

Cabinet

Agenda

MONDAY
6 JANUARY 2020
7.00 pm

MAIN HALL
FIRST FLOOR
3 SHORTLANDS
LONDON W6 8DA

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
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
24 December 2019

If you require further information relating to this agenda please contact:
Katia Neale, Committee Coordinator, tel: 07776 672 956 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 that it may want to hold part of this meeting in private to consider the exempt elements of item 8 which has exempt appendices 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



Shortlands

3 Shortlands,
Hammersmith,
London W6 8DA

-  **Closest Underground Station**
Hammersmith
-  **Closest Bus Stop**
Latymer Court (Stop G)

DEPUTATIONS

Members of the public may submit a request for a deputation to the Cabinet on item numbers 4 – 8 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: Thursday 2 January 2020.**

COUNCILLORS' CALL-IN TO SCRUTINY COMMITTEES

A decision list regarding items on this agenda will be published on Tuesday 7 January 2020. Items on the agenda may be called in to the relevant Accountability Committee.

The deadline for receipt of call-in requests is: **Friday 10 January 2020 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 **Friday 10 January 2020.**

Cabinet Agenda

6 January 2020

<u>Item</u>	<u>Pages</u>
1. MINUTES OF THE CABINET MEETING HELD ON 2 DECEMBER 2019	5 - 11
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. COUNCIL TAX SUPPORT SCHEME 2020/21	12 - 21
5. COUNCIL TAX BASE AND COLLECTION RATE 2020-21 AND DELEGATION OF THE BUSINESS RATE ESTIMATE	22 - 32
6. CAPITAL PROGRAMME MONITOR & BUDGET VARIATIONS, 2019/20 (SECOND QUARTER)	33 - 58

- | | | |
|----|--|-----------|
| 7. | CORPORATE REVENUE MONITOR 2019/20 MONTH 6 - 30
SEPTEMBER 2019 | 59 - 101 |
| 8. | ACQUISITION OF FREEHOLD INTEREST - 145/155 KING STREET,
W6 | 102 - 109 |

This report has two appendices which contain information exempt within the meaning of Schedule 12A to the Local Government Act 1972 and are not for publication. The appendices have therefore been circulated to Cabinet Members only.

Any discussions on the contents of an exempt appendix will require Cabinet to pass the proposed resolution identified at the end of the agenda to exclude members of the public and the press from the proceedings for that discussion.

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|-----|--------------------------------------|-----------|
| 9. | FORWARD PLAN OF KEY DECISIONS | 110 - 126 |
| 10. | ANY OTHER BUSINESS | |

LOCAL GOVERNMENT ACT 1972 - ACCESS TO INFORMATION

Proposed resolution:

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.

London Borough of Hammersmith & Fulham

Cabinet Minutes



Monday 2 December 2019

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 Wesley Harcourt, Cabinet Member for the Environment
Councillor Andrew Jones, Cabinet Member for the Economy
Councillor Lisa Homan, Cabinet Member for Housing
Councillor Sue Macmillan, Cabinet Member for Strategy
Councillor Max Schmid, Cabinet Member for Finance and Commercial Services

76. MINUTES OF THE CABINET MEETING HELD ON 4 NOVEMBER 2019

RESOLVED:

The Leader welcomed all present to the last Cabinet meeting of 2019 and gave a brief overview of the Council's achievement during the year. He stated that the Council had signed the contract on the previous Friday to terminate the CLSA and buy back West Kensington and Gibbs Green Estates and the Gibbs Green School Site. This would support the residents wishes who worked with the Council to save their homes and their community from the threat of redevelopment.

The Council also had worked with schools in the borough to introduce free breakfast to all children in local schools. Finally, the Leader thanked the residents who supported the Council to save Charing Cross Hospital from closure.

RESOLVED:

That the minutes of the meeting of the Cabinet held on 4 November 2019 be confirmed and signed as an accurate record of the proceedings, and that the outstanding actions be noted.

77. APOLOGIES FOR ABSENCE

Apologies for Absence were received from Councillor Larry Culhane.

78. DECLARATION OF INTERESTS

There were no declarations of interest.

79. CORPORATE REVENUE MONITOR 2019/20 MONTH 5 - 31 AUGUST 2019

RESOLVED:

1. That Directors and Cabinet members urgently identify and deliver actions that offset the forecast General Fund overspend of £9.2m.
2. To note the HRA forecast overspend.
3. To approve the virement set out in Appendix 9.

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.

80. SAFER CYCLE PATHWAY ROUTE ALONG KING STREET & HAMMERSMITH ROAD AND A4 CYCLE HIGHWAY

RESOLVED:

With the permission of the Leader, five speakers addressed the Cabinet for 5 minutes each, having submitted valid deputation requests.

The first deputation speaker, David Tarsh, stated that, according to the Cabinet report, the design of the Safer Cycle Pathway route would be delegated to the Chief Officer for Public Realm. He strongly disagreed with approving this scheme without having a final design. It was premature as he believed that residents would have no saying on the final scheme, and it was even possible that residents would prefer the scheme not to be built at all.

Edmond Sixsmith, the second speaker, expressed his concerns in relation to the two-way cycle path, as it could potentially cause serious accidents between bikes coming from opposite directions. He recommended that the design of the final scheme should create separate cycle lanes on both sides of the road for cyclists to ride on the left. He was also concerned that the cycle path might be passing in front of Latymer court bus stop, forcing passengers to cross it to get to the stop, which would become difficult and hazardous to access. In addition, the bi-

directional cycle route would increase congestion on the busy junction between Wolverton Gardens and Hammersmith Road junction.

The third deputation speaker, John Griffiths, stated that the cycle pathway would pass the busy North End Road junction. There was already limited space and time for pedestrian and cyclist to cross at this junction and it also appeared that there was no time for a further phase in the signals. Therefore, he could not envisage how a high-speed cycle route through there would work. There was also the potential increase in collisions between pedestrian and cyclist at the main crossing at Hammersmith Gyratory. He also believed that with the Olympia Development going ahead the cycle pathway would impose severe traffic congestion on the area, which would also affect emergency and bus services.

Leo Murray, the fourth speaker representing W6 Safe Cycling Families, stated that currently their children were not safe cycling on the borough streets. If the Safer Cycle Pathway went ahead, his family and the other thirty plus families in the W6 safe cycling family group would use this route every day to travel between home, school, clubs and work. This would support the borough's Climate Emergency programme. He also noted that pedestrians should always be given priority over cyclists. He stressed that for this new protected cycleway to serve the mobility needs of local families it was vital that the route should incorporate the gates of every school in the borough.

George Abaraunye, the 14-year-old speaker representing H&F Cyclists, stated that in June 2019 on his way cycling home from football training he was struck and almost killed by a person driving a car, while cycling in a bus, taxi and cycle lane. He requested that the Council committed to deliver this safer segregated cycling infrastructure in 2020, as part of a network of safety improvements and segregated lanes for the benefit of people like him, who were not yet of voting or driving age; those who may be afraid to cycle on the roads as they were now; and others who might be encouraged to cycle or just enjoy the freedom to do so without it being a life and death question. He added that there was a place for cyclists, cars and pedestrians on the roads, but one should not be allowed to endanger the other.

The Leader stated that he was pleased to hear a young person's voice and thanked George for his representation.

The Leader allowed a further request from a resident to address the Cabinet. He said that at the Community Safety and Environment PAC in September it was agreed that disabled people would be consulted to incorporate their accessibility needs on the design of the scheme. So far no one had been consulted. He was particularly concerned on the impact on visually impaired people having to cross the cycle path to get to the bus stops.

The Leader assured that an extensive consultation with disabled people would be carried out early in the new year, prior to finalising the design for the scheme. This was a priority to the Council and would also meet the Equality Act.

The Strategic Director for Environment, Sharon Lea, and the Chief Officer for Public Realm, Bram Kainth, stated that this Council had an excellent track

record of consulting disabled people. They assured that all issues raised at this Cabinet meeting would be taken into consideration into the design of the cycle path, which would be done with the input of residents.

The Leader stated that the CS9 would not be going ahead as it was very fast and large. However, the current situation was unsustainable with an enormous increase in population and congestion on the roads. Safer Cycle Pathway was a great way forward to encourage cycling safely.

The Leader stated that the Council would soon announce the creation of a Residents Working Party to take the lead on designing this scheme, to ensure that every concern was taken into account and to gain the approval of the vast majority of residents.

RESOLVED:

- 1 Approve the principle of a proposed Safer Cycle Pathway route along Hammersmith Road & King Street from Olympia to Goldhawk Road and the proposed Cycle Highway route along the A4 from British Grove to Warwick Road.
- 2 Delegate authority to the Chief Officer for Public Realm to progress to detailed design and carry out any remaining statutory consultation on the scheme proposals.
- 3 Delegate authority to the Chief Officer for Public Realm to incorporate into the final design, where possible, feedback from the Residents Commission made up of local residents, business and disabled groups.
- 4 Delegate authority to the Chief Officer to commit the capital expenditure for the highway improvements works. The main construction works are to be carried out by the Council's Principal Highways Contractor, F.M Conway Limited, under the existing Term Contract and the scheme will be fully funded by Transport for London (TfL).
- 5 Authorise the Chief Officer for Public Realm to enter into a Section 278 agreement under the Highways Act 1980, with Transport for London for the highway works.
- 6 Authorise the Chief Officer for Public Realm to enter into a section 8 agreement under the Highways Act 1980, with neighbouring highway authorities for the highway works as required, with the Council as the highway authority, carrying out the works.
- 7 Note that the Cabinet Member for the Environment will be kept updated via regular briefing notes during the scheme development.

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.

81. PROCUREMENT STRATEGY TO DEVELOP A DYNAMIC PURCHASING SYSTEM (UNDER THE LIGHT TOUCH REGIME) WITH THE WEST LONDON ALLIANCE FOR LOOKED AFTER CHILDREN AND CARE LEAVER PLACEMENTS

RESOLVED:

Is it recommended that the Cabinet:

1. Approves the procurement strategy found at Appendix 1 of this report which recommends the development of a Dynamic Purchasing Vehicle for semi-independent living arrangements for Looked After Children and Care Leavers for a period of eight (8) years on a 5+1+1+1 structure with a six (6) month break clause at any point during this term;
2. Approves Hammersmith & Fulham Council becoming the lead borough, on behalf of the West London Alliance ("WLA") and its core partner boroughs, for the development of the Dynamic Purchasing Vehicle, as detailed within 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.

82. TOWN HALL CAMPUS CIVIC PROGRAMME: APPROVAL TO PURCHASE COMMERCIAL UNITS AND JOINT VENTURE UPDATE

RESOLVED:

That Cabinet approves

- 1.1. Subject to receiving a satisfactory external valuation advice, that the Council enter into a conditional sale agreement, and any other legal agreements which are required, with the King Street Joint Venture for the purchase of:

- 6,011sqm NIA of B1 office space.
 - 523sqm NIA for office start-up units.
 - 649sqm NIA commercial uses in A1–A3 use class.
 - A new four-screen cinema totalling 1,283sqm NIA and 335sqm NIA restaurant.
- 1.2. Delegated authority to the Strategic Director for the Economy, in consultation with the Cabinet Member for the Economy, to finalise and complete negotiations with the Joint Venture company and enter into all necessary legal agreement/s in order to give effect to the decision in 2.1 above.
- 1.3. Delegated authority to the Strategic Director for the Economy, in consultation with the Borough Solicitor and the Cabinet Member for the Economy, to agree onward pre-sales and lettings to appropriate occupiers for each of the buildings following external property advice on commercial terms and values.

That Cabinet recommends to Full Council

- 1.4. To approve a capital budget of £64m for the purchase of the office space, start up units, commercial units, restaurant and cinema as set out in this report and the associated professional fees and Stamp Duty Land Tax (SDLT). The total budget will be funded by general fund borrowing, represented by an increase in the Council’s capital financing requirement, supplemented by capital receipts, or developer contributions when available, with final confirmation of funding delegated to the Strategic Director, Finance and Governance, in consultation with the Cabinet Member for Finance and Commercial Services.
- 1.5. To approve an additional capital budget of £25m to purchase a 50% stake in the joint venture limited liability partnership with A2 Dominion at the point at which the new town hall extension is handed over to the Council, funded by general fund borrowing, represented by an increase in the Council’s capital financing requirement.

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. FORWARD PLAN OF KEY DECISIONS

The Key Decision List was noted.

84. ANY OTHER BUSINESS

None.

Meeting started: 7.00 pm
Meeting ended: 8.25 pm

Chair

Agenda Item 4

London Borough of Hammersmith & Fulham

Report to: Cabinet

Date: 06 January 2020

Subject: **COUNCIL TAX SUPPORT SCHEME 2020/21**

Report of: Cabinet Member for Finance and Commercial Services – Councillor Max Schmid

Summary

Since 2013, the council has been required to set its own council tax support scheme each year, setting out how it wants to help those households on low income pay their council tax.

Doing everything we can to protect our low-income residents from the effects of austerity is a council priority.

Despite continuing cuts in funding (59% in real terms since 2010), the council has always wanted to ensure that residents are no worse off in this borough 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.

Our ruthless financial efficiency has enabled Hammersmith & Fulham Council to provide higher levels of financial support to our low-income residents, compared to other councils and this report enables that commitment to continue.

Funding was originally based on current H&F council tax benefit levels, less 10%. However, now, the funding forms part of the Revenue Support Grant allocation received at the Local Government Finance Settlement (LGFS).

Since our scheme was introduced in 2013, we have seen many changes to welfare benefits, including housing benefit and the continued roll out of Universal Credit to our residents. As a result of these changes, we have worked hard to protect our residents by continuing to design our scheme to provide the very same level of support for these often-vulnerable households. Our aim has always been to mitigate future hardships or shortfalls as a result of welfare reform.

Recommendations

1. This report seeks agreement that the Council will, for another year, continue to support our most vulnerable residents by protecting our local scheme. Once again for the eighth year running, we are proposing providing the maximum 100% support to our residents where they are on low incomes. This is at a time when we continue to have reduced funding from Central Government and are observing that many other local authorities, including our

neighbours, are asking their vulnerable residents to now contribute towards their council tax, at levels often up to 25% of their actual charge.

Wards Affected: All

H&F Priorities

Our Priorities	Summary of how this report aligns to the H&F Priorities
<ul style="list-style-type: none"> Building shared prosperity 	<p>We'll support our low-income residents by ensuring our scheme gives them the maximum benefit of up to 100%, contributing to keeping their living costs, including their council tax, affordable.</p>
<ul style="list-style-type: none"> Creating a compassionate council 	<p>We are continuing our local support scheme to the most vulnerable amongst us, so we know they are looked after financially.</p>
<ul style="list-style-type: none"> Doing things with residents, not to them 	<p>We'll continue to listen to and work with our residents by offering financial support to them when nationally local authorities are reducing financial help and support.</p>
<ul style="list-style-type: none"> Taking pride in H&F 	<p>We want to be our residents to know we are working to protect and maintain policies that protect our most vulnerable.</p>

Financial Impact

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 & Fulham and the Greater London Authority based on their respective council tax charges. The Hammersmith & Fulham share of the scheme cost was £8.3m in 2019/20 and is estimated to be £8.1m in 2020/21. This reduction reflects a lower caseload.

Funding for the council tax support scheme was originally provided through Revenue Support Grant (RSG) from the Government. Government grant funding has been cut in each year since 2010/11. The total reduction in general grant, since April 2010 to April 2019, has been £73m. This is a cash terms reduction of 47% and real terms reduction of 59%. Funding for 2020/21 and future years is remains uncertain.

Legal Implications

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.

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

Contact Officer(s):

Name: Will Stevens/Andy Lord

Position: Finance Business Partner's

Telephone: 020 8753 2531

Email: will.stevens@lbhf.gov.uk

Verified by Emily Hill/ Hitesh Jolapara

Background Papers Used in Preparing This Report

None

DETAILED ANALYSIS

1. Proposals and Analysis of Options

- 1.1. This report proposes to forgo any additional revenue again for the 8th year running by continuing to protect our council tax support scheme by not making any significant changes to it, including importantly not introducing a minimum contribution or reducing the maximum amount of support we can award. This will ensure our low-income residents won't have to start to pay an element of their council tax, but instead we will be continuing with our fairer system based on old benefit rates and income tapers.
- 1.2. We propose, in addition, to apply the annual uprating of the allowances, applicable amounts, and income for both pensioners and working age DWP benefits, as per the Housing Benefit uprating circular that is issued to all local authorities in November of each financial year. This circular advises the new rates from April 2020. All local authorities have a duty to apply uprating to their housing benefit Scheme and we propose to continue to reflect this uprating within our council tax support scheme to mirror the original intention of the default scheme. This will ensure transparency, ease of administration and clarity for our residents.
- 1.3. Our current scheme offers all working-age people the ability to claim up to 100% council tax support, depending on their income and household circumstances. Latest Government statistics show that nationally just 37 councils continue to provide this generous level of support.
- 1.4. Currently there are 14,116 households receiving council tax support in Hammersmith & Fulham. Of these, 5,016 are pensioner age therefore would be unaffected by any changes and 9,100 are working age. Therefore, had we proposed any changes to the introduce a minimum contribution to our scheme, this would have impacted the largest proportion of our caseload, those being of working age. As stated previously, pensioners must remain protected as in the original design of the scheme and this remains unchanged.
- 1.5. Across London, many local authorities have chosen to raise additional revenue through the council tax support scheme by introducing a minimum charge for working-age customers receiving council tax support. The average minimum contribution has been around 20% of their total council tax liability.

Cost of the scheme

- 1.6. In general, with the introduction of Universal Credit, the cost to the authority of the scheme has been reducing as the caseload has been decreasing slowly. However, this remains a risk to the authority for future years as the cost of the scheme could increase due to increases in council tax levels and caseload should the economy suffer, or the tax base continue to increase.

- 1.7. The Council continues to have pressures to find savings, and therefore we will be observing our neighbouring authorities in 20/21 to understand the changes they have introduced this year to their schemes, including rises to minimum contributions or the change to income band schemes.
- 1.8. We will want to understand the effect it has on their residents, the subsequent impact on recovery costs, activity, and the potential savings it may generate for the authority in terms of actual spend on the scheme.
- 1.9. We are very interested to see the impact moving to an income-band-based approach has on residents, as it is suggested that these types of schemes can be much clearer to residents to understand. However, we note they can also have some disadvantages as they create cliff edges where customers can drop out of entitlement very quickly, as a £1 additional income can move them in or out of eligibility. We will report back on our findings later next year to help inform any future decisions on our scheme.
- 1.10. For 2020/21 the Council estimates that it will provide a total of £11.46m in council tax support. This equates to 10,595 band “D” equivalents based on 2019/20 council tax levels.
- 1.11. Attached appendix 1 is a summary of the proposed changes to the schemes across London authorities for 20/21

2. Reasons for Decision

- 2.1. We propose to continue with our scheme as is, providing the maximum amount of support to our working age caseload for the 8th year running. We believe this best serves our residents, who are continuing to see a rise in housing costs in general, as well as still experiencing negative impacts from the introduction of Universal Credit.
- 2.2. Whilst the overall principle of UC should have a positive effect on households, enabling financial independence, we are aware that in reality the outcome has seen a rise in the use of foodbanks, a rise in arrears and complexities around income collection for both council rent and council tax.
- 2.3. The council has concluded that if changes were made to the scheme to introduce a minimum contribution towards council tax for working age customers on low incomes, we would be seeking repayment from the poorest in our society, many of whom have already seen reductions in their income due to earlier welfare reform changes.

3. Equality Implications

- 3.1. An updated EIA has been attached at appendix 2. There will be no groups adversely affected by the proposals made.
- 3.2. Implications verified/completed by: Peter Smith Head of Policy & Strategy tel 020 8753 2206

4. Risk Management Implications

- 4.1. 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 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 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. It also contributes to our council values most specifically being a compassionate council, so the most vulnerable among us are looked after.
- 4.2. Implications verified/completed by Michael Sloniowski Risk Manager tel 020 8753 2587

5. Other Implications

- 5.1. There are no procurement or IT implications associated with the report.
- 5.2. Implications verified by Joanna Angelides Procurement Consultant 0208 753 2586 and Veronica Barella Chief Information Officer tel 020 8753 2927

6. Consultation

- 6.1. There is no requirement to consult this year as we are not proposing any changes to our scheme.

List of Appendices:

Appendix 1: Comparism CTRS Schemes

Appendix 2: Equality Impact Analysis (EIA) of Local Council Tax Support Scheme 2020/21

CTRS scheme questionnaire

Authority	2019/20 (current scheme)			2020/21				Any other comments
	Current CTRS scheme - minimum contribution or banded	Minimum claimant contribution	Annual expenditure under current scheme	Are you planning to change your scheme in 2020/21	If yes, will it be minimum contribution or banded discount?	Minimum claimant contribution	Is the change delivering savings? If so how much?	
Barking								
Barnet								
Bexley	Banded discount, with minimum contribution	20%	£12.2M	No				No plans to amend scheme for 2020 at this stage, however still early days of this scheme so will be kept under review (banded scheme only introduced from April 2019). Our new banded scheme is proving very slightly more expensive than the previous 20% minimum contribution. We don't appear to be getting any complaints about cliff edges or similar so far, although it's probably a bit too soon to judge whether it's helping in terms of overall collection. The rationale for introducing a banded scheme was the impact of Universal Credit on managing predictable payment plans for those affected.
Brent	Minimum contribution	20% unless "vulnerable" (mainly if receiving disability benefits - in which case up to 100% rebate)	£27.2M	Yes	Banded discount	No minimum contribution	Change to be cost-neutral to 2019/20 expenditure	Scheme will be banded discounts with non-dep deductions
Bromley								
Camden	Taper scheme no minimum contribution	No Minimum contribution	£26m	Yes	Banded discount based on London Living Wage	No minimum contribution	Not from CTS expenditure	£500k from staff savings
City of London								
Croydon								
Ealing								
Enfield								
Greenwich								
Hackney								
Hammersmith	Old Default	No	£11.5m	No				Considering changing following year possible banding
Haringey								
Harrow	Minimum contribution	30% unless "vulnerable" (mainly if receiving disability benefits - in which case up to 86% rebate)	£14m	Yes	Banded discount	30% unless "vulnerable" (mainly if receiving disability benefits - in which case up to 86% rebate)	No	
Havering								
Hillingdon								
Hounslow								
Islington	Minimum contribution	8% for all working age claimants	£26.1M	Yes	Not yet decided			We are looking at both options of minimum and banding, looking at cost effective.
Kensington	Old default scheme	NO	11M	No				
Kingston								
Lambeth				No				
Lewisham	Minimum contribution	25%	£18m	No indication			Not envisaged	all working age are liable for 25%, no exceptions or enhancements. No hardship fund but those in difficulty can apply for write off (£13a).
Merton								
Newham								
Redbridge								
Richmond	Default	Minimum contribution removed from 19/20		No indication			No indication	
Southwark	Minimum contribution	15%	Circa £20m	No				Hardship payments available as now
Sutton								
Tower Hamlets								
Waltham Forest								
Wandsworth	Minimum contribution	Virtually, a minimum contribution of 30%, but we prefer to do a Band D comparison as due to the low CT our 30% is nearer 15 - 20% in other boroughs.		No fundamental changes			No	WBC also have a similar vulnerability scheme which means disabled household still receive 100% CTR. We made a tweak so there is one level of non-dep deduction but generally the default scheme.
Westminster								

Appendix 2

Equality Impact Analysis (EIA) of Local Council Tax Support Scheme 2020/21

(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 decided in 2019/20 to enhance the assessment process in by

- adding a threshold of £5 to the notifications we receive from the Department of Works and Pensions that tell us of changes to Universal Credit any increases of £5 or less will be ignored.
- Since 019/20 We allow 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 there is entitlement to housing benefit, we have now reflected this in to our scheme.
- If there is entitlement to housing benefit, we have introduced 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 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 14116 persons receiving Council Tax Support , 5016 of these are pensionable age and therefore are protected in this scheme, leaving 9100 of working age customers. Of these 9100, 3198 are in receipt of Universal Credit which equates to 35.14%.

