted variance to original budget	Actual Spend to September 2018	
	£'000	£'000	£'000	£'000	£'000	
APPROVED SCHEMES						
Kitchen and Bathroom modernisation	250	477	477	227		Modernisation of older and run down kitchens and bathrooms has positive implications for the residents' hygiene and safety; hence a small proportion of this spend can be considered to be health and safety related.
Planned individual boiler replacement programme	1,075	1,209	899	(176)	289	Replacement of older boilers has positive implications for resident safety; hence a small proportion of this spend can be considered to be health and safety related.
Banim Street, Munden St, Swanbank Ct boilers	280	400		(280)		Communal heating programme has positive implications for resident health; hence a small proportion of this spend can be considered to be health and safety related.
Farm Lane & Wheatsheaf, Malabar Ct boilers	342	342		(342)		Communal heating programme has positive implications for resident health; hence a small proportion of this spend can be considered to be health and safety related.
Water Supply continuing programme	100			(100)		This is a contingency budget to allow for replacement of communal water tanks; it has positive implications for resident health; hence a small proportion of this spend can be considered to be health and safety related.
Landlord's electrical installations	750	494		(750)		Electrical installations have implications for fire and other risks.
Estate Lighting	150	252	25	(125)		Improvement of lighting conditions in housing estates has positive impact on the level of safety and reduced anti-social behaviour.
Total	2,947	3,174	1,401	(1,546)	289	

7.7. The Decent Neighbourhood Schemes forecast spend for 2018/19 is £1.4m less than the revised approved budget. £1.4m of this relates to re-profiling the Stanhope Joint Venture Project and £0.1m to reprofiling on the Affordable Housing Delivery Framework, with net addition of £0.1m in miscellaneous elements of the programme accounting for the balance.

- 7.8. For future years (2019/20 to 2021/22) forecast spend on the Decent Neighbourhood Schemes has reduced by £7.1m. The majority of this relates to the removal of the Jepson Housing Development scheme from the programme (£8.6m offset by the aforementioned slippage). The delivery of the Jepson House scheme will now be through the Affordable Housing Delivery Framework rather than directly through the Council and will be the subject of a further Cabinet decision. On this basis no capital financing from the HRA will be required, as the selected Housing Association partner would receive RtB grant funding. The delivery of Becklow Gardens will also be through the Affordable Housing Delivery Framework but there is currently no capital budget in the approved programme for this site. The change of delivery strategy for both sites will require a write-off of £0.93m. This is fully covered by an earmarked reserve so there will be no adverse impact on the annual HRA revenue budget.
- 7.9. Officers continue to carefully manage the risks to ensure that the HRA can meet the Council's obligations to residents of Council Homes while not going into a deficit position.

8. EQUALITY IMPLICATIONS

- 8.1. There are no direct equalities implications in relation to this report. This paper is concerned entirely with financial management issues and, as such, the recommendations relating to an increase in capital allocations, will not impact directly on any group with protected characteristics, under the terms of the Equality Act 2010.
- 8.2. Implications verified and completed by Peter Smith, Head of Policy & Strategy, Tel: 020 8753 2206.

9. LEGAL IMPLICATIONS

- 9.1. There are no direct legal implications in relation to this report.
- 9.2. Implications completed by: Rhian Davies, Assistant Director of Legal and Democratic Services, Tel: 020 8753 2729

10. FINANCIAL IMPLICATIONS

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

11. IMPLICATIONS FOR BUSINESS

- 11.1. The Council's Capital Programme represents significant expenditure within the Borough and consequently, where supplies are sourced locally, may impact either positively or negatively on local contractors and sub-contractors. Where capital expenditure increases, or is brought forward, this may have a beneficial impact on local businesses; conversely, where expenditure decreases, or is slipped, there may be an adverse impact on local businesses.
- 11.2. 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.
- 11.3. Implications completed by: Albena Karameros, Economic Development Team, tel. 07739 316 957.

12. RISK MANAGEMENT

- 12.1. In the initial stages of any development, major capital projects will have significant uncertainties. For example, these may relate to the planning process, the views and interest of residents and stakeholders who must be consulted, ground conditions, or the costs of rectifying or demolishing existing buildings (e.g. the cost of asbestos removal). Construction companies and developers contracting with the Council which experience financial instability may also pose a significant risk. They may not be able to raise sufficient finance to cash flow operations, any potential insolvency process could lead to a costly process of changing suppliers without any guarantee of remaining within overall budget, the Council could suffer direct financial loss and any defects or other issues may not be resolvable as anticipated. To mitigate the Council carefully considers the financial robustness of any contractor and requests appropriate financial standing assurance and support wherever possible.
- 12.2. Large scale capital projects can operate in environments which are complex, turbulent and continually evolving. Effective risk identification and control within such a dynamic environment is more than just populating a project risk register or appointing a project risk officer. Amplifying the known risks so that they are not hidden or ignored, demystifying the complex risks into their more manageable sum of parts and anticipating the slow emerging risks which have the ability to escalate rapidly are all necessary components of good capital programme risk management.
- 12.3. In the aftermath of result of the UK's decision to leave the European Union on 23 June 2016 there was an immediate period of volatility caused by uncertainty in the property market. This has since re-occurred with the decision to defer the vote by Parliament on the proposed withdrawal agreement but the impact on the capital strategy particularly in respect of construction costs and property values will continue to be monitored on an on-going basis.
- 12.4. The report identifies a number of risks which may impact on the funding of the Housing Capital Programme, increases in internal borrowing (and associated revenue financing implications) and the potential for the Council to breach the VAT partial exemption threshold arising from approval of further capital schemes. It is important that strong corporate and directorate oversight and monitoring of these risks is maintained and appropriate ongoing assurances provided to Members on the management of these risks.
- 12.5. The impact to councils of the Grenfell Tower fire is yet to be fully established. It is certain that many councils will be undertaking property reviews to determine the levels of improvements required to ensure fire safety arrangements within their buildings meet both the expectations of the residents and that they comply with building regulations and other statutory duties. The H&F Fire Safety Plus Programme is an excellent scheme that provides residents with assurance on safety. The Regulatory Reform (Fire Safety) Order 2005 places specific duties placed on the Council as the Responsible Person for its buildings to assess the risk from fire and put in measures to control those risks.
- 12.6. The Dame Judith Hackitt independent review of fire safety, following the Grenfell tragedy, recognises that High Rise Residential Buildings (10 Storeys and above) are a special risk where layers of fire protection must be put in place so as to reduce the risk to as low as reasonably possible, however reducing the risk for all residential accommodation is fundamental. This process is on-going and must be continually reviewed at least annually.

- 12.7. All works must comply with the Construction (Design and Management) Regulations. The Council must appoint a Principal Designer and Principal Contractor with the necessary and demonstrable expertise and competence.
- 12.8. Proposals set out in this report seek to comply with the Council's legal duties.
- 12.9. Implications completed by: Michael Sloniowski, Risk Manager Tel: 020 8753 2587 and Richard Buckley, Head of Environmental Health (Residential) & Corporate Safety, Tel: 020 8753 3971.

13. PROCUREMENT AND IT STRATEGY IMPLICATIONS

- 13.1. There are no immediate procurement implications arising from this report. The corporate Procurement team will advise and support service departments on their major capital procurements as and when such support is required, including consideration of whether and how any social value, local economic and community benefits might be obtained from these.
- 13.2. Implications completed by: Joanna Angelides on behalf of Simon Davis, Tel: 020 7361 2586.

14. VAT IMPLICATIONS

- 14.1. The Council needs to carefully consider its VAT partial exemption calculation and the risk of breaching the partial exemption threshold. Capital projects represent the bulk of this risk. A breach would likely cost the Council between £2-£3m. The Council remained below the threshold in 2017/18 however there remains a risk of breaching the threshold in future years if the position is not carefully managed on an ongoing basis. Further detail on the Council's partial exemption is included in Appendix 4.
- 14.2. Implications verified/completed by: Chris Harris, Chief Accountant, Corporate Finance, Tel: 020 8753 6440.

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

No.	Description of Background Papers	Name/Ext of holder of file/copy	Department/ Location
1.	Capital Programme 2018-22 (Published Feb 2018)	Andrew Lord tel. 2531 Chris Harris tel. 6440	Finance Dept., Room10, Hammersmith Town Hall

LIST OF APPENDICES:

- Appendix 1 – Detailed Capital Budgets, Spend and Variation analysis by Service
- Appendix 2 – Analysis of Budget Variations
- Appendix 3 – Capital Receipts Forecast
- Appendix 4 - VAT Partial Exemption

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

Children's Services

	Current Year Programme					Indicative Future Years Analysis				
	Analysis of Movements (Revised budget to Q2)					Revised Budget 2018/19 (Q2) £'000	2019/20 Budget £'000	2020/21 Budget £'000	2021/22 Budget £'000	Total Budget (All years) £'000
	Revised Budget 2018/19 (Q1) £'000	Slippages from/(to) future years £'000	Additions/(Reductions) £'000	Transfers £'000	Total Transfers/Virements £'000					
Scheme Expenditure Summary										
Schools Organisational Strategy	9,673	-	98	-	98	9,771	331	-	-	10,102
Schools Window Replacement Project	1,500	-	-	-	-	1,500	11,740	-	-	13,240
Other Capital Schemes	690	-	-	-	-	690	-	-	-	690
Total Expenditure	11,863	-	98	-	98	11,961	12,071	-	-	24,032
Capital Financing Summary										
Specific/External or Other Financing										
Capital Grants from Central Government	8,422	-	98	-	98	8,520	-	-	-	8,520
Grants and Contributions from Private Developers (includes S106)	1,941	-	-	-	-	1,941	331	-	-	2,272
Capital Grants/Contributions from Non-departmental public bodies	-	-	-	-	-	-	-	-	-	-
Sub-total - Specific or Other Financing	10,363	-	98	-	98	10,461	331	-	-	10,792
Borrowing - non school windows	-	-	-	-	-	-	-	-	-	-
Borrowing - school windows	1,500	-	-	-	-	1,500	11,740	-	-	13,240
Total Capital Financing	11,863	-	98	-	98	11,961	12,071	-	-	24,032

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

Adult Social Care Services

	Current Year Programme					Indicative Future Years Analysis				
	Analysis of Movements (Revised budget to Q2)					Revised Budget 2018/19 (Q2)	2019/20 Budget	2020/21 Budget	2021/22 Budget	Total Budget (All years)
	Revised Budget 2018/19 (Q1)	Slippages from/(to) future years	Additions/ (Reductions)	Transfers	Total Transfers/ Virements					
£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Scheme Expenditure Summary										
Extra Care New Build project (Adults' Personal Social Services Grant)	20	-	-	-	-	20	937	-	-	957
Community Capacity Grant	2	-	-	-	-	2	-	-	-	2
Transforming Care (Winterbourne Grant)	300	-	-	-	-	300	-	-	-	300
Social Care Capital Grant	1,067	-	-	-	-	1,067	-	-	-	1,067
Total Expenditure	1,389	-	-	-	-	1,389	937	-	-	2,326
Capital Financing Summary										
Specific/External or Other Financing										
Capital Grants from Central Government	1,089	-	-	-	-	1,089	937	-	-	2,026
Capital Grants/Contributions from Non-departmental public bodies	300	-	-	-	-	300	-	-	-	300
Sub-total - Specific or Other Financing	1,389	-	-	-	-	1,389	937	-	-	2,326
Mainstream Financing (Internal Council Resource)										
Capital Receipts	-	-	-	-	-	-	-	-	-	-
Sub-total - Mainstream Funding	-	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-	-
Total Capital Financing	1,389	-	-	-	-	1,389	937	-	-	2,326

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

Residents' Services	Current Year Programme						Indicative Future Years Analysis			
	Revised Budget 2018/19 (Q1)	Analysis of Movements (Revised budget to Q2)				Revised Budget 2018/19 (Q2)	2019/20 Budget	2020/21 Budget	2021/22 Budget	Total Budget (All years)
		Slippages from/(to) future years	Additions/(Reductions)	Transfers	Total Transfers/Virements					
£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Scheme Expenditure Summary										
Planned Maintenance/DDA Programme	1,906	675	-	-	675	2,581	3,693	1,564	2,500	10,338
King Street-Town Hall Redevelopment	594	-	-	-	-	594	5,833	936	-	7,363
Footways and Carriageways	3,054	-	-	-	-	3,054	2,030	2,030	2,030	9,144
Transport For London Schemes	2,989	-	118	-	118	3,107	2,157	2,157	2,157	9,578
Controlled Parking Zones	54	-	-	-	-	54	275	275	275	879
Column Replacement	524	-	-	-	-	524	246	246	246	1,262
Carnwath Road	-	-	-	-	-	-	3,070	-	-	3,070
LED Lighting Replacement Programme	1,019	-	-	-	-	1,019	-	-	-	1,019
P&D Upgrade and Pay by Phone	1,132	-	-	-	-	1,132	-	-	-	1,132
Other Capital Schemes	2,301	-	1,072	-	1,072	3,373	-	-	-	3,373
Parks Expenditure	2,792	-	75	-	75	2,867	500	-	-	3,367
Shepherds Bush Common Improvements	503	-	-	-	-	503	-	-	-	503
Recycling	19	-	-	-	-	19	-	-	-	19
CCTV	140	-	760	-	760	900	-	-	-	900
Total Expenditure	17,027	675	2,025	-	2,700	19,727	17,804	7,208	7,208	51,947
Capital Financing Summary										
Specific/External or Other Financing										
Grants and Contributions from Private Developers (includes S106)	7,429	-	2,025	-	2,025	9,454	500	-	-	9,954
Capital Grants and Contributions from GLA Bodies	2,961	-	-	-	-	2,961	2,157	2,157	2,157	9,432
Sub-total - Specific or Other Financing	10,390	-	2,025	-	2,025	12,415	2,657	2,157	2,157	19,386
Mainstream Financing (Internal Council Resource)										
Capital Receipts	1,516	-	-	3,101	3,101	4,617	-	-	-	4,617
General Fund Revenue Account (revenue funding)	582	-	-	-	-	582	521	521	521	2,145
Use of Reserves	89	-	-	-	-	89	-	-	-	89
Sub-total - Mainstream Funding	2,187	-	-	3,101	3,101	5,288	521	521	521	6,851
Borrowing	4,450	675	-	(3,101)	(2,426)	2,024	14,626	4,530	4,530	25,710
Total Capital Financing	17,027	675	2,025	-	2,700	19,727	17,804	7,208	7,208	51,947

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

Finance & Governance

Scheme Expenditure Summary

Invest to Save - Flexible Use of Capital Receipts
Desktop Strategy

Total Expenditure

Capital Financing Summary

Mainstream Financing (Internal Council Resource)

Use of Reserves (HRA Contribution)
Capital Receipts

Sub-total - Mainstream Funding

Borrowing

Total Capital Financing

Current Year Programme						Indicative Future Years Analysis			
Analysis of Movements (Revised budget to Q2)						2019/20 Budget £'000	2020/21 Budget £'000	2021/22 Budget £'000	Total Budget (All years) £'000
Revised Budget 2018/19 (Q1) £'000	Slippages from/(to) future years £'000	Additions/ (Reductions) £'000	Transfers £'000	Total Transfers/ Virements £'000	Revised Budget 2018/19 (Q2) £'000				
930	-	-	-	-	930	-	-	-	930
-	-	3,700	-	3,700	3,700	-	-	-	3,700
4,931	-	3,700	-	3,700	4,630	-	-	-	4,630
-	-	407	-	407	407	-	-	-	407
930	-	-	-	-	930	-	-	-	930
930	-	407	-	407	1,337	-	-	-	1,337
-	-	3,293	-	3,293	3,293	-	-	-	3,293
4,931	-	3,700	-	3,700	4,630	-	-	-	4,630

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

General Fund Schemes under Housing management

Current Year Programme

Indicative Future Years Analysis

Analysis of Movements (Revised budget to Q2)

Revised Budget 2018/19 (Q1)	Slippages from/(to) future years	Additions/ (Reductions)	Transfers	Total Transfers/ Virements	Revised Budget 2018/19 (Q2)	2019/20 Budget	2020/21 Budget	2021/22 Budget	Total Budget (All years)
£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000

Scheme Expenditure Summary

Disabled Facilities Grant	1,014	-	-	-	-	1,014	1,102	450	450	3,016
Sands End Community Centre	2,090	(958)	-	-	(958)	1,132	1,925	-	-	3,057
Lyric Theatre Development	548	-	-	-	-	548	-	-	-	548
Acquisition of Land at 207 King St	-	-	16,137	-	16,137	16,137	2	-	-	16,139
Macbeth Centre GLA Community Kitchen	-	-	91	-	91	91	-	-	-	91
Macbeth Centre Arts Project	-	-	132	-	132	132	268	-	-	400
Total Expenditure	3,652	(958)	16,360	-	15,402	19,054	3,297	450	450	23,251

Capital Financing Summary

Specific/External or Other Financing

Capital Grants from Central Government	711	-	-	-	-	711	-	-	-	711
Grants and Contributions from Private Developers (includes S106)	2,238	(1,394)	-	-	(1,394)	844	1,381	-	-	2,225
Capital Grants/Contributions from Non-departmental public bodies	400	436	223	-	659	1,059	812	-	-	1,871
Sub-total - Specific or Other Financing	3,349	(958)	223	-	(735)	2,614	2,193	-	-	4,807

Mainstream Financing (Internal Council Resource)

Capital Receipts (GF)	303	-	-	-	-	303	-	-	-	303
Sub-total - Mainstream Funding	303	-	-	-	-	303	-	-	-	303

Borrowing (Internal Borrowing-GF)

	-	-	16,137	-	16,137	16,137	1,104	450	450	18,141
--	---	---	--------	---	--------	--------	-------	-----	-----	--------

Total Capital Financing

	3,652	(958)	16,360	-	15,402	19,054	3,297	450	450	23,251
--	--------------	--------------	---------------	----------	---------------	---------------	--------------	------------	------------	---------------

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

Housing Capital Programme	Current Year Programme						Indicative Future Years Analysis			
	Revised Budget 2018/19 (Q1)	Analysis of Movements (Revised budget to Q2)				Revised Budget 2018/19 (Q2)	2019/20 Budget	2020/21 Budget	2021/22 Budget	Total Budget (All years)
		Slippages from/(to) future years	Additions/(Reductions)	Transfers	Total Transfers/Virements					
£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Scheme Expenditure Summary										
<i>HRA Schemes:</i>										
Other HRA Capital Schemes	21,335	(6,049)	-	(468)	(6,517)	14,818	35,889	28,638	34,961	114,306
Fire Safety Plus	2,000	557	-	468	1,025	3,025	9,443	3,216	-	15,684
Subtotal HRA	23,335	(5,492)	-	-	(5,492)	17,843	45,332	31,854	34,961	129,990
<i>Decent Neighbourhood Schemes:</i>										
Earls Court Buy Back Costs	5,237	-	136	-	136	5,373	2,442	5,844	6,231	19,890
Earls Court Project Team Costs	601	-	11	-	11	612	1,170	1,198	1,390	4,370
Housing Development Project	955	1	(12)	-	(11)	944	2,192	-	-	3,136
Stanhope Joint Venture	2,519	(1,378)	-	-	(1,378)	1,141	10,352	16,148	8,423	36,064
Other HRA	109	-	(1)	-	(1)	108	-	-	-	108
Affordable Housing Delivery Framework	3,190	(149)	(26)	-	(175)	3,015	4,413	3,955	4,010	15,393
Property Acquisition (Other Buybacks)	4,152	-	-	-	-	4,152	-	-	-	4,152
Subtotal Decent Neighbourhoods	16,763	(1,526)	108	-	(1,418)	15,345	20,569	27,145	20,054	83,113
Total Expenditure	40,098	(7,018)	108	-	(6,910)	33,188	65,901	58,999	55,015	213,103
Adjustment for deferred costs	(601)	-	(11)	-	(11)	(612)	(1,170)	(1,198)	(1,390)	(4,370)
Total Net Expenditure	39,497	(7,018)	97	-	(6,921)	32,576	64,731	57,801	53,625	208,733
Capital Financing Summary										
<i>Specific/External or Other Financing</i>										
Contributions from leaseholders	5,040	(395)	-	-	(395)	4,645	4,112	3,871	4,240	16,868
Grants and Contributions from Private Developers (includes S106)	1,584	(965)	(6)	-	(971)	613	7,963	11,304	5,896	25,776
Capital Grants/Contributions from Non-departmental public bodies	270	-	-	-	-	270	270	-	290	830
Sub-total - Specific or Other Financing	6,894	(1,360)	(6)	-	(1,366)	5,528	12,345	15,175	10,426	43,474
<i>Mainstream Financing (Internal Council Resource)</i>										
Capital Receipts (HRA)	14,390	(642)	103	-	(539)	13,851	14,496	14,869	10,627	53,843
Housing Revenue Account (revenue funding)	-	-	-	-	-	-	-	5,172	5,500	10,672
Major Repairs Reserve (MRR) / Major Repairs	16,213	(6,041)	-	-	(6,041)	10,172	21,967	15,921	16,668	64,728
Use of Reserves (Fire Safety EMR)	2,000	1,025	-	-	1,025	3,025	6,185	-	-	9,210
Sub-total - Mainstream Funding	32,603	(5,658)	103	-	(5,555)	27,048	42,648	35,962	32,795	138,453
Borrowing (Internal Borrowing-HRA)	-	-	-	-	-	-	9,738	6,664	10,404	26,806
Total Capital Financing	39,497	(7,018)	97	-	(6,921)	32,576	64,731	57,801	53,625	208,733

Appendix 2 – Analysis of Budget Variations

Variation by Service	Amount £'000
Children's Services (CHS)	
Queens Manor – additional budget approved in September 2018	98
Total CHS variations	98
Residents' Services (RES)	
CCTV – additional budget to reflect increase in S106 funding	760
Other Capital Schemes – additional budget to reflect increase in S106 funding	1,072
Transport for London schemes – increase to reflect additional external funding received	118
Parks Programme – additional budget to reflect increase in S106 funding	75
Planned Maintenance (CPMP) – budget brought forward from 2019/20 to reflect forecast spend	675
Total RES variations	2,700
Finance and Governance (F&G)	
Desktop Strategy – new scheme approved by Cabinet in March 2018	3,700
Total F&G variations	3,700
General Fund Schemes under Housing management	
Acquisition of land at 207 King Street – approved in September 2018	16,137
Macbeth Centre GLA Community Kitchen – additional budget to reflect approved S106 funding and GLA grant received for the project	91
Macbeth Centre Arts Project – additional budget to reflect approved S106 funding and GLA grant received for the project	132
Sands End Community Centre – slippages due the project delays	(958)
Total GF Schemes under Housing management	15,402
Housing Capital Programme	
HRA schemes – slippage to future years because of delays in work starting while ongoing compliance checks happen on the planned programme	(5,492)
Earls Court Buy backs – additional budget to reflect forecast expenditure	136
Housing Development Project – 18/19 reduction of £18,400 budget of Jepson House, offset by additional staff capitalisation of £6,500 on 23 Barons Court & Verulam House, and £1,300 forward slippage on Spring Vale staff capitalisation. Jepson House budget has been removed from future years as scheme is not moving ahead in currently proposed format.	(12)
Stanhope Joint Venture – slippage on Edith Summerskill House Grant payments; start on site moved from January to March 2019.	(1,378)
Affordable Housing Delivery – £149,000 slippage on Emlyn Gardens due to planning permission delays on the scheme and £26,000 reduction due to revised project costs provided by the Housing Association (A2D).	(175)
Total Housing variations	(6,921)
Grand Total 2018-19 Q2 Variations	14,979

Appendix 3 – General Fund – Forecast Capital Receipts

Year/Property	Previous Forecast £'000s	Movement/ Slippage £'000s	2018/19 Forecast at Quarter 2 £'000s
2018/19			
Total 2018/19	2,749	3,101	5,850
2019/20			
Total 2019/20	2,027	(2,027)	-
2020/21			
Total 2020/21	3,201	(3,280)	-
2021/22			
Total 2021/22	2,590	(2,590)	-
Total All Years	10,567	(4,796)	5,850

Appendix 4 – VAT Partial Exemption

1. Partial Exemption Overview

- 1.1. In general, businesses cannot recover the VAT incurred on purchases made in connection with VAT exempt activities, for example, capital expenditure on properties which are let or leased are exempt from VAT. However, under Section 33 of the VAT Act 1994, local authorities are able to recover this VAT so long as it forms “an insignificant proportion” of the total VAT incurred (input tax) in any year. This insignificant proportion is taken to be 5% or less. Crucially however, the de minimis limit is not an allowance; if the 5% figure is exceeded then all the exempt input tax is lost, not just that which is in excess of the limit. The cost to the Council of non-allowable breach would therefore be in excess of £2m.

If councils breach their partial exemption limit in a single year, they can apply their 7-year average partial exemption calculation to be considered for that particular year for their calculation instead. Each ‘7-year average’ calculation is independent, i.e. the ‘7-year average’ can be relied upon even if already relied upon previously within 7 years (though clearly the ‘7-year average’ will then eventually be breached).


2. LBHF Partial Exemption

- 2.1 The Council’s input tax forecast for 2017/18 (across all expenditure) was £41m and it is projected to remain at a similar level in the medium term. This means it would likely cost the Council £2m (being 5% of £41m) of exempt input tax before it breaches its partial exemption limit.
- 2.2 When calculating the exempt input tax incurred annually, the Council considers its revenue and capital activities separately. Revenue activities are more constant, their contribution to exempt input tax is projected to remain at £2m. Exempt input tax relating to capital activities is more volatile as each project must be considered and judged individually and can have significant associated costs.
- 2.3 Land and lease transactions give rise to exempt supply. Capital projects involving these usually give rise to exempt input tax, although wherever possible the Council uses its VAT policy (see section 3) to mitigate this.
- 2.4 The Council has a number of capital projects, both in train and in the pipeline, which could have significant partial exemption implications.

3. VAT Policy

- 3.1 In order to manage the partial exemption, position the following policy is in place:
- 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 discussed with the Corporate VAT team.
 - In all cases the VAT team should be consulted in advance so forecasts can be updated and checked against limits.

Agenda Item 6

<p>London Borough of Hammersmith & Fulham</p> <p>CABINET</p> <p>14 JANUARY 2019</p>	 <p>hammersmith & fulham</p>
CORPORATE REVENUE MONITOR 2018/19 MONTH 6 – 30 SEPTEMBER 2018	
Report of the Cabinet Member for Finance and Commercial Services – Councillor Max Schmid	
Open Report	
Classification: FOR DECISION	
Key Decision: Yes	
Wards Affected: ALL	
Accountable Executive Director: Hitesh Jolapara, Strategic Director, Finance and Governance	
Report Author: Emily Hill, Assistant Director, Corporate Finance	Contact Details: Tel: 020 8753 3145 Email: emily.hill@lbhf.gov.uk

1. EXECUTIVE SUMMARY

- 1.1. Section 151 of the 1972 Local Government Act requires the Chief Financial Officer (as the responsible officer) to ensure proper administration of the Council's financial affairs. This monitoring report is part of the Council's 2018/19 budgetary control cycle. Budgetary control, which includes the regular monitoring of and reporting on budgets, is an essential requirement placed on Cabinet Members, the Chief Executive, and Directors in discharging the statutory responsibility.
- 1.2. The month 6 General Fund forecast outturn variance is an unfavourable **£6.793m**. Action plans of **£1.916m** are proposed as partial mitigation. If delivered they will reduce the forecast overspend to **£4.877m**. Directors and Cabinet need to identify further mitigating actions that will reduce the forecast overspend. Should the £4.877m not be eliminated by year-end, any overspend will need to be funded from the Council's revenue reserves, or other eligible one-off resources.
- 1.3. The High Needs Block and Early Years Block, funded through Dedicated Schools Grant (DSG), is forecast to be overspent by a cumulative £14.2m at the close of 2018/19. This is the same as month 5.

- 1.4. The Government recently announced additional Winter pressure funding for 2018/19 intended to prevent unnecessary emergency admissions and enable patients to leave hospitals when medically fit. The Council's funding allocation is £918,381. Use of this funding has yet to be agreed with health partners. Pending such discussions, it is not included within the forecast.
- 1.5. The HRA forecast is a favourable variance of **£4.560m**.

2. RECOMMENDATIONS

- 2.1. To note the forecast General Fund outturn and require Directors and Cabinet to identify further mitigating actions that offset the forecast overspend.
- 2.2. To note the HRA forecast underspend.
- 2.3. To agree the virements detailed in appendix 10.

3. REASONS FOR DECISION

- 3.1. To report the revenue expenditure position and comply with Financial Regulations.

4. MONTH 6 GENERAL FUND

- 4.1. The forecast month 6 overspend is **£6.793m** with risks of £10.726m identified.

Table 1: 2018/19 General Fund Gross Forecast Outturn Variance – Month 6

Department ¹	Revised budget month 6 £m	Forecast outturn variance month 6 £m	Forecast outturn variance month 5 £m
Children's Services	40.357	2.941	2.735
Corporate Services	0.409	(0.139)	(0.048)
Finance & Governance	2.803	0.453	0.326
Growth & Place	9.743	(0.303)	(0.442)
Public Services Reform	2.810	4.658	4.658
Residents' Services	63.466	1.978	1.659
Controlled Parking Account	(23.331)	(1.022)	(0.899)
Social Care	51.995	1.232	1.260
Centrally Managed Budgets	20.454	(0.380)	(0.260)
Total	168.706	9.418	8.989

¹ Figures in brackets represent underspends/ favourable movements

Department ¹	Revised budget month 6 £m	Forecast outturn variance month 6 £m	Forecast outturn variance month 5 £m
Adjustment for limiting use of the unallocated contingency to 50% (£0.850m) and not distributing the contingency (£1.775m) held for the 2018/19 pay award (Cabinet Decision Corporate Revenue Monitor Month 2).	0.000	(2.625)	(2.625)
Revised overspend	168.706	6.793	6.364

- 4.2. Action Plans have been produced by Departments to mitigate the overspends. All overspending departments will need to respond with further actions to reduce the net forecast overspend by year-end. Delivery of action plans has been assigned to relevant responsible officers. The forecast variance, net of planned mitigations is £4.877m (£4.475m at month 5). Directors and Cabinet need to consider what further actions can be taken to address the forecast overspend.

5. CORPORATE REVENUE MONITOR 2018/19 MONTH 6 HOUSING REVENUE ACCOUNT

- 5.1. The Housing Revenue Account is currently forecasting a favourable outturn variance of £4.560m at Month 6 (Appendix 9).

Table 3: Housing Revenue Account forecast outturn - month 6

Housing Revenue Account	£m
Balance as at 31 March 2018	(9.946)
Less: Budgeted (contribution) / appropriation from balances	1.835
Add: Forecast favourable outturn variance	(4.560)
Projected balance as at 31st March 2019	(12.671)

6. DEDICATED SCHOOLS GRANT (DSG)

- 6.1. The cumulative total DSG deficit balance carried forward to 2018/19 was £7m with an additional £7.2m deficit now forecast in 2018/19. This is the same as reported in month 5. Mitigating actions are being identified to reduce this deficit.
- 6.2. The £14.2m cumulative deficit represents spending more money than grant available and will impact on future school and council resources. Cabinet previously

approved that reserves of £14.432m be set aside against the forecast deficit. It is recommended that this be reviewed at the financial year end.

- 6.3. There is an emerging pressure on the Early Years Block of the DSG in 2018/19 as a result of the commitment to protect funding to school nurseries. Maintained Nursery schools and primary school and academy nurseries are paid a budget share based on the 2016/17 baseline rather than being paid on a participation basis. The local authority receives funding on a participation basis only, hence the shortfall in funding. However, there has been an improvement on the forecast position from month 5 to 6, predominantly as a result of deploying an additional resource to undertake a detailed reconciliation of historic activity and payment data to model the trend on Early Years 15 and 30 hours uptake. The census data for the Autumn term has given further clarity as to the level of expenditure to be funded in 2018/19 and this has eliminated the further risk flagged in month 5.