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.

On our latest evidence suggest couples make up 9.54% of the Working Age UC cohort.

The split of male / female customers receiving CTRS shows 61.51 are female and 3.49% are male

In terms of Customers in receipt of CTRS where one or more has a disability we now have 750 recipients which represents 23.45%. This is an increase on previous years, which is understandable as the UC migration programme moved from single customers to couples and families over the last 12 months.

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 2021/22. If change is required, then further work will be needed to assess its impact on the protected groups.

Agenda Item 5

London Borough of Hammersmith & Fulham

Report to: Cabinet

Date: 06 January 2020

Subject: **COUNCIL TAX BASE AND COLLECTION RATE 2020-21 AND DELEGATION OF THE BUSINESS RATE ESTIMATE**

Report of: **Cabinet Member for Finance and Commercial Services – Councillor Max Schmid**

1. Summary

This report is a Statutory requirement and contains an estimate of the Council Tax Collection rate and calculates the Council Tax Base for 2020/21. The Council Tax Base will be used in the calculation of the Band D Council Tax undertaken in the Revenue Budget Report for 2020/21.

The proposed Council Tax Base for 2020/21 of 80,495 is an increase of 1,238 on the figure agreed for 2019/20 of 79,257. Based on the 2019/20 Band D charge of £762.02 the increase in the tax base will result in an increased income of £943,381 for Hammersmith and Fulham.

The report also seeks to delegate authority to the Strategic Director of Finance and Governance to determine the business rates tax base for 2020/21.

On 8th October 2019 the Leaders' Committee for London Council's agreed to continue to pool business rates across all 34 London authorities in a pan-London pool in 2020/21, subject to the Mayor for London agreeing to forgo the GLA's share of any net financial benefit. This pool would replace the pilot 75% business rates pool for 2019/20 which no longer has government support. The current indicative benefit for Hammersmith and Fulham from the pool is £0.5m.

2. Recommendations

That Cabinet approves the following recommendations for the financial year 2020/21:

- I. That the estimated numbers of properties for each Valuation Band as set out in this report be approved.
- II. That an estimated Collection rate of 97.5% be approved.

- III. That the Council Tax Base of 80,495 Band “D” equivalent properties be approved
- IV. 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 2020/21.
- V. Cabinet will also be required to approve the recommendations in the Council Tax Support Scheme 2020/21 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 8 below.
- VI. To confirm that the London Borough of Hammersmith and Fulham wishes to continue in a pan-London business rates pool in 2020/21
- VII. To delegate authority to the Strategic Director of Finance and Governance in consultation with the Cabinet Member for Finance and Commercial Services, to agree the recommendations in this report from 2021/22 in advance of budget setting.

Wards Affected: All

3. H&F Priorities

Our Priorities	Summary of how this report aligns to the H&F Priorities
<ul style="list-style-type: none"> • Building shared prosperity 	<p>Keeping the Council Tax low helps residents to maintain affordable living costs.</p>
<ul style="list-style-type: none"> • Creating a compassionate council 	<p>We continue to lead on Ethical Debt Collection by working closely with vulnerable residents and not employing Enforcement Agents for the collection of council tax.</p>
<ul style="list-style-type: none"> • Being ruthlessly financially efficient 	<p>The recommendations in this statutory annual report will ensure that the Council continues to maximise income through increasing the premium on long term empty properties to 200% and not granting discounts or exemptions to second homes or unoccupied and unfurnished properties. These recommendations alone generate approx. £1.98m income to the council and contributes to the Council continuing to set one of the lowest Council Tax payable in the country.</p>

<ul style="list-style-type: none"> Taking pride in H&F 	<p>The Council's policy on not granting discount's or exemptions on empty or second properties encourages bringing these properties back in to use and creating safer and cleaner communities for residents and contributing to the prevention of homelessness.</p>
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4. Financial Impact

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 26th February 2020.

The proposed Council Tax Base for 2020/21 of 80,495 is 1,238 Band D equivalents, higher than the 79,257 agreed for 2019/20. The main reasons for the change are:

Increase in the tax base due to new non-exempt properties	1,125
SPD reduction	154
Reduction in Council Tax Support scheme discounts	289
Other Adjustments to Discounts	- 298
Gross Total Change	1,270
Adjusted for Collection rate of 97.5%	32
Total change	1,238

Based on 2019/20 Council tax levels, the increase in tax base will generate additional income of £0.94m for Hammersmith and Fulham and £0.40m for the Greater London Authority.

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.

Prior Year Collection Fund Surplus

The Local Government and Finance Act 1988 requires that all council tax and non-domestic rates income is paid into a Collection Fund, along with payments out regarding the Greater London Authority precept, the business rates retention scheme and a contribution towards a Council's own General Fund. As at the close of 2018/19, due to the receipt of higher than expected income, the Collection Fund was in surplus by £2.583m. The Hammersmith and Fulham share of this surplus is £1.818m and this will be accounted for in the 2019/20 budget proposals. The balance is payable to the Greater London Authority.

**Implications completed /verified by: (Will Stevens/Andy Lord,
Finance Business Partner Tel: 020 8753 2531).**

5. Legal Implications

The statutory requirement that the Council calculates its Council Tax Base is set out in detail in section 13 below.

**Implications verified/completed by: Kevin Beale, Principal
Corporate Solicitor**

6. Background Papers Used in Preparing This Report

MHCLG Return CTB1 (October 2019)	Jamie Mullins x1650	2ndFloor, Clock Works Building
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7. DETAILED ANALYSIS

Proposals and Analysis of Options

Discounts

7.1 Second Homes

There are some 1944 second homes in the borough. The Council does not offer a discount on second homes which adds 2319 Band "D" equivalents to the tax base for 2020/21. These discounts are included in Section 8 below.

Based upon 2019/20 Council Tax levels, this generates income to the Council of £1.76m. 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 and the increase in income to the Council.

7.2 Empty Properties

There are some 254 empty (unoccupied and unfurnished) properties in the borough. The Council does not offer a discount for empty properties which adds an additional 276 Band "D" equivalents to the tax base for 2020/21

Based upon 2019/20 Council Tax levels, this generates income to the Council of £0.210m. This income also directly benefits the GLA.

7.3 Empty Homes Premium

There are some 125 properties in the borough that have been empty for more than two years. The effect of charging a 200% premium on these properties add an additional 20.5 Band "D" equivalents to the tax base for 2020/21 as compared with 2019/20. These premiums are included in Section 8 below

This equates to additional income for the Council (net of preceptors) of approximately £15k (based on the 2020/21 Band D Council Tax).

7.4 Council Tax Support

Under Council Tax Support, Hammersmith & Fulham and the GLA absorb the full cost of the scheme, which mirrors the previous council tax benefit arrangements.

For 2020/21, the Council has provided for a total of £11.46m in Council Tax Support discounts. This equates to 10,591 band "D" equivalents based on 2019/20 Council Tax levels.

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 8.

8. Valuation Band Properties

The latest information on the number of properties within each valuation band is contained within a return (CTB1), which the Council provided to the MHCLG on 11th October 2019.

This return reflected the actual number of properties shown in the Valuation List as at 09th September 2019 and the Council's records as at 07th October 2019.

Band	Band Size	Total Dwellings	Total after Discounts, Premiums, Exemptions and Disabled Relief	Ratio	Band "D" Equivalents
A	Values not exceeding £40,000	4,092.0	2939.0	6/9	1,959.3
B	Values exceeding £40,000 but not exceeding £52,000	6,450.0	4,956.8	7/9	3,855.3
C	Values exceeding £52,000 but not exceeding £68,000	14,308.0	12,358.0	8/9	10,984.9
D	Values exceeding £68,000 but not exceeding £88,000	24,999.0	22,425.3	9/9	22,425.3
E	Values exceeding £88,000 but not exceeding £120,000	16,176.0	14,817.3	11/9	18,110.0
F	Values exceeding £120,000 but not exceeding £160,000	9958.0	9222.0	13/9	13,320.7
G	Values exceeding £160,000 but not exceeding	11,408.0	10,766.3	15/9	17,943.8

	£320,000				
H	Values exceeding £320,000	2,621.0	2,537.8	18/9	5,075.5
	Total	90012.0	80023.3		93,674.8

A detailed analysis of the properties in each valuation band can be summarised as follows. There are 90,012 dwellings on the list with some 27,536 properties estimated to receive a single person's discount. The total Band "D" equivalent is approximately 93,674 properties.

9. **Adjustments to the Valuation List**

The above table shows the valuation band position at 09th September 2019, but the Council is also required to consider the Council Tax Support Scheme and any other likely changes during the financial year 2020/21. 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 449 units currently under construction on various sites in the Borough that will be added to the tax base sometime during 2020/21. It is estimated after allowing for different completion dates that this will equate to an additional 387 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 has commenced in October 2019 and based on previous reviews it is estimated that a further 681 band D equivalent SPD discounts will be removed which will add an additional 170 Band "D" equivalents to the tax base for 2020/21, which will be worth £127,257

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 1026 Band “D” equivalents is required.

V. Council Tax Support

The cost of the scheme equates to 10,591 band “D” equivalents, based on 2019/20 Council Tax levels, which are deducted from the tax base for 2020/21. This is less than the deduction of 10,878 Band D equivalents made in 2019/20. This is due to a reduction in the number of claimants applying for a discount.

VI. Care Leavers

For 2019/20, the council has provided discounts for care leavers up to the age of 25. This equates to 54 band D equivalents based on 2019/20 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 below.

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.

Taking into account the latest information from the CTB1 return to the MHCLG and the proposed adjustments, The 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	1,959.3	0	-18	5	-737	-11	1198.3
B	3,855.3	197	-37	11	-1379	-16	2631.3
C	10,984.9	68	-136	24	-2719	-13	8208.9
D	22,425.3	105	-290	54	-3206	-11	19077.3
E	18,110.0	13	-266	37	-1629	-1	16264
F	13,320.7	3	-173	16	-599	0	12567.7
G	17,943.8	0	-100	20	-317	-2	17544.8
H	5,075.5	0	-6	3	-5	0	5067.5
Total	93,674.8	386	-1026	170	-10,591	-54	82559.8

10. **Collection Rate**

The Council is also required to estimate its Collection Rate for 2020/21 at the same time as arriving at the estimated number of properties within the Tax Base. In arriving at a percentage Collection Rate for 2020/21, the Council should take into account the likely sum to be collected, previous collection experience and any other relevant factors.

The actual sum to be collected from local council taxpayers 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.

The actual collection rate for 2019/20 achieved to the end of October 2019 is 65.02%, comprising cash collection of £57.3m and Council Tax Support of £11.1m. It is estimated that a further £26.2m (32.0%) will need to be collected by 31 March 2020 and £0.43m (0.5%) thereafter.

Collection performance has been calculated in order to comply with MHCLG performance indicator calculations. Latest calculations for 2018/19 and 2019/20 show that the current collection rate can be continued for 2020/21. It is therefore suggested that the collection rate for 2020/21 is maintained at 97.5%.

The Council continues to work with Intrum, it's Ethical Joint Venture partner, to explores methods of recovery of outstanding debts as we no longer use Enforcement Agents for the collection of council tax

11. **The Tax Base**

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.

Based on the number of Band "D" equivalents in the table in paragraph 9. above and the estimated collection rate in paragraph 10. above, the calculation is as follows:

$(\text{Band D equivalents}) \times (\text{Collection Rate}) = (\text{Tax Base})$			
82,559	x	97.5%	= 80,495

12. **Business Rates Tax base**

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).

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 may be announced by the Chancellor post-election. Given that the return must 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.

The business rates system will change for a fourth successive year. A rates revaluation in 2017/18 was followed by a pilot 100% rates retention scheme (for any growth in business) for London in 2018/19 and a 75% retention pilot in 2019/20. The government have announced that they will not support a retention pilot in 2020/21 but London local government is working towards taking forward it's own pan-London pool. Indicative estimates are that this will benefit Hammersmith and Fulham by £0.5m (and London overall by £23m). This compares to the estimated benefit of £1.9m in 2019/20. Confirmation is required that Hammersmith and Fulham wish to participate in the new pan London pool.

13. Reasons for Decision

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.

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

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 increased the charge on dwellings that have been unoccupied and substantially unfurnished by

an additional 50% of the council tax that would be payable if the dwelling were occupied by two adults and no discounts were applicable. The premium increased to 100% from 01/04/2019 and from the 01/04/2020, the premium will increase to 200% for dwellings which have remained unoccupied and substantially unfurnished for over five years.

14. Equality Implications

- 14.1 There are no anticipated negative implications for groups with protected characteristics, under the Equality Act 2010, by the approval of these proposals.

Implications completed by: Fawad Bhatti, Public Services Reform, tel. 07500 103617.

15. Risk Management Implications

- 15.1 The report considers the implications required by the Council to meet its obligations under the Local Government Finance Act 2012 which 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 Council is also required to estimate its Collection Rate for 2020/21 at the same time as arriving at the estimated number of properties within the Tax Base. The Council is required 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) to calculate its Council Tax Base. The proposals therefore are compliant with statutory duties and are provided in accordance with management of corporate risk 7 on the Corporate risk register.

Implications verified by: Michael Sloniowski Risk Manager, tel: 020 8753 2587 mobile: 07768 252703

List of Appendices: None

London Borough of Hammersmith & Fulham

Report to: Cabinet

Date: 6 January 2020

Subject: **CAPITAL PROGRAMME MONITOR & BUDGET VARIATIONS, 2019/20 (SECOND QUARTER)**

Report of: Cabinet Member for Finance and Commercial Services - Councillor Max Schmid

SUMMARY

1. This report provides a financial update on the council's capital programme at the end of the second quarter (September) and requests approval for any budget variations.
2. The headline movements in budgeted spend are:
 - A decrease, since the first quarter, in the 4-year capital programme of £3.5m to £455.9m. This is mainly due to a reduction in the Schools Windows Programme.
 - A net reduction in forecast 2019/20 expenditure of £12.45m to £114.65m. This represents 9.8% of the approved 2019/20 budget. The in-year variations are detailed in Appendix 2.
3. A key focus of the report is the impact that capital expenditure may have on future council borrowing. Headline General Fund borrowing is forecast to increase by £37.8m over the next 4 years. This will add a revenue budget pressure, regarding the borrowing costs, of £1.74m by 2023/24.
4. The revenue borrowing cost consists of an interest charge and a sum set aside for debt repayment (known as the minimum revenue provision (MRP)). All council borrowing is currently taken from the Government (Public Works Loan Board (PWLB)). HM Treasury have announced 1% increase in the PWLB interest rate which will potentially increase the Council's borrowing costs by £1.38m per year by 2022/23 and by £69m over a 50-year loan period and the council will explore other potential sources of borrowing. An update is also given in this report on the Council's MRP rate with a revenue saving of £0.2m forecast over the next 4 years.
5. The report notes that no new capital receipts are forecast for 2019/20 and £3.5m by 2022/23. Capital receipts can financially benefit the Council by reducing the future borrowing requirement and/or enabling reserves to be protected. It is recommended that development of a disposals programme be considered.
6. This report looks at the overall programme. An enhanced scrutiny of major schemes is separately reported to the Strategic Leadership Team and Political Cabinet.

RECOMMENDATIONS

7. To approve the proposed budget variations to the capital programme totalling £12.45m (summarised in Table 1 and detailed in Appendix 2).
8. To approve a budget virement of £100,000 from the Corporate Planned Maintenance Programme to the Column Replacement programme reported within the Environment Department.
9. To establish a disposals programme that will enable reserves to be maintained and reduce reliance on additional borrowing.
10. To note the proposed change in the Minimum Revenue Payment (MRP) rate from 3.24% to 3.01% and that this will reduce the charge against revenue budgets by approximately £200,000 over the next 4 years.
11. To note that the recent government decision to increase the PWLB rate (the rate at which local authorities can borrow from the government) by 1% will potentially increase the Council's borrowing costs by £1.38m per year by 2022/23 and by £69m over a 50-year loan period.
12. To note the potential risks regarding the Housing Capital Programme, as summarised in section 5.

Wards Affected: All

H&F Priorities

The capital programme contains schemes and projects which are directly linked to the Council's Business Plan 2018-22 and which deliver across the Council's priorities.

Our Priorities	Summary of how this report aligns to the H&F Priorities
<ul style="list-style-type: none"> • Being ruthlessly financially efficient 	<p>All capital investment decisions are required to be underpinned by a robust business plan that sets out any expected financial return alongside the broader outcomes including economic and social benefits. As part of being ruthlessly financially efficient the Council will reform the way capital and other major projects are managed and monitored to achieve greater efficiency and improve delivery.</p> <p>This report provides detailed analysis of the Council's capital programme financial position and highlights any potential risks and their impact on the Council's resources.</p>

Financial Impact

This report is wholly of a financial nature.

Legal Implications

There are no direct legal implications in relation to this report. Legal advice will be sought for each Procurement within the programme and will comply with the Council's Contract Standing Orders and the Public Contract Regulations.

Contact Officer(s):

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Name: Adesuwa Omoregie
Position: Chief Solicitor (Planning and Property)
Telephone: 02087532297
Email: adesuwa.omoregie@lbhf.gov.uk

Background Papers Used in Preparing This Report

The following documents disclose important facts on which the report is based and have been relied upon in preparing the report:

- Capital Programme 2019-23 (published February 2019)

1. CAPITAL PROGRAMME 2019-20 –Q2 OVERVIEW

- 1.1. The Council's capital programme as at the end of September (Quarter 2) is summarised in Table 1. Budgeted expenditure on the four-year programme has decreased, since the first quarter, by £3.5m to £455.9m. This is mainly due to a reduction in the Schools Windows Programme.

Table 1 – LBHF Capital Programme 2019-23 with proposed 2019-20 Q2 variations:

	Analysis of Movements (Q1 to Q2)					Indicative Future Years Analysis				
	Revised Budget 2019/20 (Q1)	Slippages from/(to) future years	Addition/ (Reduction)	Transfers	Total Variations	Revised Budget 2019/20 (Q2)	2020/21	2021/22	2022/23	Total Budget (All years)
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
CAPITAL EXPENDITURE										
Children's Services	14,144	-	(3,517)	(506)	(4,023)	10,121	2,405	2,238	2,238	17,002
Social Care	2,833	-	-	-	-	2,833	300	-	-	3,133
Environment Department	18,448	(251)	1,677	(3,137)	(1,711)	16,737	4,919	4,808	4,948	31,412
Finance & Governance	4,326	(2,127)	-	3,137	1,010	5,336	6,683	2,400	2,400	16,819
General Fund Schemes under the Economy Department	31,949	(5,198)	(102)	506	(4,794)	27,155	33,755	61,483	33,469	155,862
Sub-total (General Fund)	71,700	(7,576)	(1,942)	-	(9,518)	62,182	48,062	70,929	43,055	224,228
Economy Department-HRA Programme	34,940	(9,874)	-	(500)	(10,374)	24,566	62,322	32,310	29,754	148,952
Economy Department -Decent Neighbourhoods Programme	20,467	911	6,027	500	7,438	27,905	22,719	21,432	10,627	82,683
Sub-total Economy Department (HRA)	55,407	(8,963)	6,027	-	(2,936)	52,471	85,041	53,742	40,381	231,635
Total Expenditure	127,107	(16,539)	4,085	-	(12,454)	114,653	133,103	124,671	83,436	455,863
CAPITAL FINANCING										
Specific/External Financing:										
Government/Public Body Grants	16,834	(79)	1,009	-	930	17,764	4,812	4,395	4,395	31,366
Grants and Contributions from Private Developers (includes S106/CIL)	15,680	(1,349)	477	-	(872)	14,808	16,225	30,936	6,835	68,804
Leaseholder Contributions (Housing)	6,207	-	-	-	-	6,207	3,871	4,240	4,014	18,332
Sub-total - Specific Financing	38,721	(1,428)	1,486	-	58	38,779	24,908	39,571	15,244	118,502
Mainstream Financing (Internal):										
Capital Receipts - General Fund	3,226	-	-	-	-	3,226	310	-	3,456	6,992
Capital Receipts - Housing*	14,120	(2,260)	1,160	-	(1,100)	13,020	14,130	9,474	7,834	44,458
Revenue funding - General Fund	-	-	-	-	-	-	-	-	-	-
Major Repairs Reserve (MRR) [Housing]	19,356	(6,136)	-	-	(6,136)	13,220	22,057	16,668	17,008	68,953
Earmarked Reserves (Revenue)	10,724	(3,740)	200	(500)	(4,040)	6,684	5,441	521	521	13,167
Sub-total - Mainstream Funding	47,426	(12,136)	1,360	(500)	(11,276)	36,150	41,938	26,663	28,819	133,570
Borrowing	40,960	(2,975)	1,239	500	(1,236)	39,724	66,257	58,437	39,373	203,791
Total Capital Financing	127,107	(16,539)	4,085	-	(12,454)	114,653	133,103	124,671	83,436	455,863

*Capital Receipts include use of brought forward Housing receipts

- 1.2. The forecast in-year 2019/20 spend is £12.5m lower. The adjustments are:

HRA Programme	
Additional approved budget for Hartopp and Lannoy redevelopment	£1.4m
Additional approved budget for Homes and Community Strategy	£1.5m

Additional approved budget for White City Regeneration	£3.8m
Education City redevelopment budget reprofiling to future years	£(3.7)m
Budget reprofiling to future years in respect of HRA and Fire Safety	£(9.9)m
Total HRA budget variations	£(6.9)m
General Fund Programme	
Corporate Planned Maintenance Programme budget reprofiling	£(2.1)m
Additional budgets for transport schemes funded from S106/S278	£1.6m
Reduction in Schools Windows Replacement Programme	£(3.6)m
Education City redevelopment budget reprofiling to future years	£(1.5)m
Total GF budget variations	£(5.6)m
Total Q2 budget variations	£(12.5)m

- 1.3. A key financial focus of the capital monitoring report is the potential impact any increases in capital expenditure may have on future borrowing. The Council's underlying need to borrow for a capital purpose is measured through the Capital Financing Requirement (CFR).
- 1.4. The amendments to the General Fund (GF) capital programme have affected the Council's forecast headline capital debt (CFR) as follows:

	Last forecast (2019/20 Q1)	Current forecast (2019/20 Q2)
General Fund CFR	£m	£m
2018/19 Closing CFR* (actual)	70.85	70.85
2019/20 Closing CFR *	83.56	79.90
2022/23 Closing CFR *	108.02	108.68

* Headline CFR excludes Schools Windows, loans in relation to the Civic Campus programme and Education City redevelopment, PFI, leases and deferred costs of disposal

The Council's underlying need to borrow, for GF purposes, is forecast to increase by £37.8m over the next four years. By 2023-24 this will result in an estimated additional £1.74m of revenue borrowing costs (MRP plus interest) that will need to be allowed for within future budget planning and the medium-term financial strategy process. The headline CFR figures exclude potential development (loan) funding of £45m to the Civic Campus (formerly the West King Street Renewal) programme and £28.58m to the Education City Development project. Whilst these will impact on the Council's CFR it is assumed that all Minimum Revenue Payment (MRP) and interest costs will be fully reimbursed through the charging of a state-aid compliant interest rate.

- 1.5. The MRP charge is the amount the Council sets aside from revenue for debt repayment. The current MRP rate has been reviewed to reflect changes in 2018/19 assets' useful economic lives and valuations. As a result of the review, the MRP rate has been revised from 3.24% to 3.01%. The new rate has been applied in calculations presented in Table 2 - General Fund CFR. Revised rate will result in revenue savings of £200,000 over the next four years. The proposed MRP changes will be incorporated into the 2020/21 MRP policy.
- 1.6. In October 2019 HM Treasury announced an increase in Public Works Loan Board (PWLB) borrowing rate by 1% with an immediate effect for all new loans. With an assumption that all of forecast £138m borrowing for the period 2020/21-2022/23 will be external, this would increase the borrowing costs by £1.38m per annum (based on assumption loan taken over 50 years and the current PWLB rate of 2.93%). The

estimated increase in borrowing costs over 50 years would be £69m and the Council will consider alternative sources of borrowing.

- 1.7. The 2019/20 capital programme includes a budget envelope of £50m, to provide operational flexibility, for taking forward major projects. 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 £10,076,000 of this budget envelope has been approved by the Cabinet for urgent demolition works at Hartopp and Lannoy Points housing blocks, leaving £39,924,000 still available for operational flexibility on other major projects. This remaining budget is not included in the current capital programme and the CFR forecast but will be added should its use is approved.
- 1.8. The Corporate Planned Maintenance Programme (CPMP), which has recently moved from the Environment Department to Finance and Governance, contains £100,000 of budget for street lighting column replacement. It is proposed that this budget stays within the Environment Department which manages the scheme. This will result in CPMP annual rolling budget allocation being reduced to £2.4m. However, any potential underspend on column replacement scheme should be vired back to CPMP at the end of each financial year.
- 1.9. The General Fund capital programme includes capital receipts of £3.5m carried forward to 2019/20. These will be used to support invest to save expenditure and IT investment in order to protect the Council's reserves. Separate reports have identified concerns regarding the medium-term adequacy of the Council's reserves and future financial resilience. The identification of additional receipts will protect reserves by enabling, in line with proper accounting or statutory practice, the flexible use of capital receipts to fund invest to save costs and potential capitalisation of other relevant costs. The use of capital receipts to fund new capital expenditure will also reduce the Council's need to borrow and therefore reduce the revenue costs of that borrowing. The Council needs to consider a disposals programme to generate capital receipts and consider how such receipts can be best utilised. **There are currently no forecast new capital receipts in 2019-20.**
- 1.10. Within the Housing Capital Programme there has been a net budget decrease of £(2.9)m regarding the Housing Revenue Account (HRA). £(10.4)m of budget variance relates to HRA schemes being reprofiled to future years and £7.3m variance is mainly due to the inclusion of newly approved schemes within the Decent Neighbourhoods programme. Detailed analysis of the budget variances is presented in Appendix 2. The risks associated with funding the future years' Housing Capital Programme are summarised in section 8 of the report.
- 1.11. On 15 November 2019, the Leader made an urgent decision to enable the Council to terminate the Earl's Court Conditional Land Sale Agreement (CLSA). This happened concurrently with Delancey exchanging contracts with CapCo to acquire CapCo's interests in Earl's Court. The Leader's decision enabled the Council to enter into a conditional termination contract and can terminate the CLSA and return the money following completion of contracts between Delancey and CapCo, anticipated to happen by the end of November 2019. To terminate the CLSA the Council will return the money received under the CLSA amounting to £74.6m (plus VAT) for the West Kensington and Gibbs Green Estates, held as receipts in advance, and will also re-purchase the former Gibbs Green School site and 11 Farm Lane, for £15m (plus SDLT). The decision also has implications for capital

budgets for buy-backs and HRA borrowing. The Council was required under the CLSA to secure vacant possession of the Estates and therefore to acquire all leasehold and freehold properties on a phased basis.

- 1.12. This Q2 capital monitoring report presents the forecast capital programme at the end of quarter 2 (September 2019), prior to the above decision, and therefore includes the capital budgets and forecasts based on the Earl's Court CLSA in place at that time. Subject to completion, the capital monitor for quarter 3 (December 2019) will be updated to reflect the financial implications of the agreement.

2. CAPITAL FINANCE REQUIREMENT (CAPITAL DEBT)

- 2.1. The Capital Finance Requirement (CFR) measures the Council's long-term indebtedness. The current forecast for the General Fund Headline¹ CFR (excluding schools' windows borrowing and any potential on-lending to the Joint Venture in relation to the Civic Campus programme and Education City development) is £79.90m at the end of 2019/20. The increase of £9.05m in CFR in comparison to 2018/19 is summarised in Table 2 and detailed in Table 4.

Table 2 – General Fund CFR at Q2 2019-20 (including future years forecast)

GENERAL FUND CFR ANALYSIS	2018/19	2019/20	2020/21	2021/22	2022/23
CFR EXCLUDING SCHOOLS WINDOWS AND JOINT VENTURE LOAN	£m	£m	£m	£m	£m
Opening Capital Finance Requirement (CFR)	50.47	70.85	79.90	91.35	107.98
Revenue Repayment of Debt (MRP)	(0.21)	(0.35)	(0.59)	(0.86)	(0.97)
Mainstream Programme (Surplus)/Shortfall	20.59	9.40	12.04	17.49	1.67
Closing Capital Finance Requirement (CFR)	70.85	79.90	91.35	107.98	108.68
SCHOOLS WINDOWS	£m	£m	£m	£m	£m
Opening Capital Finance Requirement (CFR)	6.57	7.32	7.23	6.94	6.66
Revenue Repayment of Debt (MRP)	(0.27)	(0.29)	(0.29)	(0.28)	(0.27)
Internal Borrowing (Schools Window Replacement)	1.02	0.20	-	-	-
Closing Capital Finance Requirement (CFR)	7.32	7.23	6.94	6.66	6.40
JOINT VENTURE AND EDCITY LOANS	£m	£m	£m	£m	£m
Opening Capital Finance Requirement (CFR)	-	-	15.87	30.95	52.29
Revenue Repayment of Debt (MRP)	-	-	-	-	-
Borrowing	-	15.87	15.08	21.34	17.15
Closing Capital Finance Requirement (CFR)	-	15.87	30.95	52.29	69.44
Total Headline Capital Finance Requirement (CFR)	78.17	103.01	129.24	166.93	184.52
Finance leases/PFI/ Deferred costs of disposal	9.84	8.73	7.93	7.13	6.33
Total Closing CFR	88.01	111.74	137.17	174.06	190.85

- 2.2. The calculation of future CFR and MRP for expenditure in relation to the Civic Campus programme and Hammersmith Town Hall Refurbishment is based on the cash flow information provided by the project team. The identifies project funding through a combination of Community Infrastructure Levy (£33.7m) and borrowing (£11.9m). The CFR forecast is sensitive to the timing and amount of the CIL receipt. However, this is subject to legal confirmation that the CIL funds can be used for the proposed purchases.

- 2.3. The HRA CFR is shown in Table 3 below:

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

Table 3 – HRA CFR at Q2 2019-20 (including future years forecast)

HRA CFR Forecast	2018/19 £m	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m
Closing Forecast HRA CFR (excluding deferred costs of disposal)	204.85	219.57	258.71	278.33	298.88
Deferred Costs of Disposal	5.62	6.29	7.28	9.41	11.59
Closing Forecast HRA CFR (including deferred costs of disposal)	210.46	225.86	265.99	287.73	310.47

2.4. The Housing Revenue Account 2019/20 CFR (excluding accumulated deferred costs of disposals) has increased by £14.7m in comparison to 2018/19. This is due to borrowing required to finance additional approved budgets for Hartopp & Lannoy (£6.8m), Education City Redevelopment (£4.2m), White City (£2.7m) and Affordable Housing and Regeneration schemes (£1m). The HRA CFR is forecast to increase to £298.9m (excluding deferred costs of disposal) by the end of 2022/23. The impact of an increase in HRA CFR on HRA revenue budgets is currently being assessed in the HRA Business Plan and the Financial Plan for Council Homes (HRA Financial Strategy) 2020/21 which is due to go to the Cabinet in February 2020. The total borrowing costs affecting HRA revenue budgets will be affirmed once the factors such as interest rates and potential capitalisation of borrowing costs have been confirmed.

3. GENERAL FUND – MAINSTREAM PROGRAMME AND CAPITAL RECEIPTS

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

3.2. The 2019/20 Q2 mainstream programme has decreased by £3.69m in comparison to Q1 budget. This is due to budget reprofiling to future years for Education City project (£1.42m), Leisure Centres Capital Investment (£0.14m) and Corporate Planned Maintenance Programme (£2.13m).

3.3. No General Fund capital receipts are forecast for the period 2019/20-2021/22.

3.4. £3.5m of receipts were brought forward from 2018/19. It is recommended that all of the receipts are applied to fund Invest to Save projects under Flexible Use of Capital Receipts dispensation. Using capital receipts for this purpose will protect Council reserves and help manage future pressures and priorities such as the Civic Campus programme and the High Needs Block Dedicated Schools Grant overspend.

3.5. The Council has prepared an action plan to ensure that reserves are maintained at an adequate level over the medium term. The action plan includes the potential identification of additional capital receipts. This would enable further capitalisation of invest to save and other relevant costs in accordance with accounting practice.

This may also reduce further reliance on additional borrowing. New borrowing comes at an annual revenue cost of £60,000 per annum per £1m. For these reasons it is recommended that a disposals programme be developed.

- 3.6. As at the end of 2018/19, £0.144m 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). Should a sale not proceed these costs must be written back to revenue.

Table 4 – General Fund Mainstream Programme 2019-23 with proposed 2019-20 Q2 variations

	Revised Budget 2019/20 (Q1)	Variations (Q2)	Revised Budget 2019/20 (Q2)	Indicative Budget 2020/21	Indicative Budget 2021/22	Indicative Budget 2022/23	Total Budget (All years)
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Approved Expenditure							
Ad Hoc Schemes:							
Hammersmith Town Hall Refurbishment* [ECD]	750	-	750	-	10,831	319	11,900
Social Care Capital projects [ASC]	-	-	-	129	-	-	129
EdCity regeneration [ECD]	1,588	(1,420)	168	3,410	2,125	134	5,837
Invest to Save-Flexible Use of Capital Receipts	3,226	-	3,226	310	-	-	3,536
Acquisition of Cinema Site [ECD]	72	-	72	-	-	-	72
Desktop Strategy [F&G]	979	-	979	-	-	-	979
Leisure Centre Capital Investment [ENV]	1,520	(140)	1,380	-	-	140	1,520
Carnwath Road [ENV]	1,870	-	1,870	-	-	-	1,870
Rolling Programmes:							
Planned Maintenance/DDA Programme [F&G]	3,237	(2,227)	1,010	6,373	2,400	2,400	12,183
Footways and Carriageways [ENV]	2,790	-	2,790	2,030	2,030	2,030	8,880
Column Replacement [ENV]	-	100	100	100	100	100	400
Parks Programme [ENV]	282	-	282	-	-	-	282
Total Mainstream Programmes	16,314	(3,687)	12,627	12,352	17,486	5,123	47,588
Financing							
Capital Receipts	3,226	-	3,226	310	-	3,456	6,992
Increase/(Decrease) in Borrowing	13,088	(3,687)	9,401	12,042	17,486	1,667	40,596
Total Financing	16,314	(3,687)	12,627	12,352	17,486	5,123	47,588

* Hammersmith Town Hall Refurbishment figure contains only mainstream element of funding (£11.9m). The remaining £33.7m of the total approved budget is funded from CIL and therefore has no impact on GF CFR.

- 3.7. The mainstream programme presented in table 4 does not include the £45m on-lending from the Council to the Civic Campus Joint Venture which is forecast to be paid over three years from 2019/20 or £28.58m loan in relation to Education City redevelopment project, however the CFR figures in table 2 do take into account the borrowing requirement in relation to the loans.

4. HOUSING CAPITAL PROGRAMME OVERVIEW

- 4.1. Housing Capital expenditure for 2019/20 is forecast at £53.68m and for the four-year programme to 2022/23 spend is expected to be £261m. The expenditure and resource analysis of the Housing Programme is summarised in Table 5 below.

Table 5 – Housing Capital Programme 2019-23 with proposed 2019-20 Q2 variations

	Revised Budget 2019/20 (Q1)	Total Variations (Q2)	Revised Budget 2019/20 (Q2)	Indicative 2020/21 Budget	Indicative 2021/22 Budget	Indicative 2022/23 Budget
	£'000	£'000	£'000	£'000	£'000	£'000
Approved Expenditure						
HRA Schemes	34,940	(10,374)	24,566	62,322	32,310	29,754
Decent Neighbourhood Schemes	20,467	7,438	27,905	22,719	21,432	10,627
EdCity (HRA element)	-	1,208	1,208	8,145	7,190	12,699
Total Housing Programme	55,407	(1,728)	53,679	93,186	60,932	53,080
Available and Approved Resource						
Capital Receipts - Unrestricted	7,538	(624)	6,914	5,340	2,468	2,450
Capital Receipts - RTB (141)	4,999	628	5,627	8,790	7,006	5,384
Major Repairs Reserve (MRR)	19,356	(6,136)	13,220	22,057	16,668	17,008
Contributions Developers (S106)	3,003	(1,158)	1,845	9,068	10,936	3,672
Contributions from leaseholders	6,207	-	6,207	3,871	4,240	4,014
Use of reserves (Fire Safety EMR)	9,379	(4,240)	5,139	4,920	-	-
Borrowing	4,925	9,802	14,727	39,140	19,614	20,552
Total Funding	55,407	(1,728)	53,679	93,186	60,932	53,080

- 4.2. The Decent Neighbourhoods programme contains the Council's Housing capital receipts and shows how the Council plans to reinvest those receipts in housing and regeneration.
- 4.3. On 1 July 2019 Cabinet approved the Council's new asset management compliance strategy which has a focus on health and safety works. 2019/20 forecast spend at Q2 includes £13.7m of expenditure related to Health & Safety, of which £9.4m is on specific fire safety capital works as detailed in table 6 below.

Table 6 - Compliance and Health and Safety spend 2019-20

HRA Capital Programme: Health & Safety budget and forecast as at Q2 2019-20						
APPROVED SCHEMES	Total Approved Budget	Total Budget Spend Forecast	Approved Budget 2019-20	2019/20 Forecast as at Q2	2019/20 Forecast Variance	2019/20 Actual spend as at P6
	£'000	£'000	£'000	£'000	£'000	£'000
Fire Safety Compliance Programme	25,620	25,232	6,690	4,024	(2,666)	
Fire Safety Complex Schemes	31,130	27,630	2,689	1,115	(1,574)	96
Safety Works - Electrical	15,224	15,224	3,050	2,500	(550)	305
Safety Works - Other	6,011	6,011	1,250	1,175	(75)	868
Total	77,985	74,097	13,679	8,814	(4,865)	1,268

5. HOUSING CAPITAL PROGRAMME RISKS

5.1. The following risks associated with funding of future years' expenditure have been identified within the Housing Capital programme:

5.2. **Funding from leaseholder charges from outstanding billing:** Over the course of this financial year all outstanding billing for major works is being brought up to date. It is anticipated that an element of the total works for some schemes will not be charged to leaseholders and recommended for write off. Shortfalls, in the absence of other funding will need to be met potentially by borrowing.

5.3. **Funding from leaseholder charges for future works:** Due to the new Asset Management Compliance Strategy approved by Cabinet on 1 July 2019, the value and profile of this funding needs to be re-estimated.

The new HRA Asset Management Compliance Strategy has proportionately more fire safety works planned (£53m compared to £19m previously). As the Council has, in the past, stated that leaseholders would not be charged for fire safety related works, there is a risk that the current estimated billing and collection profile has been overstated by several million pounds. Any shortfall will, unless other funding is identified, result in an increase in borrowing for HRA as measured by the Capital Financing Requirement (CFR).

5.4. **Capitalisation write-off risk:** The approval of pre-development budgets for White City, Old Laundry Yard and the Building Homes and Community Strategy has increased the risk of unbudgeted capital write-offs to revenue should the schemes not proceed. Mitigations are in place with £8.37m of earmarked reserves set aside and a gateway process in place that ensures that approved budgets are allocated on a milestone basis requiring sign off from the Strategic Director for the Economy and the Strategic Director of Finance and Governance. However, if any scheme proves to be unviable then it will likely result in a reduction in reserves and potentially an unbudgeted charge to revenue should earmarked reserves not be sufficient. Table 7 shows currently approved pre-development costs which could potentially be written off to revenue if the schemes do not go ahead. However, it is anticipated that as the schemes progress, these risks will reduce. For example, if construction phase reaches completion, then that risk will fall away.

Table 7 – Approved pre-development spend

Scheme	Actual	Forecast as per 2019-20 Q2				Total
	pre 2019/20	2019/20	2020/21	2021/22	2022/23	
	£'000	£'000	£'000	£'000	£'000	£'000
ESH capital - non decant	2,072	144				2,216
Spring Vale	561	1,039	2,372			3,972
Further phase 1 spend Contingency (10%)	56					56
50 Commonwealth Avenue Capital	14					14
Earls Court HRA deferred costs	5,618	671	990	2,126	2,184	11,589
Fulham North - Balance of £50k cost contribution from SBHG	24					24
Ed City Cost Agreement	767					767
White City		612	1,728	540		2,880
Old Laundry Yard		550	750			1,300
Total	9,112	3,016	5,840	2,666	2,184	22,818

ESH – Edith Summerskill House

- 5.5. **S106 funding:** The proposed programme for 2019/20-2022/23 relies on £25.5m of S106 receipts, some of which is yet to be received and is dependent on the relevant developments proceeding in a timely manner. A further £40m of s106 funds has been negotiated but this is entirely dependent on developments coming forward and not all are expected to do so. These funds are likely to be received over the medium to long term and beyond the proposed programme. Joint working with Finance and Planning is ongoing to monitor s106 receipts and consider mitigating actions if necessary, such as substituting other funding in the Housing programme which is eligible. A review of all s106 commitments is also underway.
- 5.6. **Future scheme approvals:** Both the HRA capital programme and Decent Neighbourhood programme are subject to variation and potential growth during 2019/20. Any additional budget requirement will likely need to be funded by borrowing which will have an impact on revenue budgets due to the additional interest charges.
- 5.7. **RTB receipt funding:** The delivery of affordable rented housing must proceed sufficiently to make use of Right to Buy (RTB) One for One receipts which would otherwise have to be repaid to the Ministry of Housing, Communities and Local Government (MHCLG). As at 1 April 2019, the GLA held £15.6m of RTB receipts that the Council transferred to it during 2018/19. This is the equivalent of £52m of capital expenditure delivered by the Council (or Housing Associations if grant funded by Council RTB receipts). Under the agreement between the Council and GLA this must be spent within three years, i.e. through to 2021/22. Whilst completely at the discretion of the GLA, the Council can request an extension to the three years which it would need to make a case for by having an approved and in progress programme in place.

Table 8 displays the Right to Buy (RTB) receipts that need to be used for the remainder of 2019/20 to avoid them being transferred to the GLA. RTB receipts can fund 30% of the total cost of eligible expenditure. The table below shows the transferred receipts and interest for quarters 1 and 2 and the eligible expenditure required for quarters 3 and 4 to use the RTB receipts and avoid the need to transfer these to the GLA with interest.

Table 8 – Right-to Buy receipts and expenditure 2019-20

Quarter end RTB 1-4-1 received	2016/17 – Q1	2016/17 - Q2	2016/17 - Q3	2016/17 - Q4
Quarter RTB 1-4-1 to be used by	2019/20 – Q1	2019/20 - Q2	2019/20 - Q3	2019/20 - Q4
	£	£	£	£
RTB 1-4-1 receipts to be spent 2019/20	1,477,912	3,309,504	2,099,689	2,701,879
Returned receipts plus interest 2019/20	1,539,324	3,342,598		
Equivalent eligible expenditure 2019/20			6,998,963	9,006,263

6. REASONS FOR DECISION

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

7. EQUALITY IMPLICATIONS

- 7.1. 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.
- 7.2. Implications verified by: Fawad Bhatti, Policy & Strategy Officer, Public Services Reform, Tel: 07500 103617.

8. IMPLICATIONS FOR BUSINESS

- 8.1. 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.
- 8.2. 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.
- 8.3. Implications completed by: Alben Karameros, Economic Development Team, Tel:07739 316 957.

9. RISK MANAGEMENT

- 9.1. 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.
- 9.2. 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 can escalate rapidly are all necessary components of good capital programme risk management.