Table 4: Dedicated Schools Grant

	£m
DSG deficit brought forward from prior years	7.032
In-year forecast deficit	7.168
Forecasted deficit at end of 2018/19 financial year	14.200

7. GENERAL FUND RESERVES UPDATE

- 7.1 Reserves can only be spent once. The latest forecast for earmarked reserves is summarised in Table 5. The forecast does not include further anticipated uses of reserves for which Members are yet to make formal decisions specifically the relocation of offices as part of West King Street Regeneration. Cabinet considered a report at its meeting on the 3 December before Council in January 2019. In addition, the forecast assumes that future year's budgets will be balanced without any further calls on reserves.

Table 5 – Earmarked Reserves forecast to 2021/22

General Fund summary	Opening balance	Budgeted contributions to 2021/22	Known commitments to 2021/22	Total
	£000's	£000's	£000's	£000's
Earmarked reserves	(79,146)	(7,691)	43,715	(43,122)

- 7.2 Within the table the known commitments are where approval has been given to use a reserve for a specific purpose (for example implementing the IT strategy, incentive payments to Landlords or managed services implementation).

7.3 In addition to the earmarked reserves the Council holds:

- General Balances of £19.004m. This equates to 3.3% (12 days) of gross general fund spend (£575m). They fall within the range, £14m to £20m, identified and agreed at Budget Council in February 2018 as sufficient to allow for identified risks and to support effective medium term financial planning. Were general balances to fall below the optimal range this would raise significant concerns regarding the Council's financial resilience.
- Restricted reserves are those which there is a constraint on how they can be used (for example the insurance fund or the use of specific grants).

8. VIREMENTS & WRITE OFF REQUESTS

8.1. Cabinet is required to approve all budget virements that exceed £0.1m. Within this report General Fund virements of £0.278m are requested. This is a reserves drawdown request made by Social Care to cover employee costs.

9. CONSULTATION

9.1. All departments.

10. EQUALITY IMPLICATIONS

10.1. As required by Section 149 of the Equality Act 2010, the Council has considered its obligations regarding the Public-Sector Equality Duty and it is not anticipated that there will be any direct negative impact on groups with protected characteristics, as defined by the Act, from the adjustments to the budgets required because of this Corporate Revenue Monitor.

10.2. In the event that any such adjustments might lead to a service change that could have a negative impact on groups with protected characteristics then an Equality Impact Assessment will need to be carried out.

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

11. LEGAL IMPLICATIONS

11.1. There are no particular legal implications arising from this report.

11.2. Implications verified by: Rhian Davies, Borough Monitoring Officer, tel. 07827 663794

12. FINANCIAL IMPLICATIONS

12.1. This report is financial in nature and those implications are contained within.

- 12.2. Implications completed by: Gary Ironmonger, Finance Manager, tel. 0208 753 2109.

13. IMPLICATIONS FOR BUSINESS

- 13.1. There are no implications for local businesses.
- 13.2. Implications verified/completed by: Albena Karameros, Economic Development Team, tel. 020 7938 8583.

14. COMMERCIAL IMPLICATIONS

- 14.1. The report seeks the approval of strategies developed to bring any staffing overspends in line with allocated budgets.
- 14.2. There are no procurement implications. Commercially, these strategies will have a positive impact on the Council's budgets and spending.
- 14.3. Implications completed by: Andra Ulianov, Procurement Consultant, tel. 0208 753 2284.

15. IT STRATEGY IMPLICATIONS

- 15.1. There are no IT implications for this report.
- 15.2. Implications verified/completed by Howell Huws, Head of Contracts and Operations, tel. 020 8753 5025.

16. RISK MANAGEMENT

- 16.1. The Council has a statutory duty to arrange for the proper administration of its financial affairs and a fiduciary duty to taxpayers with regards to its use of and accounting for public monies. This report assists in the discharge of those duties.
- 16.2. Revenue expenditure against budget is monitored by regular reports to the Strategic Leadership Team and Cabinet. These reports provide a snapshot of the revenue position for each Department and for the Council, and provide details of any projected additional budget pressures and risks, or any significant under or overspends. As the Section 151 Officer, the Strategic Director of Finance and Governance is required to keep under review the financial position of the Authority. The monthly revenue monitoring is a key part of this review process. If required, measures will be put in place to address any risks identified through the monitoring process and to contain expenditure within approved budgets.

- 16.3. Effective monitoring assists in the provision of accurate and timely information to Members and officers and allows services to better manage their resources. Corporate Revenue Monitoring contributes to the delivery of all Council Priorities but chiefly Being Ruthlessly Financially Efficient and sound risk management.
- 16.4. The effective use of financial resources underpins the Council's activities in support of its strategic priorities. Plans to take remedial action to manage a number of the significant issues highlighted where they approach and exceed our financial risk appetite and risk tolerance.
- 16.5. There are a number of general risks to the Council being able to match expenditure with resources this financial year and over the medium term:
- Achievement of challenging savings targets.
 - Austerity imposed by national government and its impact on Local Government.
 - Brexit and the state of the UK economy.
 - Commissioning and Procurement outcomes.
 - Impact of the fall in the pound on inflation and pay.
 - Demand-led Service Pressures E.g. Adult Social Care, Child Protection etc.
 - Potential adjustments which may arise from the various Grant Claims.
 - Movement in interest rates.

Risks associated with specific services are mentioned elsewhere in this report.

- 16.6. Implications verified/completed by: Michael Sloniowski, Risk Manager, tel. 020 8753 2587, mobile 07768 252703

LOCAL GOVERNMENT ACT 2000

LIST OF BACKGROUND PAPERS USED IN PREPARING THIS REPORT

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

LIST OF APPENDICES

Appendix	Title
Appendix 1	Children's Services Revenue Monitor
Appendix 1a	Dedicated Schools Grant
Appendix 2	Corporate Services Revenue Monitor
Appendix 3	Finance & Governance Revenue Monitor
Appendix 4	Growth & Place Revenue Monitor
Appendix 5	Public Service Reform Revenue Monitor
Appendix 6	Residents' Services Revenue Monitor
Appendix 6a	Controlled Parking Account Revenue Monitor
Appendix 7	Social Care Revenue Monitor
Appendix 8	Centrally Managed Budgets Revenue Monitor
Appendix 9	Housing Revenue Account Revenue Monitor
Appendix 10	Virement proposals

APPENDIX 1: CHILDREN'S SERVICES
BUDGET REVENUE MONITORING REPORT MONTH 6

Table 1 - Variance by Departmental Division			
Departmental Division	Revised Budget	Variance Month 6	Variance Month 5
	£000	£000	£000
Family Services	27,682	2,851	2,559
Special Educational Needs and Disabilities	7,338	350	351
Education	872	(111)	0
Assets, Operations & Planning	4,555	(149)	(175)
School Funding	(90)	0	0
TOTAL	40,357	2,941	2,735

Table 2 - Variance Analysis		
Departmental Division	Month 6 £000	Month 5 £000
Family Services		
<p>Family Services Social Care Placements - overspend primarily due to the continued increase in service demand, higher unit costs and more complex needs. Funding is not formula based on head count changes meaning that as demand is rising and the budget is reduced for savings, there is limited possibility to contain expenditure within budget.</p> <p>Looked after children numbers have increased to 240 in April 2018 compared with 185 in March 2015. An increase of 55 children at an average cost of £50,000 per child.</p> <p>As with other London Boroughs, we are seeing a rise in demand from adolescents at risk due to knife crime, child sexual exploitation and children being used for drug trafficking (County lines). Work continues to ensure that the forecast is robust and that young people are placed in the most appropriate placement for their need.</p> <p>The net increase from month 5 (£0.110m which includes £0.025m on DUBs) is predominantly caused by 10 new individuals placed totalling £0.241m. In addition, adjusted end dates and level of care have added £0.140m.</p> <p>This increase is offset by 7 individuals leaving their placements reducing the forecast by £0.129m. Income projections including housing benefit have increased by £0.104m and contingency has also been reduced by £0.056m. Other minor changes have increased the forecast by £0.018m.</p>	2,226	2,141

Table 2 - Variance Analysis		
Departmental Division	Month 6 £000	Month 5 £000
The forecast currently assumes a contingency of £0.338m or circa 3.9 FTE which is modelled on 2017/18 net new placements.		
The special project to take additional children has been funded from Home Office grant and central resources (where costs exceed the grant) as it sits outside the usual remit of children's services. The net overspend on DUBs that exceeds the grant and the centrally funded budget is £0.194m after allowing for £0.239m growth in the 2018/19 budget. This overspend is expected to rise to £0.260m in 2019/20 based on the full year cost of placements and changes to the income associated with them. Costs rise as young people become care leavers as the grant income falls significantly.	194	169
<p>Family Support and Child Protection</p> <p>Staffing pressures caused by the level of demand on the service have meant sustaining a fifth team and 7 social workers above the budgeted establishment. The requirement to use agency staff whilst permanent recruitment is taking place has caused additional pressures being covered in year through one-off reserve funding of £0.419m.</p> <p>The increase in forecast (£0.106m) from month 5 is partly due to an increase in spot purchased care proceedings parenting assessments of £0.06m caused by the high level of demand. Increases in staff and client travel expenses along with smaller movements on other supplies and services budgets.</p>	112	6
<p>Contact and Assessment Service - The staffing overspend forecast has been partly mitigated by the service reducing the agency staff to 3 from 10 during the year having successfully interviewed 3 agency staff to fill newly qualified social worker posts. The remainder has been caused by the service being unable to contain the pressure caused by the unbudgeted pay award. Due to the level of demand on the service they are unable to hold vacancies or delete posts.</p> <p>Adverse income and supplies and services variances make up £0.039m of the £0.111m total variance.</p>	111	91
LAC and Leaving Care Non- placement costs - the overspend relates to a projected increase in service user related travel expenses, interpreter's fees, and legal fees.	152	187

Table 2 - Variance Analysis		
Departmental Division	Month 6 £000	Month 5 £000
<p>Contact Centre The service has been disaggregated from Tri-Borough with a sovereign manager role being established. A review of sessional worker activity and additional 5 contact supervisors needed to deal with the number of cases has caused the increase from month 5.</p>	93	40
<p>Other minor variances Includes staffing and non-staffing underspend of £66,000 on safeguarding partly due to part year vacancies held where recruitment is taking place. Small increases on Youth Offending and Fostering and Adoption staff costs have caused the month 6 adverse movement albeit with the latter maintaining a staffing underspend.</p>	(37)	(75)
Total of Family Services	2,851	2,559
Special Educational Needs and Disabilities		
<p>Children with Disability Placements - Ongoing placement pressure from prior years in relation to complex needs of the current cohort. The total budget for residential children's homes is £1.1m of which one placement accounts for £0.6m. This placement is due to age out in 2019/20.</p>	257	257
<p>DCT, Short Breaks and resources - there is a one off in year pressure on contract expenditure following the delayed opening of the Stephen Wiltshire Centre.</p>	40	40
Other minor variances.	53	54
Total of Special Educational Needs and Disabilities	350	351
Education Service		
The variance is predominantly caused by part and full year vacancies as the service fills the new posts in the redesigned service.	(111)	0
Total of Education	(111)	0
Assets, Operations & Planning		
<p>The underspend predominantly relates to staffing budget held here prior to being allocated out to the service as part of a staffing budget realignment. This will take place in October now that a full post level budgeting exercise has been completed to reflect the new structures implemented as part of 'Moving On'. This underspend partly offsets staffing overspends in Family Services.</p> <p>Although partially mitigated in year, an overall staffing variance will remain in CHS due to pressures in individual services and the unbudgeted 2% pay award estimated at £0.350m.</p>	(149)	(175)

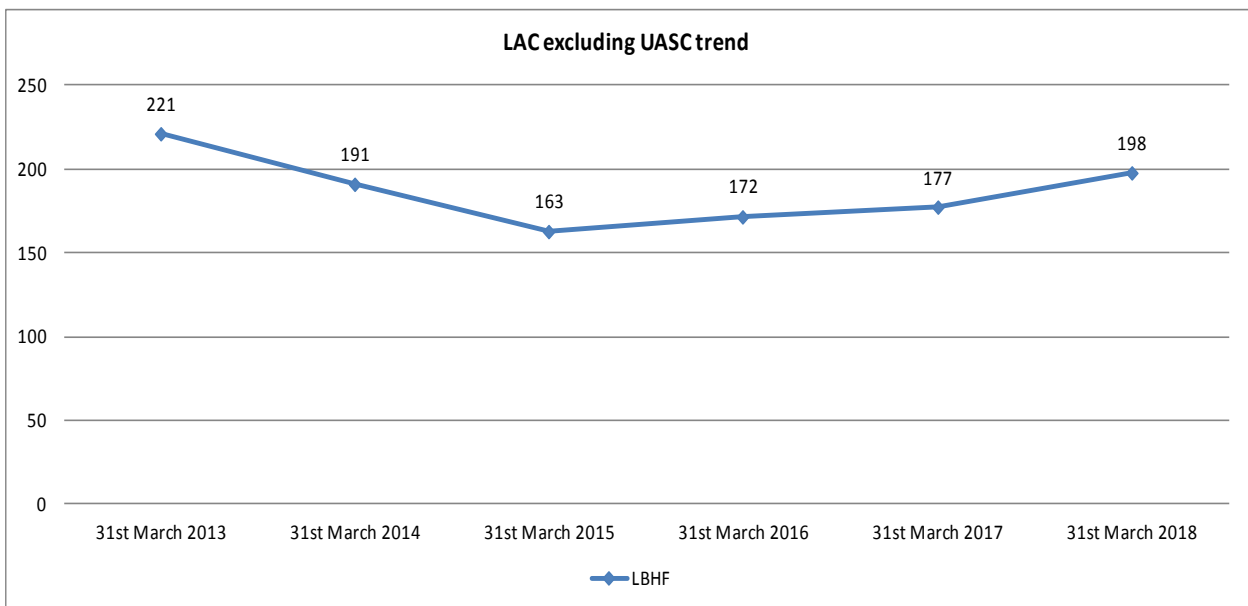
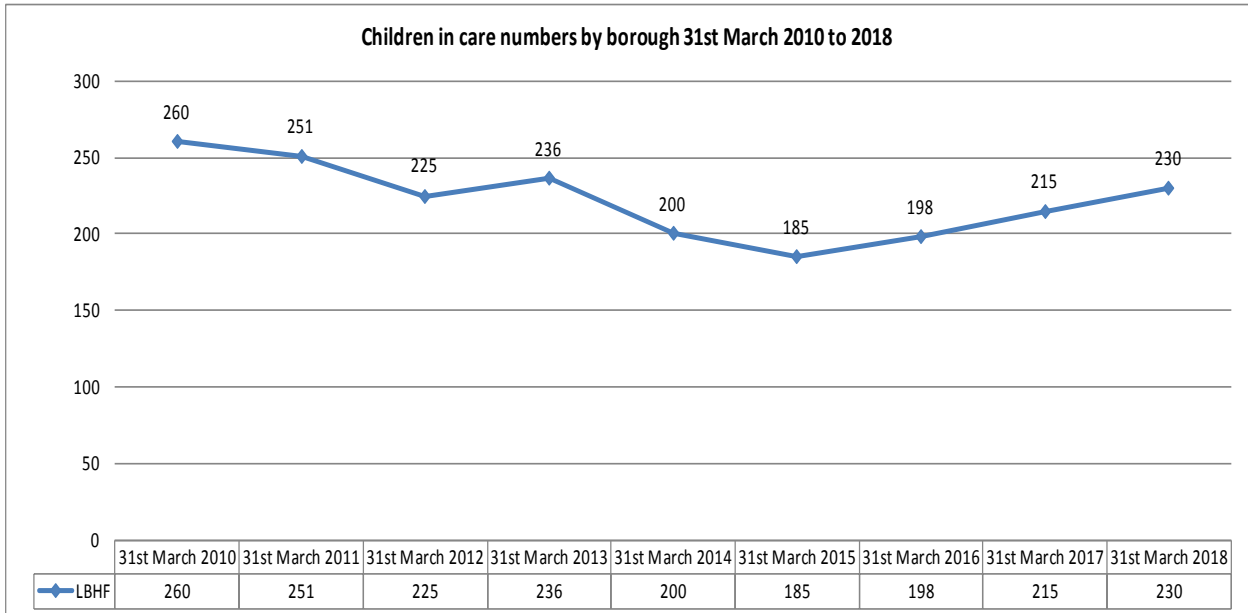
Table 2 - Variance Analysis		
Departmental Division	Month 6 £000	Month 5 £000
The increase in forecast from month 5 relates to an additional fixed term information governance post following the disaggregation of the service from Tri-Borough.		
Total of Assets, Operations & Planning	(149)	(175)
TOTAL VARIANCE	2,941	2,735

Table 3 - Key Risks - Detail Items Over £250,000		
Risk Description	Risk At Month 6 £000	Risk At Month 5 £000
Tower Hamlets Judgement - the likely liability should all connected carers be paid carers fees for prior years back to 2011 is estimated to be in the region of £2.1m. Three families (6 children) have brought claims in previous financial years via the same solicitors totalling £141,000. In 2018/19 one family has brought a claim in April with costs expected to be c£20,000.	2,100	2,100
New Burdens funding - the introduction of the Children and Social Work Act 2017 provides all care leavers up to the age of 25 with access to a personal advisor. We have a duty to provide a service to young people who are 21 or over and not in education. Previously our involvement would have ended. The impact and cost will be the additional social work resource required to support this co-hort. The 2018/19 New Burdens grant has allocated £15,000 for this additional support. Initial calculation based on the DfE's assumptions of level of support required have costed the social work resource required as £65,000. As this is a new duty on local authorities, it is not yet clear what the likely impact will be.	45	45
Children with Disability Placements - the forecast contains £0.060m contingency for demand led growth so the risk has been reduced. Any net increase in demand above this will increase the overspend. The risk is based on one additional placement with significant complex needs. This will decrease each month as new placements are built into the forecast.	125	190
Children with Disability Placements - the forecast includes £0.936m of income from the Clinical Commissioning Group (CCG) based on agreements to part fund a number of care packages. The income is not yet guaranteed so there is a risk around receiving the full amount projected.	300	0
UASC - Risk of cases moving into Care Leavers with ongoing costs.	TBC	TBC

Table 3 - Key Risks - Detail Items Over £250,000		
Risk Description	Risk At Month 6 £000	Risk At Month 5 £000
Placements - savings through LAC and Family Assist needs to be monitored to ensure that delivery is on track. The high cost placements forecast puts pressure on this activity being delivered. The number of young people in residential care remains small, however, they are often complex highly expensive cases meaning that LAC Assist must work with the young person for some time before they can be considered for step-down or non-residential placement. In addition to the contingency for net placement increase in year of circa £0.25m, there is a risk of further exceptional demand growth, particularly from high cost residential placements. This risk will decrease each month as new placements are built into the forecast.	250	300
TOTAL RISKS	2,820	2,635

Supplementary Monitoring Information

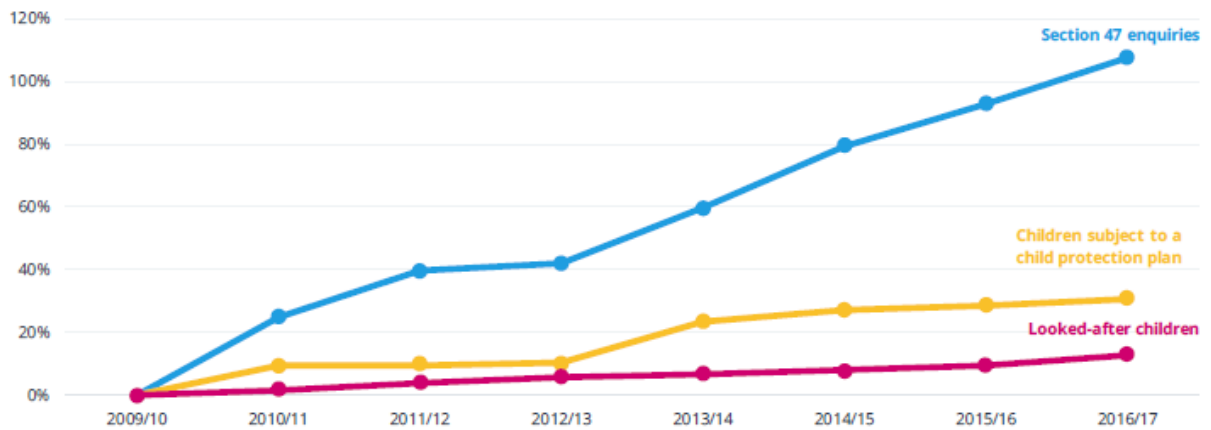
Trend data for Looked After Children (LAC) is presented in the graphs below.



	Children in Care numbers					Children in Care rates					Decrease/ increase
	2013	2014	2015	2016	2017	2013	2014	2015	2016	2017	
England	68,070	68,820	69,500	70,450	72,670	60	60	60	60	62	3%
London	10,080	10,110	9,980	9,860	9,910	54	54	52	51	50	-7%
LBHF	235	205	185	200	215	72	61	55	58	61	-15%

Changes in the number of child protection enquiries, children subject to a child protection plan and looked-after children, since 2009/10

Extracted from CIPFA Performance Tracker 2018. This shows the national picture which reflects the growth in demand experienced by the LBHF Children's Services department.



Source: Department for Education, 'Children in Need Survey', Table A1; Department for Education, 'Children Looked After in England Including Adoption', Table H1

**APPENDIX 1a: DEDICATED SCHOOLS GRANT
BUDGET REVENUE MONITORING REPORT MONTH 6**

Table 1 - Variance by Departmental Division			
Dedicated Schools Grant - Paid in support of the Local Authority's School Budget	Revised Budget	Variance Month 6	Variance Month 5
	£000	£000	£000
High Needs Block Expenditure	18,406	6,829	6,400
Early Years Block Expenditure	15,774	350	800
Schools Block Expenditure	38,083	0	0
Central School Services Block Expenditure	4,430	(11)	0
DSG Income	(76,693)	0	0
TOTAL	0	7,168	7,200

DSG deficit brought forward from prior years	7,032
Forecasted deficit at end of 2018-19 financial year	14,200

Table 2 - Variance Analysis		
Departmental Division	Month 6 £000	Month 5 £000
High Needs Block (<i>High Needs funding supports provision for children and young people with special educational needs from their early years to age 25 and in addition the Alternative Provision</i>)		
A full system review has been undertaken to reconcile activity, funding, and expenditure. A project team and governance was put in place to identify opportunities and work streams to recover the financial position on the High Needs Block for the Local Authority and to support Special Schools with their financial planning and efficiency.		
The forecast overspend of £6.8m in 2018/19 is based on levels of expenditure coming into the new financial year and before mitigations and actions resulting from the High Needs Block Recovery Project. The forecast has increased by £429,000 from month 5. £90,000 of additional spend relates to spend on place/core funding where LBHF pupils have taken up places, over the actual commissioned places at one of our special schools for the current academic year. Review of prior year (16/17 and 17/18) placement costs, added £339,000 to the month 5 forecast. Analysis is being undertaken to explore the opportunities for expenditure reduction and income generation in 2018/19 and beyond.	6,829	6,400
Total of High Needs Block	6,829	6,400

Table 2 - Variance Analysis		
Departmental Division	Month 6 £000	Month 5 £000
Early Years Block (<i>Funding for Early Years including Two-Year-Old funding and Early Years Pupil Premium</i>)		
<p>There is an emerging pressure on the Early Years Block of the DSG in 2018/19 because of the commitment to protect funding to school nurseries. Maintained Nursery schools and primary school and academy nurseries are paid a budget share based on the 2016/17 baseline rather than being paid on a participation basis. The local authority receives funding on a participation basis only, hence the shortfall in funding. However, there has been a significant improvement on the forecast position from month 5 to 6, predominantly as a result of deploying an additional resource to undertake a detailed reconciliation of historic activity and payment data to model the trend on Early Years 15 and 30 hours uptake. The census data for the Autumn term has given further clarity as to the level of expenditure to be funded in 2018/19 and this has eliminated the further risk flagged in CRM 5. There is also a further possible mitigation in terms of maximising Early Years grant income by maximising the number of 30hr codes achieved for the January 2019 census.</p> <p>The precise pressure on the budget will be understood following October 2018 and January 2019 census which will determine final grant allocations.</p> <p>Opportunities to partially mitigate the likely pressure and risk are being modelled.</p>	350	800
Total of Early Years Block	350	800
Schools Block (<i>This budget of the DSG forms the core funding for mainstream maintained schools</i>)		
Nil variance forecast. The budget has been set for 2018/19 on available activity data.	0	0
Total of Schools Block	0	0
Central School Services Block (<i>Funding for the Local Authorities ongoing responsibilities</i>)		
£0.01m variance forecast.	(11)	0
Total of Central School Services Block	(11)	0

Table 2 - Variance Analysis		
Departmental Division	Month 6 £000	Month 5 £000
TOTAL VARIANCE	7,168	7,200

Table 3 - Key Risks - Detail Items Over £250,000		
Risk Description	Risk At Month 6 £000	Risk At Month 5 £000
<p>Early Years Dedicated Schools Grant Funded Expenditure 2018/19 Risk</p> <p>£0.35m of cost pressure is included in the month 6 forecast. The risk of £0.8m reported in CRM 5 has now been eliminated. Detailed work has shown that expenditure is expected to be contained within the £0.35m reported.</p>	0	800
<p>A key risk to High Needs is demand led growth and increasing numbers of Education & Health Care Plans and caseloads. The risk will be updated when data is available around the SEN cohort for the academic year starting September 2018.</p> <p>This risk is in addition to the £0.5m demand growth versus 2017/18 assumed in the forecast.</p>	600	600
<p>There has been a request from the CCG for an increased contribution to the Speech and Language Contract in 18/19, which, if agreed, could see a significant increase in the contract value per annum.</p>	330 - 500	330 - 500
2018/19 RISKS	930 - 1100	1730 - 1900
<p>Early Years Dedicated Schools Grant Funded Expenditure 2019/20 Risk</p> <p>There is an emerging risk for 2019/20 with respect to the Early Years National Funding Formula (NFF). A change in the NFF requires local authorities to passport funding via the Early Years Dedicated Schools Grant (EY DSG) to all providers based on a participation (activity model) with standard unit rates. This will have an adverse financial impact on the budgets of schools in LBHF who have benefitted from protected payments via lump sum payments until 2018/19. Private and voluntary nursery providers in the borough are likely to see a benefit from this change.</p> <p>Maintained Nursery Schools - risk of £0.75m is the full year effect of the EY DSG funding regulations in 2019/20. Children in Need (CIN) provision for under 3s is situated at one of the maintained nurseries and has been funded from</p>	750 (2019/20)	1,350 (2019/20)

Table 3 - Key Risks - Detail Items Over £250,000		
Risk Description	Risk At Month 6 £000	Risk At Month 5 £000
EY DSG to date. It is not clear if this expenditure can be funded by EY DSG in 2019/20 and clarification has been sought from DFE. Work is being undertaken to establish the cost of activities that may not be DSG funded and to ensure DSG funded Early Years provision is provided within the funding envelop. An announcement on EY DSG funding will be made in December and the risk will be reviewed in the light of further information available.		
2019/20 RISKS	750	1,350

**APPENDIX 2: CORPORATE SERVICES
BUDGET REVENUE MONITORING REPORT MONTH 6**

Table 1 - Variance by Departmental Division			
Departmental Division	Revised Budget	Variance Month 6	Variance Month 5
	£000	£000	£000
Human Resources	(412)	245	40
Executive Services	333	(241)	(312)
Communications	(41)	229	224
Project Management Office	529	(372)	0
TOTAL	409	(139)	(48)

Table 2 - Variance Analysis		
Departmental Division	Month 6 £000	Month 5 £000
COMMUNICATIONS		
Forecast overspend mainly as a result of underachievement of traded income within the print service. At this early stage, it is expected that activity will be in line with that incurred in 2017/18.	229	224
TOTAL COMMUNICATIONS	229	224
EXECUTIVE SERVICES		
Underspends are forecast on salaries across the division.	(241)	(312)
TOTAL EXECUTIVE SERVICES	(241)	(312)
HUMAN RESOURCES		
The movement from month 5 is as a result of disaggregating the costs of the Project Management Office (PMO).	245	40
TOTAL HUMAN RESOURCES	245	40
PROJECT MANAGEMENT OFFICE		
	(372)	0
TOTAL PROJECT MANAGEMENT OFFICE	(372)	0
TOTAL VARIANCE	(139)	(48)

Table 3 - Key Risks - Detail Items Over £250,000

Risk Description	Risk At Month 6 £000	Risk At Month 5 £000
None to report		
TOTAL RISKS MANAGED	0	0

Supplementary Monitoring Information
None to report

APPENDIX 3: FINANCE AND GOVERNANCE
BUDGET REVENUE MONITORING REPORT MONTH 6

Table 1 - Variance by Departmental Division			
Departmental Division	Revised Budget	Variance Month 6	Variance Month 5
	£000	£000	£000
Facilities Management and Building Control	403	27	73
Legal and Democratic Services	(76)	173	0
IT Services	539	253	253
Finance	1,969	0	0
Audit, Fraud and Insurance	(33)	0	0
TOTAL	2,803	453	326

Table 2 - Variance Analysis		
Departmental Division	Month 6 £000	Month 5 £000
FACILITIES MANAGEMENT AND BUILDING CONTROL		
Civic Accommodation: Unachievable savings of £75,000 on Ravenscourt Stores due to lack of vehicle access rights, £30,000 due delay to to the proposed saving for renting 181 King Street and an unachievable income of £9,000 on Bagley's Lane plus small underspends of £2,000 across the service.	112	99
Building Property Management (BPM) Business Support: Underspend in staffing costs due to a vacant post in the second half of the year.	(36)	(36)
Depot Recovery: Unachievable rent income - unable to recharge Amey.	10	10
Facilities Management: estimated £59k underspend as at month 6 against the budget of £139k because of lower than budgeted fixed contract fees.	(59)	0
TOTAL FACILITIES MANAGEMENT AND BUILDING CONTROL	27	73
IT SERVICES		
Additional external support costs for the Office 365 platform	122	122
Shared service staffing required to support the current IT service	126	126
Minor variance	5	5
TOTAL IT SERVICES	253	253
LEGAL AND DEMOCRATIC SERVICES		

Table 2 - Variance Analysis		
Departmental Division	Month 6 £000	Month 5 £000
<p>Coroners and Mortuary:</p> <p>Coroners - £48,000 net overspend because of increased coroners' expenses as a result of higher number of cases being dealt with (£90,000) and other miscellaneous supplies and services (£15,000). This is offset by increased income from other Boroughs (£26,000) and underspend for IT systems (£31,000). Funding for the service improvement plan are not included in this forecast and will be funded separately.</p> <p>Mortuary - £59,000 underspend due to increased income (£100k) because of the opportunity cost of the building after revaluation. The increase in income is offset by an overspend of £36,000 in salaries due to late recruitment of deputy coroner manager and £5,000 in supplies and services.</p>	(11)	0
<p>Legal Services: the service is forecasting an overspend of £142,000 on external income for the year and £42,000 overspend related to offsite storage and IT costs.</p> <p>External income received year to date is below the targeted level, especially with work related to conveyancing charges. However, it should be noted that forecast overspend on external income represents 4% of the total income target for the service (£3.31m forecast income compared to a £3.46m income target).</p> <p>Income from external conveyancing work is now charged out to clients at the solicitor rate per hour rather than the previous fixed fee of £400 per case. This income is now forecast to recover costs for the remainder of the year at an average of £19,000 per month. This would mean a forecast outturn of £162,000 against a target of £229,000.</p> <p>External property income is charged out only on completion of work. £200,000 worth of chargeable time has been completed up to end of September but only £141,000 income has been received from clients whilst the service awaits final completion. The forecast income for the year is now expected to be £400,000 against the £475,000 target.</p>	184	20
<p>Election Services: The service has received a 58% reduction in Central Government grant for Individual Electoral Registrations since 2015/16, whilst the costs of statutory services relating to contacting residents have been increased due to the growth in the borough profile.</p>	55	50
<p>Governance and Scrutiny: Underspends across the service mainly due to vacancies and a reduction in lease hire costs.</p>	(55)	(70)