- 9.3. The report identifies a number of risks which may impact on the future funding of the Housing Capital Programme, where in some cases, mitigations have yet to be identified, 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 councillors on the management of these risks.
- 9.4. The impact to councils of the Grenfell Tower fire is yet to be fully established. It is certain that many councils are/ 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.
- 9.5. 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.
- 9.6. 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.
- 9.7. Proposals set out in this report seek to comply with the Council's legal duties.
- 9.8. Implications completed by: David Hughes, Director of Audit, Risk and Insurance, Tel: 020 7361 2389 and Richard Buckley, Head of Environmental Health (Residential) & Corporate Safety Tel: 020 8753 3971.

10. VAT IMPLICATIONS

- 10.1. 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 per year whilst in breach. The Council remained below the threshold in 2018/19 however there remains a risk of breaching the threshold in future years if the position is not carefully managed on an ongoing basis, particularly in light of potentially significant capital schemes in the future. Finance are working closely with departments to ensure that partial exemption risks are considered as part of significant capital projects. Further detail on the Council's partial exemption is included in Appendix 4.
- 10.2. Implications verified by: Chris Harris, Chief Accountant, Corporate Finance, Tel: 020 8753 6440.

LIST OF APPENDICES:

Appendix 1 – Detailed capital budget, spend and variation analysis by department

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 department

Children's Services

	Current Year Programme						Indicative Future Years Analysis			
	Analysis of Movements (Q1 to Q2)					Revised Budget 2019/20 (Q2)	2020/21 Budget	2021/22 Budget	2022/23 Budget	Total Budget (All years)
	Revised Budget 2019/20 (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										
Schools Organisational Strategy	9,151	-	-	-	-	9,151	167	-	-	9,318
Schools Window Replacement Project	3,717	-	(3,517)	-	(3,517)	200	-	-	-	200
Schools Regeneration Programme	506	-	-	(506)	(506)	-	-	-	-	-
School Maintenance Programme	770	-	-	-	-	770	2,238	2,238	2,238	7,484
Total Expenditure	14,144	-	(3,517)	(506)	(4,023)	10,121	2,405	2,238	2,238	17,002
Capital Financing Summary										
Specific/External or Other Financing										
Capital Grants from Central Government	7,900	-	-	-	-	7,900	2,405	2,238	2,238	14,781
Grants and Contributions from Private Developers (includes S106)	2,021	-	-	-	-	2,021	-	-	-	2,021
Sub-total - Specific or Other Financing	9,921	-	-	-	-	9,921	2,405	2,238	2,238	16,802
Mainstream Financing (Internal Council Resource)										
Use of Reserves	506	-	-	(506)	(506)	-	-	-	-	-
Sub-total - Mainstream Funding	506	-	-	(506)	(506)	-	-	-	-	-
Borrowing - school windows	3,717	-	(3,517)	-	(3,517)	200	-	-	-	200
Total Capital Financing	14,144	-	(3,517)	(506)	(4,023)	10,121	2,405	2,238	2,238	17,002

Appendix 1 – Detailed capital budget, spend and variation analysis by department/cont.

Social Care Services	Current Year Programme					Indicative Future Years Analysis				
	Analysis of Movements (Q1 to Q2)					Revised Budget 2019/20 (Q2)	2020/21 Budget	2021/22 Budget	2022/23 Budget	Total Budget (All years)
	Revised Budget 2019/20 (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)	957	-	-	-	-	957	-	-	-	957
Transforming Care (Winterbourne Grant)	300	-	-	-	-	300	-	-	-	300
Social Care Capital Grant	1,576	-	-	-	-	1,576	300	-	-	1,876
Total Expenditure	2,833	-	-	-	-	2,833	300	-	-	3,133
Capital Financing Summary										
Specific/External or Other Financing										
Capital Grants from Central Government	2,533	-	-	-	-	2,533	171	-	-	2,704
Capital Grants/Contributions from Non-departmental public bodies	300	-	-	-	-	300	-	-	-	300
Sub-total - Specific or Other Financing	2,833	-	-	-	-	2,833	171	-	-	3,004
Borrowing	-	-	-	-	-	-	129	-	-	129
Total Capital Financing	2,833	-	-	-	-	2,833	300	-	-	3,133

Appendix 1 – Detailed capital budget, spend and variation analysis by department/cont.

Environment Department	Current Year Programme					Indicative Future Years Analysis			Total Budget (All years) £'000	
	Analysis of Movements (Q1 to Q2)					Revised Budget 2019/20 (Q2) £'000	2020/21 Budget £'000	2021/22 Budget £'000		2022/23 Budget £'000
	Revised Budget 2019/20 (Q1) £'000	Slippages from/(to) future years £'000	Additions/(Reductions) £'000	Transfers £'000	Total Transfers/Virements £'000					
Scheme Expenditure Summary										
Planned Maintenance/DDA Programme	3,237	-	-	(3,237)	(3,237)	-	-	-	-	
Footways and Carriageways	2,790	-	-	-	-	2,790	2,030	2,030	2,030	
Transport For London Schemes	2,854	-	1,005	-	1,005	3,859	2,157	2,157	2,157	
Controlled Parking Zones	312	-	-	-	-	312	275	275	275	
Column Replacement	398	-	-	100	100	498	346	346	346	
Carnwath Road	1,870	-	-	-	-	1,870	-	-	-	
LED Lighting Replacement Programme	77	-	-	-	-	77	-	-	-	
P&D Upgrade and Pay by Phone	217	-	-	-	-	217	-	-	-	
Other Capital Schemes	2,301	-	522	-	522	2,823	-	-	-	
Parks Expenditure	2,091	(111)	-	-	(111)	1,980	111	-	-	
Shepherds Bush Common Improvements	481	-	-	-	-	481	-	-	-	
Recycling	19	-	-	-	-	19	-	-	-	
Libraries Investment Programme	-	-	150	-	150	150	-	-	-	
Leisure Centre Capital Investment	1,520	(140)	-	-	(140)	1,380	-	-	140	
CCTV	281	-	-	-	-	281	-	-	-	
Total Expenditure	18,448	(251)	1,677	(3,137)	(1,711)	16,737	4,919	4,808	4,948	
Capital Financing Summary										
Specific/External or Other Financing										
Grants and Contributions from Private Developers (includes S106)	5,178	(111)	472	-	361	5,539	111	-	-	
Capital Grants and Contributions from GLA Bodies	2,852	-	1,005	-	1,005	3,857	2,157	2,157	2,157	
Sub-total - Specific or Other Financing	8,030	- 111	1,477	-	1,366	9,396	2,268	2,157	2,157	
Mainstream Financing (Internal Council Resource)										
Capital Receipts	-	-	-	-	-	-	-	-	1,056	
Use of Reserves	718	-	200	-	200	918	521	521	521	
Sub-total - Mainstream Funding	718	-	200	-	200	918	521	521	1,577	
Borrowing	9,700	(140)	-	(3,137)	(3,277)	6,423	2,130	2,130	1,214	
Total Capital Financing	18,448	(251)	1,677	(3,137)	(1,711)	16,737	4,919	4,808	4,948	

Appendix 1 – Detailed capital budget, spend and variation analysis by department/cont.

Finance & Governance

	Current Year Programme					Indicative Future Years Analysis			
	Analysis of Movements (Q1 to Q2)								
Revised Budget 2019/20 (Q1)	Slippages from/(to) future years	Additions/ (Reductions)	Transfers	Total Transfers/ Virements	Revised Budget 2019/20 (Q2)	2020/21 Budget	2021/22 Budget	2022/23 Budget	Total Budget (All years)
£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Scheme Expenditure Summary									
Invest to Save - Flexible Use of Capital Receipts	3,226	-	-	-	3,226	310	-	-	3,536
Planned Maintenance/DDA Programme	-	(2,127)	-	3,137	1,010	6,373	2,400	2,400	12,183
Desktop Strategy	1,100	-	-	-	1,100	-	-	-	1,100
Total Expenditure	4,326	(2,127)	0	3,137	1,010	6,683	2,400	2,400	16,819
Capital Financing Summary									
Mainstream Financing (Internal Council Resource)									
Use of Reserves (HRA Contribution)	121	-	-	-	121	-	-	-	121
Capital Receipts	3,226	-	-	-	3,226	310	-	2,400	5,936
Sub-total - Mainstream Funding	3,347	-	-	-	3,347	310	-	2,400	6,057
Borrowing	979	(2,127)	-	3,137	1,989	6,373	2,400	-	10,762
Total Capital Financing	4,326	(2,127)	-	3,137	1,010	6,683	2,400	2,400	16,819

Appendix 1 – Detailed capital budget, spend and variation analysis by department/cont.

Economy Department General Fund Managed Schemes	Current Year Programme						Indicative Future Years Analysis			
	Analysis of Movements (Q1 to Q2)						2020/21 Budget	2021/22 Budget	2022/23 Budget	Total Budget (All years)
	Revised Budget 2019/20 (Q1)	Slippages from/(to) future years	Additions/ (Reductions)	Transfers	Total Transfers/ Virements	Revised Budget 2019/20 (Q2)				
£'000	£'000	£'000	£'000	£'000	£'000					
Scheme Expenditure Summary										
Disabled Facilities Grant	1,102	-	-	-	-	1,102	-	-	-	1,102
Sands End Community Centre	2,966	(159)	-	-	(159)	2,807	159	-	-	2,966
Acquisition of Land at 207 King St	72	-	-	-	-	72	-	-	-	72
Hammersmith Town Hall Refurbishment *	4,321	-	-	-	-	4,321	6,966	20,549	3,164	35,000
HTH Refurbishment -Fit Out	-	-	-	-	-	-	-	10,282	318	10,600
West King Street Regeneration-JV Partnership Loan	15,000	-	-	-	-	15,000	15,000	15,000	-	45,000
EdCity/Ark Swift redevelopment	6,476	(4,989)	(111)	-	(5,100)	1,376	11,555	9,315	12,833	35,079
EdCity Loan	924	(50)	-	-	(50)	874	75	6,337	17,154	24,440
Nourish Project (Good Growth Fund)	900	-	-	-	-	900	-	-	-	900
Schools Regeneration Programme	-	-	-	506	506	506	-	-	-	506
Macbeth Centre Arts Project	188	-	-	-	-	188	-	-	-	188
Macbeth Centre Kitchen Project	-	-	9	-	9	9	-	-	-	9
Total Expenditure	31,949	(5,198)	(102)	506	(4,794)	27,155	33,755	61,483	33,469	155,862
Capital Financing Summary										
Specific/External or Other Financing										
Capital Grants from Central Government	1,102	-	-	-	-	1,102	-	-	-	1,102
Grants and Contributions from Private Developers (includes S106)	1,907	(80)	5	-	(75)	1,832	80	-	-	1,912
Community Infrastructure Levy (CIL)	3,571	-	-	-	-	3,571	6,966	20,000	3,163	33,700
Capital Grants/Contributions from Non-departmental public bodies	1,153	(79)	-	-	(79)	1,074	79	-	-	1,153
Capital Grants and Contributions from GLA Bodies	994	-	4	-	4	998	-	-	-	998
Sub-total - Specific or Other Financing	8,727	(159)	9	-	(150)	8,577	7,125	20,000	3,163	38,865
Mainstream Financing (Internal Council Resource)										
Capital Receipts (HRA)	1,583	(993)	(111)	-	(1,104)	479	2,443	2,157	3,810	8,889
Use of Reserves (GF)	-	-	-	506	506	506	-	-	-	506
Sub-total - Mainstream Funding	1,583	(993)	(111)	506	(598)	985	2,443	2,157	3,810	9,395
Borrowing (Borrowing-HRA)	3,305	(2,576)	-	-	(2,576)	729	5,702	5,033	8,889	20,353
Borrowing (Borrowing-GF)	18,334	(1,470)	-	-	(1,470)	16,864	18,485	34,293	17,607	87,249
Total Capital Financing	31,949	(5,198)	(102)	506	(4,794)	27,155	33,755	61,483	33,469	155,862

Appendix 1 – Detailed capital budget, spend and variation analysis by department/cont.

Economy Department- HRA Capital Programme

Current Year Programme

Indicative Future Years Analysis

Analysis of Movements (Q1 to Q2)

Revised Budget 2019/20 (Q1)	Slippages from/(to) future years	Additions/ (Reductions)	Transfers	Total Transfers/ Virements	Revised Budget 2019/20 (Q2)	2020/21 Budget	2021/22 Budget	2022/23 Budget	Total Budget (All years)	
										£'000
Scheme Expenditure Summary										
HRA Schemes:										
Pre Agreed Works	8,278	(4,951)	-	-	(4,951)	3,327	17,377	500	-	21,204
Fire Safety Compliance Programme	6,690	(2,666)	-	-	(2,666)	4,024	14,031	5,777	1,400	25,232
Fire Safety Complex Schemes	2,689	(1,074)	-	(500)	(1,574)	1,115	8,178	8,337	10,000	27,630
Pre Agreed Lift Scheme	1,244	342	-	200	542	1,786	3,766	616	572	6,740
Pre Agreed Boiler Scheme	2,558	(1,100)	-	-	(1,100)	1,458	2,768	1,000	1,139	6,365
Safety Works - Electrical	3,050	(550)	-	-	(550)	2,500	4,775	4,975	2,974	15,224
Safety Works	1,250	(75)	-	-	(75)	1,175	2,255	2,281	300	6,011
Void Works	974	-	-	-	-	974	440	440	-	1,854
Neighbourhood, parking & garage improvements	1,057	-	-	-	-	1,057	1,163	694	-	2,914
Surveying and fees	1,200	-	-	-	-	1,200	1,500	1,500	-	4,200
Capitalised salaries	2,750	-	-	-	-	2,750	2,805	2,861	2,918	11,334
Capitalised repairs	3,200	-	-	-	-	3,200	3,264	3,329	3,396	13,189
Unallocated budget - Priority schemes to be confirmed	-	200	-	(200)	-	-	-	-	7,055	7,055
Subtotal HRA	34,940	(9,874)	-	(500)	(10,374)	24,566	62,322	32,310	29,754	148,952
Decent Neighbourhood Schemes:										
Homes & Communities Strategy	-	-	1,484	-	1,484	1,484	-	-	-	1,484
Earls Court Buy Back Costs	1,850	-	(664)	-	(664)	1,186	1,213	5,269	5,381	13,049
Earls Court Project Team Costs	848	-	(177)	-	(177)	671	990	2,126	2,186	5,973
Housing Development Project	2,296	(1,248)	-	-	(1,248)	1,048	2,391	-	-	3,439
Stanhope Joint Venture	4,008	(1,283)	-	-	(1,283)	2,725	11,869	15,623	5,246	35,463
Affordable Housing Delivery Framework	2,621	(508)	-	-	(508)	2,113	1,568	-	-	3,681
Property Acquisition for Affordable Housing	7,228	-	-	(5,681)	(5,681)	1,547	-	-	-	1,547
Hartopp & Lannoy	-	3,800	1,359	6,181	11,340	11,340	3,200	-	-	14,540
White City Estate Regeneration	2,064	-	3,848	-	3,848	5,912	1,728	540	-	8,180
Old Laundry Yard	400	150	-	-	150	550	750	-	-	1,300
Subtotal Decent Neighbourhoods	21,315	911	5,850	500	7,261	28,576	23,709	23,558	12,813	88,656
Total Expenditure	56,255	(8,963)	5,850	-	(3,113)	53,142	86,031	55,868	42,567	237,608
Adjustment for deferred costs	(848)	-	177	-	177	(671)	(990)	(2,126)	(2,186)	(5,973)
Total Net Expenditure	55,407	(8,963)	6,027	-	(2,936)	52,471	85,041	53,742	40,381	231,635

Appendix 1 – Detailed capital budget, spend and variation analysis by department/cont.

Economy Department- HRA Capital Programme

Current Year Programme

Indicative Future Years Analysis

Analysis of Movements (Q1 to Q2)						Revised Budget 2019/20 (Q2)	2020/21 Budget	2021/22 Budget	2022/23 Budget	Total Budget (All years)
Revised Budget 2019/20 (Q1)	Slippages from/(to) future years	Additions/ (Reductions)	Transfers	Total Transfers/ Virements	Revised Budget 2019/20 (Q1)					
£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000

Capital Financing Summary

Specific/External or Other Financing	Revised Budget 2019/20 (Q1)	Slippages from/(to) future years	Additions/ (Reductions)	Transfers	Total Transfers/ Virements	Revised Budget 2019/20 (Q2)	2020/21 Budget	2021/22 Budget	2022/23 Budget	Total Budget (All years)
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Specific/External or Other Financing										
Contributions from leaseholders	6,207		-	-	-	6,207	3,871	4,240	4,014	18,332
Grants and Contributions from Private Developers (includes S106)	3,003	(1,158)	-	-	(1,158)	1,845	9,068	10,936	3,672	25,521
Sub-total - Specific or Other Financing	9,480	(1,158)	-	-	(1,158)	8,052	12,939	15,176	7,686	43,853
Mainstream Financing (Internal Council Resource)										
Capital Receipts (HRA)	12,537	(1,267)	1,271	-	4	12,541	11,687	7,317	4,024	35,569
Major Repairs Reserve (MRR) / Major Repairs Allowance	19,356	(6,136)	-	-	(6,136)	13,220	22,057	16,668	17,008	68,953
Use of Reserves (Fire Safety EMR)	9,379	(3,740)	-	(500)	(4,240)	5,139	4,920	-	-	10,059
Sub-total - Mainstream Funding	41,002	(11,143)	1,271	(500)	(10,372)	30,900	38,664	23,985	21,032	114,581
Borrowing(HRA)	4,925	3,338	4,756	500	8,594	13,519	33,438	14,581	11,663	73,201
Total Capital Financing	55,407	(8,963)	6,027	-	(2,936)	52,471	85,041	53,742	40,381	231,635

Appendix 2 – Analysis of budget variations

Variation by department	Amount £000
Children's Services	
Schools Regeneration programme – budget transferred to Economy Department	(506)
Schools Windows Replacement Programme – reduction in budget following scheme review	(3,517)
Total Children's Services variations	(4,023)
Environment Department	
Planned Maintenance/DDA Programme – budget transfer to Finance & Governance (£3,127,000) and Columns Replacement Scheme (£100,000)	(3,237)
Transport for London Schemes – additional budgets approved to reflect new S106/S278 funding received	1,005
Budget reprofiling on other schemes – additional budget funded from S106 for various transport schemes	522
Libraries Investment Programme – additional budget for Shepherds Bush Library refurbishment approved in January 2019	150
Leisure Centres Investment – budget reprofiled to future years	(140)
Parks Programme – budget reprofiled to future years due to project delays	(111)
Column Replacement – budget transfer from Planned Maintenance/DDA	100
Total Environment Department variations	(1,711)
Finance and Governance	
Planned Maintenance/DDA Programme – net variance consisting of budget transfer from Environment (£3,137k) and budget reprofiling to future years (£2,127k) due to the current programme review following change in contractual arrangements	1,010
Total Finance and Governance variations	1,010
General Fund schemes under Economy Department	
Education City/Ark swift redevelopment – budget reprofiled to future years due to eight-month project delay affecting all start dates	(5,150)
Schools Regeneration Programme – budget transfer from Children's Services	506
Sands End – budget reprofiled to future years to reflect current project cash flow forecast	(159)
Macbeth Centre Kitchen Project – budget adjustment to reflect amount of remaining funding available	9
Total General Fund schemes under Economy Department variations	(4,794)
Economy Department (HRA) Schemes	
HRA schemes – £9,874k budget reprofiling to future years due to project delays and re-phasing and £500k transfer to Hartopp & Lannoy Scheme	(10,374)
Property Acquisitions – budget virement to Hartopp and Lannoy scheme in order to separate acquisitions in relation to this specific project	(5,681)
White City Regeneration – additional budget approved by Full Council in July 2019	3,848
Earls Court – reduction due to actual number of buybacks being lower than forecast	(664)
Housing Development projects – budget reprofiled to future years due to further delays to start on site for Spring Vale project	(1,248)
Old Laundry Yard Redevelopment – budget brought forward from 2020/21 to reflect forecast cash flow	150
Stanhope Joint Venture – budget reprofiling on Edith Summerskill House redevelopment due to delayed start on site now expected to commence in December 2019	(1,283)
Affordable Housing Delivery Framework-budget reprofiled to future years due to project delays	(508)

Variation by department	Amount £000
Hartopp and Lannoy: <ul style="list-style-type: none"> • £5,681,000 budget virement from Property Acquisitions scheme to separate buybacks specifically related to this project • £3,500,000 budget transfer from other HRA Schemes (already approved demolition budget sitting within HRA Schemes) • £800,000 budget brought forward from 2020/21 to reflect forecast spend • £1,359,000 additional budget approved in September 2019 	11,340
Homes and Communities Strategy – additional budget approved in July 2019	1,484
Total Economy Department (HRA) variations	(2,936)
Total 2019-20 Q2 variations	(12,454)

Appendix 3 – General Fund forecast capital receipts

Financial Year	Previous Forecast £'000s	Movement/ Slippage £'000s	2019/20 Forecast at Q2 £'000s
2019/20			
Brought forward receipts from 2018/19	3,536		3,536
Forecast in-year receipts	700	(700)	-
Cost of Sales (4%)	(28)	28	-
Total 2019/20	4,208	(672)	3,536
2020/21			
Total 2020/21	-	-	-
2021/22			
Total 2021/22	-	-	-
2022/23			
Forecast in-year receipts	3,600	-	3,600
Cost of Sales (4%)	(144)	-	(144)
Total 2022/23	3,456	-	3,456
Total All Years	7,664	(672)	6,992

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, taken to be 5% or less. Crucially, the de minimis limit is not an allowance, if the 5% threshold is exceeded then all the exempt input tax is lost, not just the excess. The cost to the Council of a breach would be in excess of £2m.

2. LBHF Partial Exemption

2.1 The Council’s input tax forecast for 2019-20 (across all expenditure) was £38m. This results in a partial exemption threshold for the Council of £1.9m (being 5% of £38m). The overall input tax incurred by the Council is projected to fall in the medium term due to factors such as the return of some of the previously outsourced services in-house. A reduction in the overall input tax incurred will, in turn, reduce the Council’s partial exemption threshold.

2.3 When calculating the exempt input tax 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 (the impact on the threshold being the VAT incurred on this amount, i.e. £0.4m). Exempt input tax relating to capital activities is more volatile and each project must be considered and judged individually. The Council has a number of capital projects, both in train and in the pipeline, which could have significant partial exemption implications and finance officers are working closely with colleagues working on these projects to ensure that these risks are identified and mitigated where possible.

2.3 Land and lease transactions can 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.

3. VAT Policy

3.1 The following policy is in place to manage the partial exemption position:

- In all cases of new or reprofiled projects, the VAT team should be consulted in advance.
- Projects should be 'opted-to-tax' where this option is available and is of no financial disadvantage to the Council.

London Borough of Hammersmith & Fulham

Report to: Cabinet

Date: 6 January 2020

Subject: **CORPORATE REVENUE MONITOR 2019/20 MONTH 6 - 30
SEPTEMBER 2019**

Report of: Cabinet Member for Finance and Commercial Services – Councillor
Max Schmid

Summary

This revenue budget monitoring report is produced as part of the Council's 2019/20 budgetary control cycle.

An overspend of **£12.063m** is forecast for the General Fund. Action plans of **£2.614m** are proposed as partial mitigation against the forecast overspend. If delivered the net forecast overspend will reduce to **£9.449m**. The net forecast overspend compares to £9.186m last month and £4.9m at this point last year.

Financial pressures remain regarding the high needs block of services funded through Dedicated Schools Grant. The in-year overspend forecast is **£5.7m** and cumulative forecast deficit at the end of the year is £19.3m.

The Housing Revenue Account (HRA) forecast is an overspend of **£3.537m**. Cabinet are asked to approve an amendment to the rental income budget of £0.4m following the approval in April 2019 of plans to demolish the blocks at Hartopp and Lannoy Point. In addition, Cabinet are requested to approve that the £1.9m forecast costs of stationing fire wardens at a number of the Council's high-risk tower blocks are funded from the Fire Safety Plus reserve. These two adjustments will reduce the HRA variance by £2.314m to an overspend of £1.223m next month.

Recommendations

- 1.1. That Directors and Cabinet members urgently identify and deliver actions that offset the forecast General Fund overspend of £9.4m.
 - 1.2. To note the HRA forecast overspend.
 - 1.3. To approve the virement requests set out in Appendix 9.
-

Wards Affected: All

H&F Priorities

Our Priorities	Summary of how this report aligns to the H&F Priorities
<ul style="list-style-type: none">Being ruthlessly financially efficient	We need to always confirm that spend fits our Council's priorities; challenge how much needs to be spent; and achieve results within agreed budgets. Finance is everyone's business and every penny counts.

Financial Impact

1.4. This report is financial in nature and those implications are contained within the detailed analysis.

Legal Implications

1.5. There are no legal implications for this report.

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Verified by Emily Hill, Assistant Director, Finance

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Background Papers Used in Preparing This Report

None

DETAILED ANALYSIS

2. GENERAL FUND

2.1. The forecast month 6 overspend is **£12.063m** with risks of £9.5m identified.

Table 1: 2019/20 General Fund gross forecast outturn variance

Department	Revised budget £m	Forecast outturn variance month 6 £m	Forecast outturn variance month 5 £m	Direction of travel
Children's Services	47.550	7.947	7.141	↓
The Economy Department	8.438	1.193	0.352	↓
The Environment Department	66.295	1.931	2.162	↑
Controlled Parking Account	(27.928)	(1.048)	(1.069)	↓
Finance & Governance	1.347	1.748	1.740	↓
Public Service Reform	3.022	0.880	0.974	↑
Social Care	56.098	2.499	2.941	↑
Centrally Managed Budgets	17.519	(0.535)	(0.535)	↔
Total	172.341	14.615	13.682	↓
Balance of unapplied unallocated contingency	0.000	(2.552)	(2.552)	↔
TOTAL	172.341	12.063	11.130	↓

Note 1 – Finance & Governance budgets include commercial budgets transferred from Public Service Reform (PSR) which have an adverse variance of £1.3m.

Note 2 – Children's Services & Social Care variances have increased and PSR variances have reduced since CRM5 was produced as a result of the budgets being realigned to match the 1 April Restructure. Period 5 figures have been restated to reflect this.

3. HOUSING REVENUE ACCOUNT

3.1. The Housing Revenue Account is currently forecasting an overspend of **£3.537m** at month 6 (Appendix 8).

Table 3: Housing Revenue Account forecast outturn

Housing Revenue Account	£m
Balance as at 31 March 2019	(11.890)
Less: Budgeted contribution / (appropriation) from balances	4.369
Less: Forecast overspend	3.537
Projected balance as at 31st March 2020	(3.984)

4. DEDICATED SCHOOLS GRANT (DSG)

4.1. Dedicated schools grant (DSG) is paid in support of local authority schools' budgets, being the main source of income for the schools. In common with other London Boroughs, the High Needs Block element has come under

increased pressure in supporting children with special educational needs and spend is significantly higher than the funding provided by central government. The cumulative total DSG deficit balance carried forward to 2019/20 was £13.6m with an additional £5.7m deficit now forecast in 2019/20.

- 4.2. The £19.3 million forecast cumulative deficit represents spending more money than grant available and will impact on future school and Council resources.
- 4.3. The Education and Schools Funding Agency expect local authorities to prepare deficit recovery plans however given the scale of the challenge, the Council has set aside an earmarked reserve equivalent in value to the DSG deficit in 2018/19. The DSG deficit reserve is used to cover the potential overspend and based on the current in-year forecast may need to be increased during the year by £5.7m, this will be reviewed during the year.
- 4.4. A programme of work is underway to reduce the underlying overspend in this area, but it will be several years before the deficit stops increasing. The latest forecast is that the cumulative deficit will be approaching £30m by the end of 2022/23.

Table 4: Dedicated Schools Grant

	£m
DSG deficit brought forward from prior years	13.616
In-year forecast deficit	5.744
Forecast deficit at end of 2019/20 financial year	19.360

5. GENERAL FUND RESERVES

- 5.1. The issues identified in this CRM report would result in a call on reserves of £15.193m. This level of drawdown from reserves is not sustainable over the medium term and needs to be addressed within the Council's future financial plans.

Table 5 – Potential impact of Corporate Revenue Monitor 6 on reserves

	£m
Increase in DSG deficit	5.744
Forecast net 2019/20 General Fund overspend	9.449
Reduction in reserves	15.193

6. VIREMENTS & WRITE OFF REQUESTS

- 6.1. Virements of £2.3m are requested relating to the Housing Revenue Account. These virements are to cover the costs of additional fire safety work (£1.9m) and the loss of rental income due to the demolition of Lannoy & Hartopp point (£0.04m).

7. REASONS FOR DECISION

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

8. EQUALITIES 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 the adjustments to the budgets required because of this Corporate Revenue Monitor.
- 8.2. If 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.
- 8.3. Implications completed by Fawad Bhatti, Social Inclusion Policy Manager, tel. 07500 103617.

9. RISK MANAGEMENT IMPLICATIONS

- 9.1. 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.
- 9.2. 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.
- 9.3. 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.

- 9.4. 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 in this report where they approach and exceed our financial risk appetite and risk tolerance have been identified.
- 9.5. 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:
- Austerity imposed by national government and its impact on Local Government.
 - Achievement of resulting challenging savings targets.
 - 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.

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

10. OTHER IMPLICATIONS

- 10.1. None.

11. CONSULTATION

- 11.1. None

List of Appendices:

Appendix	Title
Appendix 1	Children's' Services
Appendix 1a	Dedicated Schools Grant
Appendix 2	The Economy Department
Appendix 3	The Environment Department
Appendix 3a	Controlled Parking Account
Appendix 4	Finance & Governance
Appendix 5	Public Service Reform (PSR)
Appendix 5a	PSR – Corporate Services
Appendix 6	Social Care
Appendix 7	Centrally Managed Budgets
Appendix 8	Housing Revenue Account
Appendix 9	Virement Requests

**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	30,461	3,398	3,163
Special Educational Needs and Disabilities	8,421	2,715	2,310
Education	1,211	(58)	(54)
Assets, Operations & Planning	3,648		(39)
School Funding	0	0	0
Children's Commissioning	3,809	1,931	1,761
TOTAL	47,550	7,947	7,141

Table 2 - Variance Analysis		
Departmental Division	Month 6 £000	Month 5 £000
Family Services		
<p>Family Services Social Care Placements</p> <p>The Family Services placement budgets received growth of £2.050m for 2019/20 and the service identified savings of £1m that were removed from the budget.</p> <p>Since the growth bid was prepared there has been significant growth in numbers above that modelled on previous trends for the growth bid. LAC numbers have increased by 15 to 257, up from 242 in November 2018 when the growth bid was prepared. This has led to an overspend of £2.689m, £2.247m of which relates to the placements themselves and £0.442m relates to other associated costs such as travel and subsistence. Forecasted spend on placements is £1.3m higher than last year's outturn.</p> <p>Compared to the 2018/19 outturn, under 18 Semi Independent costs have increased by £0.589 to £2.3m with FTEs up by 11.9. The costs of under 18s in private or voluntary residential care are forecast to total £3.5m which is £0.534m higher than the last financial year despite the FTE increase being just 3.7FTE.</p> <p>The total 2019/20 placements forecast is £13.4m of which 28% (£3.8m) is attributable to just 20 of the c.567 cases that the service are working with in this financial year. These are highly complex cases with 10 of the 20 expected to cost over £0.200m this financial year with weekly costs up to £6,400 per</p>	2,247	2,209

Table 2 - Variance Analysis		
Departmental Division	Month 6 £000	Month 5 £000
<p>week.</p> <p>There has been an increase from last month of £0.125m which is primarily due to 13 new (6.3 FTE) placements adding £0.267m to the forecast. This is partly offset by 3 step-downs (£0.124m reduction).</p> <p>2019/20 secure remand spend is expected to be over £0.540m compared to £0.102m incurred in 2018/19. We have incurred costs for 14 individuals already this year compared to 9 in the whole of 2018-19. £75k of the forecast relates to contingency for secure remand. Total contingency including secure remand in the forecast position is £338k. There is considerable risk around the sufficiency of this contingency given the current rate of increase in LAC placements.</p>		
<p>Client related non-placement costs</p> <p>Alongside the costs of a placement there additional costs including travel and subsistence and various statutory allowances. The forecasted client transport overspend is £292,000. There are 28 regular clients forecasted for the full financial year 2019/20. Regular review meetings between the transport team and services are held to monitor spend and usage. Section 17 child in need payments are overspent by £195,000.</p>	442	355
<p>The special project to take additional children is funded from Home Office grant and corporately funded (where costs exceed the grant) as it sits outside the usual remit of children's services. Growth was provided in the 2019/20 to fund the full net expenditure on Dubs. Since the growth bid a further 11 Dubs children have been placed in the borough. However, due to large reductions in the placement costs for two of the highest cost placements, the 2019/20 budget is expected to cover all costs including the 11 additional placements and the associated staffing costs.</p> <p>There are a total of 28 Dubs children now placed in the borough.</p>	0	0
<p>Contact and Assessment</p> <p>There is a projected staffing overspend of £109,000 which primarily relates to the usage of 7 agency staff. Since period 5, agency numbers have reduced by 3 leading to the reduction in the forecast. Agency staff are providing cover for 3 social workers on maternity leave with the rest covering budgeted vacant posts whilst recruitment is taking place. Based on last year's maternity budget allocation we are only able to assume that 52% of the maternity costs will be funded. 2 further agency workers are expected to become permanent by</p>	125	172

Table 2 - Variance Analysis		
Departmental Division	Month 6 £000	Month 5 £000
December.		
<p>Family Support and Child Protection</p> <p>Cabinet have approved a contract variation of £82,000, per annum, on the Multidisciplinary Family Assessment Service contract with the Tavistock and Portman NHS Foundation Trust. There are 2018/19 FSCP contract costs c.£70,000 which will be incurred in 2019/20 due to an error. This overspend is included in the forecast. The service is carefully monitoring usage of the Tavistock and Portman contract and costs to ensure that the assessments are covered under the block contract rather than spot purchasing.</p> <p>There is a projected staffing overspend of £153,000 primarily due to the usage of agency staff. There are 3 postholders on maternity leave with agency staff covering. It is assumed that only 52% of the maternity costs will be funded corporately. The service is currently going through a recruitment process and successfully recruited 3 Social Care Workers who may not hold full caseloads. Agency cover has been forecast to the year end as despite continuing efforts, no further recruitment is forecast due to lack of applicants.</p> <p>The projected outturn variance has increased by £324,000 since period 5. This is due to increases to the legal costs projection of £261,000, which was previously forecast at budget, and staff forecast increases of £54,000.</p>	724	400
<p>Contact Centre</p> <p>The service is experiencing an increase in the number of family supervision referrals both from within the directorate and directly from court orders. Based on the likely number of additional hours required, the service is employing 6 additional sessional workers. It is assumed that 2 of these workers will be required on a full-time basis with 4 workers being required for 20 hours a month. It has been assumed in the forecast that these 6 additional sessional workers will be fully utilised from around September to the end of the financial year.</p> <p>The forecast has been revised down from on the assumption that no further agency workers are hired this year. Staffing is monitored and revised monthly due to fluctuations in sessional workers' hours.</p>	36	70
<p>Other minor variances</p> <p>Minor variances are spread across services including staffing underspends in fostering and adoption (£226,000) and Safeguarding & Quality Assurance (£48,000). An £82,000 pressure caused by unbudgeted contracts relating to the</p>	(176)	(43)

Table 2 - Variance Analysis		
Departmental Division	Month 6 £000	Month 5 £000
Council's commitments as part of the West London Alliance. These are WLA Commercial and Procurement (NWOW) £15,000, Children's Commissioning Service £44,000 and Careplace £23,000.		
Total of Family Services	3,398	3,163
Special Educational Needs and Disabilities		
<p>Travel Care and Support</p> <p>In 2019/20 there has been a 12% increase in student numbers using SEN transport, compared to the same period last year. In addition, there has been a 20% increase in the destinations' students are transported to. Journey times have increased, increasing average cost per trip in taxi transport. The forecast includes part delivery of £170,000 of the 2019/20 savings initiatives totalling £260,000 but does not include additional demand growth over and above the current cohort of pupils using the service. Further opportunities to deliver savings are being explored to help mitigate the risk of under delivery of savings.</p>	1,010	816
<p>Education and Healthcare Planning (EHCP) casework</p> <p>There is a pressure of £549,000 due to the additional cost of 8 supernumerary agency staff anticipated to be required until mid-February 2020. The funding used to pay for the costs transferring children with existing statements to EHC plans was exhausted in 2018/19 causing the overspend against the established staffing budget.</p> <p>There is a £192,000 increase from CRM 5 caused in part by delays to recruitment resulting in the extension of the supernumerary agency staff assignments from the previous expected end date in August to February 2020 (£204,000). In addition, the completion of a full post level budgeting exercise and review of DSG funding regulations means this team is now fully general funded with the DSG no longer covering any of the overspend. A corresponding favourable movement on the DSG has been realised.</p> <p>A staffing reorganisation paper has been considered by the Resource Management Board. It is anticipated that the new structure will be implemented in February 2020. The reorganisation of the staffing structure has been funded with the current service area budget. This should ensure that the overspend is not continued in 2020/21.</p>	549	357
Children with Disability Placements (Short breaks and care packages)	565	644

Table 2 - Variance Analysis		
Departmental Division	Month 6 £000	Month 5 £000
<p>There are currently 17 residential placements which the local authority pays in full or part funds with health. The LA contribution is £832,000.</p> <p>There are 106 care packages that the local authority part or fully pays for which total £870,000 and 116 direct payments recipients totalling £518,000.</p> <p>Overall short breaks and placements budget totals £1.883m against a projected net expenditure of £2.447m making a total overspend of £0.565m.</p> <p>The £79,000 favourable movement from CRM 5 is primarily due to 1 care package ending and other care packages being amended. The forecast for spot purchased care packages has decreased by £20,000 due to care package changes and there is a £17,000 reduction in direct payments. Contingency for future growth is £183,500. This has been reduced by £25,000 which has partly contributed to the favourable movement.</p>		
<p>The Haven Centre and Stephen Wiltshire Centre</p> <p>The income generated by The Haven Centre has reduced, due to one RBKC child moving out. A further reduction in income is estimated based on updated user profiles. An additional LBHF service user is now placed at The Haven. There are additional staffing costs due to the Team Manager post being covered by agency for a period of 3 months. The overall impact is a forecast overspend of £415,000 against budget.</p> <p>There are also 89 spot purchased care packages referred to above that are fully or part funded by the local authority</p> <p>This is partly offset by an underspend of £27,000 on the Stephen Wiltshire Centre. A full post level budgeting exercise has concluded with budget set for the ongoing staffing structure which is underspent in this financial year due to part year vacancies.</p>	388	190
<p>SEND Staffing Pressures</p> <p>Staffing pressures within the service due to 'vacancy factor' budget to match the funding available. However, holding vacancies at the level required to mitigate the budget shortfall is not currently possible given the demand and pressures within the service. A post level budgeting exercise has been completed and a longer-term strategy to address the shortfall is being developed alongside the requirement to reduce the structure by 2021/22 due to time limited growth coming to an</p>	236	236

Table 2 - Variance Analysis		
Departmental Division	Month 6 £000	Month 5 £000
end.		
Other minor variances.	(32)	67
Total of Special Educational Needs and Disabilities	2,715	2,310
Education Service		
A small underspend partly due the Head of School Effectiveness post being covered by a part time consultant.	(58)	(54)
Total of Education	(58)	(54)
Assets, Operations & Planning		
Minor variances.	(39)	(39)
Total of Assets, Operations & Planning	(39)	(39)
Children's Commissioning		
Family Support Local Authority Trading Company and Family Support Framework There is a pressure of circa £1.5m as a result of the undelivered saving on the Family Support Services proposals agreed for the 2017/18 and 2018/19 medium term financial strategy. There is a further risk reported and detailed below. Work is continuing on the service specification and to put in place contract arrangements to cover the activities. This work may partially mitigate in year overspend forecast and risk reported.	1,600	1,400
Commissioning Staffing The cost of the establishment currently exceeds available budget. Pipeline options have been developed to mitigate some of this budget pressure and await review by the new DCS in relation to the staffing structures across the department.	368	389
There is a small in year underspend on the CAMHS contract due to a lower than anticipated invoice paid for 2018/19 financial year. The favourable variance will not be ongoing.	(37)	(28)
Total of Children's Commissioning	1,931	1,761
TOTAL VARIANCE	7,947	7,141

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 possibly	2,100	2,100

Table 3 - Key Risks - Detail Items Over £250,000		
Risk Description	Risk At Month 6 £000	Risk At Month 5 £000
back to 2011 is estimated to be in the region of £2.1m. Three families (6 children) have brought claims prior to 2018/19 via the same solicitors totalling £141,000. In addition, in 2018/19, two families (3 children) brought claims with costs of approximately £60,000. We continue to hold the risk.		
<p>Placements - savings through LAC and Family Assist must continue to be monitored to ensure that delivery of savings is on track. The continuing high cost placements puts pressure on this activity being delivered. The number of young people in residential care remains small, however they are often complex and highly expensive cases meaning that LAC Assist have to 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, 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.</p> <p>There is £338,000 contingency for net placement growth built into the forecast. Risk is with respect to growth exceeding contingency allowance. Growth from period 5 to period 6 is £125,000. Contingency only allows for net £56,000 growth per month.</p>	400	450
Children with Disability Placements - the forecast contains £184,000 of contingency for demand led growth. Any net increase in demand above this level will increase the overspend on the service. 1 residential placement could cost up to £150,000 per year (after a possible 50% CCG contribution).	100	100
Children with Disability Placements - the current forecast includes £731,000 of income from the Clinical Commissioning Group (CCG) based on agreements to part fund a number of care packages. £150,000 is not yet guaranteed so there is a risk around receiving the full amount projected.	150	150
Travel Care and Support - It is expected that there will be further significant movement during the Summer 2019 mobilisation as students leave education, transfer to new destinations and new students join transport. It is expected that this impact will be clear at P6/P7, but it is estimated to be around £175,000. There is a clear upward trend of growth across the service which continues to pose a significant risk to the budget during 2019/20.	0	175

Table 3 - Key Risks - Detail Items Over £250,000		
Risk Description	Risk At Month 6 £000	Risk At Month 5 £000
This risk is now built into the forecast with a total increase of £194,000 added. The increase from CRM 5 included a realisation of the risk and an inflationary increase to the minibus contract from September 2019 based on CPI.		
A recent review of the finance regulations that informs DSG budget allocations has meant central spend previously funded by DSG has to be funded by either traded income, additional fees or general fund. Charging an admin fee to other LAs who place pupils in LBHF maintained schools, was previously put forward as mitigation towards the forecast overspend on the HNB. However, this has since been applied against the general fund SEND budget to ensure central services are fully funded as part of the regularisation of the use of DSG. There is a risk to the general fund if this income is not achieved.	198	198
Family Support LATC - The following risks are held pending firm contract arrangements being established: - £0.35m 2018/19 salary costs incurred by LBHF during the transition period. Agreement is need with Family Support around agreed responsibility for these costs. - £0.25m 2018/19 Children's Centre premises costs accrued as a creditor but pending contract agreement on responsibility for payment. - £0.25m 2019/20 Children's Centre premises costs as above. - £0.15m other Family Support expenditure pending clarification of contractual responsibility.	1,000	0
TOTAL RISKS	3,948	3,373

Supplementary Monitoring Information

Supplementary Monitoring Information

Travel Care and Support

Education and Healthcare Plans (EHCPs) have increased by 40% since 2017/18. The increase in children with a plan has meant more children qualifying for a travel care plan.

Year	2014	2015	2016	2017	2018	2019
Numbers of Statements / EHCs	647	725	783	776	906	1,113
Percentage change		12%	8%	-1%	17%	23%

The budget for transport has increased at a much lower rate and even reduced due to savings for 2019/20.

Hammersmith and Fulham - SEN Transport	2017/18	2018/19	% increase	2019/20	% increase
EHCP's	776	906	17%	1113	23%
Number of students receiving transport	211	247	17%	293	19%
Budget	£2.490m	£2.761m	11%	£2.823m	-6%
Outturn	£2.591m	£3.176m	23%	£3.834m	21%
Difference from budget to outturn	£0.101m	£0.415m		£1.010m	

Also driving up the costs are the number of single occupancy destinations which have increased by 52% since May last year.

	May-18	May-19	Var	Sep-19	Increase from May 18
Destinations	56	67	20%	74	32%
Single Occupancy destinations	31	37	19%	47	52%

Supplementary Monitoring Information

Family Services Placements

Table showing movement from 2018/19 outturn to the 2019/20 forecast.