Table 2 - Variance Analysis		
Departmental Division	Month 6 £000	Month 5 £000
TOTAL LEGAL AND DEMOCRATIC SERVICES	173	0
TOTAL FINANCE	0	0
TOTAL AUDIT, FRAUD AND INSURANCE	0	0
TOTAL VARIANCE	453	326

Table 3 - Key Risks - Detail Items Over £250,000		
Risk Description	Risk At Month 6 £000	Risk At Month 5 £000
TFM Contract - Unplanned costs arising from the termination of the shared service.	400	400
Lila Huset building - If rent arrears dispute not resolved and a new tenant not found.	450	450
Additional resource may be required to fund the Coroner's service to clear a backlog of cases. This has not been factored into the forecasts at this stage.	TBC	TBC
TOTAL RISKS MANAGED	850	850

Supplementary Monitoring Information
<p>Facilities Management and Building Control transferred over to Finance and Governance effective from the 9 July.</p> <p>In relation to Legal, a change in conveyancing billing has meant that cases which commenced before the change have been charged under the old billing rate rather than the newer rate. Legal Services are reviewing the conveyancing cases to ensure that billing is in line with time spent and enforcing a stricter billing process. New starters to the legal property team should also result in an increase in anticipated income.</p> <p>Finance and Governance is a support function. Trends used to inform expenditure forecasts include number of employees and their monthly cost, including those recruited via agencies, any other expenditure in prior periods and financial years and contract payments, including fixed and variable amounts. Trends used to inform income forecasts (mainly services recharged to other departments for legal, IT, property works etc) are demand related, examples include number of hours of case work, number of devices or log ins and property charges above the fixed contract level.</p>

APPENDIX 4: GROWTH AND PLACE
BUDGET REVENUE MONITORING REPORT MONTH 6

Table 1 - Variance by Departmental Division			
Departmental Division	Revised Budget	Variance Month 6	Variance Month 5
	£000	£000	£000
Housing Solutions	7,738	(542)	(518)
Housing Strategy & Growth	308	0	0
Economic Development, Skills Service	877	0	0
Planning	1,087	192	21
Finance & Resources	227	0	0
Programme Management	19	0	0
Property Services	87	0	0
Development & Regeneration	5	0	0
Building and Property Management	(605)	47	55
TOTAL	9,743	(303)	(442)

Table 2 - Variance Analysis		
Departmental Division	Month 6 £000	Month 5 £000
Housing Solutions		
There is a forecast increase in average client numbers (from a budget of 921 units to a forecast of 1,053 compared to 1,039 at CRM 5 and 1,043 at CRM 4) in Private Sector Leased (PSL) temporary accommodation schemes.	548	514
There is a forecast reduction in average client numbers (from a budget of 190 clients to a forecast of 129 compared to 152 at CRM5 and 159 at CRM 4) in Bed and Breakfast (B&B) temporary accommodation. It is expected that there will be an increase in the bad debt provision of £89,000 mostly driven by an increase in the number of former tenants as client numbers fall.	(280)	(222)
Flexible Homelessness Support Grant provided by Central Government to cushion the impact of the removal of the management fee for Temporary Accommodation (after allocating £207,600 to B&B, £2,253,400 to PSL and deducting an assumed £110,000 which we expect Registered Providers to claim to cover lost management fees). Government have stated the aim is to 'empower LAs with the freedom to support the full range of homelessness services they deliver' and plan their provisions with more certainty. It should be noted that so far this is only promised for 2018/19 (£3.38m) and 2019/20 (£2.81m) so there is a risk of significant budget pressure thereafter.	(810)	(810)
Total of Housing Solutions	(542)	(518)

Table 2 - Variance Analysis		
Departmental Division	Month 6 £000	Month 5 £000
Housing Strategy & Growth		
	0	0
Total of Housing Strategy & Growth	0	0
Economic Development and Skills Service		
	0	0
Total of Economic Development & Skills Service	0	0
Planning		
Development Management - The division is predicting an income shortfall of £590,000 partly due to a decision to transfer £270,000 of planning application fees to Planning Regeneration (see below). Also, a review of the forecast for pre-application fees has shown that the projected income this year is expected to be up to £320,000 below the budgeted income target. The additional overspend of £155,000 (£109,000 at CRM 5) relates to exceptional costs for Counsel, legal and other specialist advice on a number of specific applications. Other minor variances of (£6,000) relate to staffing costs.	739	83
Planning Regeneration -The division is predicting a number of minor staffing and running cost variances, which are offset by a favourable income variance of (£540,000). The additional income is in part due to a transfer of (£270,000) of planning application fees from Development Management. Also, a review of the forecast for planning application fees and planning performance advice fees indicates an increase in income over budget of (£270,000).	(495)	7
Policy - this relates to staffing vacancies arising from interim arrangements pending senior management recruitment.	(52)	(69)
Total of Planning	192	21
Finance & Resources		
Total of Finance & Resources	0	0
Programme Management		
Total of Programme Management	0	0
Property Services		
Total of Property Services	0	0

Table 2 - Variance Analysis		
Departmental Division	Month 6 £000	Month 5 £000
Development & Regeneration	0	0
Total of Development & Regeneration	0	0
Building and Property Management (BPM)		
Rent and Other Properties - unachievable rental income on Galena Road of £29,000, repairs and maintenance for Lyric Theatre of £10,000 and unachievable rental income at Pennard Road of £81,000.	120	121
Valuation Services - there are a number of forecast underspends on legal costs (£28,000), staffing recharges of (£38,000) and carbon reduction energy rebates (£10,000) offset by other minor overspends of £3,000.	(73)	(66)
Total of BPM	47	55
TOTAL VARIANCE	(303)	(442)

Table 3 - Key Risks - Detail Items Over £250,000		
Risk Description	Risk At Month 6 £000	Risk At Month 5 £000
Overall Benefit Cap	113	131
Direct Payments (Universal Credit)	87	102
There is a risk of a further increase in the number of households in Temporary Accommodation - based on an additional 100 households this year above the current forecast	326	380
Inflationary pressures on Temporary Accommodation landlord costs, based on an extra 1.5% rental inflation above the current forecast	135	158
There is a risk of large families being accommodated in B&B	129	151
Homelessness Reduction Bill - increase in households in temporary accommodation - extra 70 households this year above the current forecast	253	295
Several Economic Development schemes are awaiting formal approval to use Section 106 funds	871	1,098
Adult Learning & Skills Service - If the Adult Community Learning Centre (ACLC) is decanted from present site and no alternative site is confirmed, then total fees income shortfall could be £62,500 (£250,000 full academic year /12*3 months January to March)	62	146
Earmarked reserves have been utilised in recent years to accommodate the accumulated effect of annual reductions in grant funding for the Adult Learning & Skills service. A review	0	285

Table 3 - Key Risks - Detail Items Over £250,000		
Risk Description	Risk At Month 6 £000	Risk At Month 5 £000
of the risks for this year indicates that the earmarked reserve holds sufficient funds to contain costs.		
Affordable housing and regeneration projects - feasibility studies on General Fund land	450	450
There is a risk that the costs of current and future work in producing Supplementary Planning Documents will exceed the budgets and funding available	50	50
In recent years, the cost of judicial reviews and major planning appeals has been met from earmarked reserves but these funds are now exhausted and therefore, there is an ongoing risk of an overspend against the budget	300	590
Expenditure incurred on disposed assets cannot be met by disposal receipts and on properties not being sold	20	20
Lyric Theatre - Unfunded repairs and maintenance costs above the agreed cap of £50,000	100	100
TOTAL RISKS MANAGED	2,895	3,955

Supplementary Monitoring Information
<p>Long Term Trends:</p> <p>The Temporary Accommodation service faces a long-term trend of:</p> <ul style="list-style-type: none"> • rising rents • constraints on income collection because of Welfare Reform • increases in demand from homeless families. <p>The number of households in Temporary Accommodation is increasing annually (1,214 at April 16; 1,324 at April 17; 1,444 at April 18). The current number of households in Temporary Accommodation is 1,440 and this represents a rise of over 18% since April 2016 at a time when the London average has increased by only 5%. TA numbers are projected to increase to 1,559 at April 19; 1,674 at April 20 and 1,789 at April 21.</p> <p>Since the Homelessness Reduction Act came into effect in April 2018, there has been a significant increase in homelessness approaches and caseloads. 430 new Part 7 homeless applications were made between April 18 and September 18, an average of 72 per month. This compares to 193 for April 17 to September 17, an average per month of 32 and an average of only 27 per month in the last quarter of 2017/18. This is an increase of 123% when compared to the same period last year.</p> <p>The number of housing enquiries has also more than doubled (130% increase) when April to September 2018 are compared with the same period in 2017, with the average now being 224 approaches per month, compared with 99 per month for the same period last year. This covers unique visits to Assessment and Prevention for housing related advice and assistance, either in person, by phone or by email. It</p>

Supplementary Monitoring Information

includes instances where a homeless application is being made, as well as those where just advice was provided.

Another significant pressure on the service, is the new requirement within the Homelessness Reduction Act, to carry out individual Personal Housing Plans with each eligible person who is either homeless or threatened with homelessness. This is a completely new duty, so direct comparisons cannot be made with previous years. However, these more tailored plans, created around the unique requirements of each person are taking an average of 2 hours each. (This length of time is being reported across London). Even with a third of cases failing to engage (which again is comparable with other London authorities), this represents an increase of 4.3 hours of work per day.

The service is focussing on tightly managing its acceptance duty. Cost are being managed and the risk of further cost pressures is being monitored and managed closely as part of a package of measures within the Temporary Accommodation strategy.

The Flexible Homelessness Support Grant provided by Central Government is currently cushioning the Council from the impact of the removal of the management fee for Temporary Accommodation. This and other related government grants will diminish next year and potentially disappear from 2020/21 as Government has not confirmed allocations beyond next year. This could result in the loss of at least £4.2m and potentially up to £9.3m of grant between this year and 2021/22 and a worst-case scenario of £4m per year thereafter if no new grant allocations are confirmed. Cabinet approved an investment in private rented sector accommodation to reduce numbers in temporary accommodation, however assuming this mitigating procurement strategy is successful, there remains a risk of a net loss of income on the General Fund of at least £2.1m and potentially up to £7.2m over the same period.

Planning income in recent years has fluctuated between £3.5m (2016/17), £3.1m (2017/18) and is currently forecast to reach £3.7m in 2018/19. The forecast is being closely monitored and any variance from the income target will be reported here. The inherent volatility of planning income means it is difficult to predict future income expectations due to several factors including:

- Changes to the statutory charging schedule
- Economic factors such as the impact on planning activity of Brexit
- Changes in legislation e.g. permitted development rights, Planning Performance Agreement regulation
- Changes to pre-application charging fees and Planning Performance Agreement templates
- Local and wider market conditions
- Availability of development sites in the borough
- Developers by-passing the pre-application process as it is not compulsory
- Reduced developer confidence in the service through reduced staffing - may be less likely to fund Planning Performance Agreements
- Government schemes to encourage house building, including grant schemes
- Developers' responding to current and pipeline housing supply in borough (they

Supplementary Monitoring Information
don't want to flood the local market) • Adverse weather conditions

**APPENDIX 5: PUBLIC SERVICES REFORM
BUDGET REVENUE MONITORING REPORT MONTH 6**

Table 1 - Variance by Departmental Division			
Departmental Division	Revised Budget	Variance Month 6	Variance Month 5
	£000	£000	£000
Public Services Reform	2,810	4,658	4,658
TOTAL	2,810	4,658	4,658

Table 2 - Variance Analysis		
Departmental Division	Month 6 £000	Month 5 £000
Public Services Reform		
Underachievement on external sales. Discussions continue to take place regarding sale of products but at this stage it is prudent to exclude potential income from forecasts.	2,482	2,482
Family Support. £1m of this overspend relates to unachieved savings. The forecast is calculated assuming no contracts novate to the Family Support until 2018/19 and working capital payments of £310,000 each month until agreement of the contract sum. While there is the potential for the delivery of these savings to be passed over to Family Support it is highly unlikely that they will be able to deliver savings this financial year. An open book arrangement has been introduced	1,381	1,381
Advertising Hoardings. The adverse variance is mainly due to shortfall of income from profit sharing sites, and new sites that did not proceed.	646	646
Supporting People. £209,000 of 2018/19 savings target of £359,000 relating to Mental Health Contracts have been identified with a remaining shortfall.	150	150
TOTAL VARIANCE	4,658	4,658

Table 3 - Key Risks - Detail Items Over £250,000		
Risk Description	Risk At Month 6 £000	Risk At Month 5 £000

Table 3 - Key Risks - Detail Items Over £250,000		
Risk Description	Risk At Month 6 £000	Risk At Month 5 £000
Family Support - three contracts expire at the end of September, renewal of these budgets is not factored into the forecast. If the decision is taken to renew them at the current rate there is a risk the forecast will increase.	64	64
Contract management savings – reported as high risk against delivery in April. Therefore 50% of savings (£1,000k budget change 18/19) to be delivered reported as a risk. A plan has been received which details how this is to be achieved however no income or budget changes have been progressed at October.	500	500
Potential costs of legal challenge. Although the Council won the recent case there are 21 days for the judgement to be challenged. Therefore, the risk remains until this time has lapsed.	2,145	2,145
TOTAL RISKS MANAGED	2,645	2,645

Supplementary Monitoring Information
Much of the expenditure in PSR relates to contract payments or regular payments to third sector providers. Information used to forecast includes a schedule of commitments, contract documentation and any changes in demands for services. For income streams a pipeline of opportunities is used to forecast for commercial activity.
The advertising hoarding forecast is calculated on a site by site basis.

APPENDIX 6: RESIDENTS' SERVICES
BUDGET REVENUE MONITORING REPORT MONTH 6

Table 1 - Variance by Departmental Division			
Departmental Division	Revised Budget	Variance Month 6	Variance Month 5
	£000	£000	£000
Cleaner, Greener & Cultural Services	8,951	57	16
Transport and Highways	12,912	100	148
Leisure & Parks	4,395	21	52
Environmental Health, Community Safety & Emergency Planning	6,295	300	274
Other LBHF Commercial Services	(238)	240	240
Executive, Finance and Contingency	774	(81)	(29)
Building Control and Technical Support Services	1,207	155	107
Street Cleansing and Street Enforcement	11,969	92	57
Customer Services	14,548	794	794
Libraries	2,628	300	0
Prevent	25	0	0
TOTAL	63,466	1,978	1,659

Table 2 - Variance Analysis		
Departmental Division	Month 6 £000	Month 5 £000
Cleaner, Greener & Cultural Services		0
Salary budget pressure as 2% pay award being absorbed.	18	18
£341,000 underspend on waste disposal due to continuation of the reduced recycle processing rate. Forecast assumes tonnages in line with 2017/18, YTD tonnages same as last year, however income relating to 2017/18, paid this year has increased the underspend. £40,000 underspend in Commercial Waste mainly due to reduced waste disposal costs offset by anticipated income shortfall.	(359)	(381)
£100,000 commercial income for Parks and Markets Events not yet delivered.	90	90
£133,000 shortfall in Filming income as outturn is forecast in line with last year. Events £175,000 income shortfall made up by Hammersmith Town Hall Lettings £72,000 and £86,000 shortfall on funfairs (due to restrictions on using Shepherds Bush Green), £6,000 favourable variances on concessions in parks and £37,000 shortfall on miscellaneous income. £7,000 Security (Amey) underspend. Reduction in staff costs of £18,000 offset by spend on Boat race and Playday of £7,000, energy costs £4,000 overspend.	308	289

Table 2 - Variance Analysis		
Departmental Division	Month 6 £000	Month 5 £000
Total of Cleaner, Greener & Cultural Services	57	16
Transport & Highways		
Salary budget pressure as 2% pay award is funded by departmental budgets.	64	64
Metro Wireless WIFI income target not achieved.	73	73
Network Management FPN income. Rule changes following developments in case law mean that the FPN target cannot be achieved in full.	(9)	(13)
Network Management license income.	23	101
Forecast shortfall in recharges to projects. Additional projects may arise in year that will reduce this overspend.	162	112
General Maintenance: cheaper materials to be used in road repairs.	(100)	(100)
Land Survey underspend due to IT charges to TFL.	(40)	(40)
Streetlighting Energy: Ongoing reduction in energy use from LED replacement project.	(53)	(41)
Temporary Traffic Order surplus.	(25)	(25)
Other minor overspends.	5	17
Total of Transport & Highways	100	148
Leisure and Parks		
Increase in recharge to Wormwood Scrubs	(29)	(29)
Forecast legal and consultancy fees on new contract for Leisure Contracts	46	43
Ground Maintenance recharges to Housing improvement to forecast	(16)	0
Reduction to inspection fees due to delay in implementing programme	(10)	0
Forecast overspend on Grounds Maintenance and repairs	6	6
Forecast overspend on historic maintenance charges from Amey	42	0
Salaries net underspend	(38)	(14)
Additional water charges due to installation of meters	33	34
Higher forecast for Linford Christie energy costs	10	10
Additional cemeteries income	(13)	(13)
Additional parks income	(6)	(3)
Other overspends	(4)	18
Total of Leisure and Parks	21	52

Table 2 - Variance Analysis		
Departmental Division	Month 6 £000	Month 5 £000
Environmental Health, Community Safety & Emergency Planning		
Licensing & Trading Standards: Previously forecasting a £59,000 Licensing income shortfall, mostly due to £40,000 reduction in Olympia license fee (from £93,000 in 2016/17 to £53,000 in 2018/19), but other licensing income is also forecast to be £19,000 less than budget. Permanent virement funded by the Parking surplus has resolved this shortfall.	0	(11)
Private Housing & Health: underachievement of income in Additional & Selective HMO Licensing due to a lower than anticipated uptake of new licensing schemes introduced in June 2017. A recent change in legislation has reduced the forecast income shortfall as the definition of what constitutes an HMO subject to mandatory licensing changed from 1st October to include properties under three storeys, meaning more properties will now require a mandatory licence. However, there is a risk that income levels will be impacted by recent case law: LB Richmond vs Gaskin stipulated that LA's must only charge for the cost of processing the licence whereas the current fee includes the cost of setting up and maintaining the scheme as well as processing the application. LA's are seeking guidance from the DCLG but there is a risk that a revision of the fee structure will be necessary, impacting income.	112	0
Community Safety: £120,000 income shortfall (£100k deployable CCTV and £20k Professional Witnesses). Additional CCTV Income shortfall due to lower than anticipated uptake of this service (£24,000).	144	120
£156,000 overspend on Salary budget as 2% pay award funded by departmental budgets (£113,000), forecast overspend in Noise & Nuisance to ensure shifts are fully staffed, absences of permanent staff due to leave or illness shifts must be covered by agency staff (£34,000); Food Safety (£36,000) and other smaller net overspends, mostly long-term sickness cover in CCTV (£40,000). Offset by underspends in Parks Police (£20,000) and EH Management (£45,000) due to vacant posts, offset by £47,000 drawdown from reserves to cover overspend in Silver Rota and Civil Protection.	108	282

Table 2 - Variance Analysis		
Departmental Division	Month 6 £000	Month 5 £000
Additional income in Noise & Nuisance (£14,000) and Environmental Quality (£35,000) largely due to recharges for officer time to Thames Tideway and £23k Trading Standards for FPN's and management fees for work undertaken on behalf of London Trading Standards. Anticipated overachievement of Registrars income £40k.	(111)	(71)
Air Quality Monitoring work to be funded by S106.	(26)	(26)
Supplies and services overspend.	80	0
Other minor net underspends.	(7)	(20)
Total of Environmental Health, Community Safety & Emergency Planning	300	274
Other LBHF Commercial Services		
Forecast shortfall on CCTV ducting contract (£50k income v £290k income budget). New contact being negotiated likely to be in the region of £50k pa. Shortfall can be funded from one off departmental reserves this year if required.	240	240
Total of Other LBHF Commercial Services	240	240
Executive, Finance and Contingency		
Underspend having transferred heads of service to service budgets. However, new Director of Resident's Services post needs to be funded (notionally funded by Director of Environmental Health (EH) budget at present). When the backfill arrangements are put in place for the Director of EH the underspend will be required to part fund this post and additional funding identified.	(81)	(29)
Total of Executive, Finance and Contingency	(81)	(29)
Building Control and Technical Support Services		
Building Control: Shortfall on net income of £124,000 of which £14,000 relates to the 2% pay award funded by departmental budgets.	161	124
Technical Support: overspend on staffing costs of £26,000 of which £13,000 relates to pay award of 2% to be met from departmental budgets. This is offset by underspend in Supplies and Services of £8,000.	(6)	18
BPM Directorate Services: due to vacant post for the 2nd half year.	0	(35)

Table 2 - Variance Analysis		
Departmental Division	Month 6 £000	Month 5 £000
Total of Building Control and Technical Support Services	155	107
Street Cleansing and Street Enforcement		
Forecast underspend on street cleansing.	(14)	(3)
Forecast shortfall in income for fixed penalty notices as the Night Enforcement team has ceased to operate impacting on income levels.	(69)	(50)
Overspend on salaries because of overtime, establishment not covered by budget and 2% pay award not funded corporately.	28	44
Additional spend on smartbanks and bulky waste.	63	66
This forecast assumes partial delivery (£75,000) of the £159,000 saving to be achieved through a renegotiation of the waste contract but this remains high risk.	84	0
Total of Street Cleansing and Street Enforcement	92	57
Customer Services		
£706,000 overspend on staffing. £110k of this relates to the 2% pay award funded by departmental budgets, however the majority of this is due to a delay in delivery of savings (£481,000 target). This was intended to be delivered through robotic process automation plus other process efficiencies. Work is being undertaken in the service to deliver these by 2019/20.		
£93,000 budget required for AD post - a funding request for this can be progressed. £32,000 additional manager in H&F in touch.		
£40,000 in year pressure due to new Out of Hours contract (unit cost increased from £2.56 to £6.08 per telephone call).		
£48,000 other smaller pressures		
	794	794
Total of Customer Services	794	794
Libraries and Archives		
£300,000 overspend previously recognised as a risk at month 5. This relates to £200,000 underachievement of income targets including the non-market rent given to the Law Centre. Additionally, it reflects the impact of income streams taking longer than expected to develop. The forecast overspend also relates to delays due to the reshaping of the SmartOpen programme (£100k).		
	300	0
Total of Libraries and Archives	300	0

Table 2 - Variance Analysis		
Departmental Division	Month 6 £000	Month 5 £000
Prevent		
	0	0
Total of Prevent	0	0
TOTAL VARIANCE	1,978	1,659

Table 3 - Key Risks - Detail Items Over £250,000		
Risk Description	Risk At Month 6 £000	Risk At Month 5 £000
Loss of nationality checking income in registrar's service	TBA	TBA
Registrars forward bookings affected by HTH redevelopment	TBA	TBA
Serco saving assumed by Ernst & Young may not be achieved	TBA	TBA
Contact Channel Improvement savings not achieved	TBA	TBA
Commercial opportunities in libraries - potential risk that income targets will not be achieved (now included in forecast)	0	TBA
Smart Open libraries - potential risk that savings will not be achieved due to delays in implementation (now included in forecast)	0	TBA
TOTAL RISKS MANAGED	0	0

Supplementary Monitoring Information
<p>Taken together with Parking (in Appendix 6a) the overall variance in Residents Services is £956,000 adverse. The biggest financial pressure in this report is the £794,000 adverse position in Customer Services.</p> <p>The transfer of this service into Residents Services this year and the arrival of a new assistant director has led to a full review of the finances of this service. The service is working on the delivery of 2018.19 savings, but it will take longer than this year.</p> <p>Residents Services must find £482,000 of pay awards in 18/19 and it is managing to do that in most areas except Customer Services.</p> <p>One of the mitigations is that the £956,000 total adverse variance can be brought down to £716,000 adverse with the use of the reserve for the duct asset concession.</p> <p>Residents Services will look at the feasibility of bringing forward savings ideas from 2019/20 to help balance the budget in 2018/19.</p>

APPENDIX 6a: CONTROLLED PARKING ACCOUNT
BUDGET REVENUE MONITORING REPORT MONTH 6

Table 1 - Variance by Departmental Division			
Departmental Division	Revised Budget	Variance Month 6	Variance Month 5
	£000	£000	£000
Controlled parking income	(37,144)	(776)	(653)
Controlled Parking Account expenditure	13,813	(246)	(246)
TOTAL	(23,331)	(1,022)	(899)

Table 2 - Variance Analysis			
Departmental Division	Month 6	Month 5	
	£000	£000	
Parking Control			
Income			
Pay and display income overachievement	(1,384)	(1,200)	
Permits income overachievement	(92)	(206)	
Parking PCN income overachievement	(319)	(304)	
Towaways income achievement	(14)	(18)	
Suspensions income underachievement	1,033	1,100	
Expenditure			
Offset by an underspend of £241,000 on supplies and services primarily due to reduction in cost as result of completion rollout of cashless parking: reduction in cash collection and maintenance cost.	(241)	(219)	
Salary underspend	(117)	(164)	
Salary overspend due to unfunded pay award	112	112	
Total Variance Parking Control	(1,022)	(899)	

Table 3 - Key Risks - Detail Items Over £250,000		
Risk Description	Risk At Month 6	Risk At Month 5
	£000	£000
None to report		
TOTAL RISKS MANAGED	0	0

Supplementary Monitoring Information
Parking is managing to absorb the £112,000 cost of the 18/19 pay award. The adverse variance on parking suspensions suggests that general economic conditions in the borough are not as good as they were two or three years ago.

APPENDIX 7: SOCIAL CARE
BUDGET REVENUE MONITORING REPORT MONTH 6

Table 1 - Variance by Departmental Division			
Departmental Division	Revised Budget	Variance Month 6	Variance Month 5
	£000	£000	£000
Care and Assessment	22,434	(357)	(103)
Learning Disability	11,847	466	456
Mental Health	6,642	372	339
In-House Services	2,869	222	222
Community Independence & Hospital Service	1,578	0	0
Resources	5,953	0	0
Directorate & Support Service	572	0	0
2% pay-award increased Impact on service budgets and other staffing cost pressures.	0	389	205
Commissioning	100	140	140
Total	51,995	1,232	1,260

Table 2 - Variance Analysis		
Departmental Division	Month 6 £000	Month 5 £000
Care and Assessment		
Like the previous year, there are continued service pressures in social care resulting from the need to discharge a high volume of people from hospital at a much earlier stage. This continues to lead to a significant cost pressures particularly in-home care. The main reasons for the increase in the underspend in Care & Assessment of (£255,000) is due to the tighter managerial controls and the focus of supporting residents at home rather in residential care.	(357)	(103)
Total of Care and Assessment	(357)	(103)
Learning Disability		
The overspend is mainly due to full year effect of Placements and Direct Payments which started at the end of last year. Since last month the forecast has slightly changed due to increased costs following one package of service reviews. The service aims to reduce this overspend through planned managerial actions.	466	456
Total of Learning Disability	466	456
Mental Health		

Table 2 - Variance Analysis		
Departmental Division	Month 6 £000	Month 5 £000
Mental Health is projecting overspend due to an increase of 7 placements since April 2018. Since last month the reassessment of care needs has resulted in the additional costs.	372	339
Total of Mental Health	372	339
In-House Services		
Careline provides but is not funded to provide a 24-hour service. This continued overspend will have to be met by reductions elsewhere in the service and review of the options will be presented to the Lead Cabinet Member.	222	222
Total of In-House Services	222	222
Commissioning		
There is an overspend of £140,000 in the safeguarding services due to increase in the demand for Independent Mental Capacity Assessments and an increase in the contract in addition to increased safeguarding assessments.	140	140
Total of Commissioning	140	140
2% Pay-Award Impact and other Staffing Cost		
This projected overspend due to 2% pay award increase in costs and following an in-year post level costing exercise other staffing pressures. This was initially advised during the moving on costing work and the service was asked to review in year.	389	205
Total 2% Pay-Award Impact and other Staffing Cost	389	205
TOTAL VARIANCE	1,232	1,260

Table 3 - Key Risks - Detail Items Over £250,000		
Risk Description	Risk At Month 6£000	Risk At Month 5£000
Estimated costs relating to Learning Disability service users transitioning from Children Services to Adult Social Care.	316	264
Year on year savings from Transformation Commissioning Programme are increasingly difficult to deliver and the department is concerned given the overall budgetary position.	900	900
TOTAL RISKS MANAGED	1,216	1,164

Supplementary Monitoring Information
The Department continues to experience significant budget pressures. The Department is projecting a gross overspend of £1,232,000 as at the end of

Supplementary Monitoring Information

September (period 6), a decrease of (£28,000) since the end of August (period 5) forecast. This is mainly due to continue tight managerial control action. These pressures are mainly as a result of the full year implications of increases in care packages due to the greater acuity of need in the service from 2017/18.

The Department is proposing the drawdown of the ASC transformation reserve to fund part of the 2% pay-award and other staffing cost overspend of £389,000.

Historically, the Department's budget has had underlying budget pressures, which were partly mitigated in year by using a combination of management actions to control the budget, one off reserves and from last year with the Improved Better Care Funding. At this stage of the year, the department is highlighting a maximum risk of £1.216m due potential additional transitional service users and difficulty of some in year savings at risk of non delivery.

The Government recently announced additional Winter pressure funding for 2018/19 intended to prevent unnecessary emergency admissions and enable patients to leave hospitals when medically fit and for LA's to be able to invest in social care packages, reablement & adaptations to people's homes. The departments allocation is £918,381 and planning has commenced for the winter period.

Trend Data

Placements

	Number of Clients	Unit Costs				
April 2017	472	£862.51				
March 2018	500	£895.57				
Latest 2018	518	£916.50				

There were 28 new placements in 2017/18 which creates an increase in forecast of over £600K if we assume all clients are in placement for half the year. The weekly cost of placements has increased by £20.93 per week. However, there has been the 18 placements increase in clients over a 6-month period in 2018/19.

Home Care

	0-7hrs p/w	7-14hrs p/w	14-28hrs p/w	28+hrs p/w	Total	
April 2017	515	372	330	125	1342	
March 2018	489	347	317	155	1308	
Latest 2018	518	369	332	159	1378	

Home Care activity breakdown by Service users age range

April 2017		18-64	65-74	75-84	85+	Total
0-7hrs p/w		145	94	156	120	515

Supplementary Monitoring Information						
7-14hrs p/w		86	59	128	99	372
14-28 hrs p/w		62	44	104	120	330
28+ hrs p/w		15	13	41	56	125
Total		308	210	429	395	1342
March 2018						
		18-94	65-74	75-84	85+	Total
0-7hrs p/w		130	82	150	127	489
7-14hrs p/w		74	58	108	107	347
14-28 hrs p/w		68	50	87	112	317
28+ hrs p/w		23	21	52	59	155
Total		295	211	397	405	1308
Latest 2018						
		18-64	65-74	75-84	85+	Total
0-7hrs p/w		147	86	155	130	518
7-14hrs p/w		81	59	116	113	369
14-28 hrs p/w		67	53	95	117	332
28+ hrs p/w		25	23	47	64	159
Total		320	221	413	424	1378
The above tables show increasing/more complex needs in Home care customers, demonstrated by the increase in 34 cases of 28hrs+ per week, despite the slight drop in client numbers towards the end of 17/18 FY. This might be explained by some Home Care customers who are discharged from Hospital straight back into the community and increasing number of 85+ living at home.						
Direct Payments activity breakdown by Service users' age range.						
	18-64	65-74	Age 75-84	Age 85+	Number of Clients	Average Weekly Cost
March 2018	256	63	75	77	471	£322.00
Latest 2018	246	63	72	73	454	£350.00
There has been a drop in client numbers since the beginning of 2017/18 however the increasing weekly cost implies that clients' needs have been increasing leading to higher care packages.						
<u>Assumptions</u>						

Supplementary Monitoring Information
1. Projections based on client numbers on Mosaic as at the end of September 2018 (assumes Mosaic data is up to date and correct).
2. Assumes no increase in clients in 2018/19 therefore we only forecast based on live clients on Mosaic. This is a riskier approach than in previous years when clients not in Mosaic were factored into the forecast.
3. LD Transitions for 18/19 have been calculated but are not included in the forecast until Care Package is reflected in Mosaic.