Service Category	2018-19 outturn	2019-20 Forecast	Change between years	FTE for 2018-19	FTE for 2019-20	Change in FTE between years
Semi Independent U18's	£1,740,577	£2,329,779	589,201	30.25	42.19	11.94
P&V Residential U18	£2,971,906	£3,506,013	534,107	14.40	16.09	1.69
Secure Remand	£102,454	£540,114	437,660	1.27	4.21	2.94
P&V Fostering (Agency) U18's	£2,267,050	£2,669,663	402,613	44.72	54.00	9.28
Staying Put Grant	£-117,722		117,722			
Private Let		£106,576	106,576		4.90	4.90
Semi Independent Non Funded Asylum Seekers		£100,000	100,000			
Semi Independent (Block Contract)	£1,011,115	£1,077,142	66,027	73.00	82.00	9.00
Special Guardianship	£1,285,774	£1,316,833	31,059	124.74	136.50	11.76
Mother & Baby Residential	£215,859	£234,396	18,537	1.46	1.49	0.04
Secure Welfare	£0	£0	0			
SIL (Block) - Centrepont	£0		0	0.00		0.00
Health	£-180,618	£-181,163	-545			
Residence Orders	£67,210	£63,026	-4,185	6.70	6.30	-0.40
SEN	£-243,544	£-256,343	-12,799			
Youth Justice Board	£-112,372	£-127,000	-14,628			
In-House Fostering (0-18)	£1,938,084	£1,912,166	-25,918	74.16	76.38	2.22
Kinship	£329,742	£296,932	-32,810	27.30	27.94	0.64
Adoption	£381,190	£335,642	-45,547	30.42	30.57	0.15
Staying Put Grant & New Burdens		£-117,722	-117,722			
Semi Independent 18+	£1,450,702	£1,303,297	-147,405	32.05	32.16	0.11
Staying Put	£347,317	£181,226	-166,091	16.78	8.76	-8.02
Leaving Care Legacy & National Rate	£-160,029	£-356,229	-196,200			
UASC Legacy & National Rate	£-1,031,506	£-1,370,836	-339,330			
Total	£12,263,191	£13,563,513	1,300,322	477.24	523.51	46.27

**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	21,269	5,828	5,851
Early Years Block Expenditure	15,716	(1)	0
Schools Block Expenditure	37,927	(0)	(0)
Central School Services Block Expenditure	4,065	(83)	(61)
DSG Income	(78,977)	0	0
TOTAL	0	5,744	5,790

DSG deficit brought forward from prior years	13,616
Forecasted deficit at end of 2019-20 financial year	19,360

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>)		
The current HNB forecast overspend forecast at £5.828m for 2019/20. This represents an improvement of £1.032m on the 2018/19 outturn position of £6.860m.		
The ESFA adjusted the 2019/20 DSG HNB down by £0.799m in July 2019 primarily due to changes to the HNB import/export adjustment figures. This adjustment is currently being queried with the ESFA and other local authorities.	5,828	5,851
£1.740m of the current forecast accounts for SEN service teams and services provided centrally by the LA.		
	5,828	5,851
Early Years Block (<i>Funding for Early Years including Two-Year-Old funding and Early Years Pupil Premium</i>)		
An insignificant variance is reported at this stage	(1)	0
Total of Early Years Block	(1)	0
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 2019/20 on available activity data.	0	0

Table 2 - Variance Analysis		
Departmental Division	Month 6 £000	Month 5 £000
Total of Schools Block	(0)	0
Central School Services Block (<i>Funding for the Local Authorities ongoing responsibilities</i>)		
A favourable variance is expected at this stage	(83)	(61)
Total of Central School Services Block	(83)	(61)
TOTAL VARIANCE	5,744	5,790

Table 3 - Key Risks - Detail Items Over £250,000		
Risk Description	Risk At Month 6 £000	Risk At Month 5 £000
A comparison of census data at Jan 2018 and Jan 2019 suggests that the cohort of LBHF pupils placed in LBHF schools has increased by 7.5%. The total spend in 2018/19 was £8.5m, which would suggest that the growth risk in year is in the region of £0.64m, before any mitigating action. Spend in 2018/19 on LBHF pupils placed out of borough was £6.5m, however it is not clear whether this cohort will be increasing in 2019/20 because the relevant datasets are not available. If, however, a similar assumption is made, the growth risk is approximately £0.485m, taking the overall risk of increased placement costs in 2019/20 to £1.120m. Work is underway to review the SEN cohort, including the impact of phased transfers in year.	771	771
The current H&F Learning Support Assistant (LSA) hourly rate to meet the needs of children with Education Health Care Plans (EHCP) were last reviewed over 5 years ago. A review and consequent increase in the LSA hourly rate is likely to increase the spend on EHCP provision. Pending review, it is difficult to quantify the financial impact. If, for example, rates were to increase by 5%, this would increase spend on EHCPs by £0.35m based on actual TA hours used in 2018/19.	350	350
2018/19 RISKS	771	771

**APPENDIX 2: THE ECONOMY DEPARTMENT
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	6,827	350	350
Growth	52	20	14
Economic Development, Skills Service	576	0	0
Planning	794	820	(12)
Operations	94	3	0
Property Services & Compliance	90	0	0
Direct Delivery	5	0	0
TOTAL	8,438	1,193	352

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 968 units to a forecast of 974) in Private Sector Leased (PSL) temporary accommodation schemes. This has increased the forecast for rent payments to landlords by £113,000 compared to CRM 4. The forecast bad debt provision has reduced by (£114,000) (from a budget of 8.5% to a forecast of 7.5%) to reflect an improvement in the collection rate over the last few months.	30	30
There is a forecast reduction in average client numbers (from a budget of 133 clients to a forecast of 71) in Bed and Breakfast (B&B) temporary accommodation. The forecast bad debt provision (from a budget of 14.5% to a forecast of 10%) reflects an improvement in the collection rate over the last few months.	(257)	(257)
Cost avoidance payments of at least £600,000 to Private Sector Leasing and Direct Letting landlords are expected to be made this year in order to enable the Council to secure temporary accommodation properties. Further spend will be incurred this year under a Cabinet approved plan to invest up to £900,000 from the Temporary Accommodation reserve to secure 300 additional private rented sector properties to prevent homelessness or enabling households to exit temporary accommodation.	600	600
Flexible Homelessness Support Grant provided by Government of £2.805m to cushion the impact of the removal of the management fee for Temporary Accommodation (after allocating £2.589m to PSL and deducting an assumed £100,000 which we expect Registered Providers to claim).	(116)	(116)

Table 2 - Variance Analysis		
Departmental Division	Month 6 £000	Month 5 £000
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 this has only been confirmed for next year there is a risk of significant budget pressure thereafter.		
Other minor variances mainly on repairs and legal costs.	93	93
TOTAL of Housing Solutions	350	350
Growth		
Rent and Other Properties: shortfall on rental income.	112	113
Valuation Services: underspends in the Asset Management section on contractors and legal charges (£38,000) and recharges income of (£77,000) offset by other minor variances relate of £23,000.	(92)	(99)
TOTAL of Growth	20	14
Economic Development & Skills Service		
	0	0
TOTAL of Economic Development & Skills Service	0	0
Planning		
Development Management - Planning Applications income shortfall of £1.026m is predicted mainly due to economic factors including the impact on planning activity of Brexit. An overspend of £194,000 relates to exceptional costs for Counsel, legal and other specialist advice on a number of specific applications. This is offset by a favourable staffing variance of (£191,000) resulting from an ongoing recruitment process following a restructure. In addition, Planning will incur £60,000 of costs relating to Council's Arts Commission and delivery of Arts Strategy.	1,089	133
Spatial Planning - staffing vacancies as a result of an ongoing recruitment process following the restructure of the service.	(238)	(163)
Planning Management - part funding of senior management posts from S106 income.	(31)	18
TOTAL of Planning	820	(12)
Operations		
Minor variances	3	0
TOTAL of Operations	3	0
Property Services & Compliance		
	0	0
TOTAL of Property Services & Compliance	0	0

Table 2 - Variance Analysis		
Departmental Division	Month 6 £000	Month 5 £000
Development & Regeneration		
	0	0
TOTAL of Development & Regeneration	0	0
TOTAL VARIANCE	1,193	352

Table 3 - Key Risks - Detail Items Over £250,000		
Risk Description	Month 6 £000	Month 5 £000
Overall Benefit Cap	60	58
Direct Payments (Universal Credit)	18	20
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	301	351
Inflationary pressures on Temporary Accommodation landlord costs, based on an extra 1.5% rental inflation above the current forecast	130	152
There is a risk of large families being accommodated in B&B	91	106
Homelessness Reduction Bill - increase in households in temporary accommodation - extra 70 households this year above the current forecast	236	275
Economic Development is undergoing a full review and there is a risk of overspend during transition as the service is restructured to better align function and outcomes with the Council's industrial strategy.	55	60
In recent years, the cost of judicial reviews and major planning appeals including additional work to support the Hammersmith Town Centre supplementary planning document has been met from earmarked reserves, but these funds are exhausted and there is an ongoing risk of an overspend against the budget.	300	300
Building & Property Management: The lease renewal for 277 Goldhawk Road (Ladybird Nursery) is due to be completed in August. The new rent is due to commence after completion. Backdated rent of £42,000 is currently being held in the Holding account.	0	38
Planning Fees – the forecast above is based on the actual income to date but there is a risk that the forecast may worsen in the coming months due to the economic situation brought about mainly by uncertainty surrounding Brexit.	250	750
TOTAL RISKS MANAGED	1,439	2,109

Supplementary Monitoring Information

Long Term Trends:

The Temporary Accommodation service faces a long-term trend of:

- rising rents,
- constraints on income collection because of Welfare Reform
- increases in demand from homeless families.

The number of households in Temporary Accommodation has been increasing annually (1,214 at April 2016; 1,324 at April 2017; 1,444 at April 2018; with a slight reduction to 1,292 at April 2019). The current number of households in Temporary Accommodation is 1,246 (at 29 September 2019) and this represents a rise of over 2.6% since April 2016 at a time when the London average has increased by 5%. TA numbers are projected to increase to 1,275 at April 2020 and 1,325 at April 2021 and 1,375 at April 2022.

The number of enquiries and subsequent homeless applications remains consistent with the same period in 2019/20, not only indicating that the changes brought about with the Homelessness Reduction Act are now settled and embedded. The total number of enquiries for the year to date to September 2019 was 1,384, compared with 1,346 for 2018/19; a monthly average of 230 and 224 respectively. In September 2019 alone there were 219 enquiries, compared with 229 in September 2018.

The number of homeless applications in September 2019 was 70, and for the year to date was 541 (an average of 90pcm). In September 2018, the number was 93, with a year to date figure of 499 (at an average of 83pcm). Enquiries and applications have been quite consistent over the course of the year.

Planning income in recent years has fluctuated between £3.1m (2017/18), £3.6m (2018/19) and is currently forecast to fall short of the £3.7m income target this year, reaching only £2.7m in 2019/20. The forecast is being closely monitored and any further variance from the income target will be reported.

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 funding of Planning Performance Agreements
- Government schemes to encourage house building, including grant schemes
- Developers' responding to current and pipeline housing supply in borough (they don't want to flood the local market)
- Adverse weather conditions

**APPENDIX 3: THE ENVIRONMENT DEPARTMENT
BUDGET REVENUE MONITORING REPORT MONTH 6**

Table 1 - Variance by Departmental Division			
Departmental Division	Revised Budget	Variance Month 6	Variance Month 5
Public Realm	32,448	337	474
Community Safety and Regulatory Services	4,154	401	499
Leisure, Sport and Culture	6,004	492	488
Resident Services	23,095	701	701
Executive and Support	595	0	0
TOTAL	66,295	1,931	2,162

Table 2 - Variance Analysis		
Departmental Division	Month 6 £000	Month 5 £000
Public Realm		
Electric Vehicle Charging income not budgeted and no income accrual in 2018/19	(335)	(335)
Network Management income shortfall due to reduced utility work on the highways and increased compliance (reduced fine income)	44	44
Metro Wireless WIFI income shortfall as only receiving minimum guaranteed rent	126	126
Temporary Traffic Orders net income	(56)	(58)
Delayed savings target for sponsorship of information boards on public highways	50	50
General Maintenance planned underspend	(100)	(100)
Streetlighting energy underspend due to LED lighting	(52)	(52)
Waste disposal underspend assuming tonnages broadly in line with last year	(79)	(94)
Waste contract inflation	425	425
Existing saving on waste contract not expected to be achieved	159	159
Savings target for removal of clear all service not expected to be met	83	83
Waste Management posts now funded	0	177
Net underachievement of income in Commercial Waste	56	47
Other smaller net variances	16	2
Total Public Realm	337	474
Community Safety and Regulatory Services		
Building Control income shortfall assuming income in line with 2018/19. Service to be reviewed b to assess potential for growing income.	242	302
CCTV overspend, due mostly to additional costs of backfilling vacant shifts on the 24/7 rota (vacancies and sickness absence cover) and shortfall against internal income recharges.	75	55

Table 2 - Variance Analysis		
Departmental Division	Month 6 £000	Month 5 £000
Commercial income target for deployable CCTV cameras not met.	100	100
Emergency Planning - Enhanced Emergency Planning service (recruitment to unbudgeted posts); decision to maintain existing emergency response rota cover, meaning prior year saving not fully achieved (£34,000) and additional annual contribution to the London Resilience Fund (£15,000)	112	89
Community Safety Reserve funding for Silver Rota/London Resilience costs/Enhanced Emergency Planning service	(112)	(49)
Other smaller net variances	(16)	2
Total Community Safety and Regulatory Services	401	499
Leisure, Sport and Culture		
Loss of Lettings income as a result of decanting from Hammersmith Town Hall	182	160
Transfer from the Civic Campus Reserve for Lettings income losses, resulting from the decant from Hammersmith Town Hall	(182)	(160)
Decline in Hammersmith Town Hall lettings income over the past four years due mostly to a deterioration in the attractiveness of the building	47	47
Events in parks income shortfall, due mostly to Member preference to restrict the number of large events in parks (mostly funfairs and circuses)	43	43
Filming income shortfall - mostly unachieved prior year saving (£50,000) and lost income opportunity when Fulham Town Hall closed (£45,000)	108	97
Commercial income target for a Market on Shepherds Bush Green. Not progressed due to proximity to the existing permanent market.	100	100
Savings target for Libraries Trust model, not taken forward by Members.	150	150
Libraries staff savings, assuming no additional recruitment in sovereign service (duties expected to be taken on by existing staff).	(75)	(75)
Libraries savings shortfall - delayed implementation of Smart Open (£100,000) and shortfall against new income generating opportunities (£105,000).	205	205
Increased income from Leisure Contract, assuming the Council funds the capital investment required to deliver this increased income (decision on funding source not yet confirmed)	(187)	(187)
Savings target for better procurement in parks	50	50
Other smaller net variances	51	58
Total Leisure, Sport and Culture	492	488

Table 2 - Variance Analysis		
Departmental Division	Month 6 £000	Month 5 £000
Resident Services		
Existing restructure saving not expected to be achieved (new proposals being developed through the new Resident Access Programme)	481	481
Collection fund income	99	99
Local support payment less than budget	(150)	(150)
Savings target for delayed Channel Shift project (new proposals being developed through the new Resident Access Programme)	150	150
Additional unbudgeted costs relating to complaints function	110	110
Other smaller net variances	11	11
Total Resident Services	701	701
Executive Directorate and Support		
No expected issues	0	0
Total Executive Directorate and Support	0	0
TOTAL VARIANCE	1,931	2,162

Table 3 - Key Risks - Detail Items Over £250,000		
Risk Description	Risk At Month 6 £000	Risk At Month 5 £000
Potential increased staffing costs from interim sovereign structures, following Bi-Borough disaggregation of services	400	400
Registrars income - clearance of old suspense accounts may adversely affect income (being investigated)	75	0
Risk that s.106 funding not confirmed for CCTV	120	120
Risk that s.106 funding not confirmed for Air Quality	60	0
Funding for new Climate Change programme not yet identified	200	200
TOTAL RISKS MANAGED	855	720

**APPENDIX 3A: 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	(38,994)	(918)	(834)
Controlled Parking expenditure	11,066	(130)	(235)
TOTAL	(27,928)	(1,048)	(1,069)

Table 2 - Variance Analysis		
Departmental Division	Month 6 £000	Month 5 £000
Parking Control		
Controlled Parking Income		
Parking PCN Income	298	322
Suspensions Income	424	440
Pay & Display	(1,591)	(1,551)
Residents Parking	(29)	(38)
Removals & Storage	(20)	(7)
Controlled Parking Expenditure		
Under spend on supplies services due primarily to the completion of rollout of the cashless parking resulting in reduction of cashless and maintenance contract costs	(86)	(113)
Salary underspend	(44)	(122)
TOTAL VARIANCE	(1,048)	(1,069)

Table 3 - Key Risks - Detail Items Over £250,000		
Risk Description	Risk At Month 6 £000	Risk At Month 5 £000
There is a risk that the new CCTV room in Beavor Lane will not be ready for the team to move into as part of the decant from the town hall. Options are being explored to reduce this risk with the projects team. The risk is based on the possibility that here could be a six-week disruption to the service going forward.	750	750
TOTAL RISKS MANAGED	750	750

APPENDIX 4: FINANCE & 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
Properties and Facilities Management	7,607	62	55
Legal and Democratic Services	1,230	53	59
IT Services	13,134	0	0
Finance	5,346	0	0
Audit, Fraud and Insurance	1,026	0	0
SUB-TOTAL	28,343	115	114
Contracts and Commercial Services (transferred to FG as at 01/04/19)	(3,607)	1,363	1,627
<i>Departmental non-controllable budgets</i>	<i>(23,389)</i>	<i>0</i>	<i>0</i>
TOTAL	1,347	1,478	1,740

Table 2 - Variance Analysis		
Departmental Division	Month 6	Month 5
	£000	£000
Properties and Facilities Management		
Civic Accommodation: Overall unfavourable variance in income from renting space.	62	55
TOTAL PROPERTIES AND FACILITIES MANAGEMENT	62	55
IT SERVICES		
The service is expecting to underspend on staffing costs and contract costs although this is offset by difficult to achieve income from the expected resale of licenses to external customers.	0	0
TOTAL IT SERVICES	0	0
LEGAL AND DEMOCRATIC SERVICES		
Elections: The service has received a 58% reduction in Central Govt 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. This remains an ongoing budget pressure for the service.	53	53
Coroners and Mortuary: The overall overspend is due to increased activity which has resulted in additional costs for staffing to support the service, coroners' expenses and supplies and services. This budget pressure will remain for the foreseeable future. This is after agreed increased recharges to partner boroughs. The coroner's services is forecast to overspend by £62,000 against a net budget of £126,000. Mortuaries are forecast to underspend by £66,000 as a result of a revised recharging method agreed and	0	6

Table 2 - Variance Analysis		
Departmental Division	Month 6 £000	Month 5 £000
increased income forecast for second post mortems.		
TOTAL LEGAL AND DEMOCRATIC SERVICES	53	59
TOTAL FINANCE	0	0
TOTAL AUDIT, FRAUD AND INSURANCE	0	0
Contract Management Savings: potential of not realising the budgeted savings target for this area. There have been difficulties in recruiting a head of service to support delivery however non care contracts are now being looked at as part of the Zero-Based Budgeting programme. The service transferred to Finance & Governance in 2019.	1,250	1,250
Advertising Hoardings: Variance to budget from existing and new sites. The movement from month 5 is due to one off income from previous years now realised. Improved forecast income from profit sharing sites.	113	377
TOTAL COMMERCIAL & PROCUREMENT	1,363	1,627
TOTAL VARIANCE	1,478	1,740

Table 3 - Key Risks - Detail Items Over £250,000		
Risk Description	Risk At Month 6 £000	Risk At Month 5 £000
Potential challenges of additional TUPE and Facilities Management Service set up costs of £500,000.	500	500
Contract management savings – risk that resources is not put in place and activity plan does not meet the savings target. Transferred to Finance and Governance in 2019.	1,500	1,500
TOTAL RISKS MANAGED	2,000	2,000

Supplementary Monitoring Information
<p>The majority of budgets within the department relate to staffing costs, with the notable exceptions of IT Services and Property & Properties and Facilities Management where there a number of key contract budgets with suppliers.</p> <p>The Tech-tonic programme is on track to deliver in year savings of £1.2m as a result of new contract arrangements with suppliers, with high deployment rates of mobile devices across the council enabling the programme to remain on target.</p> <p>The facilities management service has now TUPE'd back to the Council, and officers continue to work through the implications of this including any risks and pressures that may arise throughout the year.</p>

**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
Zero Based Budgeting	514	0	0
Research and Innovation	457	476	489
Communications	274	168	168
People and Talent	2,180	393	391
Assurance and Programmes	1,029	(287)	(248)
Strategy and Community Engagement	397	210	254
Executive Services	276	(80)	(80)
Sub-Total	5,126	880	974
<i>Departmental non-controllable budgets</i>	(2,105)	0	0
TOTAL	3,022	880	974

Table 2 - Variance Analysis		
Departmental Division	Month 6 £000	Month 5 £000
Public Services Reform		
People and Talent - overspend position on budgeted savings. Additional HR resource needed to support an income generation plan would negate the benefit of additional income from data maximisation or an enhanced trading model.	393	391
Communications - underachievement of traded income within the print service and difficult to achieve savings. It is forecast that activity will be in line with that incurred in 2018/19.	168	168
Research and Innovation - forecast pressure on staffing costs mainly due to unfunded posts and additional resource brought in to address critical roles required to meet organisational demand, which includes the delivery of several key statutory reports. The BI team continues to deliver financial benefits across the council in excess of total service cost.	476	489
Assurance and Programmes - forecast underspends on staffing budgets.	(287)	(248)
Executive Services - forecast underspends on staffing budgets.	(80)	(80)
Strategy and Community Engagement - Overspends on staffing budgets to support co-production.	210	254
TOTAL VARIANCE	880	974

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

Risk Description	Risk At Month 6 £000	Risk At Month 5 £000
TOTAL RISKS MANAGED	0	0

Supplementary Monitoring Information
<p>Although work is ongoing to reduce agency expenditure across the Council, budgets for agency expenditure sit within departmental staffing budgets and not centrally, therefore any reduction in spend will not result in any savings for People and Talent.</p> <p>Much of the commissioning expenditure 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.</p>

**APPENDIX 6: 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
Operation	25,081	438	661
Learning Disability, Mental Health and In-House Services	21,200	1,442	1,444
Commissioning (Transferred from PSR)	3,008	619	836
Public Health Service (Transferred from PSR)	0	0	0
Resources	6,283	0	0
Social Care Directorate	526	0	0
Total	56,098	2,499	2,941

Table 2 - Variance Analysis		
Departmental Division	Month 6 £000	Month 5 £000
Operations		
<p>The department has balanced its budget for the last two years. As social care's required savings for 2019/20 have been taken out of the budget at the beginning of the financial year, we are projecting an overspend of £438,000. The financial pressures result from the policy of discharging people as early as possible from hospital and preventing people from unnecessary admission into hospital. This leads to an increase in home care costs for the Council.</p> <p>This is a demand pressure which continues until a decision/policy is reached nationally about how to fund adult social care. The recent spending review announcement has confirmed social care grant funding for a further financial year until March 2021. The main reasons for reduction in the overspend in month 6 of (£223,000) are due to care reviews shortly after discharge from hospital and result from managerial controls. Overall pressures still remain in this service due to the full year effect of 40 re-started care packages and Direct Payments which started at the end of last year and the further increase in the London Living wage.</p> <p>The full year effect of home care packages are projected to overspend of £714,000, this is partly offset by a projected underspend of (£337,000) in care placements. There is also a staffing cost overspend of £61,000. Robust mitigation plans are in place to address this overspend.</p>	438	661
Total of Operations	438	661

Table 2 - Variance Analysis		
Departmental Division	Month 6 £000	Month 5 £000
Learning Disability, Mental Health and In-House Services		
<p>Learning Disabilities (LD) - the projected overspend comprises of home care support packages - £463,000, Direct Payments- £322,000 and residential and nursing care - £20,000. This also includes (£121,000) underspend in Individual Services Fund due to improved contracting arrangements. There is a projected staffing overspend in LD services of £124,000 due to the additional capacity required to improve our transitions work with children's services.</p> <p>Mental Health - a projected overspend of £238,000 in home care and Direct Payments and £139,000 in residential and nursing care placements. There is a projected overspend of £257,000 on staffing and rental costs - as staff are based in the Claybrook hospital. Robust mitigation plans are in place to address this overspend.</p> <p>Residential care costs are on average increasing by 3.7% and the budgetary provision agreed is 2.58% which accounts for part for the overspend. Robust mitigation plans and very tight budgetary controls are in place to address this overspend.</p>	1,442	1,444
Total of Learning Disability, Mental Health and In-House Services	1,442	1,444
Social Care Commissioning		
<p>The Commissioning service and budget have been transferred from the Public Service Reform. The projected overspend is in three main services: 1) the third sector grant overspend is mainly due to unachieved saving from the previous year and accrued expenditure from 2018/19 with a total revised overspend of £283,000. The forecast has already improved in month 6 due to the implementation of the migration action plan.</p> <p>2) Supporting People contracts has a projected overspend of £100,000 due to contract inflationary pressures. Work is ongoing to reduce this overspend through 2019/20.</p> <p>3) Commissioning Staffing is projected an overspend of £236,000. Plans are in place to manage within the existing budget from April 2020/21. The third sector budget overspend will significantly reduce and hopefully balanced by April 2020. We have also set up a third sector board to review the strategy and synergies across the Council's third sector with proposals to be reported back to the Lead Cabinet Member.</p>	619	836
Total of Social Care Commissioning	619	836

Table 2 - Variance Analysis		
Departmental Division	Month 6 £000	Month 5 £000
Public Health Service		
The Public Health (PH) service and budget have been transferred from Public Service Reform. The latest forecast is projecting pressures on the PH Commissioning contracts spend of £159,000 which is offset by the employee underspend (£159,000) due to a number of unfilled vacancies. The PH grant is £21.189m in 2019/20 and the forecast total spend is £22.758m which means the use of reserves is £1.569m to be drawdown to balance the budget. The remaining reserves balance is anticipated to be £0.455m by year end. A review of all contracts will be required before 2020/21 to ensure that spend is reduced to a level that doesn't depend on reserve use to ensure there are no overspends in this area.	0	0
Total Public Health Service	0	0
Total Variance	2,499	2,941

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 Disabled Children (15) transitioning from Children Services to Adult Social Care.	250	250
Home Care contract providers were awarded an inflationary increase of 1 to 2.1% depending upon their CQC (Care Quality Commission) rating. One of the block homecare providers who received a 2.1% increase are requesting a higher inflation increase.	300	300
Total Risks Managed	550	550

Supplementary Monitoring Information

Supplementary Monitoring Information

The Department continues to experience significant budget pressures. The Department is projecting an overspend of £2,499,000 which is an improvement of (£442,000) since the month 5 report. In social care this is mainly as a result of the full year implications of new and resultant price increases due to market pressures. In commissioning services which have been transferred back to Social Care from Public Services Reform the pressures remain on contracts and staffing.

In setting the 2019/20 budget, £1.5 million was identified as a risk to the budget forecasts for these main factors. The projection assumes the delivery of the 2019/20 adults savings of £2,855,000 of which currently 55% have been delivered and the balance are rated as medium in terms of delivery risk and as assumed will be delivered by year end.

Historically, the Department's budget has had underlying budget pressures, which have been mitigated in the last two years by using a combination of robust management actions to control the budget, one off reserves and the Improved Better Care Funding.

**APPENDIX 7: 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	1,721	114	114
Housing Benefits	(328)	0	0
Levies	1,545	(22)	(22)
Net Cost of Borrowing	485	0	0
Other Corp Items	4,855	(440)	(440)
Pensions & redundancy	9,241	(187)	(187)
TOTAL	17,519	(535)	(535)
Balance of unapplied unallocated contingency		(2,252)	(2,252)
Revised Variance	17,519	(2,787)	(2,787)

Table 2 - Variance Analysis		
Departmental Division	Month 6 £000	Month 5 £000
Corporate & Democratic Core		
Overspend on Shared Accommodation costs due to delayed decant from RBKC properties. It is possible that these costs may be funded through the Civic campus project.	135	135
Underspend on Audit Fees	(21)	(21)
Corporate & Democratic Core Total	114	114
Housing Benefits		
	0	0
Housing Benefits Total	0	0
Levies		
Underspend on levies	(22)	(22)
Levies Total	(22)	(22)
Net Cost of Borrowing		
	0	0
Net Cost of Borrowing Total	0	0
Other Corporate Items		
Forecast underspend on Business Rates on Civic Properties	(400)	(400)
Apprenticeship levy under budget due to identification of HRA share of costs.	(40)	(40)
Other Corporate Items Total	(440)	(440)

Table 2 - Variance Analysis		
Departmental Division	Month 6 £000	Month 5 £000
Pensions & redundancy		
Forecast underspend on the unfunded pension costs arising from historical redundancy decisions.	(187)	(187)
Pensions & redundancy Total	(187)	(187)
TOTAL VARIANCE	(535)	(535)

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

Supplementary Monitoring Information
None to report

**APPENDIX 8: HOUSING REVENUE ACCOUNT
BUDGET REVENUE MONITORING REPORT MONTH 6**

Table 1 - Variance by Departmental Division			
Departmental Division	Revised Budget	Variance Month 6	Variance Previous Month 5
	£000	£000	£000
Housing Income	(77,001)	543	789
Finance & Resources	8,088	15	42
Housing Management	6,077	56	56
Property & Compliance	9,700	3,571	3,567
Void & Repairs	11,450	(1,424)	(1,367)
Adult Social Care	48	0	0
Safer Neighbourhoods	664	0	0
Place	9,649	920	920
Growth	325	0	0
Operations	3,395	0	(47)
Direct Delivery	606	0	0
Capital Charges	24,902	(144)	(144)
SLA	6,466	0	0
(Contribution to) / Appropriation from HRA General Reserve	4,369	3,537	3,816

Table 2 - Variance Analysis		
Departmental Division	Month 6 £000	Month 5 £000
Housing Income		
There will be an under recovery of rent and service charges on the Council's homes of £616,000 due mainly to the ongoing decanting of Hartopp and Lannoy (£376,000 relates to the decanting, and a further £240,000 relates to general voids), resulting in an increase in the forecast number of void properties (287 voids vs. a budgeted level of 162 voids). In addition, a £57,000 adverse variance is due to under recovery of tenants' service charge income.		
A further adverse variance on garage rents of £58,000 is expected and this is due to ongoing refurbishment work and also to the decanting of Hartopp Point and Lannoy Point. There are a number of other minor adverse variances of £62,000 in total relating to HRA commercial properties, Pay & Park income and commission on water charges.	543	789
Offsetting this, the cumulative rental income collection rate for Council homes currently stands at 98.3% for the year to date and this has resulted in a forecast underspend against		

Table 2 - Variance Analysis		
Departmental Division	Month 6 £000	Month 5 £000
the bad debt provision budget of (£250,000). A virement is requested to correct the rental income budget following the approval in April 2019 of plans to demolish Hartopp and Lannoy; as a result, the variance will improve by (£400,000) next month.		
Total: Housing Income	543	789
Finance & Resources		
This is primarily due to the costs of agency staff covering vacant posts earlier in the year and this variance has been reduced through vacancy management.	15	42
Total: Finance & Resources	15	42
Housing Management		
This is due to lower than expected tenant numbers in Temporary on Licence properties resulting in a shortfall of income.	56	56
Total: Housing Management	56	56
Property & Compliance		
To ensure the safety of our residents, it is necessary to station fire wardens at a number of the Council's high-risk tower blocks. The initial estimated full year cost for providing fire wardens at our high risk blocks was £3m, however, after further review and acting on advice from industry experts recommendations, the revised estimated full year cost is expected to reduce to £1.9m. A virement is requested so that these costs are funded from the Fire Safety Plus reserve, and this will reduce the variance to nil next month.	1,914	1,914
In light of the Council's decision to terminate their partnership arrangement with MITIE repairs and maintenance and the implementation of an interim repairs and maintenance service, additional resourcing needs have become apparent. As a result, the full year cost of meeting the resourcing needs is expected to be £1.6m.	1,657	1,653
Total: Property & Compliance	3,571	3,567
Void & Repairs		
As part of the implementation of the interim repairs and maintenance service following the termination of the Council's contract with MITIE, a Direct Labour Organisation (H&F Maintenance) has been established to deliver repairs and maintenance services to the communal areas of HRA owned land and properties. A recruitment plan is currently in place to fill all positions but as the team is not yet fully	(1,201)	(1,144)

Table 2 - Variance Analysis		
Departmental Division	Month 6 £000	Month 5 £000
established, an underspend is expected for 2019/20.		
An underspend is expected on general repairs contractors due to the timing of the contracts' commencement date (17th April 2019).	(223)	(223)
Total: Void & Repairs	(1,424)	(1,367)
Adult Social Care		
	0	0
Total: Adult Social Care	0	0
Safer Neighbourhoods		
	0	0
Total: Safer Neighbourhoods	0	0
Place		
An extended pilot of the concierge service at Edward Woods Estate due to a delayed consultation is forecast to cost £255,000. This is expected to be offset by staffing underspend and other minor underspends within the division of (£135,000).	120	120
As part of the implementation of the interim repairs and maintenance service following the termination of the Council's contract with MITIE, a customer service centre has been established to handle residents' calls relating to the reporting of repairs and maintenance issues. Since then, the remit of the team has expanded to include complaints and resolution handling. As a result of the additional resourcing required to deliver the complaints and resolution function, an overspend is expected.	800	800
Total: Place	920	920
Growth		
No forecast variance is reported	0	0
Total: Growth	0	0
Operations		
No forecast variance is reported this month as additional resource is required to ensure key projects are delivered.	0	(47)
Total: Operations	0	(47)
Direct Delivery		
No variance is currently reported	0	0
Total: Direct Delivery	0	0
Capital Charges	0	0
As the actual depreciation charge following the completion of	(144)	(144)

Table 2 - Variance Analysis		
Departmental Division	Month 6 £000	Month 5 £000
the stock valuation as at 31st March 2019 is (£518,000) lower than the budgeted depreciation, this means that the planned funding of the Decent Neighbourhoods programme from the Major Repairs reserve is reduced by the same amount. It is now planned to make a revenue contribution to the capital programme for this same amount of £518,000 in order to meet capital financing requirements. Any slippage on the capital programme will be offset by reduced internal borrowing. The interest earned on HRA balances is forecast to be (£144,000) better than budgeted mainly due to an increase in the expected interest rate achievable on short term investments (from a budgeted figure of 0.45% to a forecast of 0.85%).		
Total: Capital Charges	(144)	(144)
SLA Recharges		
	0	0
Total: SLA Recharge	0	0
TOTAL VARIANCE	3,537	3,816

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. Although the vast majority of improvement works will be capital in nature, there is a significant risk of an unbudgeted impact on the HRA due to unanticipated revenue related expenditure relating to fire wardens.	unknown	unknown
MITIE repairs & maintenance - The Council submitted its final accounts statement on 17 June as per the Term Partnering Contract obligations. Currently, the Council is in discussions with MITIE over the final accounts statements to understand their view. As negotiations progress, more detail will be made available.	TBC	TBC
Capitalisation of staffing costs - staff working on major capital projects complete weekly timesheets and these are used to identify the proportion of their time that can be charged to capital. It is likely that there will be slippage in the capital programme this year, and this means there is a	TBC	TBC

Table 3 - Key Risks - Detail Items Over £250,000		
Risk Description	Risk At Month 6 £000	Risk At Month 5 £000
risk that staff capitalisation will be lower than budgeted, resulting in unbudgeted charges to revenue. Officers are monitoring this, and should the risk crystallise, it will be shown as a variance in the coming months.		
Interim Repairs Delivery Model: On 4 March 2019, Cabinet approved a one-off annual revenue budget of £22.2m for the interim repairs model, which required an increase in the existing budgets within the Housing Revenue Account for 2019/20 of £4.1m. This is being funded as a one-off appropriation from the Housing Revenue Account General Reserve. Given the added complexities arising from this project, associated client-side costs and the need to deliver a high functioning call centre, there remains a risk that further costs could potentially need to be incurred which may result in a further call on the Housing Revenue Account General Reserve.	unknown	unknown
A number of divisional reorganisations will be implemented this year in order to ensure the Economy Department better delivers for residents. There is a risk that this may result in unbudgeted growth to the HRA.	unknown	unknown
The SLAs charged to departments for corporate support services are being reviewed following a number of changes with cost implications, including the decanting of staff as part of the Civic Campus project and the Tectonic programme. An initial analysis of the revised cost apportioned to the HRA suggests a possible increase in costs of £2.3m for this year. These costs are currently being reviewed and once a confirmed figure is known, the variance will be reported in a subsequent CRM.	2,300	-
TOTAL RISKS MANAGED	Not Quantified	Not Quantified

Supplementary Monitoring Information
In order to support the funding of the Fire Safety Plus Programme approved by Full Council in October 2017, the Council set aside an earmarked reserve of £12.8m in July 2018. The current balance on the reserve is £11.973m and this is currently forecast to reduce to £2.594m after accounting for fire safety capital improvement works spend to secure the safety of our residents this year. Cabinet are now requested to approve a drawdown of £1.914m from this reserve to fund the additional revenue expenditure on fire safety which is forecast to be incurred this year (set out in Table 2). If approved this will reduce the overall HRA overspend to £1.623m and reduce the Fire Safety Plus reserve to £0.680m.

Appendix 9
Virement Requests

Details of Virement	Amount (£000)	Department
GENERAL FUND:		
Total of General Fund Virements (Debits)	0	
HRA:		
	1,900	HRA
Use of HRA Fire Safety Reserve to fund fire wardens	(1,900)	HRA reserves
	400	HRA
Housing Income - reduction in rental income due to demolition of Hartopp Point & Lannoy Point appropriation from HRA General Reserve.	(400)	HRA Reserves
Total of HRA Virements (Debits)	2,300	

Agenda Item 8

London Borough of Hammersmith & Fulham

Report to: Cabinet

Date: 06 January 2020

Subject: **ACQUISITION OF FREEHOLD INTEREST – 145/155 KING STREET, W6**

Report of: Cabinet Member for Finance and Commercial Services - Councillor Schmid

Summary

The report seeks approval to acquire the freehold interest of 145-155 King Street, a Council operational building currently leased from Canada Life. External property advice has been secured and a negotiated price has been provisionally agreed subject to Cabinet's approval.

The acquisition of the freehold interest will result in several financial and strategic benefits including

- No ongoing rental payments;
- Flexibility to share partner use of the property, making more efficient use of the asset
- Planning short term improvements to the property
- Allow the Council to consider further place-making along King Street following the completion of the new Civic Campus site.

The financial business case supports acquiring the freehold asset as the current rental payments are in excess of the capital repayment charges and supports the Council's underlying Ruthlessly Financial Efficient agenda.

Recommendations

1. To note that appendices 1 and 2 are not for publication on the basis that they contain information relating to the financial or business affairs of any person (including the authority holding that information) as set out in paragraph 3 of Schedule 12A of the Local Government Act 1972 (as amended).
2. To delegate to the Strategic Director for the Economy, in consultation with the Borough Solicitor and Cabinet Member for Finance and Commercial Services to agree the property legal agreements to acquire the freehold interest of 145-155 King Street, W6 on the terms set out in Appendix 2.

3. To approve a capital budget of up to £19.81 million in 2019/20, to be funded by borrowing, represented by an increase in the Council's Capital Financing Requirement.

Wards Affected: Hammersmith Broadway

H&F Priorities

Our Priorities	Summary of how this report aligns to the H&F Priorities
<ul style="list-style-type: none"> • Building shared prosperity 	In the medium term the Council may consider wider place making proposals that contribute to wider prosperity for all.
<ul style="list-style-type: none"> • Being ruthlessly financially efficient 	The Council's acquisition will remove its rental expenditure under the current lease.
<ul style="list-style-type: none"> • Taking pride in H&F 	The Council's acquisition of the freehold it will allow the Council to consider further place making transformation in the medium term following the new Civic Campus is completed in 2022.

Financial Impact

The acquisition of the freehold for 145/155 King Street at up to £19.81m (including the acquisition price, SDLT and other related fees and charges such as legal costs) is capital expenditure that will need to be financed from borrowing, represented by an increase in the Council's Capital Financing Requirement.

The acquisition will result in increased revenue borrowing costs but enable the current rental payment to cease. Financial analysis indicates that the borrowing costs (both external interest and the minimum revenue provision (MRP)) are likely to exceed the rental payments by an average of £140,000 per annum for the first 5 years. Beyond that point, subject to the robustness of the interest rate and inflation assumptions, the borrowing cost will fall below the assumed rental payments and deliver future savings.

Financial modelling has been undertaken in full and this is contained within Appendix 1 (exempt). A summary of the modelling is shown below in Table 1 that shows the total revenue costs in relation to acquiring the asset compared to continue to lease the accommodation.

Table 1	Continue to lease (total revenue costs)	Acquire freehold (total revenue costs)	Saving
Revenue over 20 years	£22.68 million	£18.09 million	£4.59 million
20-year NPV	£16.31 million	£13.76 million	£2.55 million

The hold period for financial modelling has been estimated at 20 years. The interest rate assessment assumption including MRP has been included within Appendix 1 (exempt).

Over a longer time period (20 years), net present value modelling indicates that acquisition is significantly more financially beneficial than renting. Acquisition also secures an asset for the Council that will have a future value.

Appropriate allowance for the borrowing costs will need to be made within future revenue estimates, Medium Term Financial Strategy, and a virement made from the current rental budget.

Except for the rental payment, the revenue running expenses of the building are not expected to be impacted by the acquisition as these are already met by the Council. There may be a cost avoidance as continued renting could have resulted in the Council facing a future claim for dilapidations. Potential dilapidation costs could be over £500,000.

The freeholder has not elected to levy VAT.

Legal Implications

The Council will undertake legal due diligence checks as part of a property transaction conducted by a local authority.

The Local Government Act 1972 section 120 empowers the Council to acquire by agreement any land inside or outside its area for the purposes of:

- a. its functions under any enactment, or
- b. for the benefit, improvement or development of its area.

The Council may acquire by agreement any land for any purpose for which it authorised by this or any other enactment to acquire land. Notwithstanding that the land is not immediately required for that purpose; and, until it is required for the purpose for which it was acquired, any land acquired under this subsection may be used for the purpose of any of the council's functions.

The Local Government Act 2003 section 12 gives local authorities power to invest. It provides that a local authority may invest:

- a. for any purpose relevant to its functions under any enactment, or
- b. for the purposes of the prudent management of its financial affairs.

Contact Officer(s):

Name: Adesuwa Omoregie
Position: Chief Solicitor
Telephone: 07717 450746
Email: Adesuwa.Omoregie@lbhf.gov.uk

Name: Andrew Lord
Position: Head of Strategic Planning and Monitoring
Telephone: 0208 753 2531
Email: Andrew.lord@lbhf.gov.uk
Verified by Emily Hill, Assistant Director, Finance

Name: David Hughes
Position: Director of Audit, Fraud, Risk and Insurance
Telephone: 07817 507 695
Email: David.HughesAudit@lbhf.gov.uk

Name: Nigel Brown
Position: Head of Asset Strategy and Property Portfolio
Telephone; 0208 753 2835
Email: Nigel.Brown@lbhf.gov.uk

Background Papers Used in Preparing This Report**Not applicable**

DETAILED ANALYSIS

1. Proposals and Analysis of Options

- 1.1 The Council currently leases 145/155 King Street from Canada Life, an investment and pensions company, under a 20 year lease that expires in 2027. It is a fully repairing and insuring lease, meaning the Council is responsible for all of the maintenance internally to the building.
- 1.2 The current rent is £926,000 pa, and an upwards only rent review is due in May 2022, which may result in the rent increasing – advisors estimate that the revised rent will be between £1m pa and £1.15m pa. (10-15% increase).
- 1.3 An opportunity has arisen to acquire the freehold interest. The financial profiling shows the Council will save on rental costs when off-set against borrowing costs. The current freeholder, Canada Life, notified the Council it was to sell its freehold interest in early autumn 2019. The Council and Canada Life had discussions to understand their timelines for selling the freehold asset.
- 1.4 The Council outlined its strategy that it may acquire the freehold interest, subject to a negotiated price that offers value for money. Canada Life postponed the disposal of the freehold on the open market with full marketing prepared for a sale in September 2019. This allowed the Council a short period where it could consider the financial and operational reasons whether an acquisition would be worthwhile. There have been negotiations between Canada Life and the Council. A provisionally agreed price has been agreed set out in the exempt appendix 2.
- 1.5 The Council must make significant future financial savings. The acquisition will enable significant savings to be made over the longer term and this has been profiled in exempt appendix 1. The Council's Ruthlessly Financially Efficient remit supports the acquisition of this property as it reduces the Council's exposure to rental expenditure and makes longer-term financial savings after capital repayments are considered to fund the acquisition. Acquisition also secures an asset for the Council that will have a future financial value.
- 1.6 Subject to Cabinet approval, the acquisition would be undertaken in mid-January 2020. The freeholder has received Board approval to proceed.
- 1.7 There are additional reasons apart from the profiled savings and investment opportunity to acquire this property as it presents a strategic opportunity for the Council.
 - The Council's Civic Campus will be completed in 2022/23, playing a crucial place making role in transforming the western part of King

Street. If the Council acquires the freehold interest, this could allow the Council to use its freehold assets to support further place making

- If Canada Life disposes to a third party, a future freehold owner may seek to re-develop the property in 2027 when our lease ends. H&F would need to find a replacement for all its customer facing services and social services hub within 8 years. The Council's search for decant offices in 2018 was challenging, and this could create service continuity challenges. If the Council owns the freehold of 145/155 King Street, it has greater control to plan its asset use and potential modernisation.
- Securing freehold ownership of 145-155 King Street presents a development opportunity and place making opportunity for the Council. This could involve a new retail/office development or potentially a mixed development with new homes on the upper floors.
- At the moment, a re-development option has a lower residual value than the current office investment valuation, reflecting the additional costs of constructing new build against the current strong office valuation.