APPENDIX 8: CENTRALLY MANAGED BUDGETS
BUDGET REVENUE MONITORING REPORT MONTH 6

Table 1 - Variance by Departmental Division			
Departmental Division	Revised Budget	Forecast Variance Month 6	Forecast Variance Month 5
	£000	£000	£000
Corporate & Democratic Core	3,708	120	120
Housing Benefits	-328	0	0
Levies	1,570	(40)	(40)
Net Cost of Borrowing	282	0	0
Other Corp Items	6,174	(300)	(180)
Pensions & redundancy	9,048	(160)	(160)
TOTAL	20,454	(380)	(260)
Adjustment for limiting use of the unallocated contingency to 50% and not distributing the contingency held for the 2018/19 pay award		(2,625)	(2,625)
Revised Variance	20,454	(3,005)	(2,885)

Table 2 - Variance Analysis		
Departmental Division	Month 6 £000	Month 5 £000
Corporate & Democratic Core		
Forecast overspend on net Shared Accommodation costs after factoring in the changed accommodation profile post Moving On.	120	120
Corporate & Democratic Core Total	120	120
Housing Benefits		
	0	0
Housing Benefits Total	0	0
Levies		
Corporately funded Levies are forecast to be £40,000 under budget.	(40)	(40)
Levies Total	(40)	(40)
Net Cost of Borrowing		
	0	0
Net Cost of Borrowing Total	0	0
Other Corporate Items		

Table 2 - Variance Analysis		
Departmental Division	Month 6 £000	Month 5 £000
Mid-year analysis of Land Charge income indicates a potential under achievement of income.	200	150
A contingency budget was held for the impact of Pensions auto enrolment. Analysis of employers' pension contribution indicate there has been no change in the cost of employee contributions in relation to total salaries post implementation so the impact appears to be minimal.	(250)	(250)
The NNDR charging schedule has been received and an underspend is forecast for this area.	(250)	(80)
Other Corporate Items Total	(300)	(180)
Pensions & redundancy		
Corporately funded pension costs from historic redundancy decisions are forecast to be under budget.	(160)	(160)
Pensions & redundancy Total	(160)	(160)
TOTAL VARIANCE	(380)	(260)

Table 3 - Key Risks - Detail Items Over £250,000		
Risk Description	Risk At Month 6 £000	Risk At Month 5 £000
Because of 'moving on' the shared accommodation budget pressure has reduced. However, the costs for 2018/19 have still to be calculated and negotiated with RBKC so there is a risk that these costs may be higher than forecast.	300	300
TOTAL RISKS MANAGED	300	300

Supplementary Monitoring Information
£0.8m of the Unallocated Contingency remains uncommitted after allowing for existing commitments and applying £0.85m of the budget to cover the council wide forecast overspend.

APPENDIX 9: HOUSING REVENUE ACCOUNT
BUDGET REVENUE MONITORING REPORT MONTH 6

Table 1 - Variance by Departmental Division			
Departmental Division	Revised Budget	Forecast Variance Month 6	Forecast Variance Month 5
	£000	£000	£000
Housing Income	(74,523)	(192)	92
Finance and Resources	7,934	8	(75)
Housing Services	10,997	0	0
Property Services	2,932	0	0
Housing Repairs	14,820	477	477
Housing Solutions	217	0	0
Housing Strategy	297	0	0
Adult Social Care	48	0	0
Regeneration	362	0	0
Safer Neighbourhoods	622	0	0
Capital Charges	25,356	(297)	(297)
Business & Programme Management	1,825	7	0
SLA recharges	6,385	0	0
Revenue Contribution to Capital	4,563	(4,563)	(4,563)
(Contribution to) / Appropriation from HRA General Reserve	1,835	(4,560)	(4,366)

Table 2 - Variance Analysis		
Departmental Division	Month 6 £000	Month 5 £000
Property Services		
Fire Safety Expenditure - this additional revenue expenditure on fire safety, for which information provided at the time of the budget did not indicate this level of revenue costs for the fire safety projects is now being funded from the earmarked Fire Safety Plus reserve.	0	0
Property Services core costs - no variance is currently anticipated.	0	0
Total: Property Services	0	0
The out of scope element of the repairs contract with MITIE is predicted to overspend by £581,000. This is due mainly to an increase in the identification by MITIE of the number of chargeable jobs, increases in void costs and increases in the number of disrepair cases. Of this, it is estimated that (£104,000) will be recoverable from insurance and this will be confirmed by the loss adjustors in the coming months.	477	477

Table 2 - Variance Analysis		
Departmental Division	Month 6 £000	Month 5 £000
Total: Housing Repairs	477	477
Housing Income		
This relates mainly to favourable variances on income from commercial property of (£198,000), an improvement from last months (£65,000) favourable variance, mainly due to backdated invoicing and income from property at Pennard Road previously expected in the General Fund, Estate Pay & Park income (£40,000) (£16,000 last month) and income from dwelling rents and charges of (£125,000).		
This is offset by a forecast shortfall in rental income from garages of £136,000 (last month £138,000) due to slippage in appointing a garages refurbishment contractor. At the time the budget was produced, the contractor was expected to be in place by mid-February 2018, however no competitive tenders were received. The work has been retendered and the contractor is now on site and is expected to refurbish up to ten garages per month. The forecast will be updated as new lettings are agreed from the first week of November. In addition, there is an anticipated shortfall on income from advertising hoardings of £35,000.	(192)	92
Total: Housing Income	(192)	92
Housing Services		
	0	0
Total: Housing Services	0	0
Finance & Resources		
There is a forecast underspend on staffing costs within the Finance team of (£75,000) primarily due to delays in recruitment to vacant permanent positions which are now filled. This underspend is off-set by the loss of cross departmental recharge income of £83,000 following the decanting of Fulham North Housing Office.	8	(75)
Total: Finance and Resources	8	(75)
Safer Neighbourhood		
	0	0
Total: Safer Neighbourhood	0	0
Adult Social Care		
	0	0

Table 2 - Variance Analysis		
Departmental Division	Month 6 £000	Month 5 £000
Total: Adult Social Care	0	0
Housing Solutions		
	0	0
Total: Housing Solutions	0	0
Housing Strategy		
	0	0
Total: Housing Strategy	0	0
Regeneration		
	0	0
Total: Regeneration	0	0
Capital Charges		
The charge for depreciation this year is expected to be lower than budgeted. This follows the annual revaluation of the Council's homes which has been updated based on the value as at 31st March 2018 and this has resulted in a change from the budgeted figure approved by Cabinet in February 2018.	(297)	(297)
Total: Capital Charges	(297)	(297)
Revenue Contribution to Capital		
A revenue contribution to capital (budgeted at £4,563,000) is not expected to be necessary this year due to a low level of spend within the HRA capital programme. This is mainly due to many schemes being in the planning phase with a degree of uncertainty and compliance checks needed in the planned programme. This mainly relates to major and minor refurbishment works and to the Fire Safety Plus programme.	(4,563)	(4,563)
Total: Revenue Contribution to Capital	(4,563)	(4,563)
SLA Recharges		
	0	0
Total: SLA Recharges	0	0
Business and Programme Management		
A forecast overspend on staffing costs of £121,000 due to unbudgeted recruitment required for operational delivery purposes is currently offset by other staffing underspends	7	0

Table 2 - Variance Analysis		
Departmental Division	Month 6 £000	Month 5 £000
(£114,000), resulting from existing vacancies within the systems and performance improvement teams.		
Total: Business and Programme Management	7	0
TOTAL VARIANCE	(4,560)	(4,366)

Table 3 - Key Risks - Detail Items Over £250,000		
Risk Description	Risk At Month 6 £000	Risk At Month 5 £000
Additional Fire Safety Costs - following the fire at the Grenfell housing tower block in Kensington and Chelsea, the Council has put in place the Fire Safety Plus Programme to make fire safety improvements to the housing stock above and beyond the current legal minimum standards. There remains a risk that more work may be needed following the outcome of the Grenfell Public Enquiry.	unknown	unknown
The implementation of the Hampshire Integrated Business Centre systems and its impact on service delivery - most notably in terms of risks to income collection, arrears management and the associated bad debt risk, financial and management reporting, systems assurance and reconciliation reporting, the time taken to resolve payment issues, the opportunity cost of officer time in managing issues arising and other factors.	unknown	unknown
MITIE Out of Scope - A review of revenue repair costs and volumes on the out of scope element of the MITIE repairs and maintenance contract indicate that there remains a risk of a further overspend this year. Officers are reviewing the position monthly in detail.	TBC	TBC
The impact of the Growth & Place restructure: The net impact of the restructure most notably additional resource requirement in the Property Services team and the further roll out of the concierge service. Finance Officers are working closely with the project team costing the emerging proposals.	unknown	unknown
TOTAL RISKS MANAGED	Not Quantified	Not Quantified

Supplementary Monitoring Information
Repairs and Maintenance:

Supplementary Monitoring Information

Officers are closely scrutinising these costs to mitigate against these increases and bring costs back within budget for this year and for future years. Actions already being implemented include additional resourcing to check jobs and costs for MITIE OOS works.

Debt servicing (interest) costs have steadily been managed downwards in recent years as maturing debt is repaid to the Public Works Loan Board and refinanced by internal borrowing. Interest payments made have fallen from £10.5m (2015/16), £9.7m (2016/17) and £8.9m (2017/18) to £8.7m this year. The interest rate applicable to the remaining debt has also fallen from an average of 5.34% (2015/16) to 4.74% (2018/19) as the Council has repaid the highest interest-bearing loans as they mature.

Debt servicing costs are currently expected to be £8.4m for 2019/20 and £7.8m in 2020/21 (assuming continued access to the Earls Court funds for internal borrowing). No significant reductions in the loan servicing costs for existing debt are expected after 2020/21 as the bulk of high interest rate loans will be repaid (historically the Council has borrowed on fixed rate terms with the loans becoming repayable upon maturity).

The Housing Revenue Account business plan currently assumes debt repayments of £3.8m (8.875% interest rate) in 2018/19, £8.0m (average rate 6.9%) in 2019/20 and £9.5m (4.04% interest rate) in 2020/21 and that these loans are replaced by internal borrowing from housing funds, therefore not attracting any interest charge in the accounts. If Council successfully negotiates an exit from the Earls Court agreement then this internal borrowing from housing funds would need to be replaced by interest bearing borrowing from existing General Fund cash and / or additional PWLB borrowing, the impact of which would be substantially offset as a result of no longer having to take out additional borrowing to deliver vacant possession of the estates.

It will be important to fully understand the Council's overall long term cashflow forecasts to enable the treasury management decisions required especially in the context of other large projects such as West King Street Regeneration.

Council Homes voids: the number of void dwellings not available for rent has increased from 110 (April 2017), to 140 (April 2018) and seems to have stabilised around 160 since June. The void rate has historically been low (0.84% in 2016/17 and 0.98% in 2017/18) but increased recently to 1.3% largely due to a deterioration in the works turnaround time which is controlled by MITIE. The contracted works turnaround time is 10 days but although current performance had improved by 5 days between May and June 2018, it has now deteriorated as the figures for August show that works are taking 38 days to complete. Officers continue to implement the service improvement plan with MITIE, with MITIE having brought in a new voids manager, and this is expected to bring the works turnaround time down to 20 days in the coming months. Although the current budget for voids allows for this level of voids (1.3%), if the reduction in void days does not continue, this will result in an overspend.

Supplementary Monitoring Information

Commercial income: the income generated has increased since 2016/17 from £1.15m to £1.46m in 17/18 and is expected to increase to £1.67m this year. In part, this is due to windfall income from Pennard Road which has been identified as an HRA property (£85,000) and some windfall income due to delayed invoicing (£35,000). The improvement is also because of better management by the Council and GVA Grimley in achieving tenancies and minimising voids. GVA Grimley have been managing the Council's commercial properties since May 2015.

Garages income: the income generated has been increasing steadily in the last few years because of improvements in the management of the garages portfolio (£0.95m in 2016/17; £1.02m in 2017/18). The void rate has improved also, falling from 35% in 2016/17, to 27% in 2017/18, to 21% for the year to date. Garages income is forecast to reach £1.05m this year though that will be a shortfall against budget of £136k. As the garages refurbishment programme is progressed, this variance is expected to be eliminated in future years and the expected garages void rate by 2021/22 is 2.4%.

APPENDIX 10 - VIREMENT REQUEST FORM
BUDGET REVENUE MONITORING REPORT – MONTH 6

Details of Virement	Amount (£000)	Department
GENERAL FUND:		
Contribution towards 2% pay-award impact and other Staffing cost overspends. This is from a departmental earmarked reserve and is assumed within existing commitments.	278	Social Care
	(278)	Social Care Reserves
Total of Requested Virements (Debits)	278	
HRA:	0	
Total of Requested Virements (Debits)	278	

Agenda Item 7

London Borough of Hammersmith & Fulham		 hammersmith & fulham
CABINET 14 JANUARY 2019		
COUNCIL TAX SUPPORT SCHEME 2019/20		
Report of the Cabinet Member for Finance and Commercial Services – Councillor Max Schmid		
Open Report		
Classification: For decision		
Key Decision: Yes		
Consultation: Public (CitizenSpace & Council's website)		
Wards Affected: All		
Accountable Director: Karen Sullivan – Assistant Director, Resident Services		
Report Author: Hugh Foster Assessment Manager, Resident Services	Contact Details: Tel: 020 8753 4737 E-mail: hugh.foster@lbhf.gov.uk	

1. EXECUTIVE SUMMARY

- 1.1. Since 2013, the council has been required to set its own scheme on how it wants to help those on low income pay their council tax.
- 1.2. Despite a cut in funding, the council has always wanted to ensure that residents are no worse off than they would have been had the original council tax benefit regulations stayed in place. This is contrary to many authorities who have decided to levy a charge against their poorest residents.
- 1.3. The funding was originally based on what the Council paid in council tax benefit less 10%. However, now, the funding forms part of the Revenue Support Grant allocation received at the Local Government Finance Settlement (LGFS).

- 1.4. This report recommends that we continue to operate the scheme as much as possible as though the previous regulations were in place.
- 1.5. Since our scheme was first introduced, Universal Credit has been introduced and there have been changes to the housing benefit scheme which have meant that in previous years, the council have agreed minor changes.
- 1.6. This year, we propose the following changes:

Adding a threshold of £5 pw to the notifications received from the Department of Works and Pensions that advise the Council of changes to Universal Credit. This means, if the DWP advise the Council that a claimant's Universal Credit has changed by less than £5.00pw, the Council will not take action (See appendix 1).

Where a council tax support claim has stopped due to level of Universal Credit and associated income, that claim would remain valid from the date that Council Tax Support has stopped for a six-month period. This mirrors Universal Credit regulations.

Where a claimant is entitled to Housing Benefit and notifies us of a wish to claim Council Tax Support, we will assess Council Tax Support without the need for a claim form. This will be assessed from the date of request, either by email, telephone or letter.

- 1.7. Agreement for the new scheme must be approved by full council before 31st January 2019.

2. RECOMMENDATIONS

- 2.1. That the Council agrees the changes to the Council Tax Scheme for 2019/20 as set out in this report.

3. REASONS FOR DECISION

- 3.1. We are proposing changes on how to assess notifications from the Department of Works and Pensions (DWP) to make the scheme more efficient. As more claimants move on to Universal Credit, this is becoming harder for the Council to assess in a timely manner and would need to dedicate more resources to this.
- 3.2. By ignoring the small changes in council tax support, the Council will be able to cope better with the amount of this work received. It will also provide more stability for council tax support claims affected by this as entitlement will not be changing on a weekly basis.

3.2 PROPOSAL AND ISSUES

Introduction and Background

- 3.3. The Local Government Finance Act 2012 abolished council tax benefit and gave local authorities new powers to assist residents on low incomes with help paying their council tax.
- 3.4. The Act does impose some conditions on local authorities in that pensioners must be protected (so that no pensioner is worse off) and people in work must be supported, but this aside, the authority can develop a scheme as it sees fit.
- 3.5. The funding for the scheme was originally based on what the authority used to spend in council tax benefit less 10%. However, the funding for council tax support is now included in the Revenue Support Grant which has, and will, continue to be subject to further cuts. It is up to the authority to decide how to deal with this potential loss of income.
- 3.6. The schemes must last at least a year. It is proposed that this scheme runs for one year for the period April 2019 to March 2020.

Universal Credit

- 3.7. Since Council Tax Support was introduced, it has been the council's intention to maintain a scheme that reflects the previous council tax benefit scheme as much as possible so that no one in the authority is worse off. However, it has also been the intention to reflect the benefit regulations that are prescribed for those that are of pension age and those on housing benefits. This means incorporating any changes in those schemes into the Council's CTS scheme.
- 3.8. When the scheme was first defined, Universal Credit was not in existence. The way that residents on Universal Credit are assessed was agreed in the 2016/17 scheme. There are no proposed any changes to this assessment.

Cost of the scheme

- 3.9. In general, our caseload is dropping, meaning Council Tax Support scheme is costing us less. However, the grant support from central government is also falling.
- 3.10. See financial implications for cost of scheme.

4. OPTIONS AND ANALYSIS OF OPTIONS

- 4.1. Across London, the main option for authorities who wish to raise additional revenue through the council tax support scheme is to charge everyone a proportion of council tax – including those on passported benefits such as income support.
- 4.2. On average, where authorities outside of Hammersmith and Fulham have chosen this option, those on maximum benefit pay about 20% of their council tax liability.
- 4.3. The Council would be seeking repayment from the poorest in society, many of whom have already seen reductions in their income through other welfare reform changes.

- 4.4. The Council has decided to forgo any additional revenue that would be generated in all residents having to pay some council tax by instead having a fairer system based on old benefit rates and income tapers.

5. CONSULTATION

- 5.1. The Council has a duty to consult with affected parties regarding the scheme. The consultation has been minimal because we have not substantially changed the scheme. (This approach has been previously endorsed by GLA).
- 5.2. This year, we consulted with residents from the 30th August 2018 to 31st October 2018.
- 5.3. Like all other years, the consultation was through CitizenSpace. The consultation, via its URL, was also moved on to the council tax support home page on the Council's website.
- 5.4. The Council has received only 1 response this year, as was the case last year (see Appendix 2).

6. EQUALITY IMPLICATIONS

- 6.1. An EIA has been attached at Appendix 3.
- 6.2. There will be no groups that will be adversely affected by the proposals made.
- 6.3. Implications completed by Peter Smith, Head of Policy & Strategy, tel. 020 8753 2206.

7. LEGAL IMPLICATIONS

- 7.1. The Council is required, each financial year, to consider whether to revise its Scheme or to replace it with another. The Council must make this decision no later than 31 January in the financial year preceding when the Scheme is to take effect.
- 7.2. The Council has a statutory duty to set the Council Tax each year and this report is part of this process. The Council can only vary or set Council Tax discounts or higher amounts as legally empowered to do so. The relevant regulations and legislation are the Local Government Finance Act 1992, the Local Authorities (Calculation of Council Tax Base) Regulations 2012, and the Council Tax (Prescribed Classes of Dwellings) (England) Regulations 2003. The Council Tax base has been calculated in accordance with the relevant Acts and regulations.

Implications completed by: Rhian Davies, Assistant Director of Legal and Democratic Services, tel. 020 8753 2790.

8. FINANCIAL IMPLICATIONS

- 8.1. The council tax support scheme operates by offering a discount to residents who need help paying their council tax. The cost of the scheme is shared between Hammersmith and Fulham and the Greater London Authority based on their respective council tax charges. The Hammersmith and Fulham share of the scheme cost was £8.1m in 2018/19 and is estimated to be £7.9m in 2019/20. This reduction reflects a lower expected caseload. The cost of the scheme is treated as a council tax discount and is reflected in the council tax base calculation.
- 8.2. Funding for the council tax support scheme was originally provided through Revenue Support Grant (RSG) from the Government. Government grant funding has reduced from £160m in 2010/11 to £90m by the end of 2018/19, a reduction of £70m (54% real terms and 43% cash). In addition, a further £8.6m reduction is expected by 2019/20.
- 8.3. Implications completed by: Will Stevens, Finance Business Partner, tel: 020 8753 6654.
- 8.4. Implications verified by Emily Hill, Assistant Director, Corporate Finance, tel. 020 8753 3145.

9. IMPLICATIONS FOR LOCAL BUSINESS

- 9.1 The scheme is not anticipated to have any negative impact on local businesses.
- 9.2 Implications verified/completed by Alben Karameros, Economic Development Team, tel. 020 7938 8583.

10. COMMERCIAL IMPLICATIONS

- 10.1 Details of any impact of the proposals in the report for procurement and contract management/revenue.
- 10.2 Implications verified/completed by Simon Davis, Assistant Director Commercial Management, tel. 0208 753 7181, tel. 07920 503651.

11 IT IMPLICATIONS

- 11.1 There are no IT Implications resulting from the proposal in this report.
- 11.2 Implications verified/completed by Karen Barry, Strategic Relationship Manager, tel. 020 8753 3481.

12 RISK MANAGEMENT

Local Authorities have received significant cuts to Budgets imposed on them by national Government, in addition the Government's Universal Credit

Scheme has posed challenges to the poorest and most vulnerable in society. Council tax benefit (CTB) was a UK-wide benefit that provided support for council tax to low-income families. This was abolished in April 2013 and local authorities in England were charged with designing their own council tax support (CTS) schemes in its place. Although these must maintain support for pensioners at its previous level, local authorities have wide discretion to design their own schemes for working-age families. The Council's scheme contributes positively to our Residents, meeting their needs and expectations, also contributing to our Council Values most specifically being a compassionate Council so the most vulnerable among us are looked after.

- 12.1 Implications verified/completed Michael Sloniowski, Risk Manager, tel. 020 8753 2587, mobile 07768 252703

13. BACKGROUND PAPERS USED IN PREPARING THIS REPORT

None

LIST OF APPENDICES

Appendix 1: Example of comparing UC calculation with/without £5 threshold

Appendix 2: Council Tax Support Consultation 2019-20: Interim report

Appendix 3: Equality Impact Analysis (EIA) of Local Council Tax Support Scheme 2019/20

Appendix 1

Example of comparing UC calculation with/without £5 threshold

In this example, we have outlined the circumstances of a customer on a low income (earning a net amount of £115.38 per week) and what would happen if we receive a notice from the DWP that the customer's earnings increase necessitates a UC change by £4.00 per week.

The claimant has a rent of £200 per week to pay. In the first example, the claimant can receive £431.95 per week UC but will be expected to pay £200 of this towards their rent, leaving a net amount of £231.95. The reduced CTS award will change the rate of council tax that the customer is expected to pay. *If we receive regular changes from the DWP, we would have to alter the claimant's CTS every time.*

In doing the calculation for council tax support, in the way that we are proposing, we ignore the increase as it is less than £5.00 per week. A CTS award of £6.25 per week will be retained.

Example 1: CTS Calculation (without threshold)

Description	Gross Income	Disregards	Eligible Amount
Net Earnings	£115.38	£27.10	£88.28
Child Benefit (disregarded)	£34.40	£34.40	£0.00
Universal Credit (UC)	£431.95	£0.00	£431.95
Total Income (earnings plus UC)	£520.23		

Income used in calculation	£516.23
Less the UC applicable amount	£427.95
Excess Income	£92.28

Eligible Council Tax	£23.91
Less 20% of Excess Income	£18.46
Weekly Council Tax Support Award	£5.45

Example 2: CTS Calculation (with threshold)

Description	Gross Income	Disregards	Eligible Amount
Net Earnings	£115.38	£27.10	£88.28
Child Benefit (disregarded)	£34.40	£34.40	£0.00
Universal Credit (UC)	£431.95	£0.00	£431.95
Total Income (earnings plus UC)	£520.23		

Income used in calculation	£516.23
Less the UC applicable amount	£427.95
Excess Income	£88.28

Eligible Council Tax	£23.91
Less 20% of Excess Income	£17.66
Weekly Council Tax Support Award	£6.25

Glossary

Disregards	Within CTS, we disregard a certain amount of earned income. How much we disregard depends on the family make-up of the claimant and the number of hours worked
Eligible Amount	This is the net income after all disregards are taken off. It is this income that the final award calculation is based on
Applicable Amount	This is the figure at which the claimant stops to receive maximum CTS. So, if the income is below the applicable amount, they receive maximum CTS. Once the income goes above the applicable amount, the CTS is reduced by 20%.

Council Tax Support Consultation 2018-19: Summary report

This report was created on Friday 23 November 2018 at 11:00.

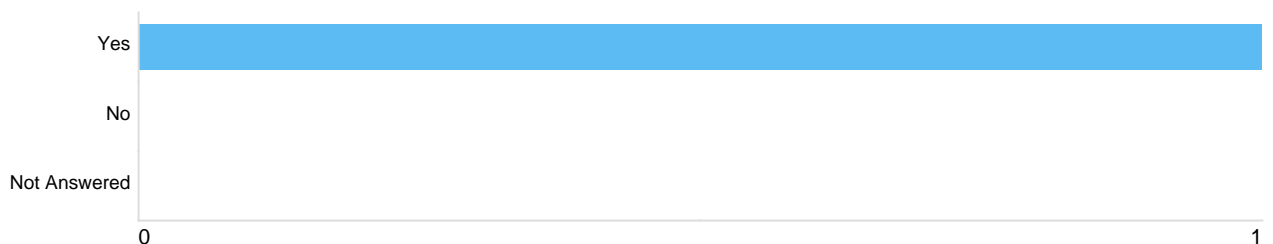
The consultation ran from 29/08/2018 to 31/10/2018.

Contents

Question 1: Do you agree with the proposal to introduce a threshold to the universal credit change notifications from the DWP?	1
5	1
Question 2: Do you agree with our proposals around keeping a dormant claim form open for 6 months?	2
5	2
Question 3: Do you agree we should treat entitlement to housing benefit as an intention to claim?	2
treat entitlement	2
Question 4: Do you agree with our overall approach that no one should be worse off under our scheme than if the previous regulations were still in place?	2
overall approach	2
Question 5: Please add anything here you would like us to consider when making a final decision on our scheme:	2
(complete below)	2
Question 6: Do you pay council tax to the Hammersmith & Fulham Council?	3
1	3
Question 7: Do you receive Council Tax support?	3
2	3
Question 8: What is your age group?	3
3	3
Question 9: Are you (please tick one):	4
4	4
Question 10: Are you (please tick one)	4
5	4
Question 11: Are you responding to the consultation in your capacity as a representative of any of the following:	5
6	5

Question 1: Do you agree with the proposal to introduce a threshold to the universal credit change notifications from the DWP?

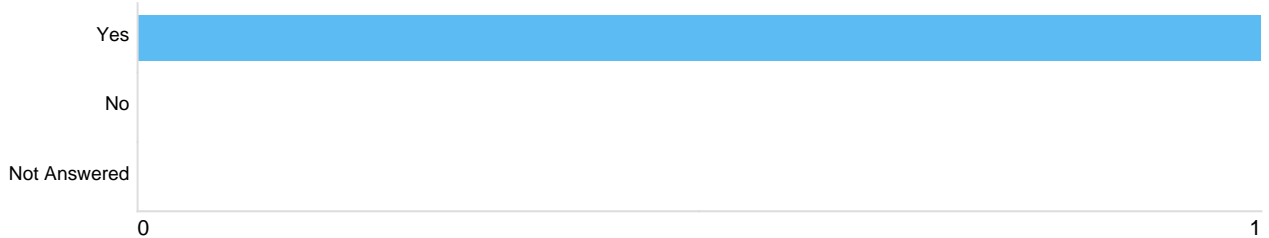
5



Option	Total	Percent
Yes	1	100.00%
No	0	0%
Not Answered	0	0%

Question 2: Do you agree with our proposals around keeping a dormant claim form open for 6 months?

5



Option	Total	Percent
Yes	1	100.00%
No	0	0%
Not Answered	0	0%

Question 3: Do you agree we should treat entitlement to housing benefit as an intention to claim?

treat entitlement



Option	Total	Percent
Yes	1	100.00%
No	0	0%
Not Answered	0	0%

Question 4: Do you agree with our overall approach that no one should be worse off under our scheme than if the previous regulations were still in place?

overall approach



Option	Total	Percent
Yes	1	100.00%
No	0	0%
Not Answered	0	0%

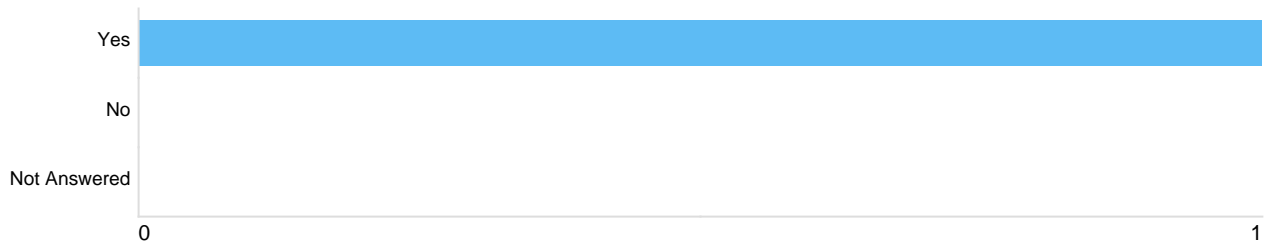
Question 5: Please add anything here you would like us to consider when making a final decision on our scheme:

(complete below)

There were 0 responses to this part of the question.

Question 6: Do you pay council tax to the Hammersmith & Fulham Council?

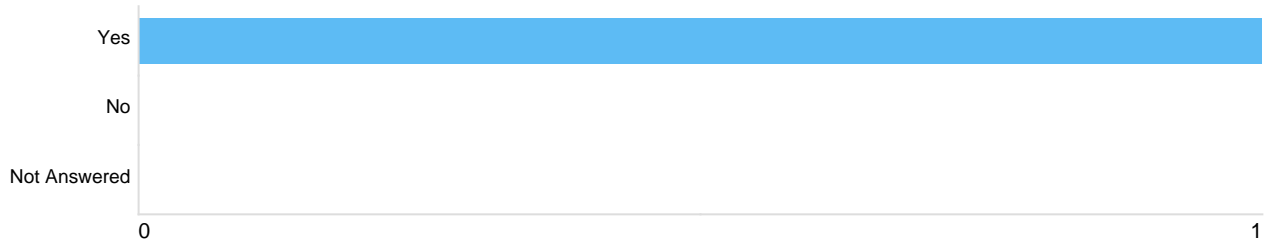
1



Option	Total	Percent
Yes	1	100.00%
No	0	0%
Not Answered	0	0%

Question 7: Do you receive Council Tax support?

2



Option	Total	Percent
Yes	1	100.00%
No	0	0%
Not Answered	0	0%

Question 8: What is your age group?

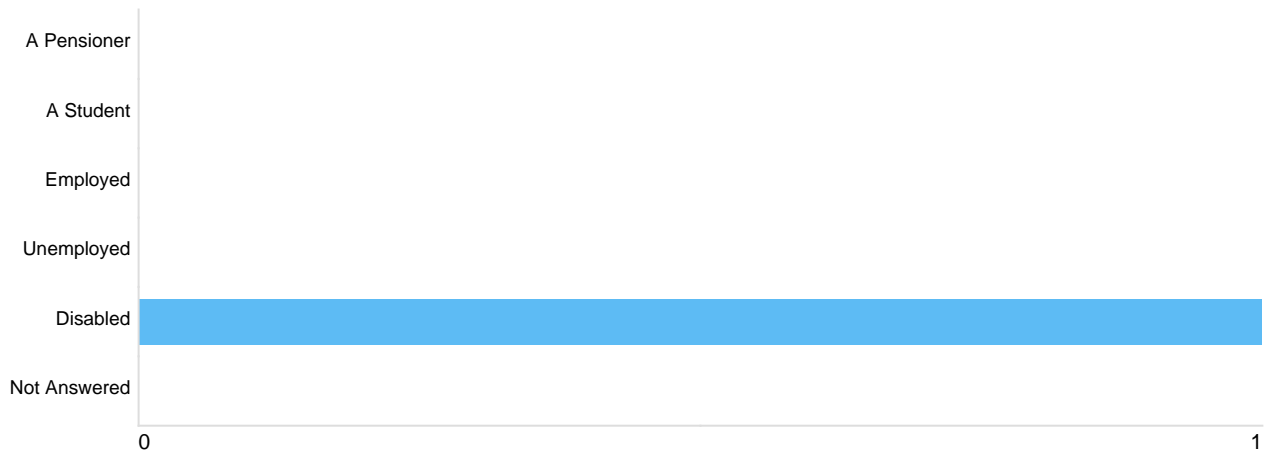
3



Option	Total	Percent
Under 18	0	0%
18 - 59	1	100.00%
60 or over	0	0%
Not Answered	0	0%

Question 9: Are you (please tick one):

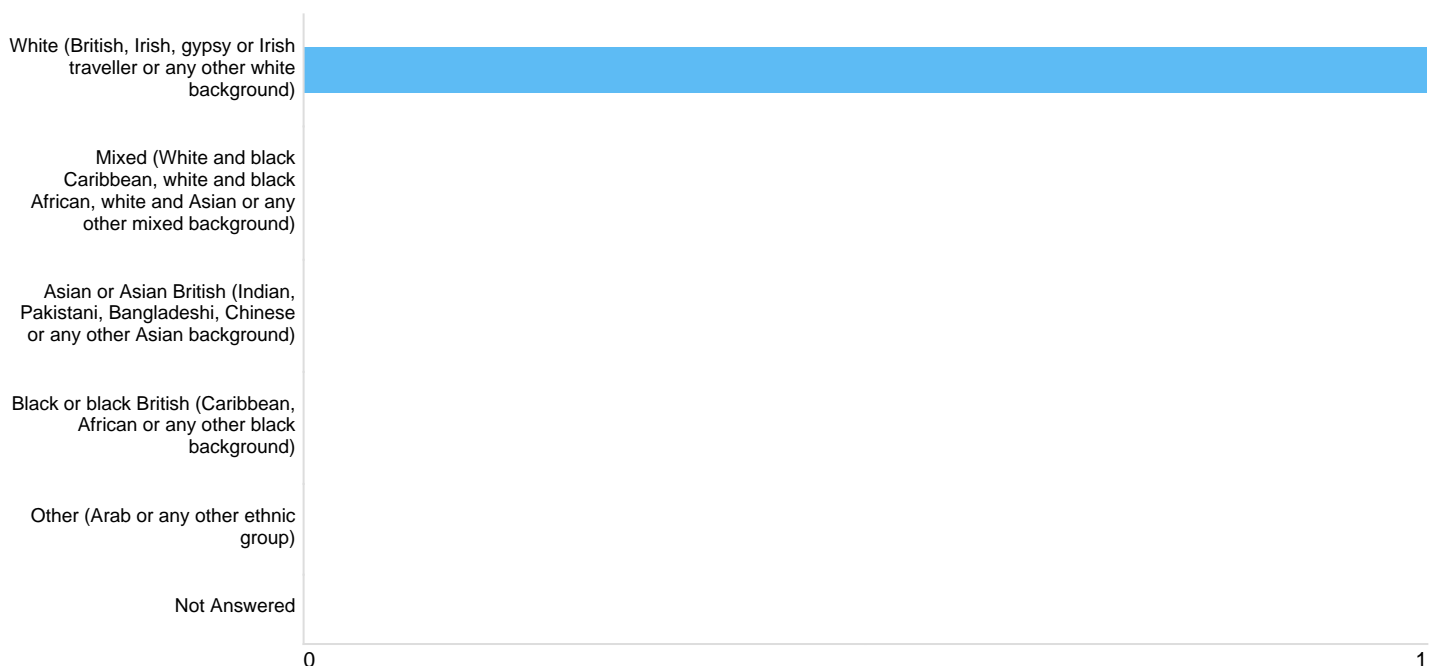
4



Option	Total	Percent
A Pensioner	0	0%
A Student	0	0%
Employed	0	0%
Unemployed	0	0%
Disabled	1	100.00%
Not Answered	0	0%

Question 10: Are you (please tick one)

5



Option	Total	Percent
White (British, Irish, gypsy or Irish traveller or any other white background)	1	100.00%
Mixed (White and black Caribbean, white and black African, white and Asian or any other mixed background)	0	0%
Asian or Asian British (Indian, Pakistani, Bangladeshi, Chinese or any other Asian background)	0	0%
Black or black British (Caribbean, African or any other black background)	0	0%
Other (Arab or any other ethnic group)	0	0%
Not Answered	0	0%

Question 11: Are you responding to the consultation in your capacity as a representative of any of the following:

6



Option	Total	Percent
Voluntary organisation	0	0%
Housing Association	0	0%
Landlord	0	0%
Other	1	100.00%
Not Answered	0	0%

Appendix 3

Equality Impact Analysis (EIA) of Local Council Tax Support Scheme 2019/20

(A) Overview and Summary

Since 2013, the council has been obliged to set a local scheme to award council tax support (CTS) for residents on a low income. From then, the council has adopted a scheme that reflects the benefit regulations and nobody in the authority has been worse off. As this meant that there was no change for claimants, there was no requirement to complete an equalities impact assessment.

Universal Credit

Universal Credit (UC) was introduced in October 2013 for a very specific cohort of out of work claimants. Initially, the take up was slow but from June 2016, The DWP have introduced the full digital service to the borough. This means everyone of working age within the borough should claim UC.

For out of work claims, the CTS assessment is simple. Maximum support is awarded the same as a passported legacy benefit (such as Jobseekers Allowance).

The authority decided for the 2016/17 scheme to assess in work claims for UC as it was not possible to rely on legacy benefit regulations as UC was not introduced when these were rescinded.

The council has decided that for in-work UC claimants, the CTS will be assessed using the UC applicable amounts rather than the applicable amounts taken from the housing benefit regulations (as we normally do). This meant that these claimants received more CTS as the UC rates higher.

The council have now decided to enhance our assessment process in 2019/20 by

- adding a threshold to the notifications we receive from the Department of Works and Pensions that tell us of changes to Universal Credit. We think the threshold should be £5.00 per week.
- Allowing a dormant council tax support form to be valid for up to 6 months after the claim date. This is in line with Universal Credit regulations where a claim can remain open for 6 months in case the claimant becomes entitled during that period. here is entitlement to housing benefit, we suggest that our scheme should treat this as an intention to claim.
- If there is entitlement to housing benefit, we suggest that our scheme should treat this as an intention to claim. We are suggesting this to ensure that anyone on receipt of housing benefit, who becomes entitled to council tax support does not lose out if they do not claim in time.

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 our decision to assess in work UC claims based on the UC rates rather than the rates used for non UC cases.

(B) Methodology

There is little difference in the way that we have decided to calculate UC claims as the UC applicable amount are similar to those used in legacy benefits. Our proposals to enhance our assessment process will facilitate CTS claims and awards for our customers.

Analysis of the impact of the assessment of UC claims for CTS

Local Council Tax Support (LCTS) came into effect on 01 April 2013, and replaced Council Tax Benefit which was abolished as part of the Government's Welfare Reforms (which include the introduction of Universal Credit). H&F decided for the following years to absorb the cost of the changes, which means that people receive the same or very similar help to pay their council tax as they did under council tax benefit.

At present, there are 5543 CTS claims who are in receipt of UC, 38% of CTS claims. The vast majority of these are out of work and so are not currently affected by our proposals.

The original cohort selected by the DWP as part of the take up of UC largely focused on single claimants but has now extended to all new claims throughout the whole borough.

Because of the historical focus on single claimants, the UC caseload on CTS is still heavily biased towards single people. There are 65 claims made by couples, 1% of claims. Of the remaining 1556 claims, 28% are from women, 943, 7% are from men and 451 claims, 8% are from disabled claimants.

It is not possible to extract meaningful ethnicity data from the caseload.

From the limited information that we hold, there is little impact on CTS recipients. However, we can see that there is a positive impact on those affected as the authority's scheme for UC is more generous during this transitional period of the Welfare Reforms.

The authority does not select the claimants who receive UC as this is done by the DWP.

(C) Conclusion

For the claimants affected by our assessment of UC, the change has a positive impact because it awards them more council tax support than if we used legacy benefit rates. For any other claimant, the overall affect is neutral as they are not affected by the change in anyway.


Also, all protected groups are not disproportionately represented in this change. Those who receive UC are not selected disproportionately from any group.

We have chosen the option that benefits those affected rather than puts them at a disadvantage so there are no further mitigating actions that the authority can take.

Because UC is a new benefit and an emerging part of the government's welfare reform agenda, the affects to the CTS caseload will need to be monitored and subject to review.

Based on current information we feel that this is the fairest way forward but we will monitor any impacts as more people are affected to ensure that no group is impacted adversely. It will also be important though to also monitor how this affects the value of CTS awards to ensure that this more generous scheme is not too expensive for the council to implement.

The scheme will run for a year so there will be further opportunities to review for 2020/21. If change is required, then further work will be needed to assess its impact on the protected groups.

<p>London Borough of Hammersmith & Fulham</p> <p>CABINET</p> <p>14 JANUARY 2019</p>		
<p>COUNCIL TAX BASE AND COLLECTION RATE 2019-20 AND DELEGATION OF THE BUSINESS RATE ESTIMATE</p>		
<p>Report of the Cabinet Member for Finance and Commercial Services – Councillor Max Schmid</p>		
<p>Open Report</p>		
<p>Classification - For Decision</p> <p>Key Decision: Yes</p>		
<p>Consultation</p> <p>n/a</p>		
<p>Wards Affected: All</p>		
<p>Accountable Director: Hitesh Jolapara, Strategic Director of Finance and Governance</p>		
<p>Report Author: Jamie Mullins Head of Recovery</p>	<p>Contact Details: Tel: 020 8753 1650 E-mail: Jamie.Mullins@lbhf.gov.uk</p>	

1. EXECUTIVE SUMMARY

- 1.1 This report is a Statutory requirement and contains an estimate of the Council Tax Collection rate and calculates the Council Tax Base for 2019/20.
- 1.2 The Council Tax base will be used in the calculation of the Band D Council Tax undertaken in the Revenue Budget Report for 2019/20.
- 1.3 The proposed Council Tax Base for 2019/20 of 79257 is an increase of 1403 on the figure agreed for 2018/19 of 77856.
- 1.4 Based on the 2018/19 Band D charge of £727.81 the increase in the tax base will result in an increased income of £1.02m for Hammersmith and Fulham.
- 1.5 The recommendations contained in the Council Tax Support 2019/20 will need to be approved prior to those contained in this report. This is because they are included in the calculation of the Band D Council Tax in section 4 below.

- 1.6 The Autumn budget 2017 announced that Local Authorities will be able to charge a 100% council tax premium on properties which have been empty for over 2 years equating to 200% of the council tax payable in 2019/20 and this will rise to a 200% premium from April 2020 for properties empty over 5 years and 300% from April 2021 for properties empty over 10 years.

This will raise an additional estimated income of £43k in 2019/20 and legislation has now been passed which allows the premium to be charged from the 1st April 2019.

- 1.7 The report also seeks to delegate authority to the Strategic Director of Finance and Governance to determine the business rates tax base for 2019/20.

2. RECOMMENDATIONS

- 2.1 That Cabinet approves the following recommendations for the financial year 2019/20:

- (i) That the Council charge a 100% council tax premium on empty properties equating to 200% of the council tax payable from the 1st April 2019 and agree to include the full subsequent increases in the premium in each future year.
- (ii) That the estimated numbers of properties for each Valuation Band as set out in this report be approved.
- (iii) That an estimated Collection rate of 97.5% be approved.
- (iv) That the Council Tax Base of 79,257 Band "D" equivalent properties be approved
- (v) To delegate authority to the Strategic Director of Finance and Governance in consultation with the Cabinet Member for Finance and Commercial Services, to determine the business rates tax base for 2019/20.
- (vi) Cabinet will also be required to approve the recommendations in the Council Tax Support Scheme 2019/20 report, prior to the recommendations in this report, as they are reflected as Band "D" equivalents in the Council's Tax base calculations in section 4.5 below.

3. REASONS FOR DECISION

- 3.1 Under Section 33(1) of the Local Government Finance Act 1992 and The Local Authorities (Calculations of Council Tax Base) (England) Regulations 2012, the Council (as billing authority) is required to calculate its Council Tax Base. This comprises both the estimated numbers of properties within each Valuation band plus the Council's estimate of its collection rate for the coming financial year.
- 3.2 Under Section 11A of the Local Government Finance Act 1992, Council Tax (Exempt Dwellings) (England) (Amendment) Order 2012 and Council Tax (Prescribed Classes of Dwellings) (England) (Amendment) Regulations 2012 the Council reduced discounts for both Second Homes and Unoccupied and Unfurnished dwellings to 0% with effect from 2013/14, this remains in place
- 3.3 Under Section 11B of the Local Government Finance Act 2012 the Council introduced the Council Tax Empty Homes Premium with effect from 1 April 2014, this remains in place. This increases the charge on dwellings that have been unoccupied and substantially

unfurnished for more than two years to 150% of the council tax that would be payable if the dwelling were occupied by two adults and no discounts were applicable.

- 3.4 The Autumn Budget 2017 announced that Local Authorities will be able to increase the Council Tax Empty Homes Premium charge to 100% which equates to 200% of the council tax payable. Legislation has now been passed which allows the premium to be charged from the 1st April 2019.

4. PROPOSAL AND ISSUES

4.1 DISCOUNTS

4.1.1 Second Homes

4.1.1.1 There are some 2110 second homes in the borough. The Council does not offer a discount on second homes which adds 2493 Band "D" equivalents to the tax base for 2019/20. These discounts are included in Section 4.4 below.

4.1.1.2 Based upon 2018/19 Council Tax levels this generates income to the Council of £1.81m. This income is allowed for within the Council's Medium-Term Financial Strategy. Our preceptor, the GLA, also benefits from the reduction in the discount.

4.1.2 Empty Properties

4.1.2.1 There are some 269 empty (unoccupied and unfurnished) properties in the borough. The Council does not offer a discount for empty properties which adds an additional 318 Band "D" equivalents to the tax base for 2019/20.

4.1.2.2 Based upon 2018/19 Council Tax levels this generates income to the Council of £231k. This income also directly benefits the GLA.

4.2 EMPTY HOMES PREMIUM

4.2.1 There are some **102** properties in the borough that have been empty for more than two years. The effect of charging a 50% premium on these properties adds an additional 60 Band "D" equivalents to the tax base for 2019/20. These premiums are included in Section 4.4 below

4.2.2 This equates to additional income for the Council (net of preceptors) of approximately £43k (based on the 2018/19 Band D Council Tax). As set out in the recommendations, it is proposed that the premium be doubled to 100%. This would raise an estimated extra £43k and these additional Band D equivalents have been added to the tax base for 2019/20.

4.3 COUNCIL TAX SUPPORT

- 4.3.1 Under Council Tax Support, Hammersmith & Fulham and the GLA absorb the full cost of the scheme, which mirrors the previous council tax benefit arrangements.
- 4.3.2 For 2019/20 the Council has provided for a total of £11.1m in Council Tax Support discounts. This equates to 10,878 band “D” equivalents based on 2018/19 Council Tax levels.
- 4.3.3 The tax base regulations require the cost of the scheme to be treated as a discount and deducted from the Council’s tax base calculation in section 4.5.

4.4. VALUATION BAND PROPERTIES

- 4.4.1 The latest information on the number of properties within each valuation band is contained within a return (CTB1), which the Council provided to the DCLG on 12 October 2018.
- 4.4.2 This return reflected the actual number of properties shown in the Valuation List as at 10 September 2018 and the Council’s records as at 1 October 2018.
- 4.4.3 A detailed analysis of the properties in each valuation band can be summarised as follows. There are a total of 88741 dwellings on the list with some 28161 properties estimated to receive a single person’s discount. The total Band “D” equivalent is approximately 92015 properties.

Band	Band Size	Total Dwellings	Total after Discounts, Exemptions and Disabled Relief	Ratio	Band “D” Equivalents
A	Values not exceeding £40,000	3,827.0	2,950.0	6/9	1,966.7
B	Values exceeding £40,000 but not exceeding £52,000	6,415.0	4,899.8	7/9	3,810.9
C	Values exceeding £52,000 but not exceeding £68,000	14,251.0	12,211.8	8/9	10,854.9
D	Values exceeding £68,000 but not exceeding £88,000	24,844.0	22,148.5	9/9	22,148.5
E	Values exceeding £88,000 but not exceeding £120,000	15,995.0	14,600.5	11/9	17,845.1
F	Values exceeding £120,000 but not exceeding £160,000	9722.0	8,973.5	13/9	12,961.7

G	Values exceeding £160,000 but not exceeding £320,000	11,195.0	10,561.5	15/9	17,602.5
H	Values exceeding £320,000	2,492.0	2,412.5	18/9	4,825.0
	Total	88741.0	78758.0		92015.3

4.5. ADJUSTMENTS TO THE VALUATION LIST

4.5.1 The above table shows the valuation band position at 10 September 2018 but the Council is also required to take into account the Council Tax Support Scheme and any other likely changes during the financial year 2019/20. Therefore the following adjustments need to be considered:

(i) New Properties

There are likely to be a number of new properties, conversions etc. added to the valuation list at some point during the year. There are approximately 314 units currently under construction on various sites in the Borough that will be added to the tax base sometime during 2019/20. It is estimated after allowing for different completion dates that this will equate to an additional 306 Band 'D' equivalents

(ii) Banding Appeals

There have been over 10,000 appeals lodged with the valuation office in respect of initial Council Tax bandings. There are now only a small number unsettled so it is not proposed to make any adjustments for these.

(iii) Single Person Discounts

The council undertakes a review of single person discounts being awarded to taxpayers each year. The current review will commence in November 2018 and based on previous reviews it is estimated that a further 2,400 discounts will be removed which will add an additional 622 Band "D" equivalents to the tax base for 2019/20.

(iv) Student Exemptions

Dwellings wholly occupied by students are exempt from Council Tax. The projected Council Tax base needs to be adjusted to allow for students that have yet to prove their exemption for the new academic year. It is estimated that an adjustment of 758 Band "D" equivalents is required.

(v) Council Tax Support

The cost of the scheme equates to 10,878 band "D" equivalents, based on 2018/19 Council Tax levels, which now have to be deducted from the tax base for 2019/20. This is less than the deduction of 11,193 Band D equivalents

made in 2018/19. This is due to a reduction in the number of claimants applying for a discount.

(vi) Care Leavers

For 2018/19, the council has provided £14k in discounts for care leavers up to the age of 25. This equates to 20 band D equivalents based on 2018/19 council tax levels. The cost of this discount is fully funded by the council and needs to be deducted from the council's tax base calculation in section 4.5.3

4.5.2 The Council is required to set its Tax Base on the total of the relevant amounts for the year for each of the valuation bands shown or is likely to be shown for any day in the year in the authority's valuation list.

4.5.3 Taking into account the latest information from the CTB1 return to the DCLG and the proposed adjustments, Council is requested to approve the estimated numbers of properties for each valuation band as set out in the following table:

Band	Band "D" Equivalent Actual September	Adjustments for New Properties	Adjustments for Student Exemptions	SPD	Adjustments for Council Tax Support Scheme	Care Leavers	Revised Band "D" Equivalents
A	1,966.7	0	-19	26	-500	-8	1,465.6
B	3,810.9	174	-20	51	-1114	-8	2,893.5
C	10,854.9	1	-89	122	-2529	-5	8,355.3
D	22,148.5	83	-253	190	-3319	-4	18,845.5
E	17,845.1	24	-198	107	-2026	0	15,752.3
F	12,961.7	12	-111	58	-900	0	12,021.2
G	17,602.5	2	-65	60	-476	0	17,123.5
H	4,825.0	18	-2	8	-16	0	4,833.0
	92015.3	314	-757	622	-10,879	-25	81,290.3

4.6 COLLECTION RATE

- 4.6.1 The Council is also required to estimate its Collection Rate for 2019/20 at the same time as arriving at the estimated number of properties within the Tax Base. In arriving at a percentage Collection Rate for 2019/20, the Council should take into account the likely sum to be collected, previous collection experience and any other relevant factors.
- 4.6.2 The actual sum to be collected from local Council Tax payers cannot be finally determined until the preceptor's requirements are known and the Council has approved its budget. The Council therefore has to make an estimate of the sums to be collected locally making estimated allowance for sums from Council Tax Support and write-offs/non-collection.
- 4.6.3 The actual collection rate for 2018/19 achieved to the end of October 2018 is 65.11%, comprising cash collection of £52.7m and Council Tax Support of £11.1m. It is estimated that a further £27.3m (31.89%) will need to be collected by 31 March 2019 and £0.4m (0.5%) thereafter.
- 4.6.4 Collection performance has been calculated in order to comply with DCLG performance indicator calculations. Latest calculations for 2017/18 and 2018/19 show that the current collection rate can be continued for 2019/20. It is therefore suggested that the collection rate for 2019/20 is maintained at 97.5%.
- 4.6.5 There is currently a Council Tax Pilot scheme in operation with Intrum, the Council's Ethical Joint Venture partner. The outcome of the pilot will shape future years collection policies as we no longer use Enforcement Agents for the collection of council tax.

4.7. THE TAX BASE

- 4.7.1 Under Section 33(1) of the Local Government Finance Act 1992 and the Regulations, the Council's tax base is calculated by multiplying the estimated number of Band "D" equivalents by the estimated collection rate.
- 4.7.2 Based on the number of Band "D" equivalents in the table in paragraph 4.5.3 above and the estimated collection rate in paragraph 4.6.4 above, the calculation is as follows:

(Band D equivalents) x (Collection Rate) = (Tax Base)			
81,290	x	97.5%	= 79257

4.8 BUSINESS RATES TAXBASE

- 4.8.1 The Local Government Finance Act 2012 made it obligatory for authorities to formally calculate the estimated level of business rates (the business rates tax base) it anticipates collecting for the forthcoming financial year and passing this information to precepting authorities by 31 January. The Government will continue to set the tax rate (known as the non-domestic multiplier).

4.8.2 The tax base is based on data from the Valuation Office with local allowance for the appropriate level of business rates appeals, any discretionary reliefs and any forecast growth. This information is pulled together into a government return (NNDR1). The detailed guidance on completing the NNDR1 is not likely to be issued until just before Christmas. This guidance will include allowance for any changes to the business rates system that were announced by the Chancellor in the Autumn Budget. Given that the return has to be submitted by 31 January it is recommended that the responsibility for setting these figures be delegated to the Strategic Director Finance and Governance in consultation with the Cabinet Member for Finance and Commercial Services.

4.8.3 The Chancellor has announced some amendments in the Autumn Budget with the main change being a one third discount on Business rates for retail properties with a rateable value below £51k for 2 years from the 1st April 2019. We are currently awaiting full guidance on how this will be implemented and whether software will need to be updated.

5. CONSULTATION

5.1. Final decision must be made by Full Cabinet.

6. EQUALITY IMPLICATIONS

6.1 It is not anticipated that there will be any negative impacts on any groups with protected characteristics, under the terms of the Equality Act 2010, from the approval of this report's recommendations.

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

7. LEGAL IMPLICATIONS

7.1 The tax base calculations for a particular financial year must comply with the Local Authorities (Calculation of Council Tax Base) Regulations 2012, and be determined by no later than 31st January in the preceding financial year. These regulations have been made under the Local Government Finance Act 1992, as amended (LGFA 1992).

7.2 The Local Government Finance Act 2012 (LGFA 2012) includes a number of amendments to the LGFA 1992 that affect the calculation of the Council Tax base. These amendments require councils to operate a Council Tax Support Scheme (as a replacement of Council Tax benefit) and gave powers to determine further discounts and set premiums.

7.3 Implications verified/completed by: Rhian Davies, Assistant Director of Legal and Democratic Services, tel 020 8753 2729.

8. FINANCIAL IMPLICATIONS

8.1 The Tax Base is set by 31 January each year, as outlined in the Local Government Finance Act 1992. It is used within the overall Council Tax and budget setting process, due to be reported to budget Council on 27th February 2019.

8.2 The proposed Council Tax Base for 2019/20 of 79,257 is 1,403 Band D equivalents, higher than the 77,856 agreed for 2018/19. The main reasons for the change are:

Increase in the tax base due to new non-exempt properties	652
Single Persons Discount Reduction	622
Reduction in Council Tax Support scheme discounts	315
Other adjustments to Discounts	- 212
Gross Total Change	1,377
Adjusted for Collection rate of 97.5%	- 34
Adjusted for Empty Rate Premium	60
Total change	1,403

- 8.3 Based on 2018/19 Council tax levels, the increase in tax base will generate additional income of £0.98m for Hammersmith and Fulham and £0.40m for the Greater London Authority.
- 8.4 The cost of the local council tax support scheme is based on current regulations. No allowance is made for potential government welfare reforms due to uncertainty on what changes might be made. This is treated as a risk within the Medium-Term Financial Strategy.
- 8.5 The treatment of business rates income within the Local Government Finance System is uncertain. A 100% business rate retention pilot was established for London in 2018/19. It is not clear if this will continue in 2019/20 or if alternative arrangements will be introduced by the Government. Councils in the rest of England have been invited to pilot a 75% scheme by Ministry of Housing, Communities and Local Government. However within the invitation it is noted that the government will continue to have separate discussions with London about their pilot programme. The position should be clearer after the Local Government Finance System is published in December.
- 8.6 Implications verified/completed by Emily Hill, Asst Director Corporate Finance, tel. 020 8753 3145.

9. IMPLICATIONS FOR LOCAL BUSINESS

- 9.1 No negative impact on local businesses is anticipated. An area which is of interest is business rates and how the income is treated within the Local Government Finance system.
- 9.2 Implications verified by Albena Karameros, Economic Development Learning & Skills, tel:020 7938 8583.

10. RISK MANAGEMENT

- 10.1 The calculation of the tax base is a legal requirement and an essential part of the tax setting process which helps to achieve the council's corporate objective of effectively managing its resources and is in accordance with management of our legal duties as noted on the Corporate Risk Register.
- 10.2 Implications verified by: Michael Sloniowski Risk Manager, tel: 020 8753 2587 mobile 07768 252703

11. IT IMPLICATIONS

- 11.1 IT Implications: It is recommended that the information contained within this report be shared with the H&F Business Intelligence Team. This will allow for the intelligent use and analysis of data to inform and develop service provision across the Council.
- 11.2 IM Implications: In reference to 11.1 above, if sensitive information is to be processed on behalf of H&F, a Privacy Impact Assessment will need to be completed to ensure all potential data protection risks are properly assessed with mitigating actions agreed and implemented - in line with GDPR requirements.
- 11.3 Implications verified/completed by: Karen Barry, Strategic Relationship, Manager, tel. 0208 753 3481.


12. COMMERCIAL IMPLICATIONS

- 12.1 There are no procurement implications associated with the recommendations contained in this report.
- 12.2 Implications verified/completed by Joanna Angelides, Procurement Consultant, tel. 0208 753 2586 on behalf of Simon Davis, Assistant Director Commercial Management.

13. BACKGROUND PAPERS USED IN PREPARING THIS REPORT

No.	Description of Background Papers	Name/Ext of holder of file/copy	Department/ Location
1.	Local Government Finance Act 1992 and 2012 - published		

LIST OF APPENDICES: None

London Borough of Hammersmith & Fulham CABINET 14 JANUARY 2019		
BUSINESS CASE & PROCUREMENT STRATEGY FOR THE HOUSING MANAGEMENT SYSTEM		
Report of the Cabinet Member for Housing: Councillor Lisa Homan		
Open Report		
Classification: For decision Key Decision: Yes		
Consultation: Growth and Place, ICT, Procurement, Legal, Finance		
Wards Affected: None		
Accountable Director: Jo Rowlands, Strategic Director of Growth and Place		
Report Author: Alistair Nimmons, Head of Systems and Programme Management, Growth and Place		Contact Details: Tel: 020 8753 1924 E-mail: alistair.nimmons@lbhf.gov.uk

1. EXECUTIVE SUMMARY

- 1.1. The Cabinet on 15 January 2018 took the decision in relation to the “Integrated Management Systems Procurement Strategy and Business Case” report to carry out a regulated procurement exercise in relation to four (4) distinct but integrated lots covering software and systems for (1) a self-service portal; (2) housing management; (3) Revenues and Benefits; and (4) electronic document management (EDMS) in accordance with the Public Contracts Regulations 2015 (as amended) (the “Regulations”).
- 1.2. The original proposal was to advertise all four lots as a single procurement exercise using the Competitive Dialogue Procedure. On 30 January 2018, it was agreed to bring forward the self-service procurement due to the end of the contract for My Account (the Council’s current self-service portal) on 31 October 2018, and to align the procurement with the need to procure a self-service portal for Streetscene.

- 1.3. Whilst consideration is ongoing for the other lots, it is now proposed that Lot 2 for the Housing Management System is tendered separately, and that the procurement should start before the end of the current contract.
- 1.4. The Council's current contract for the Housing Management System provided by Northgate Public Service (UK) Ltd (iWorld), ends on 31 July 2019 and legal advice is that the Council should procure a replacement service to commence on 1st August 2019. However, due to the decision 'to take back control of our repairs' by 17 April 2019, it is proposed to start the Housing Management System procurement after the mobilisation of the new repairs service, but before the end of July to allow the Council time to focus on the mobilisation and to include the emerging requirements of the new repairs service in with the procurement.
- 1.5. There is a risk associated with not awarding a new contract by the end of July, but this is seen as low and acceptable.

2. RECOMMENDATIONS

- 2.1 That Cabinet approves the divergence from the Integrated Management Systems Procurement Strategy and Business Case approved by it in January 2018 to permit the separate tendering of Lot 2, Housing Management Systems, and the Business Case and Procurement Strategy as defined in Appendix 1.
- 2.2 That Cabinet delegates to the Strategic Director of Growth and Place, in consultation with the Cabinet Member for Housing, operational decision relating to starting the procurement process, before 31 July 2019, leading to a subsequent contract award by Cabinet.

3. REASONS FOR RECOMMENDATIONS

- 3.1 The Housing System needs to be re-procured in order to comply with legal and procurement requirements arising out of the end of HFBP contract. The procurement will follow the Restricted Procedure rather than Competitive Dialogue as originally envisaged, and the Evaluation Criteria have been reviewed to reflect this change in procurement route.
- 3.2 The procurement has been aligned to the setting up of the new repairs service.

4. PROPOSAL AND ISSUES

As set out in the Business Case and Procurement Strategy.

5. OPTIONS AND ANALYSIS OF OPTIONS

As set out in the Business Case and Procurement Strategy.

6. CONSULTATION

As set out in the Business Case and Procurement Strategy.

7. EQUALITY IMPLICATIONS

- 7.1. No negative equality implications have been identified within the procurement strategy proposed in Appendix 1.
- 7.2. Implications verified by: Peter Smith, Head of Policy and Strategy, tel. 020 8753 2206.

8. LEGAL IMPLICATIONS

- 8.1. The total value of the contract to be let is above the service value threshold specified in the Public Contracts Regulations 2015 (as amended) (the "Regulations"). The Council will publish a Contract Notice in the Official Journal of the European Union (OJEU) stating the process it will follow for the tenders. The restrictive procedure will be followed.
- 8.2. The Council's Contract Standing Orders are being followed. The intention is to invite 5 tenderers to bid for the contract following a selection stage, subject to there being sufficient qualifying tenderers.
- 8.3. Tenders will be evaluated on the basis of the most economically advantageous tenderer to the Council. Evaluation methodology has been agreed by the project team and will be applied to all tenders received. The evaluation considers:
 - 8.3.1. quality aspects of the solutions with a total weighting of 70%.
 - 8.3.2. Price with a total weighting of 30%.
- 8.4. Key risks associated with the procurement are set out in the Business strategy and include:
 - 8.4.1. Bringing the solution into service on time. Delay payments will be attributed to any such delays.
 - 8.4.2. Downtime for the solution once up and running. Deductions/service credits will be applied in the event of downtime which is not pre-agreed.
 - 8.4.3. Security breaches and data loss – the Supplier will be a processor under the Data Protection Legislation.
- 8.5. Implications verified/completed by: Sally Stock, partner with Sharpe Pritchard Solicitors on secondment to the Council sstock@sharpepritchard.co.uk

9. FINANCIAL IMPLICATIONS

Estimated Contract Costs

- 9.1. The estimated whole life cost of the contract is £4.730m based on a maximum contract period of 12 years¹. This equates to an estimated annual cost of

¹ The contract is expected to be 12 years with breaks at 7 and 10 years

£394k including licence costs, infrastructure, and servers and annual support and maintenance.