2. Options Appraisal

2.1 Option 1 – *To continue leasing the premises.*

2.2 The Council to renew the lease in 2027 for another 20 years. The Council may need to work with a freeholder to invest in some modernising of the heating/ventilation as well as modernising communal areas and toilet facilities. The Council would also be liable for dilapidations at the end of the lease if it moved out. The Financial Implications sections outline the profiled rent over 20 years, and this does include potential dilapidations costs.

2.3 Option 2 – *To acquire freehold by private negotiation with the current freeholder in 2019*

2.4 This option will make financial savings as outlined in the Financial Implications section. The Council could share its property with its partners/contractors and help shape its capital investment and planned maintenance programme too. The Council would have time to consider options for re-developing to provide a greater scale of building on a larger footprint.

2.5 Option 3 – *To assign the current lease (all floors or floor by floor) at a future date and after the new Civic Campus is operational.*

2.6 The Council may find it difficult to find new commercial sub-tenants for a limited period up to 2027. There could be void periods if the Council moved out and new tenants had not been legally signed up. This would mean H&F continued to be liable for rental payments. The Council would need to find new office accommodation for its Children's Services and Social Care staff. The Council would also be liable for dilapidations at the end of the lease in 2027.

2.7 **Option 2** is recommended. This report has been prepared on this basis. The Council's external property advisor has conducted negotiations with the freeholder and has agreed heads of terms in Appendix 2 (exempt)

2.8A Red Book RICS valuation has been undertaken by a property agent that outlines the investment value of the asset reflecting H&F as a leaseholder. The investment value has been assessed in consideration of other office investment sales, yield information and office rents. The report included wider commentary on the property market, general economic market in London and the office market in Hammersmith.

2.9 The acquisition of the property would ensure H&F saves on rental payments for as long as it continues to occupy the premises. Financial profiling and implications are summarised in the sections below and detailed in exempt Appendix 1. The modelling has been undertaken over 20 years.

2. Reasons for Decision

3.1 An opportunity has arisen to acquire the freehold interest of a key asset within H&F asset base, where currently it is a lessee. The financial profiling shows the Council will save on rental costs when off-set against borrowing costs. A decision is required in order to acquire the asset and meet the council's ruthlessly financially efficient strategy.

4. Equality Implications

4.1 There are no direct equality implications for groups with protected characteristics at this stage, under the Equality Act 2010, by the approval of these proposals.

Implications completed by: Fawad Bhatti, Policy & Strategy Officer, Public Services, tel. 07500 103617.

5. Risk Management Implications

Risk	Issue	Mitigation
Council seeks to sell 145-155 King Street in the short term	If the Council vacated the property and wanted to re-develop the asset its current future value is less than the current investment value	The Council is acquiring the asset as a long- term investment. It is unlikely to sell this asset but seek to secure other commercial tenants.
Continued uncertainty of Brexit impacting property market before the Council completes the sale	There have been office investment sales in Hammersmith within the last 2 months and these transactions continue to	If there was deterioration in the economy this would impact on the valuation of the property. The

	highlight strong office rents	Council's property specialists would provide advice up to the final legal completion in January 2020.
The landlord of 145/155 King Street decides to market the property formally	The Council would need to formally bid and compete against property funds and institutions. This may result in the Council's offer not being accepted against other parties' bids. The Council would remain as a leaseholder	The Council has worked with Canada Life so there is a short timeline to allow an acquisition at a negotiated price, as advised by a property specialist.

5.1 If the property was acquired the freehold asset would be insured by the Council. At present, the current landlord insures the property and H&F is liable for this cost via a service charge. If the Council acquired the property, the Council's insurers will engage with the corporate facilities management team, so they are fully aware of the insurers policy requirements.

Implications verified by: David Hughes, Director of Audit, Fraud, Risk and Insurance, 07817 507 695

List of Appendices:

- Appendix 1 – Financial modelling on acquisition (exempt)
- Appendix 2 – Heads of terms (exempt)

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 Authority hereby gives notice of Key Decisions which the Cabinet, Cabinet Members or Chief Officers intend to consider. The list may change from the date of publication as further items may be entered.

NOTICE OF THE INTENTION TO CONDUCT BUSINESS IN PRIVATE

The Authority also hereby gives notice in accordance with paragraph 5 of the above Regulations that it may meet in private to consider Key Decisions going to a Cabinet meeting which may contain confidential or exempt information.

Reports relating to Cabinet key decisions which may be considered in private are indicated in the list of Cabinet 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 Cabinet decision should instead be made in the public at the 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 THE AUTHORITY FROM DECEMBER 2019 UNTIL APRIL 2020

The following is a list of Key Decisions which the Authority proposes to take from December 2019. The list may change over the next few weeks.

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 £300,000) 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 affecting the budget and policy framework set by the Council.

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

NB: Key Decisions will generally be taken by the Executive at the Cabinet, by a Cabinet Member or by a Chief Officer.

*If you have any queries on this Key Decisions List, please contact
Katia Neale on 07776 672 956 or by e-mail to katia.neale@lbhf.gov.uk*

Access to Key Decision reports and other relevant documents

Key Decision reports and documents relevant to matters to be considered at the Authority by Cabinet only, will be available on the Council's website (www.lbhf.org.uk) a minimum of 5 working days before the Cabinet 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 Key Decisions will be subject to a 3-day call-in before they can be implemented, 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 related to Cabinet Key Decisions only. 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 2019/20

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. 85 (published 24 December 2019)

KEY DECISIONS LIST – FROM DECEMBER 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	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>
December 2019				
Cabinet Member for Finance and Commercial Services	December 2019	<p>Capital planned Maintenance Programme</p> <p>The Facilities Capital Maintenance and repairs programme across the corporate estate</p> <p>PART OPEN</p> <p>PART PRIVATE Part of this report is exempt from disclosure on the grounds that it contains information relating to the financial or business affairs of a particular person (including the authority holding that information) under paragraph 3 of Schedule 12A of the Local Government Act 1972, and in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.</p>	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 or income more than £300,000		Ward(s): All Wards	
Strategic Director of the Economy Department	December 2019	<p>Corporate Property Services Framework</p> <p>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</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 or income more than £300,000		Ward(s): All Wards	

Decision to be Made by (Cabinet or Council)	Date of Decision-Making Meeting and Reason	Proposed Key Decision Most decisions are made in public unless indicated below, with the reasons for the decision being made in private.	Lead Executive Councillor(s), Wards Affected, and officer to contact for further information or relevant documents	Documents to be submitted to Cabinet (<i>other relevant documents may be submitted</i>)
Cabinet Member for the Economy	Not before 18th Dec 2019	<p>Award of term contract to carry out planned servicing, day to day repairs and minor improvement works to housing passenger lifts</p> <p>This report seeks approval to let a contract to undertake planned servicing, day to day repairs and minor improvement works to housing passenger lifts. The value of the contract exceeds the threshold for service contracts and has therefore been tendered in accordance with the Public Contracts Regulations 2006 (as amended).</p> <p>PART OPEN</p> <p>PART PRIVATE Part of this report is exempt from disclosure on the grounds that it contains information relating to the financial or business affairs of a particular person (including the authority holding that information) under paragraph 3 of Schedule 12A of the Local Government Act 1972, and in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.</p>	Cabinet Member for 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 or income more than £300,000		Ward(s): All Wards	
Cabinet Member for Health and Adult Social Care	December 2019	<p>Business Case and Procurement Strategy for the Commissioning of Violence Against Women & Girls Services</p> <p>Approval sought for the re-commissioning of Violence Against Women & Girls Services</p>	Deputy Leader	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 or income more than £300,000		Ward(s): All Wards	

Decision to be Made by (Cabinet or Council)	Date of Decision-Making Meeting and Reason	Proposed Key Decision Most decisions are made in public unless indicated below, with the reasons for the decision being made in private.	Lead Executive Councillor(s), Wards Affected, and officer to contact for further information or relevant documents	Documents to be submitted to Cabinet (other relevant documents may be submitted)
Cabinet Member for Housing	Not before 25th Dec 2019	<p>Upgrade of Controlled Door Access Equipment</p> <p>To upgrade the existing door entry systems with modern day audio, video and GSM equipment to prevent unauthorised access to residential properties providing additional security for residents.</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 or income more than £300,000		Ward(s): All Wards	
Cabinet Member for Housing	December 2019	<p>Major Refurbishment of 1-28, 32-99 and 100-131 Aspen Gardens W6 and Nye Bevan Hall, Aspen Gardens W6</p> <p>This report seeks approval to let a contract to undertake major refurbishment works to 1-28, 32-99 and 100-131 Aspen Gardens W6 and Nye Bevan Hall, Aspen Gardens W6.</p> <p>PART OPEN</p> <p>PART PRIVATE Part of this report is exempt from disclosure on the grounds that it contains information relating to the financial or business affairs of a particular person (including the authority holding that information) under paragraph 3 of Schedule 12A of the Local Government Act 1972, and in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.</p>		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 or income more than £300,000		Ward(s): Hammersmith Broadway	
Strategic Director Finance & Governance	December 2019	<p>Toxicology Contract</p> <p>Contract for provision of toxicology services for West London Coroner's Court (consortium of 6 West London Boroughs hosted by LBHF).</p> <p>PART OPEN PART PRIVATE Part of this report is exempt from</p>	Cabinet Member for the Environment	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: Expenditure or income more than £300,000		Ward(s): All Wards	

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		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.		papers to be considered.
January 2020				
Cabinet	6 Jan 2020 Reason: Expenditure or income more than £5 million	Council Tax Support Scheme 20/21 Set out the Council Tax Support Scheme for 20/21 Financial Year	Cabinet Member for Finance and Commercial Services Ward(s): All Wards Contact officer: Kirsty Brooksmith Tel: 07785531091 Kirsty.Brooksmith@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	6 Jan 2020 Reason: Expenditure or income more than £5 million	Council Tax Base and Collection Rate 2020-21 and Delegation of the Business Rate Estimate This report is a Statutory requirement and contains an estimate of the Council Tax Collection rate and calculates the Council Tax Base for 2020/21.	Cabinet Member for Finance and Commercial Services Ward(s): All Wards Contact officer: Jamie Mullins Tel: 020 8753 1650 Jamie.Mullins@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	6 Jan 2020 Reason: Expenditure or income more than £5 million	CAPITAL PROGRAMME MONITOR & BUDGET VARIATIONS, 2019/20 (SECOND QUARTER) This 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	Cabinet Member for Finance and Commercial Services 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

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	6 Jan 2020 Reason: Affects 2 or more wards	Corporate Revenue Monitor 2019/20 Month 6 - 30 September 2019 Forecast outturn position as at end of September. Request for virements	Cabinet Member for Finance and Commercial Services Ward(s): All Wards Contact officer: Emily Hill emily.hill@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	6 Jan 2020 Reason: Expenditure or income more than £5 million	Acquisition of property King Street Acquisition of freehold interest of an operational property 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): Hammersmith Broadway Contact officer: David Burns, Nigel Brown Tel: 020 8753 2835 David.Burns@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.
Strategic Director of the Economy Department	Not before 30th Dec 2019 Reason: Expenditure or income more than £300,000	37 Margravine Gardens W6 Major refurbishment Rebuilding of rear addition and associated major works to 37 Margravine Gardens W6 PART OPEN PART PRIVATE Part of this report is exempt from disclosure on the grounds that it contains information relating to the	Cabinet Member for Housing Ward(s): Fulham Reach 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

Decision to be Made by (Cabinet or Council)	Date of Decision-Making Meeting and Reason	Proposed Key Decision Most decisions are made in public unless indicated below, with the reasons for the decision being made in private.	Lead Executive Councillor(s), Wards Affected, and officer to contact for further information or relevant documents	Documents to be submitted to Cabinet (<i>other relevant documents may be submitted</i>)
		financial or business affairs of a particular person (including the authority holding that information) under paragraph 3 of Schedule 12A of the Local Government Act 1972, and in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.		considered.
Strategic Director of the Economy Department	<p>Not before 30th Dec 2019</p> <p>Reason: Expenditure or income more than £300,000</p>	<p>Charecroft Estate Lift Modernisation</p> <p>Modernisation of eight passenger lifts serving Charecroft estate (Woodford Court A&B; Roseford Court A&B; Shepherds Court A&B; Bush Court A&B).</p> <p>PART OPEN</p> <p>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> <p>Ward(s): Addison</p> <p>Contact officer: Richard Buckley richard.buckley@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.
Director Children's Services	<p>Not before 30th Dec 2019</p> <p>Reason: Expenditure or income more than £300,000</p>	<p>Interim Payment for AP Places</p> <p>Approval to pay interim payment to AP provider , prior to full three year SLA being approved in January</p>	<p>Cabinet Member for Children and Education</p> <p>Ward(s): All Wards</p> <p>Contact officer: Kevin Gordon Tel: 07970 150897 Kevin.Gordon@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.

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Strategic Director Finance & Governance	Not before 7th Jan 2020	<p>Approval to award a call off contract for stationery and office supplies</p> <p>Award of new stationery contract.</p> <p>PART OPEN</p> <p>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 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 or income more than £300,000		Ward(s): All Wards	
Strategic Director of the Economy Department	10 Jan 2020	<p>Upgrade of Controlled Door Access Equipment</p> <p>To upgrade the existing controlled door access equipment with modern systems using a cloud based platform.</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 or income more than £300,000		Ward(s): All Wards	
Strategic Director Finance & Governance	Before 15 Jan 2020	<p>Contract award to Servelec Education Ltd of Mosaic social care system</p> <p>Approve the direct award of a call-off contract to Servelec Education</p> <p>PART OPEN</p> <p>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</p>	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 or income more than £300,000		Ward(s): All Wards	

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		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.		

February 2020

Cabinet	3 Feb 2020	<p>Climate Change Emergency - Transport and Parking Proposals</p> <p>The report sets out new transport policies and initiatives that support H&F Climate Change to reduce the amount of greenhouse gasses (GHG), sources of noise, light and air pollution, by introducing traffic, parking and transport measures, with the aim of being one of the greenest Councils in the UK and carbon neutral by 2030.</p>	Cabinet Member for the Environment	A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.
	Reason: Affects 2 or more wards		Ward(s): All Wards	
Cabinet	3 Feb 2020	<p>PROCUREMENT OF ENERGY – FLEXIBLE SEPTEMBER 2020-2025 AND FTFP 2020-2025</p> <p>This report seeks the approval for entering into contractual agreements with London Energy Project (LEP) for the procurement of London Borough of Hammersmith & Fulham’s (LBH&F) energy procurement requirements via a Central Purchasing Body, LASER from 30th September 2020 till 31st March 2025.</p> <p>PART OPEN</p> <p>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</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 or income more than £5 million		Ward(s): All Wards	

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		of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.		
Cabinet	3 Feb 2020	Treasury Management Strategy Mid-Year Review Report 2019/20 Update Members on the delivery (six-month point to 30 September 2019) of the 2019/20 Treasury Management Strategy approved by Council on 27 February 2019	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 or income more than £5 million		Ward(s): All Wards	
Cabinet	3 Feb 2020	TREASURY OUTTURN REPORT 2020/21 The report presents an overview of treasury management activity in 2020/21	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 or income more than £5 million		Ward(s): All Wards	
Cabinet	3 Feb 2020	CAPITAL PROGRAMME MONITOR & BUDGET VARIATIONS, 2019/20 (THIRD QUARTER) 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	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 or income more than £5 million		Ward(s): All Wards	
Cabinet	3 Feb 2020	FOUR YEAR CAPITAL PROGRAMME 2020/21 AND CAPITAL STRATEGY 2020/21 This report presents the Council's four-year Capital Programme for	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
	Reason: Expenditure or income		Ward(s): All Wards	

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	more than £5 million	the period 2020-24.	Contact officer: Andrew Lord Tel: 020 8753 2531 andrew.lord@lbhf.gov.uk	will include details of any supporting documentation and / or background papers to be considered.
Cabinet	3 Feb 2020 Reason: Affects 2 or more wards	Corporate Revenue Monitor 2019/20 Month 7 31 October 2019 Forecast outturn position at end of October 2019. Virement requests.	Cabinet Member for Finance and Commercial Services Ward(s): All Wards Contact officer: Emily Hill emily.hill@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	3 Feb 2020 Reason: Expenditure or income more than £5 million	Rough Sleeper Supported Accommodation Procurement Strategy Various supported housing contracts are expiring in 2020; a procurement strategy is required to ensure new services deliver better outcomes for residents and better value for money. PART OPEN PART PRIVATE Part of this report is exempt from disclosure on the grounds that it contains information relating to the financial or business affairs of a particular person (including the authority holding that information) under paragraph 3 of Schedule 12A of the Local Government Act 1972, and in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.	Cabinet Member for Housing Ward(s): All Wards Contact officer: Julia Copeland Tel: 0208 753 1203 julia.copeland@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.

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Cabinet	3 Feb 2020	<p>FINANCIAL PLAN FOR COUNCIL HOMES: THE HOUSING REVENUE ACCOUNT FINANCIAL STRATEGY, 2020/21 HOUSING REVENUE ACCOUNT BUDGET AND 2020/21 RENT INCREASE</p> <p>This report covers the 2020/21 budget for the Council's homes (also known as the annual Housing Revenue Account (HRA) budget). The report also covers the Housing Capital Programme, the 40 year financial business plan and changes to the annual rent and other housing-related charges</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: Budg/pol framework		Ward(s): All Wards	
Cabinet	3 Feb 2020	<p>Waremeadow Court - Final Phase</p> <p>Budget approval for the final phase of Watermeadow Court Project including post completion site security provision.</p> <p>PART OPEN</p> <p>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 the Economy	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 or income more than £5 million		Ward(s): Sands End	
Cabinet	3 Feb 2020	<p>AST Discharge Policy</p> <p>1.Approval for the service to implement a Discharge into the Private Rented Sector policy whereby the Council discharges its statutory homelessness duty if a household refuses a suitable, affordable offer of private rented accommodation.</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
	Reason: Expenditure or income more than £5 million		Ward(s): All Wards	

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		2. That consultation be carried out on changes to the current Scheme of Allocation to include households remaining on the housing register where the Council has discharged its homeless duty with an offer of suitable private rented accommodation.	Gerry.Crowley@lbhf.gov.uk, Glendine.Shepherd@lbhf.gov.uk	background papers to be considered.
Cabinet	3 Feb 2020 Reason: Expenditure or income more than £5 million	Ultra-Low Emission Vehicle Last-Mile Freight Hub Provision of a 'Freight Hub' facility to serve Council departments and businesses and help to reduce traffic and congestion in Hammersmith.	Cabinet Member for the Environment Ward(s): Hammersmith Broadway Contact officer: Hinesh Mehta Hinesh.Mehta@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 Member for Finance and Commercial Services	February 2020 Reason: Expenditure or income more than £300,000	Offsite Records Storage Service 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. 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	Cabinet Member for Finance and Commercial Services Ward(s): All Wards Contact officer: Anthea Ferguson, Edward Crow Tel: 02087536641, Anthea.Ferguson@lbhf.gov.uk, Edward.Crow@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.

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		disclosing the information.		
Cabinet Member for Health and Adult Social Care	February 2020	APPROVAL FOR CONTRACT EXTENSION FOR THE SUPPORT AND ADVICE ON SEXUAL HEALTH (SASH) SERVICE Contract extension report detailing reasons for extension.	Cabinet Member for Health and Adult Social Care	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 or income more than £300,000		Ward(s): All Wards	
March 2020				
Cabinet	2 Mar 2020	Economic Development- 3 Year Budget Report outlining three year budget for economic development activity including employment and skills, inward investment and business support.	Cabinet Member for the Economy	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 or income more than £300,000		Ward(s): All Wards	
Cabinet	2 Mar 2020	Social Value Policy Approve the content of the Social Value Policy to allow its implementation across all Council's services. 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	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: Budg/pol framework		Ward(s): All Wards	

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		<p>maintaining the exemption outweighs the public interest in disclosing the information.</p> <p>Information relating to any individual.</p>		
Cabinet	<p>2 Mar 2020</p> <hr/> <p>Reason: Affects 2 or more wards</p>	<p>Housing Strategy 2019</p> <p>Report on the Council's new Housing Strategy</p>	<p>Cabinet Member for Housing</p> <hr/> <p>Ward(s): All Wards</p> <hr/> <p>Contact officer: Labab Lubab Tel: 020 8753 4203 Labab.Lubab@lbhf.gov.uk</p>	<p>A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.</p>
Cabinet	<p>2 Mar 2020</p> <hr/> <p>Reason: Affects 2 or more wards</p>	<p>Defend Council Homes Policy</p> <p>Policy to provide extra protection for residents of council homes, involving them from the start of any redevelopment proposals and ensuring the council is working to best practice.</p>	<p>Cabinet Member for Housing</p> <hr/> <p>Ward(s): All Wards</p> <hr/> <p>Contact officer: Fiona Darby Fiona.Darby@lbhf.gov.uk</p>	<p>A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.</p>
Cabinet	<p>2 Mar 2020</p> <hr/> <p>Reason: Expenditure or income more than £5 million</p>	<p>Grounds Maintenance Contract Procurement</p> <p>Procurement strategy for a grounds maintenance contract for parks and open spaces including provision for grounds maintenance on housing and highways sites</p> <p>PART OPEN</p> <p>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)</p>	<p>Cabinet Member for the Environment</p> <hr/> <p>Ward(s): All Wards</p> <hr/> <p>Contact officer: Richard Gill Tel: 07833482119 richard.gill@lbhf.gov.uk</p>	<p>A detailed report for this item will be available at least five working days before the date of the meeting and will include details of any supporting documentation and / or background papers to be considered.</p>

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>)
		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.		
April 2020				
Cabinet	20 Apr 2020 Reason: Affects 2 or more wards	Corporate Revenue Monitor 2019/20 Month 9 21 December 2019 Forecast outturn as at end of December. Virement requests	Cabinet Member for Finance and Commercial Services Ward(s): All Wards Contact officer: Emily Hill emily.hill@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.