- 9.2. The estimated cost is based on the current annual cost for iWorld of £394k which is included in the total ICT SLA budget for the Housing Revenue Account of £1.787m in 2018/19 and currently no costs are specifically recharged to the General Fund although the system is used currently to manage Temporary Accommodation.
- 9.3. The current iWorld support contract (Northgate) is on an annual rollover basis at a value of £126k and is included within the existing SLA ICT recharge budget. The remaining annual costs of £268k (£394k total annual cost less £126k for annual maintenance and support contract with Northgate) are made up of the following, which will be included within the new contract:
- BT £171k as third-party services,
 - £19k for infrastructure (BT) and
 - £78k for Oracle Database support/licences.
- 9.4 The costs of the Council's in-house ICT service are not included within the above £394k ICT SLA recharge budget. Therefore, it is not anticipated that there will be any additional unbudgeted costs within the ICT service arising as a result of this procurement. The final price for the new Housing Management System will not be known until the tenders are submitted by the tenderers as part of the initial invitation to tender.

Other factors that may impact the cost of this project

- 9.5 The contract for the current Housing Management System has a licence limit of 25,000 properties. As this includes Tenanted properties, Leasehold, Temporary Accommodation, Garages and Car Spaces, Sheds and other HRA assets, the number of properties on the database is increasing, and the Council is near or at its limit. The Procurement Strategy proposes exploring other licencing models, to see if these provide better value for money and to avoid the cost of moving to the next property band.
- 9.6 The procurement is anticipated to reduce infrastructure costs, it should also reduce the cost of upgrades as these will be included within the support agreement. There may be increased licence costs due to increased functionality, but costs will be contained within existing budgets.
- 9.8 There will be some initial implementation costs. These will not be known until the tenders are returned and will need to be considered as part of the Cabinet Report that appoints the provider. Finance Officers understand that the new system will likely take at least 18 months to implement so some form of cost overlap is likely and it would seem prudent to assume at least £600k for these amounts. The capital / revenue split of any such additional budget would depend on the exact nature of the costs incurred and would be met from the Housing Revenue Account / Housing Capital Programme as appropriate.

There may be a small General Fund impact as the Housing Management System is also used to manage Temporary Accommodation.

9.8.1 Implications completed by: Madhav Acharya, Finance Manager (Growth & Place), tel. 020 8753 6690.

9.8.2 Implications verified by: Emily Hill, Assistant Director, Corporate Finance, tel. 020 8753 3145.

10. IMPLICATIONS FOR BUSINESS

10.1. There are no implications for local businesses. Implications verified/completed by Albena Karameros, Programme Manager, tel. 02079388583.

11. COMMERCIAL IMPLICATIONS

11.1. This report seeks approval for the procurement strategy presented in Appendix 1.

11.2. The total value of the contract is over the statutory threshold for good and services, currently set at £181,302. The proposed approach is in line with the Public Contracts Regulations (PCR) 2015 and the Council's Contracts Standing Orders.

11.3. A Notice will be placed in Tenders Electronics Daily (TED), Contracts Finder and capitalEsourcing.

11.4. The tender process will be two staged. The first stage will be open to the entire market, encouraging competition. Only the tenderers that meet the minimum standards set out will be invited to the second stage of the process.

11.5. The awarding criteria is based on the most economically advantageous tenderer. The price will represent 30%, while quality will account for 70% of the total score of the bidders.

11.6. A Tenders' Appraisal Panel (TAP) shall be set up and evaluation conducted in line with the requirements of the CSOs.

11.7. Implications verified/completed by: Andra Ulianov, Procurement Consultant, tel. 020 8753 2284.

12. SOCIAL VALUE CONSIDERATIONS

12.1. Under the Public Services (Social Value) Act 2012 we have to consider how our spending could also generate wider benefits to the community in terms of economic, social and environmental well-being - collectively known as 'social value'. This is a legal requirement for all contracts with a value higher than the statutory threshold (£181,302)

12.2. That means we have to consider:

(a) how what is proposed to be procured might improve the economic, social and environmental well-being of H&F

(b) how, in conducting the process of procurement, we might secure that improvement.

12.3. While no local suppliers have been identified, the tenderers can submit their proposals with regards to social value. The procurement team will work closely with the project officers in developing adequate examples of how tenderers could contribute to the improvement of the economic, social and environmental well-being of LBHF.

12.4. It is advised that Social Value is considered as part of the awarding criteria (min. 5% of the Quality ratio)

12.5. Implications verified/completed by: Andra Ulianov, Procurement Consultant, tel. 020 7753 2284.

13. IT IMPLICATIONS

13.1. The intention for the supplier to host the new Integrated Housing Management System (IHMS) is in line with the council's IT strategy.

13.2. The business case also notes that the new IT system used by the supplier is expected to be able to integrate with other council systems and third-party applications, and to remain aligned to the original Integrated Management Systems (IMS) re-procurement, in particular, the Self- Service Solution. As part of this, it will be required to function with open Application Programme Interfaces (APIs) and to be capable of interfacing with the council's Business Intelligence system if required. This will enable the council to use predictive data analysis in shaping its services. If data is required for this purpose then the council will need to ensure that the Privacy Impact Assessment is reviewed accordingly and required information governance actions are carried out.

13.3. The new IHMS supplier will be processing personal data on behalf of H&F, for example tenant information. A Privacy Impact Assessment is a statutory requirement and will need to be completed as soon as possible to ensure that all potential data protection risks are properly assessed with mitigating actions agreed and implemented to ensure a smooth transition between suppliers or to a new supplier, some of which will need to be included in the forthcoming tender packs, etc. For example, an information sharing agreement and a Supplier Security Checklist to ensure the systems used by the new contractor comply with H&F's regulatory requirements.

13.4. The contract with the IHMS supplier will need to include H&F's new data protection and processing schedule. These are compliant with the General Data Protection Regulation (GDPR) enacted from 25 May 2018.

13.5. Implications verified/completed by: Tina Akpogheneta, Strategic Relationship Manager, tel. 020 8753 5748.

14. RISK MANAGEMENT IMPLICATIONS

- 14.1. Risk management plays an integral role in avoiding or reducing risk and in controlling residual risks associated with any decommissioning programs. Accordingly, a process for management of these risks should be applied during the decommissioning of work plans and the subsequent implementation of any new system. Consideration should be given to ensuring Business Continuity during transition so that services are unaffected by any potential change in supplier. Proposals to proceed to procurement are in accordance with our Corporate Commercial and Procurement risk, and meeting our Residents needs and expectations.
- 14.2. Implications verified by: Michael Sloniowski, Risk Manager, tel. 020 8753 2587.

15. OTHER IMPLICATIONS

- 15.1. Business Intelligence - The current housing management system is a key data source for business intelligence across the organisation. Any tender must allow the current integration into the housing management system to continue. This is usually via a Backup/reporting version of the system that the BI infrastructure can connect to.
- 15.2. Implications verified/completed by: Duncan Smith, Principal Intelligence Analyst, tel. 020 8753 2551.

16. BACKGROUND PAPERS USED IN PREPARING THIS REPORT

Cabinet Report of 15/1/2018: Procurement Strategy & Business Case for Integrated Management Systems (*published*).

LIST OF APPENDICES

Appendix 1 – Business Case & Procurement Strategy

**REPORT RELATING TO
BUSINESS CASE;
PROCUREMENT STRATEGY; and
PROJECT MANAGEMENT AND GOVERNANCE
FOR HOUSING MANAGEMENT SYSTEM**

BUSINESS CASE

1. BUSINESS CASE – WHY THE PROCUREMENT IS NEEDED

- 1.1 Following the end of the contract with Hammersmith & Fulham Bridge Partnership Ltd (a JVC with Agilisys) in October 2016, Legal Services identified a need to revisit the contractual arrangements for a number of key systems used at the Council. This included the Housing Management System provided by Northgate Public Services (UK) Ltd, known within the Council as “iWorld.”
- 1.2 On 15 January 2018, Cabinet approved the Business Case and Procurement Strategy for Integrated Management Systems (IMS) which included the Housing Management System, the Revenue and Benefits system, an EDMS system and self-service portal.
- 1.3 On 30 January 2018, it was agreed to procure self-service in advance of the other systems due to the contract for the “My Account” self-service portal coming to an on 31 October 2018, and due to the need to align the re-procurement with the procurement of a self-service portal for Streetscene.
- 1.4 Recent legal advice is that the Council should commence a procurement for the Housing Management System as a matter of urgency.
- 1.5 The current contract is due to expire on 31 July 2019 and the intention is to start the re-procurement before this date. Legal advice is that we should not extend the current contract. However, with the decision 'to take back control of our repairs' it is proposed not to start the procurement until after the new repairs service has gone live in on 17th April, as this will allow the Council time to focus on mobilising the new repairs service, which has significant ICT elements; and to give time to include the emerging requirements of the new repairs service in with the procurement.
- 1.7 The procurements should also include the emerging requirements of the new Housing Management Contact Centre due to open in April 2019.
- 1.8 There is a risk in not awarding the new contract before the end of July 2019, but this is a low risk which in the circumstances is acceptable. This implies rolling on the current contract with Northgate for another year. However, the Northgate contract has been rolled forward since 2007 and no challenge has emerged, and there is no indication of challenge, although this is only relevant since the end of HFBP. It should also be noted that the council is not saying that it will not procure;

only that the award will be outside of the current contract, but within the next year, and by including the new repairs service in the procurement the Council will be offering a more comprehensive package to the market.

2. FINANCIAL INFORMATION

- 2.1 The estimated contract value is £394k pa including licence costs, infrastructure, and servers. The estimated whole life cost is £4.730m based on a full contract period of 12-years.
- 2.2 This is based on a licence limit of 25,000 properties. As this includes Tenanted properties, Leasehold, Temporary Accommodation, Garages and Car Spaces, Sheds and other HRA assets, the number of properties on the database is increasing, and the Council is near or at its limit. However, due to operational changes e.g. the outsourcing of repair ordering, the Housing System is currently being used less. As such, while this may change as the proposed contract is for up to 12 years, other licencing models will be explored based on use or usage, to see if these provide better value for money and to avoid the cost of moving to the next property band.
- 2.3 In line with the Council's strategy for externally hosted systems to reduce internal infrastructure requirements, the intention is for the successful supplier to host the Housing Management system. Not only is this anticipated to reduce infrastructure costs, it will also reduce the cost of upgrades as these will be included within the support agreement.

3. OPTIONS APPRAISAL AND RISK ASSESSMENT

- 3.1 Due to the reasons outlined in 1, the council has no option but to carry out a re-procurement of the Housing Management System.
- 3.2 The option of carrying out a joint procurement for a single supplier across the various service areas was explored through the market engagement exercise carried out in October 2017 as part of IMS Programme, after which, the IMS Programme Board decided to opt for a "Best of Breed" solution rather than tendering for a single supplier. Under this option the individual systems would be tendered separately as individual Lots at the same time using Competitive Dialogue, with self-service being the key to the overall Integrated Management system, in that the back-office systems would integrate with the customer facing; self-service portal.
- 3.3 The Housing Management System re-procurement is therefore still aligned to the overall integrated approach of IMS as it seeks an individual solution for the service area.

3.4 Main risks

	Risks	Mitigation
A	Potential legal challenge if the Council does not start the procurement	A PIN was issued to mitigate the risk of legal challenge as part of IMS. The Council is intending to start the procurement i.e. publish the contract notice in the Official Journal of the European Union (OJEU) before the end of the current contract on 31 July 2019.
B	Poor integration with other council systems and third-party systems	This will be a Technical requirement which will have to be met.
C	Potential connectivity issues between the Council's desktop and the hosted supplier	This will be a Technical requirement which will have to be met.
D	Loss of flexibility in carrying out small bespoke enhancements	This will be included within the contract management requirements.
E	Data Security	This will be included within the Technical requirements and the supplier will be expected to comply with the Council's Data Security Policy.
F	Requirements do not fully meet business needs	Workshops have been held with Subject Matter Experts (SMEs) to ensure the Functional requirements meet business needs. SMEs will also be involved in the tender evaluation.
G	Resource constraints due to other major ICT projects being carried out at the same time	The timescale takes into account other projects
H	Potentially large disruption to the service	A Mobilisation Plan will be agreed prior to implementation.
i	Poor on-going contract management	There will be continuity of management through the procurement, implementation, and handover to on-going contract management.

4. THE MARKET

- 4.1 There is a well-established mature market for Integrated Housing Management Systems that cover small, medium and large size organisations.
- 4.2 As part of the IMS Market Engagement – 6 suppliers took part in the market testing exercise in relation to the Housing Management system. These were:
- Aareon UK
 - Capita Business Services
 - Civica UK
 - HCL Technologies UK
 - Northgate Public Sector
 - Orchard
- 4.3 Suppliers also confirmed during the market engagement that they can provide a hosted solution.

PROCUREMENT STRATEGY

5. CONTRACT PACKAGE, LENGTH AND SPECIFICATION

- 5.1 The package will include all the core housing management functions currently carried out on iWorld e.g. voids and allocations including homelessness, tenancy management, rent accounting and rent arrears, residual repairs, property purchase, and service charges integrated around a core people and property database.
- 5.2 The package will also include EDMS and Self-Service options that can either standalone or fit with corporate solutions.
- 5.3 There will also be a focus on mobile working that will facilitate more agile ways of working.
- 5.4 Functions not currently carried out in iWorld will be included on a contingency basis to give the Council the option of scaling up (or down) in the future and to consolidate databases e.g. when contracts end. This includes ASB and Homelessness Reduction.
- 5.5 The requirements of the new repairs service will be included within the contract including for a Direct Labour Organisation.
- 5.5 In line with the original IMS Cabinet Report, a contract of up to a maximum 12 years is proposed with break points at the end of years 7 and 10. Implementing systems of this size and complexity is a large undertaking in terms of time, effort, and cost, and can potentially have a large disruptive impact on the service (both positive and negative). As such, a long-term relationship is proposed to realise benefits.
- 5.6 As integration is core to the system enabling ease of use, single view of the data and lower support costs, breaking the packaging into separate Lots is not proposed.

6. SOCIAL VALUE, LOCAL ECONOMIC AND COMMUNITY BENEFITS

- 6.1 Due to the speciality in the market, which is either national or international in outlook, there are no local suppliers.
- 6.2 The Housing Management System will enable the Council to carry out its statutory and landlord functions including allocating to those in need according to the Scheme of Allocations and supporting Tenancy sustainability.
- 6.3 A requirement will be drafted to ask the market what additional social value they can provide.

7. OTHER STRATEGIC POLICY OBJECTIVES

- 7.1 This is aligned with the IT strategy for:
- infrastructure neutral systems i.e. hosted, and for;
 - database consolidation.
- 7.2 It is also aligned with the new desk top strategy enabling more mobile and agile working and 'to take back control of our repairs' .
- 7.3 Moving to a hosted solution, and by going back to the market, should provide savings and enable business transformation based on improved functionality and Technology. This supports the Council's priorities for *being ruthlessly financial efficient* and for being *a different kind of council – pioneering and relentlessly searching for better answers*, and supports the Council's vision of being *the best Council*.

8. STAKEHOLDER CONSULTATION

- 8.1 The work leading to the development of this strategy has involved the IMS Programme Board which includes Growth and Place, Residents Services, ICT, Procurement, and Legal Services.
- 8.2 Workshops were held with SMEs across all service areas in developing the functional requirements.

9. PROCUREMENT PROCEDURE

- 9.1 As the Council can specify its Housing Management requirements; and as there are readily available solutions, and due to the time constraint, the Restricted Procedure is proposed rather than Competitive Dialogue.

10. CONTRACT AWARD CRITERIA

- 10.1 The contract will be awarded on the basis of most economically advantageous tender which will follow the award criteria shown in the table below.

Tier 1	%	Tier 2	%	Tier 3	%	%	Overall %
Price	30	none					30
Quality	70	Technical	20	Technical	65		9
				Social Value	35		5
		Contract Management	15	none			11
		Functional	65	Property Maintenance		20	9
				Service Charges		20	9
				Tenancy Management		20	9
				People & Property		15	7
				General		10	5
				Self Service		10	5
				EDMS		5	2
	100		100		100	100	100

10.2 The IMS evaluation criteria have been reviewed as Competitive Dialogue is no longer being proposed. This has placed the emphasis more on Quality than Price and on the Functional requirements, as these are more relevant for a back-office system that will better enable service improvements. The weightings reflect the business-critical areas identified at the user workshops and importance of the new repairs service.

PROJECT MANAGEMENT AND GOVERNANCE

11. PROJECT MANAGEMENT

11.1 A Project Manager has been assigned to the project reporting the Head of Systems and Programmes Management on a day to day basis, who is also the Project Sponsor. Both will report to the Service Review Team (SRT), which will be chaired by the Assistant Director of Operation within Growth and Place, who is also the Senior Responsible Officer. The SRT will include representatives from ICT, Procurement and Legal, and other areas as required. The Tender Appraisal Panel will be drawn from the SRT and widened to include SMEs. The SRT will report into the Strategic Delivery Board within Growth and Place.


12. INDICATIVE TIMETABLE

12.1 The key milestones are

- Receive Cabinet approval 14 January 2019
- Publish OJEC Notice Before 31 July 2019
- Award contract Jan-April 2020

13. CONTRACT MANAGEMENT

- 13.1 The Head of Systems and Programmes Manager will be the Contract Manager post award. This will ensure continuity from procurement and implementation through to business as usual.
- 13.2 The successful supplier will be expected to comply with the council's standard IT terms and conditions including Service Level Agreement. The service provided by the hosted supplier, including implementation, will also be covered in the requirements

<p style="text-align: center;">London Borough of Hammersmith & Fulham</p> <p style="text-align: center;">CABINET</p> <p style="text-align: center;">14 JANUARY 2019</p>	
<p style="text-align: center;">BUSINESS CASE & PROCUREMENT STRATEGY IN RELATION TO URGENT REPAIR OF DISTRICT AND COMMUNAL HEATING SYSTEMS</p>	
<p>Report of the Cabinet Member for Housing: Councillor Lisa Homan</p>	
<p>Open report A separate report on the exempt part of the Cabinet agenda provides information about the financial standing of potential suppliers.</p>	
<p>Classification: For decision Key Decision: Yes</p>	
<p>Consultation: Legal, Finance and Procurement</p>	
<p>Wards Affected: Fulham Broadway, Fulham Reach, Hammersmith Broadway, Palace Riverside, Wormholt & White City</p>	
<p>Accountable Director: Jo Rowlands Strategic Director of Growth and Place</p>	
<p>Report Author: Charles Kinney: Head of Mechanical and Electrical</p>	<p>Contact Details: Tel: 020 753 4438 Charles.kinney@lbhf.gov.uk</p>

1. EXECUTIVE SUMMARY

- 1.1. Hammersmith and Fulham Council has 44 communal / district heating plantrooms within its housing stock serving 1888 properties. The systems have several advantages including containing safety and maintenance at a single point, energy efficiency and lowering carbon emissions. However, as identified in the Asset Strategy the plant is aging and a programme of replacement will be needed over the next 3 to 5 years.
- 1.2. In the immediate term, seven systems have been identified as having critical issues and need upgrading to avoid future problems. The district heating distribution system at Seagrave Road Estate, and the schemes which are served by the communal heating plant rooms at Malabar Court, Farm Lane, Wheatsheaf Lane, Banim Street and St Albans Terrace & Chelmsford Close and Walham Green contain 84 vulnerable individuals and require urgent works to avoid system breakdowns. The total estimated value of the works is £2.084 million inclusive of contingencies.

- 1.3. The proposal is to utilise the established Dynamic Purchasing System (DPS) operated by Procurement for Housing called “[Capital Works and Associated Services DPS]” to appoint a specialist district heating contractor.
- 1.4. A report on future system replacements will be presented to Cabinet for review in mid-2019 as part of a wider on-going review of the condition of housing and associated assets.

2. RECOMMENDATIONS

- 2.1. That in accordance with the Council’s Contracts Standing Orders the Cabinet approves the Business Case & Procurement Strategy for District and Communal Heating Systems as set out in Appendix 1 attached.
- 2.2. That delegated authority be given to the Strategic Director of Growth and Place in consultation with the Cabinet Member for Housing to award the contract.

3. REASONS FOR RECOMMENDATIONS

- 3.1. To comply with the requirements contained in Contract Standing Orders. The proposal is to utilise the Procurement for Housing DPS to carry out the appointment of a specialist contractor for the works.
- 3.2. The proposed strategy will enable the Council to complete urgent works to various District Heating Schemes and plant rooms.

4. PROPOSAL AND ISSUES

- 4.1. The district heating systems at Seagrave Road Estate, Malabar Court, Farm Lane, Wheatsheaf Lane, Banim Street, St Albans Terrace & Chelmsford Close and Walham Green Court require urgent works. There is high risk that the residents of these estates are at risk of losing their heating and hot water systems. Given this scenario the Council would then be required to provide emergency alternative heating and hot water systems which would incur substantial additional costs.

4.2. Seagrave Road Estate

The distribution system at Seagrave Road Estate has reached the end of its useful life (over 35 years old) with numerous leaks across the estate. This is already resulting in poor heating and hot water provision for residents as well as the risk of structural damage to the buildings due to the dampness created by the leaks. Technical inspections have identified that the system is in danger of complete failure and requires urgent renewal. There was a system failure in 2015 with heating and hot water down for one week. The condition of the system has deteriorated further since.

- 4.3. In Autumn 2017 a valve pit failed, flooded a public area, and resulted in emergency repairs being required. Emergency temporary heating appliances had to be provided for 3 weeks to residents. This included a substantial number of vulnerable elderly residents in the Viking Court Sheltered Scheme.

- 4.4. There are technical concerns that if the plant and distribution system fail and cannot be re-pressurised it could lead to the possibility of having to rehouse up to 80 residents.
- 4.5. To address the issues, a new replacement distribution system is required. This will be run underground, alongside the existing pipework to minimise resident disruption.
- 4.6. Malabar Court, Farm Lane, Wheatsheaf Lane, Banim Street, St Albans Terrace Chelmsford Close and Walham Green Court

The boiler plant at these six sites is at the end of its useful life and suffering from frequent breakdowns and loss of service for residents. The renewal of the plant has been delayed for a few years at each site. However, the plant now requires urgent renewal to safeguard the service to residents in the future.

- 4.7. Proposed solution: The proposal is to renew the distribution system at Seagrave Road Estate and to carry out the required works in the plant rooms at the other sites.
- 4.8. Different procurement routes have been explored as set out at Appendix 1. The preferred route is to utilise the established Procurement for Housing “[Capital Works and Associated Services DPS) which satisfies the requirements of section 20 of the Landlord and Tenant Act 1985 as it allows residents to nominate their own contractor. The contractor will then be able to make an application to join the DPS, although the contractor’s admittance is not guaranteed.
- 4.9. If this proposal is approved the intention is to run a mini competition amongst approved contractors on the DPS.
- 4.10. The internal distribution systems and domestic heating are also nearing the end of their life span. Although not immediately critical they could be added to future investment programmes.

5. OPTIONS AND ANALYSIS OF OPTIONS

- 5.1. The Property Services Gas Team (PSGT) has undertaken a service review in accordance with Contract Standing Orders. Appendix 1 sets out the commercial and procurement options, together with an analysis of these options. The unsuitability of the previous efforts to procure the works together with the high risk of system failures mean the open tender process is not feasible due to the urgency of the works.

6. CONSULTATION

- 6.1. Details of consultation undertaken by the PSGT is shown in Appendix 1.

7. EQUALITY IMPLICATIONS

- 7.1. The works will result in a level of disruption for residents however the contractor will aim to keep this to a minimum. The consultation process will identify vulnerable residents and the contractor's liaison officer will work with housing officers to ensure that operatives are mindful of resident needs. Generally, the impact of the proposed works is expected to be positive with homes provided with a reliable heating and hot water service. It is felt that a full Equality Impact Assessment is not required considering the special arrangements that will be put in place.
- 7.2. Implications verified/completed by Peter Smith Head of Policy and Strategy tel.0208752 2206.

8. LEGAL IMPLICATIONS

- 8.1. A Dynamic Purchasing System (DPS) is an electronic purchasing system used to purchase goods, works or services. Contractors can apply to join the DPS at any time.
- 8.2. The DPS dictates the process for conducting a mini-competition with which the officer responsible for this project will need to comply.
- 8.3. *Implications completed by: Hector Denfield, associate with Sharpe Pritchard LLP on secondment to the Council; hdenfield@sharpepritchard.co.uk*

9. FINANCIAL IMPLICATIONS

- 9.1 The Contracts awarded via this strategy will be funded by the HRA Capital Programme.
- 9.2 The Capital Programme does not include any specific provision for these heating works. Included in the Capital Programme Monitor & Budget Variations 2018/19 (First Quarter) forecast is £43.5m of unallocated budget to be made available to various schemes within the HRA capital programme for the financial years 2018/19 to 2021/22 as and when they are identified. This unallocated balance as at the end of September forecast was £36.3m. The estimated £2.08m needed for the heating works will be allocated out of this unallocated balance. In doing so this reduces the balance available for future schemes. The value of the works will be confirmed following the mini-competition exercise.
- 9.3 Some of the estimated £2.08m that is attributable to works on Leaseholder properties will be recoverable from the Leaseholders. The estimated amount collectable will be calculated when the Cabinet Member Reports recommending the approval of each contract is drafted.
- 9.4 Each scheme will be monitored and reported on via the Decent Neighbourhoods monthly budget and the quarterly Capital monitoring Cabinet Report. It is recommended that project managers maintain project cash flows that are shared with Finance Officers to ensure strong budgetary control.

9.6 Financial Context

The plans set out in this report are not expected to adversely impact on the current projected level of HRA cashable reserves which before any appropriation or transfer to the reserve for the 2018/19 financial year outturn, is forecast to be £40.1m. The plans in this report are also not expected to adversely impact on the level of debt in the HRA as measured by the HRA Capital Finance Requirement (CFR), as the Capital Programme Monitor & Budget Variations, 2018/19 (First Quarter) report that went to Cabinet on 8th October 2018 sets out that the CFR is forecast to be within prudential borrowing limits.

9.7 Implications completed by: Sudhir Kafle, Housing Investment Accountant, Contact tel. 020 8753 4391.

9.8 Implications verified by: Emily Hill, Assistant Director Corporate Finance, tel. 020 8753 3145.

10 BUSINESS IMPLICATIONS

10.1 Delivery of communal and district heating systems require specialist Contractors who will be encouraged to utilise local supply chains for trades such as labouring, landscaping carpentry etc where possible.

10.2 The Commissioning Manager will work with the Economic Development Team to ensure that economic and social value criteria is delivered and to create employment and skills prospects for residents and supply opportunities for local businesses.

10.3 Implications verified/completed by: Albena Karameros Programme Manager, tel.020 79388 583

11 COMMERCIAL IMPLICATIONS

11.1 The procurement strategy proposed is in line with the Council's Contracts Standing Orders (CSOs) and Public Contracts Regulations (PCR) 2015. The Procurement for Housing DPS has been procured at OJEU level. This is in full compliance with the regulations will be assured even if the value goes over the statutory threshold.

11.2 A mini competition will be conducted from the DPS. A detailed awarding criterion is presented in the Strategy Proposal in the Appendix. It is recommended to run the mini competition through the Council's e -tendering system, capital Esourcing, if allowed by the DPS T&Cs.

11.3 Implications verified/completed by: Andra Ulianov, Procurement Consultant, tel. 0208 753 2284.

12 SOCIAL VALUE CONSIDERATIONS

12.1 Social Value delivery opportunities have been identified. Tenderers will be required to submit their proposals for delivering Social Value in Hammersmith & Fulham and these will account for 5% of the quality awarding criteria.

12.2 Implications verified/completed by: Andra Ulianov, Procurement Consultant, tel. 0208 753 2284.

13 IT IMPLICATIONS

13.1 ICT Implications: There are no ICT implications identified by the SRT .

IM Implications: Contractors will be expected to have a GDPR policy in place and for all staff to have received GDPR training.

13.2 If the contractor will be processing sensitive personal data on behalf of H&F a Privacy Impact Assessment will need to be completed to ensure all potential data protection risks in relation to this project are properly assessed with mitigating actions agreed and implemented. For example, a contract data protection and processing schedule or an information sharing agreement template and a Supplier Security Checklist to ensure the systems used by the new contractor complies with H&F's regulatory requirements.

13.3 All personal data supplied to all contractors will be password protected and handled in line with the data protection policy

13.4 Contractors will be expected to comply with all LBHF requirements.

13.5 Implications verified/completed by: Karen Barry Strategic Relationship Manager, tel. 0208753 3481.

14 RISK MANAGEMENT IMPLICATIONS

14.1 Works are required to ensure mitigation of continuity of service risk to our residents of a critical system in accordance with Corporate Risk and Statutory Duties. The impact of the proposed works is expected to be positive with homes provided with a reliable heating and hot water service.

14.2 Proportionate and targeted action is being taken to reduce risks to an acceptable level. It is essential that in managing these risks the Council is:

- achieving council priorities to put residents first;
- ensuring robust financial management through procurement of a reliable and proven contractor and Being Ruthlessly Financially Efficient;
- protecting residents;
- protecting valuable assets; and,
- maintaining and promoting the council's reputation.

14.3 The appointed contractor will undertake the Principal Contractor role for the project in accordance with the requirements of the CDM 2015 Regulations.

14.4 The Contractor will prepare and maintain a construction phase plan for all the works. The CPP will comply and preferably exceed the requirements set out in:

- The Management of Health & Safety at Work Regulations 1999
- Construction (Design and Management) Regulations 2015 and associated L153 Guidance Document
- Provision and use of Work Equipment Regulations 1998
- Health & Safety (Young Persons) Regulations 1997
- The Control of Asbestos at Works Regulations 2012

Health & Safety Planning

14.5 Contractors will be expected to provide risk assessments and method statements before a project commences. Contractors are asked to submit details of their own code of conduct and this is checked to ensure it complies with our requirements. Copies of the Risk Assessment and Method Statement will be held on site.

The required information will be provided to the Principal Designer to allow them to issue the Preconstruction Information Plan (PCIP) and submit a notification to the HSE.

Once the contractor has received receipt of the PCIP, they will continue to develop the Construction Phase Plan (CPP) taking into account the details provided in the PCIP. The contractor will ensure that we deliver the CPP in a timely manner to LBHF and Principal Designer for approval in advance of work commencing on site.

The CPP will be maintained through the contract and updated to allow for any changes to design, H&S procedures, legislation, LBHF requirements and new risks that may arise in delivery.

Health & Safety Management

14.6 Once projects are live, Health and Safety is the number one priority and the first agenda item at monthly progress meetings. Risks are constantly monitored with an on-going action plan as per the live Risk Register.

H&S performance is monitored via KPIs and reports focusing on near misses, minor incidents, employee absence from work due to incident and RIDDOR.

The Construction Phase Plan is used as a management tool to ensure that at each project stage there will be a safe start. This includes a comprehensive site induction to all Contractors including checking of permits and asbestos awareness training.

The Health & Safety file/O&M manual will be developed throughout the delivery of the projects to ensure that those involved in future maintenance work can benefit. The file will be agreed with the Principal Designer and made available to LBHF in both electronic and hard copy. The file will provide detail of any residual hazards, project information, drawings,

certificates, guarantees, approvals, details of the project team.

The contractor will also ensure that if the plant room has any dangers they will be clearly identified through signage and all operatives returning to site review the Health and Safety file prior to return, taking necessary precautions in line with site specific RAMS

14.7 Implications verified by Michael Sloniowski, Risk Manager 020 8753 2587.

15 OTHER IMPLICATIONS

15.1 Details of any specific implications relating to property, business intelligence, health and wellbeing, Section 106 and PREVENT are set out in Appendix 1.

16 BACKGROUND PAPERS USED IN PREPARING THIS REPORT

No.	Description of Background Papers	Name and contact details of responsible officer	Department/ Location
	None.		

LIST OF APPENDICES

Appendix 1 – Business Case & Procurement Strategy

**REPORT RELATING TO
BUSINESS CASE;
PROCUREMENT STRATEGY; and
PROJECT MANAGEMENT AND GOVERNANCE
FOR URGENT REPAIR OF DISTRICT HEATING SYSTEMS**

BUSINESS CASE

1. BUSINESS CASE – WHY THE PROCUREMENT IS NEEDED

- a. The district heating systems at Seagrave Road Estate, Malabar Court, Farm Lane, Wheatsheaf Lane, Banim Street, St Albans Terrace & Chelmsford Close and Walham Green all require urgent works. Without these works being carried out, the Council would not be compliant with current regulations in terms of legionella and safety systems, and there is high risk that the residents of these estates may lose their heating and hot water systems in the future. The Council may then be required to provide emergency alternative heating and hot water systems and possible de-canting which would incur substantial additional costs.
- b. A district heating system consists of a central boiler plant room, distribution network and heat transfer system. The plant room heats the core hot water that is then pumped through the distribution network throughout the building. At each flat there is a system for transferring heat from the core system into each domestic system.

Seagrave

- c. The distribution network at Seagrave Road Estate is largely underground. It is over 35 years old and has reached the end of its life with numerous leaks across the estate. This means it is struggling to supply enough heat to the flats on the estate resulting in poor heating and hot water provision for residents. In addition, there is the risk of structural damage to the buildings due to the dampness created by the leaks. Technical inspections have identified that the system is in danger of complete failure and requires urgent renewal.
- d. To address the issues, a new replacement distribution system is required. This will run underground, alongside the existing pipework to minimise resident disruption. By carrying out the works in the spring it is hoped that there will be minimal impact on residents during the heating period.

Malabar Court, Farm Lane, Wheatsheaf Lane, Banim Street, St Albans Terrace & Chelmsford Close and Walham Green

- e. The boiler plant at these six sites is at end of its useful life and suffering from frequent breakdowns and loss of service for residents. The renewal of the plant has been delayed for several years at each

site. However, the plant now requires for it to be renewed to ensure a continuing service to residents. Further delaying the works is no longer feasible as the sites must comply with current regulations.

- f. The proposal is to firstly renew the distribution system at Seagrave Road Estate and to carry out the required works in the plant rooms at the other sites. These would be carried out concurrently to ensure that residents continue to receive heating and hot water. The order of programme will be based on plant room and resident priorities;

2. FINANCIAL INFORMATION

The estimated cost of these works is approximately £2.084million. The breakdown of costs between the schemes is as follows:

Scheme	Cost £000
Wheatsheaf	197
Malabar	151
Farm Lane	210
St Albans Terrace & Chelmsford	143
Banin	149
Seagrave	634
Walham Green	600
Total	2,084

3. OPTIONS APPRAISAL AND RISK ASSESSMENT

- a. Do nothing. Plant rooms will likely fail leading to costly emergency repairs, expensive temporary heating or requirement to re-house some of the most vulnerable residents – 84 residents including a supported needs block at Seagrave Road.
- b. The proposal is based on retaining the existing heating and hot water design at each site. The alternative options would be to move to individual heating systems for each flat or to use an alternative central heat generation technology.
- c. Due to the construction type, the individual system option would involve electric storage heating and hot water systems installed in each property. This would require an electrical wiring upgrade of each block and flat and involve substantial disruption for residents. As electricity is more expensive than gas, this solution would also increase the heating and hot water bills for residents. This approach would therefore run counter to the Council’s strategies with respect to both Climate Change and Fuel Poverty.
- d. At Seagrave, the proposal is to leave the existing plant room as is and upgrade the distribution network only. For the other sites the proposal is to renew the central plant room. In carrying out these renewals the

potential to incorporate low-carbon technologies has been considered. Small scale micro-CHP can be used in some plant rooms to generate useful electricity alongside heat. While micro-CHP increases maintenance costs, these can be more than offset by the saving in use of grid-supplied electricity. For the plant rooms in this scope, the internal layout and heat demand makes it difficult to use micro-CHP effectively. Rather this technology will be used in the upgrade of the larger plant rooms due in the coming years.

- e. A second option considered was the use of ground-source heat pumps. This works alongside the gas boilers and extracts heat from underground by pumping a liquid around a buried closed-loop. Unfortunately, there are severe limitations with the technology in built up areas due to the multiple underground services. To investigate properly would require substantial study and this is not possible in the time available. Instead the intention is that this option be considered alongside the immediate works and if a suitable grant can be secured then this would be investigated for later installation in the plant rooms.
- f. The proposed procurement is fully OJEU compliant, adoptable through running a min competition amongst qualifying contractors.
- g. The PfH Dynamic Purchasing System will demonstrate best value for money based on price, capability, and the ability to meet the required timescales.
- h. The new systems will be more efficient than existing leading to reduced running costs and lower bills for residents.

4. THE MARKET

- a. The renewal of district heating systems is a specialist technical area. Maintenance of the individual elements is relatively simple; however, the upgrade of core components requires technical understanding of how each element relates to the other. Fellow London Councils are all moving away from general framework contractors, M&E and works contractors to the use of specialist companies for all their district/communal heating related works.

As set out below, a number of procurement routes have been explored in reaching the current proposal.

5 Procurement Strategy

CONTRACT PACKAGE, LENGTH, AND SPECIFICATION

- a. The total contract value is estimated at £2.084 million. The proposal is to combine the renewal of the distribution network at Seagrave with the plant room upgrades at the other sites. This is a manageable package of works and offers the optimum use of the available resources.

- b. A procurement exercise was approved and run in 2015. The exercise did not convert into contract and the prices are no longer valid. The Mitie maintenance contract awarded in 2013 was explored and prices were obtained. Legal advice was this option did not meet financial and procurement regulations.
- c. Given these issues the preferred option is to utilise the new Procurement for Housing (PfH) Dynamic Purchasing System to carry out the works.
- d. The DPS utilises a two-stage process. Stage 1 is contractor pre-qualification this includes mandatory and discretionary exclusion, insurance, health and safety, accreditations etc
- e. Requirements are set for example gas safe for heating works and contractors must meet these minimum requirements in order to be admitted to the DPS. Once a DPS is received from a new contractor to join the DPS, PFH have a maximum of 10 days to evaluate and provide feedback so the process is very quick.
- f. Stage 2 of the process involves issuing tender documents to the contractors on the DPS. This process is completely configurable to meet our requirements from minimum insurance levels through to the form of contract. The procurement process is completed in a significantly reduced timeframe when compared to a restricted tender exercise
- g. Once bids are in and evaluated the final stages of the Section 20 process can be completed and leaseholders notified of the chosen supplier and the values involved before financing contracts and issuing a contract award notice.
- h. Procurement for Housing is operated by Inprova based in Warrington. It is free for members to use and has established a specialist DPS for Communal and District Heating. LBHF are members of Procurement for Housing (membership number: M201310320)
- i. A detailed survey of the sites has been carried out and a plan formulated to minimise disturbance for residents and achieve the best value for money. There is a need for urgency in delivering the works given the issues at the various sites and at Seagrave Road in particular.

6 SOCIAL VALUE, LOCAL ECONOMIC BENEFITS

- a. The proposal will see local companies involved in the supply of materials for the works. As these are specialist, short-time frame works, there are limited opportunities for any direct local employment training.
- b. Local suppliers and merchants will be utilised where possible.

- c. New more efficient systems will reduce running costs which could potentially reduce bills, fuel poverty, and reduce CO2 emissions

7 OTHER STRATEGIC POLICY OBJECTIVES

- a. The Housing Capital Programme seeks to meet the corporate strategic objectives of improving the quality of the Borough's Housing stock. The heating renewal works will provide safe and reliable heating systems, for residents.
- b. The energy efficient new equipment used in the works will contribute to the council's aim to create a cleaner, greener Borough.

8 STAKEHOLDER CONSULTATIONS

- a. Residents have been written to advising them of the proposed works and leaseholders will be served with Section 20 Notices. Temporary arrangements will be made to maintain heating and hot water services to properties during the works. In addition, it is proposed to hold a resident consultation meeting for each site when the full extent of the works will be discussed and residents given the opportunity to ask relevant questions about the proposed works.
- b. Some leaseholders and freeholders have chosen to be disconnected from the district heating systems in Seagrave Road and have installed their own individual systems. Those disconnected from the system are excluded from any subsequent charges for improvement or maintenance. The cost to leaseholders is calculated in line with the terms of the lease as a set percentage of the total cost of the works. The Council carries the cost of any disconnected properties.
- c. Growth and Place's commitment to consult will ensure that tenants are formally notified of works at the same time as leaseholders are sent Notice of Estimates. A public meeting will be arranged for residents prior to start on site, where the contractor will be introduced, and details of the work will be explained and residents will have the opportunity to ask questions. Ward Councillors and officers from Growth and Place including leasehold services will be invited to this meeting.
- d. There is a statutory obligation to consult with Leaseholders in accordance with the requirements of section 20 and 20ZA of the Landlord and Tenant Act 1985 ("LTA 1985") and Schedule 4 Part 2 of the Service Charges (Consultation Requirements) (England) Regulations 2003 ("the Regulations"). Schedule 4 consultation is a two-stage process and requires the service of a Notice of Intention and then a Notice of Proposal. These two stages straddle the tendering process and leaseholders can nominate the name of an alternative contractor they would like the Council to approach for tender during the first phase.

- e. There will be six separate packages of work. Four of the packages will see two stages of consultation but Seagrave Estate, will only see one as the first phase was undertaken in 2014.
- f. Orders will not be placed for the work until the consultation is satisfactorily concluded.
- g. The Council offers leaseholders a range of payment options to assist with the payment of the estimated invoices. These include a discount of 2.5% for early settlement of bills and a variety of interest free options dependent on the size of the invoice. Leaseholders who live at their property or do not own more than one additional property within the borough qualify for extended interest-free repayment plans of up to 4 years (subject to final charge). Where required, the plans can be extended out for by a further 6 years although this period is interest-bearing at 0.25% above the Council's variable rate of borrowing. All options are explained in the 'Paying for Major Work' leaflet which is available for leaseholders on the Council's web site as well as from Leasehold Services. Leaseholders will also be advised that they may find comparable products within the high street marketplace at banks and building societies.
- h. There are no properties which have right to buy applications pending.
- i. Officers from Property Services estimate that individual recharges, inclusive of fees, will range from 1.05% to 4.38%. The rechargeable element of the agreed Task Price will be verified by officers from leasehold services before S20 notices are issued.

9 PACKAGING OF THE CONTRACTS AND PROCUREMENT PROCEDURE

The contract will be grouped into 7 separate packages of work which will be prioritised to ensure that the most urgent works are tackled first to minimise possible inconvenience to residents.

10 CONTRACT AWARD CRITERIA

10.1 The contract will be financially evaluated by running a mini competition amongst approved contractors within the Procurement for Housing DPS Agreement which is OJEU compliant. The prices obtained through the mini competition will be evaluated alongside quality aspects and methodology for carrying out the work.

10.2 It is proposed to use a 60/40 quality/price split with 7 quality focussed questions:

- Relevant experience, qualifications backed up with 2-3 case studies and references
15%
- Detailed Method Statement per site
30%

- Resident Engagement, safeguarding vulnerable residents 30%
- Social Value, sustainability and environmental issues 5%
- Health and Safety Plan and management 10%
- DLP, defects period, warranties etc 5%
- Sub-Contractor on boarding and management 5%

11 PROJECT MANAGEMENT AND GOVERNANCE

11.1 The SRT has been led by the Head of Mechanical and Electrical, Growth and Place reporting to the Head of Property Services. The team includes heating engineers, and representatives from housing's asset management and leasehold services teams.

Projected Programme Milestones

1. Seagrave – April 2019 – 20 weeks
2. Banim Street – April 2019 – 4 weeks
3. St Albans & Chelmsford – May 2019 – 5 weeks
4. Malabar – May 2019 – 4 weeks
5. Farm Close – May 2019 – 5 weeks
6. Wheatsheaf – May 2019 – 5 weeks
7. Walham Green – 12 weeks plus 4 weeks lead in and design time.


12 CONTRACT MANAGEMENT

12.1 The contracts will be managed by LBHF's Senior Heating Engineer and Quality Assurance Engineer along with the appointed contractor's Project Manager. They will monitor progression and quality of work through bi-weekly and monthly site meetings, these meeting will be logged along with the Senior Engineer's weekly site inspections. Internal progress meetings will be scheduled to allow formal reporting to the Head of Mechanical and Electrical Service, Growth and Place.

12.2 The Senior Technical Heating Engineer will raise all project contract documentation for change control i.e. Variation Orders/Engineers Instructions etc.

12.3 The Senior Heating Engineer will complete periodic valuations and authorise payment certificates in accordance with the contract.

- 12.4 There will be pre-handover inspection surveys to ensure that work has been carried out to specification, and to a satisfactory standard of workmanship, prior to the renewal being accepted from the contractor.
- 12.5 On completion of the project (or project phases), the heating engineer will raise Sectional Practical Completion Certificates and Final Certificate of Practical Completion.
- 12.6 An end of the Defect Liability Inspections survey will ascertain whether the work has been maintained correctly during the 12-month defect period and that there are no outstanding items that need to be addressed by the contractor.

<p>London Borough of Hammersmith & Fulham</p> <p>CABINET</p> <p>14 JANUARY 2019</p>	
AWARD OF WARDEN CALL CONTRACT	
Report of the Cabinet Member for Housing - Councillor Lisa Homan	
<p>Open report A separate report on the exempt part of the Cabinet agenda provides information about the tender evaluation.</p>	
<p>Classification - For Decision</p> <p>Key Decision: Yes</p>	
<p>Consultation Legal, Procurement and Finance</p>	
Wards Affected: All	
Accountable Director: Jo Rowlands Strategic Director of Growth and Place	
<p>Report Author: Charles Kinney Head of Mechanical and Electrical</p>	<p>Contact Details: Tel 020 8753 4438 Charles.kinney@lbhf.gov.uk</p>

1. EXECUTIVE SUMMARY

- 1.1. This report seeks approval to award the Warden Call and Door Entry Contract for Sheltered Housing following a competitive procurement process.
- 1.2. The work consists of the replacement of the emergency alarm and door entry system in the Council's 22 Sheltered Housing Schemes. The contract provides for the supply and fitting of the infrastructure and equipment for a digital broadband based emergency alarm system and assistive technology.

2. RECOMMENDATIONS

- 2.1. That approval be given to accept the tender submitted by SCCI Alphatrack Limited and award a contract for the supply and installation of a Warden Call and Door Entry System in the sum stated in the exempt report.
- 2.2. That SCCI Alphatrack also be awarded a subsequent 5-year Maintenance Contract in the sum stated in the exempt report.

3. REASONS FOR DECISION

- 3.1. These works need to be undertaken because major components of the existing equipment are obsolete with many parts having reached their economical lifespan. Components required to maintain the equipment are increasingly difficult to obtain as they are not readily available from the manufacturer and can result in lengthy delays and breakdowns causing inconvenience to residents.
- 3.2. The alarms are critical for the safety of residents in the event of a fall or illness. The increased numbers of breakdowns and unreliability of the equipment creates potential risk of failure and causing inconvenience to residents and visitors.
- 3.3. This Tender Acceptance Report is submitted for Cabinet approval in accordance with Contract Standing Orders.

4. PROPOSAL AND ISSUES

- 4.1 The specification provides for the removal of existing door entry access and replacement with the new warden call access control and video door entry systems together with new wi-fi systems.
- 4.2. Tenders were received on 31 August 2018 and were evaluated based on both price and quality. Tenderers were advised that the contract would be awarded based on the most economically advantageous tender using 60% price and 40% quality.
- 4.3 The open process was used so that all organisations responding to the opportunity listing on capitalE-sourcing had to submit a full tender. They were required to submit a Minimum Standards Questionnaire, and method statements in response to the quality award criteria and prices.
- 4.5 Although not included in the original procurement strategy it was subsequently felt that there were significant advantages in having the ongoing maintenance carried out by the installer as it would eliminate any disputes over responsibility in the event of performance issues.
- 4.6 Further information is set out in the exempt report on the exempt Cabinet agenda

5. OPTIONS AND ANALYSIS OF OPTIONS

- 5.1 Officers have analysed the tenders received and officers consider that it represents good value for money and is economically viable. The lowest tender value reflects the competitive market which exists for work of this nature. Tenderers were advised that the award of the contract would be made on the basis of the most economically advantageous tender. The tenders were evaluated on 40% Quality 60% price basis and SCCI Alphatrack met the

Council's minimum quality threshold set out in the Minimum Standards Questionnaire and came first in terms of quality and price.

- 5.2. Clearly the pre- tender estimate was incorrect and the competitive tenders received are a truer reflection of the contract value.
- 5.3 The only other option is not to award a contract following the tender exercise, which is unacceptable as already explained in section 3 above.

6. CONSULTATION

- 6.2. Internally consultation has taken place with Legal, Procurement and Finance and other departments. Residents have been consulted through the Sheltered Housing Forum and further consultation will take place prior to the works commencing.

7. EQUALITY IMPLICATIONS

- 7.1 The Council has paid due regard to its Public-Sector Equality Duty, as set out in Section 149 of the Equality Act 2010, and it is not anticipated that there will be any negative impact on any groups with protected characteristics from the awarding of this contract.
- 7.2 The works will have a positive effect on older people by providing an up to date and reliable warden call and door entry system. The warden call element of the contract provides an emergency service to residents who are ill or in difficulty and is vital for the safety and wellbeing of our residents. A dedicated resident liaison officer will be on site during the works to deal with any issues that may arise
- 7.3 Implications verified/completed by: Peter Smith, Head of Policy & Strategy, tel. 020 8753 2206.

8 LEGAL IMPLICATIONS

- 8.1 The tender exercise described in this report is for a works contract. It is below the EU threshold for works contracts of £4,551,413.
- 8.2 Under Contract Standing Order 17, the award of contract has to be approved by Cabinet because it is more than 10% above the pre-contract estimate.
- 8.3 The contract was tendered on the basis that award of contract would be made to the tenderer submitting the most economically advantageous tender. Members need to be satisfied that the tender process and evaluation described in this report will lead to award being made to that tenderer.
- 8.4 A draft contract was prepared by Legal Services using one of the recognised standard forms of contract for these types of works, and supplied to tenderers. This will form the basis for a formal written contract executed by both parties as required by Contract Standing Orders.

8.5 *Implications verified/completed by: Deborah Down, Senior Associate with Sharpe Pritchard Solicitors on secondment to the Council*
ddown@sharpepritchard.co.uk

9 FINANCIAL IMPLICATIONS

4.1. As set out in the exempt report on the exempt Cabinet agenda.

10 IMPLICATIONS FOR LOCAL BUSINESS

10.1 There are limited implications for businesses in the Borough as the contractor uses sub- contractors from outside the area although local businesses may benefit from operatives using local facilities. However the chosen contractor will be encouraged to use local companies for the supply of materials and to recruit local labour where possible.

10.1 Implications verified by Albena Karameros, Economic Development Team, tel. 020 7938 8583

11 COMMERCIAL IMPLICATIONS

4.2. As set out in the exempt report on the exempt Cabinet agenda.

12 SOCIAL VALUE CONSIDERATIONS

12.1 Social value has not been considered as part of the tendering exercise. It has not been part of the awarding criteria. However, the supplier notified the Council that they wish to maximise their corporate social responsibility policy by implementing several initiatives in London Borough of Hammersmith & Fulham, if successful. This has been sent to all suppliers as a clarification message, and a full audit trail can be provided.

12.2 The tenderer's proposal with regards to Social Value includes offering employment opportunities to residents, training, and preparations for interviews for individuals from the local community who are long-term unemployed or not in employment or education.

12.3 The tenderer will also help boost local economy within the Hammersmith and Fulham by adding local privately-owned suppliers to their supply chain. During the mobilisation period of the contract, it is proposed that the Project Manager will request from the Council a list of local business to identify the companies that will be of assistance, such as local glazing companies, sign manufacturers, plant hire, metal fabricators, welding

12.4 Officers shall agree a Social Value Delivery Plan with the winning bidder and monitor it in accordance with the targets set.

12.5 Implications verified/completed by Andra Ulianov, Procurement Consultant, tel. 020 8753 2284.

13 IT IMPLICATIONS

- 13.1 IT Implications - There are no IT implications identified in this report.
- 13.2 IM Implications - The contractor - SCCI Alphatrack Limited – and their subcontractors will be expected to have a GDPR policy in place and for all staff to have received GDPR training.
- 13.3 As the contractor will be processing sensitive personal data on behalf of H&F (such as names and addresses of vulnerable residents) a Privacy Impact Assessment will need to be completed to ensure all potential data protection risks in relation to this contract are properly assessed with mitigating actions agreed and implemented. For example, a contract data protection and processing schedule or an information sharing agreement template and a Supplier Security Checklist to ensure the systems used by the contractor comply with H&F's regulatory requirements.
- 13.4 All personal data supplied to all contractors will be password protected and handled in line with the data protection policy
- 13.5 The contractor will be expected to comply with all LBHF requirements.
- 13.6 The contract will need to include H&F's new data protection and processing schedule. This is compliant with the General Data Protection Regulation (GDPR) enacted from 25 May 2018.
- 13.7 Implications verified/completed by: Karen Barry, Strategic Relationship Manager, tel. 020 8753 3481.


14 RISK MANAGEMENT

- 14.1 Risk assessments will be carried out prior to work starting on each individual scheme and the method statement from the contractor takes account of the environment that they will be working in. The resident liaison officer and the Scheme Manager will be on site if there are any health and safety issues.
- 14.2 The contractor has satisfied all the health and safety requirements which are contained in the contract specification which formed part of the evaluation process.
- 14.3 Implications verified/completed by: Michael Sloniowski Risk Manager, tel. 020 8753 2587.

15 BACKGROUND PAPERS USED IN PREPARING THIS REPORT

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

Agenda Item 12

London Borough of Hammersmith & Fulham		 hammersmith & fulham
CABINET 14 JANUARY 2019		
BUSINESS CASE & PROCUREMENT STRATEGY FOR THE PROCUREMENT OF A CONTRACTOR FOR LANDSCAPING WORKS AT HAMMERSMITH PARK		
Report for the Cabinet Member for the Environment – Councillor Wesley Harcourt		
Open Report		
Classification: For decision Key Decision: Yes		
Consultation: Finance, Legal, Procurement		
Wards Affected: Shepherds Bush Green		
Accountable Director: Mahmood Siddiqi, Director, Highways and Parks		
Report Author: Alice O'Mahony, Parks Project Officer	Contact Details: Tel: 078 2534 2949 E-mail: alice.o'mahony@lbhf.gov.uk	

1. EXECUTIVE SUMMARY

- 1.1. The annual Capital Programme provides a budget envelope of £500,000 for the Parks Capital Programme. This report seeks an approval to allocate £311,000 of the approved budget to fund improvements to Hammersmith Park. One of these improvements is focused on the redesign of the disused bowling green space. Officers are seeking Cabinet approval to procure a contractor to complete the landscaping works so this space can once again be open for the public to enjoy.
- 1.2. The strategy for the procurement of the contract is set out in Appendix 1.

2. RECOMMENDATIONS

- 2.1. That in accordance with the Council's Contracts Standing Orders 8.12 and 10.2 Cabinet approves the Business Case & Procurement Strategy for the procurement of a contractor to complete the landscaping design and works at the disused bowling green in Hammersmith Park as set out in Appendix 1. The works have an estimated value of £120,000.

- 2.2. To approve allocation of £311,000 from the annual parks capital budget to fund Hammersmith Park improvement works.

3. REASONS FOR RECOMMENDATIONS

- 3.1. One of the Council's strategic priorities is 'Taking Pride in Hammersmith and Fulham'. This priority seeks to ensure a safe, clean and green borough for residents. The key aim of the works to Hammersmith Park is to open up a currently unusable space for local residents to enjoy.
- 3.2. The redesign of the area will increase the amount of green space for local residents in the north of the borough to enjoy. The procurement of the works will comply with the requirements contained in Contract Standing Orders to seek Cabinet approval before commencing procurement of a contract in excess of the £100,000 threshold.

4. INTRODUCTION AND BACKGROUND

- 4.1. Out of £311,000 required for the Hammersmith Park improvement works, £120,000 has been provisionally set aside for the redesign of the disused bowling green space.
- 4.2. The primary aim of this phase of work is to open up a currently unused space allowing residents to take pride in H&F.

5. PROPOSAL AND ISSUES

- 5.1. The proposal is for the Council to tender the design and landscaping works in accordance with the Contract Standing Order 10.2 table 10.2a via the online tender portal CapitalESourcing and publication of a notice on Contracts Finder. The pre-tender estimate for the service is £120,000.

6. OPTIONS AND ANALYSIS OF OPTIONS

- 6.1. **Option 1:** Approval to undertake a competitive procurement process for the landscape design and works and invite quotes from multiple contractors. Appendix 1 sets out the commercial and procurement options, together with an analysis of these options.
- 6.2. **Option 2:** Fail to appoint a contractor or do nothing. A commitment has been made to local residents to redesign and open this space for public use.
- 6.3. **Option 3:** Use of an existing framework to procure the services. The frameworks detailed in the Crown Commercial Services, East Shires Purchasing Organisation and Yorkshire Purchasing Organisation have been reviewed and no applicable framework was identified.
- 6.4. Officers recommend progressing Option 1 and further details of the options and recommendations are set out in Appendix 1 – Procurement Strategy. This open procurement strategy will allow suitable companies that are based in the borough the opportunity to deliver the work, helping to build shared prosperity.

Information will be sent to David McAlpine who leads the delivery of the local supply chain programme and will be able to advise on how to promote the work to local suppliers.

7. CONSULTATION

- 7.1. To inform the scheme design, significant consultation was carried out in February and March 2018. Adhering to the Council's commitment of working with residents, the Parks team asked for resident's views and priorities for what improvements they would like in Hammersmith Park. The consultation was advertised on posters placed around Hammersmith Park and through a letter drop of nearby residential properties within 500m of the park (approx. 4,200 properties).
- 7.2. Over 120 residents responded to the survey, of these responses 31% preferred the option of a wildflower and meadow area for the disused bowling green. The second most preferred option with 29% was for the space to be utilised for a grassed open space with hedging and ornamental planting around the perimeter. As these two options received the highest amount of votes compared to the third option and fourth option which received 13% and 10% respectively, it was decided that a combination of both these proposals could be delivered which would ensure that the majority of people would be satisfied with the redesigned space.
- 7.3. Further consultation with local residents and stakeholders will be carried out once the design work is under way and more information is known about the timing and duration of the works. Further details are included in Appendix 1 – Procurement Strategy.
- 7.4. The local community and Friends Group will be updated and any opportunities to involve the local community will be taken. This could be in the form of volunteer days to assist with planting or vegetation clearance or talks on the different aspect of the design/enhanced biodiversity.

8. EQUALITY IMPLICATIONS

- 8.1. As required by Section 149 of the Equality Act 2010, the Council has considered its obligations regarding the Public Sector Equality Duty and it is not anticipated that there will be any direct negative impact on groups with protected characteristics, as defined by the Act, from these proposals.
- 8.2. Implications completed by: Peter Smith, Head of Policy & Strategy, tel. 020 8753 2206.

9. LEGAL IMPLICATIONS

- 9.1. The contract comprises predominantly landscape works which are services under the Public Contracts Regulations 2015. The value of the proposed contract at £120,000 falls below the threshold requiring full compliance with the Public Contract Regulations 2015 ("PCR") for a services contract which is

currently £181,302. As such, the full procurement regime under the PCR does not apply.

- 9.2. The Council's Contract Standing Orders ("CSOs") require that, where there is no existing framework, works contracts with a value over £25,000 and below £181,302, be awarded by advertising the opportunity on the e-tendering webpage and Contracts Finder (see CSO 10.2).
- 9.3. Under Contract Standing order 17.3.1 provided the successful tender is not above 10% of the estimated contract value (of £120,000), the decision to award the contract shall be taken by the appropriate Cabinet Member.
- 9.4. Implications verified/completed by: Sally Stock, Partner, Sharpe Pritchard LLP, external legal adviser on secondment to the Council, sstock@sharpepritchard.co.uk.

10. FINANCIAL IMPLICATIONS

- 10.1. This report seeks an approval to allocate £311,000 of the annual Parks Capital Programme budget to Hammersmith Park Improvements works. This will be funded from the combination of mainstream funding (£137,000) and S106 (£174,000).
- 10.2. This report also seeks the permission to spend approx. £120,000 from the £311,000 allocation to fund the costs associated with the redesign of the disused bowling green in Hammersmith Park.
- 10.3. The remaining funds will be allocated to other improvements in the park. The financial approval for these works will be completed via a further report and decision.
- 10.4. Implications completed by: Sally Swaray Principal Accountant. Telephone Number 020 8753 2524.
- 10.5. Implications verified by: Emily Hill, Assistant Director, Corporate Finance. Telephone Number 020 8753 3145.

11. IMPLICATIONS FOR BUSINESS

- 11.1. This contract will aim to cause minimal disruption to local businesses. The amount of disruption will be minimised with advanced warning signs placed around the park in advance of the works taking place informing people of the upcoming works. Relevant contact details will be provided in case of any issues arising.
- 11.2. The procurement will follow Council procurement rules and standing orders. Local contractors will be engaged proactively through the Council's Local Supply Chain programme, led by the Economic Development Team. Suitable contractors will be encouraged to bid.

- 11.3. The tender specification will include clear social value criteria, particularly around creating employment and skills opportunities for local residents and supply opportunities for local businesses.
- 11.4. Implications verified/completed by: Albena Karameros, Economic Development Team, tel. 07739 316 957.

12. COMMERCIAL IMPLICATIONS

Contract Award Criteria

- 12.1. In assessing the tenders, it is proposed that the submissions will be judged 60% on quality and 40% on price.

Quality proposals (60%) to be based on:

Bidders will be expected to provide information regarding: programme of works, risk management, method statement and local investment.

Price proposals (40%) to be based on:

Bidders will be expected to provide a single cost for carrying out the construction works.

Procurement Procedure

- 12.2. The estimated value of this project is £120,000. This is under the statutory financial thresholds for services currently set at £181,302. According to Contract Standing Orders (CSOs) 10.2, the method for selecting potential bidders for tenders in the first instance is to call off from an existing framework agreement where one exists otherwise go out to tender. An opportunity listing will need to be placed on the e-tendering system webpage and a Contract Notice published in "Contract Finder".
- 12.3. A Tenders Appraisal Panel will consist of a minimum of three officers who will evaluate the tender returns. All evaluation and moderated scored will be logged on the e-tendering system for a good audit trail.
- 12.4. Implications verified by: Joanna Angelides, Procurement Consultant, tel. 0208 753 2586 on behalf of Simon Davis.

13. SOCIAL VALUE CONSIDERATIONS

- 13.1. Social Value is considered as part of the awarding criteria, at 5% of the technical envelope. Social Value considered will add value around creating employment and skills opportunities for local residents and supply opportunities for local businesses. This is in line with the Council's policy and priority of building shared prosperity.
- 13.2. Implications verified/completed by: Ilaria Agueci, Procurement Consultant, tel. 020 8753 2284.

14. IT IMPLICATIONS

- 14.1. IT Implications: This contract will have no impact on IT.
- 14.2. IM Implications: The proposal does not appear to include the management of personal data – as such there are no additional information management implications. However, if the contractor will be processing sensitive personal data on behalf of H&F (for example details of residents living in and around Hammersmith Park where work will be undertaken), a Privacy Impact Assessment will need to be completed to ensure all potential data protection risks in relation to this project are properly assessed with mitigating actions agreed and implemented. For example, a contract data protection and processing schedule or an information sharing agreement template and a Supplier Security Checklist to ensure the systems used by the new contractor comply with H&F's regulatory requirements.
- 14.3. The contract will need to include H&F's new data protection and processing schedule. This is compliant with the General Data Protection Regulation (GDPR) enacted from 25 May 2018.
- 14.4. *Implications verified/completed by: Karen Barry, Strategic Relationship Manager, tel. 0208 753 3481.*

15. RISK MANAGEMENT

- 15.1. Improvement to the local environment is in accordance with our Council Priority Taking Pride in Hammersmith and Fulham and specifically making sure our residents deserve a place that is safe, clean and green. By approving the request to tender the design and landscaping works at Hammersmith Park, the appearance and usability of the park will be enhanced. There will be supervision of the contractor, once onsite, and all aspects of their work will be signed off. This will minimise the risk that the works are not completed to the high standard.
- 15.2. *Implications verified by Michael Sloniowski, Risk Manager, tel. 020 8753 2587.*

16. BACKGROUND PAPERS USED IN PREPARING THIS REPORT

None

LIST OF APPENDICES

Appendix 1: Business Case

APPENDIX 1:
REPORT RELATING TO
BUSINESS CASE;
PROCUREMENT STRATEGY; and
PROJECT MANAGEMENT AND GOVERNANCE
FOR SHEPHERDS BUSH GREEN – APPROVAL TO PROCURE A
WORKS CONTRACTOR TO COMPLETE DRAINAGE AND
LANDSCAPE IMPROVEMENTS

BUSINESS CASE

1. BUSINESS CASE – WHY THE PROCUREMENT IS NEEDED

- 1.1. Hammersmith and Fulham Council is committed to taking Pride in Hammersmith and Fulham and specifically making sure our residents deserve a place that is safe, clean and green.
- 1.2. By completing the landscaping works at Hammersmith Park, we will be increasing the amount of green space local residents can use. Other benefits of the works will include increasing the biodiversity through the planting of a wildflower meadow for pollinators.

2. FINANCIAL INFORMATION

- 2.1. The funds (£311,00) for the improvement works are being funded from the Parks Capital Strategy.
- 2.2. £120k is to be allocated to the landscaping improvements at the disused bowling green
- 2.3. The remaining funds will be allocated to improvements of the hard landscaping, street furniture and children’s playground. As none of these works will individually exceed £100k, the financial approval will be completed via a Cabinet Member Decision and does not form part of this report.
- 2.4. The expected breakdown of costs for the project is as follows:

Item	Cost
Officer fees	£5,000
Design fees	£15,000
Surveys	£5,000
Site Clearance	£15,000
Landscaping & planting	£50,000
Footpaths	£20,000
Site Furniture	£10,000

3. OPTIONS APPRAISAL AND RISK ASSESSMENT

3.1. The following options have been reviewed:

Option 1: Approval to undertake a competitive procurement process for the landscape design and works and invite quotes from multiple contractors and improve local resident's satisfaction. Appendix 1 sets out the commercial and procurement options, together with an analysis of these options.

Option 2: Fail to appoint a contractor or do nothing. A commitment has been made to local residents to redesign and open this space for public use.

Option 3: Use of an existing Framework. The frameworks detailed in the Crown Commercial Services, East Shires Purchasing Organisation and Yorkshire Purchasing Organisation have been reviewed and no applicable framework was identified.

3.2. Overall, the route that best meets the Council's objectives of flexible, rapid delivery that provides value for money is to procure a contractor through an open public procurement process (Option 1).

4. THE MARKET

4.1. Given the number of companies on CapitalESourcing it is expected that the Council will receive strong tender response to this opportunity. The contract will also be advertised on Contracts Finder.

PROCUREMENT STRATEGY

5. CONTRACT PACKAGE, LENGTH AND SPECIFICATION

5.1. The contract will be to complete the design and landscaping works and the specification will include the results of the consultation with the public.

5.2. The contract will last until completion of the defects / maintenance period, the defect period will commence following successful establishment and is expected to last 16 months.

5.3. Key milestones / timetable is set out in Section 12 of this Procurement Strategy.

6. SOCIAL VALUE, LOCAL ECONOMIC AND COMMUNITY BENEFITS

6.1. The Council's requirements will form part of the specification that will be incorporated into the Contract and will include provisions for social return on investment.

6.2. The social value, local economic and community benefits will form part of the technical qualification criteria, it has been recommended that 5% of the award criteria be allocated to this section.

6.3. The approach will be developed throughout the pre-procurement period, but considerations could include:

- Setting appropriate standards for environmental performance and considerate construction.
- Requiring engagement with local communities in the vicinity of new projects and taking account of their views.

7. OTHER STRATEGIC POLICY OBJECTIVES

7.1. The award of the contract aligns with Hammersmith & Fulham's commitment to providing high quality outdoor green space for its local residents.

8. STAKEHOLDER CONSULTATION

8.1. Significant consultation has been carried out regarding the improvement works at Hammersmith Park and is detailed in Section 7 of the Key Decision. Further consultation with local residents and stakeholders will be carried out once the design work is under way and more information is known about the timing and duration of the works. The Parks team will endeavour to involve local residents as much as possible in the process.

9. PROCUREMENT PROCEDURE

9.1. An open procurement procedure will be used to ensure the most economically advantageous tender is awarded the contract. The open procedure will be run as an open process on the capitalEsourcing system.

9.2. With an estimated value of £120k the financial threshold for this scheme is below the statutory amount for service contracts.

9.3. For below threshold procurements, the Public Contracts Regulations 2015 (as amended) require the opportunity to be advertised in the UK's Contracts Finder website.

10. CONTRACT AWARD CRITERIA

10.1. Services: In assessing the tenders, it is proposed that the submissions will be judged 60% on quality and 40% on price.

PROJECT MANAGEMENT AND GOVERNANCE

11. PROJECT MANAGEMENT

- 11.1. **Members:** Regular updates will be provided by the Lead Director for Transport, Highways, Leisure & Parks to the Cabinet Member for Environment– Councillor Wesley Harcourt.
- 11.2. **Internal:** The Parks & Leisure Service will manage this process and ensure that internal colleagues in Finance, Procurement and Legal are well informed of the progress and any decisions made.
- 11.3. **External:** The Council will liaise with local community organisations and keep them updated on the nature of the works.

12. INDICATIVE TIMETABLE

12.1. The table below sets of the high level key milestones for the project.

Activity	Date (and Time)
Key Decision Approval	January 2018
Issue Invitations to Tender, Contract Finder Notice	February 2019
Closing date for receipt of Tenders	February 2019
Tender evaluation period	March 2019
Consultation	March 2019
Contract Award	March 2019
Commencement Date of Contract	March 2019

13. CONTRACT MANAGEMENT

The contract will be managed by the Parks & Leisure Service, the point of contact will be Alice O'Mahony, LBHF Parks Projects Officer.

NOTICE OF CONSIDERATION OF A KEY DECISION

In accordance with paragraph 9 of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012, the Cabinet hereby gives notice of Key Decisions which it intends to consider at its next meeting and at future meetings. The list may change between the date of publication of this list and the date of future Cabinet meetings.

NOTICE OF THE INTENTION TO CONDUCT BUSINESS IN PRIVATE

The Cabinet also hereby gives notice in accordance with paragraph 5 of the above Regulations that it intends to meet in private after its public meeting to consider Key Decisions which may contain confidential or exempt information. The private meeting of the Cabinet is open only to Members of the Cabinet, other Councillors and Council officers.

Reports relating to key decisions which the Cabinet will take at its private meeting are indicated in the list of Key Decisions below, with the reasons for the decision being made in private. Any person is able to make representations to the Cabinet if he/she believes the decision should instead be made in the public Cabinet meeting. If you want to make such representations, please e-mail Katia Neale on katia.neale@lbhf.gov.uk. You will then be sent a response in reply to your representations. Both your representations and the Executive's response will be published on the Council's website at least 5 working days before the Cabinet meeting.

KEY DECISIONS PROPOSED TO BE MADE BY CABINET ON 4 FEBRUARY 2019 AND AT FUTURE CABINET MEETINGS UNTIL APRIL 2019

The following is a list of Key Decisions which the Authority proposes to take at the above Cabinet meeting and future meetings. The list may change over the next few weeks. A further notice will be published no less than 5 working days before the date of the Cabinet meeting showing the final list of Key Decisions to be considered at that meeting.

KEY DECISIONS are those which are likely to result in one or more of the following:

- Any expenditure or savings which are significant (ie. in excess of £100,000) in relation to the Council's budget for the service function to which the decision relates;
- Anything affecting communities living or working in an area comprising two or more wards in the borough;
- Anything significantly affecting communities within one ward (where practicable);
- Anything affecting the budget and policy framework set by the Council.

The Key Decisions List will be updated and published on the Council's website on a monthly basis.

NB: Key Decisions will generally be taken by the Executive at the Cabinet.

*If you have any queries on this Key Decisions List, please contact
Katia Neale on 020 8753 2368 or by e-mail to katia.neale@lbhf.gov.uk*

Access to Cabinet reports and other relevant documents

Reports and documents relevant to matters to be considered at the Cabinet's public meeting will be available on the Council's website (www.lbhf.org.uk) a minimum of 5 working days before the meeting. Further information, and other relevant documents as they become available, can be obtained from the contact officer shown in column 4 of the list below.

Decisions

All decisions taken by Cabinet may be implemented 5 working days after the relevant Cabinet meeting, unless called in by Councillors.

Making your Views Heard

You can comment on any of the items in this list by contacting the officer shown in column 4. You can also submit a deputation to the Cabinet. Full details of how to do this (and the date by which a deputation must be submitted) will be shown in the Cabinet agenda.

LONDON BOROUGH OF HAMMERSMITH & FULHAM: CABINET 2018/19

Leader:	Councillor Stephen Cowan
Deputy Leader:	Councillor Sue Fennimore
Cabinet Member for the Environment:	Councillor Wesley Harcourt
Cabinet Member for Housing:	Councillor Lisa Homan
Cabinet Member for the Economy and the Arts:	Councillor Andrew Jones
Cabinet Member for Health and Adult Social Care:	Councillor Ben Coleman
Cabinet Member for Children and Education:	Councillor Larry Culhane
Cabinet Member for Finance and Commercial Services:	Councillor Max Schmid
Cabinet Member for Public Services Reform:	Councillor Adam Connell
Cabinet Member for Strategy:	Councillor Sue Macmillan

Key Decisions List No. 73 (published 4 January 2019)

KEY DECISIONS LIST - CABINET ON 4 FEBRUARY 2019

The list also includes decisions proposed to be made by future Cabinet meetings

Where column 3 shows a report as EXEMPT, the report for this proposed decision will be considered at the private Cabinet meeting. Anybody may make representations to the Cabinet to the effect that the report should be considered at the open Cabinet meeting (see above).

* All these decisions may be called in by Councillors; If a decision is called in, it will not be capable of implementation until a final decision is made.

Decision to be Made by (Cabinet or Council)	Date of Decision-Making Meeting and Reason	Proposed Key Decision Most decisions are made in public unless indicated below, with the reasons for the decision being made in private.	Lead Executive Councillor(s), Wards Affected, and officer to contact for further information or relevant documents	Documents to be submitted to Cabinet <i>(other relevant documents may be submitted)</i>
4 February 2019				
Cabinet	4 Feb 2019	<p>CAPITAL PROGRAMME MONITOR & BUDGET VARIATIONS, 2018/19 (THIRD QUARTER)</p> <p>This report provides a financial update on the Council's Capital Programme and seeks approval for budget variations, as at the end of the third quarter</p>	Cabinet Member for Finance and Commercial Services	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
	Reason: Expenditure more than £100,000		Ward(s): All Wards	
Contact officer: Andrew Lord Tel: 020 8753 2531 andrew.lord@lbhf.gov.uk				
Cabinet	4 Feb 2019	<p>FOUR YEAR CAPITAL PROGRAMME 2019/20</p> <p>This report presents the Council's four-year Capital Programme for the period 2019-23</p>	Cabinet Member for Finance and Commercial Services	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
	Reason: Expenditure more than £100,000		Ward(s): All Wards	
Contact officer: Andrew Lord Tel: 020 8753 2531 andrew.lord@lbhf.gov.uk				
Cabinet	4 Feb 2019	<p>Corporate Revenue Monitor 2018-19 Month 7 - Oct 2018</p> <p>forecast of 2018-19 spend v budget</p>	Cabinet Member for Finance and Commercial Services	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background
	Reason: Affects 2 or more wards		Ward(s): All Wards	
Contact officer: Emily Hill emily.hill@lbhf.gov.uk				

Decision to be Made by (Cabinet or Council)	Date of Decision-Making Meeting and Reason	Proposed Key Decision Most decisions are made in public unless indicated below, with the reasons for the decision being made in private.	Lead Executive Councillor(s), Wards Affected, and officer to contact for further information or relevant documents	Documents to be submitted to Cabinet (<i>other relevant documents may be submitted</i>)
				papers to be considered.
Cabinet	4 Feb 2019 Reason: Affects 2 or more wards	REVENUE BUDGET AND COUNCIL TAX LEVELS 2019/20 The 2019/20 revenue budget proposals are set out regarding: <ul style="list-style-type: none"> • Council tax levels • Savings and growth proposals • Changes to fees and charges • Budget risks, reserves and balances • Equalities Impact Assessments 	Leader of the Council Ward(s): All Wards Contact officer: Andrew Lord Tel: 020 8753 2531 andrew.lord@lbhf.gov.uk	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
Cabinet	4 Feb 2019 Reason: Expenditure more than £100,000	Grove Neighbourhood Council - 7 Bradmore Park Road W6 0DT Grove Neighbourhood Council has approached the Council to acquire the Freehold of the property which they currently occupies under a 99 year lease from 20th January 1983 on a full repairing and insuring basis at a "peppercorn rent". PART OPEN PART PRIVATE Part of this report is exempt from disclosure on the grounds that it contains information relating to the financial or business affairs of a particular person (including the authority holding that information) under paragraph 3 of Schedule 12A of the Local Government Act 1972, and in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.	Cabinet Member for Finance and Commercial Services Ward(s): Ravenscourt Park Contact officer: Ade Sule, Nigel Brown Tel: 0208 753 2850, Tel: 020 8753 2835 ade.sule@lbhf.gov.uk, Nigel.Brown@lbhf.gov.uk	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
Cabinet	4 Feb 2019 Reason: Expenditure more than £100,000	Corporate Property Services Framework The report outlines revised LOTS to ensure external advice can be secured on a wide range of property advice to ensure the administrations outcomes on assets are delivered	Cabinet Member for Finance and Commercial Services Ward(s): All Wards Contact officer: David Burns, Nigel Brown	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation

Decision to be Made by (Cabinet or Council)	Date of Decision-Making Meeting and Reason	Proposed Key Decision Most decisions are made in public unless indicated below, with the reasons for the decision being made in private.	Lead Executive Councillor(s), Wards Affected, and officer to contact for further information or relevant documents	Documents to be submitted to Cabinet (<i>other relevant documents may be submitted</i>)
			Tel: 020 8753 2835 David.Burns@lbhf.gov.uk, Nigel.Brown@lbhf.gov.uk	and / or background papers to be considered.
Cabinet	4 Feb 2019 Reason: Expenditure more than £100,000	Future of on-site printing service Proposal to end on-site printing service in preparation for decant of the town hall.	Cabinet Member for Finance and Commercial Services Ward(s): All Wards Contact officer: Louise Raisey Tel: 020 8753 2012 Louise.Raiseey@lbhf.gov.uk	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
Cabinet	4 Feb 2019 Reason: Expenditure more than £100,000	APPROVAL TO APPOINT ARKBUILD PLC. AS MAIN CONTRACTOR FOR THE CONSTRUCTION OF 10 GENUINELY AFFORDABLE NEW HOMES AT SPRING VALE ESTATE This report seeks approval to appoint ArkBuild Plc. as main contractor for the construction of 10 genuinely affordable new homes at Spring Vale Estate. The report also seeks a waiver of the tendering requirements of Contract Standing Orders and sets out the contract price and background to the decision. PART OPEN PART EXEMPT This report is part exempt from disclosure on the grounds that it contains information relating to the financial or business affairs of a particular person (including the authority holding that information) under paragraph 3 of Schedule 12A of the Local Government Act 1972, and in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in	Cabinet Member for the Economy and the Arts Ward(s): Avonmore and Brook Green Contact officer: Matthew Rumble matt.rumble@lbhf.gov.uk	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.

Decision to be Made by (Cabinet or Council)	Date of Decision-Making Meeting and Reason	Proposed Key Decision Most decisions are made in public unless indicated below, with the reasons for the decision being made in private.	Lead Executive Councillor(s), Wards Affected, and officer to contact for further information or relevant documents	Documents to be submitted to Cabinet (other relevant documents may be submitted)
		disclosing the information.		
Cabinet	4 Feb 2019 Reason: Expenditure more than £100,000	<p>EdCity Development</p> <p>This report seeks Cabinet authority to support the principles of the development and contracting arrangements. Support for proposals to share in planning costs. Support for the YouthZone arrangements and funding.</p> <p>PART OPEN PART PRIVATE</p> <p>Part of this report is exempt from disclosure on the grounds that it contains information relating to the financial or business affairs of a particular person (including the authority holding that information) under paragraph 3 of Schedule 12A of the Local Government Act 1972, and in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.</p>	<p>Cabinet Member for the Economy and the Arts</p> <hr/> <p>Ward(s): Wormholt and White City</p> <hr/> <p>Contact officer: Jacquie Agyemang-Johnson, David Burns Tel: 020 8753 6090, Jacquie.Agyemang-Johnson@lbhf.gov.uk, David.Burns@lbhf.gov.uk</p>	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
Cabinet	4 Feb 2019 Reason: Expenditure more than £100,000	<p>Linford Christie Outdoor Sports Stadium</p> <p>Proposals for a public consultation in regards to Linford Christie Outdoor Sports Stadium</p> <p>PART OPEN PART PRIVATE</p> <p>Part of this report is exempt from disclosure on the grounds that it contains information relating to the financial or business affairs of a particular person (including the authority holding that information) under paragraph 3 of Schedule 12A of the Local Government Act 1972, and in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.</p>	<p>Cabinet Member for the Economy and the Arts</p> <hr/> <p>Ward(s): College Park and Old Oak</p> <hr/> <p>Contact officer: David Burns David.Burns@lbhf.gov.uk</p>	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.

Decision to be Made by (Cabinet or Council)	Date of Decision-Making Meeting and Reason	Proposed Key Decision Most decisions are made in public unless indicated below, with the reasons for the decision being made in private.	Lead Executive Councillor(s), Wards Affected, and officer to contact for further information or relevant documents	Documents to be submitted to Cabinet (other relevant documents may be submitted)
Cabinet	4 Feb 2019	<p>Mitie Update</p> <p>Follow up to 8th October Cabinet Paper providing more detail on the future Repairs and Maintenance model.</p> <p>PART OPEN PART PRIVATE</p> <p>Part of this report is exempt from disclosure on the grounds that it contains information relating to the financial or business affairs of a particular person (including the authority holding that information) under paragraph 3 of Schedule 12A of the Local Government Act 1972, and in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.</p>	Cabinet Member for Housing	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
	Reason: Expenditure more than £100,000		Ward(s): All Wards	
Cabinet	4 Feb 2019	<p>Procurement Strategy for Legal Support for the Earls Court Regeneration to be procured through CCS Legal Services Framework</p> <p>To provide the council with continued legal advice to support the council's aims of achieving the best possible outcome for residents.</p> <p>PART OPEN PART EXEMPT</p> <p>This report is part exempt from disclosure on the grounds that it contains information relating to the financial or business affairs of a particular person (including the authority holding that information) under paragraph 3 of Schedule 12A of the Local Government Act 1972, and in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.</p>	Cabinet Member for the Economy and the Arts	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
	Reason: Expenditure more than £100,000		Ward(s): North End	

Decision to be Made by (Cabinet or Council)	Date of Decision-Making Meeting and Reason	Proposed Key Decision Most decisions are made in public unless indicated below, with the reasons for the decision being made in private.	Lead Executive Councillor(s), Wards Affected, and officer to contact for further information or relevant documents	Documents to be submitted to Cabinet (other relevant documents may be submitted)
Cabinet	4 Feb 2019 Reason: Expenditure more than £100,000	Modernisation of 6no. passenger lifts, Springvale Estate W14 This report seeks approval to let a contract to undertake works to modernise the existing passenger lifts serving five blocks on the Springvale Estate W14. PART OPEN PART PRIVATE Part of this report is exempt from disclosure on the grounds that it contains information relating to the financial or business affairs of a particular person (including the authority holding that information) under paragraph 3 of Schedule 12A of the Local Government Act 1972, and in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.	Cabinet Member for Housing Ward(s): Avonmore and Brook Green Contact officer: Richard Buckley richard.buckley@lbhf.gov.uk	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
Cabinet	4 Feb 2019 Reason: Expenditure more than £100,000	Healthwatch Procurement Strategy This report seeks approval to the procurement approach to Healthwatch provision in the borough. Local authorities are required to commission a local Healthwatch organisation under the Health and Social Care Act 2012. Healthwatch acts as a consumer champion for users of health and care services, their families, carers and the public.	Cabinet Member for Health and Adult Social Care Ward(s): All Wards Contact officer: Joanna McCormick Tel: 0741207694 Joanna.Mccormick@lbhf.gov.uk	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
Cabinet	4 Feb 2019 Reason: Income more than £100,000	SUSSEX PLACE RAPID EV CHARGE POINTS Seek approval for releasing a mini-competition tender for the Call-Off Contract for electric vehicle rapid charge points in Sussex Place by LBHF Procurement, using TfL's Rapid Charge Point Concessions Framework.	Cabinet Member for the Environment Ward(s): Hammersmith Broadway Contact officer: Richard Hearle Richard.Hearle@lbhf.gov.uk	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background

Decision to be Made by (Cabinet or Council)	Date of Decision-Making Meeting and Reason	Proposed Key Decision Most decisions are made in public unless indicated below, with the reasons for the decision being made in private.	Lead Executive Councillor(s), Wards Affected, and officer to contact for further information or relevant documents	Documents to be submitted to Cabinet (other relevant documents may be submitted)
				papers to be considered.
Cabinet	4 Feb 2019 Reason: Expenditure more than £100,000	<p>S106 Match funding for Macbeth Pottery Studios</p> <p>1.1. This report seeks approval for draw down of S106 match funding for the renovation of the old Site Care flat at the Macbeth Adult Learning Centre and the development of a new Pottery Studios on the Macbeth site. Following a successful bid in by our Adult Learning & Skills Service (ALSS) to the GLA Small Grants Fund, ALSS secured £200,000 and requires a further 50% match fund of £200,000 making £400,000 in total.</p> <p>PART OPEN PART PRIVATE Part of this report is exempt from disclosure on the grounds that it contains information relating to the financial or business affairs of a particular person (including the authority holding that information) under paragraph 3 of Schedule 12A of the Local Government Act 1972, and in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.</p>	<p>Cabinet Member for the Economy and the Arts</p> <p>Ward(s): All Wards</p> <p>Contact officer: Eamon Scanlon Tel: 020 8753 6321 Eamon.Scanlon@lbhf.gov.uk</p>	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
Cabinet	4 Feb 2019 Reason: Expenditure more than £100,000	<p>Award of a Support Contract for Information@Work</p> <p>To request approval to award the support contract for Information@Work (the corporate Electronic Document Management System - EDMS) to Northgate Public Services Limited for 2 years with an option to extend for 1 additional year at a total contract value of £120,000 for the three-year period to be funded from the existing operational budget. This is to allow sufficient time for suitable options for the corporate EDMS going forward to be accurately</p>	<p>Cabinet Member for Finance and Commercial Services</p> <p>Ward(s): All Wards</p> <p>Contact officer: Veronica Barella Tel: 020 8753 2927 Veronica.Barella@lbhf.gov.uk</p>	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.

Decision to be Made by (Cabinet or Council)	Date of Decision-Making Meeting and Reason	Proposed Key Decision Most decisions are made in public unless indicated below, with the reasons for the decision being made in private.	Lead Executive Councillor(s), Wards Affected, and officer to contact for further information or relevant documents	Documents to be submitted to Cabinet (<i>other relevant documents may be submitted</i>)
		explored and assessed once a key dependent project has been completed (estimated date of completion Nov 2019)		
Cabinet	4 Feb 2019 Reason: Expenditure more than £100,000	Linford Christie Outdoor Sports Stadium - Public Consultation on Options The Council proposes to hold a public consultation on the options available for improving or changing the facilities at Linford Christie Outdoor Sports Stadium and the associated pitches on Wormwood Scrubs.	Cabinet Member for the Economy and the Arts Ward(s): College Park and Old Oak Contact officer: David Burns David.Burns@lbhf.gov.uk	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
Cabinet	4 Feb 2019 Reason: Budg/pol framework	Treasury Management Strategy Statement 2019/20 Treasury Management Strategy Statement report for 2019/20	Cabinet Member for Finance and Commercial Services Ward(s): All Wards Contact officer: Phil Triggs ptriggs@westminster.gov.uk	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
Cabinet	4 Feb 2019 Reason: Expenditure more than £100,000	PARKING MANAGEMENT AND CONTROL REVIEW The report details the current parking-related charges and services in H&F, compares these costs with other London boroughs, and explores possible changes to the management and control to help manage parking demand.	Cabinet Member for the Environment Ward(s): All Wards Contact officer: Richard Hearle Richard.Hearle@lbhf.gov.uk	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.

Decision to be Made by (Cabinet or Council)	Date of Decision-Making Meeting and Reason	Proposed Key Decision Most decisions are made in public unless indicated below, with the reasons for the decision being made in private.	Lead Executive Councillor(s), Wards Affected, and officer to contact for further information or relevant documents	Documents to be submitted to Cabinet (other relevant documents may be submitted)
4 March				
Cabinet	4 Mar 2019 Reason: Expenditure more than £100,000	<p>Offsite Records Storage Service</p> <p>Offsite Records Storage Service, for the secure storage of documents and records in a physical format including paper, microfilms, microfiche and some objects. This will also include retrieval services with the capability of doing scan on demand as well as a bulk scanning service and secure destruction of records as requested.</p> <p>PART OPEN PART PRIVATE Part of this report is exempt from disclosure on the grounds that it contains information relating to the financial or business affairs of a particular person (including the authority holding that information) under paragraph 3 of Schedule 12A of the Local Government Act 1972, and in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.</p>	<p>Cabinet Member for Finance and Commercial Services</p> <p>Ward(s): All Wards</p> <p>Contact officer: Anthea Ferguson, Edward Crow Tel: 02087536641, Anthea.Ferguson@lbhf.gov.uk, Edward.Crow@lbhf.gov.uk</p>	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
Cabinet	4 Mar 2019 Reason: Expenditure more than £100,000	<p>Drug and Alcohol Wellbeing service contract extension and variation; and The Alcohol Service Contract Extension</p> <p>Proposal to vary the current Drug and Alcohol Wellbeing Service contract to add elements of groupwork and primary care support.</p> <p>PART OPEN PART PRIVATE Part of this report is exempt from disclosure on the grounds that it contains information relating to the financial or business affairs of a particular person (including the authority holding that information) under paragraph 3 of Schedule 12A of the Local Government Act</p>	<p>Cabinet Member for Health and Adult Social Care</p> <p>Ward(s): All Wards</p> <p>Contact officer: Nicola Ashton Tel: 020 8753 5359 Nicola.Ashton@lbhf.gov.uk</p>	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.

Decision to be Made by (Cabinet or Council)	Date of Decision-Making Meeting and Reason	Proposed Key Decision Most decisions are made in public unless indicated below, with the reasons for the decision being made in private.	Lead Executive Councillor(s), Wards Affected, and officer to contact for further information or relevant documents	Documents to be submitted to Cabinet (other relevant documents may be submitted)
		1972, and in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.		
Cabinet	4 Mar 2019 Reason: Expenditure more than £100,000	<p>Lightning Protection</p> <p>Scheme will protect Council residential buildings 4 storeys and above with protection against Lightning</p> <p>PART OPEN PART PRIVATE</p> <p>Part of this report is exempt from disclosure on the grounds that it contains information relating to the financial or business affairs of a particular person (including the authority holding that information) under paragraph 3 of Schedule 12A of the Local Government Act 1972, and in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.</p>	<p>Cabinet Member for Housing</p> <hr/> <p>Ward(s): All Wards</p> <hr/> <p>Contact officer: Steve Glazebrook Tel: 07976345556 Steve.Glazebrook@lbhf.gov.uk</p>	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
Cabinet	4 Mar 2019 Reason: Expenditure more than £100,000	<p>LED Replacement Lighting Project</p> <p>The project will replace the existing Halogen Lighting with LED on all block and estate lighting. The benefits are longer lasting, lower energy costs, and reducing our carbon footprint</p> <p>PART OPEN PART PRIVATE</p> <p>Part of this report is exempt from disclosure on the grounds that it contains information relating to the financial or business affairs of a particular person (including the authority holding that information) under paragraph 3 of Schedule 12A of the Local Government Act 1972, and in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in</p>	<p>Cabinet Member for Housing</p> <hr/> <p>Ward(s): All Wards</p> <hr/> <p>Contact officer: Steve Glazebrook Tel: 07976345556 Steve.Glazebrook@lbhf.gov.uk</p>	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.

Decision to be Made by (Cabinet or Council)	Date of Decision-Making Meeting and Reason	Proposed Key Decision Most decisions are made in public unless indicated below, with the reasons for the decision being made in private.	Lead Executive Councillor(s), Wards Affected, and officer to contact for further information or relevant documents	Documents to be submitted to Cabinet (other relevant documents may be submitted)
		disclosing the information.		
Cabinet	4 Mar 2019 Reason: Expenditure more than £100,000	Award of Tender for the construction of a community garden at Frank Banfield Park This report requests permission to tender works to create a community garden at Frank Banfield Park, at a cost of £300k. It also requests permission to delegate authority to appoint the winning tenderer to the Cabinet member for Resident's services. The works will be wholly funded using S106 monies, previously agree by Cabinet and confirmed by the Planning department.	Cabinet Member for the Environment Ward(s): Fulham Reach Contact officer: Heather Marsh Tel: 020 8753 6883 HEATHER.MARSH@lbhf.gov.uk	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
Cabinet	4 Mar 2019 Reason: Expenditure more than £100,000	Shepherd's Bush Library Phase One Refurbishment Request for funding to be provided from S106 budgets for works to improve the ground floor of the library. It also provides for changes to the layout which will support increased income generation. Carrying out these much needed works will benefit the community by ensuring the library meets expected standards of customer service and ensuring a safe environment for library customers and staff.	Cabinet Member for the Environment Ward(s): Shepherds Bush Green Contact officer: Terri Massally Tel: 020 7361 3432 Terri.Massally@rbkc.gov.uk	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
Cabinet	4 Mar 2019 Reason: Expenditure more than £100,000	Update on the new repairs model This report details the costs of the new repairs model that will replace the Mitie contract from 17th April 2019 PART OPEN PART PRIVATE Part of this report is exempt from disclosure on the grounds that it contains information relating to the financial or business affairs of a particular person (including the authority holding that information) under paragraph 3 of Schedule 12A of the Local Government Act	Cabinet Member for Housing Ward(s): All Wards Contact officer: Mark Brayford Tel: 020 8753 4159 Mark.Brayford@lbhf.gov.uk	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.

Decision to be Made by (Cabinet or Council)	Date of Decision-Making Meeting and Reason	Proposed Key Decision Most decisions are made in public unless indicated below, with the reasons for the decision being made in private.	Lead Executive Councillor(s), Wards Affected, and officer to contact for further information or relevant documents	Documents to be submitted to Cabinet (other relevant documents may be submitted)
		1972, and in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.		
1 April 2019				
Cabinet	1 Apr 2019	Corporate Revenue Monitor 2018-19 Month 9 - Dec 2018 forecast of spend v budget	Cabinet Member for Finance and Commercial Services	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
	Reason: Affects 2 or more wards		Ward(s): All Wards Contact officer: Emily Hill emily.hill@lbhf.gov.uk	
Cabinet	1 Apr 2019	Geographical Information Systems (GIS) Software Renewal The reprocurement and implementation of the GIS software solution across the three boroughs. There is currently a joint Enterprise Licence Agreement (ELA) in place with ESRI UK Limited that finishes at the end of September 2019.	Councillor Max Schmid	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
	Reason: Expenditure more than £100,000		Ward(s): All Wards Contact officer: Geoff Hay Tel: 0208 753 4223 geoff.hay@lbhf.gov.uk	